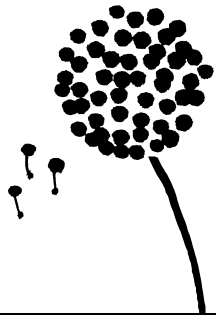


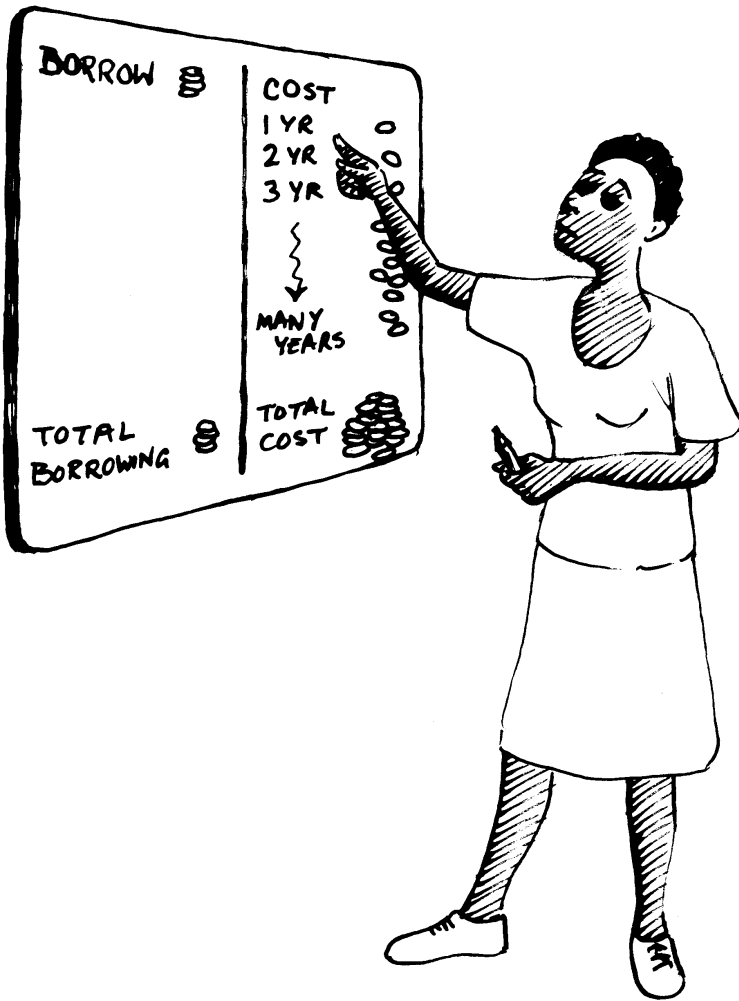
*Increasing  
ability and  
effectiveness  
in advocacy*

**ADVOCACY GUIDELINES**



**TEARFUND**  
CHRISTIAN ACTION WITH THE WORLD'S POOR

# *Advocacy and Debt: a practical guide*



# ADVOCACY GUIDELINES

THE AIM OF THIS GUIDE To increase our partners' ability and effectiveness in their advocacy work on debt.

SECTION 1 explains Tearfund's understanding of advocacy and why debt is seen as a crucial issue.

SECTION 2 provides a factual background to the debt crisis.

SECTION 3 talks about the Jubilee 2000 campaign.

SECTION 4 outlines arguments for and against cancelling debt.

SECTION 5 looks at how to go ahead with advocacy work, and gives encouragement through case studies.

SECTION 6 explains how to be involved in the PRSP process.

A glossary gives helpful definitions of some words used.

Appendices suggest further reading and give details of useful organisations and networks.

The Tearfund *Advocacy Study Pack* forms the basis of our understanding of advocacy work.

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# 1 *Tearfund, Advocacy and Debt*

Advocacy can mean many different things. For Tearfund it means ‘speaking on behalf of the poor to people in power’. The main methods we use are:

- lobbying
- campaigning
- winning attention from the media
- building up the capacity of our partners to do this work.

Debt is a major focus of Tearfund’s advocacy work because:

- poverty will not be eradicated in the Third World unless the issue of debt is resolved
- debt is linked to other crucial issues like trade, corruption and military spending
- as governments, NGOs and individuals have realised how urgent the situation is, they have done a lot more work to improve international policy on debt. Networks of NGOs and individuals have become more common. This gives Tearfund and our partners an opportunity to influence the process at top level on behalf of poor people.

Lending and borrowing have for a long time been vital to the world economy, but if we look at God’s pattern, as set out in the Old Testament law, we see a different situation.

All men and women were made in the likeness of God, and as such had dignity that the law tried to maintain. The law gave each family group within God’s people enough resources to support itself. So lending and borrowing were only needed when something had gone wrong: for example a poor harvest or a woman’s husband dying. Then the better-off were to lend to their poorer neighbours, but this meant inequalities growing within their community. To be owed money puts one in a position of power. So it was important firstly to stress that all prosperity comes ultimately from God, and secondly to have rules to keep the inequality to a minimum. Charging interest was forbidden, nobody could seize a person’s means of livelihood as security against a debt, and if the debtor could not repay in the end, the debt was to be written off. This last idea was part of the system of regular jubilee ‘interruptions’ which gave the priority to right relationships and put economic activity in second place.

## WHAT EXACTLY IS THE PROBLEM?

There are 34 developing countries burdened with debts they are quite unable to repay. A further 37 countries can only afford partial repayment of their debts. The struggle to make repayments has diverted resources that should have been spent on reducing poverty.

Underlined words are explained in the Glossary on page 35

A nation, like a family, buys the things it needs from the income it earns. The income earned by the people of a country is called the Gross Domestic Product (GDP). The government takes some of this income in taxation and spends it on education, public health and other essential services. According to the United Nations Conference on Trade and Development (UNCTAD) a well-balanced budget of a poor country needs to collect 18 per cent of GDP in tax, to pay for these things. Yet many developing countries cannot raise more than 15 per cent. These countries thus start with a shortfall and then have to put aside an average of 30 per cent of taxes in order to service their debt.

Among the consequences are:

- a decline of health and education services
- a rise in the 'informal economy' as those put out of work have turned to activities such as street vending, scavenging on rubbish dumps or, more seriously, to cultivating coca (in Bolivia and Peru) for the cocaine trade
- too much concentration on export earnings – as commodity prices fell in the 1980s, developing countries grew more and more cash crops in a vain attempt to keep up their incomes
- loss of sovereignty in economic policy-making as the World Bank/International Monetary Fund (IMF) refused to help debtor countries unless they followed the economic plans they imposed
- national assets sold to foreign companies. Sometimes this happened because creditors accepted company shares instead of debt repayments. Also the World Bank/IMF insisted on privatisation, and foreign investors bought the privatised industries. Foreign investment can bring benefits, but it may also have serious drawbacks. For example, powerful competition from the foreign owner may drive local firms out of business. The transfer of profits back to the home country may use up scarce resources of foreign currencies.



Only 15% of GDP raised through taxes ...



