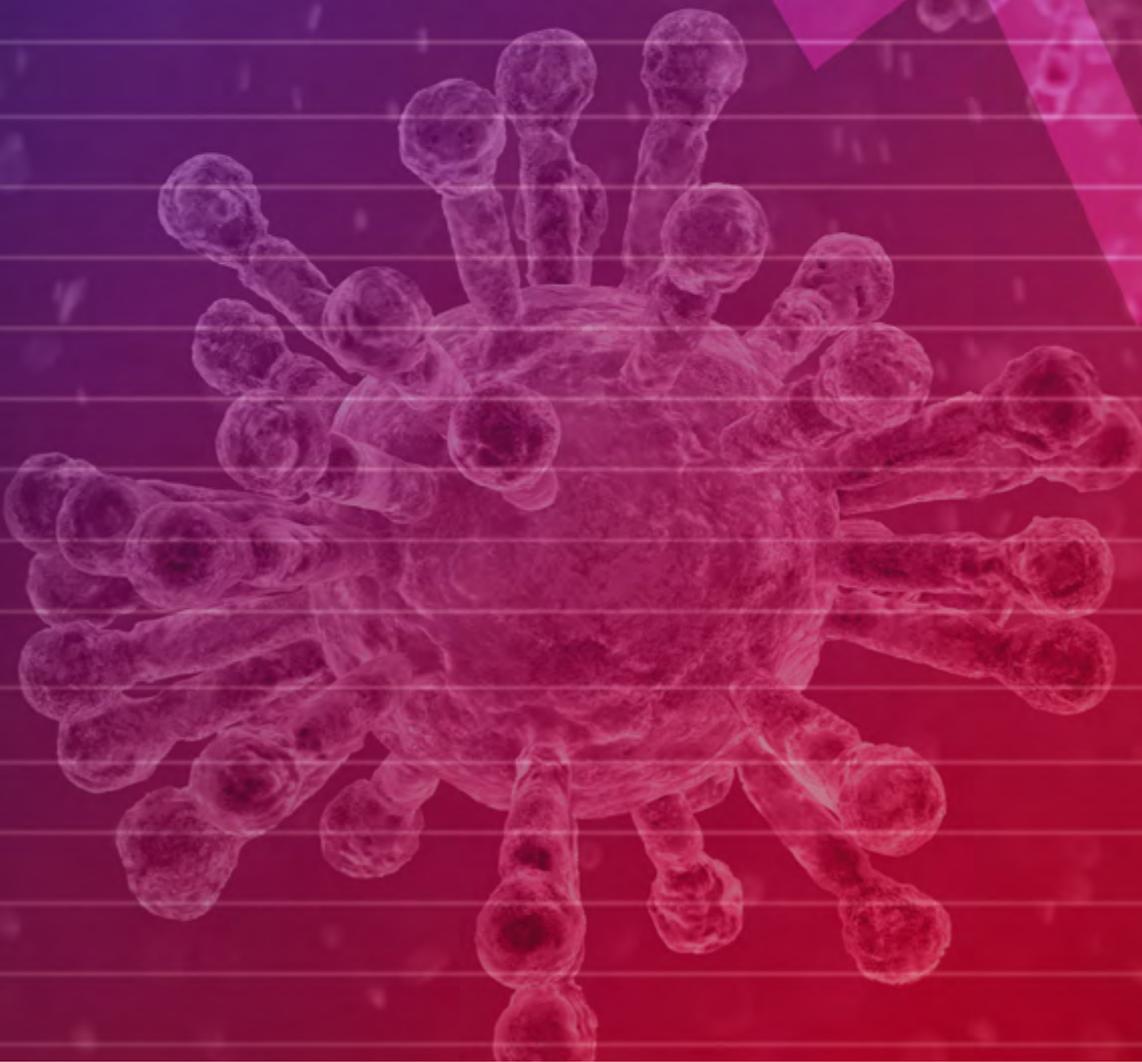


# DROP DEBT, SAVE LIVES

COVID-19 AND THE DEBT CRISIS  
IN DEVELOPING COUNTRIES





**As the world continues to battle coronavirus, the pandemic is wreaking havoc on the economies of lower-income countries and could push 500 million more people into poverty.**

Governments desperately need money to fund emergency plans but are faced with the impossible choice of saving lives or making debt repayments.

But we can change this. Campaigning together this year we have already helped win up to \$12 billion in debt suspension for some of the world's least well-off countries.

When world leaders come together to discuss their response to the crisis later this year, we have to make sure they get the message loud and clear: **#CancelTheDebt**.

