

# DROP IT!

Winter 2017

## THE DEBT STORMS OF 2017: STORIES OF INJUSTICE AND FIGHTBACK

The logo for the Jubilee Debt Campaign, featuring three interlocking black chains above the text "JUBILEE DEBT CAMPAIGN" in red and black.

**JUBILEE DEBT  
CAMPAIGN**

# THE BIG DEBT STORIES OF 2017: A YEAR IN REVIEW

**This year, thanks to your critical support, we've fought for debt justice all over the world.** We continued to sound the alarm on the new debt crisis across the global South, **made progress in exposing the secret debts that plague Mozambique**, and demanded debt relief for hurricane-struck islands in the Caribbean.

We launched a **hard-hitting new report exposing the UK government's hypocrisy over healthcare funding and risks to healthcare in poor countries**. And our work on solutions to Africa's new debt crisis has made important progress, with the **International Monetary Fund (IMF) now seriously engaging with our proposals** around lending transparency.

**Back in the UK pressure is mounting to ease the debt burden on students.** We've found that poorer students are hit hardest and face dangerously high stress levels. This is just one element of a **growing household debt crisis in the UK which we'll be starting work on with allies next year**.

**We couldn't have achieved these successes without your help.** To all those who signed a petition, distributed materials, gave money, shared links online and more:

**A big heartfelt  
thank you**

**from Clare, Jenny, Matt, Sarah & Tim**

**(the Jubilee staff team)**

## MOZAMBIQUE'S SECRET LOANS SCANDAL

Kayana Kandagona\* is a mother in Maputo, the capital of Mozambique. Until last year, she ran a business importing beds from neighbouring South Africa, making £500 a month.

However, after the local currency fell by 50% in value, prices rocketed and Kayana's customers could no longer afford payments on the beds. Her income dropped to less than £20 a month.

The family now eats two meals of rice a day, occasionally with some seasonal vegetables. Her 12-year-old daughter and 10-year-old son are always saying: "Mama, we are hungry".

Kayana told the IRIN news network that she blames the financial scandal in Mozambique, where government officials secretly borrowed money from two-London based banks, for the family's plight.

Last year it was revealed that London branches of the banks Credit Suisse and VTB Capital lent \$2 billion to three state-owned companies in Mozambique, without any approval from the Mozambique parliament, and much of the loans were kept secret.

The revelations about the secret loans led to a collapse in the currency and large price increases. The Mozambique government has stopped making payments on the loans. Mozambique campaigners are calling for both the government officials and banks to be held responsible, as well as for the debt burden not to fall on the Mozambican people.

We helped campaigners in Mozambique secure an audit into the loans to find out who was responsible and where the money had gone. In a success for the campaigners, the audit has now been published.

Its revelations include that a condition of Credit Suisse to get the loans signed off by the Bank of Mozambique was dropped, the banks gave loans to three companies which had no revenue, and there is an unexplained difference of \$700 million on what was paid for equipment bought by the loans, and its expected cost.

We'll be continuing our solidarity work with campaigners in Mozambique in 2018, helping them hold those responsible to account and ensure that there's no bail-out of the reckless lenders.

\* not her real name

BELOW: MOTHER AND CHILD, MAPUTO, MOZAMBIQUE





ABOVE: OUR ANALYSIS OF DEBT RISKS AROUND THE GLOBE

## FIGHTING FOR LENDING TRANSPARENCY

The secret loans have triggered the debt crisis in Mozambique, but they are not the only cause. For the last five years Jubilee Debt Campaign has been warning that a boom in lending to impoverished countries could lead to a round of new debt crises. More recently, falls in the prices of raw materials such as fossil fuels and metals, and rising US dollar interest rates, have reduced incomes at the same time as debt payments have increased.

Now, international institutions are finally starting to accept our warnings. The number of impoverished countries the IMF says are at high risk of a debt crisis, or already in one, has increased from 15 to 28 in the last four years.

Another country in debt crisis is the Republic of Congo. Again, loans given in secret are part of the cause of the crisis, along with government revenue falling from \$6.3 billion in 2013 to \$2.5 billion in 2016, because of a lower oil price.

We have been campaigning for increased transparency, to ensure parliaments, media and civil society in borrowing countries can hold governments and lenders to account for loans being taken-on. This

**‘Over 40% of international loans to governments are under UK law’**

became a key theme of the IMF Annual Meetings in Washington in October.

Over 40% of international loans to governments are given under UK law, and for African governments it is over 90%, including the secret loans to Mozambique. So changes made to UK law could have an important impact.

We are campaigning for new measures to ensure all loans given under UK law are publicly disclosed. A motion has been tabled by MPs in parliament calling for loan transparency. So far its signatories include Chair of the International Development Select Committee Stephen Twigg and expert in financial accountability Dame Margaret Hodge (both Labour MPs), leaders of the Liberal Democrat and Green parties, Vince Cable and Caroline Lucas, and leaders in Westminster of the SNP and Plaid Cymru, Ian Blackford and Liz Saville Roberts.

