



**SUMMARY OF THE MEETING ON
ALTERNATIVE APPROACHES TO DEBT RELIEF
24-25 SEPTEMBER 1999**

The Meeting on Alternative Approaches to Debt Relief took place from 24-25 September 1999 in Washington DC, USA. Organized jointly by the Global Coalition for Africa (GCA) and the Center for International Development, Harvard University (CID), the meeting attracted approximately 60 participants, including government ministers and other senior officials from highly indebted poor countries (HIPCs) and representatives of non-governmental organizations (NGOs), academic institutions, foundations, the media and international organizations such as the African Development Bank (ADB) and the United Nations Development Programme (UNDP).

The meeting aimed to bring together key stakeholders to promote debt forgiveness and a transparent debt relief programme. Over the course of the two-day meeting, participants considered HIPCs' debt repayment experiences, the recent Cologne Initiative of the Group of Seven countries (G-7), alternative approaches to debt relief and the role of NGOs and HIPCs in achieving debt relief. Participants were also addressed by leading figures from the debt relief movement, including the musician Bono of U2, economist Jeffrey Sachs and US Congressman Spencer Bachus. The meeting's main outcome was agreement on a set of principles on achieving debt cancellation. The principles are intended to generate support for redesigning and strengthening debt relief programmes at the highest levels, particularly among bilateral and multilateral donors.

A BRIEF HISTORY OF THE PROCESS

Over the last decade, the mounting difficulties faced by many developing countries in servicing their external debts and the resultant reductions in public expenditure on health, education and other social services have pushed the issue of debt relief to the forefront of international dialogue on development. In response to growing concerns about these unsustainable levels of debt, the International Monetary Fund (IMF) and World Bank launched the HIPC Initiative in September 1996. This initiative identified over 40 HIPCs requiring assistance in reducing their external debt burdens to sustainable levels that could be serviced through export earnings, aid and capital inflows. It set criteria for providing assistance based on the net present value of these countries' debts compared to anticipated export earnings. Under this system, countries, through default or by agreement with creditors, continued to accumulate debt servicing obligations. Many HIPCs and civil society organizations expressed concern that the initiative did not provide an adequate solution to these countries' debt-related problems, citing failure to offer sufficient amounts of debt relief and protracted time periods of up to six years for debt relief approval.

In response to these concerns, the G-7 considered a proposal to revise the initiative at its Cologne Summit in June 1999. At Cologne, the G-7 called for "faster, deeper and broader debt relief" for HIPCs that demonstrate a commitment to reform and poverty alleviation and announced the Cologne Initiative, which revises HIPC Initiative by proposing more generous criteria for assisting HIPCs. The Cologne Initiative helped stimulate increased international debate on debt relief and reopened discussion on what the most effective approach to debt reduction might be. Consensus remains elusive, however, with key stakeholders, including HIPCs, donors and civil society expressing concern about the long-term utility of the Cologne Initiative and promoting consideration of an alternative proposal for total debt forgiveness.

REPORT OF THE MEETING

Participants at the two-day Meeting on Alternative Approaches to Debt Relief met in morning and afternoon sessions on Friday, 24 September to hear keynote speeches and consider HIPCs' debt repayment experiences, the Cologne Initiative and alternative approaches to debt relief. This was followed by a press conference calling for debt forgiveness for HIPCs and a further keynote address in the evening. On Saturday, 25 September, participants convened in a morning session to discuss the roles of NGOs and HIPCs in achieving debt relief. The following is a summary of the conference and its main outcome, a set of principles on achieving debt cancellation.

OPENING PLENARY

Ahmedou Ould-Abdallah, Executive Secretary of the GCA, welcomed participants and noted that the meeting was very timely given the G-7's recent Cologne Initiative and designation of the upcoming World Bank and IMF joint annual meetings as the venue for developing concrete debt relief measures.

