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ECONOMIC, SOCIAL AND CULTURAL RIGHTS

Note by the secretariat

1. In its decision 1999/104, the Commission on Human Rights requested the independent expert on structural adjustment policies to: (i) assist the open-ended working group on structural adjustment programmes and economic, social and cultural rights in the fulfilment of its mandate, in particular by elaborating draft basic policy guidelines on structural adjustment policies; and (ii) monitor new developments, including actions and initiatives being taken by international financial institutions, other United Nations bodies and intergovernmental and non-governmental organizations with respect to structural adjustment policies and human rights, and to submit a revised report to the working group at its third session. The working group would in turn report to the Commission at its fifty-sixth session.

2. In its resolution 1999/22, the Commission requested the Special Rapporteur on the effects of foreign debt on the full enjoyment of economic, social and cultural rights to present an analytical report to the Commission, paying particular attention to:

(a) The negative effects of the foreign debt and the policies adopted to face it on the full enjoyment of economic, social and cultural rights in developing countries;

(b) Measures taken by Governments, the private sector and international financial institutions to alleviate such effects in developing countries, especially the poorest and heavily indebted countries.

3. Taking into account the related nature of foreign debt and structural adjustment policies, the Special Rapportuer, Mr. Reinaldo Figueredo, and the independent expert, Mr. Fantu Cheru, decided to submit a joint report, annexed hereto, for the consideration both of the open-ended working group, scheduled to meet in Geneva from 28 February to 10 March 2000, and the fifty-sixth session of the Commission on Human Rights.

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Annex

DEBT RELIEF AND SOCIAL INVESTMENT: LINKING THE HEAVILY INDEBTED POOR COUNTRIES (HIPC) INITIATIVE TO THE HIV/AIDS EPIDEMIC IN AFRICA, POST-HURRICANE MITCH RECONSTRUCTION IN HONDURAS AND NICARAGUA, AND THE WORST FORMS OF CHILD LABOUR CONVENTION, 1999 (CONVENTION NO. 182) OF THE INTERNATIONAL LABOUR ORGANIZATION

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Executive summary

At the G-7 meeting in Cologne in June 1999, the leaders of the industrialized countries announced a major debt reduction initiative that goes far beyond what was discussed during the spring meeting of the International Monetary Fund (IMF) and the World Bank. The Cologne Initiative proposed incremental, but noteworthy steps toward improving the HIPC initiative which is administered by the World Bank and the IMF. Unfortunately, the debt relief, as envisaged under the Cologne reforms, would be neither sufficiently deep nor broad and would not be delivered at the pace required to address the pressing development financing needs of poor countries.

While the authors recognize the limitations of the Enhanced HIPC initiative, its new emphasis on strengthening the link between debt relief and poverty reduction represents a tremendous step forward in the tortured history of debt relief for poor countries. It is in this context that they wish to focus the world's attention on the urgent need to link debt relief to three critical humanitarian emergencies that require an immediate response from the international community because of their generalized impact on the promotion and protection of the human rights of millions of destitute people.

The HIV/AIDS epidemic, besides being the most important public health problem, has become the greatest threat to Africa's development. Past achievements in economic growth, improved life expectancy and decreasing child mortality have been quickly reversed by the speed at which the HIV virus has spread. Each day in Africa, more than 5,000 people with AIDS die, and epidemiologists expect that figure to climb to almost 13,000 by 2005. By that time, more people in sub-Saharan Africa would have died from AIDS than both world wars combined or from the bubonic plague, which killed 20 million people in fourteenth-century Europe. Because of the unfolding humanitarian crisis, the authors call upon the creditor nations and institutions to cancel Zambia's debt immediately so that resources can be devoted to the containment of the epidemic. Addressing this crisis is not an optional charity, but an obligation.

Secondly, the authors focus on the effects of Hurricane Mitch, which hit Honduras and Nicaragua with devastating force, resulting in the largest natural disaster both countries experienced in recent memory. Both countries sustained heavy losses of human life and much of their infrastructure and productive economic base have been destroyed, casting more doubts upon the future prospects of these countries to address structural poverty and underdevelopment.

Both countries are saddled with huge external debts and they will not be able to address the challenge of reconstruction and transformation of their respective economies without a large infusion of external assistance on a concessional basis. The authors believe that, considering the extent of poverty and the damage left behind by Hurricane Mitch, both Honduras and Nicaragua should be declared "disaster areas" and, accordingly, their outstanding debts to creditor countries and institutions should be cancelled outright with no conditions.

Finally, the authors propose to make a direct link between debt relief and the implementation of the Worst Forms of Child Labour Convention. Drawing largely from the successful Brazilian experience of "Bolsa Escola", they argue for creating avenues for taking children out of the worst form of child labour by providing them support so that they can remain in school, as well as direct support to their parents so that they would not be inclined to keep the children at home as additional source of income.

The authors purposely chose these three topics for one reason. The battle over advocacy for debt relief and the Worst Forms of Child Labour Convention, which have taken many years of hard work by courageous non-governmental organizations and civil society organizations, has been won and it is time to move from “advocacy” to action. Linking debt relief to HIV/AIDS, post-Mitch reconstruction and reinvesting in children’s education is one small step in the long march to eradicate poverty in the poorest developing countries.

I. GAMES NATIONS PLAY: THIRD WORLD DEBT, THE "HIPC INITIATIVE" AND THE POLITICS OF INDIFFERENCE

1. For almost 20 years, the international financial institutions and creditor Governments were engaged in the self-deceptive and destructive game of managing third world economies from afar and forcing unpopular economic policies down the throats of powerless third world countries in the belief that the bitter medicine of macroeconomic adjustment would ultimately put these countries on a path to prosperity and a debt-free existence. Two decades later, many countries are in worse condition than when they started implementing IMF/World Bank structural adjustment programmes. The social and ecological costs of these harsh austerity programmes have been far-reaching, with many countries experiencing a dramatic decline in human development indices.

2. Two decades later, and after many years of persistent resistance to the policies of IMF and the World Bank by a global coalition of non-governmental organizations (NGOs) and civil society organizations, the Bretton Woods institutions were finally pressed to recognize the need to address the issue of poor country debt and approved the Heavily Indebted Poor Country (HIPC) initiative in the fall of 1996. The World Bank and IMF have identified 41 countries as eligible for the HIPC initiative. These countries alone owed $221 billion in 1998. About $61 billion of that debt is owed to the multilateral financial institutions. To repay this debt, Governments shift scarce financial resources away from the necessary investments in human, social and physical infrastructure including schools, health services, roads, agriculture, and other areas that lay the foundation for sustainable development. Excessively high debt service payment serves to prevent these countries from getting on a path of sustainable, equitable economic growth.

3. Under the original HIPC, a country only receives debt relief after jumping two hurdles. First, it must have completed six years of structural adjustment under the IMF's Enhanced Structural Adjustment Facility (ESAF). Second, debt relief itself is a two-step process - a decision is taken to grant debt relief, subject to meeting certain additional conditions. When these are met, the debt is actually cancelled. Less than three years later, however, IMF and the World Bank concluded, at their meeting in spring 1999, that the HIPC initiative had major shortcomings and that there was a need for more substantive steps to address the debt problem. Not surprisingly, only three countries have had actual debt relief - Uganda and Bolivia, in April and September 1998 respectively, and Mozambique in mid-1999, almost three years after the programme had started. Four others - Mali, Côte d'Ivoire, Guyana and Burkina Faso - were close to fulfilling the required conditions at the end of 1999. Burkina Faso is expected to get actual debt relief in April 2000 and Côte d'Ivoire in March 2001. The stringent qualification criteria simply excluded many poor indebted countries for requesting debt relief. Furthermore, the decision by IMF and the World Bank to change course came about in response to the successful political pressure mounted by the international Jubilee 2000 movement, which called for debt cancellation for the poorest countries.

4. Finally, as we will make clear in this report, the inflexibility of IMF and the World Bank on macroeconomic conditionalities put undue and unnecessary pressure particularly on countries that are trying to come to terms with wide-scale humanitarian crises owing to the effects of war and genocide (e.g. Sierra Leone, Rwanda) and natural disasters (such as Hurricane Mitch in Honduras and Nicaragua), and countries where high HIV/AIDS prevalence is wiping out decades

of development (e.g. Zambia). For these crisis-ridden countries, ESAF conditionalities should not remain the sole gatekeeper for determining eligibility for debt relief. In fact, debt relief should be part of a much larger humanitarian assistance. The HIPC initiative should avoid excessive conditionality so as to allow for greater flexibility for countries facing major humanitarian crises or emerging from conflict. As it stands now, the HIPC initiative is grossly inadequate, and can only be part of the solution, not the whole.[1] Other parts include increasing aid flows, mobilizing internal savings, improved terms of trade, increasing and diversifying exports. These countries cannot afford to wait three to six years before receiving HIPC debt relief.

HIPC and the post-Cologne consensus: Old wine in a new bottle?

5. At the G-7 meeting in Cologne in June 1999, the leaders of the industrialized countries announced a major debt reduction initiative that goes far beyond what was discussed during the spring meeting of the IMF and the World Bank. The Cologne Initiative proposed incremental, but noteworthy steps toward improving the HIPC initiative which is administered by the Fund and the Bank. Chief among these are the proposal to grant larger reductions of the total accumulated debt (the debt overhang), quicker reductions in debt service payments and, finally, placing poverty reduction at the heart of an enhanced HIPC framework. Unfortunately, the debt relief, as envisaged under the Cologne reforms, would be neither sufficiently deep nor broad and would not be delivered at the pace required to address the pressing development financing needs of poor countries.

