



PLAYING WITH NUMBERS TOYING WITH LIVES:



BEHIND THE SCENES AT THE G8

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Playing with numbers, toying with lives: Behind the scenes at the G8ⁱ.

In 2005 a quarter of a million people formed a white band around Edinburgh, demanding that the G8 MAKEPOVERTYHISTORY. Thanks to the efforts of Scottish campaigners—and their counterparts worldwide—the G8 made a set of promises on issues including aid, debt, trade, HIV/AIDS and climate change.

These promises fell short of what was needed, but were a step in the right direction. If implemented, they have the power to change the lives of some of the world's poorest people.

Yet in the run-up to this year's G8 meeting—held in Heiligendamm in Germany—it became obvious that G8 leaders had been backtracking on some of these commitments, and were preparing to do a u-turn on many more.

In advance of the summit, Scottish campaigners again played a role keeping the issue of poverty on the G8 agenda. An estimated 10,000 Scots supported the SCIAF-CIDSEⁱⁱ *Make Aid Work* campaign, asking the G8 to keep its promises on aid. The campaign was supported by 80,000 people across the world, including the Pope, who has said that 'the question of poverty... should be given the highest attention and priority, for the sake of poor and rich countries alike' and that 'a substantial investment of resources is needed...and the G8 and Europe should take the leadⁱⁱⁱ.' SCIAF was represented at the G8 Press Centre in Kühlungsborn, and SCIAF campaigners travelled to Rostock to convey the message from Scotland in person.

It was clear that the action taken by campaigners delivered results:

- The UK government took a progressive stance in the G8 negotiations, in particular with regard to aid and climate change;
- President Bush announced that he would double assistance for HIV/AIDS to \$30 billion over five years;
- Japan committed to putting Africa at the centre of the agenda for next year's G8 summit;

Yet despite these victories, the outcome of the G8 was profoundly disappointing. It is ironic that, in a summit with the theme of responsibility, the G8 abdicated their responsibility to the world's poor, issuing a Communiqué long on good intentions and short on specific commitments.

So what is the real state of progress on issues of crucial importance to the world's poor?

More and better aid: time to give resources, not rhetoric.

Better aid—aid that excludes debt relief, that is not tied to buying goods and services from donor countries, that is long-term and predictable and is given according to developing countries' priorities—is urgently needed.

The need for reform was recognised by the G8 who, in 2005, promised to work towards improving the quality of aid given in conjunction with other donors and with recipient countries. However, a recent report by the Organisation for Economic Co-operation and Development (OECD) revealed that major donors 'have a long road ahead to meet the commitments they have undertaken^{iv}.'

The report revealed that there is a 'lack of visible progress on untying aid,' that a 'significant element' of aid that is promised is not sent out on time and concludes that there is a 'problem of low aid predictability'.

Moreover, the evidence suggests that aid continues to be given according to the priorities of developed countries. A recent CIDSE report^v revealed that aid given by the European Commission (EC) often 'reflects the EU's interests and the EC's...political priorities.' For example, the EC has given 4.45 million euros to Mauritania to 'help Mauritania contain the flow of illegal immigrants to the Canaries' – something which seems more of a priority to EU member states than to Mauritanian citizens.

The G8 urgently needed to provide reassurance that they would buck this trend. But instead of tackling the issue head on, the G8 communiqué contained nothing substantive about improving the quality of aid.

The G8 also said little about its failure to give more aid.

Two years ago in Scotland, the G8 promised to give an additional \$50 billion in aid per annum, starting in 2010. Yet aid from the G8 is actually decreasing; in 2006 overall aid from the G7 (the G8 excluding Russia), fell by 8.7 per cent^{vi}. Moreover the G8 continue to artificially inflate their figures by double-counting debt cancellation as aid^{vii}.

Instead of bucking this trend by providing concrete details about when, where and how the promised aid increases will be delivered, the G8 evaded the issue. They simply repeated their earlier promises on aid – but without a timetable for implementation.

These rehashed promises are wearing thin. As Muyatwa Sitali, from one of SCIAF's partner organisations in Zambia argues, "citizens in Zambia are playing our part by monitoring the record of the Zambian government. Now we need the G8 leaders to keep their side of the bargain by giving more and better aid as we were promised."

More money for HIV/AIDS...but the devil is in the detail

The G8 did offer a little more money to help people living with HIV/AIDS, malaria and TB but it is too little, too late, for the 8000 people that die each day from AIDS and the many others who fall victim to the other diseases^{viii}. The headline figure of an extra \$60 billion initially sounds impressive – but not when it is examined in more detail.

The G8 has not committed to a deadline for this money, saying only that it will be provided ‘over the coming years.’ However, UNAIDS estimates that \$23 billion is needed each year just to fight HIV/AIDS^{ix}, let alone TB and malaria. With needs of this magnitude and urgency, \$60 billion will not go very far. The G8 has also not clarified whether this is new money, or old money repackaged – it has been calculated that of the \$60 billion offered, as little as \$3 billion may be new money^x.

There is also a danger that the announcement of this new aid package—small and insufficient though it is—detracts attention from the G8’s broader failings on aid, allowing them to sidestep the real issue. Indeed, SCIAF’s Zambian partner the Jesuit Centre for Theological Reflection (JCTR) notes that ‘the only success of the G8...(on aid) was to dodge their ‘role’ in the leadership of the world’^{xi} - a comment which is as applicable to the G8’s policy on HIV/AIDS as it is to their policy on aid.

Access to HIV/AIDS drugs: G8 backtracking threatens progress.

HIV/AIDS is one of the most pressing problems facing the developing world, especially sub-Saharan Africa. With 2.9 million aids-related deaths in 2006 alone, it is personal tragedy for millions. It also has grave implications for countries trying to work their way out of poverty. A SCIAF beneficiary in Uganda has observed that ‘there can be no development without health,’ and the academic evidence bears out his observation. It has been found that HIV/AIDS costs sub-saharan Africa 1% of its GDP per year^{xii}.

