

9. Africa: Debt Relief [143]

Commitment

“These include the historic multilateral debt relief of up to US\$60 billion, the implementation of which is now well underway.”⁹⁰³

Growth and Responsibility in Africa

Assessment

Final Compliance Score			
	Lack of Compliance	Work in Progress	Full Compliance
Country	-1	0	+1
Canada			+1
France		0	
Germany			+1
Italy		0	
Japan	-1		
Russia		0	
United Kingdom			+1
United States			+1
European Union		0	
Average Score			+0.33

Background

At the July 2005 G8 Summit in Gleneagles, Scotland, G8 leaders pledged to cancel the debt of the world’s most indebted countries, most of which are located in Africa.⁹⁰⁴ The G8 Proposal for Debt Relief, which was renamed the Multilateral Debt Relief Initiative (MDRI), provides for 100% relief on eligible debt from three multilateral institutions: the International Monetary Fund, the World Bank (International Development Association), and the African Development Fund.⁹⁰⁵ 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.⁹⁰⁶

At the G8 Summit in St. Petersburg in July 2006, G8 leaders affirmed their support for long-term debt sustainability through the IMF and World Bank debt sustainability framework for low-income countries.⁹⁰⁷ 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 2005.⁹⁰⁸

Debt sustainability is the ability to manage debts so that they do not become unserviceable. 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.

⁹⁰³ Growth and Responsibility in Africa, G8 Information Centre (Toronto) 8 June 2007. Date of Access: 28 December 2007. <<http://www.g8.utoronto.ca/summit/2007heiligidamm/g8-2007-africa.html>>

⁹⁰⁴ Africa, G8 Information Centre (Toronto) 8 July 2005. Date of Access: 01 January 2008. <<http://www.g8.utoronto.ca/summit/2005gleneagles/africa.html>>

⁹⁰⁵ G8 Finance Ministers’ Conclusions on Development, G8 Information Centre (Toronto) 11 June 2005. Date of Access: 1 January 2008. <http://www.g8.utoronto.ca/finance/fm050611_dev.htm>

⁹⁰⁶ G8 Finance Ministers’ Conclusions on Development, G8 Information Centre (Toronto) 11 June 2005. Date of Access: 1 January 2008. <http://www.g8.utoronto.ca/finance/fm050611_dev.htm>

⁹⁰⁷ Update on Africa, G8 Information Centre (Toronto) 16 July 2006. Date of Access: 1 January 2008. <<http://www.g8.utoronto.ca/summit/2006stpetersburg/africa.html>>

⁹⁰⁸ The Joint World Bank-IMF Debt Sustainability Framework for Low Income Countries, International Monetary Fund (Washington D.C.) May 2007. Date of Access: 1 January 2008. <<http://www.imf.org/external/np/exr/facts/jdsf.htm>>

The framework has been developed with the intention to better monitor and prevent the accumulation of unsustainable debt.⁹⁰⁹

Team Leader: Michael Erdman

Paris Club Debt Treatments since 2007 Heiligendamm Summit⁹¹⁰:

N = Not present

P = Participant

O = Observer

Recipient	Date	Canada	France	Germany	Italy	Japan	Russia	US	UK	EU
Gambia	22.6.07	N	P	P	P	N	N	N	P	N
Afghanistan	18.7.07	N	N	P	N	N	P	P	N	N
CAR	24.12.07	N	P	P	P	P	P	P	P	N
Guinea	23.1.08	O	P	P	P	P	P	P	P	N
Gambia	24.1.08	N	P	N	P	O	O	O	P	N
Liberia	17.4.08	N	P	P	P	P	O	P	P	N

⁹⁰⁹ The Joint World Bank-IMF Debt Sustainability Framework for Low Income Countries, International Monetary Fund (Washington D.C.) May 2007. Date of Access: 1 January 2008. <<http://www.imf.org/external/np/exr/facts/jdsf.htm>>

⁹¹⁰ Latest Debt Treatments, Club de Paris (Paris). Date of Access: 1 May 2008. <<http://www.clubdeparis.org/sections/pays/derniers-traitements-de>>

Value of G8 claims forgiven under the HIPC Initiative, as of 28 August 2007 (US\$ million, NPV terms for end of 2006)⁹¹¹

HIPC	Canada	France	Germany	Italy	Japan	Russia	United Kingdom	United States	Total forgiven by G8
Afghanistan	0	0	7	0	0	359	0	35	401
Benin	0	35	2	13	11	2	2	0	65
Bolivia	2	25	132	28	198	0	13	31	429
Burkina Faso	0	14	0	4	0	1	1	0	20
Burundi	0	57	0	0	26	2	0	0	85
Cameroon	45	549	189	46	12	0	47	17	905
Chad	0	14	0	2	0	0	0	0	16
Congo, DR	21	795	307	388	496	0	86	1067	3160
Congo, Rep.	13	587	47	48	0	35	56	13	799
Ethiopia	0	4	42	125	7	404	10	35	627
Gambia, The	0	2	0	0	0	0	0	0	2
Ghana	13	63	79	21	619	0	90	24	909
Guinea	0	105	1	10	24	24	1	24	189
Guinea-Bissau	0	6	2	106	0	9	0	0	123
Guyana	2	1	4	0	1	3	70	4	85
Haiti	0	7	0	4	0	0	0	2	13
Honduras	6	25	4	13	87	0	0	45	180
Madagascar	17	145	39	75	67	52	15	12	422
Malawi	0	5	0	0	165	0	0	0	170
Mali	0	88	0	0	5	47	7	0	147
Mauritania	0	35	4	0	5	0	9	4	57
Mozambique	0	226	130	318	41	126	104	29	974
Nicaragua	0	56	324	84	73	273	1	43	854
Niger	0	101	0	0	14	0	9	6	130
Rwanda	2	32	0	0	9	0	0	0	43
São Tomé and Príncipe	0	2	4	5	0	1	0	0	12
Senegal	1	120	0	8	0	0	0	1	130
Sierra Leone	0	16	9	37	86	0	8	42	198

⁹¹¹ Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) – Status of Implementation, International Monetary Fund (Washington D.C.) 28 August 2007. Date of Access: 19 June 2008. <<http://www.imf.org/external/np/pp/2007/eng/082807.pdf>>

Tanzania	32	70	50	69	397	70	119	13	820
Uganda	0	24	1	66	6	0	20	1	118
Zambia	36	111	309	48	482	153	153	94	1386
Total	188	3319	1686	1517	2832	1563	822	1542	13469

Canada: +1

Canada has fully complied with its debt relief commitment as reaffirmed at the Heiligendamm Summit.

