

The view from the summit – Gleneagles G8 one year on

9 June 2006

Introduction

On 31 March 2006 the Zambian President Levy Mwanawasa announced that from that day on basic health care would be free to everyone. This was made possible partly due to the money saved following the cancellation of Zambia's \$5 billion debt to the International Monetary Fund (IMF). A visit to the clinic for basic medicines, which until then had been the privilege of the few, became the right of all.

One year has passed since the G8 summit in Gleneagles in July 2005. One million HIV-infected people in poor countries now have access to treatment, as of the end of 2005. In Burundi, removal of education fees in 2005 has led to 300,000 children going to school. Yet despite these stories of progress, in the same year 500,000 women died in either pregnancy or childbirth and 11 million children died from poverty, conflict, and disease. This is the equivalent of a woman every minute, a child every three seconds.

One year has passed since 36 million people in over 70 countries united under the Global Call to Action against Poverty, and demanded that the world's leaders act, in the words of Nelson Mandela, to overcome the injustice of global poverty. In the UK, a quarter of a million people marched across Edinburgh demanding that the G8 take action, and across the world 2 billion people tuned in to watch Live 8. They demanded that leaders deliver debt cancellation, more and better aid, and trade justice. They set a new goal for this generation – to make poverty history.

One year has passed since the G8 leaders responded by agreeing to cancel the debts owed by 40 of the world's poorest countries to the World Bank, IMF, and African Development Fund. They also promised to increase aid to poor countries by \$50 billion by 2010, with half of this going to Africa. They promised increases in humanitarian aid and support to peacekeeping and arms control, and they called for a world trade deal that favours poor nations. Finally, they agreed to tackle climate change. Although these promises fell far short of what was demanded and needed to end poverty, they nevertheless represented substantial commitments that, if delivered, would make a difference to the lives of millions.

This weekend G8 finance ministers meet in Russia. This meeting is critical in agreeing the financial commitments to be announced at the ensuing G8 summit in St Petersburg in July. Exactly one year ago it was the G8 finance ministers who brokered the debt cancellation deal at tense negotiations in London. On the table this weekend is a review of progress since last year, and in particular the need to mobilise further finance for health and education in poor countries. Annually, \$10 billion is needed to get every child into school,¹ and \$27 billion to provide basic health care for all.²

A year ago G8 leaders made significant promises that could affect the lives of millions living in poverty. Of course, miracles should not be expected in a year, but substantial progress can and should be. As the Russian G8 approaches, this paper explores progress (or the lack thereof) since the G8 in Gleneagles in the areas of debt, aid, conflict, trade, and climate change.

Debt cancellation already making a difference

On 6 January 2006, the IMF cancelled the debts owed to it by 19 of the world's poorest countries. This will change the lives of millions of people. In Ghana the money saved is being used for basic infrastructure, including rural feeder roads, as well as increased expenditure on education and health care. In Tanzania, the government is using the money saved to import vital food supplies for those affected by drought.³ Across Africa, lifting the burden of debt is allowing millions of dollars to be directed to fighting poverty instead of repaying rich countries.

The cancellation of the IMF debt is the first part of the deal struck by the G8 in 2005 to cancel debts owed by up to 40 of the world's poorest countries to the World Bank, the IMF, and the African Development Bank. This deal marked a serious step forward in ending the debt burden of the poorest countries and for the first time ever recognised that many poor countries will need 100% of their debt cancelled if they are to win the fight against poverty.

Zambia – reaping the benefits of cancelled debts

The impact of debt cancellation in Zambia will reduce the country's debt from \$7bn to about \$500m, releasing vital resources for reducing poverty. Zambia has just released its new budget for 2006, and the share of spending on both health and education has substantially increased. It has also removed fees for basic health care. Extra spending on education will include funds to recruit more than 4,500 teachers, and for the construction and rehabilitation of schools in rural and urban areas. Additional funds are going to HIV/AIDS control and mitigation programmes, primary and community health care, recruitment of medical personnel, and the purchasing of medical equipment and medicines.

To demonstrate how they will make the most use of debt cancellation and aid, African governments have developed poverty plans and clear methods for spending the money saved to help the poor, instead of allowing the finance to be wasted through corruption. For example, in Malawi, the president Bingu wa Mutharika is taking a hard line on corruption. The former Minister of Education is now serving a prison sentence for misappropriating government funds; other senior politicians face prosecution. In Mauritania, which suffered a coup in 2004, debt cancellation was postponed pending the new government demonstrating a good track record in financial management. In Nigeria, the formidable finance minister Ngozi Ogonzi-Iweala has set up a poverty action fund to channel the proceeds from debt cancellation; specific expenditures include training thousands of new teachers. In many countries charities, churches, and unions are monitoring their governments and demanding that the money received is spent transparently to tackle poverty.

