

Does debt relief work?

Q: ‘Drop the debt’? I’m not sure about that - does debt relief make any difference?

A: It certainly does! The UN calls debt relief “a highly effective form of development assistance”, as it helps to free up badly-needed funds for essential services like education and healthcare.

Q: How much debt has been cancelled?

A: 22 of the poorest countries in the world have received over \$83 billion in debt cancellation.



Q: What’s been done with the money?

A: Spending on public services has risen by around 20% across all the countries that have received debt cancellation. On average, there has been an increase of around 40% on education spending, and a massive 70% on healthcare.

Q: OK, the figures look good, but what does this mean in practical terms?

A: There are too many examples to list them all, but here are just a few:

- When primary school fees in Uganda were cancelled due to debt relief, the ***number of children enrolled in primary schools more than doubled*** (to more than 5 million) over the next four years. Enrolments increased by another 50% (2.7 million more children) in the four years after that.
- Over ***2,000 new schools and nearly 32,000 new classrooms*** were built in Tanzania in three years.
- ***3,600 new teachers*** are being trained each year in Malawi.
- Bolivia and Mauritania both directed funds from debt relief towards ***improving healthcare***. Before debt relief, only around 40% of births in each country were attended by a health professional – now it’s nearly 60% in Mauritania and 70% in Bolivia.
- In 2003, Zambia spent twice as much on debt repayments than on health care. Now thanks to debt cancellation, they have abolished user fees at rural clinics to give citizens ***free basic medical services*** and committed to providing ***anti-retroviral drugs for 100,000 citizens***.
- A ***free childhood immunisation programme*** has been introduced in Mozambique; so far almost a million children have been vaccinated against killer diseases.
- In Uganda, debt relief led to ***2.2 million people gaining access to clean water***.



Q: Impressive! But what about corruption? Doesn’t that mean debt cancellation is wasted?

A: No, not at all. Corruption is, or has been, a problem in some countries, but this doesn’t negate the benefits of debt cancellation. Repeated studies have shown that the money from debt relief DOES go where it’s needed; some of the same studies show major increases in health and education spending, but no corresponding spending increases for weapons or the military. Of course there must be mechanisms in place to make sure that the proceeds of debt cancellation aren’t misused through corruption; campaigners in indebted countries also demand this. These should include creditor and debtor governments making accessible all information about loans and debt cancellation. Where governments can’t do this, debt



payments could instead be re-diverted towards, for instance, humanitarian projects in the country: the solution is not for the rich world to take the money.

