

13. Africa: Debt Relief [226]

Commitment

“ensuring the full implementation and financing of the Multilateral Debt Relief Initiative (MDRI) according to our commitments made at Gleneagles and on a fair burden-share basis, and preserving long-term debt sustainability through the implementation of the IMF/World Bank debt sustainability framework for low-income countries.”

*Update on Africa*⁸⁶³

Background

At the July 2005 G8 Summit in Gleneagles, Scotland, G8 leaders pledged to “cancel 100% of outstanding debts of eligible Heavily Indebted Poor Countries to the IMF, IDA and African Development Fund, and to provide additional resources to ensure that the financing capacity of the IFIs is not reduced, as set out in the statement of 11 June.” The G8 Proposal for Debt Relief, renamed the Multilateral Debt Relief Initiative (MDRI) provides for 100% relief on eligible debt from three multilateral institutions – the International Monetary Fund, World Bank (International Development Association), and the African Development Fund. MDRI supplements the 1996 Initiative for Heavily Indebted Poor Countries (HIPC Initiative) by granting 100% relief for those countries completing the HIPC Initiative process. MDRI is seen as a supplementary initiative that would assist low-income countries to meet the United Nations Millennium Development Goals.

At the G8 Summit in St. Petersburg, G8 leaders affirmed their support for long-term debt sustainability through the IMF and World Bank debt sustainability framework for low-income countries. This framework (officially titled the Debt Sustainability Framework in Low-Income Countries) was implemented by the World Bank and International Monetary Fund in the spring of 2005.

Debt sustainability is the ability to manage debts so they do not grow. Many low-income countries have struggled to maintain their external debt at sustainable levels while trying to meet development objectives. The goal of the Debt Sustainability Framework in Low-Income Countries is to provide guidance on new lending to low-income countries whose main source of financing is official loans. The framework has been developed with the intention to better monitor and prevent the accumulation of unsustainable debt.

*Table 1*⁸⁶⁴

**Debt Relief to 22 Qualifying Countries under the HIPC Initiative and MDRI
(In millions and as of end-March, 2007) ***

	Eligible Fund Credit Outstanding for Qualifying Countries Under the MDRI **	
	SDR million	US\$ million ***
HIPC Completion Point Countries	2,566	3,721
Total	2,692	3,903

For HIPCs, the amount of debt relief includes undisbursed HIPC assistance from the Fund, previously expected to be delivered over time, and MDRI assistance.

** Credit outstanding at end-2005 resulting from disbursements made prior to January 1, 2005.

*** Using the SDR/US\$ exchange rates at the time of debt relief.

Team Leaders: Samreen Beg and Janet Chow

⁸⁶³ Update on Africa, G8 Research Group, (Toronto), 16 July 2006. Date of Access: 26 January 2006. www.g8.utoronto.ca/summit/2006stpetersburg/africa.html.

⁸⁶⁴ Factsheet - The Multilateral Debt Relief Initiative (MDRI), as of 31 December, 2006, International Monetary Fund, (Washington). Date of Access: 24 April 2007. www.imf.org/external/np/exr/facts/mdri.htm

Assessment

2006 Final Compliance Score			
	Lack of Compliance	Work in Progress	Full Compliance
Canada			+1
France			+1
Germany			+1
Italy		0	
Japan			+1
Russia			+1
United Kingdom			+1
United States			+1
European Union			+1
Overall			+0.88

Canada: +1

Since the St. Petersburg Summit in July 2006, Canada has made efforts to fulfill its commitment to debt relief and sustainability through the MDRI and DSF. Following the St. Petersburg Summit in July 2006, Canada has worked towards fulfilling its St. Petersburg commitment to debt relief and sustainability through the MDRI and DSF.⁸⁶⁵ Canada has identified a schedule for the financing of the MDRI, and has allocated funds to MDRI institutions. Minister of Finance Jim Flaherty announced in a statement for the Development Committee of the Boards of Governors of the World Bank and International Monetary Fund on 18 September 2006, that Canada had already paid its share of MDRI costs to the IMF.⁸⁶⁶ Canada, however, has so far only pledged 7% of its targeted contribution to the IDA.⁸⁶⁷

In terms of bilateral debt relief, according to Debt, AIDS, Trade, Africa (DATA), Canada has offered generous terms to HIPC countries by cancelling 100% bilateral debts to HIPC countries.⁸⁶⁸ In October 2006, Canada also worked alongside other G8 countries to broker a Paris Club debt relief package for Malawi that would contribute to restoring the country's debt sustainability, worth USD\$137 million in nominal terms.⁸⁶⁹ Furthermore, in March 2007, Canada worked with its G8 partners to broker a debt relief package for Sao Tome and Principe, which became the 22nd country to reach the Heavily Indebted Poor Country (HIPC) completion point.⁸⁷⁰

