
New Rules for Global Finance

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April 5, 2006

Your Excellency
President Olusegun Obasanjo
Federal Republic of Nigeria
Aso Rock
Abuja, Nigeria

Re: A Debt Strategy for Africa

Dear Mr. President:

Congratulations on the successful conclusion of negotiations with the Paris Club, which will lead to a dramatic reduction of Nigeria's debt owed to bilateral creditors. This is an outstanding accomplishment and affords to you and to Africa an historic opportunity. Likewise, we applaud the African Union's call for expedited debt cancellation issued during its 2005 summit.

We are writing to propose for your consideration a simple and bold step aimed at fundamentally altering the negotiating dynamic between African debtor countries and Western creditor countries. This step centers on a change of venue of Paris Club negotiations.

Problem

Even with recent progress, the external debt owed by African nations remains staggeringly high, approximately \$302 billion. This burden delays economic development, curtails education expenditures, limits health services, forestalls the fight against HIV/AIDS, renders nations vulnerable to violence, and contributes to terrorism on the continent. In addition, illegal capital flight, including tax evading money, has further weakened Africa's ability to service its debt burden.

Yet despite all these obvious costs, the alleviation of African debt has been begrudging, slow, and meager:

African Debt	US\$ billions	Percent of Total
Total External Debt	302	100%
Total Long-term Debt	258	85%
Long-term Bilateral Debt	121	40%
Long-term Multilateral Debt	82	27%
<i>Potential Relief under HIPC</i>	27	9%
<i>Potential Relief from 2005 G-8 Summit</i>	55	18%
Total Remaining Debt	220	73%

Source: 2003 World Bank data from *Global Development Finance*.

The debt relief efforts of the NGO community ultimately did have an impact on the G-8 Summit of 2005. But despite their best efforts, Africa remains massively indebted and, in important areas of economic, social and political life, unable to meet many of the basic human needs of its 800 million men, women, and children.

Strategy

What is sorely needed is a bold stroke from Africa that grabs the spotlight, serves as a rallying point for global public opinion, and reorders the negotiating balance between debtors and creditors. Toward this end, the following is offered for your consideration:

- An announcement from Africa that, henceforth, negotiations with the Paris Club of creditors will take place in the capitals of the indebted nations.
- This announcement to come out of a decision of the African Union *en bloc* or by a vanguard of nations leading the way for the African Union.
- The announcement to be accompanied with the following supporting points:
 - On the contrary, commitments entered into with the close participation of our national leaders and reached on our own soil will be more binding and lasting on our respective governments and citizens.
 - Meaningful and ongoing dialogue between our governments and Paris Club governments enhances the credit worthiness of our nations and serves to better integrate African states into the commonweal of the global community.

Evaluation

In the fulsome light of global public opinion, the Paris Club—its representatives operating from the French Treasury, its finance ministers, and its national leaders—cannot convincingly object to a step so modest as to entail a mere shift of negotiating locale. To do so would belittle the Paris Club itself. Yet such a shift sends a powerful message that a new day of mutuality has dawned, fundamentally setting new standards for cooperation between Africa and the West. To put it simply, when you shift the venue you change the negotiating dynamic to Africa's advantage, and when you change the negotiating dynamic to Africa's advantage you alter the outcome. Africa's voice must be heard clearly and purposefully if the outcome of the debt issue is to change significantly.

Support

Upon announcement coming out of the African Union *en bloc* or a selection of nations in the African Union, we, the undersigned, as well as many other like-minded organizations and activists, are prepared to orchestrate the following:

- Immediate press statements and opinion pieces in the western media supporting Africa's position.
- Extensive letter and email campaigns directed to Western leaders, finance officials, and elected representatives supporting the decision.

- Sustained efforts in development fora and conferences aimed at achieving debt cancellation for *all* African nations.

Mr. President, Nigeria, with your leadership, has attained a unique stature among Paris Club creditors and a respected position on the global debt issue. You are the only leader in Africa, indeed the only leader in the world, who can leverage such a position for further resolution of the debt burden for the entire continent. The step we are urging is in line with your demonstrated character of boldness and decisiveness. It can be a major step in a fundamental shift in balance between poor and rich countries, one of the most important steps available in these early years of the 21st century. By exercising such leadership you will undoubtedly be paving the way for the highest levels of international accolades accorded to you. Furthermore, you can, if you choose, embrace widespread debt cancellation as an issue to which your leadership skills can be applied on the world stage for years to come. There is little risk and enormous gain for you, for Africa, and for the entire developing world in seeking debt cancellation of truly historic proportions.