After the main outlines of the debt cancellation deal were agreed in Gleneagles, the remainder of 2005 involved intense wrangling over the details. Some rich countries and the World Bank and IMF themselves have made a number of attempts to water down the deal. For example, the original agreement was to count all debts owed up to the end of 2004 to the IMF, World Bank, and African Development Fund. In order to save money, the World Bank deal now only covers debts up to the end of 2003; a stroke of the pen costing poor countries \$5 billion in debts that will not now be cancelled.

Furthermore, much more debt cancellation is still needed; massively indebted countries such as Bangladesh and Kenya remain excluded. The Jubilee Debt Campaign calculates that over 60 countries will fail to reach the Millennium Development Goals unless their debts are fully cancelled. Even when the 2005 deal is fully implemented it will only stretch to around 40 countries. Debts owed to other regional banks (notably the Inter-American Development Bank) were not included in the deal. Countries are also still obliged to implement harmful economic reforms such as inappropriate privatisation or trade liberalisation in order to qualify for debt cancellation. There is no recognition of the illegitimate origins of much of this debt in irresponsible lending such as debt incurred by unelected leaders in the 1980s. ⁴ For example, the current South African government is paying back billions lent to the former Apartheid regime.

Nevertheless, the deal agreed last year in the face of unprecedented pressure worldwide is already having a positive impact on peoples' lives. This is a tribute to the tireless campaigning of activists, the pressure it brought to bear on G8 finance ministers and G8 leaders and the positive way leaders responded to that pressure. These same activists will be looking to the G8 in 2006 to expand debt cancellation to all the countries that need it in order to combat poverty.

Aid: double counting masks limited progress

At Gleneagles the G8 promised to increase aid by \$50 billion annually by 2010. This is only half of what the UN calculates is required by 2010 to reach the Millennium Development Goals. It will take rich countries to the point where they are giving 0.36 per cent of their gross national income (GNI), exactly half of the 0.7 per cent target they all signed up to over 30 years ago in 1970.

Nevertheless, if delivered this aid could make a huge difference in the fight against poverty. It has the potential to help pay for every child to go to school for the first time in human history. It has the potential to help deliver free health care to the 500,000 women who die each year in pregnancy or childbirth, and to provide life-saving treatment for millions of people living with HIV. It can help train and pay for the 2 million teachers and 4 million health workers needed immediately. In order to work, this aid must involve flexible, long-term commitments of genuine financing, without harmful strings attached, and it must go directly to the countries that need it.

On the face of it, OECD figures show that 2005 aid from the G8 has increased massively, by \$21 billion or 37 per cent over its 2004 levels. However, this increase does not withstand closer scrutiny, since the overwhelming majority of the increase (80 per cent) is made up of one-off debt cancellation deals for Iraq and Nigeria - it is not actually new money in the fight against poverty. Together these two deals add up to \$17 billion of the \$21 billion increase. Discounting these figures, the underlying trend in aid by some of G8 countries actually gives cause for serious concern.

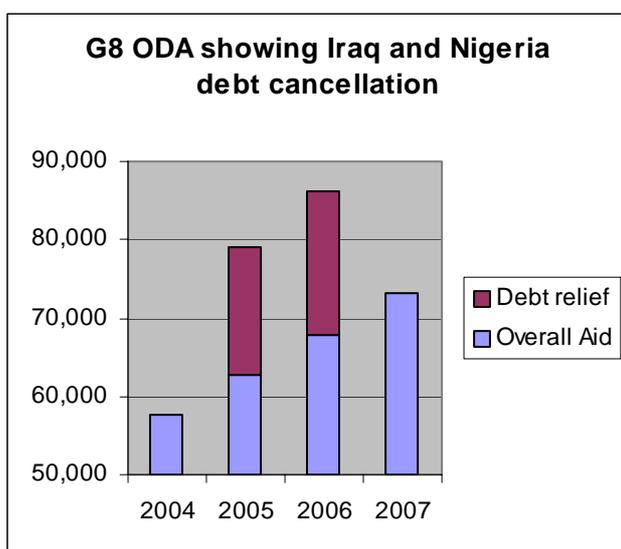
Debt cancellation for poor countries like Nigeria is important and necessary. The cancellation of debts owed by poor countries to rich ones allows countries to invest in education, health, and other anti-poverty policies, as we have seen. Cancelling Iraq's debts, which were run up by the regime of Saddam Hussein, frees up money for the government to spend on rebuilding the country. Debts have to be cancelled, and in addition aid has to be massively increased. However, if rich countries use their aid budgets to pay for this cancelling of debts then in fact no new money is available for poor countries to spend on fighting poverty. In 2002 at the Monterrey Financing for

