

World Bank and Asian Development Bank rubbing salt on the wounds of Calamity-hit Pakistan

Monday 23 August 2010, by [KHALIQ Abdul](#) (Date first published: 20 August 2010).

LAHORE: CADTM-Pakistan (Campaign for Abolition of Third World Debt) a group of human rights activists, working for the cancellation of Pakistan's illegitimate debt strongly reacts with concern at the World Bank's recent announcement to provide new loan to Pakistan of \$900 million and the Asian Development Bank's announcement for a \$2 billion emergency loan. Even before facing the worst natural disaster in its history, Pakistan's debt to external creditors was \$54 billion, with the currently paying \$3 billion in debt service to foreign creditors each year. This is huge amount Pakistan is already paying at the heavy cost of denial to basic needs of majority of its population. Pakistan already owed huge amount of about \$ 24 to Asian Development Bank and theWorld Bank. Futher loaning, without any doubt, will lead an already debt-trapped Pakistan to worst economic bewilderment.

Instead of accepting new loan offers, Pakistan must stand for the total and unconditional repudiation of its foreign debt. Time and again, countries facing tragedies, like Pakistan's catastrophic flooding, are forced by International Financial Institutions and donor countries to mortgage their future as they borrow for relief and recovery efforts. Thus, the tragedy is magnified for years to come.

Under the prevailing conditions, Pakistan must be able to mobilize all available resources toward relief and rehabilitation. Instead of sending billions in debt service out of the country, Pakistan should be able to divert those resources in recovery for its people in urgent need. Furthermore, the international community should provide grant support instead of new loans that will push Pakistan further into debt. Early estimates suggest that Pakistan would need 10 years to rebuild and at least \$15-20 billion. So far, only a fraction of the needed assistance is poured in from the international community.

CATM-Pakistan calls on the Government of Pakistan not to accept WB and ADB latest loan offer. It will simply add to the country's long term debt burden that could hinder future development. The government of Pakistan must tell the IFIs in clear terms that it is not ready to accept loans but only grants. Extending loans is tantamount to further enslave the people of Pakistan. We want to tell WB, ADB and IMF please do not rub salts on the wounds of the calamity-hit, debt ridden people of Pakistan by extending such loans.

At the same time CADTM-Pakistan condemns the Government of Pakistan's thinking to seek debt moratorium or rescheduling for a brief period from IFIs, multilateral and bilateral creditors. We must realize that moratoriums and rescheduling would not be helping us much to cope with the extra ordinary calamity. In view of the magnitude and degree of the devastation, call for a total and unconditional debt cancellation is the only way out.

By Abdul Khaliq
CADT-Pakistan

August 20, 2010
