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## **Independent UN expert urges immediate cancellation of Haiti's external debt**



Haitian farmers clear land for planting

4 February 2010 – An independent United Nations human rights expert today called for the immediate cancellation of Haiti's external debt to allow it to recover from the devastating earthquake that struck the nation last month and move towards reconstruction.

Haiti's current external debt amounts to about \$890 million, around 70 per cent of which is owed to multilateral creditors, mainly the Inter-American Development Bank and the World Bank.

The country is struggling in the aftermath of the deadly 12 January quake, which is estimated to have affected one third of the nine million citizens of Haiti, already the poorest nation in the Western Hemisphere.

"Haiti's remaining multilateral debt must be unconditionally cancelled as a matter of extreme urgency in order to afford the country the necessary fiscal space as it recovers from the recent devastating earthquake and moves towards reconstruction," Cephias Lumina, the UN Independent Expert on foreign debt and human rights, said in a news release.

Mr. Lumina also called for the provision of aid in the form of unconditional grants, "not new loans whatever the degree of concessionality," as well as a moratorium on debt service.

While welcoming the recent announcement by the Paris Club – an informal group of 19 creditor countries – that its members would cancel the \$214 million debt owed to them by Haiti, the expert warned that more action was needed.

“The decision is insufficient to assure the country’s sustainable recovery effort, given that the bulk of its external debt is owed to multilateral creditors.”

Mr. Lumina also warned that the International Monetary Fund (IMF) was ignoring its own advice by the recent approval of a ‘highly concessional’ and ‘interest-free’ loan of \$114 million to Haiti, repayment of which is due after a five-and-a-half year ‘grace period.’

“A new build-up of unsustainable debt must be avoided,” he said, noting that independent assessments indicate that it will take at least ten years for the country to recover from the quake.

“It is unrealistic to expect that the people of Haiti can muster the resources to start servicing this debt in five years’ time. It is also inappropriate to make Haiti pay back its emergency assistance,” said the expert.

Mr. Lumina has been mandated by the UN Human Rights Council to monitor the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights. He reports to the Geneva-based Council in an independent and unpaid capacity.

Meanwhile, the UN International Fund for Agricultural Development (**IFAD**) signed a grant **agreement** of nearly \$5.7 million to support agricultural production in some of the poorest regions in the north of Haiti.

The grant will supplement IFAD’s ongoing project to increase agricultural production by modernizing irrigation infrastructure. Strengthening irrigation systems, including those reportedly damaged by the earthquake, will provide improved access to water resources for smallholder farmers.

“Beginning in 2008, Haiti was hit by rising food prices and a disastrous hurricane season, and now the earthquake,” said Josefina Stubbs, IFAD’s Director for Latin America and the Caribbean.

“IFAD has provided \$10.2 million over the last three planting seasons to boost agricultural production and support over 240,000 smallholders by providing agricultural input such as seeds and tools,” she continued, “and IFAD will continue to support Haitians during this difficult time.”

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