Breakfree

The Zimbabwe Coalition on Debt and Development monthly Newsletter

Investing in people for social and economic justice in Zimbabwe

June, 2007

'Divided we are weak; united, Africa could become one of the greatest forces for good in the world. I believe strongly and sincerely that with the deep-rooted wisdom and dignity, the innate respect for human lives, the intense humanity that is our heritage, the African race, united under one federal government, will emerge not as just another world bloc to flaunt its wealth and strength, but as a great power whose greatness is indestructible because it is built not on fear, envy and suspicion, nor won at the expense of others, but founded on hope, trust, friendship and directed to the good of all mankind.' -
Osagyefo Kwame Nkrumah

Watch this space!

Editorial

Dear Reader

The 'Grand Debate' on a potential 'United States of Africa' is expected to climax at the 9th Assembly of the African Union Heads of State and Governments scheduled for July 2-3, 2007 in Accra, Ghana. The crux of the debate so far is that Africa needs a much more binding union pact that goes beyond the regional formations that have failed to yield sustainable development for the continent over the years.

The pros and cons of the continental-wide government backed by one army, one currency and one passport have been debated at various fora with the African Civil Society groups that met in Accra Ghana late this month, throwing their weight behind the notion of a 'fast-track' Union Government.

What emerges from the debate is that common citizenship, collective diplomacy and collective security, are some of the key ingredients of a truly African integration that will enable Africa to address the common challenges of political and economic exploitation, food insecurity, internal conflicts, amongst others. It has been argued that a federation of African governments will empower the continent with a united, self-determined voice and negotiation capacity that will wield due influence in the global context.

However, caution has to be exercised to ensure that the Union Government will not translate to a united, but weak and dependent Africa. In this issue we publish the Civil Society communiqué from Ghana, as we highlight some of the problems riling Africa ahead of the Grand Debate.

Read on…

Editor

In this issue…

Zimbabwe Debt Statistics

Gross Domestic Product US5.9 billion *(Dec 2006)*
External Debt US$4, 2 billion (*Dec 2006)*

Arrears & Interests US$2,5billion (*Dec 2006)*

Domestic debt $2 trillion *(May 2007)*

Annual Inflation rate 4 530% *(May 2007)*

Food Basket for a family of 6 Z$ 5,500 000 (May *2007)*

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The G8 Rhetoric: Promises as usual

It is often said of a very important meeting which has achieved no more than bringing important people together, that it was ‘business as usual.” For the just ended G8 meeting at Heiligendamm in Germany, a meeting that brought together the Heads of Governments of the United States of America (USA), the United Kingdom (UK), Canada, Italy, Germany, Japan, France and Russia, it was “promises as usual.”

Except for the US president, George Bush, agreeing on key recommendations to curb the effects of climate change, the event delivered far less results towards the goal of making poverty history. For debt and aid campaigners, this conclusion is more justified when considering the resolutions of the G8 leaders on important debt aspects like their failure to deal with the immoral practices of the “vulture funds”, failure to reorient their approach to Africa from fostering aid dependent development to trade driven development and their complete lack of a new position on aid to Africa.

No new positions on Aid

The G8 agreed a $60bn (£30bn) package particularly for AIDS in Africa, which is a mere affirmation of the 2005 pledges that are already $8bn behind schedule. The G8 leaders failed to stipulate any action to meeting their previous commitments. Instead, they concentrated on “a set of core principles,” which include, “Promoting good governance, improving their response to post conflict and fragile states, fostering economic opportunity and following the partnership commitments of the Paris Declaration.”

These principles mirror already existing processes and efforts. For instance, good governance has become a song of several African states. With three countries having completed the Africa Peer Review Mechanism (APRM) and 13 others acceding to the process making a total of 26 countries (over half of the African states) undergoing this process, the resolution on good governance certainly does not add anything new to the good governance process in Africa. Several United Nations (UN) conventions, charters and declarations are already set out to achieve similar objectives.

The feeling of betrayal and lack of confidence in the G8 summit has already been widely expressed in the media by many actors. The Independent Newspaper in the UK, quoted Dr. Brian Chituwo, Zambia’s Minister of Health, as having asked, “Isn’t it morally right that they (G8) fulfill their promise?” and he further added that, “It is not that they are not able to. They are rich enough. There is no political will. So much hope was created but it came to nothing. Why are they doing this?”

No commitment to safeguard debt relief

For Zambia, the Heiligendamm Summit means even less because the thorny issue of commercial creditors which buy off debts owed by poor countries commonly known as “vulture funds” has been completely ignored. Currently the World Bank estimates that there are about seven countries which are facing litigation by commercial creditors. This has compelled the Bank to extend the Debt Reduction Facility (DRF) to poor countries to enable them buy back debts from commercial creditors. The UK, the USA and Germany were expected to start up this conversation. But the prevalence of a mute spirit over this matter indicates the G8's lack of commitment towards safeguarding debt relief.

