

Gleneagles: what really happened at the G8 summit?

29 July 2005

The G8 summit at Gleneagles in Scotland, from 7-8 July 2005, was a time of high drama, hope, and disappointment.

A series of reports published prior to the summit, including the reports of the Commission for Africa and the UN Millennium Project, underlined the fact that without immediate and sustained action by the richest countries, poverty would continue to claim millions of lives and the Millennium Development Goals (MDGs) for 2015 would not be met.

The UK government signalled from an early stage its intention to make action on Africa a centrepiece of its G8 presidency in 2005. All G8 leaders went into the summit under unprecedented worldwide popular pressure. The Global Call to Action against Poverty, a worldwide alliance of anti-poverty coalitions, groups, organisations, and individuals from 70 countries, including each of the G8 nations, mobilised around the need for concerted action against poverty. The UK coalition, Make Poverty History, organised a march of over 225,000 people in Edinburgh, and Live 8 concerts highlighting the need for action were watched by over 2 billion people around the world. These actions raised the profile of poverty in a way never seen before. All of these factors combined to raise expectations that the G8 summit at Gleneagles would deliver the extraordinary: a real breakthrough in the fight against poverty.

During the last-minute negotiations as the summit concluded, however, the true nature of what was being agreed remained unclear. Events were overshadowed by the London bombings, leading to an inevitable shift of tone and emphasis in the summit discussions and a considerable reduction in attention to the outcome.

Oxfam's reaction to the summit is clear. Progress will be made on the MDGs because of the welcome steps taken at the summit and in the G8 finance ministers' discussions that preceded it in June 2005. No previous G8 summit has done as much for development, particularly in Africa. However, along with other organisations and fellow campaigners, Oxfam is disappointed that in the light of undisputed need and unprecedented popular pressure and expectation, neither the necessary sense of urgency nor the historic potential of Gleneagles was grasped by the G8.

This briefing note aims to assess what was agreed at Gleneagles, looking specifically at the following areas in which Oxfam works: aid, debt, trade, conflict, education, health and HIV/AIDS.

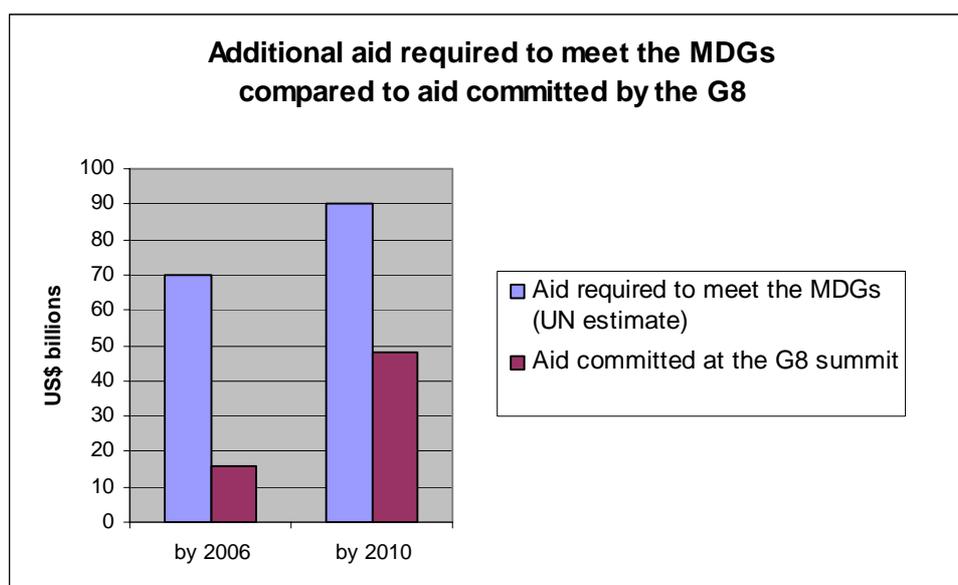
Aid

The G8 leaders confirmed a commitment to increased levels of Official Development Assistance (ODA), led mainly by the European countries. Whilst welcome and a clear victory for campaigners, the quantity of aid and the speed of its delivery fall far short of what is needed.