In his address to the International Monetary and Financial Committee on 12 April 2008, Canadian Minister of Finance Jim Flaherty stressed the importance of debt relief and the role of the Bretton Woods Institutions (the World Bank and IMF) in ensuring that low-income countries did not amass unsustainable levels of external debt.⁹¹² Minister Flaherty noted that “[o]ur ultimate goal regarding debt sustainability is to prevent a return to the ‘lend-and-forgive’ cycles of the past and ensure that potential benefits of debt relief are real and long-lasting.”⁹¹³ To do so, he stated, “a high priority for the IMF should be to help low-income countries avoid unsustainable borrowing, while simultaneously encouraging creditor countries to provide financing that is in line with the borrowing country’s development plans as well as any IMF concessionality requirements or the results of the most recent IMF/World Bank Debt Sustainability Analysis.”⁹¹⁴

Canada supported the G7 Finance Ministers’ calls to alleviate Liberia’s debt,⁹¹⁵ and has also been active in encouraging other nations outside of the G7 to assist Liberia in receiving multilateral debt relief. The Canadian government contributed CAD44 million to help clear Liberia’s outstanding obligations to international financial institutions (IFI), building momentum in the campaign to eliminate the US\$1.5 billion owed by Liberia to the IFIs. An agreement on the issue was announced in January 2008.⁹¹⁶ Canada also transferred CAD46.3 million to the International Development Association (IDA) in 2007, in order to compensate the IDA for inflows lost because of the MDRI.⁹¹⁷

Canada has also been active in encouraging bilateral debt relief for other HIPC.⁹¹⁸ However, of the five countries that received debt treatments at the Paris Club since June 2007, none has contractual obligations to the Canadian government.⁹¹⁹

On 4 April 2008, the Development Assistance Committee (DAC) of the OECD released its annual report on Official Development Assistance (ODA). In its press release, the DAC noted that 2007 ODA levels for Canada had fallen by 2.7% since 2006 and that the decrease was due in part to “decreased debt relief.”⁹²⁰ Debt relief spiked in 2006, when the Canadian government announced that it would forgive US\$221 million in bilateral debt owed to Canada by Cameroon, representing 100% of the Cameroon’s obligations to the government of Canada.⁹²¹

On 9 February 2008, G7 Finance Ministers and Central Bank Governors met in Tokyo and reaffirmed their support for debt relief and the IMF’s initiatives to encourage sustainable lending, including through technical assistance programs. The Ministers also discussed the possibility of “establishing a legal support

⁹¹² Statement by James Michael Flaherty Finance Minister for Canada, International Monetary Fund (Washington D.C.) 12 April 2008. Date of Access: 11 May 2008. <<http://www.imf.org/External/spring/2008/imfc/statement/eng/can.pdf>>

⁹¹³ Statement by James Michael Flaherty Finance Minister for Canada, International Monetary Fund (Washington D.C.) 12 April 2008. Date of Access: 11 May 2008. <<http://www.imf.org/External/spring/2008/imfc/statement/eng/can.pdf>>

⁹¹⁴ Statement by James Michael Flaherty Finance Minister for Canada, International Monetary Fund (Washington D.C.) 12 April 2008. Date of Access: 11 May 2008. <<http://www.imf.org/External/spring/2008/imfc/statement/eng/can.pdf>>

⁹¹⁵ Statement of G7 Finance Ministers and Central Bankers, G8 Information Centre (Toronto) 19 October 2007. Date of Access: 11 May 2008. <<http://www.g8.utoronto.ca/finance/fm071019.htm>>

⁹¹⁶ Canada at the IMF and World Bank – 2007, Department of Finance (Ottawa) March 2008. Date of Access: 18 June 2008. <http://www.fin.gc.ca/bretwood/pdf/bretwd07_e.pdf>

⁹¹⁷ Canada at the IMF and World Bank – 2007, Department of Finance (Ottawa) March 2008. Date of Access: 18 June 2008. <http://www.fin.gc.ca/bretwood/pdf/bretwd07_e.pdf>

⁹¹⁸ Canada at the IMF and World Bank – 2007, Department of Finance (Ottawa) March 2008. Date of Access: 18 June 2008. <http://www.fin.gc.ca/bretwood/pdf/bretwd07_e.pdf>

⁹¹⁹ Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) – Status of Implementation, International Monetary Fund (Washington D.C.) 28 August 2007. Date of Access: 19 June 2008. <<http://www.imf.org/external/np/pp/2007/eng/082807.pdf>>

⁹²⁰ Debt Relief is down: Other ODA rises slightly, Organisation for Economic Cooperation and Development, Club de Paris (Paris) 4 April 2008. Date of Access: 10 May 2008. <http://www.oecd.org/document/8/0,3343,en_2649_201185_40381960_1_1_1_1,00.html>

⁹²¹ Canada’s New Government Cancels All Debt Owed by Cameroon, Department of Finance (Ottawa) 18 July 2006. Date of Access: 18 June 2008. <<http://www.fin.gc.ca/news06/06-034e.html>>

facility for HIPC's" and welcomed the agreement on debt relief for Liberia.⁹²² The statement from the 9 February meeting was remarkable in that it mentioned an OECD agreement on guidelines for sustainable lending to low-income nations by export credit agencies, many of which are private or semi-private institutions.⁹²³ The Finance Ministers and Central Bankers met once more in Washington D.C. on 11 April 2008, but made no statement on G7 support for debt relief.⁹²⁴

Thus, Canada has been awarded a score of +1 for its financial support for the MDRI and for its policy statements in favour of debt sustainability.

Analyst: Nicole Formosa

France: 0

France has partially complied with its commitment on debt relief as reaffirmed at the Heiligendamm Summit in June 2007. Although it has offered debt relief to numerous African states and has worked with the Paris Club to reduce the debts of four states, its representatives have failed to highlight the evolution of the Heavily Indebted Poor Countries (HIPC) Initiative, the Multilateral Debt Relief Initiative (MDRI), and the Debt Sustainability Framework (DSF).

France has been active in the cancellation of several African nations' debts. On 29 December 2007, the French government announced that it would cancel 100% of Zambia's remaining debt, totaling €67 million.⁹²⁵ The announced sum exceeds the Paris Club's decision to cancel 90% of Zambia's debt, agreed in May 2007.⁹²⁶

France participated in debt cancellations agreed at the Paris Club for the Central African Republic, Guinea, and Gambia, totaling US\$4 million, US\$182 million, and US\$12 million respectively, in addition to eliminating the entire debt of São Tomé and Príncipe.⁹²⁷ On 17 April 2008, the Paris Club launched a multilateral debt cancellation program that cancelled US\$254 million of Liberia's debt and rescheduled an additional US\$789 million.⁹²⁸ The amount of debt relief offered specifically by France is unclear.

On 12 April 2008, France's Minister for Economy, Finance and Employment, Christine Lagarde, addressed the International Monetary and Financial Committee of the International Monetary Fund (IMF), but made no mention of debt relief or multilateral debt sustainability programs.⁹²⁹ The Alternate Governor of the Fund for France, Christian Noyer, also failed to mention the debt relief issue in his address to the Joint Annual Discussion of the Board of Governors of the IMF on 22 October 2007.⁹³⁰ Neither representative made mention of the relief offered to Liberia.

⁹²² Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

⁹²³ Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

⁹²⁴ Statement of G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 11 April 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080411.htm>>

⁹²⁵ France cancels Zambia's debt by 100 percent, AngolaPress (Lusaka) 28 November 2007. Date of Access: 12 January 2008. <<http://www.angolapress-angop.ao/noticia-e.asp?ID=403689>>

⁹²⁶ France cancels Zambia's debt by 100 percent, AngolaPress (Lusaka) 28 November 2007. Date of Access: 12 January 2008. <<http://www.angolapress-angop.ao/noticia-e.asp?ID=403689>>

⁹²⁷ Gambia – Debt Treatment January 24 2008, Paris Club (Paris) 24 January 2008. Date of Access: 5 May 2008.

<http://www.clubdeparis.org/sections/traitements/gambie-20080124_1/viewLanguage/en> Guinea – Debt Treatment January 23 2008, Paris Club (Paris) 23 January 2008. Date of Access: 5 May 2008.

<<http://www.clubdeparis.org/sections/traitements/guinee-20080123/viewLanguage/en>> Central African Republic – Debt Treatment December 24 2007, Paris Club (Paris) 24 December 2008. Date of Access: 5 May 2008.

<<http://www.clubdeparis.org/sections/traitements/republique/viewLanguage/en>>

⁹²⁸ Liberia – Debt Treatment April 17 2008, Paris Club (Paris) 17 April 2008. Date of Access: 5 May 2008.

