

## Activity 13

# Climate change and debt: Facts & figures

## A four corners game

### What it's about

- This activity offers participants an introduction to the link between sovereign debt and climate change.
- Using facts and figures, participants' attention is drawn to the 'double vulnerability' of countries: they learn that countries in the Global South are not only critically indebted, but also threatened by extremes of weather such as hurricanes, heavy rainfall and drought.

### How to play

The four corners game is a quiz in which four possible answers (A, B, C, D) are offered for each question. Only one of them is correct.

Identify the four corners of the room using the pieces of paper marked A, B, C and D.

To start with, participants position themselves in the middle of the room.

Slowly read out the first question and the related choice of answers (A – D). Participants then move to one of the corners marked A – D, depending on which answer they consider to be correct.

As soon as all participants have taken up their positions, read out the correct answer and, if necessary, give a brief accompanying explanation. Participants then return to the middle of the room ready for the next question.

In the case of young participants, you can give a point to those who find themselves in the correct corner. However, the simplest thing is to ask participants to keep their own record of how many points they have collected during the game.

15 minutes



10-30 people



easy



### Materials:

Four coloured sheets of paper labelled A, B, C and D



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## Questions

The correct answers are marked in **bold**.  
Explanations are *in italics*.

**1. In 2018, how high was the external debt of all developing countries?**

- A - USD 16.3 trillion
- B - USD 5,6 trillion
- C - USD 7,8 trillion**
- D - USD 244 trillion

*Answer A = Debt of developing countries owed to Germany<sup>1</sup>*

*Answer B = Germany's external debt<sup>2</sup>*

*Answer D = Global debt in both public and private sectors<sup>3</sup>*

**2. In its Global Sovereign Debt Monitor 2020<sup>4</sup>, erlassjahr.de, the German debt and development coalition, examined the debt situation of 154 developing countries. In how many countries is the situation so critical that these countries can no longer pay their debt, or so critical that they may soon no longer be able to pay them?**

- A - 51
- B - 72
- C - 114
- D - 124**

**3. Which of the following natural disasters has the least to do with climate change?**

- A - Drought
- B - Rising sea levels
- C - Earthquakes**
- D - Plagues of locusts

*Antwort D: The severe flooding which occurred in the region at the end of 2019 is partly responsible for the plague of locusts in East Africa. Damp, warm soil provides the insects with optimum conditions for reproduction.*

**4. In 2019, which country was particularly hard hit by the destructive consequences of a hurricane?**

- A - The Philippines
- B - Mozambique**
- C - Barbuda
- D - USA

*Mozambique is still suffering today (in 2020) from the after-effects of Hurricanes Idai and Kenneth, which claimed almost 1,000 lives and left hundreds of thousands of people homeless. Since the fields were flooded shortly before harvest time, there is a shortage of food and seed. Added to all this, there is now a severe drought, and the country faces a hunger crisis. Already heavily in debt, Mozambique has had to take out further loans for reconstruction.*

*But the other countries mentioned have also been afflicted by hurricanes in the past few years: the Philippines in 2018 by Typhoon Mangkhut, Barbuda in 2017 by Hurricane Irma, and the USA in 2005 by Hurricane Katrina.*

**5. What has been the amount of the economic losses caused by extreme weather events over the past 10 years (1999 – 2018)?**

- A - USD 3,5 billion
- B - USD 35 billion
- C - USD 350 billion
- D - USD 3.5 trillion**

According to the Germanwatch Global Climate Risk Index 2020<sup>5</sup>, between 1999 and 2018, a total of over 495,000 people lost their lives as a direct consequence of over 12,000 extreme weather events. The economic losses totalled approximately USD 3.5 trillion.

**6. Which region is particularly critically indebted and at the same time particularly severely impacted by climate disasters?**

- A - Eastern Europe
- B - The Caribbean**
- C - North America
- D - The Middle East

For more information, see ‚Vor dem nächsten Sturm: Entschuldung als Krisenreaktion in der Karibik‘ [‚Before the next storm: debt relief as a response to crisis in the Caribbean‘], *erlassjahr.de* Focus Paper 59.<sup>6</sup>

The campaign ‚Climate justice needs debt relief‘ provides information on the problem of the double burden of government debt and climate disasters.<sup>7</sup>

**7. What does generally happen when an already heavily indebted country is hit by a natural disaster and as a result is no longer in a position to settle its debt?**

- A - Creditors take the view that debt must always be repaid. So the country just has to manage its budget better and economize.**
- B - If the insolvency has been caused by force majeure (e.g. a natural disaster), the debt of the country will be cancelled.
- C - In the case of insolvency resulting from force majeure, this will be covered by an insurance policy for losses suffered, which is held by all at-risk countries.
- D - Debtors and creditors get together and consult on an approach which will enable the country to regain solvency.

The information film ‚Schuldenkrise – ein Ausweg ist möglich‘ [‚Debt crisis – there is a way out‘] explains how countries in debt distress are dealt with.<sup>8</sup> Alternative approaches are set out in Focus Paper 64: ‚Der nächste Sturm kommt mit Sicherheit: Entschuldung als Krisenreaktion in Zeiten des Klimawandels‘ [‚The next storm is inevitable: debt relief as a response to crisis in times of climate change‘].<sup>9</sup>

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- 1 erlassjahr.de and Misereor (2020): Global Sovereign Debt Monitor 2020, [https://erlassjahr.de/wordpress/wp-content/uploads/2020/05/Global-Sovereign-Debt-Monitor\\_2020.pdf](https://erlassjahr.de/wordpress/wp-content/uploads/2020/05/Global-Sovereign-Debt-Monitor_2020.pdf)
  - 2 Bundesbank (2018): Auslandsverschuldung [External Debt].
  - 3 Institute of International Finance (2019): Global Debt Monitor - Devil in the details.
  - 4 erlassjahr.de und Misereor (2020): Global Sovereign Debt Monitor 2020.
  - 5 Germanwatch (2019): Global Climate Risk Index 2020; [https://www.germanwatch.org/sites/germanwatch.org/files/20-2-01e%20Global%20Climate%20Risk%20Index%202020\\_14.pdf](https://www.germanwatch.org/sites/germanwatch.org/files/20-2-01e%20Global%20Climate%20Risk%20Index%202020_14.pdf).
  - 6 erlassjahr.de (2018): Focus Paper 59: Vor dem nächsten Sturm: Entschuldung als Krisenreaktion in der Karibik [Before the next storm: debt relief as a response to crisis in the Caribbean] <https://erlassjahr.de/produkt/fachinformation-59-vor-dem-naechsten-sturm-entschuldung-als-krisenreaktion-in-der-karibik/>.
  - 7 erlassjahr.de (2020): Campaign ‚Climate justice needs debt relief‘, <https://erlassjahr.de/en/news/new-campaign-climate-justice-needs-debt-relief/>
  - 8 erlassjahr.de (2016): Schuldenkrise – ein Ausweg ist möglich [Debt crisis – there is a way out], information film, [erlassjahr.de/produkt/schuldenkrise-ausweg-ist-moeglich](https://erlassjahr.de/produkt/schuldenkrise-ausweg-ist-moeglich).
  - 9 erlassjahr.de (2020): Focus Paper 64: Der nächste Sturm kommt mit Sicherheit: Entschuldung als Krisenreaktion in Zeiten des Klimawandels [The next storm is inevitable: debt relief as a response to crisis in times of climate change] <https://erlassjahr.de/produkt/fachinformation-64-der-naechste-sturm-kommt-mit-sicherheit-entschuldung-als-krisenreaktion-in-zeiten-des-klimawandels/>