... but 30% of that goes to service the debt

## WHY SHOULD WE BE INVOLVED?

Why should we get involved in taking up the cause of the indebted poor?

- As Christians we serve a just God who is angered by injustice inflicted on the poor.
- In the Bible, it is made clear that dignity for all human beings is more important than rigidly enforcing debt claims. No man or woman is to be held permanently in the slavery of debt and lose their stake in the economic life of the community. Unpaid debts are to be written off and slaves made free in the 'sabbath' year (the 7th year) and property is to be returned in the 'jubilee' (the 50th year).
- Poverty cannot be done away with unless debt is dealt with.
- The churches have a special responsibility. They have international contacts and the ability to mobilise and organise their members, and they are, or should be, independent of governments.
- As well as speaking to the powerful on behalf of the poor, the advocate may stand with the poor as they speak for themselves. So advocacy on debt can become a way to help the poor make their concerns and their needs known to the government officials who decide on the policies which affect their lives.

## WHAT IS TEARFUND'S RESPONSE?

Tearfund's objectives are to:

- increase public awareness of the debt crisis
- encourage churches that want to grapple with the debt-related problems of their communities and nations
- ensure, through advocacy, that there are enough funds for the basic services needed by the poor (ending the waste of resources in debt servicing and, where necessary, increasing development aid)
- ensure that governments and other bodies who loaned money in a reckless and selfish way, make restitution for harm done to the poor
- ensure that national income stolen by corrupt leaders and accepted by secretive banks in the developed world is traced and returned.

Tearfund's principles in working for these objectives are:

- **dignity** for debtor nations to be able to run their own affairs free of creditor interference
- **justice** for all people to have access to basic education, adequate healthcare, clean water and sanitation

## ADVOCACY GUIDELINES

- **participation** of the poor in the decision-making process about debt relief and poverty reduction strategy
- **accountability** of governments, commercial banks and the international finance institutions who share responsibility for the build-up of debt
- **restitution** where lenders in the developed world, acting carelessly or with deliberate dishonesty, have partnered corrupt Third World élites in stealing the national resources, to the detriment of the poor.

## 2

*The Debt Crisis***HOW DID IT BEGIN?**

In the 1970s, oil prices rose sharply and Arab oil producers deposited large sums of money in Western banks. The banks eagerly loaned the money to Third World governments, asking few questions as to how they would repay it. Much of it was wasted or stolen by corrupt dictators.

Then Western economies went into recession, and bought less of the commodities like coffee and cocoa, sold by developing countries for income to help repay the loans. As these countries found their income falling, they also found the debt growing as interest rates went up. The USA raised its rates (to combat domestic inflation), and other developed countries had to do the same in order to compete. With high interest rates on offer, international investors wanted to buy dollars and other Western currencies. So debtor countries not only found themselves paying higher interest charges, they also had to pay more to buy the dollars with which to make loan repayments. When a debtor country started getting into difficulties its problems soon spiralled out of control. The interest it could not pay was added to the debt, so that there was then even more debt on which to pay interest (this is called compound interest).

All this was taking place against the background of the Cold War in which the Western and Soviet blocs provided military aid and yet more loans to countries in Africa, Asia and Latin America.

The debt crisis suddenly became clear to all in 1982, when Mexico announced that it could not and would not pay what it owed.

**WHICH COUNTRIES ARE AFFECTED BY THE CRISIS?**

**Sub-Saharan Africa** has been hardest hit. Corrupt dictators like Mobutu in Zaire, Amin and Obote in Uganda and Abacha in Nigeria drove their countries into debt. Civil wars in Angola, Mozambique and Ethiopia did the same. (These wars were made worse because the West or the Soviet Union backed one side or the other.) There have also been many bitter ethnic conflicts (some of them aggravated by economic stress), for example in Rwanda, Burundi and Sudan. Ghana and Zambia suffered through their dependence on one main commodity (cocoa and copper respectively).

The region as a whole now has debts that are very high compared with the size of the countries' Gross National Product (GNP). For example:

- DR Congo 720% GNP
- São Tomé and Príncipe 640% GNP
- Guinea Bissau 415% GNP
- Angola 292% GNP

There are some countries in **Asia** that have serious debt problems. Dictators like Suharto in Indonesia, Zia-ul Haq in Pakistan and Marcos in the Philippines (all Cold War protégés of the West) have left huge debts behind them. So too have the military régimes in Myanmar and Thailand. Wars in Cambodia, Laos and Vietnam and the instability and isolation that followed them have left these countries in serious debt. Bangladesh and Nepal are both poor and heavily indebted.

In **Latin America** and the **Caribbean** we find the developing world's biggest debtors: Brazil owing \$232 billion and Mexico \$160 billion. Argentina is not far behind with debts of \$144 billion. However, as their economies are much larger than those of sub-Saharan Africa, their debt:GNP ratios are only:

- Brazil 30% GNP
- Mexico 45% GNP
- Argentina 51% GNP

In the 1980s, Nicaragua suffered civil war when the left-wing Sandinista movement overthrew the corrupt dictator Somoza and then had to battle against the Contra guerrillas backed by the United States. In 1998 the country was devastated by Hurricane Mitch. Its debts are now equivalent to 357 per cent of GNP: the 4th biggest debt ratio in the world.

Honduras (likewise hit by Hurricane Mitch) is also heavily indebted, along with Bolivia, Guyana and Peru.

In the Caribbean, Haiti and Jamaica have the most serious debt problems.

### **WHAT WAS THE CREDITORS' RESPONSE?**

Mexico's threat of bankruptcy in 1982 was serious enough to threaten the stability of Western economies. The World Bank, the IMF and Western governments took steps to reduce the immediate impact of the crisis.

- They organised 'bridging loans' in what was called the Baker Plan. These were new loans to 'bridge the gap' while stringent economic reforms were given time to take effect.

- They encouraged commercial creditors to exchange debt for ‘Brady bonds’ (of lower value but more secure).
- They joined together as the ‘Paris Club’ to negotiate with individual debtor countries.
- Some commercial creditors exchanged debt for shares in local companies.

But the debt crisis continued. Once the initial danger had passed, with Mexico and Brazil’s debts restructured, the creditors lost the sense of urgency, as the other debts were not big enough to upset the world economy. It was only in 1996 that the constant pressure from non-government organisations (NGOs) finally persuaded the World Bank/IMF to launch the Highly Indebted Poor Countries (HIPC) Initiative. The aim was to reduce the debts of the poorest countries to a ‘sustainable’ level.

The creditors’ powerful position has meant that they have followed their own aims and time-scale. Because they are always worrying about competition they have been reluctant to take positive steps, like:

- granting fairer terms of trade
- stopping their export of arms
- taking decisive action against corruption.

Each has insisted on giving away no more in debt relief than the others, so progress has been tied to the pace of the slowest creditors. Each has proved very reluctant to curb the arms trade, despite the heavy price paid by the poor of the Third World.

The need for advocacy – speaking to the powerful on behalf of the poor – has become crucial.