On the issue of debt sustainability, Mr. Flaherty stated at the same September 2006 IMF meeting that, "Canada [is a] strong supporter of the ongoing work to address unsustainable debt burdens [...] Funding [for the costs of the MDRI] must be additional." He argued that, "More can and should be done to break such a 'lend-and-forgive' cycle" and announced that Canada is firmly committed to lobbying for a review of the World Bank-IMF Debt Sustainability Framework (DSF) to work towards better planning for long-term debt sustainability.⁸⁷¹

⁸⁶⁵ Canada's New Government Cancels All Debt Owed by Cameroon, Department of Finance Canada, (Ottawa), 18 July 2006. Accessed: 26 November 2006. www.fin.gc.ca/news06/06-034e.html.

⁸⁶⁶ Statement Prepared for the Development Committee of the Boards of Governors of the World Bank and International Monetary Fund, Department of Finance Canada, (Ottawa), 18 September 2006. Date of Access: 3 January 2006. www.fin.gc.ca/news06/06-044_2e.html.

⁸⁶⁷ "Country Profile: Canada," The Data Report, 2007 (London), May 2007. Date of Access : 30 May 2007. <http://www.thedatareport.org/pdf/canada2007.pdf>.

⁸⁶⁸ "Country Profile: Canada," The Data Report, 2007 (London), May 2007. Date of Access : 30 May 2007. <http://www.thedatareport.org/pdf/canada2007.pdf>.

⁸⁶⁹ *Malawi*, (Paris), 19 October 2006. Date of Access: 16 December 2006. http://www.clubdeparis.org/en/news/page_detail_news.php?FICHIER=com11612711120.

⁸⁷⁰ "Paris Club cancels debt of Sao Tome and Principe," The World Bank Group (Geneva). Date of Access: 30 May 2007. <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,date:2007-05-25~menuPK:34461~pagePK:34392~piPK:64256810~theSitePK:4607,00.html>.

⁸⁷¹ "Just The Facts - Finance Minister Jim Flaherty on the Record at Singapore," Halifax Initiative, 30 September 2006. Date of Access: 3 January 2006. www.halifaxinitiative.org/index.php/issue_update/824

It is important to note that no timetable has been announced for Canada's target of 0.7% of gross national income to be allocated for development assistance, in spite of pressure from other countries that have already announced realizable timeframes.⁸⁷²

Analyst: Catherine Kunz

France: +1

France has complied with its St. Petersburg commitment to debt relief and sustainability.

On the MDRI, France has made a commitment to allocate 0.7% of gross national income to development assistance by 2012 and has outlined a clear timetable to achieve this goal.⁸⁷³ France is also the only donor country to make a binding parliamentary 10-year commitment to the MDRI.⁸⁷⁴ According to Debt, AIDS, Trade, Africa (DATA), France has also pledged 100% of its target contribution to the IDA to cover the costs of MDRI.⁸⁷⁵ In October 2006, France also worked alongside other G8 countries to broker a Paris Club debt relief package for Malawi that would contribute to restoring the country's debt sustainability, worth USD\$137 million in nominal terms.⁸⁷⁶ Furthermore, in March 2007, France worked with its G8 partners to broker a debt relief package for Sao Tome and Principe, which became the 22nd country to reach the Heavily Indebted Poor Country (HIPC) completion point.⁸⁷⁷

On debt sustainability, Former Minister for the Economy, Finance and Industry, Thierry Breton, did however announce, in a statement to the Development Committee of the IMF and the World Bank in September 2006, that "strengthening the debt sustainability analysis framework [of the World Bank-IMF DSF] will be on our common agenda during the coming weeks and months."⁸⁷⁸

Analyst: Catherine Kunz

Germany: +1

Germany achieved compliance with its St. Petersburg commitment to ensure the implementation of the MDRI and the DSF. Germany reaffirmed its commitment to the MDRI, pledged funds for debt relief through its involvement in the Paris Club, and expressed its support for the IMF and World Bank's review of the DSF.