Noting that there are several precedents for debt forgiveness, he identified political will on the part of creditors as the main catalyst for debt relief. He stated that the funds required to achieve debt forgiveness are relatively small and called on donor countries to write off their bilateral HIPC debts and adequately contribute to the HIPC Fund to enable multilateral financial institutions to cancel their portion of the debt. He said HIPCs' savings from debt repayments should go towards social spending, with HIPCs setting their own priorities based on their individual circumstances and needs. He drew participants' attention to a recent High Level Seminar on Africa's External Debt that was organized by the Governments of Japan and Kenya, the UN and the GCA and held in Nairobi, Kenya, where participants noted the need to pursue "pro-poor" growth strategies and called for each developing country to prepare its own comprehensive development strategy that reflects its unique situation.

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Ould-Abdallah highlighted the need for additionality, stressing that donors should allocate new resources to finance debt forgiveness rather than simply shift funds out of existing official development assistance (ODA) budgets. He called for recent declines in ODA to be reversed. Calling for more foreign direct investment, he said steps must be taken to ensure that HIPC's credit worthiness is restored in order to facilitate financing for productive projects. He emphasized that the ideal solution to HIPC debt problems would be total debt forgiveness and stated that, as a minimum, donor countries should make it a priority to agree on and specify the actual measures to be taken by their respective governments to implement bilateral and multilateral debt forgiveness.

Kwesi Botchwey, Director of Africa Research and Programmes, CID, highlighted the change of attitude on debt relief during the last year and said this helped bring about the Cologne Initiative. He stated that factors leading to this shift in attitudes included, *inter alia*: a growing realization that the 1996 HIPC Initiative did not provide an adequate solution; the German Government's debt relief announcements prior to the Cologne Summit; and the NGO community's persistence in advocating debt relief. In spite of this recent progress, however, Botchwey warned against complacency and a return to a business-as-usual attitude that might dampen enthusiasm for change. While noting that the Cologne Initiative provides a more generous framework for debt relief than the 1996 HIPC Initiative, he said it should not be considered a final or permanent answer to the problem as, like its predecessor, it fails to address adequately many relevant issues, such as the unique needs of countries in post-conflict situations. He emphasized that the Cologne Initiative does not change the basic framework of its predecessor and said it should focus more on the impact of debt relief on government expenditure. He also stated that the Cologne Initiative should enable HIPC's to increase spending on social services, but cautioned that the setting of arbitrary social targets by the IMF and World Bank would be counterproductive. He said countries should be able to determine their own priorities for spending. Underscoring a growing momentum for further action on debt relief, he called for a concerted effort to push for more progress and urged participants to take full advantage of the current mood for change. He stressed that this meeting aims to critically review the case for a more radical approach to debt relief and called for total debt forgiveness in conjunction with increased ODA.

CONSIDERATION OF COUNTRY EXPERIENCES AND THE COLOGNE INITIATIVE

Botchwey opened the floor for participants to make general remarks on country experiences with the HIPC Initiative, asking how HIPC's, and specifically African HIPC's, could organize and prepare proposals in order to ensure that their specific needs are addressed. Ould-Abdallah responded that regional meetings could facilitate this and recalled a UNDP proposal, made at the High Level Seminar on Africa's External Debt in August 1999, for a forum for African ministers to discuss the Cologne Initiative and issue a communiqué to further the debate. He said such a meeting and resultant statement would be useful and timely.

Carole Collins, Jubilee 2000/USA Coordinator, noted that debt relief is an ongoing topic of debate within the US Congress. She said progress on the issue is hindered due to Republican opposition to debt relief and proposals to relieve debt through diversion of development funds. She noted that people in HIPC's often turn to NGOs for assistance when governments fail to meet social needs and underscored that NGOs cannot sustain the burden of providing services governments do not deliver. She drew attention to the existing momentum for change and emphasized that the meeting offered a unique opportunity to issue a public statement that could encourage the G-7 to go further than the Cologne Initiative. She underscored that Jubilee 2000 sees debt relief as the first step toward reducing poverty.

Steve Radelet, CID, drew attention to an IMF announcement to use gold sales to finance a portion of debt relief. He stated that the IMF plan involves revaluing gold by selling it to HIPC's at the IMF's book value (approximately US \$47 per ounce) and then buying it back at market prices (approximately US \$260 per ounce). Radelet explained that this scheme would allow the IMF to comply with internal rules that require gold to be resold at the price purchased while also providing HIPC's with a source of debt relief. He said the proposal could signal that the IMF is serious about debt reduction and catalyze other agencies to take action. Collins asked why, if such book transactions can "magically" erase debt, the debt cannot be forgiven without resorting to such "contortions," and asked what the underlying political reasons for such a complex procedure might be.

