

Africa's Debt Crisis — The Need for Cancellation

WHO OWES WHOM?

The extent of the crisis

Arguably, Africa's most visible crisis is the crisis of poverty. The continent is the poorest in the world and the average African lives on less than \$1 a day. At the same time, African countries are forced to repay billions of scarce dollars a week to wealthy nations and institutions in the West such as the World Bank and IMF while millions of Africans continue to die from poverty-related causes.

Africa spends about \$15 billion* a year on debt repayments but gets only \$12.7 billion in aid during the same period (World Bank, OECD).

Africa's total debt stands at \$300 billion (Nepad Secretariat). To put that in perspective, according to Forbes Magazine, 2002, the 18 richest Americans could pay Africa's total debt with several billion in change.

All developing countries, including sub-Saharan Africa, pay \$1 billion per day in interest on debt (World Bank).

For every \$1 African (developing) countries receive in grants, they pay \$13 in interest on debt (World Bank).

Is debt repayment more important than life?

The United States, the World Bank, and IMF, among other creditors, consider debt repayments a greater priority than the preservation of life and other development needs in Africa.

About 30 million Africans are HIV positive

Some 38 million Africans are in urgent need of food aid

Africa's infant mortality rates are 92 per 1000 live births

African countries spend up to three times more on debt repayments to wealthy countries and institutions in the West than they spend on health care, food, and education for their sick, illiterate, and hungry millions.

The case for debt cancellation

Africa's debt is unsustainable. Africa cannot afford to spend billions servicing its debt while millions of Africans die of AIDS, hunger, and other preventable diseases.

Most of Africa's debt is illegitimate and odious. Creditors should accept responsibility for their part in creating the debt crisis. African people should not be forced to pay debts that did not benefit them and that were, for the most part, used to suppress and even kill them.

Most of Africa's debt has been paid many times over. For example, Nigeria borrowed \$5 billion, has so far paid more than \$16 billion, and still owes \$32 billion **ON THAT SAME DEBT!!**

Structural Adjustment Programs imposed by lending institutions have only worsened poverty in Africa. Creditors thus bear great responsibility for the continent's deteriorating economic condition.

The Heavily Indebted Poor Country Initiative (HIPC), a World Bank and IMF project launched in 1996 that was meant to alleviate the debt burden carried by the world's poorest countries, has fallen far short of expectations.

Only five African countries—Uganda, Mozambique, Tanzania, Burkina Faso, and Mauritania—have reached "completion point" under the HIPC initiative (World Bank).

Of Africa's \$300 billion debt, creditors have agreed to cancel only about 15 percent (\$50 - \$60 billion).