A Statement to the Schloss Elmau G7 Summit

SECAM Justice and Peace Commission

24 June 2022

As G7 leaders meet in Schloss Elmau for their summit this year, we call on them to use the resources and the opportunities at their disposal to help shape an economy that better protects the dignity and fundamental rights of our sisters and brothers all around the world.

Representing the world’s most powerful economies, G7 members have a special responsibility to advance measures in response to the unprecedented confluence of crises threatening humanity and the planet. We stress the priority of Africa, where the COVID-19 pandemic is far from over. As the Ukraine war drives up food prices, Africa is the region with the highest share of food insecurity, and multiple countries are on the brink of food crises. Africa is the continent most vulnerable to climate change, with effects visible in loss of arable land and water, higher incidence of natural disasters and forced displacement. It is also home to two-thirds of the world’s extremely poor; yet, in the first year of the pandemic, 40 million more Africans fell into extreme poverty.¹

We call on G7 leaders to put in place viable plans for Africa to emerge from these crises with resilience and resume progress towards the Sustainable Development Goals and the Paris Agreement. While achieving those goals depends on the agency and responsibility of African leaders, it will also require a large dose of external support from the international community. We appeal to the G7 to lead the way in action on three critical areas.

A robust and immediate debt crisis response

The health and economic impacts of the coronavirus crisis compounded pre-existing debt burdens in Africa. As the pandemic hit, debt as a proportion of the size of the African economy rose from 60% to 70%. The worsening global conditions and rising interest rates will push more African countries to make impossible choices between saving lives and jobs or paying creditors. We reiterate the call of the President of our Regional Body of Catholic Bishops in Africa (SECAM), His Eminence Philippe Cardinal Qudraogou, who in his 2022 New Year message wished “for our continent good economic recovery, and freedom from debts that have been strangling it.”

The G7 should provide leadership and coordinate efforts to bring together public and private creditors in mechanisms to reduce the unbearable debt burdens many countries in our region continue to face. These mechanisms should be used for effective and immediate debt payment suspension mechanisms for countries seeking support.

Full deployment and utilization of Special Drawing Rights aid

We welcome the G7 support to last year’s IMF’s creation of $650 billion in Special Drawing Rights for coronavirus response and recovery. These resources are fast, without conditions and add little or no debt, but we are concerned that out of this amount, only $33 billion went to African countries.

Wealthy countries, which received more than $400 billion in that allocation, should rechannel a significant portion of their SDRs to African countries to support local efforts for vaccine purchase, food crisis response and climate change adaptation. While the G20 commitment to rechanneling $100 billion is a good start, we believe they can do more. The vehicles for SDR rechanneling should protect debt sustainability and avoid conditioning transfers on policies that worsen poverty, human development, or access to essential services.

We call for the start of a process towards a new SDR allocation at a level sufficient to at least triple the resources Africa received last time. World leaders should also review how SDRs are distributed to align their allocation with recipients’ needs.

An international financial architecture that prevents future debt crises

Finally, the G7 should adopt a roadmap toward a new global financial architecture that prevents future debt crises with three essential elements.

The first is the adoption of responsible lending and borrowing rules and policies, including debt contract disclosure and authorisation frameworks. The key G7 creditor jurisdictions could send a strong message by passing reforms that bar judicial enforcement of debt that does not meet such standards.

The second is fair risk-sharing between creditors and debtors for natural disasters and other external shocks.

Third, sufficient sources of concessional, long-term financing for development, with embedded policies to protect debt transparency and sustainability.

Conclusion

We trust that G7 leaders share our interest in social and economic systems that support the distribution of wealth and guide humanity to be inclusive of all people and eliminate economic inequality in society. Thus, the work for recovery should not be to return to an unequal and unsustainable economic and social life model, where a tiny minority of the world’s population owns half of its wealth as millions wallow in poverty.

This requires discussing the global economy in terms not only of what it produces but also of how it touches and promotes life, protects the dignity of the human person, and protects the integrity of creation.²

We stand ready to contribute and work with you in making the above vision and recommendations a reality.

Bishop Sithembele SIPUKA
President of SECAM Justice, Peace, and Development Commission.

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² Address of His Holiness Pope Francis to Participants at The International Conference Marking the 3rd Anniversary Of The Encyclical "Laudato Si" available at https://www.vatican.va/content/francesco/en/speeches/2018/july/documents/papa-francesco_20180706_terzoanniversario-laudatosi.html