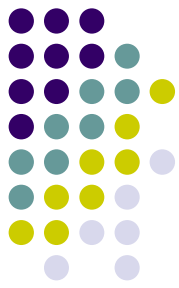


# GLOSSARY of DEBT TERMS

# International Monetary Fund (IMF)



- **Initially set up to regulate international money flows, but has subsequently dedicated itself to de-regulating them**
- **Makes short-term loans to countries (mainly developing countries) with balance of payments difficulties, often resulting from their heavy burden of debt payments**
- **Imposes strict economic conditions on lending countries, known as Structural Adjustment Programmes (SAPs)**



- **Set up to rebuild Western Europe after World War II, and later extended to Third World countries**
- **makes long-term loans to governments for projects and loans in support of IMF Structural Adjustment Programmes**
- **has come in for heavy criticism over its lending for large infrastructure projects, such as dams, that have displaced indigenous people and caused environmental damage**
- **has adopted much of the language of the NGO movement, but opinion is divided as to whether the changes are real or just window-dressing.**

# Structural Adjustment Programmes (SAPs)



- **IMF designed, free-market economic reforms that poor countries have had to implement to qualify for short term lending or debt relief**
- **apparently designed to achieve economic stability, they have had a devastating impact on some of the poorest sectors of society**
- **widely criticised as helping rich countries to open up the markets of developing countries to foreign investors and exporters.**

# Heavily Indebted Poor Countries Initiative (HIPC)



- focuses on writing off part of the debts owed by the poorest countries to the IMF and World Bank
- launched in 1996
- originally a potential list of 41 countries was drawn up for eligibility
- has been criticised as being “too little, too late”
- its terms were made more generous in October 1999
- since then, slow progress as donors governments have balked at paying the bill
- Approval of debt write-off under HIPC is conditional on implementation of SAPs.

# G7 or G8



- **The group of seven (eight with Russia) most powerful countries, which hold an annual summit of government leaders.**
- **The seven are:**
  - US, Japan**
  - France, Germany, UK**
  - Italy, Canada**

# Bilateral debt



- **Debt owed directly to governments**

# Multilateral debt



- **Debt owed to international institutions including the World Bank and the IMF**