<<http://www.clubdeparis.org/sections/services/communiqués/liberia5796/viewLanguage/en>>

⁹²⁹ Statement by Ms. Christine Lagarde Minister for Economy, Finance and Employment for France, International Monetary Fund (Washington D.C.) 12 April 2008. Date of Access: 10 May 2008. <<http://www.imf.org/External/spring/2008/imfc/statement/eng/fra.pdf>>

⁹³⁰ Statement by the Hon. Christian Noyer, Alternate Governor of the Fund for France, At The Joint Annual Discussion, International Monetary Fund (Washington D.C.) 22 October 2007. Date of Access: 13 January 2008. <<http://www.imf.org/external/am/2007/speeches/pr36e.pdf>>

On 4 April 2008, the Development Assistance Committee (DAC) of the OECD released its annual report on Official Development Assistance (ODA). In its press release, the DAC noted that 2007 ODA levels for France had fallen by 15.9% since 2006, noting that the decline was “due mainly to decreased debt relief.”⁹³¹

On 9 February 2008, G7 Finance Ministers and Central Bank Governors met in Tokyo and reaffirmed their support for debt relief and the IMF’s initiatives to encourage sustainable lending, including through technical assistance programs. The Ministers also discussed the possibility of “establishing a legal support facility for HIPCs” and welcomed the agreement on debt relief for Liberia.⁹³² The statement from the 9 February meeting was remarkable in that it mentioned an OECD agreement on guidelines for sustainable lending to low-income nations by export credit agencies, many of which are private or semi-private institutions.⁹³³ The Finance Ministers and Central Bankers met once more in Washington D.C. on 11 April 2008, but made no statement on G7 support for debt relief.⁹³⁴

Thus, France has been awarded a score of 0 for its lack of policy statements on the issue of debt relief and for the numerous debt cancellations that have been offered to states that are part of the HIPC Initiative.

Analyst: Nikola Cvetkovic

Germany: +1

Germany has fully complied with its Debt Relief commitment as reaffirmed at the Heiligendamm Summit in June 2007.

On 18 April 2008, the Paris Club of sovereign creditors reached a deal with Liberia to cancel US\$254 million of debt and to reschedule an additional US\$789 million.⁹³⁵ Germany supported the debt relief package, but the value of debt cancelled specifically by the German government is not yet clear.⁹³⁶

At the Heiligendamm Summit, Germany was the first nation to reaffirm its support for the Debt2Health Initiative founded by the Global Fund to combat AIDS, Tuberculosis, and Malaria (GFATM). The Debt2Health Initiative seeks to finance GFATM activities in developing countries via debt swaps and debt relief.⁹³⁷ Germany continues to participate in discussions aimed at making Indonesia, Kenya, Peru, and Pakistan the first states to benefit.⁹³⁸ On 23 October 2007, German Foreign Minister Heidemarie Wiczeorek-Zeul reaffirmed Germany’s commitment to accelerating the implementation of debt relief at the High-Level Dialogue on Financing for Development.⁹³⁹ On 19 November 2007, German Ambassador to the United Nations Conference on Trade and Development (UNCTAD) Dr. Reinhard Schweppe announced that Germany would begin supporting the UNCTAD’s debt management activities by providing €450 000

⁹³¹ Debt Relief is down: Other ODA rises slightly, Organisation for Economic Cooperation and Development (Paris) 4 April 2008. Date of Access: 10 May 2008.

<http://www.oecd.org/document/8/0,3343,en_2649_201185_40381960_1_1_1_1,00.html>

⁹³² Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

⁹³³ Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

⁹³⁴ Statement of G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 11 April 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080411.htm>>

⁹³⁵ Paris Club reaches debt deal with Liberia, Reuters (Paris) 18 April 2008. Date of Access: 6 May 2008.

<<http://africa.reuters.com/business/news/usnBAN832755.html>>

⁹³⁶ Paris Club reaches debt deal with Liberia, Reuters (Paris) 18 April 2008. Date of Access: 6 May 2008.

<<http://africa.reuters.com/business/news/usnBAN832755.html>>

⁹³⁷ Debt conversion initiative launched to help fund health programs, Federal Ministry for Economic Cooperation and Development (Bonn) 26 September 2007. Date of Access: 08 January 2008.

<http://www.bmz.de/en/press/pm/2007/september/pm_20070926_111.html>

⁹³⁸ Debt conversion initiative launched to help fund health programs, Federal Ministry for Economic Cooperation and Development (Berlin) 26 September 2007. Date of Access: 08 January 2008.

<http://www.bmz.de/en/press/pm/2007/september/pm_20070926_111.html>

⁹³⁹ Address by Federal Minister of Economic Cooperation and Development Heidemarie Wiczeorek-Zeul, Federal Ministry for Economic Cooperation and Development (Bonn) 23 October 2007. Date of Access: 28 December 2007.

<http://www.bmz.de/en/press/speeches/ministerin/rede_20071023.html>

for its programs.⁹⁴⁰ Dr. Schweppe also reiterated Germany's strong support for strengthening of debt relief programs at the World Bank.⁹⁴¹

Germany has played a pivotal role in the practical implementation of debt relief. On 7 October 2007, Chancellor Merkel supported debt relief for Liberia within the framework of the HIPC Initiative by promising to cancel all bilateral debt owed by Liberia to Germany.⁹⁴² On 21 December 2007, Germany signed an agreement to write off more than US\$1.2 billion owed by Cameroon after that country successfully met the completion conditions of the HIPC Initiative.⁹⁴³ On 11 February 2008, Germany's Vice-Chancellor, Frank-Walter Steinmeier, called for relief of Togo's debt following multi-party elections in October, one of the conditions set by the EU for normalizing full aid and cooperation frozen in 1993.⁹⁴⁴

On 9 February 2008, G7 Finance Ministers and Central Bank Governors met in Tokyo and reaffirmed their support for debt relief and the IMF's initiatives to encourage sustainable lending, including through technical assistance programs. The Ministers also discussed the possibility of "establishing a legal support facility for HIPCs" and welcomed the agreement on debt relief for Liberia.⁹⁴⁵ The statement from the 9 February meeting was remarkable because it mentioned an OECD agreement on guidelines for sustainable lending to low-income nations by export credit agencies, many of which are private or semi-private institutions.⁹⁴⁶ The Finance Ministers and Central Bankers met once more in Washington D.C. on 11 April 2008, but made no statement on G7 support for debt relief.⁹⁴⁷

Thus, Germany has been awarded a score of +1 for its continued support of debt relief initiatives and its cooperation in multilateral debt cancellations

Analyst: Stefan Bundi

Italy: 0

Italy has partially complied with its commitment on debt relief made at the 2007 Summit in Heiligendamm. The Italian government has engaged in several debt treatments at the Paris Club for nations included in the Enhanced HIPC Initiative.

Between 22 June 2007 and 14 April 2008, the Italian government participated in debt treatments (including both debt cancellations and debt restructurings) for Liberia⁹⁴⁸, Guinea⁹⁴⁹, Gambia⁹⁵⁰ and the Central African Republic⁹⁵¹. The exact value of the debts cancelled by the Italian government has yet to be made public either by the Italian Ministry of Foreign Affairs or the Paris Club.