The G8 leaders confirmed plans for aid spending which will mean – according to OECD estimates – that aid to developing countries will increase by \$48bn a year by 2010, compared to 2004 levels.¹ Oxfam calculates that this means that commitments made by the G8 over the past year will have added an extra \$16bn to the global aid budget by 2010 above and beyond current trends.

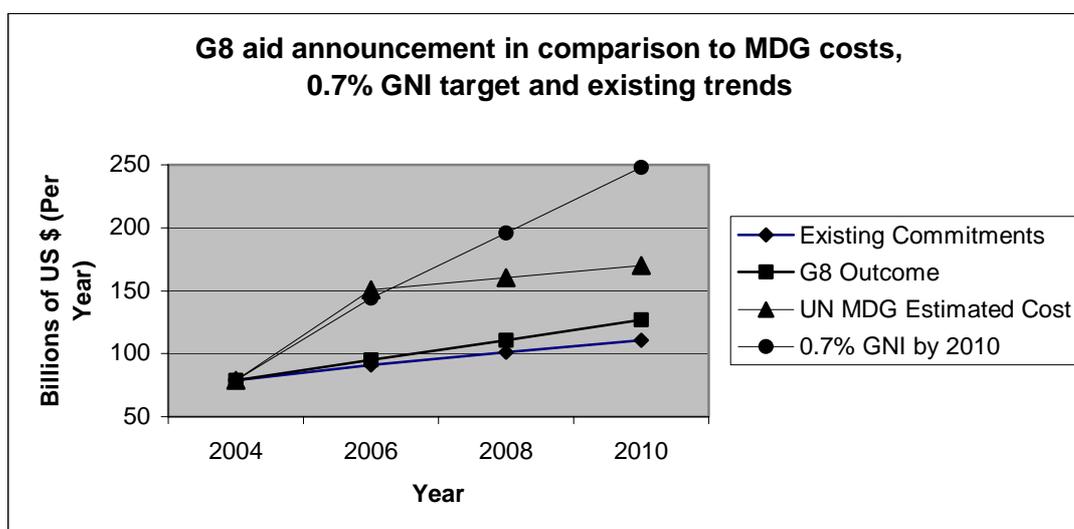
This represents an important and welcome increase in aid levels after many years of scandalous decline. It can give millions of children who otherwise would be denied an education the chance to go to school, and provide life-saving medicines for millions who would not otherwise have had them. This represents a victory for campaigners across the world who have fought hard to see rich countries increase their aid levels.

However, the increases will still come too late and fall far short of UN and World Bank estimates of what is needed to meet the MDGs. The UN is very clear on what is needed: an immediate substantial boost in aid followed by a further steady increase to 0.46% of Gross National Income (GNI) by 2010 and 0.7% of GNI by 2015.² In US dollars this means an immediate boost of \$70bn more in 2006 than 2004 levels, rising to \$90bn more than 2004 levels by 2010. In comparison, what was agreed at Gleneagles represents only \$16bn more in 2006 than 2004 levels, rising to \$48bn more than 2004 levels by 2010.



	2004	2006			2010			
(All figures in \$billion)		Overall aid level	Increase on 2004	Amount of new money ³	Overall aid level	Increase on 2004	Amount of new money	% GNI in 2010
Existing commitments and trends⁴	79	91	12	0	111	32	0	0.31
G8 Outcome	79	95	16	4	127	48	16	0.36
UN MDG requirements⁵	79	151	72	60	170	91	59	0.46
0.7% GNI by 2010⁶	79	144	65	53	248	169	137	0.7

Even if reached, the MDGs will only halve poverty. Oxfam is therefore demanding that rich countries go further and give 0.7% of their national income as ODA by 2010 at the latest. They promised to give this amount in 1970, and 35 years later this promise remains broken. If they did this then poverty really could be made history. The G8 countries' proposed increase of \$48bn by 2010 will only equate to an average of 0.36% of their national income by 2010. This will be the same level as it was in 1987, and will only be half of the internationally-recognised target. To reach 0.7% of GNI in 2010 donors should increase their aid not by \$48billion but by \$170 billion. In contrast, military spending by rich countries was over \$600bn in 2004.