Development conference, rich countries promised to stop this practice of double counting debt cancellation as aid. Despite the promise the practice continues.⁵

In addition to using aid to pay for debt cancellation, rich countries also count the full cost of the cancellation over a very short period. But the savings made by poor countries are spread over a much longer timeframe. This means aid figures are inflated by apparently huge amounts, even when the actual money available to spend fighting poverty is far less. For example, aid figures in 2005 and 2006 will include the full cost of cancelling \$18 billion of Nigeria's \$35 billion debt. But the actual saving to Nigeria will be approximately \$1 billion annually over the next 20 years.⁶ The net result is that despite aid looking as if it has increased enormously in 2005, the actual new money available to fight poverty is much less. Once the Nigeria and Iraq deals are deducted, overall aid from the G8 rose just 9 per cent in 2005. A similar picture is expected in 2006, when the second tranches of the Nigeria and Iraq debt cancellation deals will again count towards overseas development aid (ODA). The danger is that this will mask a failure to increase the underlying volume of real aid in line with their Gleneagles commitments, allowing the G8 to take their foot off the accelerator.

This will all come to a head in 2007, when the spike created by debt cancellation disappears, and the inadequate underlying trend in key G8 countries will be exposed as insufficient to reach the commitments made. The G8 must show us now how they intend to defuse this 2007 time bomb. They should do so by separating out debt cancellation from aid (as Norway does), or at a minimum by spreading its impact on aid figures over a much longer period. This would reduce the distortions created and reflect the actual benefits to poor countries in terms of money released to fight poverty.

Figure 1: Impact of Nigeria and Iraq debt cancellation on G8 aid in 2004- 7⁷



A breakdown for 2005 is given in Table 1 over page. This table shows the deduction of the Iraq and Nigeria deals, but includes the actual benefit of debt cancellation to Nigeria of approximately \$1 billion saved during the year.

Table 1: Impact of Iraq and Nigeria debt cancellation on aid 2004-5. All figures are in \$millions

	Aid reported in 2004	Aid reported in 2005 ⁸	Iraq & Nigeria debt cancellations 2005	Aid in 2005 with debt cancellations deducted ⁹	% Change in ODA from 2004 to 2005	Aid in 2005 as % GNI
Canada	2,599	3,387	321	3,066	18%	0.31
France	8,473	9,925	1,610	8,315	-2%	0.38
Germany	7,534	9,847	2,919	6,928	-8%	0.24
Italy	2,462	4,921	1,324	3,597	46%	0.21
Japan	8,922	13,486	3,316	10,170	14%	0.21
UK	7,883	10,627	2,892	7,735	-2%*	0.33
US	19,705	26,726	3,810	22,916	16%	0.19
Total	57,578	78,919	16,192	62,727	9%	0.27

*The overall UK figure is affected by the impact of loans and recoveries made by the Commonwealth Development Corporation in 2004 and 2005. When this is taken into account, UK ODA overall rose by 7% in 2005

In 2005 Italy and the US increased aid substantially, but still remain the least generous in the G8 compared to the size of their economy. Japan's aid increased for the first time in many years, in the face of unprecedented campaigning by the Japanese Hottokenai coalition, which saw 4.5 million people wear a white band¹⁰ in 2005. Nevertheless as yet there is no clear timetable for the \$10 billion extra pledged on the eve of the Gleneagles G8. Recent reports suggest that the Japanese finance ministry is trying to avoid increasing grant aid and is instead making up the increase from debt cancellation and loans. This would be an embarrassment to Prime Minister Koizumi at the G8 in Russia.¹¹ Finally Canada also registered a double digit increase, which is to be commended, but manifestly failed to set a timetable to reach the UN agreed target of 0.7 per cent of GNI, despite enormous public pressure. Overall the G8 members are much less generous than many other rich countries; they give an average of \$90 per person per year, compared to \$300 in the Netherlands. They can and should give far more.

Education and health

The impact of this lack of generosity is that key global initiatives set up to fight poverty cannot find funding. The Education Fast Track Initiative (Education FTI), the Global Fund to fight HIV/AIDS, TB and Malaria and the new UN Central Emergencies Response Fund remain shockingly under-funded.

The Education FTI, a critical mechanism for channelling aid to education, has an immediate financing gap of \$422 million for 2006¹², yet is struggling to squeeze even this small amount out of rich countries. Since Gleneagles only Russia, the UK, and Italy have made new contributions to the FTI; Russia gave \$77.2 million, the UK \$177 million, and Italy a paltry \$1 million.