⁹⁴⁰ Debt relief and beyond: Debt sustainability and the MDGs, UNCTAD (Geneva) 19 November 2007. Date of Access: 28 December 2007. <http://r0.unctad.org/dmfasc/docs/DMconf07_papers/Schweppe.pdf>

⁹⁴¹ Debt relief and beyond: Debt sustainability and the MDGs, UNCTAD (Geneva) 19 November 2007. Date of Access: 28 December 2007. <http://r0.unctad.org/dmfasc/docs/DMconf07_papers/Schweppe.pdf>

⁹⁴² Wiczorek-Zeul welcomes debt relief for Liberia, Federal Ministry for Economic Cooperation and Development (Bonn) 13 November 2007. Date of Access: 28 December 2007.

<http://entwicklungspolitik.de/en/press/pm/2007/november/pm_20071113_130.html>

⁹⁴³ Germany writes off Cameroon's \$1.2 billion debt, China View (Beijing) 21 December 2007. Date of Access: 28 December 2007. <http://news.xinhuanet.com/english/2007-12/22/content_7294130.htm>

⁹⁴⁴ Germany urges debt relief for Togo to back reforms, Reuters (Lome) 11 February 2008. Date of Access: 6 May 2008. <<http://www.reuters.com/article/latestCrisis/idUSL11331873>>

⁹⁴⁵ Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

⁹⁴⁶ Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

⁹⁴⁷ Statement of G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 11 April 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080411.htm>>

⁹⁴⁸ LIBERIA Debt Treatment – April 17, 2008, Club de Paris (Paris) 17 April 2008. Date of Access: 1 May 2008. <<http://www.clubdeparis.org/sections/traitements/liberia-20080417/viewLanguage/en>>

⁹⁴⁹ GUINEA Debt Treatment – January 23, 2008, Club de Paris (Paris) 23 January 2008. Date of Access: 1 May 2008. <<http://www.clubdeparis.org/sections/traitements/guinee-20080123/viewLanguage/en>>

⁹⁵⁰ GAMBIA Debt Treatment – January 24, 2008, Club de Paris (Paris) 24 January 2008. Date of Access: 1 May 2008. <http://www.clubdeparis.org/sections/traitements/gambie-20080124_1/viewLanguage/en>

⁹⁵¹ CENTRAL AFRICAN REPUBLIC Debt Treatment – December 24, 2007, Club de Paris (Paris) 24 December 2007. Date of Access: 1 May 2008. <<http://www.clubdeparis.org/sections/traitements/republique/viewLanguage/en>>

On 23 October 2005, Italy, through the G8, promised to facilitate the MDRI by adapting domestic legislation to permit the payment of Italy's share of the MDRI — which totaled €23.53 billion in the fiscal year 2007-08 — throughout the life of the initiative.⁹⁵² Changes to the law on debt relief made in late 2006, however, included no mention of the MDRI.⁹⁵³ Furthermore, the Financial and Economic Planning Document 2008-2011 (*Documento di Programmazione Economica e Finanziaria 2008-2011*) passed by the Prodi government, included no provisions for specific increases in funding for multilateral or bilateral debt relief.⁹⁵⁴ At the same time, the Italian government indicated that it was not in a position to make a firm commitment on financing for the Initiative for the rest of the decade.⁹⁵⁵ It is unclear whether the new government plans to include such allocations in its economic policy or if it will embark on a new path for Italy's contributions to the MDRI.

On 4 April 2008, the Development Assistance Committee (DAC) of the OECD released its annual report on Official Development Assistance (ODA). In its press release, the DAC noted that 2007 ODA levels for Italy had fallen by 3.6% since 2006, noting that the decline was “due mainly to decreased debt relief.”⁹⁵⁶

On 9 February 2008, G7 Finance Ministers and Central Bank Governors met in Tokyo and reaffirmed their support for debt relief and the IMF's initiatives to encourage sustainable lending, including through technical assistance programs. The Ministers also discussed the possibility of “establishing a legal support facility for HIPCs” and welcomed the agreement on debt relief for Liberia.⁹⁵⁷ The statement from the 9 February meeting was remarkable because it mentioned an OECD agreement on guidelines for sustainable lending to low-income nations by export credit agencies, many of which are private or semi-private institutions.⁹⁵⁸ The Finance Ministers and Central Bankers met once more in Washington D.C. on 11 April 2008, but made no statement on G7 support for debt relief.⁹⁵⁹

Thus, Italy has been awarded a score of 0 for the progress it has made towards debt relief for nations included in the Enhanced HIPC Initiative and for the lack of support for the MDRI.

Analyst: Michael Erdman

Japan: -1

Japan has failed to comply with its commitment on debt relief as agreed at the 2007 Heiligendamm Summit. Despite numerous debt cancellations and support for both the HIPC Initiative and the MDRI, Japan has continued to employ loan aid to states that qualify for HIPC Initiative and MDRI debt relief.

In a statement written to the President of Japan, the Minister-Counselor to the United Nations, Mikio Mori, stated that “...free trade and debt relief are crucial for the sustainable development of Africa. The objective of poverty reduction through economic growth has long been one of the pillars of Japan's development cooperation with Africa.”⁹⁶⁰ This reaffirms Japan's willingness to provide aid to African nations. Indeed, in

⁹⁵² Additions to IDA Resources: Financing the Multilateral Debt Relief Initiative, World Bank (Washington D.C.) 10 March 2006. Date of Access: 1 May 2008. <http://siteresources.worldbank.org/INTDEBTDEPT/Resources/35768_2.pdf>

⁹⁵³ Legge 209/2000, Ministero degli Affari Esteri (Rome). Date of Access: 1 May 2008. <http://www.esteri.it/MAE/IT/Politica_Estera/Economia/Cooperaz_Finanziaria/Debito_Estero/Legge_25_luglio_n_209.htm>

⁹⁵⁴ Documento di Programmazione Economica e Finanziaria per gli anni 2008-2011, Ministero dell'Economia e delle Finanze (Rome) 28 June 2007. Date of Access: 1 May 2008. <<http://www.mef.gov.it/web/apri.asp?idDoc=17881>>

⁹⁵⁵ Additions to IDA Resources: Financing the Multilateral Debt Relief Initiative, World Bank (Washington D.C.) 10 March 2006. Date of Access: 1 May 2008. <http://siteresources.worldbank.org/INTDEBTDEPT/Resources/35768_2.pdf>

⁹⁵⁶ Debt Relief is down: Other ODA rises slightly, Organisation for Economic Cooperation and Development (Paris) 4 April 2008. Date of Access: 10 May 2008.

<http://www.oecd.org/document/8/0,3343,en_2649_201185_40381960_1_1_1_1,00.html>

⁹⁵⁷ Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

⁹⁵⁸ Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

⁹⁵⁹ Statement of G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 11 April 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080411.htm>>

⁹⁶⁰ Statement by Mr. Mikio Mori Minister-Counselor, Permanent Mission of Japan to the United Nations, Ministry of Foreign Affairs (Tokyo) 18 October 2007. Date of Access: 10 January 2008. <<http://www.mofa.go.jp/announce/speech/un2007/un0710-5.html>>

August 2007, Japan provided over ¥3 868 million of debt relief in the form of debt cancellation to Sierra Leone, thereby eliminating all of Sierra Leone's obligations to the Japan Bank for International Cooperation (JBIC).⁹⁶¹ In March 2008, Japanese officials stated to Sudan that if the north-south peace agreement is implemented, ¥3.2 billion of Sudan's external debt to Japan would be forgiven.⁹⁶²

Japan participated in the cancellation of US\$182 million, and US\$254 million of debt owed by Guinea and Liberia respectively, which was agreed at the Paris Club.⁹⁶³ Furthermore, Japan helped to reschedule US\$116 million owed by Guinea and US\$789 million owed by Liberia.⁹⁶⁴