The majority of the \$48bn increase by 2010 will come from European countries, following their important announcement in May 2005 that they will all give a minimum of 0.51% of GNI in foreign aid by 2010, increasing to 0.7% by 2015. This was followed at the G8 summit itself by Japan committing to increase ODA by \$10bn over the next five years. This welcome move represents an end to a five-year decline in their aid levels. On a more disappointing note, in Canada Paul Martin steadfastly refused to set a timetable for reaching 0.7%. Canadian campaigners have vowed to keep pushing on this towards the UN Millennium +5 summit in New York in September 2005. Similarly the 1.4 million US citizens who signed up to ONE, the US anti-poverty coalition, have committed to keep pressuring the US government for much greater increases in foreign aid.

Campaigners worldwide will need to sustain the pressure to ensure these commitments become a reality and are further increased in the coming years. Within the EU, Germany and Italy have already cited budgetary constraints as possibly preventing them from meeting their commitments, and the Germans have made their increases contingent on the creation of new mechanisms for raising money such as a tax on aeroplane tickets. Four of the G8 countries will also almost certainly have new leaders by the end of 2007, and the US Congress has in the past failed to support a number of President Bush's aid commitments. A large proportion of the increases in the next two years will be debt relief for Iraq – this will inflate overall ODA figures by \$30bn without a single penny going to the poorest countries.

Aid volume: position of each G8 country at Gleneagles

Japan	USA	Germany	Italy	France	UK	Canada
Announced ODA will increase by \$10bn over the next 5 years, reversing a 5-year decline. Also announced reallocation of ODA to health initiatives and Africa.	Reconfirmed HIV/AIDS initiative and Millennium Challenge Account. Announced new Malaria initiative. New resources will total approx. \$600 million a year.	Reconfirmed commitment to the May 2005 European target of 0.51% of GNI by 2010 and 0.7% by 2015, but only if supported by new financing mechanisms such as plane ticket tax.	Reconfirmed commitment to the May 2005 European target of 0.51% of GNI in 2010 and 0.7% by 2015.	Reconfirmed commitment made in 2002 to reach 0.7% GNI by 2012, and announced that 0.5% will be reached by 2007.	Reconfirmed commitment made in July 2004 to reach 0.7% of GNI by 2013.	Reconfirmed commitment made in 2002 to double its aid by 2010 from 2001 levels, meaning Canadian aid will reach 0.33% by 2010.

Regarding the quality of aid, strong language in the G8 communiqué on developing countries being allowed to 'decide, plan and sequence their economic policies' was a milestone in the fight to end economic policy conditions, and will be used by campaigners to push for concrete steps on this issue at the Annual Meetings of the World Bank and IMF in September 2005.

The communiqué also makes a direct call for donors to be held to account for full implementation of the Paris Declaration on Aid Effectiveness made in February 2005. Whilst these are welcome words, the G8 communiqué shares the same failing as the Paris Declaration in giving no mechanism whereby donors can actually be held to account for failing to make their aid more effective. Large amounts of donor aid are not focused on the poorest countries, are tied to goods from the donor country, or are used on ineffective and expensive technical assistance, among other issues. Furthermore, debt relief continues to be taken from ODA budgets despite the commitments made by rich countries to stop this inexcusable double counting. Campaigners will continue to push hard for dramatic increases in aid quality to ensure that the ODA increases agreed are used to fight poverty and are not wasted.

Debt

The G8 leaders endorsed the debt cancellation deal agreed by their finance ministers in June 2005. This deal is a serious step forward in ending the debt burden of the poorest countries, and is a tribute to the pressure of public campaigning for action on debt. Nevertheless, many countries have been left out of the deal and the relief remains subject to harmful World Bank and IMF conditions.