6. The HIPC debt relief is caught in a complex web of IMF and World Bank eligibility conditions. Among other factors, eligibility for debt relief under the enhanced HIPC initiative is conditioned upon “good performance” in the implementation of an IMF and World Bank Enhanced Structural Adjustment Facility (soon to become the Poverty Reduction and Growth Facility - PRGF) for a period of three years instead of six years under the original HIPC. Having reached the decision point after the first three years of good economic performance, the country must then demonstrate that its debt-servicing is unsustainable, following designated threshold values with respect to the ratio of debt to exports, and the ratio of debt to fiscal revenues.[2] If the country finally qualifies for relief, its debt-servicing is brought down to what is deemed, within the terms of the initiative, to be a sustainable level only after reaching the completion point, or a further three-year waiting period. This less than generous arrangement still leaves the country deflecting a sizeable portion of its scarce foreign exchange earnings into debt-servicing for an indefinite period of time. Put simply, HIPC/ESAF is a back-door way for both IMF and the World Bank to maintain control over the national development policies of poor and indebted countries.

7. There is, however, one new critical element contained in the enhanced HIPC initiative which was absent under the old HIPC. Countries wishing support for debt relief, or from the International Development Association (IDA) and under the ESAF, should prepare a comprehensive poverty reduction strategy which would be set out in poverty reduction strategy papers (PRSP).[3] The PRSPs should be country-driven; prepared and developed transparently with broad participation of civil society, key donors and other relevant international financial institutions (IFIs); and linked clearly with agreed international development goals-principles

embedded in the Comprehensive Development Framework (CDF). The idea, which is a brainchild of Oxfam and UNICEF, is designed to serve as a "contract" between debtors and creditor Governments.

8. While the responsibility of preparing PRSPs rests first and foremost with the authorities of the countries concerned, the consultative process could be facilitated by the Bank, with the involvement of the Fund on macroeconomic policies and in relevant structural areas. Governments may also need to seek extensive technical assistance - including from the Bank and Fund - on the elaboration of policies within the PRSP.[4] The only problem is that key United Nations specialized agencies, with extensive experience in poverty eradication, are completely excluded from playing a key role in the management of the HIPC initiative. This is a serious omission that must be addressed quickly if the initiative is to bear any fruit and be sustainable. By comparison, the non-governmental organizations have had much better luck than the combined United Nations system in having a constructive dialogue with the IFIs.

9. Indeed, the emphasis on strengthening the link between debt relief and poverty reduction represents a tremendous step forward in the tortured history of debt relief for poor countries. At the same time, how much weight both the IMF and the World Bank will attach to poverty strategy plans that are an outcome of genuine and broad-based national consultations in determining debt relief to a country remains to be seen. First, poverty reduction is a new terrain for IMF, and it is still doubtful that the Fund is genuinely interested or has the necessary internal capacity to integrate ESAF-macroeconomic conditions in broader social development goals. While expenditures on education and health services will be expanded under the new HIPC, the structural factors that induce poverty are unlikely to be addressed by conventional structural adjustment programs.[5] Second, the decision to link debt relief to ESAF conditionalities is a clever way for the IMF to dictate to countries unquestioning acceptance of its neo-liberal economic orthodoxy. This would in the end influence the theoretical content of the national poverty reduction strategy papers, effectively bringing them into line with the theoretical thinking of the IMF.

10. The recent experience of IMF in implementing ESAF had shown that high levels of non-compliance by countries is, in part, a symptom of the top-down approach by the Fund in the design of loan conditions. At the end of the day, fulfilling ESAF conditionalities rather than demonstrated government efforts toward poverty reduction would ultimately determine qualification for debt relief.[6] Finally, while debt relief is important in the short run, the extent to which additional fresh resources would be available for HIPC countries is not certain. Debt relief alone is not going to be enough to put these broken countries on a path of sustained growth. If one goes by the experience of the recent budget compromises in the United States Congress, funding for HIPC is not all assured. President Clinton sent a request to Congress for $1 billion in additional funds for debt relief to heavily indebted poor countries, including 100 per cent cancellation for debts owed by 30 of them to the United States Government. When the final budget deal was completed in late November, Congress had approved only $130 million for debt relief, and that amount will cover only bilateral debt relief. Congress did, however, authorize revaluation of approximately 10 million ounces of the IMF gold reserve and for the transfer of the proceeds to fund new IMF structural adjustment lending under the ESAF

programme.[7] The Jubilee 2000 movement, especially in developing countries, opposes ESAF and would like to see IMF use the money to cancel loans rather than fund further structural adjustment.

11. The enhanced HIPC initiative could become more meaningful and poverty oriented only if decisions on conditions and terms of debt relief are left to the countries themselves, subject to broad consultation with civil society organizations in the country. In addition, the initiative could become effective if United Nations specialized agencies with a broad conception of the poverty problem, such as UNDP, ILO and UNICEF, are invited to become partners with the Bretton Woods institutions in the management of the HIPC initiative. This would guarantee that both macroeconomic objectives and social development goals are simultaneously addressed by the HIPC Initiative.[8] The national PRSP, if done properly, will become an important policy instrument so long as the countries have the autonomy to determine the content of the framework, and on the basis of broad and transparent consultation with civil society and the private sector. The PRSP, which would be updated regularly, would in essence become the basic framework that would be used to guide Bank/Fund lending operations to poor countries in the future. It is expected that other donors would also use the same framework for determining their assistance to Governments. The PRSPs will contain the following key elements:[9]

(a) Structural, institutional, social, and macroeconomic conditions, and country policies which impact on existing poverty outcomes; identification of the obstacles to more rapid growth and poverty reduction and priorities for tackling these; elaboration of a medium-term macroeconomic framework and structural policy matrix to support poverty reduction;

(b) Existing and planned consultative processes available to Government to include the views of civil society, the private sector and other domestic stakeholders, and of donors, regional development banks, and other international financial institutions and organizations;

(c) Intermediate and final outcome indicators, their relationship to the international development goals of 2015, and the role of civil society in monitoring these outcomes;

(d) The integration of external finance and resource flows into the strategy;

(e) Capacity-building and technical assistance requirements to support the strategy.

12. Unfortunately, not all HIPC countries have the necessary institutional and intellectual set-up or the database to write their own poverty strategy framework at the present moment. In the short and medium terms, very many HIPC countries in Africa are likely to rely on Fund guidance, making “national ownership” of the programme a real sham.

13. In the final analysis, the Cologne Initiative did no more than raise expectations beyond reasonable limits, and the last chapter of the third world debt drama has yet to be written. There exists a great deal of scepticism about the willingness of Western creditor countries and the multilateral development banks to break the chain of debt bondage of the HIPC countries, not to mention the adequacy of funding for HIPC to wipe the slate clean. Conditionality and external control remain the core guiding principles of the enhanced HIPC initiative despite the claims of the architect of the plan that poverty eradication is the real objective of the initiative.[10] Linking

debt relief to successful implementation of ESAF is a major mistake and this is bound to delay much-needed relief to countries desperately in need of fresh resources to fix broken-down social systems.[11] Past experience shows that many African Governments have failed to meet such conditionalities of adjustment and reform. In fact, in recent years, three out of four ESAF programmes have broken down because their conditions were too tough to be fulfilled. These programmes place too great a burden on people living in poverty.

14. It is for these reasons that the Southern Jubilee 2000 movement continues to insist that debt relief be conditioned on the development and implementation of transparent mechanisms along the lines of Uganda's Poverty Action Fund which tries to ensure that resources freed up by debt relief go directly to poverty eradication and sustainable human development.[12] This process of debt cancellation needs to be monitored by NGOs and civil society, possibly in collaboration with parliaments. New borrowing and lending must also be monitored by civil society for its relevance to human, sustainable development.

15. Finally, debt relief, important as it is, will have left its own bitter legacy for future development financing for poor countries. At the moment, donors are replenishing both the HIPC and ESAF Trust Funds by redirecting current bilateral budget allocations instead of mobilizing new resources to fund the initiative.[13] In the long run, important sources of development assistance are likely to be at risk. Aid budgets to poor countries, already at the lowest level in decades, may be reduced further due to "crowding out" by the need to find resources to finance debt reduction. Thus, to provide debt relief and then reduce other resources for development makes little sense. Although it is still too early to pass judgement on HIPC, the initiative may turn out to be a sham if it fails to liberate poor countries from debt bondage and help them to start the broad process of human development.

II. ZAMBIA: DEBT, HIV/AIDS AND THE YEAR OF LIVING DANGEROUSLY

16. Zambia belongs to the category of HIPC countries wherein the debt burden has been a major contributor to the persistence of underdevelopment. It has taken a heavy toll on public budgets, severely shrunk the resources available for development and greatly reduced the prospects for growth. Even before HIV/AIDS became recognized as the greatest threat to human development in Zambia, the country's external debt, regularly serviced at the expense of vital social programmes, had already destroyed many of the social gains made in the 1960s and 1970s.[14] Thus, finding lasting solutions to Zambia's debt can open up a strategic entry point to contain the threat of the HIV/AIDS epidemic to sustainable human development.

17. The total external debt of Zambia stood at $6.5 billion in 1998. Of this, 46 per cent is owed to the multilateral institutions, such as IMF, the World Bank and the African Development Bank. Because multilateral debts are "preferred and exempt" debts, they cannot be rescheduled or cancelled and they take precedence over other debts. Debt service payments falling due in 1998 totalled $123 million and were paid to creditors accordingly: $89 million to multilateral and $34 million to Paris Club creditors. The $123 million in debt service payment was equivalent to about 69 per cent of the funds budgeted for the social sectors. Yet no nation can develop without educated and healthy citizens, no matter how faithfully it may meet debt-servicing requirements.[15]

18. Zambia's current debt crisis originated in the mid-1970s when the country experienced a fall in copper prices. The two rounds of oil price hikes in the late 1970s further compounded Zambia's economic difficulties and the balance of payment position continued to worsen. From the mid-1980s onwards, the Government relied more and more on external borrowing to finance needed imports, further allowing the debt pyramid to grow.[16] The total external debt stood at $3.7 billion in 1992, $4.2 billion in 1994 and $6.4 billion in 1997. The increase in the debt stock over the period is largely on account of increased borrowing from the multilateral "soft window". As a result, the share of multilateral debt rose from 39 per cent in 1992 to 52 per cent in 1997. Of the total exposure to multilateral creditors, debt owed to the World Bank group accounted for 43.8 per cent while IMF debt accounted for 36.4 per cent.

