

Cooking the Books Won't Feed Anyone

The G8 Shamefully Try to Cover Their Tracks on Broken Promises

Summary

Almost six years ago at the Gleneagles Summit, the G8 promised to increase overseas aid by US\$50 billion by 2010, with \$25 billion of it going to Africa. But today, the G8 have failed to deliver on their aid promises to the world's poor. And rather than admitting their failure to deliver, the G8 are shamefully cooking the books to pretend they have done more than they have.

Instead of using aid figures adjusted for inflation, which would provide the accurate picture, the G8 have chosen instead to highlight their aid commitments in their Deauville Accountability Report in 2010 prices. This sleight of hand makes it look like they have delivered almost \$49 billion out of the promised \$50 billion instead of the accurate figure of \$31 billion. They are effectively massaging the figures upwards by nearly \$18 billion, and way overestimating what has actually been delivered for the world's poorest people.

According to the OECD, the G8 are actually \$19 billion short of their target. \$19 billion dollars is just 7 days of G8 military spending and just 0.06% of their combined national income. Out of the \$25 billion promised for Africa, only \$11 billion has been delivered. Had the G8 met their aid promise, even allowing for lower than expected GNI due to the economic crisis, they could have got every child into school, paid the salaries of 800,000 midwives in Africa, and provided 1 million life-saving bed nets. These are the real costs of their inaction.

If the G8 want to continue to be seen as a credible voice on development, then at this year's Summit in Deauville, France they must fulfill their existing aid commitments. And countries that have committed to increase their aid to 0.7% of their GNI must set clear timetables to meet this target by 2015 or sooner. The G8's reputation is at stake – if it wants to be seen as more than a talking shop, they must start walking the walk.

What was promised

In 2005, leaders at the G8 Summit in Gleneagles promised to increase aid by \$50bn a year by 2010 compared to 2004 levels to reduce the suffering and inequality that characterized the lives of billions of the world's poor. Of this financial commitment, the G8 pledged to direct \$25 billion more aid each year to Africa by 2010, from 2004 levels.

At the same time, Europe stepped up as the leading provider of aid by pledging in 2005 to commit a minimum of 0.56% collectively by 2010, increasing to 0.7 % of GNI overall by 2015.

The G8 also agreed to cancel 100% of the debts owed by some poor countries to the World Bank, the IMF, and the African Development Bank. This step benefited 18 countries immediately, with the potential of benefiting as many as 38 countries over the subsequent years.

In the years that followed, the G8 repeatedly assured those living in poverty of their commitment to deliver. Six years have now passed since these ambitious targets were set. In that time there have been momentous steps taken to raise people out of poverty in the developing world and reduce inequality, but there have also been too many broken promises that have held back progress unnecessarily.

Life-changing benefits of aid and debt relief delivered so far

The OECD estimates that by 2010, donors have provided an additional USD \$31 billion in aid. This money, combined with increased investment in core and essential services and poverty reduction from poor countries themselves, has saved lives across the developing world. Where aid has been delivered effectively, it has resulted in some breathtaking successes. For example:

- Despite the size of the challenge, the goal to halt and reverse the spread of HIV and AIDS by 2015 is on the way to being met. Through targeted funding, 5 million people have access to antiretroviral treatment (ART) for HIV and AIDS.ⁱ And in 2008, alone over 60,000 HIV infections among at-risk babies were prevented because their HIV-positive mothers received treatmentⁱⁱ.
- Abolishing school fees, constructing new schools, and investing in recruitment of teachers have translated into millions more children being in school.ⁱⁱⁱ Combining aid and domestic resources, the government of Mali has been able to increase its spending on education in relation to GNP by more than a third since in the last 10 years, and recruit more than 20,000 new teachers.
- In Zambia debt relief was used to pay for the removal of user fees for health care in rural areas.^{iv} Visits to government facilities increased by 50%. In Sierra Leone, which has long had one of the highest maternal death rates in the world, aid has helped make basic healthcare free for mothers and babies. This has led to almost three times as many children attending clinics, saving many lives.