The G8 confirmed the decision made by finance ministers in June to cancel 100 per cent of the debts owed by some poor countries to the World Bank, the IMF, and the African Development Bank. The step will benefit 18 countries immediately, and could benefit as many as 38 countries in coming years. This is a serious step forward. For the first time it has been recognised that many poor countries will need 100 per cent of their multilateral debts cancelled if they are to win the battle against poverty. For years, governments and the international financial institutions have resisted campaigners' calls for 100 per cent cancellation of these debts, arguing that it was neither necessary nor feasible. Now the pressure of public campaigning has forced them to reconsider, setting an extremely important precedent. In particular, sustained campaigning in the last few months helped to ensure that the deal agreed was better than initially expected, in that it includes IMF debts and a permanent debt cancellation rather than temporary relief of debt payments.

However, there is much further to go. The main fight now is to ensure that every country that needs this cancellation receives it as soon as possible. This means both widening the list of eligible countries, and abolishing the harmful conditions that eligible countries have to comply with to benefit from debt cancellation. Currently many poor countries with massive debts are left out of the deal, such as Sri Lanka, Kenya, or Viet Nam. Oxfam and others calculate that over 60 countries will need 100 per cent of their multilateral debts cancelled if they are to reach the MDGs by 2015, at an annual cost of \$10bn. In contrast the deal agreed covers 18 countries initially at a cost of \$1.5bn to rich countries each year. Although no new conditions were included in the G8 proposal, qualifying countries still have to complete the Highly Indebted Poor Countries (HIPC) process, which involves complying with harmful World Bank and IMF policy conditions and budget ceilings. Finally, the finance for this debt cancellation, although additional to the WB and IMF, will still be taken from rich countries' ODA budgets and will be spread amongst all the poorest countries.

Although not included in the broader debt deal, Nigeria has however benefited from a separate deal to cancel \$17bn of its bilateral debt. The details of the deal are yet to be finalised but the outline was reconfirmed by the G8. This is great news for Nigeria and further supports progress in fighting poverty in Africa's most populous nation. Oxfam will be working closely with others in Nigeria to ensure that the money from debt relief is spent transparently and effectively on poverty reduction.

The G8 also made a commitment to 'providing rapid and flexible multilateral and bilateral debt relief for post-conflict countries, where appropriate', although it is not yet clear what this means in addition to the existing HIPC process.

Trade

The discussions on trade were disappointing. The G8 failed to substantially move forwards on creating a more just world trade system, and in some cases even moved backwards on existing commitments.

The G8 committed to greater urgency in trade negotiations, which was welcome, but used the words 'ambitious' and 'balanced' to describe the desired outcome of the current round of trade talks. This is trade diplomats' code for major liberalisation by both rich and poor countries in tandem, contradicting previous commitments by rich nations that the current round of trade negotiations will be judged on their contribution to poverty reduction and development, and not the traditional yardstick of how much liberalisation has been agreed. In addition, despite last-minute discussions, a date for ending export subsidies was not set, reportedly due to intransigence by the European Commission. Although disappointing, these discussions showed there is real political momentum on this issue that should be seized over the coming months to ensure a firm date is set for an end to all export support at the WTO meeting in December 2005.

On market access the language in the text on Africa was positive, although almost identical to the language already agreed at the G8 summit in Evian in 2003. Language on the ability of countries to decide their own reforms was disappointing from a trade perspective, as it implicitly referred only to African and Least Developed Countries (LDCs), and not to all developing countries. LDCs already have this right under the terms of the World Trade Organization's (WTO) Doha Development Round, and Africa cannot legally be singled out for special terms. However, it shows that G8 member states do accept the argument that countries need the freedom to define their own development policies, and this should be capitalised upon. The communiqué also included reference to additional aid for trade capacity-building which was welcome. However, the indication that the World Bank would be solely responsible for delivering this assistance is very concerning, given that they have a track record of being far from independent or unbiased regarding trade reform.

Conflict

The G8 summit, in line with the G8 foreign ministers' meeting preceding it, failed to make significant progress towards an international Arms Trade Treaty (ATT), despite the support of the UK government and an explicit recommendation from the Africa Commission. While the majority of G8 members were in favour of an endorsement of the ATT, the USA and Russia were opposed. There was some small progress made on Small Arms and Light Weapons with the G8 leaders recognising the importance of developing common principles over export controls, and the importance of next year's UN Review Conference to controls. Nevertheless it was disappointing that the G8 communiqué contained no substantial new initiatives and did not commit governments to do anything to achieve these laudable aims. The G8's continued commitment to strengthen the African Union's (AU) capacity to resolve conflicts was welcomed by Oxfam, as was \$460m committed to the peacekeeping mission in Sudan.