Japan's Senior Vice Minister of Finance stressed the positive influence of effective debt relief programs, especially the Multilateral Debt Relief Initiative (MDRI), at the 76th Meeting of the World Bank/IMF Joint Development Committee. "I welcome the recent trend of increase in total aid volume as well as the number of aid channels... We need to constantly monitor development impact of debt relief initiatives, including the Multilateral Debt Relief Initiatives. Debt relief provides fiscal space to recipient countries, having the same effect as providing a straightforward budget support. We should not underestimate its development impact."⁹⁶⁵

On 4 April 2008, the Development Assistance Committee (DAC) of the OECD released its annual report on Official Development Assistance (ODA). In its press release, the DAC noted that 2007 ODA levels for Japan had fallen by 30.1% since 2006, blaming the decline on an "especially high" decrease in debt relief during 2005 and 2006.⁹⁶⁶

Japan's failure on this issue stems from its continued use of interest-bearing loans instead of grants to fund development assistance. Loans were approved for countries that already qualified HIPC debt relief, including Kenya (JPY26.711 billion) and Tanzania (JPY2 billion).⁹⁶⁷ Furthermore, Japan lent JPY3.484 billion to Uganda, a state that qualifies for debt relief from both the HIPC Initiative and the MDRI.⁹⁶⁸

On 9 February 2008, G7 Finance Ministers and Central Bank Governors met in Tokyo and reaffirmed their support for debt relief and the IMF's initiatives to encourage sustainable lending, including through technical assistance programs. The Ministers also discussed the possibility of "establishing a legal support facility for HIPCs" and welcomed the agreement on debt relief for Liberia.⁹⁶⁹ The statement from the 9 February meeting was remarkable in that it mentioned an OECD agreement on guidelines for sustainable lending to low-income nations by export credit agencies, many of which are private or semi-private

⁹⁶¹ Debt-Relief Measure in the Form of Cancellation for Sierra Leone, Ministry of Foreign Affairs (Tokyo) 1 August 2007. Date of Access: 10 January 2008. <http://www.mofa.go.jp/announce/announce/2007/8/1174693_832.html>

⁹⁶² Japan offers Y3.2 debt relief for Sudan if peace goals met, Japan Today (Tokyo) 6 March 2008. Date of Access: 22 March 2008. <<http://archive.japantoday.com/jp/bbs/msg/TaiwaneseInTokyo/p2>>

⁹⁶³ Liberia – Debt Treatment April 17, 2008, Paris Club (Paris) April 17 2007. Date of Access: May 5, 2008. <<http://www.clubdeparis.org/sections/traitements/liberia-20080417/viewLanguage/en>> Guinea – Debt Treatment January 23, 2008, Paris Club (Paris) January 23, 2008. Date of Access May 5, 2008.

<<http://www.clubdeparis.org/sections/traitements/guinee-20080123/viewLanguage/en>>

⁹⁶⁴ Liberia – Debt Treatment April 17, 2008, Paris Club (Paris) April 17 2007. Date of Access: May 5, 2008. <<http://www.clubdeparis.org/sections/traitements/liberia-20080417/viewLanguage/en>> Guinea – Debt Treatment January 23, 2008, Paris Club (Paris) January 23, 2008. Date of Access May 5, 2008.

<<http://www.clubdeparis.org/sections/traitements/guinee-20080123/viewLanguage/en>>

⁹⁶⁵ Statement by the Hon. Otohiko Endo Senior Vice Minister of Finance of Japan At the 76th Meeting of the World Bank/IMF Joint Development Committee, Ministry of Finance (Tokyo) 21 October 2007. Date of Access: 12 December 2007. <http://www.mof.go.jp/english/if/wb_imf_071021_st.htm>

⁹⁶⁶ Debt Relief is down: Other ODA rises slightly, Organisation for Economic Cooperation and Development (Paris) 4 April 2008. Date of Access: 10 May 2008.

<http://www.oecd.org/document/8/0,3343,en_2649_201185_40381960_1_1_1_1,00.html>

⁹⁶⁷ Exchange of Notes in Fiscal Year 2007 Loan Aid by Region, Ministry of Foreign Affairs (Tokyo) 11 December 2007. Date Accessed: 10 January 2008. <<http://www.mofa.go.jp/policy/oda/note/loan-7r.html>>

⁹⁶⁸ Exchange of Notes in Fiscal Year 2007 Loan Aid by Region, Ministry of Foreign Affairs (Tokyo) 11 December 2007. Date Accessed: 10 January 2008. <<http://www.mofa.go.jp/policy/oda/note/loan-7r.html>>

⁹⁶⁹ Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

institutions.⁹⁷⁰ The Finance Ministers and Central Bankers met once more in Washington D.C. on 11 April 2008, but made no statement on G7 support for debt relief.⁹⁷¹

Thus, despite policy pronouncements in favour of the HIPC Initiative and the MDRI and numerous debt cancellations, Japan has been awarded a score of -1 for its continued use of interest-bearing loans to HIPC and MDRI countries, contrary to the proclaimed goal of the Heiligendamm Summit.

Analysts: Nikola Cvetkovic and Gleb Zhigailo

Russia: 0

Russia has partially complied with its debt relief commitment as reaffirmed at the Heiligendamm Summit in June 2007.

Russia has made substantial progress in canceling debts owed by African states. At the October 2007 session of the International Monetary and Financial Committee of the IMF, the President of the World Bank, Robert Zoellick, said that Russia would soon change its World Bank status from that of borrower to donor.⁹⁷²

As a permanent member of the Paris Club, Russia participated in the reorganization of Guinea's debt⁹⁷³ and acted as an observer when the Club agreed to cancel US\$11.64 million worth of debt owed by Gambia on 24 January 2008.⁹⁷⁴

In December 2006, Russia pledged to forgive US\$558.5 million owed by seven African states that successfully completed participation in the HIPC Initiative (Benin, Zambia, Madagascar, Mozambique, Tanzania, Ethiopia, and Ghana).⁹⁷⁵ The fiscal allocations for the debt relief package were included in a 24 July 2007 attachment to the 2007 Budget of the Russian Federation.⁹⁷⁶

According to the Federal Law on the Federal Budget of the Russian Federation for 2008, and for the planning period of 2009 and 2010,⁹⁷⁷ in 2008 the Government of the Russian Federation is entitled to cancel 100 percent of debt claims on the HIPC Initiative countries that have reached, or will eventually reach, their completion point under the Enhanced HIPC Initiative.

On 22 October 2007, Russian Minister of Finance Alexey Kudrin announced Russia's intention to contribute to the cancellation of Liberia's US\$700 million debt to the World Bank, although the exact sum of Russia's contribution has yet to be clarified.⁹⁷⁸

⁹⁷⁰ Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

⁹⁷¹ Statement of G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 11 April 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080411.htm>>

⁹⁷² Russia has joined the ranks of the World Bank donors, according to the Head of the WB, RIA Novosti (Moscow) 18 October 2007, Date of Access: 11 December 2007. <<http://www.rian.ru/economy/20071018/84459878.html>>

⁹⁷³ The Paris Club and Guinea Agree to a Debt Restructuring under the Enhanced Heavily Indebted Poor Countries Initiative, Club de Paris (Paris) 23 January 2008. Date of Access: 18 May 2008, <<http://www.clubdeparis.org/sections/services/communiqués/quinee7884/downloadFile/PDF/PRGuinea23Jan08.pdf?nocache=1201102895.21>>