Niger – 200,000 children let down by rich countries

Niger has been increasing the number of children going to school at a rapid pace (over 10 per cent a year) since 1998. This is partly because 40 per cent of its debt cancellation is being spent on education. Yet before the FTI was launched there was still no hope of reaching the MDG of 100 per cent primary education by 2015. The FTI plan for Niger suddenly made the target seem achievable. Donors enthusiastically endorsed the Ministry of Education's plan for total enrolment by 2015 and catalytic funds from FTI were released. By the end of last year, 9,000 teachers were to be recruited and nearly 9,000 new classrooms built. But donors have failed to fund the plan. A deficit of \$76 million means that nearly 200,000 children in Niger are out of school for one reason alone: the lack of donors' political will to deliver on schemes that they themselves proposed.

The UK government must be congratulated for pressurising other leaders to do more on education in recent months calling on rich countries to deliver the long-term commitment of \$10 billion annually, which is needed to get every child into school. Russia has made health and education a priority for the G8 summit. Campaigners worldwide will be expecting action.

A key victory at Gleneagles was the commitment to achieving universal access to HIV treatment by 2010. By the end of 2005 just over 1 million HIV-infected people in poor countries accessed treatment – a great achievement. Yet this is far from enough to get on track for the 2010 target, and still leaves 6 million people with no access to medicines that can keep them alive. Central to this problem is the lack of finance for the Global Fund to fight AIDS, TB and Malaria (GFATM). On top of their historical commitments, the G8 nations committed themselves to fully funding the GFATM. They did pledge a further \$1.5 billion since Gleneagles but this only covers existing programmes, contributing nothing to the new round of proposals for new programmes to achieve the universal target. A key test on this issue will occur just before the Russian G8 at the 2006 GFATM replenishment conference. Activists worldwide will be demanding that the G8 deliver substantially more than it has to date, and fully fund the GFATM.

In addition to fully financing these global mechanisms, G8 countries must give far more at the country level in the form of long-term and flexible aid commitments. Aid in this form is vital for rebuilding public systems that must be at the heart of service delivery, and in particular for financing the 4 million health workers and 2 million teachers needed (and to pay all teachers and health workers a living wage). Africa has 24 per cent of the world's burden of disease, yet only 2.5 per cent of its health workers.¹³ Currently, 40% of G8 aid is wasted on expensive technical assistance and is tied to having to buy services from the donor country. The World Bank calculates that just one day's consultancy costs can pay a teacher's salary for a year. Aid is also given on a very short-term basis and with minimal co-ordination, making it extremely difficult for poor countries to use the money well. In 2005 Tanzania received more than one official international visit from donors each day.

Aid is also undermined by being conditional on countries having to implement harmful economic policies, such as inappropriate privatisation or trade liberalisation, decided by the World Bank and IMF. The G8 in Gleneagles made a commitment to enable countries to 'decide, plan and sequence' their economic policies. Despite this, at the WTO, the G8 are insisting on radical cuts to every tariff line, thus eliminating a key tool of industrial policy. An April 2006 study of World Bank and IMF aid to 25 poor countries (by the European Network on Debt and Development) found that conditions forcing countries to adopt specific economic policies have actually risen over the last two years.¹⁴

Humanitarian aid

In 2005 the world witnessed the tragedy of the South Asian tsunami and the earthquake in Pakistan, food crises in Africa and the plight of millions made homeless by war. The Gleneagles communiqué highlighted 'forgotten humanitarian crises' and the need to deliver 'coordinated emergency funding ... available in time to save lives'. Since then, governments agreed in December 2005 to set up a UN fund designed to speed up humanitarian aid in the crucial first days after emergency strikes – and to provide aid fairly to those crises that governments and the media overlook. This was a significant breakthrough. In May 2006, the new fund gave \$32 million to the world's 10 most neglected crises (all of them, except Haiti, are in Africa). But even in contributing to this UN Central Emergency Response Fund, G8 governments still vary considerably in their level of generosity. Canada has pledged \$17 million and the UK almost \$70 million, but both Japan and Germany have so far offered nothing at all.

This under-funding also means that people in many humanitarian crises, such as in the Democratic Republic of the Congo (DRC), where up to 4 million people have died between 1998 and 2004¹⁵ as a result of protracted armed conflict, do not get enough aid to survive. In 2005, Canada alone of all G8 members contributed its 'fair share' to meet the humanitarian needs in the DRC, based on an Oxfam calculation that analyses donor governments' contributions according to their relative GNI.¹⁶ In 2006, the UK will have given its 'fair share', once all that it has pledged has been committed to the UN and others. No G8 government has so far committed its 'fair share' to the UN's Humanitarian Action Plan for the DRC in 2006. While the UK provided 4.2 per cent of global humanitarian aid in 2005, Germany gave 2.9 per cent, and France only 1.2 per cent.¹⁷

The overall message on aid is clear: the G8 are failing to deliver the aid increases they have promised; the inflation of figures by debt cancellation masks the paucity of resources on the ground, and this translates into children out of school, people dying needlessly, classes of 100 students per teacher, or 8,000 people to each health worker. Unless the rules are changed, aid figures will again be massively inflated next year due to the second tranche of the deals for Iraq and Nigeria taking effect. The G8 must use its meeting in Russia to change the rules, stop double counting debt cancellation as aid, and agree to cancel the debts of all the countries that need it to fight poverty. G8 countries must also set clear timetables for how they will deliver genuine increases in high-quality long-term aid and meet the promise of giving 0.7 per cent of their income by 2010 at the latest.