G8's dilemma on Trade or Aid

In a non-binding fashion, the G8 has expressed the need for Africa to increase its capacity to trade. In this regard they, state "we expect spending on Aid for Trade to increase to US$ 4 billion." Like other pledges for Aid, the G8's statement on Aid for Trade cannot be taken as a commitment and we certainly do not expect much because, it is just a promise in reality and an expectation at the most.

The G8 acknowledged that Africa's growth can be very well driven by trade and that this growth is driven "*by strong global demand for Africa's natural resources.*" The lack of a clear position on the fact that Africa is unfairly integrated in the Global economy indicates the G8's view on Africa. Africa has perpetually been regarded as a reservoir of raw materials, natural resources and a consumer of produced goods rather than as a potential processor of its own resources into finished goods. This is a situation which needs to change in order for trade to contribute its full potential to growth of African economies.

The G8 statement lacks precise resolutions on the steps to be taken to reaffirm their 2005 decision to end trade distorting subsidies. The G8 places particular emphasis on aid and especially Aid for Trade. However, Aid, whether in its traditional form as Official Development Assistance (ODA) or as Aid for Trade, will never be administered without a relative loss of sovereignty for recipient countries. The current urge for the G8, together with the World Bank, to continue pushing for development which is based on aid will continue to foster dependency. The imperative of this era is to make trade be effective in the growth of poor countries by removing trade distorting barriers. These include unrealistic standards and subsidies in rich countries.

Conclusion

Once again, an opportunity to make progress towards the MDGs has made only limited contribution to the fulfillment of the goals. The G8 is to be applauded for its resolution on climate change. But much should have been done to address the problem of creditor responsibility, including commercial creditors, and to refocus on increasing the value and volume of real trade from Africa.

(Muyatwa Sitali Acting Coordinator of JCTR Debt and Trade Project participated in the NGO activities during the G8 meeting in Germany).Email: debtjctr@jesuits.org.zm *or* Muyatwa@jesuits.org.zm

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Zimbabweans living from hand to mouth as Government controls prices & incomes.

In the spirit of exposing the state of livelihoods in Zimbabwe and flagging out the poor people's plight, the Zimbabwe Coalition on Debt and Development will from now on conduct and publish monthly incomes and prices surveys. Whilst the Zimbabwe story is told from various angles in the media internally and externally the bottom line is: the average person is struggling to afford even the most basic of monthly commodities. The survey seeks to illustrate the household struggle to meet basic needs by comparing the findings with average take-home wages and general household incomes. It is envisaged that the findings will challenge the people of the world in general and those of Zimbabwe in particular to tackle Zimbabwe's problems from an informed point of view. Below we publish figures taken from a random sample of prices and incomes from Harare as at June 28 2007. Note that the health and cemetery charges are based on the proposed supplementary budget for Harare.

		Daily Z$	**Monthly** Z$
Breakfast	one loaf	22 000	660 000
	one pint milk	30 000	900 000
Transport	Father	80 000	2 400 000
	wife	80 000	2 400 000
	son	80 000	2 400 000
	daughter	80 000	2 400 000
Lunch	Family (4)???	400 000	12 000 000
Supper	1kg meat per super	300 000	9 000 000
	Mealie-meal	150 000	4 500 000
Rent			4 500 000
Electricity			300 000
Water			500 000
Sub Total			**Z$ 32 960 000**
Health charges	Adult consultation fees@ govt hospital	Z$100 000	
	Children	Z$50 000	
	Maternity booking	$200 000	
Cemetery Charges	Adults	$ 150 000-$700 000	
	Children	$75 000-$350 000	
Salaries for the majority workforce	Civil Servants & uniformed forces		**Z$** 2 500 000- 5 000 000
	Farm workers		Z$60 000-200 000
	Shop floor & factory workers		Z$300 000-1 500 000
	Security guards		Z$300 000-1500 000
	Domestic workers		Z$100 000-800 000

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LUPANE SCHOOLS COMMEMORATE THE DAY OF THE AFRICAN CHILD

Bulawayo,

Saturday 16 June 2007 will remain engraved in the minds of children and communities of Lupane, the Matabeleland North Province of Zimbabwe for many years to come following the commemoration of the Day of the African Child for the first time in that community. The Zimbabwe Coalition on Debt and Development (ZIMCODD) and the Zimbabwe Human Rights Organisation (ZIMRIGHTS) gathered pupils from Punyuka, Amandlethu and Gobhi schools together with their parents and guardians to review the progress towards the advancement of children's affairs, 31 years after the Soweto uprisings by children in South Africa.