This toolkit will help you with background information and ways to take action and get involved with the global campaign.



**Debt in developing countries and the coronavirus crisis**

The world is facing an unprecedented global pandemic. And right now, while lockdown is easing in Europe, the virus could be taking hold in lower-income countries. The Americas are now the epicentre of the crisis, and there are reports that Covid is accelerating quickly in Africa.

G20 governments, a group of 20 of the world's richest countries, have stepped forward with huge economic stimulus packages. But most low-income countries do not have the money to do the same and cover the costs of healthcare or the recovery, instead they are having to pay off external debt.

Countries like the Central African Republic have just 3 ventilators for almost 5 million people, and Malawi has only a quarter of the nurses needed to provide healthcare for all. It's crucial that funds are freed up to help countries cope.

Not only this, the debt crisis has actually been made worse by the pandemic. Turmoil in global markets and the fact that developing countries are getting less for the products they export means that debt levels have increased.

In 2020 alone developing countries owe \$40.6 billion in debt repayments. And right now, sixty-four countries spend more on external debt payments than on public healthcare.

More and more countries may be pushed into defaulting on their debts.



**Ghana** has a population of 29 million and it was in deep debt distress even before Covid-19 hit. Ghana is due to spend \$3.8 billion on external debt payments in 2020. It is currently spending almost four times more on servicing its external debt than it is on public healthcare for its people.



**Central African Republic** has 3 ventilators in a country of almost 5 million people. It is due to spend \$25 million on external debt payments in 2020.



**Zambia's** external debt amounts to \$950 per person. Every dollar spent on debt is a dollar that could be spent on Zambian citizens' urgent healthcare needs.

## Where has the debt come from and who is it owed to?

Even before Covid hit there was a growing debt crisis in lower-income countries. After the 2008 financial crisis low interest rates in western countries meant banks and other lenders looked to lend money to lower-income countries where they could get higher returns. Developing country government debt payments increased by 85% between 2010 and 2018. Of the 70 countries the IMF assesses for debt risk, 34 were in debt default or at high risk of being so at the start of 2020, up from 17 in 2013.

**In 2020 alone the 76 poorest countries were due to spend:**

**\$18.1 billion on bilateral debt payments to other governments**

**\$12.4 billion to multilateral institutions such as the IMF and the World Bank**

**\$10.1 billion to external private creditors such as banks and hedge funds.**

Before this, throughout the 1980's, 1990's and into the 2000's, many developing countries were caught in a debt trap, where unpayable debts held back progress in tackling poverty and inequality. Then, as now, more loans were given by the IMF and World Bank to pay off private lenders, whilst the debt increased.

The roots of the debt crisis can also often be found in colonialism. The colonial economy pushed many countries into a reliance on goods such as cocoa or coffee, and they are now trapped into supplying products for which they get less and less on world markets.

In the 2000's a huge global campaign led to the write off of \$130 billion worth of debt. But now, unfortunately it's started to build up again and the Covid crisis is sending debt levels through the roof.

Now the debt has built up again, some is owed to private lenders, such as banks and hedge funds, some to other countries and some to international organisations like the World Bank.

## What can we do about it?

Since the pandemic hit there has been a huge global outpouring of support to cancel debts to enable countries to cope with the crisis. Hundreds of thousands of people around the world have signed petitions, lobbied their governments, and shone a light on the issue.

On 15 April, G20 Finance Ministers agreed to offer 77 countries a suspension on their debt payments to other governments from May to December 2020. This has been estimated to save countries up to \$12 billion now, but the payments will all become due between 2022 and 2024, alongside all the interest. This means the suspension does nothing to tackle the unsustainable debt levels and means without further action countries will face an even bigger debt crisis in 2 years' time.

Despite this, private lenders and the World Bank have so far not suspended or cancelled any of the debt owed to them. As the pandemic continues to spread around the world it's crucial more action is taken.

Later this year, in the autumn, there will be a series of big global meetings where we could see action on debt. The IMF and World Bank annual meetings and G20 leaders are meeting in October. This is the moment where they agree to suspend debt payments into 2021.