African Union peacekeeping and the arms trade: little action, little benefit

As the Gleneagles communiqué said, 'peace is the first condition of successful development'. The G8 leaders focused heavily on giving increasing support to African initiatives to consolidate fragile peace deals, and prevent and resolve conflicts. They promised 'to support the African Union's mission in Sudan (Darfur), just as we are contributing to the United Nations Mission in Sudan (UNMIS) operation in southern Sudan'. But since then, action has been slow in both cases. People in both Darfur and southern Sudan have seen relatively little benefit from another year of concerned words from all sides.

UNMIS was mandated in March 2005 for 10,000 personnel but is still not fully deployed, a year after Gleneagles and more than a year after the Comprehensive Peace Agreement was signed in January 2005 to bring to an end to 22 years of war in southern Sudan. Even now, little has changed for most people who live there. According to interviews in the Panyagor area of south Sudan in November and December 2005, only 17 per cent of people thought that there was 'a lot' of peace or that they were 'very safe'.¹⁸

In Darfur in western Sudan, the EU, more than the G8, has led efforts to support the African Union and its Africa Union Mission in Southern Sudan (AMIS) mission; the United States and Canada are major donors. But the overall picture is one of slow progress – and continuing death and suffering. The first commitment made by the G8 at Gleneagles on African conflicts was to provide technical assistance for an African Standby Force – a transformed military capacity for the AU – but it still looks as if it will be years until such a force will be fully operational; one of five planned brigades may be deployed during 2007. One problem has been that although important, there has been too much emphasis on the training of peacekeepers, police and in-kind funding instead of actual cash financing for the AU and troop-contributing countries such as Rwanda and Senegal. Until then, people in Darfur are left with AMIS, and protracted talks to send in UN peacekeepers later this year. AMIS has had some impact, but is unable to prevent the daily attacks upon civilians that continue to haunt the lives of many of the two million people displaced by the conflict since 2003, despite the partial peace deal agreed in May 2006. There are only 7,000 poorly equipped peacekeepers in an area the size of France. If and when the transition to a UN mission is agreed, even though the force will largely be comprised of African troops, G8 governments will pay for the majority of the mission because they are billed for 77 per cent of the UN's peacekeeping budget.¹⁹ Until this transition occurs, G8 nations must urgently strengthen the current AMIS force with radically increased funding and technical assistance to allow, for example, 24-hour patrols around the camps, patrols for firewood collection, patrols along major roads to enable access, and finally, patrols along the Chad border to prevent cross-border raids.

Controlling arms: progress towards an Arms Trade Treaty

At the Gleneagles summit, G8 leaders said that the 'development of international standards in arms transfers ... would be an important step'. Twelve months later, this still holds true. Russia, Canada, the US, and Japan have still not made public statements in support of an international Arms Trade Treaty – the initiative that the EU backed in October 2005 that could help prevent arms from being transferred to any country fuelling wars and human rights abuses.

The Gleneagles communiqué noted one key opportunity in 2006 to improve controls on the transfers of small arms. That is the Review Conference of the UN Programme of Action on Small Arms, which opens in New York on 26 June. The conference is an opportunity for all states to agree a set of global guidelines for national controls governing the sale of small arms that accurately reflect existing responsibilities of governments under international law. Agreement in New York would be a real step towards tougher controls on the arms trade that would help prevent arms from falling into the wrong hands. Now, the conference must not fail; it must agree a common international understanding on governments' responsibilities to control the supply of arms.

Trade justice still out of reach

Without a deal on trade that allows poor countries to grow, the benefits of aid and debt cancellation will be short lived. The final Gleneagles communiqué gave some hope that the leaders who signed it would give a strong political steer to their negotiators at the World Trade Organization's Hong Kong ministerial meeting in December 2005 to reach an agreement that would help developing countries. Instead, Hong Kong marked a betrayal as the rich countries, led by those in the G8, failed to take the bold political steps necessary to reach an agreement. Despite the frequent commitments to a development-friendly trade round, it was more a case of business as usual. Far from promoting developing countries' ability to tackle poverty through trade, the proposals currently on the table would be more likely to hinder developing countries' progress.

The US and EU promised they would open their markets to agriculture and industrial goods from developing countries, but have created so many loopholes they are actually offering very little. In return, G8 countries are demanding that developing countries make radical cuts in all industrial tariffs, an unprecedented step likely to preclude further industrialisation.

