

2007 G8: promises as usual!

It is often said of a very important meeting which has achieved no more than bringing important people together, that it was 'business as usual.' For the just ended G8 meeting at Heilingendamm in Germany, a meeting that brought together the Presidents of the USA, UK, Canada, Italy, Germany, Japan, France and Russia, it was "promises as usual."

Except for the US president, George Bush, agreeing on key recommendations to curb the effects of climate change, the event delivered far less results towards the goal of making poverty history. For debt and aid campaigners, this conclusion is more justified when considering the resolutions of the G8 leaders on important debt aspects like their failure to deal with the immoral practices of the so called "vulture funds", failure to reorient their approach to Africa from fostering aid dependent development to trade driven development and their complete lack of a new position on aid to Africa.

No new positions on Aid

The G8 agreed a \$60bn (£30bn) package particularly for Aids in Africa, which is a mere affirmation of the 2005 pledges that are already \$8bn behind schedule. The G8 leaders failed to stipulate any action to meeting their previous commitments.

While they agreed that "further action is needed to meet our (G8) previous commitments," they made no pronouncements about how they will meet their previous promises in addition to the new commitments. Instead, they concentrated on "a set of core principles," which include, "Promoting good governance, improving their response to post conflict and fragile states, fostering economic opportunity and following the partnership commitments of the Paris Declaration."

These principles mirror already existing processes and efforts. For instance, good governance has become a song of several African states. With 3 countries having completed the Africa Peer Review Mechanism (APRM) and 13 others acceding to the process making a total of 26 countries (over half of the African states) undergoing this process, the resolution on good governance certainly does not add anything new to the good governance process in Africa. The G8 have just added their voice to many other voices calling for good governance; special treatment for post conflict countries, more and better aid. Several UN conventions, charters and declarations are already set out to achieve the same objectives.

Proper administration of aid to include alignment, national ownership, harmonization, mutual accountability, as recommended by the Paris declaration is what Civil Society groups and other stakeholders have been advocating for, both prior and post the formulation of the Paris Declaration itself, in 2005.

The only success of the G8 in this debate was to dodge their "role" in the leadership of the World. The G8 made pronouncements of the amounts they will be spending in Africa but failed to spell out how much of the sum had been previously promised, how much are the annual increments, and without clear disaggregation of how much each of the countries were committing.

The confession that further action is needed to meet previous commitment indicates the major problem. This is what required attention, but the G8 concentrated on outlining governance principles which Africa is already making an effort on.

The feeling of betrayal and lack of confidence in the summit has already been widely expressed in the media by many actors. The Independent Newspaper in the UK, quoted Dr. Brian Chituwo, Zambia's Minister of Health, as having asked, "Isn't it morally right that they (G8) fulfill their promise?" and he further added that, "It is not that they are not able to. They are rich enough. There is no political will. So much hope was created but it came to nothing. Why are they doing this?"

Additionally, Bono, a POP Musician, at a concert attended by dozens of thousands of people from virtually all countries, on 8th June in Rostock Germany, explicitly called the language of the G8 an "obfuscation (to make something obscure or unclear, especially by making it unnecessarily complicated)," while others described the Communiqué as a "wish list", "precious little", etc. As far as the Jubilee-Zambia movement is concerned, we are convinced that the G8 Summit at Heiligendamm has not brought out new resolutions and fell short of its expectations.

No commitment to safeguard debt relief

For Zambia, the Heiligendamm Summit means even less because the thorny issue of "vulture funds", which was expected to be part of the discussions, was completely ignored. The issue of commercial creditors commonly known as "vulture funds" which litigate against poor countries like Zambia has gained centre stage in recent debt debates.

Currently the World Bank estimates that there are about 7 countries which are facing legal lawsuits by commercial creditors. This has compelled the Bank to extend the Debt Reduction Facility (DRF) to poor countries to enable them buy back debts from commercial creditors. The UK, the USA and Germany were expected to start up this conversation. But the prevalence of a mute spirit over this matter indicates the G8's lack of commitment towards safeguarding debt relief.

Despite the G8 leaders call on emerging donors to join in aid harmonization and alignment, they have failed to explicitly reprimand creditors (especially commercial creditors) against their "immoral" actions. Their lack of a position on this thorny issue is an act of hypocrisy

which is contrary to their known “stiff and stern” actions against poor countries which slide off austere conditionalities for debt relief.

G8's dilemma on Trade or Aid

In a non-binding fashion, the G8 has expressed the need for Africa to increase its capacity to trade. In this regard they, state “we expect spending on Aid for Trade to increase to US\$ 4 billion.” Like other pledges for Aid, the G8's statement on Aid for Trade cannot be taken as a commitment and we certainly do not expect much because, it is just a promise in reality and an expectation at the most.

The G8 acknowledged that Africa's growth can be very well driven by trade and that this growth is driven “*by strong global demand for Africa's natural resources.*” The lack of a clear position on the fact that Africa is unfairly integrated in the Global economy indicates the G8's view on Africa. Africa has perpetually been regarded as a reservoir of raw materials, natural resources and a consumer of produced goods rather than as a potential processor of its own resources into finished goods. This is a situation which needs to change in order for trade to contribute its full potential to growth of African economies.

The G8 statement lacks precise resolutions on the steps to be taken to reaffirm their 2005 decision to end trade distorting subsidies. The G8 places particular emphasis on aid and especially Aid for Trade. However, Aid, whether in its traditional form as Official Development Assistance (ODA) or as Aid for Trade, will never be administered without a relative loss of sovereignty for recipient countries. The current urge for the G8, together with the World Bank, to continue pushing for development which is based on aid will continue to foster dependency. The imperative of this era is to make trade be effective in the growth of poor countries by removing trade distorting barriers. These include unrealistic standards and subsidies in rich countries.

Conclusion

Once again, an opportunity to make progress towards the MDGs has made only limited contribution to the fulfillment of the goals. The G8 is to be applauded for its resolution on climate change. But much should have been done to address the problem of creditor responsibility, including commercial creditors, and to refocus on increasing the value and volume of real trade from Africa.

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