## What do we want world leaders to do?

- Call for the cancellation of debts to governments and the **IMF and World Bank for 2020, 2021** and beyond
- Push for the cancellation of and restructuring of debts to **private lenders in 2020, 2021** and beyond, rather than those lenders being bailed out by IMF loans
- Introduce legislation here in the UK to prevent private lenders suing a government
- Create a process to reduce debt burdens to sustainable levels through **overall debt cancellation in coming years.**





*Currently, the Ghanaian people are facing huge health and economic challenges caused by coronavirus, but we are trapped in the chains of debt. We need IMF help to reduce debt payments to private lenders.*

**Bernard Anaba**

Policy Analyst, ISODEC, Accra, Ghana

## Get involved

### Help us hit 1 million petition signatures

Over 800,000 people have signed petitions calling for action on debt. We want to try and get to 1 million, as that will send a powerful message to world leaders.

Add your name and share the petitions below on social media or by email to get others involved.

- [globaljustice.org.uk/debt](https://globaljustice.org.uk/debt)
- [christianaid.org.uk/campaigns/debt-jubilee-petition](https://christianaid.org.uk/campaigns/debt-jubilee-petition)
- [jubileedebt.org.uk/coronavirus](https://jubileedebt.org.uk/coronavirus)
- [actions.oxfam.org/international/cancel-the-debt/petition/](https://actions.oxfam.org/international/cancel-the-debt/petition/)

## Write to your MP

Below is a template letter to send to your MP to ask them to support the campaign and write to the Chancellor.

You can also take this action online at: [jubileedebt.org.uk/writetoyourMP](https://jubileedebt.org.uk/writetoyourMP)



### New Message

To Your MP

Subject Please Support our Campaign to Cancel the Debt

I am writing to ask you to support the call for urgent debt cancellation to help countries in the global south tackle coronavirus. More than 64 countries are already spending more on debt payments than healthcare – governments should not have to choose between paying debts and saving lives.

The G20 has agreed to suspend \$12 billion of debt for 77 lower-income countries over the rest of 2020. It's a start, but it is nowhere near enough. Private lenders, as well as the IMF and World Bank, must join the suspension, and debt suspension must become debt cancellation in the months ahead – or it will simply be kicking the crisis down the road.

Please will you write to the Chancellor on my behalf and ask him to support:

- 1) **Debt cancellation** for lower-income countries that need it from all creditors (including governments, the IMF and World Bank, and the private sector) for 2020 and 2021 and beyond, including making sure private lenders aren't just bailed out by the IMF.
- 2) **Legislation in Parliament** to enforce the terms of any international agreement for debt relief on the private sector.
- 3) **A new global process** for long-term sovereign debt restructuring, to bring debt payments down to a sustainable level, and incentivise responsible borrowing and lending in the future.

I would also be grateful if you could let me know you have written to him, and also send me his response.

Yours sincerely,

Send



## Take action on social media

Spreading the word about the campaign on social media is one of the best ways to get others engaged in the campaign.

You can use the template tweets below, or post to Facebook or other platforms.

 **Your Name**  
@YourTwitterHandle

We're demanding world leaders **#CancelTheDebt**. Half a billion more people could be pushed into poverty because of Covid-19, add your name to the campaign

[actions.oxfam.org/international/cancel-the-debt/petition/](https://actions.oxfam.org/international/cancel-the-debt/petition/)

 **Your Name**  
@YourTwitterHandle

64 countries, including 32 in Africa, are spending more on debt than healthcare. Can you help make sure world leaders get the message: **#CancelTheDebt**

[globaljustice.org.uk/debt](https://globaljustice.org.uk/debt)

 **Your Name**  
@YourTwitterHandle

Join the global campaign to **#CancelTheDebt**. Help us get to 1 million petition signatures to show world leaders we want debt cancellation:

[jubileedebt.org.uk/coronavirus](https://jubileedebt.org.uk/coronavirus)

 **Your Name**  
@YourTwitterHandle

Let's put health before debt. Take action to **#CancelTheDebt** in lower-income countries **#DropDebtSaveLives**

[christianaid.org.uk/campaigns/debt-jubilee-petition](https://christianaid.org.uk/campaigns/debt-jubilee-petition)