So far, according to Debt, AIDS, Trade, Africa (DATA), Germany has pledged 100% of its target contribution to the IDA, which is based on a binding commitment for the period for 2007-2016.⁸⁷⁹ Germany noted that in order to finance the MDRI, it will contribute some USD3.9 billion to make up for anticipated losses at the World Bank and AfDB.⁸⁸⁰ Also, on 9 February 2007, Finance Minister Peer Steinbrück urged fellow G8 member nations to work with the African Development Bank (AfDB) to support African countries through budget reconstruction.⁸⁸¹ In terms of bilateral debt relief, in an effort to assist the stabilization of Liberia in the aftermath of civil war, Germany relieved USD230 million owed by the country on 15 February 2007.⁸⁸² It has also largely participated in

⁸⁷² "The Global AIDS Crisis: Four Steps for Canada," Canadian Crossroads International, July 2005. Accessed: 26 November 2006. www.cciorg.ca/pdf_documents/GTAG%20platform%202006_final_EN.pdf

⁸⁷³ "Percée du G8 pour l'Afrique : le temps presse!" Oxfam International, 5 June, 2005. Accessed: 26 November, 2006. www.oxfam.org/fr/news/pressreleases/2005/pr060605_g8

⁸⁷⁴ "Country Profile: France," The Data Report, 2006 (London), May 2007. Accessed: 30 May 2007. www.thedatareport.org/pdf/country_france.pdf.

⁸⁷⁵ "Country Profile: France," The Data Report, 2007 (London), May 2007. Accessed: 30 May 2007. <http://www.thedatareport.org/pdf/france2007.pdf>.

⁸⁷⁶ *Malawi*, (Paris), 19 October 2006. Date of Access: 16 December 2006. http://www.clubdeparis.org/en/news/page_detail_news.php?FICHER=com11612711120.

⁸⁷⁷ "Paris Club cancels debt of Sao Tome and Principe," World Bank, (Geneva). Date of Access: 30 May 2007. <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,date:2007-05-25~menuPK:34461~pagePK:34392~piPK:64256810~theSitePK:4607,00.html>.

⁸⁷⁸ Statement Prepared for the Development Committee of the Boards of Governors of the World Bank and International Monetary Fund, International Monetary Fund and the World Bank, Thierry Breton, French Minister for Finance, Economy and Industry, (Singapore), 18 September 2006. Date of Access: 28 January 2007. [http://siteresources.worldbank.org/DEVCOMMIT/Documentation/21091177/DCS2006-0057\(E\)-France.pdf](http://siteresources.worldbank.org/DEVCOMMIT/Documentation/21091177/DCS2006-0057(E)-France.pdf).

⁸⁷⁹ "Country Profile: Germany," The Data Report, 2007 (London), May 2007. Date of Access : 30 May 2007. <http://www.thedatareport.org/pdf/germany2007.pdf>.

⁸⁸⁰ "Multilateral Debt Relief Initiative (MDRI)," Federal Ministry for Economic Cooperation and Development. Date of Access: 30 May 2007. http://www.bmz.de/en/issues/DebtRelief/deutsches_engagement/mdri.html.

⁸⁸¹ "Steinbrück wants to help Africa with budget reform," (Handelsblatt), 9 February 2007. Date of Access: 16 April 2007. http://www.handelsblatt.com/news/_pv/_p/200050/_t/ft/_b/1222951/default.aspx/index.html.

⁸⁸² Germany forgives Liberia of 175 million Euro debt, 15 February 2007. Date of Access: 16 April 2007. <http://de.news.yahoo.com/14022007/286/kurzberichte-deutschland-erl-sst-liberia-175-millionen-euro-schulden.html>.

collective debt relief initiatives in addition to the MDRI.⁸⁸³ For instance, in October 2006, Germany worked alongside other G8 countries to establish a Paris Club debt relief package for Malawi, worth USD137 million in nominal terms.⁸⁸⁴ On 9 November 2006, Germany also announced its participation in the cancellation of CFA559 billion of Cameroon's debt in conjunction with the loan assistance plan of the Paris Club.⁸⁸⁵ This agreement was finalized within the week in Germany. Furthermore, in March 2007, Germany worked alongside other G8 countries to broker a debt relief package for Sao Tome and Principe, which became the 22nd country to reach the Heavily Indebted Poor Country (HIPC) completion point. The IMF, World Bank and African Development Bank will write off 100% of its debt under the Multilateral Debt Relief Initiative (MDRI). The HIPC Initiative will also provide substantial cancellation of debt owed to bilateral creditors subject to agreement by the Paris Club.⁸⁸⁶

In looking to the Heiligendamm Summit in June Chancellor Merkel reiterated Germany's support for increasing development assistance. It is reported that Merkel will pledge to provide Africa with USD2 billion over the next four years. A significant amount of the money will be directed towards meeting Germany's ODA quota.⁸⁸⁷

Finally, Germany has demonstrated its support for the Debt Sustainability Framework. On 17 September 2006, Minister Steinbrück pledged Germany's future conjoined effort with the IMF and World Bank on the review of the Debt Sustainability Framework.⁸⁸⁸

