



Conferencia de Obispos-Obispas y Pastores-Pastoras Presidentes Iglesias Miembros de América Latina-Federación Luterana Mundial

**His Excellency
The Most Honorable Mr. Jens Stoltenberg
Prime Minister of Norway**

November, 2006

Of our highest consideration:

I greet you on behalf of the 14 Latin American member churches of the Lutheran World Federation, which together reach almost one million members from Mexico through Argentina and Chile, in the southernmost part of the continent.

As of several years ago, our churches have been involved in an active commitment regarding the subject of foreign debt. According to the Conference of Bishops and Presidents of the LWF Member churches in Latin America, this debt is considered “destructive to the lives of millions of human beings and to societies and entire communities”. For the most part, the southern countries are forced to pay debts that did not represent any benefits for their people and, in general, any type of economic development. In many cases, in Latin America as well as in other parts of the world, the debts are linked to dictatorial processes and state terrorism responsible for crimes against humanity.

In 1990, the LWF General Assembly held in Curitiba, Brazil, exhorted to “seek solutions to the debt crisis” since said crisis was “provoking tremendous devastation in the world’s disadvantaged sector”. In July 2003, in Winnipeg, Canada, the LWF Assembly stated in their “Public Statement on Illegitimate Debt”, that, far from seeing an improvement in the situation, “the weight of foreign debt has increased and is currently the main hindrance to the eradication of poverty and compliance with basic human rights for all” and that, “the International Financial Institutions and the dominant nations of the world must accept their responsibility for the bad policies, decisions and practices that led to the current debt crisis”. Finally, the statement declared that “there exists an urgent need to develop mechanisms at an international level that would allow us to find some type of justice oriented debt management”.

The Secretary General of the LWF, Dr. Ishmael Noko, in his letter directed to the United Kingdom Treasury Chancellor on June 30th, 2005, expressed his concern about an agreement regarding debt cancellation that was still based on “calculations of how much a country can **afford** pay and that do not take into account the **legitimacy** of the debts and still do not deal with the challenge of devising independent mechanisms for determining these issues”. Along these same lines, Dr. Noko affirms that “the health and education of the children should never be mortgaged to pay for the debts of dictators or to

repay loans strongly marketed by creditors in the North, and which are used for useless or harmful purposes”.

It is from this standpoint and position that the Lutheran Communion in Latin America celebrates and joyfully welcomes the decision of your government to unilaterally and unconditionally cancel the pending debts of Ecuador, Peru, Jamaica, Egypt and Sierra Leone, and the fact that this cancellation has been made independently, not linking it to the funds for development aid. This marks a healthy difference in approach regarding other positions in which supposed debt relief has gravely distorted the amounts actually granted to the poorer countries for their development.

We particularly highlight the fact that in the argument for this decision explicit mention is made of the co-responsibility of the creditor country for the credit granted in what it defines as a failed development policy that lacked an appropriate evaluation of needs as well as an appropriate risk analysis. Although no specific use of the word “illegitimate” has been made to refer to such kind of debt, the admission of the responsibility of the creditor on a failed loan project is a very important step that will allow us to advance towards an open acceptance of the concept of “illegitimate debt”. This category must encompass the debts acquired by dictators, those acquired for unsuccessful or fraudulent projects, or those where their use has been tainted with corruption by the officials of one or both hemispheres.

We observe with interest and respect that this decision made by your government was made contrary to the position of the “Club of Paris”, an anomalous “de facto” institution, which is not organically integrated in any multilateral system and does not reflect minimum accountability standards. It is our opinion that the “Club of Paris” isolates the loan recipients, forcing them to face the united front of Great Powers that become a hindrance to any attempt to justly resolve the debt problem. In this sense, we want to encourage your government to take a further step forward and exclude from this environment the treatment of debt cancellation or reduction from whichever other debt it is involved with, instead of reinstating them into the “Club” during the upcoming year.

A certain anticorruption approach has been settling in the World Bank directive spheres. This approach should not only focus on the corruption in these times, but also analyze and investigate the credit practices of these institutions in the past. For many years the World Bank, as well as the International Monetary Fund and other financial institutions, have granted loans and become involved with some of the most corrupt and criminal dictatorial regimes in the world. In Argentina, for example, they financed the politics and crimes of the 1976 through 1983 military dictatorship. Along these lines, we would like to state that we support the attitude of the Norwegian government, as a shareholder in the World Bank, to promote dialogue and advance an investigation that could open the way to learn the truth about odious and illegitimate debts. It is extremely important to firmly place this subject in the agenda and also to involve the international community, so that the truth may be known and so that these institutions do not merely cancel these debts but also admit their responsibility in all the debts confirmed to be criminal, corrupt and fraudulent.

After taking this brave and totally unprecedented step, which places your government in the vanguard of the topic of debt, we would hope you continue to further debt studies and audits in the spheres of the United Nations, the World Bank and other international institutions. These studies should include civil society and all the relevant players so that progress can be made in arriving at a debt treatment that is honest, fair and transparent and which includes the topic of illegitimacy and the co-responsibility of the creditor institutions or governments.

As of several years ago, work has been going on in Argentina towards investigating and auditing foreign debt, in fact it is the only country that has a legal verdict in which it is proven that corrupt military and

civilian officials, as well as financial institutions and transnational companies of the Northern hemisphere were involved in half a thousand fraudulent operations. The Advocacy Program for Illegitimate Foreign Debt in Latin America, centered on the case of Argentina, is a Lutheran World Federation program which, in close cooperation with Norwegian Church Aid, works together with other local and regional networks and movements on subjects such as investigation, political and legal advocacy, awareness building and training for responsible citizenship.

As churches of the Lutheran Communion in Latin America we express our recognition for this important step forward taken by your government regarding a justice-based debt handling, and at the same time affirm once again our willingness to continue working jointly for the recognition and cancellation of all illegitimate debt.

Sincerely,

On behalf of the Latin American

Member Churches of the Lutheran World Federation

A handwritten signature in cursive script, appearing to read "Gloria Rojas", followed by a horizontal line extending to the right.

Rev. Dr. Gloria Rojas

Moderator of the Conference of Bishops and Presidents