Table 1. Social sector expenditure and debt servicing, 1991-1996 (US$ million)

Year	Education	Health	All social sectors	Debt servicing
1991	107.8	73.6	192.5	565.0
1992	78.6	46.8	137.1	275.8
1993	72.0	44.7	145.3	315.9
1994	76.0	74.1	176.7	324.4
1995	91.6	72.4	191.8	348.7
1996	88.4	67.7	176.1	256.4
As % of GDP, 1993-1996	2.5	2.0	5.3	10.3

Source: M.J. Kelley, Primary Education in a Heavily Indebted Poor Country: The Case of Zambia in the 1990s, Oxfam and UNICEF, Lusaka.

19. Total debt service paid increased to $349 million in 1995 from $276 million in 1992, then dropped to $256 million in 1996 and $233 million in 1997. Projected debt service for 1998-2002 indicates that Zambia will require $291 million in 1998, $350 million in 1999 and $392 million in the year 2000. In 2001, scheduled debt service will grow by over 58 per cent to $621 million. This indebtedness is crushing all possibilities for human development by diverting resources from investment in education and health care. The subordinate treatment that the social services have been receiving vis-à-vis debt servicing is well exemplified in table 1, above.

20. The Government has pursued a policy of seeking debt forgiveness and rescheduling in order to reduce the debt burden. During the period 1992 to 1997, various creditors extended debt relief amounting to a total of $1,873,000,000, of which $1,440,000,000 was provided by the Paris Club creditors and the balance by both non-Paris Club and commercial creditors. The multilateral creditors have offered no debt relief. It is possible now that Zambia can qualify for debt relief under the enhanced HIPC initiative if the Government successfully fulfils numerous macroeconomic and governance conditionalities that creditor countries are demanding. At the earliest, it would be three years before the Government could hope to get real debt relief. But this is no cause for celebration when one considers the cataclysmic impact that HIV/AIDS is having on the population of Zambia and on the future development prospects of the country in general.

A. "Silent emergency in progress": the human and economic consequences of HIV/AIDS in Africa

21. The HIV/AIDS epidemic, besides being the most important public health problem, has become the greatest threat to Africa's development. Past achievements in economic growth, improved life expectancy and decreasing child mortality have been quickly reversed by the speed at which the HIV virus has spread.[17] While we have refrained from labelling the unfolding humanitarian crisis as "genocide by omission", we are prepared to point out that irresponsible failure by national Governments and the international community to respond expeditiously to the crisis in Africa is partially to blame for the spread of the virus with its deadly consequences. Failure to contain the epidemic is having a major impact on the economic development prospects of Africa. Many countries with high HIV incidence are losing their best and brightest workers - teachers, accountants, farmers and businessmen.

22. In sub-Saharan Africa, 23.2 million people are living with HIV - two thirds of the world's total. Women account for 55 per cent of HIV-positive adults and mother-to-child transmission continues to be the leading cause of infection among young children.[18] In 1998 alone, 5.6 million people were infected with the HIV virus worldwide, and 4 million of those were Africans. In addition, more than 8 million children have lost their mothers or both their parents to AIDS. Of the 14 million people who died of AIDS worldwide since the epidemic began, 12 million were from Africa. Each day in Africa, more than 5,000 people with AIDS die, and epidemiologists expect that figure to climb to almost 13,000 by 2005. By that time, more people in sub-Saharan Africa would have died from AIDS than died in both world wars combined or from the bubonic plague, which killed 20 million people in fourteenth century Europe.[19] In 1999 alone, 2.6 million people died of HIV/AIDS, the most of any year since the epidemic began, and 2 million of those who died were Africans. As UNICEF Executive Director Carol Bellamy put it, the "HIV/AIDS epidemic is the most terrible undeclared war in the world, with the whole of sub-Saharan Africa a killing field."[20]

23. Of all the regions in Africa, southern Africa has been particularly ravaged by a form of HIV/AIDS that is killing more people and much more rapidly than in any other region in the continent. Estimates of the percentage of adults (15-49 years old) infected with HIV range between 16 and 32 per cent in the subregion. Of the 9.6 million people who died in sub-Saharan Africa since the beginning of the epidemic, 9.2 million were from eastern and southern Africa. According to UNICEF, AIDS will orphan 11 million children in 12 eastern and southern African countries by 2010.[21]

Table 2. HIV and AIDS estimates, global and sub-Saharan Africa

Region	Infected people (millions)	Infected in 1999 (millions)	% of adults infected	% of infected who are women
Sub-Saharan Africa	23.30	3.800	8.00	55
Caribbean	0.36	0.057	1.96	35
South/South-East Asia	6.00	1.300	0.69	30
Latin America	1.30	0.150	0.57	20
Western Europe/ North America	1.44	0.074	0.39	20
Eastern Europe/Central Asia	0.36	0.095	0.14	20
North Africa/Middle East	0.22	0.019	0.13	20
East Asia/Pacific	0.53	0.120	0.07	15

Source: UNAIDS/WHO, AIDS Epidemic Update: 1999.

24. In Zambia, in 1997, it was estimated that about 20 per cent of adults were infected. That means that one out of five people aged 15-49 was HIV positive. It is estimated that by 1999, the cumulative number of deaths from AIDS since the beginning of the epidemic in Zambia will be nearly 1 million. The annual number of deaths among adults aged 15-49, which has been increasing slowly, will reach 70,000 and 127,000 by 2000 and 2005 respectively, or nearly 350 per day by 2005.[22]

25. It is only recently that many donor Governments and institutions have begun to recognize the impact of the epidemic on Africa's future development and have started to provide funding to support national efforts. In a letter dated 16 March 1999, the United States Secretary of State, Madeline Albright, stated, "The growing prevalence of HIV/AIDS, and its actual and potential deadly impacts, require us to revise our thinking about political and economic security. As deadly as any missile, as devastating as any financial collapse, the HIV/AIDS pandemic is the enemy of stability and productivity worldwide."[23] And during the meeting of the World Trade Organization (WTO) in Seattle, President Clinton announced that the United States would adopt a liberal and flexible intellectual property rights policy to respond to legitimate public health crises such as HIV/AIDS. At the World Bank, the biggest lender to Africa, a whole unit, called ACTafrica, has been established to ensure the mainstreaming of HIV/AIDS into Bank-funded projects in Africa. Had this level of awareness existed in the early 1970s when the epidemic started, donors would have made a big difference both in the way national Governments respond to the crisis as well as in the development and testing of preventive measures.

26. Needless to say, more awareness of the HIV/AIDS crisis in Africa has yet to translate into more compassion from donors and creditor institutions. The HIPC initiative could be one important source of funding for HIV/AIDS prevention programmes in heavily indebted poor countries. Unfortunately, the initiative is tangled up in a web of macroeconomic conditionalities, which is likely to delay badly needed debt relief. While creditor Governments haggle over the scale of debt reductions that should be granted to poor countries, many of the gains of the 1960s and 1970s in Africa are being wiped out by the HIV/AIDS pandemic at a breakneck pace. By the time IMF and World Bank technocrats have managed to guide many African HIPC countries

from “decision point” to “completion point” in the abstract and complicated HIPC process, millions of Africans would have died from HIV/AIDS and millions more would have been infected or have become orphans. This is unethical and unacceptable. Loss of life of this magnitude to a virus of any kind in Western Europe or North America would have brought a different reaction from an international community. If it had not been for a few courageous institutions such as UNICEF, UNAIDS, WHO and NGOs that have kept the issue alive, the silent emergency of HIV/AIDS in Africa would have disappeared from the front pages of the Western media.

B. HIV/AIDS as a development crisis

27. Zambia has one of the worst HIV/AIDS epidemics in the world. It is estimated that 20 per cent of the adult population between the ages of 15 and 49 is currently HIV positive. This means that one in five of those Zambians now over the age of 15 will probably die at a young age from this disease, mostly over the next 3-10 years.[24] It has been estimated that some 500 new infections occur each day. An even higher percentage of Zambians are suffering from HIV/AIDS-related “opportunistic” diseases such as tuberculosis.[25] With its high casualty rate, especially among the most economically productive segments of the population, and the rising incidence of orphanage - estimated at 1 million by the year 2000 - the disease is impacting very adversely on Zambian society.

28. The opportunity cost of HIV/AIDS on Zambia’s development prospects is enormous. This is particularly troubling since nearly 70 per cent of the households in the country already live below the poverty line.[26] Widespread poverty creates situations of vulnerability to infections - women may have little choice but to enter into sexual relationships where there are no economic opportunities. Lack of education and low literacy rates make information less accessible. Once HIV becomes established, all these problems are intensified as sickness reduces the capacity of adults to work or to cultivate what land they have. As household poverty deepens, girls are taken out of school, women are forced into prostitution, and children are orphaned, reducing further their chances for education.[27]

1. Impact on employment and productivity

29. With rising adult mortality from AIDS, people with essential skills account for a significant percentage of HIV/AIDS-related deaths. Teachers, accountants, civil servants and other professionals are dying in large numbers. As a result, labour productivity diminishes and HIV/AIDS is now a central concern of firms since the cost of labour increases as productivity declines due to higher morbidity and increased absenteeism. One review of 33 businesses in Zambia showed a dramatic increase in average annual mortality from 0.25 per cent in 1987 to 1.6 per cent by 1992.[28] Barclays Bank of Zambia has lost more than a quarter of its senior managers to AIDS. On a large sugar estate, 755 of the deaths between 1992 and 1993 were HIV related.[29] Part of the reason for increased absenteeism is the time employees spend at funerals. Additional training costs will be incurred as labour turnover increases. In addition, businesses have to pay out more in medical care, salary compensation for families of the deceased and funeral grants.