▼ **Please ask your MP to sign the motion via our website at:**  
[www.jubileedebt.org.uk/transparency](http://www.jubileedebt.org.uk/transparency)

## HURRICANES STRIKE INDEBTED ISLANDS

In Dominica, 98% of the buildings have been damaged by Hurricane Maria, and Prime Minister Roosevelt Skerrit said “We have lost all that money can buy and replace.”

Dominica is already heavily indebted, with 14% of government revenue spent on debt payments which leave the country. The IMF ranked the island as at high risk of a debt crisis, even before the devastation caused by Hurricane Maria.

Past hurricanes are one of the reasons why Dominica and other Caribbean countries were already heavily indebted before the latest storms. Just two years ago, Dominica was hit by Hurricane Erika, which is estimated to have caused losses of 90% of GDP, as well as killing 30 people and leaving over 500 homeless.

The collapse of demand for Caribbean-produced sugar and bananas in the 1990s, when American companies used the World Trade Organisation to demand equal access to European markets, is another cause of the region’s high levels of indebtedness.

And another reason is the growing impact of climate change. Warmer seas are increasing the frequency and power of hurricanes, and higher sea levels further worsen their impact. The devastating effects of storms across the Caribbean can only be expected to get worse .

**‘The global finance sector has started to promote new insurance packages to allow indebted nations to keep up their debt payments during times of devastating disasters. This is not a fair solution.’**



### TAKE ACTION

**Please sign the attached postcard demanding debt relief for the islands.**

In contrast to the financial debts of Caribbean countries, there are much bigger debts the other way round. One is the economic impact of colonial history. In the words of a taxi driver in Grenada: “England bled us dry for many years of our cocoa and nutmeg, being made rich whilst we were made poor. It’s time for them to give something back. We really need your help in getting the debt written-off.”

Dominica, Antigua and other countries need as much immediate help as possible, including suspending debt payments. But the long-term rebuilding of the islands requires finally delivering debt cancellation to get debt down to a sustainable level, and giving reconstruction aid as grants, not loans.

Instead, the global finance sector has started to promote new insurance packages to allow indebted nations to keep up their debt payments during times of devastating disasters.

This is not a fair solution. In the case of the Caribbean, structural changes are needed to help the islands become less vulnerable to disasters, including better trade terms, transforming economies to be more resilient, grants to adapt to the inevitable impacts of climate change, and radical reduction in carbon dioxide emissions to stop climate change being even worse.

# DEMAND DEBT RELIEF FOR HURRICANE-HIT ISLANDS



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MATERIALS**



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# DEMAND DEBT RELIEF FOR HURRICANE-HIT ISLANDS

## A petition to all creditors, including the IMF and World Bank,

We ask you to:

- Declare an immediate moratorium on all debt payments for Dominica, Antigua & Barbuda, Cuba and any other countries drastically impacted by hurricanes in recent weeks.
- Reduce debts for all Caribbean countries to a sustainable level, and give assistance to rebuild as grants, not loans.
- In light of the increased risks from climate change, create a permanent mechanism to suspend debt payments and reduce debt payments to a sustainable level, for all vulnerable countries hit by disasters.

Full name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
Postcode \_\_\_\_\_

Email address \_\_\_\_\_

Tick if you would like to receive more information about Jubilee Debt Campaign's work:

by post  by email

Affix stamp  
here  
(if needed)

JUBILEE DEBT CAMPAIGN

28 CHARLES SQUARE

LONDON

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## ORDER FREE MATERIALS:

QUANTITY

↘ more copies of this booklet

↘ Report: *Double Standards - How the UK promotes rip-off healthcare PPPs abroad* (A4, 24pp)

↘ Briefing: *10 Facts About Debt in the UK* (A4, 14pp)

↘ UK debt law MP postcards (A6)

**DONATE:** I enclose a donation of \_\_\_\_\_

(Please make cheques out to 'Jubilee Debt Campaign', and sign the Gift Aid declaration, if applicable)

## MY DETAILS:

Title \_\_\_\_\_ First name \_\_\_\_\_ Last name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_  
Postcode \_\_\_\_\_

Email address \_\_\_\_\_

Tick if you would like to hear from Jubilee Debt Campaign in the future:  by post  by email

Please return to: **Jubilee Debt Campaign, The Grayston Centre, 28 Charles Square, London N1 6HT**

If you're not making a donation, you can also email your order to [info@jubileedebt.org.uk](mailto:info@jubileedebt.org.uk) or phone 020 7324 4722

If you're a UK taxpayer, we can reclaim an extra 25% in tax on your donations. Please tick the box, then sign and date.

I would like Jubilee Debt Campaign (Registered Charity no. 1055675) to treat this and any future donations as Gift Aid donations. I am a UK taxpayer and understand that if I pay less Income Tax and / or Capital Gains Tax in the current tax year than the amount of Gift Aid claimed on all my donations it is my responsibility to pay any difference.

Signature \_\_\_\_\_

Date \_\_\_\_\_

*giftaid it*

## PPPS

A global campaign has launched to challenge how schemes known as Public Private Partnerships (PPPs) are ripping-off the public and creating hidden debts around the world. Following the pioneering work of Jubilee Debt Campaign to expose such schemes over the last two years, over 150 organisations from 45 countries have now signed up to our joint campaign.

