

## Factoids on Debt #1 Honduras

In 1996, Honduras paid out \$5.81 in debt service for every \$1 received in aid grants Hurricane Mitch which struck Honduras in November 1998 led to a moratorium for just over 2 years on debt payments on the foreign debt. However, the debt stock has not yet been significantly reduced, as creditors wait for the day when Honduras can begin repaying.

Its total external debt tripled between 1980 and 1996, rising to \$ 4.6 billion in 1996, although this fell back to \$4.1 billion in 1997. This is more than the total output produced by the country in one year.

The majority of the debt (55 per cent) is owed to the multilateral creditors of the IMF, World Bank and the Inter- American Development Bank. 37 per cent of the debt is bilateral, and Japan and Germany are the two largest creditors. The debt service to export ratio at 29 per cent in 1996 was unsustainable. Twice as much was spent on debt service than on health and education combined. The impact of debt service on the Honduran economy was devastating, even by the standards of other severely indebted poor countries. Government revenue in 1996 was 8.3 billion lempiras. Debt service in 1996 was \$564 million, or 6.6 billion lempiras.

It was therefore consuming about 80 per cent of total government revenue.

Source:

<http://www.jubilee2000uk.org/databank/profiles/honduras.htm>

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## Factoids on Debt #1 Peru

In 1996, Peru paid out \$12.27 in debt service for every \$1 received in aid grants Peru was one of the worst-affected countries during the 1980s debt crisis. External debt doubled during the decade, as the country borrowed to finance its current account deficit. Negative economic growth during this period made it difficult for the government to pay back even just the interest on existing loans. Total debt stood at \$30.5 billion in 1997, over 50 per cent of GNP. Half of the debt is owed to bilateral creditors (mainly western governments - Japan, France, USA, Italy, Germany).

The ratios of debt service to exports are far above what even the IMF considers sustainable.... The government paid \$2.5 billion in debt service in 1996. This is more than was scheduled, is over 30 per cent of government revenue and is more than was spent on healthcare.

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<http://www.jubilee2000uk.org/databank/profiles/peru.htm>

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## Factoids on Debt #1 Jamaica

In 1996, Jamaica paid out \$17.05 in debt service for every \$1 received in aid grants. Jamaica's total debt stock is over twice what it was at the beginning of the 1980s. In 1997 the total debt stock was \$3.9 billion. Half of the debt is bilateral.

Problems of debt grew so great that in the budget for the current year (1999-2000), the government estimated that 66 per cent of its revenue was being consumed in debt service. In order to raise extra revenue, the government proposed large rises in tax on fuel, which provoked rioting in the streets. The government was forced to back down, but it is still faced with severe debt problems. The country is not considered poor enough to receive debt relief under the HIPC programme, and so all the rhetoric at the G8 summit in Cologne will have marginal impact on relieving Jamaica's debt crisis. Latest figures show that the government spends over one and a half times more on debt service than on health and education combined.

>Jamaica paid almost all of the debt service that was scheduled in 1996, and this has led to an extremely high ratio of debt service to aid received. For every dollar that the country received in aid, the government paid \$17.05 in debt service.

Source:

<http://www.jubilee2000uk.org/databank/profiles/jamaica.htm>

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## Factoids on Debt #2 Rich World, Poor World

**Per capita income of the least developed countries actually fell from \$282 in 1980 to \$258 in 1998, and that of sub-Saharan African countries declined from \$438 to \$353**

Sources: *Earth Summit 2001. A new deal.* Ed. by Felix Dodds

The IMF, which has blocked more substantial debt cancellation, is controlled by the voting power of its members. The G8 countries control 48 per cent of the votes; the 41 Heavily Indebted Poor Countries (HIPC's) have only 3 per cent.

Sources: IMF website ([www.imf.org/external/np/sec/memdir/members.htm](http://www.imf.org/external/np/sec/memdir/members.htm)),

*World Health Report 2000* (population for 1999, latest figures)

The income the Japanese firm Nintendo expected to earn on US sales of its Pokemon games in the year 2000 was enough to wipe out the entire debts of Rwanda and Niger combined.

Source: *Canada Newswire*, Pokemon Gold & Silver expected to sell one million units, 10 May 2000

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**The \$750m spent on the Okinawa G7 summit could have written off the entire debts of Ethiopia and the Gambia.**

Source: *Global Development Finance 2001* - based on total debt stock (EDT) for 1999, latest figures.

**The annual revenue of Motorola is almost equal to the annual income of Nigeria, Africa's second largest economy, almost the size of Europe and with a population of 118 million people.**

Source: Fortune Global 500 and World Bank, *World Development Report 1999*

**The cost of providing basic health care and nutrition for all would be less than is spent in Europe and the US on pet food.**

Compiled by Dr Robinson Rojas ([www.rrojasdatabank.org/sust2.htm](http://www.rrojasdatabank.org/sust2.htm)) from *Euromonitor 1997*, UNDP, UNICEF, UNFPA 1994, HDR 1998, and Research Advisory and Business Intelligence Services 1997

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**In 1997 the 20 per cent of the world's people in the richest countries had 74 times the income of the poorest 20 percent. This inequality has widened from 30 to 1 in 1960.**

Source: *UN Human Development Report 1999*, p36

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## Factoids on Debt #2 Rich World, Poor World

**How much would debt cancellation cost? Spread over 20 years, the cost of cancelling the debts of the 52 countries is only one penny a day for each person in the industrialised world.**

Source: *Unfinished Business, Jubilee 2000 report*; p21 and p27

**Every day in 1999, \$128 million was transferred from the poorest countries to the richest in debt repayments. Of this, \$53 million was from East Asia and the Pacific, \$38 million from South Asia and \$23 million from Africa.**

Source: *Global Development Finance 2001*, 1999 figures for 62 lowest income countries.