2. Food security is being undermined

30. HIV/AIDS is also having a disastrous impact on the productivity of the agricultural sector.[30] Productivity is affected by many factors: absenteeism from the farm owing to sickness; shortage in the supply of labour; the loss of agricultural knowledge and management skills. In addition, families are forced to sell livestock and other essential assets to cover the cost of caring for the sick, further exposing themselves to poverty, and eventually, they are forced to migrate to the cities in search of livelihood.

3. Health services are overstretched

31. The enormous health cost and burden of HIV/AIDS on the entire health care system of Zambia has been enormous. HIV/AIDS is already absorbing a large share of hospital resources and a substantial share of health sector budgets and human resources. Since most households and communities are living in poverty, there are few options whereby the burden of care can be shifted from the public health services to households and communities.[31]

4. Impact on education

32. The impact of HIV/AIDS on the education sector is particularly worrying. The epidemic is having a tremendous impact on both students and teachers. High mortality rates as a result of HIV/AIDS will have reduced the primary school age cohorts significantly. It is projected that the population aged 15 and under will reach 5.4 million in 2010, instead of the 6.8 million it might have attained if the incidence of AIDS had been less widespread.[32] Even before the spread of HIV/AIDS, school participation rates had begun to decline because of poverty even though the number of school-age children was increasing. And as more and more children become orphans owing to loss of both parents from HIV/AIDS, schooling takes a back seat since there is no one to pay school fees and meet their daily subsistence requirements. In short, there will be fewer children to educate in the future if the epidemic continues unchecked.[33]

33. The educational system is dealt a blow by a high level of mortality among teachers due to HIV infection. It is estimated that more than 30 per cent of teachers in Zambia are already infected with the HIV virus.[34] Ministry of Education data show that 680 teachers died in 1996, 624 in 1997, and 1,300 in the first 10 months of 1998. This means that the number of teacher deaths rose from less than two per day in 1996 to more than four per day in 1998. For the education system, the 1998 deaths were equivalent to the loss of about two thirds of the annual output of the newly trained teachers from all training institutions combined.[35]

5. A decline in life expectancy

34. HIV/AIDS is dramatically decreasing life expectancy. In the case of Zambia, life expectancy, which stood at 54 years a few years ago, has plummeted to 37 and is expected to decline in the coming decade to 30 years. In nine countries in Africa with an adult HIV/AIDS prevalence of 10 per cent or more (Botswana, Kenya, Malawi, Mozambique, Namibia, Rwanda, South Africa, Zambia and Zimbabwe), life expectancy in the first two decades of the next century is projected to decrease to 47 years instead of rising to 64 years.[36] Because the epidemic is concentrated in young people and adults at the peak of their economic and social productivity,

it threatens development. This represents a reversal of most development gains of the past 30 years.[37] Declining life expectancy is further aggravated by rising child mortality rates and in so doing is reversing gains in child survival. According to UNAIDS, 25 per cent more infants are already dying in Zambia and Zimbabwe than would have been the case without HIV.

6. A growing orphan problem

35. In the wake of the epidemic is the growth in the number of AIDS orphans. It is estimated that in the year 2000, orphans would number 1,660,000 of whom some 750,000 would be maternal and double orphans and 910,000 would be paternal orphans.[38] According to UNICEF, this would constitute about 34.3 per cent of the total number of children under the age of 15.

36. As described above, the overall effect of HIV/AIDS on Zambia's development prospects is significant and the cost of delaying an intensified response is monumental. It is estimated that given the direct costs of medical treatment and worker attrition, and the costs associated with AIDS, without any increased foreign resources GDP would fall by about 9 per cent below projected levels. If the additional costs are met by foreign resources, GDP would fall by about 5 per cent.[39] Without an unprecedented infusion of foreign aid as soon as possible, national income could be reduced by as much as 10 per cent. It is because of the evolving humanitarian crisis in Zambia (and Africa as a whole) that we call upon the multilateral institutions to immediately cancel Zambia's debt and provide fresh resources so that the crisis can be contained quickly and that real development can resume on sound footing. The need to strengthen care, treatment, and social support should therefore become a high priority.

C. HIV/AIDS and the politics of indifference

37. The unprecedented scale of HIV/AIDS-related death and the breakdown of family and social network systems in Africa have yet to mobilize the international community into action. What explains the gross indifference by the international community to the widening humanitarian crisis of HIV/AIDS in Africa? Why have so many African leaders kept "silent" when their citizens are being decimated by the epidemic on a daily basis?

38. The reaction of Western Governments to the HIV/AIDS crisis in Africa amounts to callous indifference when compared to recent Western response to the most widely televized and strategically important trouble spots - Turkish earthquakes, Balkan wars and Middle East peace agreements. In Kosovo, because of the presence of CNN cameras, the response of the international community has been swift and often with large sums. In Africa, on the other hand, the silent emergency of HIV/AIDS takes its toll on a daily basis in remote villages and the narrow streets of overcrowded shanty towns far away from the nearest CNN camera. Continued warnings about the impending crisis by WHO and UNAIDS have fallen on deaf ears.

39. The lack of urgent action from the international community to the HIV/AIDS epidemic in Africa must be viewed in the larger context of "donor fatigue" and "afro-pessimism" which have prevailed in recent years. Since the end of the cold war, overall donor assistance to Africa has been shrinking. Many United Nations agencies working in Africa, such as the Office of the United Nations High Commissioner for Refugees (UNHCR), have repeatedly pointed to the unequal treatment of Africa by the donor community. For example, in 1999, donors provided less than three fifths of the $800 million the United Nations requested for emergencies in

sub-Saharan Africa. Similarly, the World Food Programme (WFP) announced in September that it would curtail its feeding programme for nearly 2 million refugees in Sierra Leone, Liberia and Guinea after receiving less than 20 per cent of requested funding. An emergency appeal during the summer to feed and shelter at least 600,000 Angolans who had been displaced in that country's long-standing civil war - a number nearly equal to Kosovo's refugees of last spring - brought minimal initial response and predictions of mass starvation. In the Great Lakes region of Congo, Burundi and Rwanda, the United Nations estimated it would need $278 million to take care of nearly 4 million people crowded into refugee camps. By late October, only 45 per cent of that amount had been donated.

40. By contrast, Kosovo and Bosnia have been able to generate one of the biggest international responses in recent memory. The reason for the differing response by the international community is simple: Kosovo and Bosnia were "loud emergencies" unfolding in front of television cameras and affecting largely people of European descent; the HIV/AIDS epidemic in Africa is a "silent emergency" affecting largely poor black Africans, who are constantly portrayed by the Western media as being in a state of permanent crisis. Therefore, with declining ODA and shifting priorities, the capacity of African Governments - already burdened with huge debts - to combat hunger, homelessness and disease has been hampered.

41. Complicating further the fight against HIV/AIDS in Africa has been the cold-blooded abandonment of millions of poor Africans by their own Governments. Outside of South Africa, Uganda and Senegal, where enlightened political leaders have taken a proactive role to mobilize the population against the spread of HIV/AIDS, many African leaders have become obstacles to any concerted effort by donors, NGOs and civil society groups to mount major campaigns to contain the spread of the epidemic.[40] Many of these corrupt leaders care more about their Swiss bank accounts than about the survival of their own people. Instead of compassion, these leaders regard the victims of HIV/AIDS as useless citizens whom they don't have to educate or feed anymore. These African Governments, which fail to respond properly to the AIDS crisis in their countries, should be held responsible for violations of human rights.

D. HIV/AIDS and the cruel irony of the market: how WTO's TRIPS regime costs lives

42. Even if the African countries were to get significant amounts of debt relief and an infusion of fresh resources to combat the epidemic, the right to health is being jeopardized by the Trade Related Intellectual Property Rights (TRIPS) regime of the WTO which prevents African Governments from acquiring or producing affordable drugs to help the 22 million Africans infected with HIV. These countries simply do not have access to the medical advances that have stalled the AIDS epidemic in the West. There is a gap between the drug-price structure and the real needs of the majority of poor people in developing countries. Countries either have to purchase drugs at market prices, which is far beyond their means, or risk trade sanctions by the United States for buying or developing generic drugs at lower prices. [41]

43. Developing countries are beginning to realize now the public health consequences of joining the World Trade Organization, which many have done in the 1990s. Before joining WTO, they could avoid the high retail prices charged by pharmaceutical companies. But in joining WTO, a country agrees to honour foreign patents and acknowledges that it would face

sanctions for dealing in generics produced before a patent expires. The TRIPS agreement requires every country to pay full retail price. However, the agreement releases countries facing a health emergency from any obligation, allowing it to produce the drug itself provided it pays a negotiated royalty to the patent holder.

44. The threat by the United States to punish countries that violate the TRIPS regime has worked but to the detriment of millions of Africans infected by HIV. For example, in 1998, when South Africa - where 1 in 10 people is HIV positive - passed a law permitting the Government to make drugs it deemed too expensive, the United States Government placed South Africa on the “301 watch list”, which is seen as a prelude to trade sanctions. Similarly, Thailand dropped plans to produce the anti-AIDS drug ddI after United States. officials threatened sanctions against key Thai exports. On 17 September 1999, however, South Africa was taken off the watch list after officials from both sides met and discussed the matter and reached an agreement.