Edith Gasana, Secretary-General of the Ministry of Finance and Economic Planning of Rwanda, underscored the importance of addressing post-conflict needs, such as rebuilding infrastructure and securing drinking water. She emphasized the different circumstances and needs of each country and said HIPC's must have sufficient resource flows to support growth.

Emmanuel Anusionwu, Strategic Planning Division, African Development Bank (ADB), highlighted a recent meeting in Paris with donor countries and said it was evident that donors felt the IMF and World Bank could do more to fund the Cologne Initiative. He noted that the ADB had initially hoped for a budget of US \$2 billion in 1998, only to learn after a reevaluation of the ADB's resource-raising capacity that no more than US \$600 million was available to it, leaving a shortfall of US \$1.4 billion. He said this shortfall would force the ADB to draw on its capital and noted that this smaller budget would lead to the diversion of resources intended for development needs to cover countries' debt servicing obligations.

Peter E.M. Noni, Director of Economic Policy of the Bank of Tanzania, said approval for debt relief for Tanzania is pending and noted that this raises the question of how to maximize debt relief. He noted that focusing funds on education and health alone would not bring significant progress in terms of poverty eradication and underscored the importance of addressing the agriculture sector. He noted an increase in rural poverty due to poor weather conditions in recent years and a resulting decrease in exports. Noni underlined the need to focus on income-generating activities for rural populations in order to enable them to become economically self-sufficient and to ensure a sustainable system. He said that without exports this is not possible and stressed that the agriculture sector must be addressed to increase exports. With regard to the fiscal viability of HIPC's, he called for a framework that looks at governments' capacity to deliver required resources. He called for clarification of future conditions for debt relief and expressed hope that social rather than financial benchmarks would be applied.

Jean Barut, Senior Economist of the Policy Unit of UNDP Africa, highlighted UNDP's advocacy role in debt relief, the need for capacity building and the role of UN agencies in helping countries develop social programmes if this is deemed part of conditionality. He emphasized that HIPC's should play a role in determining the terms of conditionality. He identified governance and the social sector as areas to consider for conditionality. He asked how to ensure that the soft loans of today do not become the debt problems of tomorrow and called for assurances that loans received today will result in the generation of resources for repayment of those loans.

Astere Girukwigomba, Minister of Finance of Burundi, said debt relief should be considered within a holistic, long-term perspective on poverty alleviation. He called for post-conflict countries to receive special attention and treatment. On the issue of conditionality, he said conditions should depend on the circumstances of each country and not be based on prescriptive lists developed by the IMF and World Bank. He suggested that a committee of relevant organizations should coordinate with HIPC's to establish country-specific conditions.

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Anusionwu stated that poverty in HIPCs is so great that the Cologne Initiative will not have an effect. He suggested that post-conflict countries in particular require such a huge investment of resources that their situation should not be considered in the context of debt relief.

James Jonah, Minister of Finance, Development and Economic Planning of Sierra Leone, stated that the Cologne Initiative was a political response to pressure from civil society, with developed countries simply trying to defuse this issue by using rhetoric designed to appease public opinion. Botchwey agreed with this assessment, while noting that such rhetoric nevertheless leads to expectations and sets an agenda for change. Collins said public support for debt relief is growing and encouraged participants to look critically at what the Cologne Initiative offers and whether it is adequate.

In response to a participant's question on how to involve UN agencies in implementing debt relief, Barut said the UN is attempting to coordinate its activities in order to be more effective and avoid duplication and wastage. He said there needs to be increased cooperation among UN agencies, the IMF, World Bank, countries and civil society.

Sara Sievers, Executive Director, CID, said this meeting was a timely opportunity to promote debt relief stridently, given that there are imminent meetings of the G-24, G-7 and IMF-World Bank and that the US House of Representatives will be considering the matter. She said this meeting should produce a very clear document stating what HIPCs need, why they need it and how the debt relief process can work.