⁹⁷⁴ The Paris Club Agrees on a Reduction of the Debt of the Gambia in the Framework of the Enhanced Heavily Indebted Poor Countries Initiative, Club de Paris (Paris) 24 January 2008. Date of Access: 18 May 2008. <<http://www.clubdeparis.org/sections/services/communiqués/gambie/downloadFile/PDF/PRTheGambia24Jan08.pdf?nocache=1201181568.39>>

⁹⁷⁵ Russia to cancel \$500 million of African nations' debt, Russian News & Information Agency Nvosti (Moscow) 29 May 2007. Date of Access: 31 May 2008. <<http://en.rian.ru/world/20070529/66249714.html>>

⁹⁷⁶ Debts of foreign countries on credits granted by the Government of the former USSR and the Government of the Russian Federation, Attachment 50 to the Federal law "On the federal budget for 2007", Ministry of Finance (Moscow) 24 July 2007. Date of Access: 12 January 2008. <http://www1.minfin.ru/common/img/uploaded/library/2007/07/fz_132fz_ot_170707.pdf>

⁹⁷⁷ Federal Law on the Federal Budget of the Russian Federation for 2008 and for the planning period of 2009 and 2010, Ministry of Finance (Russia), 27 July 2007, Date of Access: 24 April 2008, <<http://www1.minfin.ru/ru/>>

⁹⁷⁸ Russia will join cancellation of Liberia's \$700 mln debt, RIA Novosti (Moscow) 22 October 2007. Date of Access: 7 December 2007. <<http://en.rian.ru/russia/20071022/84923514.html>>

In the first half of 2007, the Russian Federation provided substantial debt relief for Afghanistan, another member of the Enhanced HIPC Initiative. On 18 July 2007, it was announced that Russian, German, and American governments cooperated to write off 90% of Afghanistan's non-concessional debt payments.⁹⁷⁹ The agreement between the three countries amounts to over US\$1 billion in debt relief.⁹⁸⁰

At the Heiligendamm Summit, Russia expressed its readiness to apply the debt-for-development principle in managing African debt.⁹⁸¹ Funds released from debt servicing will be used in priority development programs, first and foremost in the fight against infectious diseases.⁹⁸²

Russia's performance, however, was obscured by the arrest of Deputy Finance Minister Sergei Storchak on suspicion of attempted large-scale fraud on 16 November 2007.⁹⁸³ Storchak's arrest took place on the eve of a business trip to South Africa. Storchak was to accompany Russia's Minister of Finance to a meeting of the G20 Finance Ministers and Central Bank Governors and to negotiate the relief of Libya's debts to Russia.⁹⁸⁴ As a creditor nation, Libya is not eligible for the MDRI, and the issue of its external debt was later successfully resolved; on 17 April 2008, Russia wrote off US\$4.5 billion of Libya's debt in exchange for multibillion contracts awarded to Russian companies.⁹⁸⁵ Storchak's arrest delayed Russia's efforts to provide debt relief by stalling negotiations with southern African nations.⁹⁸⁶

Thus, Russia has been awarded a score of 0 for its progress on debt relief.

Analyst: Tatiana Lanshina

United Kingdom: +1

The United Kingdom has fully complied with its commitments on debt relief as reaffirmed at the June 2007 G8 Summit in Heiligendamm.

Under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative, the British government participated in Paris Club agreements that restructured the debts of Liberia⁹⁸⁷, the Republic of Gambia⁹⁸⁸, and Guinea⁹⁸⁹. On 7 February 2008, HM Treasury (HMT) announced that it was contributing GBP20 million towards "clearing Liberia's long-term arrears and pav[ing] the way for Liberia to access much-

⁹⁷⁹ United States and Other Paris Club Creditors Provide Further Debt Relief to Afghanistan, United States Treasury (Washington D.C.) 18 July 2007. Date of Access: 9 January 2008. <<http://www.treas.gov/press/releases/hp495.htm>>

⁹⁸⁰ United States and Other Paris Club Creditors Provide Further Debt Relief to Afghanistan, United States Treasury (Washington D.C.) 18 July 2007. Date of Access: 9 January 2008. <<http://www.treas.gov/press/releases/hp495.htm>>

⁹⁸¹ Russia is ready to release funds from the debt servicing for developing countries to plow them into fighting infectious diseases, AMI-TASS (Moscow) 7 June 2007. Date of Access: 11 December 2007. <<http://www.ami-tass.ru/article/23862/1>>

⁹⁸² Russia is ready to release funds from the debt servicing for developing countries to plow them into fighting infectious diseases, AMI-TASS (Moscow) 7 June 2007. Date of Access: 11 December 2007. <<http://www.ami-tass.ru/article/23862/1>>

⁹⁸³ Russian Deputy Finance Minister Sergei Storchak detained in connection with a criminal case, RIA Novosti (Moscow) 16 November 2007. Date of Access: 9 December 2007. <http://www.rian.ru/defense_safety/investigations/20071116/88449348.html>

⁹⁸⁴ The Arrest of Russian Deputy Finance Minister Sergei Storchak is threatening the budget and the image of Russia, Newsru (Moscow) 4 December 2007. Date of Access: 10 December 2007. <<http://www.newsru.com/russia/04dec2007/poteri.html>>

⁹⁸⁵ Russia has forgiven Libya's debt in exchange for contracts, RIA Novosti, 17 April 2008. Date of Access: 23 April 2008. <<http://www.rian.ru/economy/20080417/105347192.html>>

⁹⁸⁶ The Arrest of Russian Deputy Finance Minister Sergei Storchak is threatening the budget and the image of Russia, Newsru (Moscow) 4 December 2007. Date of Access: 10 December 2007. <<http://www.newsru.com/russia/04dec2007/poteri.html>>

⁹⁸⁷ Liberia: The Paris Club and Liberia agree to a debt restructuring under the enhanced Heavily Indebted Poor Countries Initiative, Club de Paris (Paris) 17 April 2008. Date of Access: 1 May 2008. <<http://www.clubdeparis.org/sections/services/communiqués/liberia5796/viewLanguage/en>>

⁹⁸⁸ The Gambia: The Paris Club agrees on a reduction of the debt of the Gambia in the framework of the Enhanced Heavily Indebted Poor Countries Initiative, Club de Paris (Paris) 24 January 2008. Date of Access: 1 May 2008. <<http://www.clubdeparis.org/sections/services/communiqués/gambie/viewLanguage/en>>

⁹⁸⁹ Guinea: The Paris Club and Guinea agree to a debt restructuring under the Enhanced Heavily Indebted Poor Countries Initiative, Club de Paris (Paris) 23 January 2008. Date of Access: 1 May 2008. <<http://www.clubdeparis.org/sections/services/communiqués/guinee7884/viewLanguage/en>>

needed debt relief, including permanent debt cancellation under the Multilateral Debt Relief Initiative agreed under the UK's Presidency of the G8.”⁹⁹⁰

On 12 April 2008, Chancellor of the Exchequer Alistair Darling addressed the International Monetary and Financial Committee of the International Monetary Fund (IMF). He urged the IMF to complement debt relief packages, offered under the Enhanced HIPC Initiative and the MDRI, with support to ensure debt sustainability.⁹⁹¹ He also remarked that Liberia was the most recent example of the “indispensable role the IMF can play in delivering debt relief and supporting stability in support of countries’ own reform efforts.”⁹⁹²

On 4 April 2008, the Development Assistance Committee (DAC) of the OECD released its annual report on Official Development Assistance (ODA). In its press release, the DAC noted that 2007 ODA levels for the United Kingdom had fallen by 29.1% since 2006 and that the decrease was “due mainly to decreased debt relief.”⁹⁹³

On 9 February 2008, G7 Finance Ministers and Central Bank Governors met in Tokyo and reaffirmed their support for debt relief and the IMF’s initiatives to encourage sustainable lending, including through technical assistance programs. The Ministers also discussed the possibility of “establishing a legal support facility for HIPCs” and welcomed the agreement on debt relief for Liberia.⁹⁹⁴ The statement from the 9 February meeting was remarkable in that it also mentioned an OECD agreement on guidelines for sustainable lending to low-income nations by export credit agencies, many of which are private or semi-private institutions.⁹⁹⁵ The Finance Ministers and Central Bankers met once more in Washington D.C. on 11 April 2008, but made no statement on G7 support for debt relief.⁹⁹⁶

Thus, the United Kingdom has been awarded a score of +1 for providing permanent debt relief to several African nations and for its policy pronouncements supporting debt relief initiatives.