# 3 Jubilee 2000

Tearfund and other development agencies became members of the ‘Jubilee 2000 Coalition’ in 1997. This coalition was born from the idea of linking the biblical concept of jubilee with the approaching new millennium. There are counterpart organisations in over 60 countries.



Jubilee 2000 called for:

- a one-off cancellation (to stop further reckless borrowing by debtor nations in hope of future cancellations)
- by the year 2000 (to discourage further delays by creditors)
- of the backlog of unpayable debt owed by the world’s poorest countries (‘unpayable’ because there is not enough money both to service the debt and pay for basic schooling, primary healthcare and other essential spending)
- in a fair and transparent process (ie not by the powerful creditor nations acting alone, but by an independent court or review body, perhaps overseen by the United Nations. The money that would have gone to service the debt would be put in a special fund and spent on economic recovery and poverty reduction).

## THE CAMPAIGN

In 1999 the international campaign began to have an effect. The governments of seven leading industrial countries, plus Russia (the G8 group) met in Cologne, Germany, and acknowledged that the amount of debt poor countries can sustain is much less than they had been saying. They agreed more debt reduction.

Then the World Bank/ IMF announced that it would be giving more priority to poverty reduction. Countries asking for debt relief under the HIPC Initiative would now need to produce a Poverty Reduction Strategy Paper (PRSP) – see SECTION 6. At the same time, the then president of the USA, Bill Clinton, announced that the US would write off completely the debt of poor countries when this was needed to help them finance spending on health and education.

Then at the end of the year 2000, Gordon Brown, the UK finance minister, said that as soon as debtor countries qualified for relief under the HIPC Initiative all their debt owed to Britain would be cancelled. Furthermore the debt service payments from countries still waiting to be included in HIPC would now be placed in a trust fund and handed back when those debtor countries had poverty reduction plans in place.

## ADVOCACY GUIDELINES

In the UK, the Jubilee 2000 Coalition closed, as planned, at the end of the year 2000. Two new organisations are now following up its work:

- Drop the Debt, a campaign that is targeting the G8 summit in Genoa, Italy
- Jubilee Plus who are researching the root causes of international indebtedness.

There is also a new coalition, the Jubilee Debt Campaign, co-ordinating the campaign in the UK. And there are still many vigorous debt groups in the developing countries who continue to campaign on debt.

Further details of organisations campaigning on debt are to be found in APPENDIX 2.

# 4 *Debt Advocacy in Practice*

In order to act on this issue, we must both understand the arguments of those who oppose cancelling debt and have ready our own powerful arguments.

## **ARGUMENTS AGAINST CANCELLING DEBT**

- 1 Future lending will be endangered, as creditors will fear losing their money in the future.
- 2 It will cost too much.
- 3 It sets a dangerous precedent of letting foolish economic policies go unpunished. It will encourage more reckless borrowing in the hope of future debt relief. This danger is often called ‘moral hazard’.
- 4 The money released by debt cancellation would only be spent by corrupt governments for their own gain or on arms or palaces, so it would not benefit the poor anyway.

In answer to these arguments, here are some points that can be made:

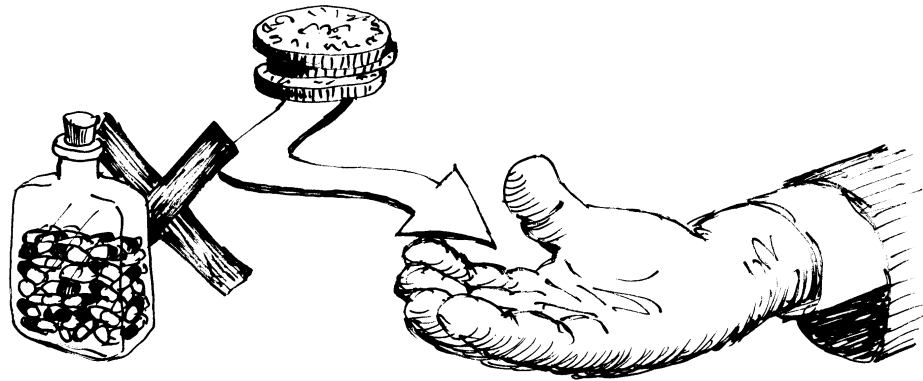
- 1 It is a fact of life that businesses and individuals sometimes fail. That is why we have bankruptcy laws: the mess is sorted out in an orderly way, and trade and finance do not break down as a result.
- 2 It is already recognised that developing countries’ debt is worth only about 30 per cent of its face value. If it were written off over 20 years, it would cost less than \$4 per year for each person in the creditor nations.
- 3 This ‘moral hazard’ argument is one-sided, as the lending was often reckless and set a bad precedent! Surely it is not unjust to have it penalised now.
- 4 This is a serious argument. However, since the poorest countries will need aid and development loans for the foreseeable future, there will be plenty of scope for their own civil society and outside donors to monitor the use of these funds. If this process is led by civil society in the country concerned it can help to strengthen democratic participation, forcing governments to be more accountable and reducing the opportunity for corruption. The Poverty Reduction Strategy Paper (PRSP) Process (see SECTION 6) is a move towards increasing accountability and ensuring civil society participation in economic planning.

## ARGUMENTS FOR CANCELLING DEBT

### ■ Basic justice:

- The way interest rates were raised to very high levels in the 1980s was unjust. In paying these rates, borrowers have already paid back much more than the original loans.
- By organising the world trading system to their own advantage, the industrialised countries make it difficult for the debtor countries to earn the income needed to pay off debts.

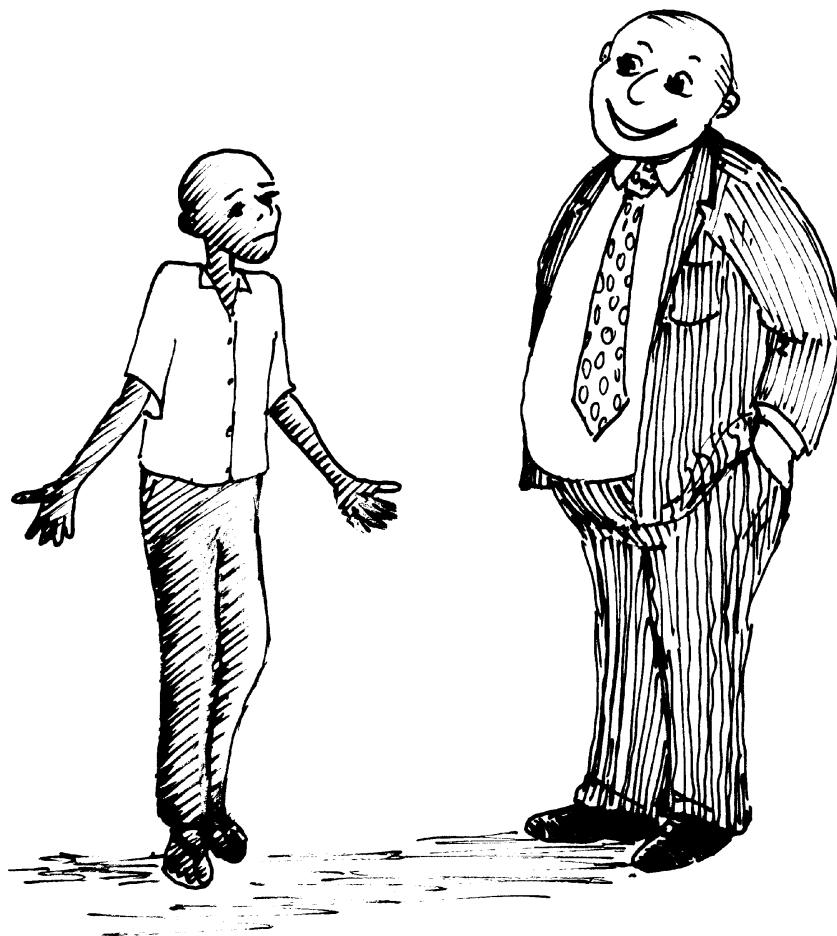
- **Common sense.** Debt repayments are diverting money away from essentials like healthcare, clean water and education. Creditors in the rich north can afford to stop taking wealth from the poorest countries of Africa and Latin America – and precious lives can be saved.