PPPs, known in the UK as the Private Finance Initiative, are a complicated way to fund public infrastructure such as schools and hospitals. PPP schemes were first developed in the UK, where they are costing the government more than twice as much than if it had borrowed money directly to build infrastructure. They have since been promoted extensively across the world.

### IMF win secured

One of the reasons governments use PPPs is that, although they are expensive, they can keep debt figures hidden from the public. In September, you helped us win a victory, when the IMF announced that

**‘Over 150 organisations from 45 countries have now signed up to our joint campaign’**

the costs of PPPs would in the future be included in their debt assessments for the most impoverished countries. Back in 2016, over 2,500 Jubilee Debt Campaign supporters wrote to the IMF about this – thank you for helping to make it happen.

### Challenging the PPP pushers

However, PPPs are still being heavily promoted by governments and companies across the world. In September, we launched our report ‘Double standards’ which exposes how UK government ministers – including Boris Johnson, Priti Patel and Jeremy Hunt – have criticised the cost of PPPs in the UK, but their departments are using aid money to promote them to some of the poorest countries around the world. The report was covered in the *Financial Times* and *The Times*.

Pressure was increased on the government to stop its unjust promotion





of rip-off schemes when at the Labour party conference later in September, Shadow Chancellor John McDonnell announced that Labour would “End the UK government’s financial and advisory support for [PPPs] overseas.” This was part of a broader announcement that a Labour government would bring PPP contracts in the UK back under government control in order to cut down on the huge payments they are imposing on UK schools and hospitals.

Globally, we are starting to see signs that our work to expose the cost of PPPs is having some impact. Recently the IMF has warned Albania that PPPs have large financial risks and have said the costs should be brought onto the books. In Cambodia, a limit has been placed on how many PPPs can be introduced.

In 2018, with your help we will continue to work with global partners to stop PPPs becoming a huge source of hidden public debts and a new cause of austerity and impoverishment around the world.

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## ECONOMIC JUSTICE PROJECT

2017 has seen a host of events, and a change of strategy, for our Economic Justice Project. The project was founded in 2012 as a partnership between Jubilee Debt Campaign and student campaign People & Planet, as a way to build the movement against austerity and for economic injustice here in the UK. As the political and economic context has shifted over time, we felt the project was ripe for a refresh this year.

We decided to focus our engagement and outreach work outside of London, and to prioritise bringing people together from different communities, classes and cultures, owing to the fractured and divisive political mood across the country.

We ran five ‘Economics & Debt: Education for Action’ workshops in Liverpool, Leeds,

**‘In 2017 we decided to focus our engagement and outreach work outside of London... bringing people together from different communities, classes and cultures.’**

Birmingham, Manchester and Newcastle. The sessions engaged supporters and non-supporters in the wider history of economic injustice whilst also exploring our current campaigns.

## TEESSIDE TOGETHER

As part of our engagement and outreach work, we brought together more than one hundred people from Middlesbrough and Stockton for ‘Teesside Together’ in April – a weekend-long event of discussions, workshops, films and food, at Mima art gallery. Workshops by community experts covered local economic justice issues from the impacts of cuts on local women’s refuges to the devastating personal impacts of benefits

BELOW: TEESSIDE TOGETHER PARTICIPANTS EAT LUNCH TOGETHER (MIDDLESBROUGH, APRIL 2017)



sanctions. The weekend saw people from diverse communities – service users and providers, benefit-claimants and asylum seekers, Trans activists and young Muslims – engaging in difficult and productive conversations together.

2018 will see more regional convergences, activist trainings and educational work.

And, with household debts in the UK totalling £200 billion, we are beginning to explore how we can use some of our participatory workshop methods developed in the Economic Justice Project to support people who are stuck in the debt-poverty trap to speak up and get organised. We hope to see you at an event in the new year!

## GOVERNANCE REVIEW

We've also been making some big improvements behind the scenes at Jubilee Debt Campaign in 2017. The board of trustees undertook a governance review to make sure we have the governance structures and processes in place to support our ambitious long-term agenda.

Charity governance expert Tesse Akpeki carried out a review of our current arrangements and the board accepted her recommendations in full, subject to some final details being ironed out. The recommendations are now being implemented, and we aim to conclude the process by April 2018.

The most significant change is a new skills-based model of board membership, replacing the old model where board membership was largely limited to representatives of local groups and affiliated organisations. While we want to keep the critical voices of local group members and allies on the board, the skills-based model will enable us to seek



ABOVE: CHARITY GOVERNANCE EXPERT TESSE AKPEKI.

members from a much wider range of backgrounds and experiences.

We also aim to bring on board more female and Black Asian and Minority Ethnic (BAME) trustees, as the board believes strengthened diversity in our governance will help to make Jubilee Debt Campaign more effective in achieving our aims. If you would like to find out more about the governance changes or about opportunities to become a trustee of Jubilee Debt Campaign please contact the office.

## ABOUT US

**Jubilee Debt Campaign is part of a global movement demanding freedom from the slavery of unjust debts and a new financial system which puts people first.**



Jubilee Debt Campaign



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