However, there has been movement in some areas. The G8 leaders committed to ending export subsidies on farm products by a 'credible' end date. At Hong Kong a date of 2013 was set, conditional on a final agreement. This is important as export subsidies lead to the dumping of subsidised products on world markets, undermining the livelihoods of developing country farmers.²⁰

However, export subsidies are not the only kind of farm support that harms the world's poor. At Gleneagles the G8 leaders also committed to reducing those 'domestic subsidies' that also distort world markets. But rich countries refused to follow through. The Hong Kong text did say that cuts in domestic support should be real rather than 'cuts on paper' but the language was sufficiently vague as to allow further flouting by rich countries.

At Hong Kong the rich countries stated that 97 per cent of exports from Least Developed Countries (LDCs) would be free of duty or quotas. However, LDCs export such a small range of products that the 3 per cent leeway would allow the rich countries to exclude key export sectors for LDCs, such as textiles, and continue imposing tariffs on all these exports. The preferential access that LDCs currently enjoy are set to be eroded by a deal on the terms that rich countries are offering, which will in all likelihood leave the poor worse off than they are today.

Nor was sufficient progress made on tariff escalation – that is, the charging by rich countries of higher tariffs on products that have been processed or have had 'value' added to them – which discourages economic development by forcing developing countries to concentrate on exporting low-value raw materials rather than building up their processing industries.

Finally, the communiqué referred to the need for additional money for Africa to meet rich countries' health and quality standards when trying to export agricultural products. Aid for trade was high on the agenda at Hong Kong, and the final ministerial declaration prescribed a consultative taskforce that would take the issue forward. Any aid for trade mechanism must entail additional money, rather than divert assistance currently going to other urgent needs, but it is still to be seen whether that will be the case.

Overall, while the Gleneagles agreement did not go far towards sanctioning a good Doha agreement, it did at least in part set the scene for what rich countries must do for a deal to deliver for poor people around the world. Sadly, unless rich countries radically change their proposals on trade then not only the promise of last year's communiqué, but also the wider promise of the development round, will be squandered.

Climate change: all talk and no action

Along with poverty in Africa, climate change was Tony Blair's other big priority for the UK's Presidency of the G8. He has said: 'I believe climate change is, without doubt, the major long-term threat facing our planet'.²¹

Calling for 'a global concerted effort over a sustained period', the G8 did not set measurable targets but it did agree a political statement on climate change that recognised the origins of climate change in human activity and agreed to 'act with resolve and urgency now'. The G8 also agreed to promote energy efficiency, cleaner fuels and renewable technology, and for the World Bank to create a new framework on clean energy and development. Finally, the G8 countries agreed to start a dialogue between the G8 and developing countries with significant energy needs and to help build their capacity to adapt to climate change.

The fact that President Bush signed up to the final statement seemed to mark a slight softening in US policy on the Kyoto Protocol. At the subsequent UN climate change conference in Montreal in December 2005, agreement was reached to start negotiating the terms of a second commitment period for the Kyoto Protocol, with more stringent emissions reductions targets, to come after the first commitment period ends in 2012. Sadly, the new Canadian government then announced in May 2006 that it would follow the US lead and renege on its Kyoto commitments. It proceeded to eliminate spending designed to meet the Kyoto targets.

The focus on climate change at the G8 was instrumental in raising public awareness of the issue. But the processes set in motion are happening nowhere near fast enough to produce the necessary reductions in greenhouse gases. The next report of the Intergovernmental Panel on Climate Change, due out in 2007, is expected to show that observable and damaging climatic changes are already well underway.

In addition to the Kyoto stage 2 negotiations, the 'G8 + 5' Dialogue has begun. This brings in India, China, Brazil, Mexico, and South Africa, whose energy needs and greenhouse gas emissions are rising rapidly. Its next meeting is in Mexico in September 2006. A major concern is whether the G8 + 5 Dialogue can complement and add to the Kyoto accord by bringing in governments such as those of India and China, or whether it is instead a way of subverting Kyoto and replacing it with a voluntary – and weak – regime. Champions of the Kyoto Protocol – which only came into force in 2005 – say it provides what is needed: an international legal regime that sets mandatory, binding emissions reductions. Critics of Kyoto say that by not setting binding targets for the newly industrialising nations, the protocol ignores a growing problem.

As for the World Bank, its record of supporting renewable energy has been very poor, and many fear that the Bank's new Investment Framework will encourage gigantism – the pursuit of mega-projects like big hydro-electric dams that damage river basins and the people who live in them.

Donor funds for adaptation in developing countries have so far fallen far short of what is needed. The World Bank rightly emphasises adaptation necessities in its recent analysis and even tries to estimate them (at between \$10 billion and \$40 billion a year). But so far only a few hundred million dollars have been given at most.