*Debt repayments divert money away from essentials*

- **The nature of the world economy.** The world financial system, based on lending and interest rates, is unstable. As the economy goes up, businesses tend to borrow too much in order to make the most of the prosperity. Then the economy goes down, interest rates rise and the same businesses can find themselves bankrupt. The root problem is that people have come to expect high profits from money they invest. Ultimately profits must be earned by making good use of natural resources such as minerals, forests and agricultural land. These natural resources simply cannot be made to produce profits at the rate investors want.
- **‘Enlightened self-interest’ for the creditors.** It is in the interests of the industrialised world also, to end the unpayable debt. They lose jobs – since developing countries cannot afford to buy their exports. They suffer the impact of drug smuggling, as poor farmers resort to growing coca and other drugs-related crops. They pay for peace-keeping missions in countries where armed conflict has flared up. Poverty is one of the main causes of conflict today.

- **‘Odious’ debt.** This is a legal term, meaning that the creditors should have known how their loans were likely to be used by a tyrannical or corrupt government against the interests of the nation. If that nation then breaks free from their rulers, such debts should be cancelled. Possible examples were loans to prop up the apartheid regime in South Africa, and to the Mobutu regime in Zaire.
- **Historical precedents.** There are many precedents for debt cancellation. Italy, Japan and Germany all had debts cancelled within a few years of the Second World War ending, because it suited the other countries to have them as political allies against the Soviet Union.
- **Debts outweighed by other debts.** It can be argued that the debts owed by the developing world are small in comparison to the damage caused by the industrialised countries – not only in the past with colonialism, but also today. Environmental exploitation by multinational companies and the local élite destroys people’s livelihoods, often driving them into debt. The harm done to the environment has led to an increase in the number of ‘natural’ disasters, and these are most costly to the poorest in the world, since they are the most vulnerable.



‘Have you ever thought what it’s like to owe money you can’t pay?’

‘Not really. I don’t like to think about what I might owe.’



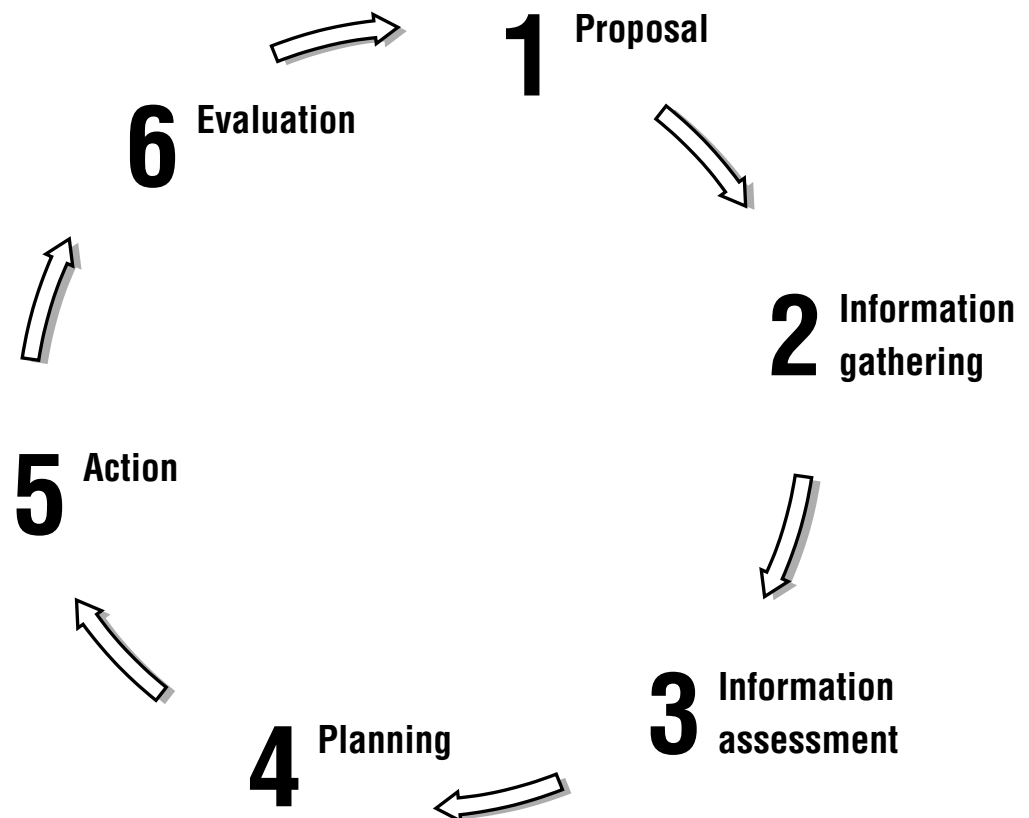
# 5

## What Can You Do?

Before you start to think about doing advocacy work, it is a good idea to be familiar with a process for planning it. To get the full picture we would advise you to read the *Advocacy Study Pack* produced by Tearfund. Here are some of the basic things to be aware of, reproduced from the *Advocacy Study Pack*:

### THE ADVOCACY CYCLE

Any advocacy initiative can be divided into stages. In practice these stages will overlap. The time it takes you to complete all the stages and the necessary detail will vary greatly, depending on the urgency and complexity of your particular issue, the amount of information you need in order to act, and the advocacy methods you choose. The basic advocacy procedure is:



Within the advocacy cycle the key questions to be considered are:

- What is the problem?
- What are our objectives to solve that problem?
- Who is our target? Who has the power to make change happen?

- What methods and activities are we going to use to achieve our objectives, eg: meetings, letter-writing, press-releases, public demonstration?
- Who are our allies?
- Who are our opponents?
- What time-scale are we working to?
- What risks will we run if we carry out the advocacy? What risks will we run if we don't?
- Who has responsibility for the different activities?
- How can we measure whether we have been successful?

