



Rather than loading new debt on Hurricane Irma's victims, leave the resources on the ground!

Dear Ms Lagarde,

Like yourself we have all been shocked by the devastation caused by Hurricane Irma on the Northern Leeward Islands this past week. The island of Barbuda, in particular, has found its habitat and infrastructure almost entirely destroyed. Prime Minister Gaston Browne has given a first rough estimation of damages of US-\$ 150m. At the time of writing, Hurricane José is following on Irma's heels, threatening to bring further destruction to Barbuda, but eventually also to its more densely populated sister island of Antigua.

Echoing our partners at Jubilee Caribbean, we appreciate that you have expressed the IMF's willingness to support humanitarian aid and reconstruction in line with the IMF's mandate. We are concerned, however, that according to existing Fund rules, this would be done through the provision of non-concessional loans. As Antigua & Barbuda has already been one of the most severely indebted nations in a severely indebted region, we fear that market-rate financing will ultimately lead the country into deeper debt, thus extending the recessionary effects of the disaster into the future.

Instead, the Fund would best use its mandate to support Antigua & Barbuda by taking two steps:

- It should declare an immediate moratorium on all debt payments for the next six months and add the option of an extension if this turns out to be necessary into early 2018. According to the data on the Fund website, the nation is supposed to pay some SDR 5.5m during the rest of the year, including about SDR 2m scheduled for 7 September. These resources could thus immediately be made available to humanitarian aid and reconstruction.
- It should agree with the Caribbean Development Bank - the only important multilateral creditor to Antigua & Barbuda beside the Fund - to act likewise. And it should launch a call to bilateral official creditors, notably Japan, France and the US inside the Paris Club, and China, Kuwait and Venezuela outside, to join the moratorium. Payments foregone must then be restructured long-term without any penalties. The stay of payments must not be considered as a default.

As this is not the first disaster of this kind and nor is it likely to be the last in the region, we call upon you to provide the most vulnerable nations of the Caribbean with the option of an immediate stay of payments and automatic debt restructuring in the case of future natural disasters. Various proposals to that end have already been discussed inside and outside the Fund and multilateral development banks as well as by NGOs such as Jubilee Caribbean.

With kind regards,

Jürgen Kaiser

on behalf of the signatories

- erlassjahr.de / Jubilee Germany
- Jubilee Debt Campaign
- Eurodad, European Network on Debt and Development