Analyst: Charlotte Freeman Shaw and Tatiana Lanshina

Italy: 0

Italy has demonstrated partial compliance with its St. Petersburg commitment on debt relief and sustainability. So far, according to Debt, AIDS, Trade, Africa (DATA), Italy has pledged 100% of its target contribution to the IDA.⁸⁸⁹ On 17 September 2006, Italy's Minister of Economy and Finance Tommaso Padoa-Schioppa confirmed the republic's decision to support the IMF's initiatives in low-income countries and the implementation of the sunset-clause in conjunction with the HIPC initiative by the end of 2006.⁸⁹⁰ Furthermore, on 19 October 2006 Italy engaged in developing a Paris Club debt relief package for Malawi.⁸⁹¹ Italy is currently working on a multi-annual legislative instrument that will authorize participation in the initiative.⁸⁹² At the G8 Development Ministers Meeting in March 2007, Italy reaffirmed its African commitments when its development minister met with fellow G8 development ministers, African organizations, and emerging economies to discuss partnerships on the continent and the fulfillment of foreign aid obligations.⁸⁹³

Minister Padoa-Schioppa also reaffirmed Italy's support of the Debt Sustainability Framework (DSF), stating that the republic believes that the implementation of the DSF is crucial to successfully avoid future debt accumulation and will also be of paramount importance in achieving the Millennium

⁸⁸³ "Country Profile: Germany," The Data Report, 2007 (London), May 2007. Date of Access : 30 May 2007. <http://www.thedatareport.org/pdf/germany2007.pdf>.

⁸⁸⁴ Malawi, Paris Club, (Paris), 19 October 2006. Date of Access: 16 December 2006. www.clubdeparis.org/en/news/page_detail_news.php?FICHER=com11612711120.

⁸⁸⁵ Germany to Cancel \$1 billion Cameroon Debt, Reuters, (Yaounde), 9 November 2006. Date of Access: 9 November 2006. za.today.reuters.com/news/NewsArticle.aspx?type=topNews&storyID=2006-11-09T110024Z_01_BAN939598_RTRIDST_0_OZATP-ECONOMY-CAMEROON-CANCELLATION-20061109.XML.

⁸⁸⁶ Gleneagles Implementation Plan for Africa - March 2007 update, downloaded on 14.04.2007, <http://www.dfid.gov.uk/g8/milestones.asp> Date of Access: 03.04.2007.

⁸⁸⁷ Germany's Merkel Planning to Announce more aid for Africa at G8 Summit, 3 April 2007, Date of Access: 16 April 2007. BBC Monitoring European.

⁸⁸⁸ International Monetary and Financial Committee, Statement by Mr. Peer Steinbrück, Finance Minister of Germany, (Washington DC), 17 September 2006. Date of Access: 20 November 2006. www.imf.org/external/am/2006/imfc/statement/eng/deu.pdf.

⁸⁸⁹ "Country Profile: Italy," The Data Report, 2007 (London), May 2007. Accessed: 30 May 2007. <http://www.thedatareport.org/pdf/italy2007.pdf>.

⁸⁹⁰ International Monetary and Financial Committee, Statement by Tommaso Padoa Schioppa, Minister of Economy and Finance, Italy, (Singapore), 17 September 2006. Date of Access: 13 November 2006. www.imf.org/External/AM/2006/imfc/statement/eng/ita.pdf.

⁸⁹¹ Latest Debt Treatments, Paris Club, 12 December 2006. Date of Access: 13 November 2006. www.clubdeparis.org/en/countries.php?LIST_LAST=0.

⁸⁹² The DATA Report, Debt Aid Trade Africa, (Washington), Date of Access: 10 April 2007. <http://www.thedatareport.org/pdf/debt.pdf>.

⁸⁹³ G8 Development Ministers Seek Ways to Meet African Aid Goals, (Berlin), 26 March 2007. Date of Access: 10 April 2007. <http://www.spcm.org/Journal/spip.php?article7797>

Development Goals.⁸⁹⁴ How Italy will contribute to strengthening this framework beyond its support for its principles is unclear.

Analyst: Charlotte Freeman Shaw

Japan: +1

Japan has fully complied with its commitment to the MDRI and DSF. In spite of only contributing only 2% of its target contribution to the IDA to cover MDRI costs, it has contributed a significant amount to a number of bilateral debt relief initiatives and thus register full compliance. Beginning on 21 July 2006, Japan provided debt relief to nine countries, which currently qualify for or may potentially qualify for debt relief under MDRI.⁸⁹⁵ This bilateral debt relief includes ¥16.65 billion for Ethiopia, ¥100.11 billion for Cameroon, ¥70.88 billion for Mozambique, ¥2.74 billion for Ghana, ¥631.57 billion for Tanzania, ¥70.55 billion for Zambia, ¥88.14 billion for Madagascar, ¥4.99 billion for Central African Republic, ¥227.79 billion for Malawi.⁸⁹⁶ In addition, Japan worked alongside other G8 countries to broker a Paris Club debt relief package for Malawi worth USD137 million in nominal terms⁸⁹⁷ and provided debt relief for multiple countries through the IMF's implementation of the MDRI.⁸⁹⁸