Broken Promises & Missing Money

However, despite these successes, the OECD estimates that there is now a \$19 billion shortfall (in 2004 dollars) against the 2005 commitments. Only a little over \$1 billion of this shortfall can be attributed to lower than expected GNI levels due to the economic crisis according to the OECD. So even taking into account the impact of the crisis on rich countries national income, the G8 still failed to deliver a staggering \$18 billion dollars. Oxfam estimates the \$18bn shortfall could have paid for:

- Every child in the world to go to school. Currently 72 million children in poor countries are missing out on a primary education.
- The salaries of nearly 800,000 midwives in sub-Saharan Africa, where maternal mortality rates are the highest in the world.
- Life-saving mosquito nets for 1 million people, to protect them from malaria. Nearly this many people die every year from the deadly disease.^v

The promises of the world's leaders to deliver poverty reduction to Africa are also tragically short of what was promised. The OECD reveals that in 2010 Africa received only US\$11 billion more than in 2004 – well under half of the US\$25 billion increase promised. The failure of donors to deliver on their aid promises to Africa by such a scale will have drastic implications for Africa's likelihood of reaching the MDGs, particularly those that are the furthest off-track such as hunger and maternal and child mortality.

The best and worst performers

As a group, the EU is the world's most generous donor, although this collective performance masks some of the worst offenders such as Italy. Of the \$50 billion extra promised at Gleneagles, \$40 billion was to come from Europe, highlighting how little extra was promised by Canada, the US and Japan.

The EU has failed to reach its collective commitment to provide 0.56% of national income in aid, falling short by €15 billion and delivering only 0.43% of national income as aid in 2010 collectively. By the European Commission's own admission, if they continue along the current trajectory, reaching 0.7% will be delayed by 25 years.^{vi} Although Europe remains committed to its objective of providing 0.7% of GNI in aid by 2015, the numbers tell a worrying story, that this will not be possible without a serious investment

to get back on track. The G8 and beyond appear to be backing away from their commitments to address global poverty at the very time when they should be redoubling their efforts.

Table 1 – How far are the G8 from their Gleneagles commitments?

Year Unit	Original Gleneagles promises aid levels to be given in 2010 ^{vii} (2004 \$m)	Aid given in 2010 ^{viii}		Difference between promises and disbursement 2010 2004 \$m
		2010 2004 \$m	% GNI	
Canada	3,648	3,547	0.33	-101
France	14,110	10,927	0.50	-3,183
Germany	15,509	11,235	0.38	-4,274
Italy	9,262	2,590	0.15	-6,672
Japan	11,906	9,566	0.20	-2,340
UK	14,600	13,982	0.56	-618
US	24,000	26,354	0.21	2,354

As part of the 50 billion promise from the G8, France, the UK, Germany and Italy made more ambitious commitments than other G8 countries. They promised to deliver 0.51 % of GNI in aid by 2010, rising to 0.7% by 2012, 2013 and 2015 respectively. Apart from the UK, the G8’s European members remain markedly off-track on their promises.

Italy is the worst performer. Its promise was to give just over \$9 billion in aid (2004 prices) but in 2010 it gave only \$2.6 billion, with a shortfall of \$6.7 billion. Its aid is only 0.15% of GNI in 2010, very far away from the promised 0.51%. Worse yet, further cuts are planned in Italy’s aid budget.

Germany is way off track from its commitment. The difference between its promise and its disbursement is \$4.3 billion in 2004 prices. It provided only 0.38% of GNI in ODA, instead of the promised 0.51%. Worryingly, medium-term financial planning indicates significant cuts of ODA budgets for 2012 until 2015. Given the robust growth in the German economy this is particularly inexcusable.

The French government failed to meet its promises. It promised to give just over \$14 billion (2004 prices) by 2010, but only gave just under \$ 11 billion. However, France has nearly reached its target to provide 0.51% of GNI in ODA.