45. Until the time of the WTO meeting in Seattle, Clinton administration officials, in defence of the policy, had emphasized the importance of protecting patent rights in a pharmaceutical industry that invests heavily in research. In so doing, United States trade policy has placed the profits of greedy drug companies above public health by threatening poor countries that wish to manufacture the drugs themselves, despite international laws that permit countries to do so when facing a public health emergency. This is of course a structural problem that must be handled outside the purview of the discussion on debt relief.

46. In a reversal of past policy, President Clinton announced during the WTO meeting that the United States would take a liberal stand with regard to intellectual property rights as they relate to public health issues. In his address to WTO, the President stated:

> “Today is World AIDS Day. And today, our trade representative and the Department of Health and Human Services are announcing that they are committed to working together to make sure that our intellectual property policy is flexible enough to respond to legitimate public health issues. Intellectual property protections are very important to a modern economy, but when HIV and AIDS epidemics are involved, and like serious health crises, the United States will henceforth implement its health care and trade policies in a manner that ensures that people in the poorest countries won’t have to go without medicine they so desperately need“.[42]

This is welcome news, although we must wait and see how the President’s directives are actually implemented. It is possible that whoever becomes the next President of the United States can easily reverse the current position of the administration.

E. Linking debt relief to combating the HIV/AIDS epidemic in Africa: the Case of Zambia

47. It must be clear from the above analysis that the HIV/AIDS epidemic in Africa is the most serious threat to human development, depleting the most educated, energetic and productive segment of African society and thereby draining human capital development. Furthermore, the crisis exerts undue pressure on limited infrastructure and resources and impacts negatively on productivity, thereby affecting overall economic growth. This is particularly true,

not only for Zambia, but also for many other African countries that are saddled with huge unpayable debt. The servicing of this debt is diverting scarce resources away from vital social services and constraining the capacity of Government to respond to the HIV/AIDS crisis in a constructive way.

48. In spite of the vibrant potential of the response of NGOs and Church groups and the serious attempt these groups have made to do as much as possible in this area, most civil society-sector HIV/AIDS prevention and management interventions have been limited, primarily by scarcity of funding. Similarly, HIV/AIDS response in the public sector also has been constrained by a lack of financial resources. This has been due, in large part, to a combination of factors: the poor macroeconomic situation in Zambia combined with the need to service the national debt. Debt servicing has, on average, been absorbing nearly a third of the country's export earnings. In 1998, for example, Zambia paid $125 million in debt service payment to Paris Club creditors and the multilateral institutions. This amount represented a significant portion of overall government expenditure, equal to 69 per cent of the amount budgeted for all social sectors combined that same year. As a result, the ability of public sector institutions to effectively implement HIV/AIDS prevention and control activities has been significantly hampered.

49. The Government of Zambia, working with several local NGOs and Church organizations, has proposed a multi-donor debt relief programme to accelerate the national response to HIV/AIDS. Under this proposal, scarce national funds which now go to service the debt would be set aside for investment in activities that will control the spread of HIV/AIDS. The funds would then be used by both civil sector groups and public social sector institutions to implement activities nationwide, which would be designed to prevent HIV/AIDS, manage existing cases, and address the growing orphan crisis. The combined civil and public sector response would be part of the overall National HIV/AIDS Strategy developed by the multisectoral HIV/AIDS Council and Secretariat. The amount estimated to be required for channelling into HIV/AIDS prevention and impact mitigation programmes, as a result of debt relief is $89 million over a five-year period.[43] This is an average of nearly $18 million per year to cover all the programmes in both the public sector and civil society- a small change when compared with the $2.5 billion spent in Kosovo by the North Atlantic Treaty Organization during the first month of the air war. An independent non-governmental body will manage the fund, and it will be governed by a Debt Relief Steering Committee composed of representatives from NGOs, Government and the donor community. This will ensure financial and programmatic accountability.

50. Zambia's progress towards qualifications for debt relief under the enhanced HIPC initiative hinges largely on the Government's capacity to show real and tangible progress in keeping the promise it made during the last consultative group meeting to institute fundamental governance reform. While we are in full agreement with the donors concern regarding this issue, we are equally concerned that the resources that are needed to tackle the HIV/AIDS epidemic might be held up indefinitely if progress in governance reform falters. As a consequence, the excellent work that the NGOs have done so far, with meagre resources, to prevent the spread of HIV/AIDS in Zambia will be completely wiped out.

51. As independent experts, we found the Zambian Debt Relief-for-HIV/AIDS proposal to be extremely innovative; it deserves immediate donor support. **Given the magnitude of the**

HIV/AIDS epidemic in Zambia, "health emergency" criteria instead of ESAF macroeconomic conditions should be used to grant debt relief to Zambia. It must be clear to the donor community and to the IFIs that HIV/AIDS cannot wait until national budgets are balanced and the inflation rate is brought down to reasonable levels. Action is needed now, not three years down the road by which time millions more Africans would have been infected or died of HIV. That would be a great humanitarian tragedy for which the international community would ultimately be held responsible.

III. HONDURAS AND NICARAGUA: DEBT, HURRICANE MITCH AND THE BURDEN OF RECONSTRUCTION

52. The devastating effects of Hurricane Mitch, which hit Honduras and Nicaragua with heavy rains from 25 October to 1 November, resulted in the largest natural disaster both countries had experienced in recent memory. Both countries sustained heavy losses of human life and much of their infrastructure and productive economic base was destroyed, casting more doubt on the future ability of these countries to address structural poverty and underdevelopment. In the case of Nicaragua, the loss of life and the destruction caused by Mitch overshadowed the devastation caused by the 1972 earthquake that levelled the capital, Managua.

53. Both countries, already saddled with huge external debts, will not be able to address the challenge of reconstruction and transformation of their respective economies without a large infusion of external assistance on a concessional basis. The need for a complete write-off of their huge external debt should be the starting point for any meaningful donor assistance to both countries. Unfortunately, because of the linkage of HIPC to ESAF conditionalities, the speed at which both countries can receive debt relief hinges upon how successfully they can implement the current ESAF. This is a major concern for both Governments and human rights organizations which argue that ESAF should not be used as the sole gatekeeper for debt relief given the economic and social damage left behind by Hurricane Mitch.

A. Nicaragua: indebtedness and the legacy of Hurricane Mitch

54. Nicaragua is the second poorest country in the Latin American and Caribbean region, with per capita income of $470 in 1997, over half of its population in poverty, one fifth in extreme poverty and weak social indicators. Nearly half the economically active population is either unemployed or underemployed in informal economic activities. Unemployment has been exacerbated in the 1990s by lay-offs owing to public spending cuts and the privatization of State enterprises, as well as by the demobilization of the Contras and government soldiers. Following a period of stagnation in the early 1990s, Nicaragua's economy had been growing at a steady pace since 1994 and was heading towards a GDP growth rate of around 6 per cent in 1998, according to both the Government and IMF. The economy has been transformed from a centralized, publicly managed to a private sector-owned economy through the divestiture of around 350 State-owned enterprises since 1991 and cuts in public expenditure, especially in defence and public security.[44] Trade liberalization has been a cornerstone of economic policy in the 1990s, as a means both to increase foreign currency earnings to service the large debt burden and to attract investment in industry. The rapid economic recovery was accompanied by a resurgence of private sector confidence, reflected in a more than doubling of private investment

from 7 per cent of GDP in 1994 to an estimated 18 per cent in 1997. Unemployment had declined from over 20 per cent in 1994 to less than 14 per cent in 1997, largely due to new jobs created in the expanding sectors such as maquila.

55. Nicaragua owes $6.3 billion to creditor countries and institutions, almost three times the size of its GDP. Of this, $1.8 billion are owed to multilateral institutions; $4.2 billion to bilateral creditors; and only $244 million to commercial banks. The bilateral debt is largely composed of concessional loans and export credits. In 1998, the debt service payment was equivalent to 56.4 per cent of export earnings. The $6.3 billion debt in 1998 represents a substantial improvement compared with a peak of $12.1 billion in 1994, before former President Violeta Barrios de Chamorro (1990-1996) secured massive bilateral debt reductions. In addition, Nicaragua retired $1.4 billion of its commercial debt, paying 8 cents on the dollar - a total of $112 million. The next breakthrough, announced in April 1996 and closed in September, was forgiveness of 95 per cent of the $3.5 billion debt owing to the Russian Federation. This was followed by a decision by Mexico to write off 91 per cent of the $1.1 billion owed to it.[45] Nevertheless, debt per capita was still as high as $1,314 last year, compared with GDP per capita of only $445 dollars.[46]

56. Until October 1998 when Hurricane Mitch hit the country, the macroeconomic and structural reform programme had been on track so that the decision point under the HIPC was tentatively envisioned for late 1999. Sadly, the country’s fortune changed dramatically when Hurricane Mitch hit. The hard-won economic gains evaporated overnight as infrastructure and its basic export base, particularly bananas and sugar, were extensively damaged.

Table 3. Nicaragua: external debt written off since 1990 (millions of dollars)

Year	Creditors	Debt outstanding	Debt written off	Debt relief as per cent of total debt
1990	Venezuela	208.1	196.4	94.4
	Colombia	47.1	44.1	93.6
1993	Argentina	76.1	66.3	87.1
	Cuba	101.6	94.6	93.1
1994	China-Taiwan	22.8	17.1	75.0
1995	Banca Commercial	1 098.7	1 010.7	92.0
1996	Mexico	1 156.6	1 065.7	92.1
	Russia	3 444.3	3 099.9	90.0
	Czech Republic	140.5	126.4	90.0
	El Salvador	40.4	35.3	87.4
	Honduras	117.2	100.6	85.8
1997	Central American Bank (BCIEP)	566.7	103.7	18.3
	Total	7 020.1	5 960.8	84.9

Source: Central Bank of Nicaragua.