Analyst: Nicole Formosa

United States: +1

The United States has fully complied with its commitment on debt relief as reaffirmed at the Heiligendamm Summit in June 2007. The American government participated in numerous debt cancellations and repeatedly highlighted the importance of debt relief as an international imperative.

As part of his address to the International Monetary and Financial Committee on 20 October 2007, Secretary of the Treasury Henry M. Paulson Jr. stressed the importance of the International Monetary Fund in the application of the Debt Sustainability Framework (DSF) to low-income countries.⁹⁹⁷ Secretary Paulson stated that “vigilant application of the Debt Sustainability Framework and renewed emphasis on the importance of responsible borrowing and lending decisions must be a cornerstone of the IMF’s work in

⁹⁹⁰ UK Helps Liberia take big step towards Debt Clearance, HM Treasury (London) 7 February 2008. Date of Access: 1 May 2008. <http://www.hmtreasury.gov.uk/newsroom_and_speeches/press/2008/press_13_08.cfm>

⁹⁹¹ Statement by Alistair Darling Chancellor of the Exchequer, United Kingdom, International Monetary Fund (London) 12 April 2008. Date of Access: 11 May 2008. <<http://www.imf.org/External/spring/2008/imfc/statement/eng/gbr.pdf>>

⁹⁹² Statement by Alistair Darling Chancellor of the Exchequer, United Kingdom, International Monetary Fund (London) 12 April 2008. Date of Access: 11 May 2008. <<http://www.imf.org/External/spring/2008/imfc/statement/eng/gbr.pdf>>

⁹⁹³ Debt Relief is down: Other ODA rises slightly, Organisation for Economic Cooperation and Development (Paris) 4 April 2008. Date of Access: 10 May 2008.

<http://www.oecd.org/document/8/0,3343,en_2649_201185_40381960_1_1_1_1,00.html>

⁹⁹⁴ Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

⁹⁹⁵ Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

⁹⁹⁶ Statement of G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 11 April 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080411.htm>>

⁹⁹⁷ Statement by Henry M. Paulson Jr., Secretary of the Treasury, United States, International Monetary Fund (Washington D.C.) 20 October 2007. Date of Access: 9 January 2008.

<<http://www.imf.org/External/AM/2007/imfc/statement/eng/usa.pdf>>

low-income countries.⁹⁹⁸ In his address to the IMFC on 12 April 2008, however, Secretary Paulson did not repeat his statements on the importance of debt relief initiatives.⁹⁹⁹ On a separate occasion, Secretary of State Condoleezza Rice noted that the United States also viewed debt relief for low-income countries in the Americas as a crucial component of its policy in the region.¹⁰⁰⁰

On 16 April 2008, the US Congress passed the Jubilee Act for Responsible Lending and Expanded Debt Cancellation.¹⁰⁰¹ The Jubilee Act clears the way for the United States to begin negotiations with multilateral development banks on debt cancellations under the MDRI. Marking the Act's approval, Representative Spencer Bachus addressed Congress, stating that "...[debt relief] is dollar for dollar the most effective program in assuring our national security."¹⁰⁰² Representative Maxine Waters told Congress during the same session that "[t]ragically, many other countries are still starving their children in order to pay their debts." These two statements exemplify the great importance of debt relief as a national priority to the United States, not merely an international one.¹⁰⁰³

On 13 November 2007, Secretary Paulson expressed his pleasure at the announcement that 80 nations had agreed to cancel Liberia's debt.¹⁰⁰⁴ In addition to its leadership role at the IMF, vis-à-vis Liberia's debt, the American government also pledged US\$2.5 million to aid the settlement of Liberia's debts with the African Development Bank.¹⁰⁰⁵ According to Secretary Paulson, "[w]e would rather see the Liberians use their money for schools, health clinics and other urgent rebuilding needs."¹⁰⁰⁶

Earlier in the year, the United States Treasury provided substantial debt relief for Afghanistan, another member of the Enhanced HIPC Initiative. On 18 July 2007, it was announced that the American government collaborated with the German and Russian governments at the Paris Club to forgive 90% of Afghanistan's non-concessional debt payments.¹⁰⁰⁷ The agreement between the three countries amounts to over US\$1 billion in debt relief. The US Treasury urged other creditors to follow suit.¹⁰⁰⁸

The United States also collaborated with the Paris Club on multilateral debt cancellations for the Central African Republic, Guinea, and Liberia, totaling US\$4 million, US\$182 million and US\$254 million respectively.¹⁰⁰⁹ While the US paved the way for the agreement between Liberia and the Paris Club, it also

⁹⁹⁸ Statement by Henry M. Paulson Jr., Secretary of the Treasury, United States, International Monetary Fund (Washington D.C.) 20 October 2007. Date of Access: 9 January 2008. <<http://www.imf.org/External/AM/2007/imfc/statement/eng/usa.pdf>>

⁹⁹⁹ Statement by Henry M. Paulson Jr., Secretary of the Treasury, United States, International Monetary Fund (Washington D.C.) 12 April 2008. Date of Access: 10 May 2008. <<http://www.imf.org/External/AM/2007/imfc/statement/eng/usa.pdf>>

¹⁰⁰⁰ Remarks at the Organization of American States, Hosted by the Council on Foreign Relations, United States Department of State (Washington D.C.) 9 October 2007. Date of Access: 09 January 2008. <<http://www.state.gov/secretary/rm/2007/10/93377.htm>>

¹⁰⁰¹ Desmond Tutu, "Debt Cancellation a Victory for the world," Baltimore Sun (Baltimore) 7 May 2008. Date of Access: 8 May 2008. <<http://www.baltimoresun.com/news/opinion/oped/bal-op.debt07may07,0,7762181.story>>

¹⁰⁰² Jim Abrams, "House votes to expand debt relief to more poor countries," The Associated Press (Washington) 18 April 2008. Date of Access: 5 May 2008. <<http://ap.google.com/article/ALeqM5hJiiUvboNmXVeQeNWr9JUnZ7dmoQD9035H0G0>>

¹⁰⁰³ Jim Abrams, "House votes to expand debt relief to more poor countries," The Associated Press (Washington) 18 April 2008. Date of Access: 5 May 2008. <<http://ap.google.com/article/ALeqM5hJiiUvboNmXVeQeNWr9JUnZ7dmoQD9035H0G0>>

¹⁰⁰⁴ Treasury Welcomes IMF Debt Relief for Liberia, U.S. Government to Provide Additional Funding to Help Liberia Close the Deal at the African Development Bank, United States Treasury (Washington D.C.) 13 November 2007. Date of Access: 9 January 2008. <<http://www.treas.gov/press/releases/hp678.htm>>

¹⁰⁰⁵ Treasury Welcomes IMF Debt Relief for Liberia, U.S. Government to Provide Additional Funding to Help Liberia Close the Deal at the African Development Bank, United States Treasury (Washington D.C.) 13 November 2007. Date of Access: 9 January 2008. <<http://www.treas.gov/press/releases/hp678.htm>>