Despite the big increase in its aid, the UK just failed to meet its target. Its promise was to give \$14.6 billion by 2010, but it gave only \$14 billion (2004 prices), with a shortfall of \$618 million. But it did give more than the promised – 0.51% of GNI in ODA – and is by far and away the closest to meeting its more ambitious target of 0.7 % of national income by 2013. The UK has also committed to introduce legislation that will make provision of 0.7% of GNI in aid legally binding.

Japan missed its Gleneagles target by \$2.3 billion. It promised almost \$12 billion in 2010 but it only gave \$9.6 billion in 2004 prices and currently provides just 0.2% of its national income as aid, the furthest after Italy from meeting its 0.7% commitment. The Japanese Government also has just announced that the aid budget will be cut by JPY50 billion, or approximately US\$612 million, to help finance the domestic reconstruction efforts after the March 11 earthquake and tsunami disasters. The cut is supposed to be a temporary and immediate measure but there has been no concrete plan announced as to how to get back on track and by when.

Canada has fallen short of its modest Gleneagles target by around \$101 million. Canada’s original promise was \$3.65 billion but in 2010 its aid was only \$3.6 billion in 2004 prices. Despite being close to meeting its smaller target, the future of Canadian aid remains uncertain: the Canadian government will freeze the aid budget at 2010 levels for the coming five years, casting doubt over whether they will finance anywhere near their fair share of efforts to achieve the MDGs by the target deadline of 2015. In

2010 the Canadian government spent more on buying 65 new F-35 Joint Strike Fighter jets than overseas aid.

The US is the only G8 country to have met its commitments and go beyond them, but the target was un-ambitious from such a large G8 economy. The US delivered 0.21% of its national income as aid in 2010, giving \$26 billion in 2004 prices. This is \$2.4 billion more than it committed as part of the Gleneagles promise, but to put this in context, the US government spent 23 times more on military expenditure than it did in aid in 2010.

Additional Commitments, Additional Broken Promises

At the height of a food price crisis two years ago, the G8 committed to invest \$22 billion in aid for agriculture and food security with a particular focus on smallholder and sustainable agriculture and women, and supporting the implementation of country and regional led plans.

Lack of transparency has made it difficult to work out which governments have delivered on their L'Aquila commitments, but the Global Agriculture and Food Security Program, a fund created to channel part of the money pledged in L'Aquila, is virtually empty. Only a fraction of the money that has been donated (around \$4 billion) is new money and Italy actually cut its aid on agriculture since 2008. The Global Agriculture and Food Security Program (GAFSP) Trust Fund, set up to channel L'Aquila pledges, is nearly empty and 17 countries that have applied for funding remain in limbo. The West Africa regional plan on food and agriculture is still waiting to receive needed funds from donors.

Today, the accountability report discloses that about half the aid pledged at L'Aquila has been scheduled for disbursement. But little if no information exists regarding where this aid has been delivered, how much has been used to support national and regional led plans and how effective it has been in meeting the needs of smallholders.

In the US, deep cuts were proposed by the Congress to the 2011 foreign affairs account, a budget game that will be repeated for the 2012 budget. With so much uncertainty, it is impossible to know whether the US aid commitment to L'Aquila and other pressing humanitarian and development efforts will be met. The late budget decision for 2011 has made it impossible to fully account for what the US is spending to meet targets of reducing hunger, and improving food and nutrition security. The real danger is of stealing from important programs in one area to pay for them in others.

France has been reducing its ODA on agriculture and food security since 2007 and has resorted to suspicious manipulations of its ODA figures in order to make up their commitment of \$2.2 billion. The Deauville accountability report shows new tricks from France to hide their lack of commitment to food security and agriculture. Less than a third of the US\$1.9 billion indicated in the report as "spent" actually corresponds with disbursements; the rest refers to commitments made between 2009 and 2010, the content and schedule of disbursement of which we don't have any concrete information. As there are no disbursements declared in 2010, the Deauville report makes evidence of France's lack of interest in implementing what was pledged in L'Aquila, at a time when it decided to make food security and agriculture a top priority of the G20 negotiations held in France this year.