### **ACTION AT THE LOCAL LEVEL**

The first step is to gain an understanding of the problem. A whole range of information is available from the many churches and other organisations working on debt worldwide, but you can also carry out your own research to link the issue to your local area. This is not as daunting as it may sound. (Tearfund will be glad to help by suggesting where you can look for information.) Remember that more important than any experience and training in research methods is a determination to seek only for the truth, and to be persistent in getting to the bottom of things.

#### **Questions to investigate**

- **The extent and nature of poverty in your area.** Are there problems of unemployment, under-employment, landlessness, migration from rural areas to city slums, family breakdown, street children etc?
- **The state of basic services.** Is primary education free, adequate and available to all? If not, what proportion of local children are not able to go to school, or go but do not complete their basic education? Are local health services adequate and free to those who cannot afford to pay? Are common medicines always available? Does everyone have access to the water they need, and is it safe to drink? Is transport to the nearest market adequate and affordable? If local services are inadequate, then what are the reasons for this? How much of the government budget is used to pay for basic services and to reduce poverty generally? What other categories of expenditure compete with social spending?
- **The state of the environment.** Is extensive logging taking place? Are there problems of water pollution or over-grazing? Is there industrial pollution, either because environmental controls are inadequate or because they are not enforced? Are such problems linked to an over-riding concern to earn export income and pay off debts?

## ADVOCACY GUIDELINES

- **The size of the national debt.** How much does your country owe to external creditors? How much is owed to domestic creditors? How much are the annual debt service payments? How does the debt and the debt service compare with national income, that is, with Gross National Product (GNP) and the proportion of GNP that the government can reasonably take in taxation.
- **The origin of the debt.** Is any of the debt military debt (the result either of war or 'prestige' spending)? Are you aware of any big projects that proved to be costly mistakes, for example a dam, some unused industrial plant or an over-ambitious city office block? Are politicians, government officials or high-ranking military officers suspected of diverting state funds to private bank accounts overseas? Are foreign exchange earnings dependent on volatile commodity markets (for agricultural products or minerals)?
- **Can you document some case studies** of individual families or communities and the impact of the debt burden on their lives?

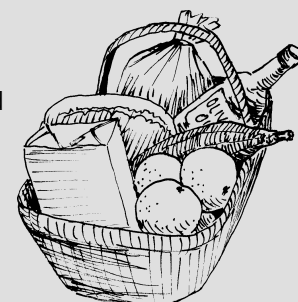
### CASE STUDY 1

Churches in Zambia were given a strong call to get more information and understanding about Zambia's debt in a joint pastoral letter issued by the Evangelical Fellowship, Christian Council and Episcopal Conference of Zambia in August 1998.

So the Jesuit Centre for Theological Reflection in Lusaka looked for ways to make the link between local people and the debt crisis. It had already carried out a 'food basket' survey on the price of basic foods in the Lusaka area, and this could be linked to statistics on the amount of debt service paid per person.

Also important was finding a way to address the concerns raised by local people when they were asked to support the campaign. George Show Makaha, an assistant at the Jesuit Centre, produced a lively report of the most commonly asked questions, with suggested answers. For example, many wanted to know how the money released by debt cancellation would be used to help the poor. The answer? – 'That's why we're arguing for a 'debt mechanism' that oversees debt negotiations and poverty reduction in a fair and transparent fashion.' As well as producing printed resources, the Jesuit Centre linked up with Kamoto Community Arts group to spread the message about debt to communities around Lusaka through theatrical performances.

*(Source: Jubilee 2000 Zambia)*

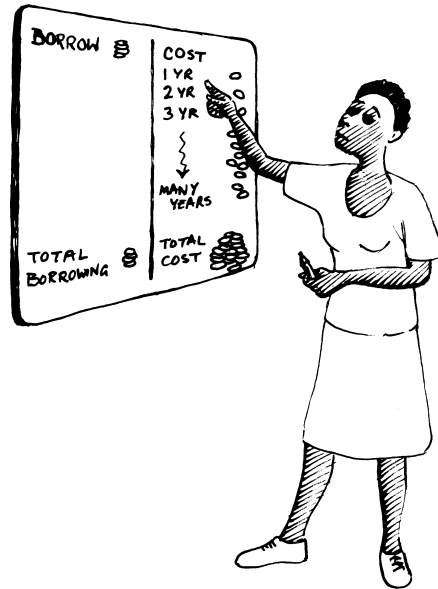


Once you begin to gain an understanding of the issue of debt you can then start spreading the information among local churches and communities. Obviously, the further you can spread knowledge of the problem and its causes, the greater the chances of raising public concern and initiating action. Here are some ways to do it:

## ADVOCACY GUIDELINES

### Spreading the information

- Hold an information stall about debt at a local event, on the street, in the market or at church. Explain the problem of debt in a simple way, and tell people how they can get involved in further action on the issue.



- Organise a meeting about the debt issue in your church or community. Explain the issue in a simple way, and show people how debt relates to their own lives. Allow plenty of time for people to ask questions and discuss the issue, and at the end ask them to spread the message by getting involved in further action.
- Think of further ways to educate people about debt, such as writing an article for a local newspaper or magazine, asking a radio station to run a programme about debt, or helping to create a drama production which can be performed in schools and churches.



### CASE STUDY 2

Young people at the Nawarembe Resource and Education Centre (Narec) in Kampala, Uganda, carried out education work on debt. They held meetings in schools and villages, collected petition signatures, and even made a radio programme. 'Their work really had an impact,' says Charlotte Mwesigye, campaign co-ordinator at the Uganda Debt Network. 'Because they were enthusiastic young people it encouraged others to get involved, and the education projects helped people to think nationally and globally, relating the issues back to their own village.' The work of the young people at Narec was replicated around the country, as a massive civic education programme involving churches, schools, NGOs and local leaders helped to raise awareness of the debt issue and lay the ground for further campaign actions.

## ACTION AT THE NATIONAL LEVEL

Identify potential allies such as other churches and NGOs, women's groups, trade unions, the national debt cancellation movement. Find out what research, if any, they have carried out. Discuss with them:

### Points to discuss

- **Possible solutions to the debt crisis.** The options may range from peace and reconciliation efforts (if your country is at war) to cuts in defence spending, to diversification of the economy, to action against corrupt practices. It may be necessary to call upon the government to practise greater openness in deciding on the country's budget. How are priorities set? How might they be changed? For example, could money be diverted from expensive city hospitals that mainly serve an urban élite to primary healthcare in rural and slum areas?
- **Lobbying and teaching opportunities.** Could you win the support of present and future church leaders through input into meetings of denominational leaders and into theological training? How might you and your allies influence local and national government, and become involved in the PRSP process (see SECTION 6)?
- **Opposition.** What arguments and concerns are there about debt relief for your country? What factors in your country might give the World Bank/IMF reasons to delay debt relief? For example, the level of corruption, perceived shortcomings in the legal system (eg business contracts cannot be enforced), economic policies that differ from those encouraged by the World Bank/IMF. How can you counter these arguments and allay concerns?
- **Co-ordinating action.** Can you develop a national strategy for your work, for example agreeing on a common action (such as signing a petition) or choosing a national day or week of action when events and education work on debt will take place all around the country?
- **Identifying key press opportunities.** Think of occasions when you could have maximum impact, such as a visit of politicians from one of your country's biggest creditors. What actions can you take to raise the profile of the debt issue? You might plan a demonstration, for example, or ask church leaders to present a letter to World Bank officials or to the embassies of creditor countries.
- **Production of resources.** What material will you and your allies need to back up your advocacy work? This might include material for:
  - briefing papers (to give to politicians or to present to poverty reduction strategy meetings)
  - press releases
  - educational work among church members or other supporters of the debt campaign.

