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### **Details of Zimbabwe's \$7bn debt revealed for first time**

Newly uncovered documents reveal that Zimbabwe's £210 million debt to the UK includes loans from Tony Blair's government to Zimbabwe's police force while they were engaged in internal repression. Campaigners in Zimbabwe are calling for an audit of the country's \$7 billion debt to find out who did and did not benefit from past loans.

The Zimbabwean police were loaned money in the 1990s to buy 1,500 Land Rovers, backed by UK Export Finance (then known as the Export Credits Guarantee Department), a unit of the Department for Business. These loans continue to make-up £21 million of Zimbabwe's debt to the UK. The evidence appears in a new report published by Jubilee Debt Campaign, the Zimbabwe Europe Network and Eurodad.

The report reveals for the first time the origin of much of Zimbabwe's \$7 billion debt. At least \$750 million of debt comes directly from structural adjustment loans from the IMF, World Bank and African Development Bank which lowered economic growth and increased unemployment.

Tim Jones, Policy Officer at Jubilee Debt Campaign and the reports author, said: *"Debt has played a key role in the tragedies that many Zimbabweans have suffered over the last twenty years. Dodgy projects, debt repayments and failed economic policies contributed to economic decline. Lenders should help increase transparency and democracy by coming clean on where Zimbabwe's debts come from."*

Other loans revealed by the report which continue to make-up some of Zimbabwe's debt include:

- Loans from the World Bank for tree plantations to create fuel supplies. However, the World Bank failed to realise there was already plenty of wood available, and there was no economic return on the plantations.
- Loans from the Spanish government for the Zimbabwe government to buy Spanish military aircraft.
- UK unspecified 'aid' loans which were tied to buying exports from British companies.

Zimbabwe is currently in default on many of its loans to the western world. Negotiations have begun on Zimbabwe entering the IMF and World Bank run debt relief process for poor countries. The report argues this would trap Zimbabwe in further cycles of debt while keeping the questionable details of previous loans out of the public eye.

Instead the report backs the call of Zimbabwean campaigners for an audit of the debt which would show who did and did not benefit from the loans, and learn lessons for the future. The report calls for lenders such as the UK government to reveal where all the debt owed by Zimbabwe comes from, and signal they would support and cooperate with any debt audit held in Zimbabwe.

Øygunn Brynildsen, policy officer of Eurodad, said:

*“The evidence presented in this report illustrates why decisions about debt cancellation cannot be left to creditors. Creditors have vested interests and cannot be trusted to judge on their own performance; not in Zimbabwe and not in other countries. Following a transparent audit, an independent debt court must be put in place to hold creditors to account for former reckless lending.”*

Tor-Hugne Olsen, Co-ordinator of the Zimbabwe Europe Network (ZEN) added:

*“Zimbabwe's future recovery is severely hampered by its current debt problem. We call for a debt audit, which is crucial. A debt audit would establish the truth and thereby contribute to the achievement of reconciliation. Zimbabweans need to know who benefited financially during the years of oppression under Mugabe and Smith, during years which have left the majority of people impoverished. The massive debt that besets the country should not be the burden of the people who have suffered under these regimes.*

*As a European network we particularly call on European governments, who rightly demand increasing transparency from Zimbabwe politically and economically, to themselves be transparent by informing about what loans have been given to Zimbabwe, when and for what.”*

## **ENDS**

## **Notes**

1. Jubilee Debt Campaign is the UK coalition campaigning for cancellation of unjust and unpayable poor country debt.
2. The Zimbabwe Europe Network is a network of European trade unions and civil society organisations, including secular, faith-based and developmental organisations as well as diaspora groups, with programmes of support and/or presence on the ground in Zimbabwe.
3. EURODAD (European Network on Debt and Development) is a network of 54 NGOs from 19 European countries working on issues related to debt, development finance and poverty reduction.
4. The report, *Uncovering Zimbabwe's debt: The case for a democratic solution to the unjust debt burden*, is published by Jubilee Debt Campaign, Zimbabwe Europe Network and Eurodad. The full report can be found on: <http://www.zimbabweeurope.org/sites/default/files/20111130UncoveringZimbabweDebt.pdf>. Printed copies can be provided on request.

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