On 18 September 2006, Hideki Ito, Deputy Director-General of the Economic Affairs Bureau, stated that Japan welcomes the implementation of the MDRI introduced by IMF, IDA and AfDF, and "intends to act on them promptly, staying with them until they are fully carried out."⁸⁹⁹ A statement released by Toshihiko Fukui, Governor for the Bank of Japan to the International Monetary and Financial Committee of Board of Governors on 17 September 2006, reaffirmed Japan's general support for the MDRI.⁹⁰⁰ Japan, however, has pledged only 2% of its target contribution to the IDA to cover MDRI costs, and in comparison, has not contributed as much as other G8 countries in canceling bilateral debts.⁹⁰¹

Analyst: Adrianna Kardynal

Russia: +1

Russia has taken steps to comply with its St. Petersburg commitment for debt relief and sustainability. According to the Ministry of Foreign Affairs, "measures are being taken to fulfill the Russian commitments associated with the implementation of the G8 initiative for multilateral debt cancellation to poor countries."⁹⁰² It states further that Russia's contribution will amount to approximately \$33 million in 2007-2014.⁹⁰³

Russia worked alongside other G8 countries to restore Malawi's debt sustainability by brokering a Paris Club relief package for the country worth USD137 million in nominal terms. In December 2006, Deputy Finance Minister Sergei Storchak said Russia was writing off USD558.48 million worth of debts to six African nations: \$11.75 million owed by Benin, \$162.8 million owed by Ethiopia, \$102.45 million owed by Madagascar, \$148.6 million owed by Mozambique, \$20.86 million owed by Tanzania, and \$112.2 million owed by Zambia. The six African nations reached the HIPC completion point on

⁸⁹⁴ International Monetary and Financial Committee, Statement by Tommaso Padoa Schioppa, Minister of Economy and Finance, Italy, (Rome), 17 September 2006. Date of Access: 13 November 2006. www.imf.org/External/AM/2006/imfc/statement/eng/ita.pdf.

⁸⁹⁵ International Monetary Fund, Annual Report of the Executive Board for the Financial Year Ended April 30, 2006 Date of Access: 14 April 2007 <http://www.imf.org/external/pubs/ft/ar/2006/eng/pdf/file7.pdf>.

⁸⁹⁶ Exchange of Notes in Fiscal Year 2006, Loan Aid by Date, The Ministry of Foreign Affairs of Japan, Date of Access: 14 April 2007. <http://www.mofa.go.jp/policy/oda/note/loan-6.html>.

⁸⁹⁷ Malawi, (Paris), 19 October 2006. Date of Access: 16 December 2006. www.clubdeparis.org/en/news/page_detail_news.php?FICHIER=com11612711120.

⁸⁹⁸ International Monetary Fund, IMF Financial Activities, 5 April 2007, Date of Access: 14 April 2007. <http://www.imf.org/external/np/tre/activity/2007/040507.htm#tab4>.

⁸⁹⁹ Statement by Mr. Hideki Ito, United Nations (New York), The Ministry of Foreign Affairs of Japan. 18 September 2006, Date of Access: 14 April 2007. <http://www.mofa.go.jp/announce/speech/un2006/un0609-3.html>.

⁹⁰⁰ Communiqué of the International Monetary and Financial Committee of the Board of Governors of the International Monetary Fund" 17 September 2006. Date of Access: 14 April 2007. <http://www.imf.org/external/np/cm/2006/091706.htm>.

⁹⁰¹ "Country Profile: Japan," The Data Report, 2007 (London), May 2007. Accessed: 30 May 2007. <http://www.thedatareport.org/pdf/japan2007.pdf>.

⁹⁰² "Russian Relations with Sub-Saharan African Countries," Ministry of Foreign Affairs of the Russian Federation (Moscow). Date of Access: 30 May 2007. http://www.mid.ru/brp_4.nsf/sps/DEF4B16F1CA22378C325725100416ACD.

⁹⁰³ "Russian Relations with Sub-Saharan African Countries," Ministry of Foreign Affairs of the Russian Federation (Moscow). Date of Access: 30 May 2007. http://www.mid.ru/brp_4.nsf/sps/DEF4B16F1CA22378C325725100416ACD.