The effects of Hurricane Mitch

57. The effects of Hurricane Mitch were localized mostly in the western and north-western sections of the country (affecting nearly 50 per cent of the country and therefore not as widespread as in neighbouring Honduras. In all, as a result of the calamity an estimated 4,000 Nicaraguans are believed to have died and about 1 million persons - about 20 per cent of the population - lost their homes. More than 1,500 kilometres of paved roads, arid highways, about 12,000 kilometres of unpaved roads and 80 bridges suffered damage. About 350 schools were damaged and 280 schools are being used as shelters. Important sections of the Pan-American Highway - the main commercial route to other Central American countries - were damaged or destroyed. Preliminary estimates of damage and replacement costs prepared by UNDP and the Economic Commission for Latin America and the Caribbean (ECLAC) suggests total direct and indirect damage of $900 million, equivalent to 45 per cent of Nicaragua's 1997 GDP. The costs of replacing the damage to infrastructure and the productive sectors would amount to $1.2 billion. Addressing these new reconstruction and rehabilitation needs will place an additional burden on the Government as it tries to address the country's existing infrastructure constraints.

58. In the aftermath of Hurricane Mitch, Paris Club bilateral creditors agreed to waive debt service payments for two years from January 1999. Debts owed to the multilateral development banks is being serviced from the Central American Trust Fund established by bilateral donors during the Consultative Group meeting for Central America held in Stockholm in May 1999. Debt reduction under the HIPC initiative will depend on how far the Government of President Alemán succeeds in implementing the three-year ESAF programme signed in March 1998. The "decision point", at which eligibility for HIPC relief is decided on the basis of ESAF reform progress, was expected at the end 1999, but was reached in October after an IMF mission completed its annual Article IV consultation with Nicaragua.

59. The likelihood that Nicaragua would reach the "completion point" is difficult to determine at this point given the scope and complexity of ESAF reforms, the capacity of the Government to implement all the reform requirements on a timely basis, and the legacy of the hurricane on overall productivity of the economy due to transport bottlenecks and the loss of vital earnings from exports. Furthermore, there are many sectoral areas within the current ESAF, such as privatization, property rights and judicial reform, which the Government has not been able to implement quickly and may require longer time to complete.[47] If that happens, the much needed debt relief is going to be delayed, further hampering the reconstruction effort.

60. Nevertheless, Nicaragua may continue to benefit from relief on debt service payments in the interim between the decision and completion points. This would particularly help Nicaragua once post-Mitch Paris Club relief on debt service runs out in early 2001. Otherwise, foreign debt service payments are forecast to rise from $155 million in 2000 to $230 million (some 28 per cent of tax revenue) in 2001. **Therefore, given the special circumstances of Nicaragua, the Fund and the Bank should not use HIPC macroeconomic conditionalities as the sole criterion to determine its eligibility for debt relief.** In addition, debt relief alone is not going to change Nicaragua's current economic situation overnight. The country is going to need a significant infusion of external resources to tackle structural poverty and to make the leap into a new dynamic and knowledge-based economy.

B. Honduras: Hurricane Mitch and the challenge of reconstruction

61. Honduras is the third poorest country in Central America with per capita income of $700 in 1997. Over half of its population lives in poverty, one third in extreme poverty. Its economy is one of the least developed in Latin America and the country is heavily dependent on the export of coffee and bananas. Successive Governments have tried to diversify the economy, with very little success, and economic reform has generally been inconsistent.

62. The authorities have traditionally relied on external borrowing to finance development, particularly from the United States and the multilateral development banks. The frequency of borrowing has increased since the 1990s in response to declining grant support from the United States in the wake of the end of the guerrilla wars in El Salvador and Nicaragua. Honduras had received economic and military aid from the United States in return for turning a blind eye to the presence of the Contras in eastern Honduras. Thus, in 1996 the Government issued a decree whereby any new debt commitments had to include a 35 per cent share on concessional terms.[48]

63. Honduras owed $4.4 billion in 1998, representing an estimated 93 per cent of GDP and $725 per head. At the end of 1998, 62 per cent of Honduras' debt was held by multilateral creditors - mainly the World Bank, the Inter-American Development Bank (IDB) and the Banco Centroamericano de Integración Económica (BCIE), 37 per cent by bilateral creditors (Japan, Spain, Italy and Germany) and the remaining 7.2 per cent by private creditors.[49] Since 1994, on the average, Honduras has been paying $300 million in debt service, covering both principal and interest. In 1998, for example, total debt payment was $300.5 million. Of this amount, $190.4 million (63.4 per cent) were for the multilateral, and $106 million (35.5 per cent) for the bilateral debt. Given the level of mass poverty and underdevelopment of Honduras, debt servicing has been a major drain on the economy, further limiting the capacity of the Government to address the widespread poverty and human deprivation in the country. The situation of poverty was made worse by the devastating impact of Hurricane Mitch.

Table 4. Honduras: external debt service, 1994-1998
(millions of US dollars)

	1995	1996	1997	1998
Principal	217.7	210.3	183.1	152.4
Interest	201.0	183.2	164.9	148.1
Total	418.7	393.5	348.0	300.5

Source: Director General of Public Credit, Secretary of Finance.

64. Within Central America, Honduras bore the brunt of Hurricane Mitch. No part of Honduras escaped the impact of the hurricane and the two largest cities, the capital, Tegucigalpa, and San Pedro Sula, sustained heavy damage. Much of the Government's own institutional

infrastructure was damaged, including destruction of the Ministry of Education and extensive damage to the Ministry of Finance. Preliminary estimates of damage and replacement costs prepared by UNDP and ECLAC suggest total direct and indirect damage of $3.6 billion, equivalent to 74 per cent of Honduras' 1997 GDP. Replacement costs are estimated at $5 billion (see table below).

Table 5. Summary of damages and reconstruction costs
($ million)

	Direct damage	Indirect damage	Total damage	Replacement costs
Total	2 177.4	1 461.1	3 638.5	4 987.7
Social sectors	305.4	719.4	1,024.8	580.5
Housing	259.1	675.3	934.4	484.0
Health	25.6	36.7	62.3	64.5
Education	20.7	7.4	28.1	31.2
Infrastructure	347.6	164.2	511.7	713.2
Roads, bridges	314.1	140.0	454.1	571.4
Water/sanitation	24.2	7.2	31.3	118.6
Energy	9.3	17.0	26.3	23.2
Productive sectors	1 477.6	577.1	2 054.8	3 694.0
Agriculture, livestock, forestry	1 387.3	274.2	1 661.5	2 990.7
Manufacture	15.8	196.3	212.1	381.8
Trade, hotels	74.5	106.7	181.2	326.2
Environment	46.8	0.4	47.2	n.a.

Source: UNDP/ECLAC, A Preliminary Assessment of Damages Caused by Hurricane Mitch, 10 December 1998.

65. Given the extent of damage Honduras experienced, the international community responded swiftly to the disaster. Initial focus was on rescuing communities, establishing communications, distributing emergency food and medicines, organizing shelter for displaced populations, and disposing of the dead, both human and animal, to prevent the spread of disease.

66. During the Consultative Group meeting for Central America in Stockholm last May, $2.7 billion were pledged for emergency reconstruction of Honduras. So far, however, only $1,724.3 million have been received from donor Governments. Of this amount, $610 million were in non-financial aid and the remaining $1,120.5 million was composed of concessional and non-concessional loans, an amount almost equivalent to the debt relief that the Government hopes to secure under the HIPC initiative. The non-concessional loans come from the following sources: IMF ($212 million), IDA ($365 million) and IDB ($304 million), further increasing the country's debt exposure.[50]

67. On the external debt front, a Central American Emergency Trust Fund was established by IDA in December 1998 at the request of several bilateral donors to which contributions are being made to help Honduras and the other hurricane-affected countries cover multilateral debt service payments. By September 1999, Honduras had received $71.9 million from nine bilateral donors. Of this amount, $70.5 million were paid out to the following creditor institutions: IDB ($31.2 million), World Bank ($33.3 million) and the Central American Bank for Economic Integration ($6 million).[51] This is a cruel irony in the face of the extreme human suffering caused by Hurricane Mitch.

68. In addition to the Emergency Trust Fund, the Paris Club of creditors granted Honduras in April 1999 a moratorium on debt service payments for the period 1999-2002. Yet, a year after the hurricane, Honduras is still awaiting significant reduction (approximately $1.1 billion) in its external obligations under the HIPC initiative while it has taken an additional $1.7 billion in new loans since the hurricane under the banner of disaster aid. Perplexed by the contradictory response of the donor community, the *Economist* magazine asked its readers: Does it make sense to give them disaster aid with one hand, while hindering recovery by insisting on debt service payments with the other? (14 November 1998). Needless to say, this is the current reality in Central America: debt service payment is "crowding out" funding for reconstruction, rehabilitation and poverty reduction.

69. Although the Government maintains high hopes that it will reach the "decision point" by next April, this will depend on progress in implementation of the current ESAF, which is only a year old. Unlike Nicaragua, which had a good track record on implementation of macroeconomic targets, Honduras is more likely to experience difficulties in fulfilling ESAF conditionalities. Even if an exception is to be made by the multilateral institutions for Honduras to reach "decision point" so that it can access interim support before it reaches "completion point", this would largely be in the form of new loans, further building up the debt pyramid. By the time debt relief arrives six years later, the situation would be much worse than is the case today.

C. Conclusion

70. Over the past two decades, the people of Central America have experienced the effects of protracted civil wars, economic collapse and natural disasters. Since the end of the civil wars in Nicaragua, El Salvador and Guatemala, the region has shown tremendous vitality, focusing more on peace-building, democratization, and reconstruction of economies broken down by years of conflict. Sadly, in a dramatic reversal of fortunes, all the gains made over the last decade were wiped out by the devastating force of Hurricane Mitch in late October 1998.