¹⁰⁰⁶ Treasury Welcomes IMF Debt Relief for Liberia, U.S. Government to Provide Additional Funding to Help Liberia Close the Deal at the African Development Bank, United States Treasury (Washington D.C.) 13 November 2007. Date of Access: 9 January 2008. <<http://www.treas.gov/press/releases/hp678.htm>>

¹⁰⁰⁷ United States and Other Paris Club Creditors Provide Further Debt Relief to Afghanistan, United States Treasury (Washington D.C.) 18 July 2007. Date of Access: 9 January 2008. <<http://www.treas.gov/press/releases/hp495.htm>>

¹⁰⁰⁸ United States and Other Paris Club Creditors Provide Further Debt Relief to Afghanistan, United States Treasury (Washington D.C.) 18 July 2007. Date of Access: 9 January 2008. <<http://www.treas.gov/press/releases/hp495.htm>>

¹⁰⁰⁹ Guinea – Debt Treatment January 23 2008, Paris Club (Paris) 23 January 2008. Date of Access: 5 May 2008. <<http://www.clubdeparis.org/sections/traitements/guinee-20080123/viewLanguage/en>> Central African Republic – Debt Treatment December 24 2007, Paris Club (Paris) 24 December 2008. Date of Access: 5 May 2008. <<http://www.clubdeparis.org/sections/traitements/republique/viewLanguage/en>> Liberia – Debt Treatment April 17

proclaimed that “The United States intends to go beyond the terms of the Paris Club debt relief deal and cancel 100 percent of its claims on Liberia, which total approximately \$430 million.”¹⁰¹⁰

On 4 April 2008, the Development Assistance Committee (DAC) of the OECD released its annual report on Official Development Assistance (ODA). In its press release, the DAC noted that 2007 ODA levels for the United States had fallen by 9.9% since 2006, and that the decrease was “mostly due to debt relief, which was high in 2006.”¹⁰¹¹

On 9 February 2008, G7 Finance Ministers and Central Bank Governors met in Tokyo and reaffirmed their support for the debt relief and the IMF’s initiatives to encourage sustainable lending, including through technical assistance programs. The Ministers also discussed the possibility of “establishing a legal support facility for HIPC’s” and welcomed the agreement on debt relief for Liberia.¹⁰¹² The statement from the 9 February meeting was remarkable in that it mentioned an OECD agreement on guidelines for sustainable lending to low-income nations by export credit agencies, many of which are private or semi-private institutions.¹⁰¹³ The Finance Ministers and Central Bankers met once more in Washington D.C. on 11 April 2008, but made no statement on G7 support for debt relief.¹⁰¹⁴

Thus, the United States has been awarded a score of +1 for its numerous debt cancellations, as well as its commitment to supporting the multilateral debt relief initiatives.

Analyst: Nikola Cvetkovic

European Union: 0

The European Union has partially complied with its Debt Relief commitment as agreed at the Heiligendamm Summit. The European Union is not a member of the International Financial Institutions (IFIs) and thus does not participate in the Multilateral Debt Relief Initiative (MDRI).¹⁰¹⁵ It does, however, participate in the Enhanced Highly Indebted Poor Country (HIPC) Initiative, although the European Investment Bank (EIB) is responsible for the administration of its HIPC loan portfolio until 2009.¹⁰¹⁶

On 18 April 2008, the European Commission released its policy response to the DAC 2007 Development Co-operation Report issued by the OECD on 7 April 2008. The DAC Report showed that Official Development Assistance levels for 2005 and 2006 were swollen by one-off debt cancellations for developing nations, and that subsequent ODA levels had shrunk due to a sharp decline in debt cancellations in 2007.¹⁰¹⁷ In response, the European Commission recommended that the EIB should “propose mechanisms to deal with the arrears owed to it.”¹⁰¹⁸ It also called on member states to apply to the World Bank and IMF’s Debt Sustainability Framework (DSF) in their own lending transactions in order to ensure

2008, Paris Club (Paris) 17 April 2008. Dates of Access: 5 May 2008.

<<http://www.clubdeparis.org/sections/services/communiqués/liberia5796/viewLanguage/en>>

¹⁰¹⁰ “Grease Drips Down Liberia’s Elbow,” *The Analyst*, April 23 2008, Date of Access: 8 May 2008.

<http://www.analystliberia.com/grease_drips_liberia_elbow_apr22_08.html>

<http://allafrica.com/stories/200804230944.html>

¹⁰¹¹ Debt Relief is down: Other ODA rises slightly, Organisation for Economic Cooperation and Development (Paris) 4 April 2008. Date of Access: 10 May 2008.

<http://www.oecd.org/document/8/0,3343,en_2649_201185_40381960_1_1_1_1,00.html>

¹⁰¹² Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

¹⁰¹³ Statement by G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 9 February 2008.

Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080209.htm>>

¹⁰¹⁴ Statement of G7 Finance Ministers and Central Bank Governors, G8 Information Centre (Toronto) 11 April 2008. Date of Access: 1 May 2008. <<http://www.g8.utoronto.ca/finance/fm080411.htm>>

¹⁰¹⁵ Commission Participation in the HIPC Initiative: 2006 Status Report, EuropeAID (Brussels) December 2006. Date of Access: 10 January 2008. <http://ec.europa.eu/development/body/tmp_docs/2007/2006_HIPC.pdf#zoom=100>

¹⁰¹⁶ Commission Participation in the HIPC Initiative: 2006 Status Report, EuropeAID (Brussels) December 2006. Date of Access: 10 January 2008. <http://ec.europa.eu/development/body/tmp_docs/2007/2006_HIPC.pdf#zoom=100>

¹⁰¹⁷ Debt Relief is down: Other ODA rises slightly, Organization for Economic Cooperation and Development (Paris) 7 April 2008. Date of Access: 8 May 2008.

<http://www.oecd.org/document/8/0,3343,en_2649_33721_40381960_1_1_1_1,00.html>

¹⁰¹⁸ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, European Commission (Brussels) 18 April 2008. Date of Access: 8 May 2008. <[http://ec.europa.eu/development/icenter/repository/SEC\(2008\)%20432%20FFD-3.pdf](http://ec.europa.eu/development/icenter/repository/SEC(2008)%20432%20FFD-3.pdf)>

that developing countries that have benefited from the debt relief initiatives do not fall back into debt traps.¹⁰¹⁹ The Commission noted that some EU member states are not yet members of either the OECD or the Paris Club and thus are not yet bound by those organizations' frameworks for ensuring sustainable lending to Low-Income Countries.¹⁰²⁰ The report did not reveal, however, the extent of debt relief offered by the EU, either directly or through the European Investment Bank, since June 2007.

Thus, the European Union has been awarded a score of 0 for its support of the Enhanced HIPC Initiative and the MDRI, and its lack of debt cancellations.

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¹⁰¹⁹ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, European Commission (Brussels) 18 April 2008. Date of Access: 8 May 2008. <[http://ec.europa.eu/development/icenter/repository/SEC\(2008\)%20432%20FFD-3.pdf](http://ec.europa.eu/development/icenter/repository/SEC(2008)%20432%20FFD-3.pdf)>

¹⁰²⁰ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, European Commission (Brussels) 18 April 2008. Date of Access: 8 May 2008. <[http://ec.europa.eu/development/icenter/repository/SEC\(2008\)%20432%20FFD-3.pdf](http://ec.europa.eu/development/icenter/repository/SEC(2008)%20432%20FFD-3.pdf)>