December 31.⁹⁰⁴ Russia may also offer to write off \$350 million worth of debts to five other countries, namely Burundi, Republic of Congo, Guinea, Guinea-Bissau, Sao Tome & Principe, and Chad, Storchak said.⁹⁰⁵

According to the words of the RF Foreign minister Sergey Lavrov, of the total, Russia has already written off \$11.3 billion to African partners, including \$2.2 billion in the framework of the HIPC Initiative. This sum will be increased to \$500 million.⁹⁰⁶

According to Stanislav Pokrovskiy, Senior Counsellor of Department of International Organizations of Ministry of Foreign Affairs, Russia takes an active part in the IMF and World Bank initiatives on debt relief for the poorest countries with high level of debt. He also said during round table devoted to the UN Day of fight against poverty that Russia has written off more than \$40 billion for the last three years.⁹⁰⁷

Analyst: Elena Bylina and Adrianna Kardynal

United Kingdom: +1

The United Kingdom has complied with its St. Petersburg commitment on debt relief and sustainability. The UK has reiterated its strong commitment to implementing and financing the MDRI and the World Bank-IMF DSF while remaining active in a wide range of debt-relief related activities instituted prior to the St. Petersburg Summit.

The UK continued with its commitments under the MDRI. According to Debt, AIDS, Trade, Africa (DATA), the UK has pledged 100% of its target contribution to the IDA to cover the cost of MDRI.⁹⁰⁸ On 24 January 2007, the UK again worked alongside other G8 countries to broker a Paris Club debt relief package for Sierra Leone, worth USD218 million in nominal terms.⁹⁰⁹ Most creditors, the UK included, also committed on a bilateral basis to grant additional debt relief of USD22 million in nominal terms.⁹¹⁰ On 21 March 2007, Brown delivered the government's annual budget which stipulated that it will "continue to pay its share of the debt service owed to the World Bank and African Development Bank by other low-income countries that meet criteria for ensuring that the debt service savings are used for poverty reduction."⁹¹¹

The UK also urged other donor countries to agree to debt relief for all low-income countries and made particular mention of the UK's work in securing the financing of Liberia's arrears.⁹¹² With respect to this last issue, Brown sought to put fresh impetus behind debt relief for the world's poorest countries by pressing Britain's G8 partners to back the write-off of the USD3 billion owed by Liberia to its creditors.⁹¹³ However, Brown made no mention of debt relief at the G7 Finance Minister Meeting, a choice that was widely criticized.⁹¹⁴

The United Kingdom worked alongside other G8 countries to restore Malawi's debt sustainability by brokering a Paris Club relief package for the country worth USD137 million in nominal terms.⁹¹⁵ British Chancellor of the Exchequer Gordon Brown and Secretary of State for International Development

⁹⁰⁴ "Russia offers \$558 million debt relief to 6 countries" 21 December 2006. Date of Access: 17 May 2007. <http://www.prime-tass.com/news/show.asp?topicid=50&id=412203>.

⁹⁰⁵ "Russia offers \$558 million debt relief to 6 countries" 21 December 2006. Date of Access: 17 May 2007. <http://www.prime-tass.com/news/show.asp?topicid=50&id=412203>.

⁹⁰⁶ Russia will write off \$500 million to African countries. 29 May 2007. Date of Access: 29 May 2007. <http://www.rian.ru/economy/20070529/66246172.html>.

⁹⁰⁷ "For the last three years Russia has written off more than \$40 billion to developing countries" 25 October 2006. Date of Access: 17 May 2007. <http://news.webdigest.ru/content/479018.html>.

⁹⁰⁸ "Country Profile: United Kingdom," The Data Report, 2007 (London), May 2007. Accessed: 30 May 2007. <http://www.thedatareport.org/pdf/uk2007.pdf>.

⁹⁰⁹ Sierra Leone, Paris Club, (Paris), 24 January 2007. Date of Access: 5 April 2007. <http://www.clubdeparis.org/sections/services/communiqués/sierra-leone2036/viewLanguage/en>.

⁹¹⁰ Sierra Leone, Paris Club, (Paris), 24 January 2007. Date of Access: 5 April 2007. <http://www.clubdeparis.org/sections/services/communiqués/sierra-leone2036/viewLanguage/en>.

⁹¹¹ Budget 2007 Building a Fairer Society, pg 30, HM Treasury, (London), 21 March 2007 http://www.hm-treasury.gov.uk/budget/budget_07/bud_bud07_index.cfm.

⁹¹² Budget 2007 Building a Fairer Society pg 30, HM Treasury, (London), 21 March 2007 http://www.hm-treasury.gov.uk/budget/budget_07/bud_bud07_index.cfm.

⁹¹³ Elliott, Larry. "Brown presses G8 to help Liberia." *The Guardian*. 29 January 2007. Date of Access: 5 April 2007. <http://business.guardian.co.uk/story/0,,2000957,00.html>.