Decide where you will obtain this material. You may be able to write some of it yourself, based on your own research. Then you may be able to co-operate with other churches and NGOs in your country, using material that they have already written as well as your own. Perhaps you can use or adapt material produced by debt campaigning groups in other countries (see APPENDIX 2 for possible sources).

### CASE STUDY 3

'Every child that is born owes \$1,200 – each child.' Sixteen year old Jovana Cruz Condor spreads this message about the stark reality of debt in Peru. She is a member of Manthoc, an organisation for working children with 5,000 members, who decided to join the Peruvian debt campaign, 'Life before Debt', because of the crucial need to raise awareness of the effects of debt.

Through the work of organisations like Manthoc, 'Life before Debt' has created huge public support for debt cancellation, gained media attention and collected more than 1.8 million petition signatures. Campaigners say that their success is because the issue of debt unites all Peruvians: once people realise that they had no say in the negotiations in which Peru acquired its debt, that everyone contributes to debt repayment through their taxes, and that many social services are no longer available because funds have been re-directed to repaying debts, then the population in general is ready and willing to ask the industrialised countries to reduce what is owed to them.

An important factor in the success of the campaign has been the way in which very different groups have worked together. The Round Table for Debt and Development, a grouping of non-governmental organisations, was broadened to form a coalition of both civil and religious organisations, including the Peruvian Catholic Bishops' Conference and a number of the Evangelical and Protestant churches. Everyone recognised that the issue of debt was so important that they needed to work together on the campaign.

Posters, factsheets and stickers were produced with the financial help of partners in the North. Campaigners helped to distribute these materials nationally, both in their own organisations and communities, and also in schools, universities, mothers' clubs and soup kitchens. Talks and workshops were held to discuss the issue of debt and how it relates to unemployment, ecological issues, health education, rural development and women's advancement. Campaigners say that the workshops confirmed what they had thought to be true: that people working at the local level are the best equipped to assess a region's needs and to recommend what sort of projects will help to respond to these needs. The campaign worked best where everyone co-operated, from the grassroots up to and including local leaders, with people coming together for some special activity on debt, or making debt the central topic at a religious or civic event.

*(Source: Jubileo 2000 Peru, New Internationalist)*

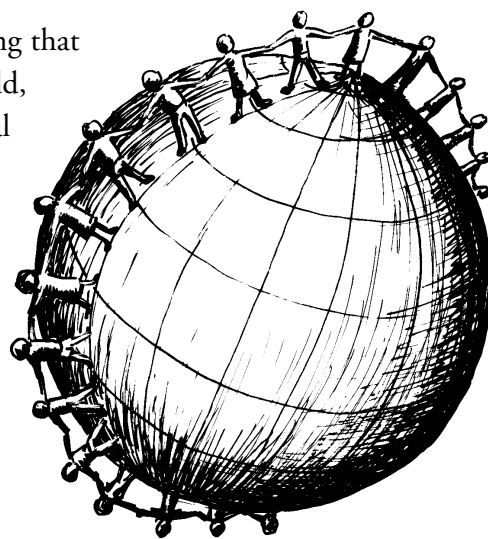
## **ACTION AT THE INTERNATIONAL LEVEL**

Some churches and church-linked organisations will contribute by taking part in national networks, but an international problem such as debt will also require international networking. At least one member of the national network will need to become involved in international networking, to keep informed about what is happening

## ADVOCACY GUIDELINES

in other countries, share information, and have greater impact by co-ordinating action with other campaigners. Remember that:

- Campaigning groups in other debtor countries can benefit from your experiences, and they may well be able to use the resource materials that you produce. You may also get campaigning ideas and resource materials from them.
- Campaigning groups in creditor countries will need help from you. For example, it will help them to have full case study material on your country's debt and the impact on ordinary people in your home area. You may need their help in raising issues with their government and/or with international bodies such as the World Bank/IMF.
- Everyone can draw inspiration from knowing that they are united with others around the world, working to end the injustice of international debt. Try to make as many links as you can with individuals, churches or campaign groups in other countries, and ask them to share ideas and personal stories. You can then use these stories in your own advocacy work to help make the issue more real for the people you are talking to, and to create a sense of solidarity with other ordinary people around the world.



### CASE STUDY 4

What do children from St Elizabeth's School in Lunga Lunga, Kenya and Dean's Community High School in Livingstone, Scotland have in common? Answer: they both took part in a 'Life or Debt' art competition organised jointly by the UK and Peru debt campaigns.

This sort of international linking lies at the heart of advocacy work on debt. The Kenya Debt Relief Network involves churches, environmental groups, women's groups, businessmen and women and members of parliament in the campaign for debt cancellation in Kenya. But it also links up with other debt campaigners in Africa and around the world to share experiences and resources, helping to inspire each other and increase the effectiveness of their work by co-ordinating action. For example, Archbishop David Gitari of the Anglican Church of Kenya was one of three African clergy to take part in a speaking tour of Japan (a key creditor), funded by a UK Christian organisation, to raise awareness of Africa's debt in Japan and lobby the Japanese government for further debt cancellation.

Solidarity has helped to support the Kenyan campaign too. When 63 campaigners, including a number of Christians, were arrested during a peaceful debt march in Nairobi in April 2000, floods of protests from around the world helped to ensure that the charges against them were dropped.



# 6 *Poverty Reduction Strategy Papers (PRSPs)*

We have mentioned that in 1999 the World Bank/IMF decided that countries asking for debt relief under the HIPC Initiative should first produce a Poverty Reduction Strategy Paper (PRSP) spelling out how they will use debt relief money to reduce poverty. Each country now has to research the causes of poverty and draw up a plan to tackle the problems identified. The plan must address all aspects of poverty and be backed by all partners (donor countries and agencies). Clear targets are set so that progress can be measured. PRSPs are therefore potentially very important:

- The Poverty Reduction Strategy is likely to become the framework into which other donors will direct their funds.
- The World Bank and the IMF plan to extend the PRSP approach from HIPCs to all countries receiving assistance from the International Development Association (IDA). This will affect some 20–30 countries in addition to the 40 HIPCs. (The IDA is part of the World Bank. It lends to developing countries at very low rates of interest.)
- PRSPs offer much wider opportunities for input from civil society.