Education, health, and HIV/AIDS

Overall the communiqué contained the strongest words to date on education, health and HIV/AIDS, but was far weaker on making specific financial commitments. The highlight was a commitment to achieve near-universal HIV/AIDS treatment by 2010.

The communiqué made explicit reference to the Education for All Fast Track Initiative (FTI), and once again endorsed free, compulsory, good quality, primary education for all children by 2015. It reiterated the aim that every FTI-elected country should have the 'resources necessary to implement their sustainable education strategies'. No new financial commitments were made however, despite the G8 Africa Personal Representatives' report admitting a shortfall of \$6bn annually for primary education alone.

There was no mention of the sole MDG target for 2005 – to get equal numbers of boys as girls into school. This target has been missed in over 70 countries. Campaigners are now concerned that this failure will be 'swept under the carpet' by world leaders.

The G8 leaders stressed the need to support health systems and access to basic health care, but stopped short of calling for universal free basic health care, instead saying that access should be 'free wherever countries choose to provide this', echoing the equivocation of the Africa Commission on this issue. They stressed the critical shortage of health workers and the 'brain drain' by promising to 'create an enabling environment for retention'. However, they made no new financial commitment to address these concerns.

Regarding killer diseases HIV/AIDS, TB, malaria, and polio, the G8 gave some excellent commitments, including near-universal HIV/AIDS treatment by 2010, widely perceived as a breakthrough by campaigners. If achieved, this will prove vital in combating both the human suffering caused by HIV/AIDS and the further spread of the disease. The G8 also agreed to replenish the Global Fund to Fight AIDS, Tuberculosis and Malaria, and to contribute to other initiatives combating malaria, TB, and polio. However, no specific financial commitments were mentioned for any of these initiatives. Only overall figures were given, to which the G8 governments simply agreed to contribute. For example, they recognised that an additional \$1.5bn is needed for fighting malaria, but gave no indication as to how much they would contribute towards this or when. Campaigners will be watching carefully at the September 2005 London conference on replenishing the Global Fund to see whether rich countries will match their words with money.

Africa

The UK government identified Africa as one of the two main focuses of its G8 presidency as far back as 2003. In 2004 the UK government formed the Africa Commission to develop key recommendations to inform the G8. This strong emphasis on Africa at Gleneagles built on the fact that Africa has been on the G8 agenda for the past five years. It also built on the progress report of the G8 Africa Personal Representatives on the G8 Africa Action Plan, which was agreed at the G8 summit in 2002. A climate of resistance to new action on Africa within some G8 countries in the run-up to the Gleneagles summit was partially overcome during intense, last-minute negotiations, and in this context the agreements, especially on aid and debt, are significant even though they fall short of what is needed.

The G8 issued a separate and detailed communiqué on Africa, covering the full breadth of the topics covered by the Africa Commission. However, unlike the clear, costed recommendations of the Commission itself, the G8 Africa communiqué was often imprecise, unco-ordinated, and lacking in figures.

Aid to Africa

The communiqué confirms that by 2010 aid to Africa will have risen by \$25bn a year. This would increase aid to Africa to around \$50bn annually and is to be warmly welcomed. This is an unprecedented increase that can save millions of lives across the continent and get millions of children into school.

Nevertheless it remains far short of what is needed to end poverty in Africa. It will fulfil the weaker of the two recommendations on aid needs outlined by the Africa Commission,⁷ but far more than this is needed, and needed sooner. UNAIDS (the Joint United Nations Programme on HIV/AIDS) has estimated, for example, that \$15bn could be spent on fighting HIV/AIDS in 2006 alone.

