



## Global development

🕒 This article is more than **20 years old**

# The first step forward

## Leader

Supported by



[About this content](#)

Mon 13 Jun 2005 08.28 BST

There should be no doubt that the agreement to wipe billions of pounds off the debts of the world's poorest countries is a mighty step forward. Those campaigners who have been lobbying the world's wealthiest governments for the past decade, trying to lift the burden of debt from the necks of the world's poorest nations, have been rewarded for their perseverance. For 10 years or more, they had been told that writing off debts owed to international financial institutions, such as the World Bank and the International Monetary Fund, was unthinkable, impractical, unfeasible and impossible. Now the impossible is suddenly possible.

According to the agreement reached at the summit of finance ministers in London at the weekend, what is owed to those institutions by qualifying highly indebted poor countries will be forgiven. At first this will apply only to a lamentably small group of 18 countries, but the hopes are that within the next year and a half the number will swell. Credit for the deal - which will need to be approved by the governments involved, in time for the Group of Eight summit in Gleneagles next month - should go to Gordon Brown and his Treasury team, and their opposite numbers from the US Treasury, who showed a welcome willingness to negotiate away several previous stumbling blocks. Paul Wolfowitz, the White House hawk turned World Bank president, seems to have also played a benevolent role. More work may yet need to

be done to enthuse Britain's European partners, judging by the long faces in the French finance ministry.

The result will be an extra \$1.5bn or so a year channelled through the World Bank's international development arm, although it will be spread too thinly over all eligible countries. The unexpected success in bringing the IMF into the debt relief equation also raises worries over how donors will fund writing off the debts of further qualifying countries, above the original 18 qualifiers.

While gift horses should never be examined too closely, what will decide how generous the deal eventually becomes depends on what benchmarks the **G8** governments decide to apply. Specifically, will they be as tough as those used in the US government's Millennium Challenge Account, which has so far seen only two countries qualify for funds? Will the wealthy countries take reciprocal measures against corruption, such as bribery by western firms or allowing the proceeds of corruption to pass through through tax havens under their jurisdiction? A genuine, global effort against developing world corruption needs help from all parties involved. Such criteria could also include positive rather than just negative roles for developing world stakeholders. By making aid transparent, by publishing clear conditions for its use within each recipient country, the use of that aid can be improved by stakeholders and communities making decisions about where their aid goes. Especially when the pay of teachers, nurses and junior civil servants in countries such as Zambia fails to even pay for the most basic needs of a family.

The best outcome from the weekend is that it gives campaigners hope that more can be achieved. Now that debt has - with caveats - been dealt with, the opportunity is there to push on for the sort of big increases in aid that are needed to tackle Africa's many pressing problems, such as malaria, HIV/Aids, clean water, and others, as well a potential agreement on climate change. But a final thought must be the absurdity of the world's wealthiest governments having to be shamed into action by church groups, pop stars and campaigners. Surely, rather than rich nations sitting as judge and jury on the debts of the poor, it should be possible to establish an independent arbitration system to stop this situation ever developing again.

---

---

---

---

---

---

## Most viewed

---