

**Demba Moussa Dembele:**

I want to join my voice to that of the organizers of this meeting and their concerns for the people of Africa. The organizing of this meeting shows your sincere concern for social justice. About 3 and a half years ago world leaders met and pledged to tackle issues of world poverty by setting the Millennium Goals. Yet 3 and half years onwards the Millennium Development Goals have yet to be achieved. This is not for lack of resources but due to a lack of political will among Western leaders and the international financial institutions.

Everybody would agree that one of the chief obstacles to meeting the Millennium Development Goals is the solving of the problem of the unjust debt of poor countries. We remember the commitment made by the G-7 leaders in Cologne, Germany in 1999. They pledged that they would cancel 100 billion dollars of debt owed by the poorest countries. Unfortunately less than 30% of that amount has been cancelled. The world knows that without debt cancellation heavily indebted countries cannot achieve any recovery much less sustainable development and will be trapped in deeper and deeper poverty. These countries will not experience economic recovery.

The external debt of developing countries as a whole and especially of Sub-Saharan Africa has affected their human development and has become a mechanism of net resource transfer of money from poor to rich countries. Last December in New York at a special session of the General Assembly the UN Secretary General, K. Anan said that in 1992, developing countries transferred nearly 200 billion dollars more than the poor countries received from rich countries. And this was on top of more than 120 billion of net transfers over the previous four years. So everybody understands that if this trend continues the developing countries have little chance of recovering and sub-Saharan African you think is spared from this. You should think again – this region which has some of the poorest countries in the world has also been transferring resources to the richest nations and to multi-lateral institution for the last 20 years. According to a report released by UNCTAD, in the 1990s alone 13-14 billion dollars a year had been transferred from Sub-Saharan Africa to rich countries in the form of debt service. To countries whose per-capita income is 100 times that of the Sub Saharan Least Developed Countries. That is why the economic and social condition are worsening in Sub Saharan Africa.

Out of the 49 Least Developed Countries in the world, 34 are in Sub-Saharan Africa. And these countries spend 14-15% of their export income to pay for debt service. The majority of their government funds are used to service debt and that goes at the cost of the provision of public services like education, public health, transport etc. More than 8 persons out of 10 in the population live in absolute poverty. Referring to the UNCTAD report again in its Least Developed Countries Report in 1992, it says consumption per capita in African LDCs is less than 60 cents per day for about 2/3 of their citizens. It also says that life expectancy at birth is less than 50 years. Infant mortality and maternal mortality are all on the rise, mainly for a lack of investments in medical facilities, in medical personnel, not to mention the ravages of HIV-AIDS and so on.

In the light of all this one question comes to mind: is the world concerned enough about the crisis in Sub-Saharan Africa? I think not – since no bold or decisive action has taken place so far to bring about a change. That action if it should take place must begin with finding lasting solutions to the debt crisis of these countries. The solutions proposed so far by bi-lateral and multi-lateral donors are no solutions. On the contrary, they have only worsened the crisis. And all of them have failed, including the HIPC-initiative launched 7 years ago which has now shown its limits. Even the World Bank and the IMF have agreed that the HIPC-initiative does not adequately address the crisis in the poorest countries and that their approach is flawed because it seeks to bring the debt of these countries to so called *sustainable* level. The initiative does not aim at cancellation of the debt, so as to promote economic recovery and development. Besides it excludes countries that should have been on the list, that deserve as much relief as the countries that have been selected. Its funding is not adequate and it has been recognized that its resources are not sufficiently large to fund the HIPC-initiative. We know both institutions have more than enough money to cover multi-lateral debt cancellation. Furthermore we know that the conditionalities contained in the PRSP papers, i.e. the papers that are related to the HIPC initiative, tend to offset any potential relief that these countries can gain from these initiatives.

In my opinion the only sensible resistance is to work for *total debt cancellation* with no conditionalities. This will cost almost nothing to bi-lateral and multi-lateral creditors. Bi-lateral creditors have already discounted the debt; in reality it is worth maybe 10%. Studies have shown that bi-lateral creditors have already discounted the debts because they know that they may never be paid. Meanwhile, it is harming people and destroying lives, economies, and is tearing apart the social fabric in poor countries. And people are suffering because of the debt servicing and because of the policies that are associated with that service.

What stands in the way of debt cancellation? One of the main hurdles is the lack of political will among Western leaders. Their pledge in Cologne and other pledges in other places were never fulfilled. The EU has a critical role to play here – they hold the key to showing the lead in this work on debt cancellation. All EU members should pledge to cancel the bilateral debt of the least developed countries.

Secondly, given their influence in the WB and IMF, EU countries should take the lead in calling for cancellation of multi-lateral debt. We know and the EU knows that these institutions have enough money to cover the costs of debt cancellation. Moreover the EU needs to push for an end to SAPs and today the PRSPs, which make things worse not only in African countries, but in much of the developing world. People in the EU countries, especially the MEPs, can and should challenge their governments and multi-lateral institutions – initiate petitions or propose laws for debt cancellation in defense of the human rights of people in poor countries. This would give a new impulse to debt cancellation which has had an impact on citizens around the globe.

Debt is like a time-bomb. If it is not tackled decisively, it will explode someday and nobody will be spared. We should realize that debt is ultimately a human issue, affecting

people who cannot eat even one meal a day; there are no schools for children and many of them go hungry to bed at night; it affects people who live on 60 cents a day. Debt violates human rights and undermines democracy. It is about time that the people of the EU speak out, the EU has the power and must use it to call for a change. It is my strong and sincere expectation that MEPs and ordinary citizens will rise to the formidable challenge and join hands with their African friends to lead the fight against the immoral debt.

Thank you.