⁹¹⁴ "Hundreds demonstrate for debt relief, against war funds". *Associated Press Newswire*. 10 February 2007. Date of Access: 5 April 2007

⁹¹⁵ Malawi, (Paris), 19 October 2006. Date of Access: 16 December 2006. www.clubdeparis.org/en/news/page_detail_news.php?FICHIER=com11612711120.

Hilary Benn stated that the UK will continue to work with the World Bank and the IMF in disseminating the DSF to all official creditors, including export credit agencies, to guide their lending decisions.⁹¹⁶

Analyst: Erin Fitzgerald

United States: +1

The United States registered full compliance with St. Petersburg's African Debt Relief commitments. It launched new initiatives involving debt restructuring and relief and reaffirmed previous commitments.

The US has pledged 100% of its target contribution to the IDA to cover the costs of the MDRI.⁹¹⁷ On 24 January 2007, the US worked alongside other G8 countries to broker a Paris Club debt relief package for Sierra Leone, worth USD218 million in nominal terms.⁹¹⁸ Similarly, on 13 February 2007, the United States announced it was erasing Liberia's debt. Speaking at the start of a two-day conference of Liberia's donors, Secretary of State Condoleezza Rice noted the United States holds 391 million dollars in outstanding bilateral loans to Liberia. Rice stated: "We will cancel that debt...We hope that this will help to relieve Liberia's crippling debt burden, a debt burden that today's leadership and today's people of Liberia do not deserve."⁹¹⁹ The 2008 budget request includes funds to cover the start of this process.⁹²⁰ Rice also reaffirmed the desire of the United States to "work closely with other donors, such as the World Bank, the African Development Bank, the International Monetary Fund, to resolve...multilateral debt."⁹²¹

On the issue of debt sustainability, Henry Paulson Jr., Secretary of the Treasury for the United States stated in a September statement to the Boards of Governors of the World Bank and IMF, that while the work done thus far on the DSF is notable, "further improvements are essential to develop a framework that constrains the pace of new borrowing." Paulson notes that this is an "urgent task that requires [the United States and international financial institutions'] joint attention."⁹²²

Analyst: Erin Fitzgerald

European Union: +1

The European Union has displayed full compliance with the debt relief commitments established at Gleneagles and reaffirmed at St. Petersburg.

On 18 October 2006, German chancellor Angela Merkel pledged that Germany would make African debt relief a priority for the year.⁹²³ On 14 November, 2006, World Bank President Paul Wolfowitz met with members of the European parliament (MEPs) where MEP Mauro Zani of Italy called on the World Bank to play a more intense role on debt reduction, while other MEPs asked Wolfowitz whether the World Bank was prepared to forgive "illegitimate debts" amassed from loans to dictatorships and regimes practicing bad governance (such as Liberia and Rwanda).⁹²⁴ The end of November saw fifty African and EU ministers gather in Tripoli for the first EU-Africa Ministerial Conference on Migration and Development.⁹²⁵ The Conference paved the way for the joint Africa-EU declaration that

⁹¹⁶ World Bank and the IMF, Daily Hansard Written Answers, United Kingdom Parliament, (London), 17 January 2007. Date of Access: 28 January 2007.

⁹¹⁷ "Country Profile: United States," The Data Report, 2007 (London), May 2007. Accessed: 30 May 2007. <http://www.thedatareport.org/pdf/us2007.pdf>.

⁹¹⁸ Sierra Leone, Paris Club, (Paris), 24 January 2007. Date of Access: 5 April 2007. <http://www.clubdeparis.org/sections/services/communiques/sierra-leone2036/viewLanguage/en>.

⁹¹⁹ Rice, Condoleezza. Liberia Partners' Forum. Preston Auditorium of the World Bank (Washington D.C.). 13 February 2007. Date of Access: April 5 2007. <http://www.state.gov/secretary/rm/2007/feb/80483.htm>.

⁹²⁰ Rice, Condoleezza. Liberia Partners' Forum. Preston Auditorium of the World Bank (Washington D.C.). 13 February 2007. Date of Access: April 5 2007. <http://www.state.gov/secretary/rm/2007/feb/80483.htm>.

⁹²¹ Rice, Condoleezza. Liberia Partners' Forum. Preston Auditorium of the World Bank (Washington D.C.). 13 February 2007. Date of Access: April 5 2007. <http://www.state.gov/secretary/rm/2007/feb/80483.htm>.

⁹²² Statement Prepared for the Development Committee of the Boards of Governors of the World Bank and International Monetary Fund, International Monetary Fund and the World Bank by Henry M. Paulson Jr., World Bank, (Washington), 18 September 2006. Date of Access: 28 January 2007. <http://siteresources.worldbank.org/DEVCOMMINT/Documentation/21056157/DCS2006-0056-UnitedStates.pdf>.