## Add your face as well as your voice

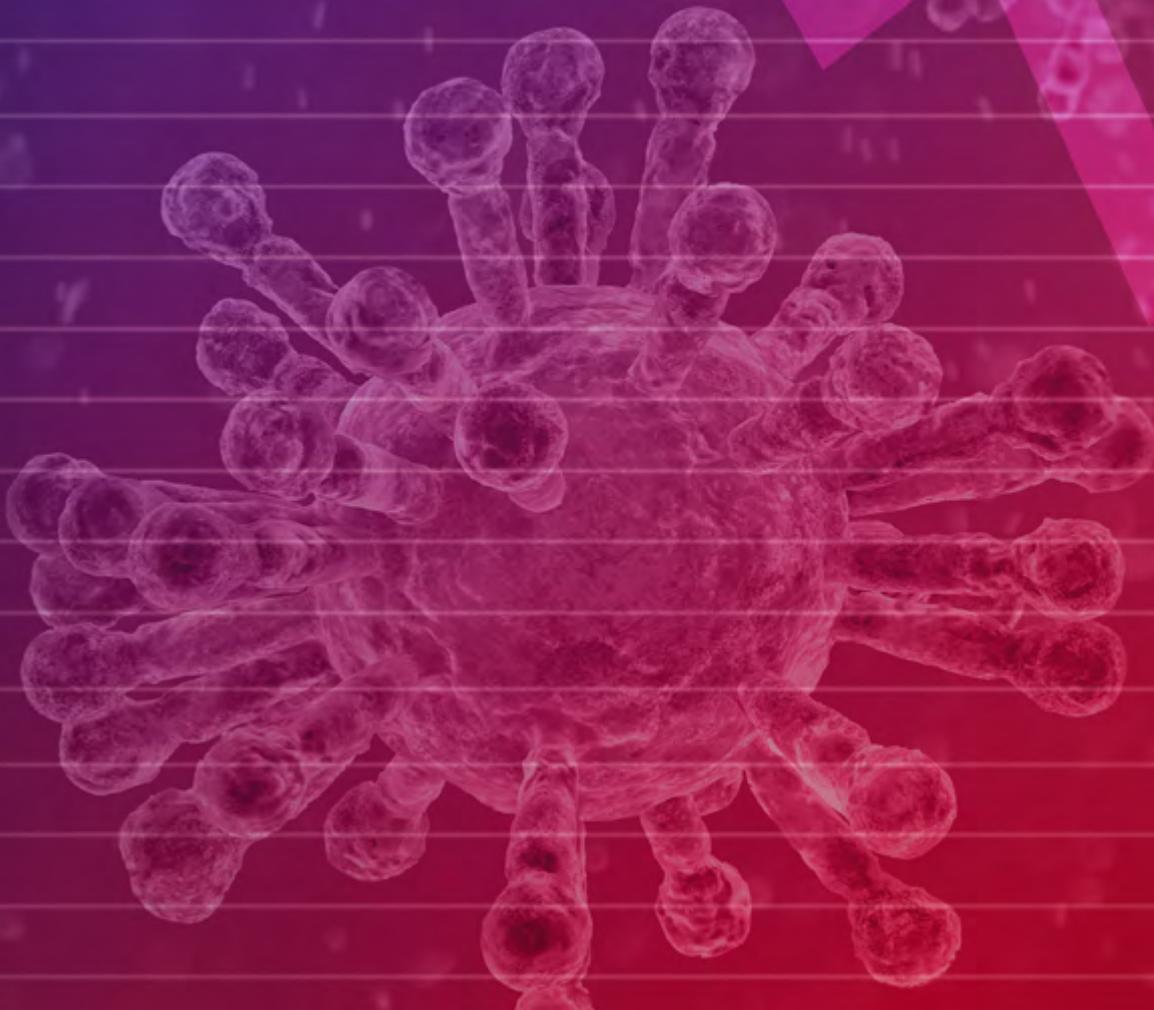
Between now and October, we want you to send us a photo of you creatively displaying the words **'Cancel The Debt'**. We're collecting photos of supporters from across the UK, and we will put your photos together in October to send a message to world leaders that it's time to **#CancelTheDebt**.

### How to get involved

Take a selfie, or ask a friend to take a photo of you creatively displaying the words **'Cancel The Debt'**

- If possible, show where you are based e.g. by a town or street sign, or notable feature.
- Share your image on Twitter, Facebook and Instagram and use the hashtag **#CancelTheDebt**. Be sure to tag one of **@dropthedebt @OxfamGB, @christian\_aid** or **@GlobalJusticeUK** so we can find your photos!
- If you don't have a social media account, email your photo to us at [info@jubileedebt.org.uk](mailto:info@jubileedebt.org.uk)
- Inspire others by sharing your photo with friends and family.

By adding your face and voice, you can show that unjust debt isn't something the international community will stand for.



## Who's involved in the campaign and where can I get more information?

There are over 250 organisations around the world who are calling for action to be taken on debt in the face of the Coronavirus crisis. In the UK Oxfam, Jubilee Debt Campaign, Global Justice Now, The ONE campaign and Christian Aid are working together on the campaign.

This toolkit was produced by:

