

African Union wants all debts cancelled by 2007

This forms part of a declaration by the continental body on world development

By Costantine Sebastian, Kampala

The African Union has called for total debt cancellation by 2007 to enable African countries tame abject poverty by 2015 as stipulated under the millennium development goals initiative.

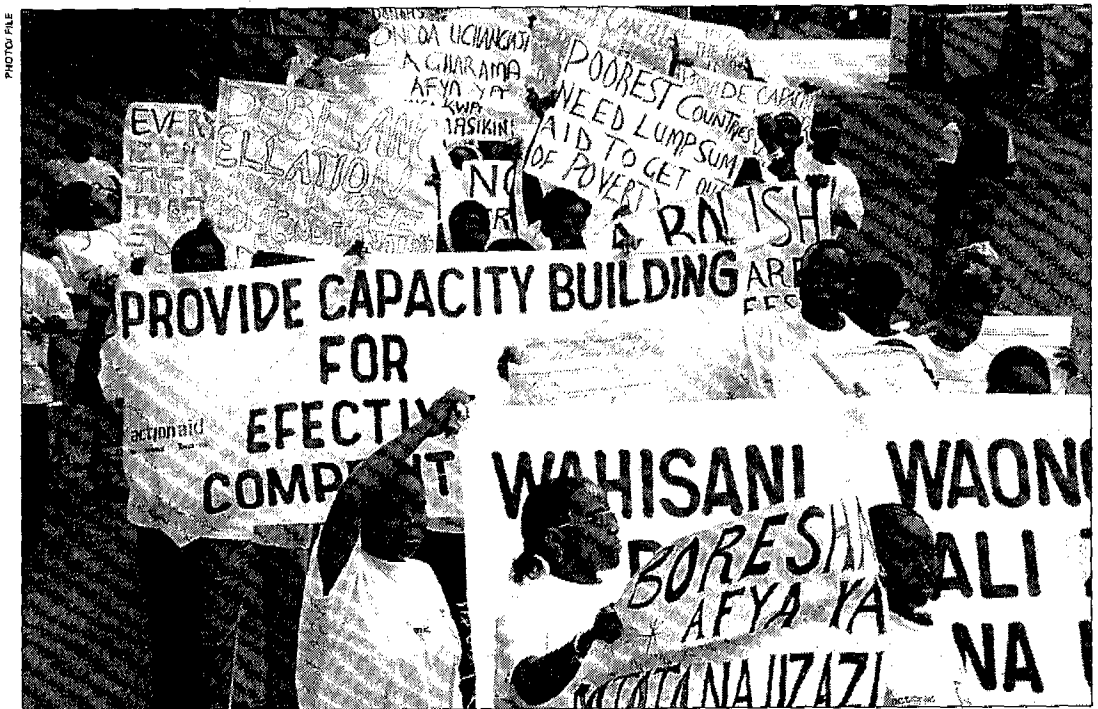
The call is part of the Union's African Common Position declaration on the global development targets.

The position document was one of the papers presented at the MDGs localisation in Africa conference that ended yesterday in Kampala.

Its senior economist, Mr Dawit Makonnen, told the meeting that the continent currently faces severe constraints to the goals. He said African governments and the international community must enhance financing of MDGs if African lives are to be improved.

"While African countries should take measures to improve the utilisation of borrowed financial resources, the developed countries should play a greater role in enforcing corporate responsibility among their companies," he noted. "Lack of such efforts," he added, "has contributed to the poverty and debt crisis in Africa."

The development planner also noted that a major obstacle to attaining the MDGs in Africa is the inadequacy of resources to finance development projects. In countries like Tanzania, external sources fund up to 80 per cent of development budgets.



Activists march in Dar es Salaam in protest of rich countries' exploitative policies weighing heavily on poor countries. This was prior to the recent G8 Summit in Gleneagles, Scotland. The African Union wants debts cancelled soonest to pull poor countries from abject poverty.

The AU also calls on rich nations to help the continent curb capital flight and in repatriation of stolen and illegally acquired funds stocked in western banks. "At this critical time when African countries face severe constraints in funding MDGs, they are devoting a significant amount of their limited resources to the servicing of their debt," Mr Makonnen said when presenting the position paper.

The document outlines four variables required to finance the goals. These are mobilisation of additional domestic resources, increased official

development assistance (Oda) and foreign direct investment as well as a just global trading system and total debt cancellation.

It says that sustenance of macro-economic stability, pursuit of financial sector reforms and expansion of tax bases are not enough to attain MDGs. According to Mr Makonnen AU will present its common position to the world next month during the UN summit to evaluate progress on the goals.

"If members of the OECD donor countries had delivered on the global Oda commitment, aid would be \$165

billion a year," the position document states. "This is about three times the current level and well above the current estimates of what is needed to achieve the MDGs."

In 1970, rich countries made a promise to spend 0.7 per cent of their national incomes on international development. Some of them including the US and Japan are yet to honour the pledges. "Unless this target is met, attaining the MDGs in countries like Tanzania remains a mirage," notes the African Forum and Network on Debt and Development.