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## Factoids on Debt #2 Rich World, Poor World

*The human cost of debt:*

After debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) initiative, debt service in Mali was \$88 million in 2000. This is greater than the level of government spending on health (\$54 million in 1998), in a country where one in four children do not live to see their fifth birthday, and where per capita spending on health is \$5 as compared to the World Bank's recommended level for basic health care of \$12.

Sources: for Enhanced HIPC, Aug 11 2000; UN Human Development Report 2000; Halfway there?, Oxfam International position paper, July 1999

Due to the HIV/AIDS crisis, life expectancy in Zambia is expected to drop from 43 to 33 years, a level last experienced in Europe in medieval times. Over half a million children are out of school, and these numbers are not declining. Yet debt service still remains more than spending on health and education in 1998 combined.

Source: Decision Point document; UN Human Development Report 2000; Halfway there?, Oxfam International position paper, July 1999

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In Nicaragua, debt servicing under enhanced Heavily Indebted Poor Countries (HIPC) has been reduced to just under a fifth of the government budget, only slightly less than health and education spending, and this is before taking into account the devastation of Hurricane Mitch.

Source: Decision Point document; UN Human Development Report 2000; Halfway there?, Oxfam International position paper, July 1999

For each additional one per cent of GDP spent on health and education, child mortality is reduced by 24 per cent. In 1999 Zambia paid \$438.5 million in total debt service, 13 per cent of GDP. If this money had been invested in Zambian health care, using the UNDP analysis suggests that child mortality would have been reduced from a rate of 202 deaths per 1,000 live births to only 8 per 1000 live births, the same rate as in the United States.

Sources: UNDP - estimated from regression analysis; Debt service from GDF 2001; under-five mortality rate from UN HDR 2000

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## Factoids on Debt #3 Drop the Debt

### Ten facts about Debt

**1. Live Aid raised \$200 million for sub-Saharan Africa. Each week, sub-Saharan Africa pays \$250 million in debt repayments to the west.**

*Source: World Bank, 2000*

**3. 19,000 children die every day as a result of the debt crisis.**

*Source: Christian Aid, 2000*

**4. The G7 countries have now all promised to cancel virtually all of the debts owed to them by up to 41 of the poorest countries. But the International Monetary Fund and World Bank are only reducing those debts by one-third.**

*Source: World bank, 2001*

**5. For the first 22 countries to qualify for the Heavily Indebted Poor Countries (HIPC) initiative, annual debt service repayments will only be reduced by just over one-quarter. So even after debt cancellation promised by the G7, countries will be spending more on debt service each year than they currently spend on health.**

*Source: World Bank, 2001, UNDP, 2000*

**6. UNAIDS estimate that for 17 countries in Africa, the costs of providing basic prevention and care for HIV/AIDS is \$1.4 billion a year. This is exactly what these same countries will spend service their debts, even after receiving debt cancellation under the G7 plan.**

*Source: World Bank, 2000*

**7. In 1953, Germany only had to pay the equivalent of 3.5% of export earnings as debt service. Yet under the current debt reduction initiative, the poorest countries are expected to pay more than 15% of export earnings in debt service after receiving debt relief.**

*Source: Jubilee 2000 Coalition, 1999*

**8. Zambia, where life expectancy is dropping below 40 years because of HIV, will have to pay more in debt service each year after getting debt relief.**

*Source: World Bank, 2001*

**9. The G7 control almost 50% of the votes on the Boards of the International Monetary Fund and World Bank, and in effect control these institutions. The entire region of Sub-Saharan Africa has just 7% of the votes - an equivalent amount to Germany alone.**

*Source: IMF, 2000*

**10. Twenty-four million people in 160 countries signed Jubilee 2000's petition calling for the cancellation of the poorest countries' unpayable debts, making it the biggest international petition ever.**

*Source: Jubilee 2000, 2000*

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## Factoids on Debt #4 Mexico - Testimony

..at the beginning of 1997, Mexico's total foreign debt amounted to approximately \$170 billion, of which \$99 billion was public debt.

"I know my food intake is not very healthy or balanced. I seldom eat any milk or dairy products anymore. My family and myself rely a lot on cheap pasta, and even beans have become more rare in our house as its price has increased a lot. It is almost an article of basic necessity, as well as a luxury. — Carolina, Aguascalientes

Source:

<http://www.developmentgap.org/imfmexico.html>

..at the beginning of 1997, Mexico's total foreign debt amounted to approximately \$170 billion, of which \$99 billion was public debt.

"In my house, the roof is falling apart. When it rains, water gets in from all sides and I have no money to buy materials with which to repair the roof. My daughter's breakfast consists of dark coffee and tortillas with salt. When she goes out I begin to wash clothes, run errands, and clean floors, and I get paid 20 pesos a week, which doesn't help much. — Rosa María, domestic worker, Tabasco

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..at the beginning of 1997, Mexico's total foreign debt amounted to approximately \$170 billion, of which \$99 billion was public debt.

"I obtained loans against a mortgage on the house with an original interest rate of 19%, and after the (1994) devaluation I have been paying interest rates of 93% and more. I have reached a limit and will have to sell the shop. — Alfonso Martinez, retail salesman, Michoacan

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