'Energy security', the main theme of the Russian G8, already means different things to different people. This includes: an uninterrupted supply of fuel at stable and predictable prices; a lucrative business opportunity; the opportunity for a renewables revolution; or a simple matter of life and death for many people in developing countries desperate to find enough firewood to cook their daily meal.

The G8 in Gleneagles took steps to raise public awareness and commitment, but as global energy tensions rise there is a danger that the world's fragile consensus will break down and be replaced by a more nationalistic and competitive pursuit of security of supply in which the poorest countries will be marginalised.²²

What happens next

If a week is a long time in politics, a year is an eternity. The Russians have put education, health, and Africa on the agenda of the G8 in St Petersburg in July, but all the signs are of a desire by many G8 countries to return to more low-key and understated G8 meetings focused mainly on the global economy. There is widespread concern that the German government may not put development and world poverty high on the agenda for its G8 next year.

Oxfam, the Global Call to Action against Poverty, and campaigners worldwide will not allow this to happen. As leaders in developing countries continue to raise their ambition and demonstrate commitment to ending poverty and insecurity, it is imperative that this energy be reciprocated by the G8. G8 leaders will have to deliver on the promises they made to the world's poor at Gleneagles and at the previous G8 summits and they will be challenged to go further. There will be no return to business as usual. Last year millions of people around the world demonstrated that they will not tolerate poverty, or leaders who allow it to continue, any longer.

The Global Call to Action against Poverty has built coalitions in Russia and also in Germany and Japan, who have the G8 presidency in 2007 and 2008. Millions of activists in these countries will be mobilised to ensure that their governments put the fight against poverty at the top of the agenda. They are also working with campaigners in other G8 countries and in Asia, Latin America, and Africa to keep the pressure on all eight leaders to honour their commitments to ending poverty.

The next six months are critical for the world's poor. The pressure is on the G8 finance ministers in Moscow this weekend and their leaders next month in St Petersburg to deliver on their promises to increase aid to education and health by the billions of dollars required and to change the rules to stop the artificial inflation of aid figures. The opportunity to take steps to control the arms trade must be taken at both the UN Review Conference in June and the 1st Committee of the UN General Assembly in October. And the rich countries must bury their self-interest and do a deal on trade in 2006 that really puts the interests of the poorest first. Finally, they must not allow the narrow pursuit of their own energy security to obscure the world's pressing need to confront and reverse climate change or to help poor countries adapt to the changes they are already experiencing. The world is watching and will not look away.

Annexe 1: Overall aid figures 2004/2005 with Iraq and Nigeria debt cancellation deducted

All figures are in \$millions.²³

	Aid 2004	Aid 2005 ²⁴	Iraq debt cancellation ²⁵	Nigeria debt cancellation ²⁶	Benefit to Nigeria of debt cancellation ²⁷	Total deduction	Aid in 2005 minus deduction	% Change 2004-2005 after deduction	% GNI in 2005 after deduction
Canada	2599	3387	321	0	0	321	3066	18%	0.31
France	8473	9925	613	1226	230	1610	8315	-2%	0.38
Germany	7534	9847	1990	1142	213	2919	6928	-8%	0.24
Italy	2462	4921	906	516	98	1324	3597	46%	0.21
Japan	8922	13486	3316	0	0	3316	10170	14%	0.21
UK	7883	10627	1209	2071	388	2892	7735	-2% ²⁸	0.33
US	19705	26726	3810	0	0	3810	22916	16%	0.19
Total	57578	78919	12164	4956	929	16192	62727	9%	0.27

Similar conclusions regarding the overall impact of debt cancellation on ODA figures are reached by the OECD DAC: <http://www.oecd.org/dataoecd/34/24/36418634.pdf>

Notes

¹ This figure of \$10bn p.a. is taken from Doney, M. and Wroe, M. (2006) Keeping our promises: Delivering education for all. London: HM Treasury and DFID.

² Commission for Macroeconomics and Health, final report 2001: <http://www.cid.harvard.edu/cidcmh/CMHReport.pdf>

³ IMF 'Use of MDRI Resources' personal communication, May 2006.

⁴ It is these considerations that led the African Ambassadors to the African Union to state in July 2005 that the '[debt] cancellations should not constitute a pretext to divide Africa, but rather to consolidate its unity'. They have called on African governments and civil-society organisations to continue mobilising for cancellation to cover all the components of the external debt and all the countries of the continent that need it.

⁵ In recent months this has also been a source of tension between representatives of the G8 and African governments working together as part of the G8 Africa Partnership Forum set up in 2002 to monitor the implementation of the Africa Action Plan. It will be an issue at their meeting in Moscow this October.

