

# Drop the Debt!

## Background

In the 1980s, many developing countries faced the prospect of being unable to pay back money they had been lent by richer nations and institutions such as the International Monetary Fund. In many cases this money had been irresponsibly loaned; to dictators, or with harmful economic conditions attached, and very often with exorbitant interest rates. This resulted in recipient countries struggling to pay spiralling interest costs rather than being able to invest their resources in healthcare, education and infrastructure.

These high interest rates resulted in the total debt owed by developing countries more than doubling between 1980 and 1990. Payments from the continent of Africa alone were \$200 million a week. It became clear that many countries would never be able to pay back the loans, instead being trapped in debt cycles for years to come.

In the early 1980s, a variety of individuals and organisations in the UK began to lobby for the debt of developing countries to be completely written off. In 1996, the IMF and the World Bank buckled under the pressure and established the Highly Indebted Poor Countries Initiative (HIPC) with the aim of reducing countries debt burden to a 'sustainable' level. However, the initiative did not go far enough or fast enough, and was riddled with harmful economic policy conditions for participating countries.

## International Commitment

In the early 1990s, a Tearfund staff member was flying across Africa when God reminded her of the Old Testament concept of 'jubilee'. Deuteronomy 15 and Leviticus 25 outline God's plan for the Israelites to write off all debts every fifty years to ensure that no-one found themselves and their family trapped in a debt cycle they could not escape. She felt God reveal that the Millennium could be a new Jubilee, with the year 2000 marking the time when countries were freed from debt forever.

A number of organisations – including those who had previously worked for the HIPC – formed Jubilee 2000. The campaign aimed to persuade leaders and lenders to completely cancel the un-payable debts of the poorest countries. The global nature of the crisis meant that success would only come with a strong, international campaign that could exert pressure around the world. Tearfund was the first major UK NGO to urge their supporters to join the campaign, with Christian Aid, CAFOD, World Development Movement and other NGOs following suit.

The member organisations arranged and spoke at meetings, distributed leaflets, wrote articles, mobilised petitions, staffed stalls and chained themselves to railings – educating as many people as possible and urging them to join the campaign. They reached beyond the 'usual' supporters; one of the movement's greatest successes was that it became far more than the sum of its parts. A global petition in support of a year of Jubilee entered the Guinness Book of Records for the largest number of signatures ever collected on a single issue, with a final sign-up of over 24,100,000 people. Tearfund broke a record by collecting 225,000 signatures in one day.

One of the key targets of the Jubilee Debt Campaign was the G8; the group of richest nations. They had the power to write off much of the Debt, but were reluctant to take action. For over three years campaigners dogged G8 meetings, but their 1998 Summit in Birmingham was targeted as the crucial turning point. The mobilising and education work of the campaigners was rewarded when 70,000 people gathered at the Summit on May 16th. They formed a 9km human chain around the venue of the meeting and over 3,000 journalists were sent to report. A petition of 1.4 million signatures was presented and the campaigners garnered an unprecedented amount of coverage. Despite initial attempts to avoid and ignore the protests, the media uproar was so strong that by the end of the day, Tony Blair (then British Prime Minister and host of the Summit) asked to meet with the leaders of the campaign. By 1999, the Enhanced HIPC initiative was in place, providing faster, deeper and broader debt relief and poverty reduction.



The human chain around the G8 venue

### **Impact at national level**

By 2001, twenty four countries had begun to qualify for debt relief. Overall, it is believed that \$100 billion of debt owed by 35 governments was cleared due to Jubilee 2000. After ten years of campaigning and cancellations, the World Bank recorded that countries receiving debt relief increased their spending on social services by 75%. In four years education and health spending in just ten countries in Africa rose from \$929 million to \$1.3 billion, and from \$466 million to \$796 million respectively.

Tanzania received \$3 billion in debt relief, resulting in funding for poverty reduction being increased by 130 per cent over six years. They eliminated primary school fees which resulted in 3.1 million children being back in school by 2003. In Burkina Faso, debt relief savings were used to fight HIV/AIDS. In 2003 there were just three facilities providing life-saving antiretroviral therapy in the whole country. By December 2005, there were 44. Debt relief money was also spent on safe water and education; over 110,000 children were enrolled in school and over one million people began to access clean drinking water.

### **National action case study: Uganda**

For countries to qualify for the enhanced HIPC, they must produce a Poverty Reduction Strategy Paper (PRSP) which sets out how the savings from debt relief will be spent on the national priorities for development. Uganda was one of the first countries to qualify under the Enhanced HIPC initiative. The Ugandan Debt Network, comprising 45 Ugandan NGOs, had been campaigning since 1996 for full debt relief. They now turned their attention to consulting with the government on how best to spend the proceeds to reduce poverty, focussing on education and health.

Uganda's PRSP was approved in 2000 and Uganda was finally able to access debt relief under the Enhanced HIPC Debt Relief Initiative. They saved approximately \$90 million a year on the repayment of foreign debts; by way of contrast, Tearfund's entire expenditure in 2000 was £34m. The government established a Poverty Action Fund (PAF), which provides a ring-fenced set of expenditures for activities that are 'directly poverty reducing'. Much of Uganda's debt relief was used to help fund universal primary education; an extra 3.6 million children began attending school as the enrolment rate doubled to nearly 94 per cent. The Ugandan budget for primary health care was boosted by 270% and the Water and Sanitation budget by more than 40%. An estimated 2.2 million people gained access to clean water, meaning that by 2001 just over half the population had access to safe water.

### **Community Impact**

The central government of Uganda distributed the Poverty Action Fund to projects that met agreed targets. The Bubale Health Centre was one such project – a government funded centre serving eight parishes over an area of 40km. As a result of the funding, they now have a full time nurse and 2 nursing assistants providing health care and basic treatment. They commonly treat pneumonia, malaria and wounds and since the year 2000 have been able to prescribe drugs free of charge to anyone. In January 2002 a new maternity wing was opened.

*In February 2002, Stidia Tushemereirwe walked to her new local health clinic in Bubale for an 8 month antenatal check. Unlike three previous children who died during homebirth, this baby will be born in a brand new 8-bed maternity ward, with medical assistance.*