KEYNOTE ADDRESSES

Kwesi Botchwey opened the afternoon session and introduced Jeffrey Sachs, Director of CID, who welcomed Bono, musician, and US Congressman Spencer Bachus, Republican-Alabama. Sachs highlighted Bachus' efforts within the US House of Representatives to approve debt relief and noted Bono's work as an activist in the global movement to address the debt issue through the Jubilee 2000 campaign.

Sachs described the purpose of the meeting as a brainstorming session between economic and political teams of HIPCs to develop ideas on how to address debt relief. He said the arrival of the new millennium and the social movement to eliminate debt had generated momentum for progress, resulting in the Cologne Initiative. He lamented that this initiative fell short of what he believed is needed and did not offer a workable solution. He highlighted the history of IMF and World Bank strategies to provide debt relief and eradicate poverty and described them as being too little too late. He overviewed the initial 1996 HIPC Initiative, noting that under it the attainment of partial debt reduction was a six-year process that required countries to demonstrate progress under the Enhanced Structural Adjustment Facility (ESAF) programme. He said countries that succeeded in meeting the Initiative's criteria were eligible to have their debt reduced to between 200 and 250% of the net value of annual exports.

Sachs criticized the initiative, noting that basing debt reduction on exports alone disregarded the social situation within a country and that the level set for debt reduction was arbitrary. He noted that the Cologne Initiative: still requires a long period before relief; provides limited relief; uses arbitrary indicators; and preserves the IMF's dominant position. He identified increased debt reduction to 150% of annual exports and a provision that debt for HIPCs with a high debt-to-GNP ratio should not be greater than 250% of net government revenue as the only changes in the new initiative. He regretted that the proposed debt relief target was not related to the needs of HIPCs and pointed out that multinational investors and not HIPC governments often receive the revenue from exports to illustrate the flaws in basing debt relief on exports. He said the new strategy is predicated on the IMF and World Bank remaining in charge of the entire process and noted that this is paradoxical in light of a recent World Bank review detailing its failure to deliver on environment and poverty.

Drawing participants' attention to a bill on debt relief under consideration in the US Congress, he noted that the legislation as originally drafted proposes that the president "shall" cancel concessional debt owed by September 30, 2001. It has subsequently been modified, however, to state that the President "may" cancel concessional debt without reference to a date. He speculated that the proposed legislation would not be successful due to a lack of faith in this approach.

He then discussed a recently published IMF and IDA document on the implementation of the Cologne Initiative which calls for an enhanced framework for poverty reduction to be agreed upon by each HIPC, the World Bank and IMF, and noted that organizations that address education and public health such as UNIDO, UNICEF and the WHO were omitted. He emphasized that these institutions, as well as UNAIDS, UNESCO and UNDP, must be involved in providing assistance in addressing social issues. He underscored the need to "call the bluff" of the proposed Cologne Initiative and called for something substantial and honest that addresses HIPCs' real needs.

Following this, Sachs broke HIPC debt down by creditor categories, including private, bilateral, regional banks, IMF and World Bank. He said half of HIPC debt is bilateral and should simply be cancelled for all countries that can mobilize an appropriate internal social programme. He said 90% of the US Government's claims for US \$600 billion from HIPCs were already written off in the US Government books as US \$640 million, meaning that US claims on HIPC countries could be canceled with US \$640 million. He encouraged countries to demand 100% elimination of bilateral debt. On the issue of forgiving IMF debt, he supported the idea of revaluing gold and said this could provide enough resources to fully cancel all ESAF debt. He further noted that the IMF is presently only willing to use 10% of its gold reserves to this end. On erasing World Bank debt, he said the Bank has adequate reserves to absorb losses from writing off non-concessional loans. He emphasized that practical solutions can be found category-by-category and identified the will to address the issue as the key obstacle. He said unwillingness to forgive debt represented a game between the IMF, World Bank and White House, motivated by the desire to retain control of HIPCs. He commented that is unfair to try to run the world from Washington DC and that doing so interfered with HIPCs' governance and impeded governments' autonomy. In closing, he called on countries to determine how to bring about debt relief.

