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## DEBT RELIEF 101

### **Background: What does debt mean for countries?**

Individual countries cannot address natural disasters, trade, health, water, sanitation, food insecurity, or a plethora of other development issues if they must spend their money repaying millions or billions of dollars of debt:

- For example, it is estimated that “every year Sub-Saharan Africa, the poorest region of the world, spends \$14.5 billion dollars repaying debts to the world's richest countries and international institutions such as the World Bank and International Monetary Fund.”
- According to the 50 YEARS IS ENOUGH NETWORK, “Africa spends four times more on debt interest payments than on health care. In the mid-1990s, Uganda spent \$3 on health for every \$17 it paid in debt service, most of which went to multilateral lending institutions. Between 1990 and 1993 the government of Zambia spent \$37 million on primary school education. Over the same period, it spent \$1.3 billion on debt repayments. Repayments to the IMF alone were equivalent to ten times government spending on primary education.

Previous undemocratic governments often incurred debt, yet countries are still required to pay off a debt that citizens and new governments did not accumulate, nor would have agreed to pay.

### **The Benefits of Debt Relief:**

Freed from debt repayment, countries will be able to allocate their scarce human and physical resources to productive ends, rather than servicing debt. To provide a few examples:

- “Tanzania has used its savings from debt relief to increase education spending and eliminate school fees. Almost overnight, an estimated 1.6 million children enrolled in school. By 2003, 3.1 million additional children were attending school.”
- Zambia is using its debt cancellation savings of \$23.8 million in 2006 in part to eliminate “user fees” for healthcare for impoverished people in rural areas. This means that an unrealistic fee no longer stands between Zambia’s poorest people and basic health services.”



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The above are just examples of the impact of debt and the potential that can be achieved once debt is cancelled.

**Ensuring Debt Relief: The Jubilee Act for Responsible Lending and Expanded Debt Cancellation of 2007 H.R.2634/S.2166**

- **WHAT WOULD IT DO:** To provide for greater responsibility in lending and expanded cancellation of debts owed to the United States and the international financial institutions by low-income countries, and for other purposes.
  - Provide for the debt cancellation of eligible low-income countries,
  - Provide for the establishment of financial frameworks for creditor transparency and responsible lending
  - Provide that such debt cancellation is not conditioned on harmful economic or environmental conditions
  - Audit the debt of portfolios of previous governments.The act ensures that the money freed up by debt reduction is used towards poverty reduction
- **WHO DOES THIS AFFECT:** 67 impoverished countries in the Global South
- **WHY DOES THIS MATTER:** Not only will this act significantly reduce the amount of debt incurred by developing nations, but ensures that in the future debilitating repayment structures will be non-existent.

By promoting and supporting this act you in turn, support 67 countries like:  
Benin; Bolivia; Burkina Faso; Cameroon; Ethiopia; Ghana; Guyana; Honduras;  
Madagascar; Malawi; Mali; Mauritania; Mozambique; Nicaragua; Niger; Rwanda; São Tomé Príncipe; Senegal; Sierra Leone; Tanzania; Uganda; Zambia Afghanistan; Burundi; Central African Republic; Chad; Democratic Republic of the Congo; Republic of Congo; The Gambia; Guinea; Guinea-Bissau; Haiti and many more.

*What have we done to incur this foreign debt? Is it possible that our children have eaten too much? Is it possible that they have studied at the best colleges? Have our wages become too great? Together we say: NO, NO; we have not eaten too much. NO, we have not dressed any better. We do not have better medical assistance. Then to whom have the benefits gone? Why are we the ones who have to pay this debt?*

*- Dominga de Valasques, Bolivia*



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