The Africa ODA increases are better than the overall ODA increases, as a number of donors such as Japan are increasing aid to Africa by moving it from elsewhere in their aid budgets. However, the majority of the \$25bn increase is dependent on the G8 fulfilling its commitment made at the 2002 G8 summit in Kananaskis, Canada, to give half of all ODA increases to sub-Saharan Africa. This has not been the case to date and is far from guaranteed; continued pressure will be needed to keep Africa on the agenda and hold the G8 to these promises.

Debt in Africa

The debt deal agreed by the G8 finance ministers in June 2005 applies to those countries that are already part of the Highly Indebted Poor Countries (HIPC) process. As the vast majority of these countries are in Africa, Africa benefits significantly from the agreement made in June. Of the 18 countries that will immediately receive full cancellation of the debts they owe to the World Bank and IMF, 14 are in Africa. These 14 will also receive full cancellation of the debts they owe to the African Development Bank. Many more of the countries that are likely to qualify for full debt cancellation in the coming few years are also from Africa, although there are notable exceptions that are not eligible but should be such as Eritrea, Kenya, and Nigeria.

Nigeria has, however, benefited from a separate deal to cancel \$17bn of its bilateral debt, worth about \$1bn each year, and this was reconfirmed by the G8. Lastly the G8 also made a commitment to 'providing rapid and flexible multilateral and bilateral debt relief for post-conflict countries, where appropriate', although it was unclear if this statement went beyond the existing HIPC framework.

Trade in Africa

The commitment in the communiqué that African countries must have the right to decide their policies is a positive message, although as Africa is not a recognised category under WTO rules, it is not possible to give concessions to individual African countries that are not given to all developing countries. However, the language sends strong signals that G8 states have accepted that African countries should have the power to decide the pace and scale of their market opening and other trade reforms.

African countries would of course benefit, along with other poor countries, from an elimination of export subsidies if an end date is eventually agreed at the WTO ministerial meeting in Hong Kong in December 2005. Conversely, the decision to emphasise an 'ambitious and balanced conclusion to the Doha Round', rather than

special and differential treatment, does not bode well for a decision at Hong Kong that will be development-friendly for Africa.

Conflict and humanitarian assistance in Africa

The G8 reaffirmed and updated commitments made at the G8 Sea Island summit in the USA in 2004 to support AU peacekeepers. The separate G8/AU statement on Sudan notes that \$460m was committed to the AU mission there. Recognition was also made of the need to help fund the 'forgotten humanitarian crises' but no financial commitment was made. This final recognition must be followed at the UN summit in September by concrete commitment to the creation of a UN reserve fund to tackle these forgotten crises, such as the current situation in Niger.

Education and health in Africa

The strong words on education and health were not supported by clear indications of how the various initiatives will be funded, and there is no mention of the fact that the 2005 MDG target to get girls into school will be missed. Millions of girls in Africa currently stand no hope of getting an education. On a more positive note, the new commitment of near-universal access to HIV/AIDS treatment by 2010 would mainly benefit Africa as the hardest hit by the disease, and if implemented would be an amazing breakthrough.

Other African issues

The G8 committed to 'work vigorously for early ratification of the UN Convention against Corruption' and made commitments to returning looted assets and penalising corruption, although these were heavily qualified. They also committed to supporting various AU and New Partnership for Africa's Development (NEPAD) mechanisms, but with no specific financial commitment. Regarding infrastructure and agriculture, there was support for the idea of an international infrastructure consortium, but no specific commitments. There was a recognition that African governments have committed to spend 10 per cent of their budgets on agriculture, and an unspecified commitment to support this.

Co-ordination and follow-up

Given the likelihood that Africa will not be at the top of the agenda at the G8 in Russia in 2006, specific steps for follow-up to commitments made this year are critical. The G8 agreed to strengthen the Africa Partnership Forum started in Kananaskis, which brings together the G8 Africa Personal Representatives (APRs) with other representatives from Africa and international institutions. The success of the Forum depends critically on the authority exercised by the APRs. Currently only the UK has an APR of ministerial rank. Overall, the G8 Africa document remains essentially a listing of the various unconnected aid policies and is far from a coherent or co-ordinated strategy, making follow-up very difficult and continued external pressure and scrutiny crucial.

