



Debt Relief Works

[From the Jubilee Congregations Handbook]

The international Jubilee movement calls for full debt cancellation for impoverished nations throughout Africa, Asia and Latin America. While this goal has not been met, limited debt relief has been provided in response to the Jubilee call. In countries that have had more access to their own resources through debt relief, poverty reduction initiatives doubled between 1999 and 2004, according to a 2004 World Bank/IMF study. Initial debt relief has benefited millions of people. Imagine the impact of full debt cancellation.

Here are just a few examples of the impact debt relief can have:

Tanzania: Back to School Days

Tanzania is one of 11 countries to complete the current debt relief program. According to the World Bank, Tanzania received \$3 billion in debt relief. Tanzania has increased funding for poverty reduction by 130 percent over the last six years. Tanzania has focused the savings to increase education spending and eliminate school fees for elementary school education. Almost overnight, an estimated 1.6 million kids returned to school. By 2003, 3.1 million children were back in school. The net enrollment ratio has risen from 58.8 percent in 2000 to 88.5 percent in 2003. Tanzania expects to attain universal basic education by 2006.

With debt relief savings in 2002 and 2003, Tanzania built 31,825 classrooms and the number of primary schools increased from 11,608 in 2000 to 12,689 in 2003, a net increase of 1,081 schools. Also in these two years, 17,851 new Grade A teachers were recruited and 9,100 science-teaching kits were supplied. The pass rate in primary school exams rose from 19.3 percent in 1999 to 40.1 percent in 2003. This rate would have been higher if the pass rate standard had not been raised.

Source: President's Office, The United Republic of Tanzania, in letter dated Feb. 17, 2004

Burkina Faso: Meeting Basic Needs with Services

Burkina Faso has focused debt relief savings on fighting AIDS, education and access to safe water. In 2002, money freed up from debt service payments went to joint government and civil society initiatives to fight AIDS. These initiatives have been successful in controlling the spread of the virus and stabilizing the HIV positive share of the population which at 6.5 percent is significant for West African standards. Two clinics were built and the cost of drugs decreased by between 38 percent and 96 percent.

Debt relief savings have been used to build 746 schools, 20,251 classrooms and put over 110,000 children back in school over the last three years. Access to clean water, an essential ingredient in

good health—especially for children—has increased by 26 percent for families. This means that over one million people now access safe drinking water.

Source: IMF Country Report No. 04/79 and 04/78 of March 2004

Mozambique: Combating HIV/AIDS

Debt relief has enabled Mozambique to make strides in combating HIV/AIDS. In 2001 a national plan to fight HIV/AIDS was launched. The programs will slow infection rates and mitigate effects through education, prevention, support and care. By early 2002, 24 testing and counseling offices had opened; 50 offices will be operating by 2007. More than 24,000 people were tested in 2002 alone.

Source: IMF Country Report No. 03/201, July 2003

Uganda: Doubled School Enrollment

Debt service payments in Uganda have dropped from \$151 million a year to \$88 million. The extra resources are channeled through the Poverty Action Fund, which is overseen by representatives from government, national nongovernmental organizations, churches, unions and international organizations. The bulk of debt relief in Uganda has helped fund universal primary education—the number of young children attending school has increased from 2.3 million at the start of 1997 to 6.5 million by March 1999, more than doubling the enrolment rate to 94 percent.

Source: Reality Check Report, Drop the Debt, April 2001

Overall Health and Education Spending Increases

Life-saving debt relief is allowing for increases in spending on health and education in the countries that have started to receive relief. In 10 African countries studied by Jubilee Research (UK), all of which had started to receive some debt service relief by the end of 2000, the following has been documented:

Education spending had risen from only \$929 million in 1998, or less than the amount spent on debt service, to \$1.3 billion in 2002, more than twice the amount spent on debt service. Health spending had risen from \$466 million, or 50 percent of debt service spending, to \$796 million, or one third more than spending on debt service. Over the same period there had been no increase in spending on the military.

Source: World Bank/International Monetary Fund Status of Implementation Report for HIPC, 2004

Full Debt Cancellation Would Do Even More

If impoverished country governments invested in human development rather than debt payments an estimated:

- Three million more children would live beyond their fifth birthday.
- One million cases of malnutrition would be prevented.

Source: "Life over Debt," American Friends Service Committee report, 2004

More Information

The following websites provide more information on the benefits of debt relief:

Jubilee Research's Relief Works Report, August 2002

<http://www.jubileeresearch.org/analysis/reports/reliefworks.pdf>

IMF and World Bank's HIPC Status of Implementation Report, September 2005

<http://siteresources.worldbank.org/INTDEBTDEPT/Resources/081905.pdf>

Drop the Debt's Reality Check Report, April 2001

http://www.jubileeusa.org/resources/reports/reality_check.html