Italy, despite having agreed as the other G8 countries to reverse the decline of aid in agriculture several times, actually reduced its aid to agriculture by 37.5% from 2008 to 2009. The situation for 2010 does not look any better as overall aid cuts have continued. The figures included in the accountability report are questionable. Italy, for example, added to their spending: aid on environment and water as well as de-mining activities. Meanwhile, the government cut contributions to WFP by almost 75% from 2008 to 2009.

And at the last Summit hosted by Canada, in a year during which an estimated 350,000 women died in pregnancy or childbirth, the G8 pledged \$5 billion for maternal and child health over a period of 3 years. Yet even that minimal promise has eluded all but two of them. Only Canada and Germany are making good on their commitments. The others are falling far behind and will have to get the money out the door fast if we are to save the lives of women and children. The four major killers are bleeding, infections,

unsafe abortions and obstructed labor, the medical solutions to avoiding or managing these being well known. In most cases, basic health care intervention in the form of a trained midwife, with obstetric equipment and medicines, and a well-equipped referral hospital staffed by trained doctors will save the mother's life. G8 leaders must deliver on their commitments and provide clear information on what actions they have taken to deliver on all their commitments.

What needs to be done in 2011

This year, the commitments of the world's rich countries to take on the momentous challenge of turning around poverty and inequality hang by a thread. In Deauville, the G8 must:

- Reaffirm the Gleneagles, L'Aquila and Muskoka commitments in the G8 communiqué and set out an emergency plan to deliver the \$19 billion shortfall against commitments by 2012.
- Produce national and binding timetables setting out how they will do this.
- Countries that have committed to meet 0.7% must set clear timetables to meet this target by 2015 or sooner.

The G8's reputation is at stake – if it wants to be seen as more than a talking shop, promises have to be kept.

Notes

Table 2 – Aid Levels^{ix}- How much did the G8 give in 2010?

	2010 ODA USD m	2010 ODA %GNI	%Change 2009-10 ^x	Aid Per Citizen Per Year
France	12,916	0.5	7.3	206.3
Germany	12,723	0.38	9.9	155.4
Italy	3,111	0.15	-1.5	51.7
UK	13,763	0.56	19.4	222.6
Canada	5,132	0.33	12.7	152.1
Japan	11,045	0.2	11.8	86.6
United States	30,154	0.21	3.5	98.2
Across all G8 countries^{xi}	88,844	0.28	8.5	

ⁱ http://www.un.org/millenniumgoals/pdf/MDG_FS_6_EN.pdf

ⁱⁱ *ibid*

ⁱⁱⁱ *ibid*

^{iv} Your money or Your Life, 2009, Oxfam International, and others

^v It would cost \$16bn each year to ensure every child in poor countries gets the chance to go to school by 2015. The average annual salary of a nurse or midwife in Sub-Saharan African is \$2500. The average cost of a mosquito net is \$3.60

^{vi} EU Accountability Report on Financing for Development 2011

^{vii} These figures are the original Gleneagles promises, 2004 prices as confirmed at the G8 in Gleneagles in 2005. The OECD's uses slightly different figures since 2009, taking into account lower GNI in rich countries than predicted in 2005, due to the financial crisis. Oxfam does not believe poor countries should be made to pay for lower GNI, and so we use the original G8 promises.

^{viii} Aid given in 2010 at 2004 prices is an Oxfam calculation based on OECD official deflators.

^{ix} All the aid levels are taken from the OECD DAC official figures for 2010.

^x Taking account of both inflation and exchange rate movements.

^{xi} Although G8 is used throughout instead of G7, Russia does not give foreign aid, so the countries covered are: Canada, US, UK, France, Germany, Italy and Japan.