We are sending a similar letter to the African Union Commission on Debt. Your recent role as chairperson of the African Union makes you the ideal champion of this effort.

Shift the venue, change the negotiating dynamic, alter the outcome; this is the essence of our recommendation. We will respond to your initiative with our immediate, fullest, and ongoing support.

Yours faithfully,

- ActionAid International
- ActionAid Nigeria
- Africa Faith and Justice Network, USA
- African Forum & Network on Debt and Development (AFRODAD)
- African Network for Environmental and Economic Justice (ANEEJ), Nigeria
- African Network for the Prevention and Protection Against Child Abuse and Neglect (ANPPCAN), Nigeria
- Aktion Finanzplatz Schweiz, Switzerland
- Alliance Sud, Switzerland
- Attac Finland
- Awaka Go Forward International Centre for Youth Development, Nigeria
- Bread of Life Dev. Foundation, Nigeria
- Campaign Against Arms Trade Network (CAAT), Nigeria
- Catholic Healthcare West, USA
- Centre for Youth Policy Research and Advocacy (CYPRAD), Nigeria
- Christian Aid, United Kingdom
- Chronicles Publication Resources Ltd, Benin
- CIVICUS: World Alliance for Citizen Participation
- Columban Missionary Society - Debt and Development Coalition, Ireland
- Comisión Episcopal de Acción Social (CEAS), Peru
- Democracy Watch, Canada

- Dominican Sisters of Hope, USA
- Economic Development Research Centre (EDRC), Armenia
- Ecowas Network on Debt and Development (ECONDAD)
- erlassjahr.de (Jubilee Germany)
- Food and Water Watch, USA
- FORO Nacional / Internacional
- Gender Action, USA
- Institute for Dispute Resolution (IDRAD), Nigeria
- Institute of Human Rights and Humanitarian Law (IHRHL), Nigeria
- Intercultural Resources and Lokayan, India
- International NGO Forum on Indonesian Development (INFID)
- International Union of Socialist Youth, Germany
- Japan Network on Debt & Poverty
- LATINDAD - Latin American Network on Debt and Development
- Maryknoll Office for Global Concerns, USA
- Mercy Investment Program, USA
- Missionary Oblates, Justice, Peace & Integrity of Creation, USA
- Movement for the Survival of the Ogoni People (MOSOP), Nigeria
- National Coalition Against Privatisation of Water, Ghana
- Network Movement for Justice and Development, Sierra Leone
- Netzwerk Afrika Deutschland (NAD), Germany
- New Rules for Global Finance Coalition, USA
- NGO Office of Marianists International, USA
- NOVIB, Netherlands
- Presentation Justice Network, Ireland
- Rencontre pour la Paix et les Droits de l'Homme (RPDH), Congo
- Save Earth Nigeria (SEN)
- Sisters of Mercy Regional Community of Detroit, USA
- Sisters of the Holy Cross, Congregation Justice Committee, USA
- Sustainability Watch Network, Uganda
- Swayam Krishi Sangam (SKS) Microfinance, India
- Tax Justice Network, United Kingdom
- The Elizabeth Seton Federation, USA
- Tri-State Coalition for Responsible Investment, USA
- UBUNTU - World Forum of Civil Society Networks
- United Church of Christ - Jubilee Justice Taskforce, MA, USA
- United Church of Christ - Justice and Witness Ministries, USA
- United Church of Christ - Network for Environmental and Economic Responsibility, USA
- Ursuline Sisters of Tildon, USA
- VIVAT International, USA
- Welsh Centre for International Affairs, United Kingdom
- Women Environment & Development Network (WEDEN), Nigeria
- Women Environmental Programme (WEP), Nigeria

Signatures of Individuals.

- Anselme Adégbidi, University of Abomey-Calavi*, Republic of Benin
- Samuel Fambon, Université de Yaoundé II*, Cameroon
- Maria Sagrario Floro, American University*, Washington, DC USA
- Paul Martin,

*Organizations are for identification only.