Congressman Spencer Bachus said greater public awareness of HIPCs' crippling debt burden and its impact on social spending will provide the catalyst needed to mobilize the necessary political will and asserted that the public will respond to advocacy by famous people. He informed participants that the focus of US politicians is usually on domestic problems rather than on the challenges faced in other countries and stated that, although this not a high-profile issue in the US, he will work for full debt forgiveness, as it is "morally the right thing to do."

Bono said that as a musician he is linked to others in his profession who have sought to address important social issues, such as the civil rights movement in the 1960s, the Vietnam War in the 1970s and the famine in Ethiopia in the 1980s. He recalled an initial feeling of euphoria and success when he helped to raise US \$200 million to combat the famine in Ethiopia, only to discover that this is what Africa pays on a weekly basis to service debt. Noting all of the fanfare and fireworks planned for the millennium celebration, he said the only idea big enough to fill the shoes of this date is debt relief. Characterizing the argument for debt relief as economic, moral and spiritual, he noted the widespread support for the Jubilee 2000 movement, including from people of all religions, economists and pop stars. He said his own conversations with high level US officials, including President Clinton, had suggested that there was a genuine desire to forgive debt. Bono drew attention to the plight of Africa, the continent with the most offensive statistics known to mankind, and stressed that its huge challenges must be faced. Noting global interdependency, he remarked that it is in

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the interest of the US to have new trading partners and new growth and that debt relief would provide a way to jumpstart this process. He stated his desire to be a part of restructuring the relationship between the so-called "developing" and "developed" worlds.

In the ensuing discussion, Ann Pettifor, Director of the Jubilee 2000 Coalition, said public opinion is being mobilized in Europe, Japan and the US. She said she was not satisfied with the Cologne Initiative and stated that when she met with Pope John Paul II in Rome on 23 September 1999 she asked him to call on the G-7 to meet again before the end of the year to discuss this matter. She noted that 20,000 children die each day in HIPCs and identified the pressure to repay debt, with the effect this has on funding for vital social services, as a contributing factor. One participant said the G-7's concessions have resulted from public pressure, meaning additional pressure will lead to further progress. Another participant stated that it is morally wrong to punish the poor and vulnerable because of debt repayment obligations that are not of their making.

LETTER FROM POPE JOHN PAUL II

In a dinner address on Friday evening, 24 September, Jeffrey Sachs read a letter written by Pope John Paul II the previous day in support of the Jubilee 2000 debt relief campaign. The Pope recalled that in the Bible the Jubilee was a time in which the entire community was called to make efforts to restore to human relations the original harmony which God had given to creation. He stated that during the Jubilee the burdens that oppressed and excluded the weakest members of society were to be removed so that all could share the hope of a new beginning. He noted that today's world, with widespread poverty and inequalities, has need of a Jubilee experience. The Pope also wrote that the need for debt relief is urgent and in many ways a precondition for the poorest countries to make progress in their fight against poverty. He appealed to all involved, especially the major industrialized nations, to "take a decisive step towards definitively resolving the debt crisis." Sachs praised the work of Jubilee 2000 campaigners, and said the voice of Africa and the countries that most need debt relief must be heard.

CONSIDERATION OF THE ROLE OF NGOS AND HIPC COUNTRIES IN ACHIEVING DEBT RELIEF

On Saturday morning, 25 September, Bono opened the session by discussing Ireland's experience in recent decades in developing from a highly indebted to a highly affluent country. He said a focus on education, tax concessions to encourage foreign direct investment and mobilization of the necessary external support, in this case from Europe, were essential prerequisites for its development. He noted that HIPCs are not receiving adequate support in their efforts to eliminate poverty and the debt burden.

On the role of NGOs in achieving debt relief, Ann Pettifor, Jubilee 2000 Coalition, outlined details of the Jubilee 2000 campaign. She said 17 million signatures had been collected on a worldwide petition calling for debt forgiveness by the year 2000 and stated that the campaign had drawn together people from all walks of life and all segments of the political spectrum. She underscored that the campaign aims to disseminate clear, transparent information that publicizes the key facts about donor governments' positions on debt relief in order to generate the political pressure necessary to achieve positive change. She stated that debt relief is a perfectly comprehensible issue that has been obscured and clouded by people who want to keep the public uninformed.