⁹²³ Germany to Put Debt and Aid for Africa at Top of G8 Agenda, Guardian Unlimited UK Edition, (London), 19 October 2006. Date of Access: 2 January, 2007. <http://www.guardian.co.uk/germany/article/0,,1925677,00.html>.

⁹²⁴ World Bank President Paul Wolfowitz Highlights Key World Bank Priorities to Members of European Parliament (MEPs) in Extraordinary session of European Parliament's Development Committee, the World Bank, (Washington) 14 November, 2006. Date of Access: 2 January, 2007. <http://siteresources.worldbank.org/WBEU/Resources/WorldBankPresidentHighlightsKeyBankPrioritiestoMEPsExtra.pdf>.

⁹²⁵ EU-Africa Ministerial Conference on Migration and Development. Africa Union, (Addis Ababa) 23 November, 2006. Date of Access 20 December, 2006. <http://www.africa-union.org/root/au/Conferences/Past/2006/November/SA/EU/EU-AU.htm>.

emphasized the commitment of the EU to collectively increase its official development assistance to 0.56% of GNI by 2010 and 0.7% by 2015, with at least 50% of this allocated to Africa.⁹²⁶

EU debt relief is provided through the European Investment Bank and also through a Heavily Indebted Poor Countries' (HIPC) trust fund helping multilateral banks provide debt relief.⁹²⁷ In December 2006, Sierra Leone qualified for debt relief worth \$994 million under the HIPC Initiative, and a further \$610 million under the Multilateral Debt Relief Initiative (MDRI).⁹²⁸ While the EU has surpassed its goal to contribute 0.39% of GNI by 2006 for official development assistance, it is unclear how much of this includes debt relief.⁹²⁹ On 1 December 2006, Jarl-Håkan Rosengren, Minister Counsellor of the Permanent Mission of Finland (who held the EU presidency for the second half of 2006) stated that the European Union provided the "lion's share of debt relief to the world's poorest countries".⁹³⁰

The EU, most notably by the European Parliament, has criticized the World Bank-IMF DSF. However, it does recognize the importance of the framework in bringing debt sustainability to the centre of the decision-making process of international financial institutions.⁹³¹

On 19 February 2007 at the twenty-fourth France-Africa Summit when she urged European states "to take the Millennium Development Goals (MDG's) seriously" and reminded them of their collective responsibility to meet their Official Development Assistance (ODA) levels.⁹³² On April 23, 2007, Chancellor Merkel responded to a letter by Pope Benedict urging G8 leaders to cancel the debt of the world's poorest countries by promising that her G8 and EU presidencies will be used to push for "progress in the fight against poverty" and African development.⁹³³

Analyst: Samreen Beg

⁹²⁶ EU-Africa Ministerial Conference on Migration and Development. Africa Union, (Addis Ababa) 23 November, 2006. Date of Access 20 December, 2006. <http://www.africa-union.org/root/au/Conferences/Past/2006/November/SA/EU/EU-AU.htm>.

⁹²⁷ Collaboration Between the European Commission and the World Bank (Brussels), 21 April, 2006. Date of Access: 20 December, 2006. <http://www.europa.eu/rapid/pressReleasesAction.do?reference=MEMO/06/168&format=HTML&aged=0&language=EN&guiLanguage=en>.

⁹²⁸ Sierra Leone in Debt Relief Deal, BBC News UK Edition (London), 19 December 2006. <http://news.bbc.co.uk/2/hi/business/6192669.stm>.

⁹²⁹ European Commission, The World Bank (Washington, DC), 2006. Date of Access: 20 December, 2006. <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/PARTNERS/WBEU/0,,contentMDK:20422226~menuPK:899651~pagePK:64137114~piPK:64136911~theSitePK:380823,00.html>.

⁹³⁰ Address by Jarl-Håkan Rosengren, Minister Counsellor of the Permanent Mission of Finland Ministry of Foreign Affairs for Finland to the United Nations General Assembly, (New York), 1 December, 2006. Date of Access: 2 January, 2007. <http://213.214.146.178/public/default.aspx?contentid=84495&nodeid=15620&contentlan=2&culture=en-US>.

⁹³¹ Report on the strategic review of the International Monetary Fund, Committee on Economic and Monetary Affairs, (Brussels), 1 February 2006. Date of Access: 28 January 2007. http://www.eurodad.org/uploadstore/cms/docs/P6_A20060022_EN.doc.

⁹³² 24th France-Africa Summit, Statement by Federal Chancellor Angela Merkel, (Cannes), 15 February 2007. Date of Access: 10 April 2007. <http://www.bundesregierung.de/Content/EN/Reden/2007/02/2007-02-15-rede-merkel-Afrika-Frankreich-Giipfel.html>.

⁹³³ ANSA English Media Service (April 23, 2007), "Pope urges G8 to cancel third world debt."