Speaking at this occasion, the Vice Chairperson of ZIMRIGHTS for Matabeleland North, Mr. Ngwenya, said that the commemoration of the Day of the African Child originates from the Soweto uprising of June 16, 1976 in which thousands of students marched in the streets of South Africa to demand quality education and to be taught in their language. The students were shot and hundreds died while thousands were injured in the two-week long demonstrations. Mr. Ngwenya called on the pupils to be proactive, be of courage and know their rights and defend them just as the South African children did in 1976.

Participating children recited poems, staged plays and sang songs articulating their expectations in relation to their right to education, health and to belong to families. The children's presentations highlighted various abuses experienced by children including those abuses that are synonymous with the impact of HIV/AIDS, cultural practices that fan discrimination against boys and girls as well as those practices that make children vulnerable to rape, domestic violence, and child labour. During the ensuing discussions the Lupane Community registered concerns over the abuse of the disabled children by their counterparts and by the community at large.

Many of the children and some of the parents present at the commemorations, heard for the first time about the United Nations Convention on the Rights of Children ratified by Zimbabwe in 1990. They followed with keen interest the pictorial illustrations of the convention as they were taught about the right to: education, health, to a family, to association, to hold an opinion, to rest, free from any form of abuse and to be protected from any harmful cultural practices.

Child Trafficking was flagged out as the theme for this year's commemorations and the Lupane community had the chance to discuss the various forms of trafficking and the extent to which women were affected noting that the figure for affected children estimated to be over a million world-wide.

Addressing the gathering, the ZIMCODD Southern Region Officer, Ms Janet Mudzviti highlighted that poverty is the main reason why children are vulnerable to organized crime, adding that the haunting factor is that poverty is not given. It is a clear indication of injustices in societies. Where there is poverty human rights are prone to be violated by those who benefit from the unjust systems. Miss Mudzviti pointed out that Africa's indebtedness and unfair global trade practices have seen the developed countries siphoning Africa's resources in form of debt repayment and trading in raw materials resulting in continued poverty. She urged the children and the community to safeguard children's rights and to report any form of violation of children's rights under any circumstances.

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From a "grand debate" to grand actions for a united Africa

Civil Society Communiqué to the Assembly of the Heads of States Meeting during the 9th Ordinary Summit Adopted Accra, Ghana, 23rd June 2007

We, the undersigned organisations from all five regions of the African Union and the Diaspora welcome the opportunity of the Grand Debate to decide on the next steps for the acceleration of political and economic unification of our beloved continent.

There is a clear consensus among us in favour of rapidly accelerating continental integration in order to respond to current and future economic, political and social challenges. Accordingly, we support the proposal for the establishment of a Union Government. We believe that the Union Government must be a People's Union and must be built on values of participation and democracy in its construction and implementation at continental, regional and national level.

A sufficient body of Summit Decisions and research exists for your Excellencies to decide in this Summit on elements of the proposal for Continental Government without further delay. There is no need to choose between Africa Union Government and the strengthening of the Regional Economic Communities. We need to accelerate both levels of implementation, as they are critical to the realisation of African citizens' aspirations for continental integration.

The presence of renewed growth rates, reduced incidence of conflict and war and more open and democratic societies encourages us to call on you to seize the opportunity for a bolder acceleration of continental integration based on the full participation of its peoples. The acceleration of deeper continental integration of Africa needs to be achieved within a feasible, time-bound and realistic framework…

To view the complete communiqué visit www.aumonitor.org

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IMF Chief in surprise resignation

Ashley Seager
June 29, 2007
The Guardian

The head of the International Monetary Fund, Rodrigo de Rato, unexpectedly quit his job yesterday three years into a five-year term.

The Spaniard's resignation, which he said was for personal reasons, comes a month after Paul Wolfowitz resigned from the IMF's sister organisation, the World Bank, following a scandal involving his girlfriend's promotion. "My family circumstances and responsibilities, particularly with regard to the education of my children, are the reason for relinquishing earlier than expected my responsibilities at the fund," Mr. de Rato said.

A former Spanish finance minister, Mr. de Rato is separated and has three children. He said he would leave in October after the IMF's annual meetings in Washington.

His departure comes in the middle of one of the biggest revamps of the 62-year-old international financial institution which he launched in September 2005 amid pressure by emerging economic powers who want a greater say in the running of the fund. Mr. de Rato said he wanted progress on reform issues in coming months that would re-balance the voting power of these economies. "I hope that my departure can provide an incentive for all of us to work together constructively and effectively with the membership over the next few months to try to accelerate the timetable in these areas," he said.

Oxfam said the announcement presented a challenge to Gordon Brown (the newly appointed Prime Minister of the United Kingdom). "It is UK government policy that the next head of the IMF must be selected on merit. This presents an immediate challenge to Gordon Brown and Alistair Darling to deliver on that promise," said Max Lawson, Oxfam policy adviser.

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Watch this space…

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