There are, however, two main areas of possible tension:

- between the desire for rapid debt relief and the desire to involve civil society in preparing the PRSP
- between the aim of genuine country ‘ownership’ and the World Bank/IMF’s claim to be the ultimate judge of a country’s poverty reduction strategy.

On the first point, if rapid debt relief is made the priority, this may hinder genuine civil society participation. On the other hand ensuring genuine participation may seriously delay relief. (The process is already expected to involve 1–2 years to prepare the strategy, and then a further year to completion point, after the first annual progress report.) To get round this problem the Bank/Fund have indicated that, for the time being, an Interim PRSP will be acceptable.

It would have to include a statement of the government’s commitment to poverty reduction. It would describe the present extent and patterns of poverty, and the main elements of the government’s existing poverty reduction strategy. It would also give a timetable for producing the full PRSP and describe the way in which consultation would take place.

On the second point, the goal of country ownership seems to be limited by the claim that 'ultimately it will be for the Boards (of the Bank/IMF) to decide whether a poverty reduction strategy is adequate'. They can also decide whether a country has gone 'off track' in implementing the strategy, in which case they can cut off further finance from the International Finance Institutions (IFIs). It is not clear what would happen if government and civil society in a debtor country disagreed with what the Bank/Fund said. One option might be to stage a wider and more open consultation, perhaps led by the United Nations Development Programme (UNDP), where the donor governments and national stakeholders would have equal status with the IFIs who would not be able to veto decisions.

It is worth bearing in mind that a country may have a strategy for tackling poverty, but called by a different name (such as Bolivia's 'National Dialogue'). There are also other strategy-making processes under way. Perhaps the most important is the National Strategy for Sustainable Development (NSSD) which every country should have in place by 2005. (This is one of the outcomes of the Rio Earth Summit of 1992.) There is some discussion among governments, and international bodies such as the United Nations, on the need to bring all these strategies together, or at least to make sure that they do not conflict with one another.

Now that the Bank/Fund seem to be heeding the call for resources freed by debt relief to be applied to poverty reduction, it would be both unfair and illogical not to give this process a chance. It offers opportunities to strengthen the role of civil society, and place the issue of poverty at the centre of economic planning.

(See APPENDIX 1 for details of some countries' progress with PRSPs.)

### **HOW CAN YOU BECOME INVOLVED IN THE PRSP PROCESS?**

As a church or parachurch organisation interested in the debt issue, the first step is to find out if your country already has a PRSP or something similar, or if the strategy is in process of formation. (See APPENDIX 1 and, if you have access to the internet, check the IMF website.)



- If there is no PRSP and no strategy process, then get together with other churches, NGOs and others, and press your government to organise the process.
- If the process is underway, then find out if there is a consultation exercise coming up. Accept any invitation to take part, and call for an invitation if is not readily offered. Drawing on your own area of expertise (for example, in primary healthcare, literacy, education) get together with other organisations to write a paper or papers on what you would like to see happen in achieving the eradication of poverty in general, or change in your sector in particular.

## ADVOCACY GUIDELINES

- Organise your beneficiaries (that is, the poor in your area) to take part in local consultations. Make sure you understand their needs. Keep them informed about what is happening.
- Resist any pressure to rush the process, as this can undermine genuine participation. Call for the debt repayments of the poorest countries to be suspended pending eventual cancellation.
- If the PRSP has already been agreed, then find out what it says and push for it to be put into action.
- Push for effective monitoring in this, and consider joining with other civil society groups in the monitoring. Be ready to alert the public if there is any move away from the poverty reduction plan.

### CASE STUDY 5

In Bolivia, campaigners have used the PRSP process to push for ordinary people to be at the heart of decisions on how to spend money released through debt cancellation. Churches, notably the Bolivian Catholic Church, have proved very effective in mobilising different sectors of society to become involved in a national consultation on poverty reduction. This consultation was designed to run in parallel to a government initiative to involve the population in the debate on poverty reduction as it prepared a strategy paper to be presented to the IMF. Many Bolivians doubted that this official initiative on its own would fairly reflect civil society.

Nine regional consultations were held, then delegates were elected to a four-day National Forum held in La Paz in April 2000. The forum was divided into eight workshops to discuss problems and solutions in areas such as education, health, employment, land and productivity. At the end of the Forum, delegates were chosen to take the conclusions from the workshops to the government's National Dialogue for drafting the PRSP. The declaration issued by the Forum also called for a longer-term body of civil society representatives to be put in place. As well as participating in the preparation of the PRSP, this body would liaise with government and international bodies in monitoring and evaluating the allocation of funds released by debt relief and the management of public funds in general.

The Forum put strong pressure on the government to open up its PRSP process to greater civil society participation. Irene Tokarski, co-ordinator of the Bolivian Jubileo 2000 Campaign said: 'It is the biggest event of this kind that has ever taken place in Bolivia. All those who participated in the process felt an immense responsibility to ensure that what we started is followed through for the benefit of ordinary Bolivians. The Bolivian government must respond to this and take our collective voice into account.'

*(Source: Jubileo 2000 Bolivia)*



# 7 Appendices

## 1 PROGRESS WITH PRSPS

Country	Documentation	Date (of bank presentation)	Prior work
Bolivia	I-PRSP	January 2000	National Dialogue
Tanzania	I-PRSP	April 2000	National Poverty Eradication Strategy
Mozambique	I-PRSP	April 2000	National Action Plan for the Reduction of Absolute Poverty
São Tomé and Príncipe	I-PRSP	April 2000	
Uganda	PRSP	May 2000	Vision 2025, Poverty Eradication Action Plan
Albania	I-PRSP	June 2000	
Senegal	I-PRSP	June 2000	
Burkina Faso	PRSP	June 2000	
Honduras	I-PRSP	July 2000	Master Plan for Reconstruction and Transformation
Benin	I-PRSP	July 2000	
Chad	I-PRSP	July 2000	
Kenya	I-PRSP	August 2000	National Plan for Poverty Eradication
Zambia	I-PRSP	August 2000	
Ghana	I-PRSP	August 2000	Vision 2020
Mali	I-PRSP	September 2000	
Tajikistan	I-PRSP		
Cameroon	I-PRSP		

Source: IMF/IDA

## 2 ORGANISATIONS AND NETWORKS

*International Monetary Fund, H Street, NW, Washington DC 20009, USA.*

*E-mail: publicaffairs@imf.org, Website: www.imf.org*

*World Bank, 1818 H Street, NW, Washington, DC 20433, USA.*

*E-mail: Info@worldbank.org, Website: www.worldbank.org*

**African Network on Economic and Environmental Justice (ANEEJ)**, ANEEJ Secretariat, 61 Second Cemetery Road, Uzebu Quarters, Benin City, Edo State, Nigeria. Tel: +234 52 258748, E-mail: aneej@rcl.nig.com

**Africa Policy Information Center**, 110 Maryland Ave. NE, #509, Washington, DC 20002, USA. Tel: +1 202 546 7961, Fax: +1 202 546 1545, E-mail: apic@igc.org

- Aims to widen international policy debates around African issues, by concentrating on providing accessible, relevant information and analysis.