71. The challenge of reconstruction and transformation has proved to be difficult. A year after the hurricane, national efforts to rehabilitate both countries and to start the broad process of human development have so far proved insufficient and riddled with problems. Much of the national efforts have been too much concentrated on the rehabilitation of infrastructure, and less on replacing assets lost by poor people (i.e. cattle, tools, productive land, crops, etc.) so that they can begin to produce for themselves and their families. Although civil society has representation at the Cabinet for the Reconstruction and National Transformation, they carry less weight to influence the direction of the national reconstruction effort. This is the first indication that the poverty reduction strategy papers (PRSPs), which are mandated under the Enhanced HIPC, are unlikely to be genuinely participatory and transparent.

72. Civil society groups in Honduras and Nicaragua have argued that despite its devastating impact on human lives and property, the legacy of Hurricane Mitch provides a compelling occasion to establish the basic foundations for human-centred development in the future. As such, they have tried to use both the reconstruction effort and the debate on HIPC as strategic entry points to raise the issues of governance, decentralization, human rights and ecological sustainability.[52] The real test will come when both countries begin the drafting of the PRSPs, which they are supposed to compile through a participatory process involving NGOs and civil society organizations. The degree to which both Governments take into account the issues of governance, decentralization, human rights and ecological sustainability and reconcile them with an essentially macroeconomic exercise remains to be seen. This will determine the scope and speed of debt relief to both countries.

73. We believe that, **considering the extent of poverty and the damage left behind by Hurricane Mitch, both Honduras and Nicaragua should be declared “disaster areas” and, accordingly, their outstanding debts to creditor countries and institutions should be cancelled outright and with no conditions.** While the international community has responded generously following the hurricane, that is not enough. These countries cannot hope to reconstruct and transform their economies, reduce poverty and complete the process of democratic consolidation with heavy debt payments hanging over their heads. Reconstruction and transformation require a total cancellation of their outstanding debts and fresh inflows of resources. Our recommendation is not unusual since a precedent exists whereby the United States granted similar preferential treatment to Germany after the devastation of the Second World War. Without debt cancellation and new external assistance, the reconstruction effort will fail. We therefore propose the following measures:

(a) All debt contracted under the heading of emergency aid should be treated on the books not as “new debt”, but as an advance down payment toward debt relief, which both countries would have been granted sooner or later;

(b) All bilateral contributions made so far to the Central American Trust Fund to cover debt service payments due to the multilateral development banks should be credited to Honduras and Nicaragua as grants;

(c) New mechanisms, such as debt-buyback schemes at secondary markets, should be explored to wipe out outstanding debt to commercial institutions;

(d) Funds released from debt relief should not be used to finance infrastructural development alone; there should be heavy emphasis on social development, health and education, nutrition and safety net programmes.

74. We propose the above measures to save both Honduras and Nicaragua from the agonies of being dragged through a complicated and time-consuming HIPC qualification process, and to focus attention, instead, on the need to mobilize fresh resources for these countries so that they can begin to address the broad process of social development and transformation. However, the poverty strategy framework required for both HIPC and future IDA lending should be maintained since it will serve as a "contract" between donors and debtor Governments in future lending operations so long as the plan has the endorsement of civil society organizations.

75. Finally, putting the Central American countries on a sound footing of economic development and democratic governance must go beyond the issue of debt relief and increased external resource flow. A sound strategy of "transformation" must address the structural causes of poverty and marginalization. It would be a grave error to attribute the current economic and social crisis in Central America to Hurricane Mitch alone. There are historical, economic, political and ecological explanations why so many Central Americans have long lived in conditions of abject poverty and deprivation. Tragic as the hurricane may have been, its legacy provides a compelling occasion for a fundamental review of the dominant export-led and indebted development strategy, largely designed to reward a small elite of landowners and multinational banana companies at the expense of the majority of poor subsistence cultivators. Simply to construct the infrastructure of these traditional "dessert and fruit cocktail" economies will not help the poor unless the structure of ownership of land and political decision-making are fundamentally altered to ensure that the economic, political, social and cultural rights of all citizens are guaranteed and protected. The extent to which the HIPC process will serve as the first step on a new development path remains to be seen.

IV. DEBT RELIEF AND THE WORST FORMS OF CHILD LABOUR CONVENTION, 1999

76. The prime motivation of the globalization process of the world economy is the search for maximum economic efficiency. While this unrelenting process has undoubtedly brought greater prosperity to many countries, large numbers of people in poor countries have not been able to share the benefits of increased wealth-creation brought about by globalization. It is therefore, imperative that the world community establish balanced positive interactions of global processes that would enshrine social and human rights considerations.[53] In this section, we propose that a link be made between debt relief and the implementation of the Worst Forms of Child Labour Convention. It is our view that "debt relief for social investment" should constitute part and

parcel of the OECD/DAC and World Social Summit commitments by the year 2015. In suggesting such action we shall provide the specific example of a success story in Brazil known as the "Bolsa Escola", launched five years ago by Governor Cristovam Buarque in Brasilia. This successful initiative has now spread to many cities of Brazil and has been replicated in Mexico and other countries of Latin America.

A. The United Nations Convention on the Rights of the Child

77. The Convention on the Rights of the Child, described as the single most widely ratified treaty in history,[54] and the Worst Forms of Child Labour Convention have to be viewed and considered as an essential component of poverty eradication and human rights enhancement actions. The promises held out by the leaders of the world in legally binding conventions include: children's right to life; to be free from discrimination; to be protected in armed conflicts; to be protected from torture or cruel, inhuman or degrading treatment or punishment; and the rights to education, health care, an adequate standard of living and freedom from economic exploitation and other abuse.

78. For too many children, the promises of conventions remain hollow. Governments have been slow to implement what they have agreed at world conferences. Abuses children endure every day contradict the deeds of Governments. Countless children on a day-to-day basis have their basic human rights ignored despite solemn pledges. Children - over 130 million of them in 1998 - received no education, worked long hours under hazardous conditions[55] and languished in inhumane conditions in institutions. Others endured harassment and physical violence and are subject to trafficking and sexual exploitation[56] or forced to become soldiers or refugees from armed conflict.

79. A very large number of children are used for commercial sexual purposes every year. They usually end up with their health destroyed, victims of HIV/AIDS and other sexually transmitted diseases. In many countries, ethnic minorities and girls are still being denied an adequate education, and in poor or rural areas, prohibitive school fees keep many children out of school. All of this must change.

80. A fundamental cause of child labour is extreme poverty. Poor families in Bangladesh, Bolivia, Brazil, Haiti, India, Mexico, Nicaragua, Pakistan, Uganda, the United Republic of Tanzania, Zambia and Zimbabwe, and many others put their children to work simply because they have insufficient means to survive. Whatever marginal contribution the children can make to assist in providing food and medicine is highly appreciated. If many of these parents are cognizant of the fact that schooling would improve their children's labour skills as they grow up, they simply cannot afford the "luxury" of doing without whatever small income the children bring home. The conflict therefore arises between short-term parental economic interests and the long-term interests of the children. This is why an incentive has to be created for the family and it is precisely that which the Bolsa Escola programme initiated by Governor Buarque does.

B. The Bolsa Escola scholarship programme in Brazil

81. The Bolsa Escola initiative was started some five years ago by Governor Cristovam Buarque of the Federal District of Brazil. The concept of the scheme is simple: children are not going to school because their families send them out to work, or because their families are too impoverished or too ignorant to see the point of education. If families are paid a stipend for doing so, they will keep their children in school. The aim of the Bolsa Escola is not to secure a minimum income for poor families, but to seek to achieve universal education for all.

82. The programme is composed of three parts. First, a scholarship programme provides assistance to children to enable them to attend school. A condition of the programme is that all the school-age children in the family must attend school, without dropping out, until the age of 14. The scholarship programme is complemented by a school savings programme, under which an amount equivalent to one minimum wage is paid annually into a savings account for every child in the scholarship programme, provided he or she is promoted at the end of the year.[57] The third part of the programme is family assistance, which provides each family with children in the scholarship programme with a sum roughly equivalent to the monthly minimum wage, to offset the earnings of a child who would be working instead of going to school. The assistance is paid throughout the year, not only during the school months. At present, more than 50,000 children in the Federal District are participating in the Bolsa Escola programme.

83. Bolsa Escola has been highly successful. It is being replicated in very many other cities in Brazil and in Mexico. Because of its success, it has attracted the interest and support of UNICEF, UNESCO and the World Bank and is being studied by ILO and UNCTAD. In their evaluations of the programme, agencies have stressed that it has had positive effects on the incidence of drop-out and repeating at the same time as the percentage of children working has significantly reduced.

84. Preliminary analyses have shown that a scholarship programme costing even $40 per family per month would offer sufficient incentive for poor families to keep their children in school. This is a small investment indeed in view of the major transformations such programmes could have on the lives of the families concerned, and on the country as a whole. Not only would they provide the benefits of education, but they would help fight poverty as well. Significant results in terms of improved living standards and a decrease in marginalization could be observed in society in as little as 20 years.

C. Linking debt relief to child scholarship programmes

85. Article 7 of the Worst Forms of Child Labour Convention requires signatories to the Convention:

- To prevent children engaging in the worst forms of child labour;

- To provide the necessary and appropriate direct assistance for the removal of children from the worst forms of child labour and for their rehabilitation and social integration;

- To ensure access to free basic education, wherever possible and appropriate vocational training, for all children removed from the worst forms of child labour (art. 7).