What happens next

Just as the successes at the 2005 G8 can be attributed to the tireless campaigning of people worldwide, and the leadership shown by the British government, so the G8 will only deliver on its promises if it continues to feel under popular pressure to act.

The G8 is notoriously poor at keeping its promises. By 2010 it is likely that almost all the current leaders will be gone. Only time will tell whether their signing of the communiqué in 2005 will make any difference. Debt relief had to be discussed at six G8s before the latest deal was agreed, and even so the debt crisis remains far from solved. This was the fifth year that Africa has been on the agenda, and yet some of the promises made will not come into effect for another five years. Although Gleneagles, and the UK presidency, were critical moments for the international debate on development, what happens in 2006 is also critical. Next year sees Russia's first spell as president of the G8, and there is a very real danger that it will let the profile of development decline. After Russia comes Germany in 2007. Keeping up the pressure on G8 governments to keep and exceed their promises remains critical.

For now, the rest of 2005 is packed with important moments for development. The UN Millennium+5 summit in New York, and the Annual Meetings of the World Bank and IMF in Washington, will be held in September 2005. Campaigners will be pushing for concrete steps to follow up the warm words of Gleneagles on issues such as bringing an end to World Bank economic policy conditions, making aid more effective, and giving clear financial commitments to support education and health for all.

This will be followed by the WTO ministerial meeting in Hong Kong in December 2005, when the development credentials of powerful states will be tested in the area of trade reform. So far in 2005 we have seen good progress on debt cancellation and moderate progress on aid, even though both deals fall far short of what is needed. Trade reform is a far more contentious issue, which reaches into the heart of domestic politics. Vested interests, from US corporations to the EU sugar lobby, put politicians under pressure to do the wrong thing. Reforming trade will take real political courage and massive worldwide pressure from campaigners. In New York and Hong Kong, the 150 million people worldwide supporting the Global Call to Action against Poverty will continue to play a vital role in demanding action from their political leaders.

Millions of people around the world have demonstrated they will not tolerate poverty any longer, or leaders that allow it to continue.⁸ In this sense Gleneagles represented a truly historic moment, and a new standard has been set in making poverty the issue of our generation. The pressure remains on our leaders to live up to our expectations, to deliver what they have agreed, and to go much further in the coming months.

Notes

¹ 'On the basis of donor commitments and other relevant factors, the OECD estimates that official development assistance from the G8 and other donors to all developing countries will now increase by around \$50 billion a year by 2010, compared to 2004.' G8 Africa Communiqué, para. 28.

² Based on projections of the Millennium Project contained in 'Investing in Development: A practical plan to achieve the Millennium Development Goals', January 2005. Figures have been adjusted to constant 2004 US dollars to allow comparison.

³ New money is defined as all announcements made in 2005 plus the UK commitment made in July 2004 to reach 0.7% of Gross National Income (GNI) by 2013. The UK announcement is included to reflect the fact it was made in the light of the 2005 UK G8 presidency and the pressure of campaigners in the UK and worldwide.

⁴ This figure and G8 outcomes based on OECD Development Assistance Committee (DAC) projections.

⁵ Based on projections of the Millennium Project contained in 'Investing in Development: A practical plan to achieve the Millennium Development Goals', January 2005. Figures have been adjusted to constant 2004 US dollars to allow comparison.

⁶ This is the demand of Oxfam International, as set out in its report *Paying the Price*, Oxfam International, December 2004.

⁷ The Africa Commission language on ODA is vague and open to different interpretations: at most it calls for \$25bn extra by 2008 rising to \$50bn extra by 2010; at least it calls for an increase of \$25bn by 2010, which is what was agreed by the G8 in Gleneagles. When this is compared with the UNAIDS figure of \$15bn by 2006 that could be spent in the fight against HIV/AIDS alone, rising to \$20bn annually from 2008, it is clear that what was agreed for Africa is far from what is needed or what could be effectively spent.

⁸ Following Live8 30 million people worldwide sent texts to G8 leaders. Currently the Global Call to Action Against Poverty is active in over 100 countries across the world. Over 15,000 organisations are involved representing more than 150 million people, and at least 14 million white bands (the symbol of the campaign) are now in circulation.

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