



Africa Action Talking Points on the G8 and Africa **July 7, 2008**

Three years after the Group of 8 (G8) wealthy nations' summit of 2005 – with its promises to prioritize the health, well-being and economic development of Africa – the G8 nations convene again this week. This opportunity to revisit the G8 promises reveals that too much time has been wasted and too little action has been taken towards reaching these goals.

The G8 countries make up a minority of the world's population, yet they are the main cause of the climate change disproportionately impacting the world's poor and exacerbating conflict and development challenges across the globe. They control a majority of global GDP, and thus possess the crucial capacity to direct attention and funds to the most pressing issues of our time. Yet, the priorities of the Global South, a majority of the world's population, are consistently given short shrift, as wealthy countries control the global decision-making bodies and determine the flow of resources.

Key goals were set in 2005, among them: the G8 pledged to cancel the onerous debt of low-income countries; to achieve universal access to HIV/AIDS treatment by 2010; and to drastically boost foreign aid, with a particular focus on Africa. As the G8 leaders meet in Hokkaido, Japan for the 2008 summit, new action must be taken to demonstrate that these stated objectives reflect more than just rhetoric.

From Gleneagles (2005) to Hokkaido (2008)

As a result of significant international pressure generated by activists pushing for social and economic justice, the 2005 G8 Summit agenda's focus on Africa was specifically highlighted, and the G8 leaders boldly proclaimed their intention to address the causes of poverty in the region. Nevertheless, the stated goals that emerged barely begin to tackle the injustice and deep-rooted sources of Africa's poverty, and even these targets have not received adequate attention from the elite wealthy nations.

Debt cancellation. Despite proclamations to the contrary, the 2005 G8 debt deal did not truly tackle the goal of "100% multilateral debt cancellation." The world's poorest countries continue to send \$100 million each day to the U.S., other rich country governments, and the international financial institutions in debt servicing.¹ Fourteen African countries have yet to complete the Heavily Indebted Poor Countries (HIPC) Initiative, and 7 remain ineligible.

¹ Oxfam International, "The World is Still Waiting," Briefing Paper 103, May 2007

Debt cancellation has also come at a price: to be eligible for these programs, countries are forced to institute economic conditions imposed by the international financial institutions. Measures to ensure that the money freed by debt cancellation is used transparently on human development programs are an essential component of any such initiative. However, requirements that poor countries meet rigid IMF fiscal and monetary targets, privatize industries, and remove subsidies on sensitive commodities in order to qualify have proven to *impede* the impact of debt cancellation on its intended goal – fighting poverty.² Yet they remain a major part of the process.

Where debt cancellation becomes available, countries have used the opportunity to direct the newly freed resources towards investments in health, education, infrastructure and more. In Ghana, debt cancellation has been used with success to fund free early education, and in Mali, the funds were invested in improving the water supply and roads. The G8 nations must now work to expand debt cancellation for all countries currently burdened by massive and unpayable debt.

Universal access to HIV/AIDS treatment. The G8 proposed the year 2010 as a target date for the realization of universal access to HIV/AIDS treatment. Three years late, the World Health Organization only recently announced that the 2005 target of delivering life-saving medicines to 3 million of the approximately 9.7 million people who need it has been achieved. WHO cited a funding gap of over \$8 billion and lack of leadership from G8 nations for the delay.³

The pandemic continues to wreak its worst ravages in sub-Saharan Africa, where over three-quarters of global AIDS deaths occurred in 2007. The expansion of antiretroviral treatment to 2.1 million Africans by the end of 2007 compared to 810,000 in 2005 represents progress, but much more must be done to close the gap for the nearly 70% of Africans living with HIV or AIDS who still lack access to lifesaving treatment.⁴

In terms of volume, the U.S. is the global leader in this area, poised to direct \$50 billion over five years through an improved program of bilateral assistance to tackle Africa's interrelated health crises of HIV, tuberculosis and malaria. Yet work still remains to be done to ensure that the U.S. Congress actually passes the legislation authorizing this program, currently stalled in the Senate, and appropriates the full funding level, as well as to resolve remaining weaknesses in this program around issues of health-workforce strengthening, reproductive health integration, and outreach to the most marginalized HIV-affected populations. Across the board, G8 leaders must commit to rapidly boost the funding directed towards the expansion of access to treatment within an evidence-driven holistic approach to fighting HIV/AIDS worldwide, but especially in Africa.

Increased and improved foreign aid. Despite the promise to increase development assistance to \$50 billion by 2010, including \$25 billion to African countries, at the current rate, this goal

² See Jubilee USA Network "Are IMF And World Bank Economic Policy Conditions Undermining the Impact of Debt Cancellation?" Briefing Note, February 2008

³ WHO, UNAIDS and UNICEF, "Towards Universal Access: Scaling up priority HIV/AIDS interventions in the health sector," June 2008

⁴ UNAIDS 2007 AIDS Epidemic Update, November 2007

will fall well short.⁵ Almost forty years ago, in 1970, international donor nations committed to a UN resolution to devote 0.7% of their national incomes to all foreign aid. Although Denmark, the Netherlands, Norway, Sweden and Luxemborg have exceeded this target, no G8 country has come anywhere close to this figure.