86. We believe that the Bolsa Escola experience is an excellent initiative to link debt relief with ending child labour. The great attraction of Bolsa Escola is the low cost of implementation. It has produced fabulous, quick results, enhancing the social, economic and ethical conditions of the environment and of the communities covered by the scheme. As Governor Buarque stated: “With only 5 per cent of the money the world spent on weaponry during 1998, which totalled US$ 745 billion, a Bolsa Escola stipend could be provided for all mothers of the world’s 250 million working children, eradicating child labour from the face of the earth”. In 1997, he further argues, developing countries paid over US$ 305 billion to service debt. To cover the totality of children who are today working, we would need the equivalent of 13 per cent of the annual debt servicing. This could be financed through a burden shared 50/50 - 6.5 per cent of the overall debt servicing being written off and the other 6.5 per cent being invested by the countries themselves.

87. **We therefore recommend that debt eradication for the heavily indebted poor countries be made contingent upon a commitment by the Governments to channel resources to finance the setting up, in each country, of a “scholarship/guaranteed family income” programme of monthly instalments directly linked to their children staying in school.** With this source of compensatory income, families would take their children from the street and bring them to school. As in Bolsa Escola, all children of school age within a family must be registered as regular students and none of them can skip school more than two days a month. It is in this context that we urge that the linkage between debt relief and the Worst Forms of Child Labour Convention be firmly established.

88. Replication of the Bolsa Escola experience in other heavily indebted poor countries using funds from debt relief is a worthwhile investment. There are still millions of children, in Brazil and elsewhere, who could be saved from the horrendous life out in the street if we work out different formulas to ease the debt burden, including the type of social investment suggested.

V. GENERAL CONCLUSIONS AND RECOMMENDATIONS

89. Just when it appeared that the global Jubilee 2000 movement and its supporters had finally won the battle over debt relief, they are back to where they started 20 years ago thanks to the persistent manoeuvring of key donor countries and the multilateral financial institutions. While the enhanced HIPC is quite an improvement from the old HIPC, its primary focus on reducing the debt stock, thus excluding relief in debt service payment; its use of ESAF as the sole criterion for determining debt relief; and, finally, the inadequacy of the HIPC trust fund make the entire HIPC initiative a sham.

90. Despite its shortcomings, however, there is still considerable room to build on HIPC by integrating the key concerns raised by the Jubilee 2000 movement. In addition, we have tried to provide three strategic entry points for linking debt relief to social investment: HIV/AIDS prevention in Africa, post-Hurricane Mitch reconstruction in Central America, and debt relief and the Worst forms of Child Labour Convention, based on the Bolsa Escola scholarship programme in Brazil.

91. Equally important is the need to involve key United Nations organizations, such as ILO, UNICEF and UNDP, which can bring a lot of knowledge and expertise to the HIPC process. These agencies can play a particularly valuable role in the preparation of the national poverty reduction strategy papers (PRSP) which the countries must prepare in order to qualify for HIPC debt relief and to have access to IDA resources.

The United Nations system and the challenge of mainstreaming human rights

92. The preparations for writing this joint report were extensive and the project took both authors into familiar territory as well as into uncharted waters. At the inception stage, both rapporteurs organized two successful seminars in Washington D.C. on the theme of debt relief and poverty alleviation.[58] The purpose of these round tables was to start a constructive dialogue among key institutions that have a lot to contribute towards the resolution of the debt problem but which rarely speak to one another. It remains our hope that agencies and multilateral financial institutions will work together in the future better than they do today in addressing fundamental global problems since no one agency has a monopoly on how to construct a just and sustainable world order.

93. In addition to the two Washington round tables, the independent expert on structural adjustment undertook extensive field visits to Zambia, Honduras and Nicaragua. This was followed by important meetings in Washington, jointly with the Special Rapporteur on foreign debt, with officials from the World Bank and IMF and the United States Congress. Talks in these meetings focused primarily on debt relief, HIPC and HIV/AIDS. In New York, the team held meetings with officials from UNICEF, UNDP, and policy units of the Economic and Social Council.

94. In the course of conducting country visits and the Washington seminars, it became clear to both of us that, with respect to our two economic mandates which the Commission on Human Rights established two years ago, the current programme of the Office of the High Commissioner for Human Rights has limited impact on the ongoing debate and discussions taking place in many quarters, particularly concerning the need to insert a human rights perspective into global economic governance.

95. While the programmes of many NGOs active in the area of economic, social and cultural rights are heavily influenced by existing ILO and human rights conventions, their relationship with OHCHR is not particularly strong when compared to NGOs and human rights organizations engaged in the promotion of civil and political rights. Part of the explanation has to do with the fact that NGOs working on economic rights possess much stronger research, lobbying and networking capacity than does OHCHR.

96. As it is currently constituted, OHCHR may have the minimal intellectual capacity and the required qualified personnel with substantive skills in international political economy to handle these mandates competently. However, it does not have the necessary resources required for mainstreaming these economic mandates into the activities of all United Nations agencies, let alone provide support to national Governments eager to develop a counter-project to the policies of the Bretton Woods institutions. We feel strongly that the current staffing and management structures are out of touch with the most dynamic debates and activities taking place outside of

the United Nations system and existing internal expertise is not being utilized properly. The most recent events in Seattle during the WTO meeting, the global Jubilee 2000 movement which forced the World Bank and IMF to provide faster and deeper debt relief to poor countries, and the collapse of the OECD's Multilateral Agreement on Investment (MAI) two years ago are excellent illustrations of the dynamism of global civil society and its impact on the issue of global economic governance. Sadly, but not to our surprise, OHCHR is out of the picture in all these important deliberations, thus losing an excellent opportunity to bring a human rights perspective into the debate on global economic governance.

97. Secondly, we believe that the Office of the High Commissioner is missing an excellent opportunity to make an impact on economic, social and cultural rights because of the inability of top management and the current professional staff to identify strategic entry points in the global policy discourse where the human rights agenda can be placed centre stage. We feel particularly strongly that with the exception of the High Commissioner herself, who has been an effective advocate of economic rights, top management at OHCHR are either unfamiliar with the substantive discourse on the links between human rights, economic globalization and the struggle to reform global economic governance, or they simply do not care at all. Talking about economic and cultural rights in the abstract is not enough. The Office of the High Commissioner must be proactive at the technical level and ensure that economic, social and cultural rights are strongly integrated in the activities and programmes of the multilateral financial institutions and the regional development banks.

98. As a result of the above-mentioned institutional problems, the Office of the High Commissioner for Human Rights is completely absent from key economic forums that require human rights integration. Key among these are the Consultative Group meetings, multilateral trade negotiating forums, regional and subregional economic blocs, HIPC reviews for debt cancellation, and national consultative forums on developing national poverty strategy frameworks. OHCHR's relations with the World Bank, IMF, WTO and the regional development banks are non-existent, or at best superficial. Failure to include human rights in the programs and activities of these key global institutions at the inception stage will ultimately result in the denial of economic, social and cultural rights of millions of people worldwide. For it is at this level that OHCHR should have its greatest influence, and not at the annual Commission "jamboree".

99. **We therefore make a special appeal to Member States, the Secretary-General of the United Nations, and the High Commissioner for Human Rights to take urgent action to strengthen the responsiveness of OHCHR in the area of economic, social and cultural rights (economic mandates) by strengthening OHCHR's internal research and analytical capacity, and its technical assistance support to countries in macroeconomic policy and trade and investment-related topics that have a direct bearing on the promotion and protection of human rights.** While we recognize the financial problems confronting the entire United Nations system, refocusing the work of the Office of the High Commissioner for Human Rights can easily be done from existing resources although more money would help to move the process faster and deepen the quality of intervention both at the global and local levels.

Notes

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[7] Jubilee 2000/USA Action Alert, "Africa**:** Debt, IMF, and US Congress", http://www.j2000usa.org, 6 November 1999.

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[9] IDA, supra note 3, p. 30.

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[35] Zambian Ministry of Health, supra note 22.

[36] World Bank, supra note 17, p. 7.

[37] UNAIDS, AIDS Epidemic Update, Geneva, December 1998.

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[50] República de Honduras, Avances En La Reconstrucción y Transformación Nacional: Honduras a un Año Después del Mitch, 15 October 1999, p. 17.

[51] "Fuentes de Financiamiento Reembolsable y Respaldo al Proceso de Reconstrucción", presentation by Gabriela Nuñez de Reyes, Ministry of Finance, October 1999, p. 1.

[52] Mauricio Díaz Burdeth and Martín Barahona, "Perspectiva de la sociedad civil" in Encuentro Continental de los Paises Pobres Severamente Endeudados, Asociación de Organismos No Gubernamentales (ASONOG)/Foro Social de la Deuda Externa y Desarrollo de Honduras (FOSDEH), Honduras, 1998.

[53] In an initial one year context, at least four major conferences are planned: The Seattle Ministerial WTO Conference, the Tenth United Nations Conference on Trade and Development (UNCTAD-X) in Bangkok, the Special Session of the United Nations General Assembly (Copenhagen + 5) in Geneva and the United Nations Millennium General Assembly, all of which have a bearing on the subjects we are dealing with and would gain from stimulating convergence as well as coherent processes of analysis and action-oriented measures.

[54] 191 one out of 193 countries have ratified the Convention.

[55] Article 32 of the Convention on the Rights of the Child protects children from economic exploitation and work likely to be hazardous to the child's development, or to interfere with the child's education.

[56] Articles 34 and 35 of the Convention specifically forbid the sexual exploitation or trafficking of children.

[57] In 1996, 31,361 students out of a total number of 33,136 - over 86 per cent - were promoted and thus entitled to the extra annual deposit in their savings accounts.

[58] On 8 and 10 November, two round tables were convened in Washington at the Brookings Institute and the Inter-American Development Bank on "Debt relief, the new ESAF, Cologne and poverty alleviation: What next?" and "Debt relief, social investments and globalization: multilateral discussions and future negotiations". These were attended by the Secretary-General of UNCTAD, the Secretary-General of OAS, the Director-General of IDB, Senior officials of UNICEF, the Word Bank and IMF, and representatives of the diplomatic community in Washington, academic institutions and NGOs.

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