⁶ Furthermore in order to secure this cancellation, Nigeria had to agree to immediately repay a further \$12.4bn of its debt to creditors over 6 months between January and June 2006. This has meant, for example, that the UK received more back from Nigeria than it gave to the whole of sub-Saharan Africa in 2006.

⁷ This graph is based on the following figures:

Year	2004	2005	2006	2007
G8 aid without debt cancellation	57,578	62,727	67,745	73,165
Debt cancellation	0	16,192	18,321	0
Total figure	57,578	78,919	86,066	73,165

The value of debt cancellation in 2006 is an estimate based on information gained from the Paris Club on the individual deals for Iraq and Nigeria, which will see the remainder of Nigerian cancellation and a further 30% of Iraqi debt cancellation take place in 2006 (this will actually be slightly less than 30% due to the US paying both tranches in 2005). The final 20% of the Iraq deal will take effect when Iraq has implemented three years of its IMF programme.

⁸ Figures are deflated to \$2004 prices to allow comparison.

⁹ This total deduction has been reached by deducting the impact of Iraqi and Nigerian debt cancellation and then adding back in the benefit to Nigeria of the debt cancellation deal. This has been estimated at approximately \$1billion annually. The deduction does not include other debt cancellation, including that given under the G8 multilateral debt cancellation deal. The objective of the table is to show the impact of these two unique deals with Nigeria and Iraq, and the distortion of the figures. The OECD DAC have prepared similar figures, but have worked them out by deducting all debt relief from both 2004 and 2005 - see <http://www.oecd.org/dataoecd/34/24/36418634.pdf>

¹⁰ The White Band was the worldwide symbol of the Global Call to Action against Poverty.

¹¹ Call for aid cuts 'puts Koizumi pledge in peril' [Hhttp://news.ft.com/cms/s/42cdf8a4-eab3-11da-9566-0000779e2340.html#H](http://news.ft.com/cms/s/42cdf8a4-eab3-11da-9566-0000779e2340.html#H)

¹² This figure does not include the recent welcome pledge by Russia of \$70 million, as it is not clear exactly over what time frame and in what form this money will be made available at the time of writing.

¹³ During the Special Summit of the African Union in May 2006, African governments at the highest level committed to reduce HIV prevalence among the youth by 25 per cent, ensure that 80 per cent of pregnant women have access to Prevention of Mother-To-Child Transmission (PMTCT), and 80 per cent of HIV patients have access to care and assistance. The 53 Presidents called for a doubling of the African health care workforce from 2.5 per cent of the global total to at least 5 per cent. Oxfam supports this call. Africa and the G8 need to increase spending on health to at least \$34 per capita on average. (Source: African Union Special Summit: Common Position on HIV/AIDS, Tuberculosis and Malaria, Abuja, Nigeria, 2–4 May 2006.)

¹⁴ EURODAD, forthcoming. The study looks at loans from the World Bank and IMF to 25 poor countries, and identifies trends in the numbers and types of conditions over recent years.

¹⁵ 'Mortality in the DRC: A Nationwide Survey' IRC Article in the Lancet, January 7, 2006.

¹⁶ Oxfam International, 'Meeting real needs', Briefing Note, 13 February 2006, p 10.

¹⁷ Figures taken from UN OCHA: <http://ochaonline.un.org/index.asp>

¹⁸ Oxfam GB, 'Community-Based Monitoring Initiative' (2005), Executive Summary, answers to questions 4, 6 and 10.

¹⁹ Center on International Cooperation, New York University (2006), 'Annual Review of Global Peace Operations', Boulder: Lynne Rienner, Table 5.24, p 146.

²⁰ Also, while agreeing to their elimination is important, by 2013 the majority of export subsidies will have been phased out due to ongoing reform of the Common Agricultural Policy. Export subsidies are a relatively minor form of farm support in Europe (by far the biggest user of such subsidies at €2.5bn a year) – they account for just 3.6 per cent of overall EU farm payments.

²¹ Tony Blair letter to Stop Climate Chaos, 28 February 2006.

²² Sources: G8 Gleneagles Declaration and Plan of Action: Climate Change, Clean Energy and Sustainable Development.

²³ All figures are from the OECD DAC.

²⁴ Deflated to 2004 prices.

²⁵ Deflated to 2004 prices.

²⁶ Deflated to 2004 prices.

²⁷ The benefit is based on an approximate saving to Nigeria of \$1 billion dollars annually, divided up amongst the G8 creditors involved.

²⁸ The overall UK figure is affected by the impact of loans and recoveries made by the Commonwealth Development Corporation in 2004 and 2005. In 2004 the CDC made a loss of £210 million, and in 2005 made a profit of £196 million. When this is taken into account, UK ODA overall rose by 7% in 2005.

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