Pettifor said the fact that international relations has no equivalent to a domestic bankruptcy law means debt is not written off and people in HIPCs are being burdened not only by debts incurred many years ago under previous government administrations but also by the considerable compound interest accumulating on these debts. She called for an open and transparent debt relief process.

On the issue of HIPCs' role in achieving debt relief, one participant asked what actions HIPCs could consider to facilitate further progress. Pettifor suggested that politicians in HIPCs could be instrumental in mobilizing public opinion and suggested that African leaders could invite G-7 leaders to come to Africa for a meeting on debt relief before the end of the year.

Bono asked participants whether they supported a proposal for African leaders to collectively offer their continent as a site for a G-7 meeting and to make a clear public statement that, although the Cologne Initiative is a step in the right direction, HIPCs need to be involved in decision-making on debt relief rather than having solutions imposed by donors. Several participants endorsed this proposal.

Jean Barut, UNDP, informed participants that UNDP is planning a meeting of developed and developing countries to discuss NGOs' role in achieving debt relief. He also recalled UNDP's offer to explore options for bringing together African leaders to discuss debt cancellation.

Sachs praised the proposal to bring together African leaders and supported both the UNDP's offer to play a role in helping to facilitate this as well as the additional step of inviting the G-7 to Africa. He noted that donor countries have accepted the principle that there will be fairly deep debt relief and said it is important to push for further progress by making it clear that what is on offer is not adequate and is not happening fast enough.

A participant from Liberia noted difficulties in transmitting information on developments in Africa to other parts of the world and emphasized the need for allies to amplify the voice of Africa. He encouraged efforts to strengthen civil society and noted that it is weakest in post-conflict countries. He underscored the importance of involving African fiscal and social policy institutions in the debt relief process and called for action to focus the world's attention on the proposed meeting of African countries and the G-7. Bono asked which leaders' participation would be crucial to generating the necessary public interest. Another participant responded that key leaders from South Africa and Nigeria must be involved and proposed that Jubilee 2000 activists make a trip to visit these leaders to secure their active support and participation. He also said that leaders should be encouraged to have the outcomes of the meeting endorsed by their parliaments. Pettifor emphasized that leaders of Latin American HIPCs should also be included.

Peter E.M. Noni, Bank of Tanzania, said the notion that primary education is the most important HIPC need was inaccurate and stated that investment in education should not be limited to primary education but should include post-primary trade and skill-based technical education. He emphasized that such education is necessary to enable Tanzanians to find skilled employment. Another participant from Tanzania emphasized ownership of the reform process and country determination of priority areas for public expenditure. She called upon Jubilee 2000 to assist with the education of civil society in HIPCs on the magnitude of the debt problem and to establish contact with peace activists and women activists in Africa. Pettifor supported these ideas, while noting the financial limitations of the Jubilee 2000 campaign.

CONSIDERATION OF PRINCIPLES ON DEBT CANCELLATION

On Saturday, 25 September, Sachs introduced ten basic principles based on the ideas and suggestions discussed at the meeting. He noted that these principles had been kept general to accommodate the diverse ideas expressed and said they should be something both debtors and donors could agree to. Regarding a principle calling for countries to prepare five-year social action strategies, pending approval by major creditor groups, in order to qualify for debt relief, Sachs explained that the objective was to ensure that debt reduction would be used for social purposes. One participant suggested that the term "approval" be replaced with "review and suitable modification." On a principle stating

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that participation in the ESAF programme should not be a prerequisite for debt relief, one participant suggested adding that countries should still have a macro-economic programme.

Regarding a principle requesting the social action strategy to present strategic plans and monitoring mechanisms, one participant broadened the principle to require mechanisms that can be monitored both domestically and internationally. In discussing a principle listing methods for funding debt cancellation, one participant remarked that even if these methods were not employed, funding concerns should not be presented as a barrier to debt cancellation, given the unprecedented prosperity in developed countries. With regard to a principle calling for national strategies to be constructed in a transparent and participatory manner with civil society dialogue and stating that the international community would only approve strategies developed in this way, some participants questioned the use of the term "international community" and preferred reference to major creditors.