While more leadership from the largest European economies and Japan is absolutely vital, the failure of the U.S. to expand and reform its development assistance programs (outside of some progress on HIV/AIDS) is striking. U.S. levels of aid stand at only 0.16% of gross national income – at the bottom of the ladder for developed nations.⁶ Is this aid being delivered effectively? ONE Campaign's 2008 DATA Report ranked the US as tied for last among G8 nations on the quality of its official development assistance, and the Center for Global Development's 2008 Commitment to Development Index for Africa ranked the US at 17th out of 21 rich countries for its aid component (and 13th overall).

No progress on trade. The global food crisis has drawn into sharp relief the human impacts of the fundamentally exploitative machinery of the global trading system. The failure of the Doha round starkly illustrates the lack of political will among wealthy nations, particularly G8 members, to seriously address these gross imbalances. Instead of offering concrete new proposals to use trade as an engine of sustainable poverty reduction trade, the communiqué produced by the G8 summit in Heiligendamm last year simply rehashed empty rhetoric while ignoring the unjust trade initiatives G8 members are pursuing individually.

Restrictions on African access to U.S. and European markets, combined with agricultural subsidies to Western agribusinesses, undermine Africa's competitiveness and continue to constrict the continent's trade-related development. At the same time as they defend their own trade barriers tooth and nail, G8 countries continue to use bilateral trade agreements lacking transparency to undermine the policy space African governments have to use subsidies or other measures to develop nascent industries and secure local food production and regional distribution mechanisms.

The Hokkaido G8: A Just Agenda?

Genocide in Darfur. At Gleneagles, the G8 noted its commitment to support the African Union's peacekeeping mission in Darfur (AMIS), yet the human security situation in Darfur remains a disaster of historic proportions. As the violence, loss of life, and displacement of communities in Darfur continues into its fifth year, addressing the conflict in Darfur and the fragility of the Comprehensive Peace Agreement between North and South Sudan must be at the forefront of the G8 discussion of peace and human security in Africa.

The 2008 G8 summit should be seized as an opportunity to coordinate technical logistical assistance for the full deployment of the UNAMID peacekeeping force authorized one year ago to replace AMIS in Darfur. G8 leaders can do more to coordinate and intensify their diplomatic

⁵ ONE Campaign, DATA Report 2008.

⁶ OECD Official Development Assistance (ODA) 2007, released April 2008.

and economic pressure on the government of Sudan to stop impeding this force's deployment, as well as to stop arms transfers into the region.

Predatory activities of vulture funds. In the aftermath of the partial debt cancellation of the past few years, a new and potent threat has emerged. Vulture funds, or companies that make huge profits by buying a country's debt at a reduced price and then suing for the full amount, are siphoning away debt cancellation gains. In a case settled last year, Donegal International purchased debt owed by Zambia for \$3.3 million and sued the Zambian government for \$55 million. After a protracted and expensive legal case, a British court ruled that Zambia must pay \$15 million to the vulture fund, more than a third of the debt cancellation gains Zambia anticipated for 2007.

Due to debt cancellation, Zambia had previously used the newly available funds to eliminate user fees for basic health services. This ability has now been severely curtailed by the profit-minded activities of a vulture fund. Across Africa, these cases are increasingly common, and experts point to Liberia as the next potential target. The G8 nations must take strong action to ensure that its efforts to cancel debts in Africa and elsewhere are not undermined by vulture fund activities. The G8 must work with the international financial institutions to ensure that country debts are not available for purchase by vulture funds, and G8 nations must use legislation to make such activity impossible in future. A code of conduct to ensure responsible lending practices on the part of creditors must also be a part of a long-term strategy to protect African nations from vulture funds .

• • • •

The resources needed to tackle the major challenges of poverty and exploitation exist, and the G8 nations possess the capacity to direct these resources effectively in partnership with the civil society and governments of the Global South. But the past three years have demonstrated that for the G8, the political will to act quickly and purposefully is lacking. If the international community is to assist Africa in reaching the targets for health, education and development, urgent action must be undertaken now. 2008 must mark a turning point – literally. Even if one accepts the dubious “clarifications” of G8 members that Gleneagles’ written \$25 billion promised scale-up of aid for Africa should really be interpreted as just \$21.8 billion, only 14% of this commitment has been met.⁷ G8 nations must now achieve the gaping remainder of their promised increase through a dramatic scale-up between now and 2010.



AFRICA ACTION

1634 Eye Street, NW #810 • Washington, DC 20006 • (t) 202-546-7961 • (f) 202-546-1545 • www.africaaction.org

⁷ See ONE Campaign's DATA Report 2008.