Global Health Watch

Mobilising Civil Society around an Alternative World Health Report

GHW Update 6 – November 2004

Welcome to our November edition!!!

Please pass on this newsletter to anybody that might be interested in the GHW
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GHW featured at the Global Forum for Health Research in Mexico

Participants at the 8th Global Health Research Forum health this month expressed their enthusiasm and support to the GHW initiative.

David McCoy, a member of the GHW Secretariat, together with eleven other members of the People's Health Movement, delivered several presentations featuring the GHW at the 8th annual meeting of the Global Health Research Forum held in Mexico City this November.

The Forum was a gathering of a broad range of constituencies such as health and development ministries, multilateral and bilateral agencies, research-oriented bodies and universities, NGOs, the private sector and the media with the common aim to correcting the 10/90 gap in health research. For more details visit www.globalforumhealth.org

Several plenary discussions at the Forum highlighted the role of civil society in closing the 10/90 in health research, and the Watch was recognised as an key opportunity to fulfil that role. Participants also expressed their interest in the Peoples Health Movement as a resonance board for civil society voices.

The need for local and regional papers to accompany the Global Health Watch report was highlighted, and specific participants expressed their willingness to contribute to the Australian and Latin American versions.

If you are interested in joining/starting your local/regional Watch, please contact us at ghw@medact.org for more information.

Highlights from the 2005 Report – Debt Relief for Poor Countries

In 1996, 42 heavily indebted countries were deemed as eligible to take part in debt relief initiative put forward by the World Bank. Eight years after the HIPC (Heavily Indebted Poor Countries) Initiative was launched, only 14 countries considered eligible have reached "completion point". Why is HIPC progressing so slowly? Delays are due in large part to the failure of countries to comply with the rising number of economic conditions laid down by the IMF.

The Zambian case

In the year 2000, Zambia became qualified to become eligible to receive up to a 50% reduction in its foreign debt burden of $6.8 billion. All it had to do was follow all of the IMF's loan conditions satisfactorily for three years.

One of the binding IMF loan conditions called for Zambia to impose a strict cap on the government's wage bill at no more than 8% of its Gross Domestic Product (GDP). However, the Zambian government is regularly faced with the threat of a worsening "skills drain," in which professionals leave the country in search of higher wages abroad. Government's attempts to stem this tide of fleeing professionals made the public sector wages reach 9% of GDP. By exceeding the 8% agreed with the IMF in the budget agreement, Zambia was thus considered "off-track" with its IMF loan program, and was suspended from eligibility to receive debt relief.

According to the IMF, Zambia can take steps to get back "on-track" with its IMF program, and again be in a position to eventually receive debt relief. But an IMF condition for doing so is to privatize Zambia's remaining public utilities and state-owned companies in the energy and telecommunications sectors.

The Zambian government is at a crossroads. If it pleases the IMF by going along with the new conditions, it is likely to cause industrial unrest by workers opposed to privatization in the energy and telecommunications sectors. If it goes with the will of the people and seeks to maintain public ownership of these companies, the country will miss its chance at receiving debt-relief and have to pay hundreds of millions of dollars more in debt servicing every year. Either way, Zambia cannot raise the wage bill high enough to retain the doctors, teachers, or healthcare professionals needed to fight HIV/AIDS.

Get involved in the GHW!

- ☐ Submit local/regional case studies
- ☐ Launch the report in your country/ region
- ☐ Produce an accompanying country or regional paper or report
- ☐ Help with funding or fundraising