On a principle calling for 100% debt relief for the poorest countries, one participant requested specific reference to post-conflict countries. Another participant said the principles should emphasize the idea of new and additional resources. Emmanuel Anusionwu, ADB, noted that the principles did not mention forgiveness of debt from the ADB. Sachs responded that this omission was deliberate, noting uncertainty over whether the ADB could easily absorb the losses. Pettifor said the omission was problematic as it would overlook a substantial amount of African countries' debt. Sachs noted that the complication with ADB debt is that it is money African countries owe to themselves. In response to a question as to how repetition of the same situation in 20 years could be avoided, Bono said the principles being elaborated today would reduce the risks of such an eventuality. In closing, Bono underscored the need to speak with a collective, unified and clear voice. He thanked participants for their contributions and drew the meeting to a close at 1:30 pm.

PRINCIPLES ON DEBT CANCELLATION

The principles on debt cancellation agreed to by participants at this meeting call for:

- completion of the debt cancellation process by the end of 2000 for qualifying countries;
- preparation by debtor countries of a five-year social action strategy that addresses their society's urgent needs. These strategies would qualify countries for debt cancellation and would be prepared in consultation with the World Bank, regional institutions and relevant UN agencies, with creditors and the debtor country discussing the strategies and modifying them, as appropriate, prior to approval;
- development of national strategies in a transparent, democratic and participatory manner that involves civil society, with creditor and debtor governments developing joint mechanisms to eliminate corruption;
- consideration of debtor societies' urgent human needs and establishment of domestically and internationally verifiable monitoring mechanisms in the social action strategies. The strategies will also include intermediate targets and fiscal commitments for funds released from debt service payments;
- cancellation of debt based on social needs with regard to urgent

social conditions, the social action strategy's aims and the debtor country's fiscal position, but without reference to debt-to-export targets;

- 100 percent cancellation of bilateral debts, ESAF debt and non-concessional World Bank and other multilateral loans for poor countries with demonstrable need, especially post-conflict countries;
- funding for debt cancellation to come from donor governments for bilateral debts, gold revaluations and loan loss reserve accounts for IMF debts and loan loss reserve accounts for World Bank debts. Industrialized countries' unprecedented prosperity means, however, that any concerns over the sources of funding should not be used as a barrier to debt cancellation;
- efforts by bilateral donors to increase in real terms their contributions in grants and highly-concessional loans to HIPC's;
- concerted efforts by debtor countries to maintain a stable macro-economic environment, although ESAF should not be a prerequisite for debt cancellation; and
- organization of a meeting, to be held before the end of 1999, of leaders representing HIPC's and the G-7, with the desired objective being debt cancellation and support for the principles outlined above.

THINGS TO LOOK FOR

ANNUAL MEETINGS OF THE WORLD BANK AND IMF:

The annual meetings of the World Bank and IMF will take place from 25-30 September 1999 in Washington DC. For more information contact: World Bank/IMF conference offices; tel: +1-202-473-7272; fax: +1-202-623-4100; e-mail: bfcoffice@worldbank.org; Internet: www.imf.org/external/am/1999

NETAID CONCERT DAY: On 9 October 1999, concerts will take place in the US, UK and Switzerland to raise awareness on the fight against poverty and need for debt relief. Various artists, including Bono, Sheryl Crow, Jewel and Jimmy Page will perform at the US concert to be held at Giants Stadium. Bryan Adams, David Bowie, George Michael, the Eurythmics and others will perform at Wembley Stadium and Des'ree, Bryan Ferry and Ladysmith Black Mambazo are among those to perform in Geneva. For more information contact: Netaid; Internet: www.netaid.org.

INDUSTRIAL PARTNERSHIPS AND INVESTMENT IN

AFRICA: The meeting on Industrial Partnerships and Investment in Africa will be held from 20-21 October 1999 in Dakar, Senegal, and is expected to draw a wide representation of African Heads of State and Ministers of Industry as well as investors, donor organizations, multilateral agencies, development finance institutions, NGOs and business associates. Organized by UNIDO, the African Development Bank, the Economic Commission for Africa and the Alliance for Africa's Industrialization, the meeting aims to address misconceptions about investment in Africa. For more information contact: Kadress Vencatachellum; tel: +43-1-26026 ext. 3543; e-mail: kvencatachellum@unido.org; Internet: www.unido.org/doc/eventsall.htmls.