**Alternative Information and Development Centre (Southern Africa),**

Website: [www.aidc.org.za](http://www.aidc.org.za)

**Debtchannel.org**, Zambia, Tel: +260 1 232773, E-mail: [debt@oneworld.net](mailto:debt@oneworld.net)

**Drop the Debt**, Tel: +44 (0)20 7922 1111 ext 222, E-mail: [mail@dropthedebt.org](mailto:mail@dropthedebt.org),

Website: [www.dropthedebt.org](http://www.dropthedebt.org)

- A short-term campaign focused on winning a new debt deal at the G8 summit in Genoa, Italy in 2001.

**Economic Justice for Churches in Eastern and Southern Africa (Edicesa)**, Edicesa and Focessa Economic Justice Network, Box H94, Hatfield, Harare, Zimbabwe.

E-mail: [edicesa@mango.zw](mailto:edicesa@mango.zw)

**Eurodad (European Network on Debt and Development)**, Rue Dejoncker 46, B-1060 Brussels, Belgium. Tel: +32 2 5439060, Fax: +32 2 5440559.

E-mail: [info@eurodad.ngonet.be](mailto:info@eurodad.ngonet.be), Website: [www.oneworld.org/eurodad](http://www.oneworld.org/eurodad)

- Eurodad is operating a PRSP Watch programme

**Jubilee Debt Campaign**, Tel: +44 (0)20 7922 1111 ext 229,

E-mail: [supporters@jubileedebtcampaign.org.uk](mailto:supporters@jubileedebtcampaign.org.uk)

**Jubilee Plus**, Tel: +44 (0)20 7407 7447 ext 265, Website: [www.jubileeplus.org](http://www.jubileeplus.org),

E-mail: [info.jubilee@neweconomics.org](mailto:info.jubilee@neweconomics.org)

- Aims to be a long-term support unit for global campaigns on international debt and finance. It is researching the causes of debt and issues of international economic justice.

**OneWorld International**, Tel: +44 (0)20 7735 2100, Website: [www.debtchannel.org](http://www.debtchannel.org)

- A non-profit network that aims to harness the democratic potential of the Internet to promote sustainable development and human rights.

**Transparency International eV**, International office – Otto-Suhr-Allee 97-99,

D-10585 Berlin, Germany. Tel: +49 30 34 38 20 0, Fax: +49 30 34 70 39 12,

E-mail: [ti@transparency.de](mailto:ti@transparency.de). UK office – St Nicholas House, St Nicholas Road,

Sutton, Surrey, SM1 1EL. Tel: +44 (0)20 8643 9288, Fax: +44 (0)20 8710 6049,

E-mail: [ti.uk@crownagents.co.uk](mailto:ti.uk@crownagents.co.uk)

- TI highlights cases of corruption (especially as they affect the business world), and makes recommendations for tackling various kinds of corruption. There are national branches in many countries of the world, offering support and information at the local level.

If you have a query specifically related to international debt, contact Bryan Evans in the Public Policy Team at Tearfund:

Telephone: +44 (0)20 8943 7763

E-mail: [Bryan.evans@tearfund.org](mailto:Bryan.evans@tearfund.org)

For all other queries, contact your Regional Adviser or Desk Officer.

### 3 FURTHER READING

#### ■ Tearfund

*Advocacy Study Pack* (available in English, French, Spanish, Portuguese)

*Debt and Development* (at present available in English only)

*Footsteps No 45 on Advocacy* (available in English, French, Spanish and Portuguese)

#### ■ Jubilee 2000 Coalition

*Island Mentality: the Okinawa G8 summit* (available in English only)

*Through the Eye of a Needle: the Africa debt report* (available in English only)

#### ■ World Bank Group

*Poverty Reduction Strategy Sourcebook* (available on the IMF website)



# 8

## Glossary

**bridging loan** A short-term loan to help a country that is waiting for new funding (such as international loans), but needs money now for immediate expenditure.

**civil society** The term ‘civil society’ is used to describe people organised independently of their government, who campaign on matters of concern to the country. (The campaign may or may not be the main purpose of the organisation.) Churches, the media, trade unions and other non-government organisations (NGOs) all come under this heading.

**Cold War** The political and military rivalry between the former Soviet Union and its allies on the one hand, and the capitalist West on the other, 1945–89. The two sides competed for influence among developing countries, giving military aid and loans, and sometimes intervening directly in civil wars to keep their Third World friends in power.

**commodity markets** The markets in unprocessed agricultural produce and minerals, for example cocoa, coffee, copper, tin. These commodities are often the main source of export income for low-income countries, because they do not have enough money to build factories where they can be processed. Such commodities are bought and sold in markets in the developed world – the London Metal Exchange, for example. These markets can be very ‘volatile’, that is, there are sudden rises or falls in the prices. Sometimes this happens because of rises or falls in demand for the goods in the developed world. Very often it happens because traders ‘speculate’, that is, they try to guess future price trends and to make profits through deals to buy or sell the commodity some time in the future.

**debt service** The total amount a country spends each year on paying its debts. This will include the interest, and repayment of the loan itself, usually by instalments.

**face value** The original value of a loan or shares in a company. This value is stated on the ‘face’ of the loan document or share certificate. As these are traded in the money markets their value goes up and down as traders estimate their real value. For example, if it is known that a country cannot repay its loans, their ‘real’ value (the price at which they are traded in the market) will fall below the face value.

- Gross Domestic Product (GDP) and Gross National Product (GNP)** These measure a country's total income. GNP includes all sources of income, while GDP excludes the money that comes from outside the country, such as foreign loans, and money sent home by nationals working overseas.
- HIPC Initiative** The World Bank and the IMF launched the Highly Indebted Poor Countries (HIPC) Initiative in 1996. Under the Initiative, debt relief is offered to those countries that the World Bank/IMF accept as not having sufficient export income to enable them to repay their debts. Before receiving any relief, these countries are required to carry through economic policies imposed by the World Bank/IMF.
- informal economy** Production and trading that takes place outside official regulation, and usually without any payment of taxes. Such economic activity is usually small-scale, for example, street traders selling goods to motorists stopped in traffic jams, people searching through rubbish tips looking for metal, bottles, etc for re-cycling. Some informal economic activity is large-scale and very lucrative, for example drug trafficking.
- International Finance Institutions (IFIs)** The World Bank, the IMF and the regional development banks (such as the African Development Bank and the Asian Development Bank).
- national assets** The assets of state-owned enterprises, for example the power stations of a state electricity company, the lines and rolling stock of a state-owned rail network.
- privatisation** The sale of state-owned enterprises, in whole or in part, to the private sector (individuals and companies). Examples of such enterprises may include a state-owned bank, the electricity grid, or the national rail network. Such sales have become part of the economic programmes imposed on countries by the World Bank/IMF, because in their belief private enterprise is always more efficient than state-run operations.
- volatile commodity markets** See 'commodity markets'.