Today, medical advances mean that HIV/AIDS does not have to be a death sentence. HIV/AIDS drugs (anti-retrovirals, or ARVs) greatly prolong the lifespan of people living with the disease and dramatically improve their quality of life, as James’ story indicates (see box 1).

Box 1: James’ story:

James, from Kampala, Uganda is receiving ARVs from a clinic funded by SCIAF. He explains: “Before I started ARVs in 2004 I was almost a dead person. I could not walk, I could not even stand. They (my family) were carrying me and had prepared to take me back to my home village for burial.” Two years later and he says he feels ‘born again’. He is now able to look after his five children, is an active member of the community and has just started looking for a job.

One of the key commitments made at Gleneagles was to give these lifesaving HIV/AIDS drugs to everyone that needed them by 2010, which means providing treatment for up to 16 million people^{xiii}.

Just two years later, and SCIAF is concerned that the G8 is backtracking on this commitment.

The G8 communiqué contains contradictory statements on HIV/AIDS. On the one hand, it repeats the commitment made at Gleneagles to give ARVs to all who need them by 2010. On the other hand, it talks about providing treatment to only 5 million people in Africa – and, significantly, refuses to give a deadline for providing this treatment.

This proposal would help less than half of those who need treatment in Africa, and it does not even mention helping those living with HIV/AIDS in Asia and Latin America.

Only time will tell how the tension between those two statements will be resolved, and it is crucial that campaigners keep up the pressure on the G8 to keep to its original commitment. The battle against HIV/AIDS cannot be won without them.

Climate change: a chance for Scotland to shine.

Whilst the battle on HIV/AIDS continues, another battle is just beginning – this time against human-induced climate change. Poor people the world over are already suffering from changes in their climate leading to more frequent flooding, extended periods of drought, and increased prevalence of malaria. The latest scientific evidence shows that the changes to weather patterns now being witnessed around the world are consistent with the predicted impact of climate change.

Whilst developing countries suffer the consequences, the bulk of responsibility lies with the developed world. As the G8 includes many of the world's largest polluters, both in absolute terms and on a per capita basis, it has a clear responsibility to tackle climate change and show leadership on this issue.

In Heiligendamm, the G8 did go some way towards accepting this responsibility. The leaders 'committed to taking strong and early action' on climate change, agreed to work towards a global agreement on climate change through the UN process, and accepted that there is a need for a global reduction target to reduce greenhouse gas emissions.

Overall, then, the direction of travel taken by the G8 is positive but it needs to go much further and faster. The international scientific consensus is that, if the harmful effects of climate change are to be kept to a minimum, the world's global surface temperature must not increase by more than 2 degrees (above pre-industrial levels). In order to keep within this range, scientists believe that global CO₂ emissions will need to be reduced 80% by 2050, and by at least 3% per annum^{xiv}.

However, the G8 has refused to recognise the scale of the task ahead of it. It has not committed to keeping the temperature increase below 2 degrees, and although it has committed to reducing greenhouse gas emissions, no explicit target has been set. In this context, the recently announced Scottish Climate Change Bill—with its 80% reduction target by 2050—has a crucial role to play in demonstrating that more can and should be done to mitigate climate change.

Box 2: Scotland's climate change bill.

In its election manifesto, the SNP pledged to introduce a climate change bill 'with mandatory carbon reduction targets of 3% per annum and a long-term target of cutting emissions by a minimum of 80% by 2050 – above the UK target of 60%'.

Although the scientific evidence shows that a cut of at least 3% per annum (and possibly higher) is needed, a mandatory annual reduction of 3% is definitely a step in the right direction. In addition, the commitment to cut carbon emissions by 80% puts Scotland in line with the scientific consensus on the need for action, and ahead of the UK and the rest of the G8.

However, the proof of the pudding is in the eating, and the task now is to ensure that this manifesto pledge is turned into action. The Climate Change Bill recently announced by John Swinney, the Cabinet Secretary for Finance and Sustainable Growth reaffirmed the 80% target but shied away from the promised mandatory annual cuts of 3% which are the bare minimum required. The Executive must use the forthcoming consultation on the Bill to listen to the persuasive arguments for at least 3% mandatory annual targets and, in so doing, seize its chance to make Scotland a world leader on this crucial issue.

The G8 has a responsibility not just to limit the future effects of climate change. It also has a responsibility to help developing countries adapt to the changing weather patterns they are already experiencing through, for example, raising the foundations of flood-prone houses and training farmers in techniques to help them cope with increased drought. The G8 has so far been part of the problem – now they must become part of the solution.

It has been estimated that such adaption to climate change will cost at least \$50 billion a year – and will cost significantly more if the temperature increase goes above two degrees. The G8 has a responsibility to pay around 80% of these costs^{xv} but the funding it has provided to date has been miniscule^{xvi}. The funding it has given has been provided as part of their aid spending, used to demonstrate progress towards the target, set in 1970, of spending 0.7% of national income on aid. This sleight of hand is unacceptable – donor countries should have given the money they promised to developing countries back in 1970, and should now be giving additional money to help them deal with the recently emerging threat of climate change, not conflating the two together.

The G8 meeting would have been the perfect place to rectify this situation. But despite recognising that 'developing countries are most vulnerable to climate change,' the G8 offered nothing in the way of practical assistance. In the aftermath of the G8, attention will be now focused on the UN climate change negotiations taking place in Bali in December to see if the G8 will take the 'strong and early action' on climate change it promised, and whether it will stump up the resources that developing countries so urgently need.

It will be crucial to ensure that the climate change negotiations do not suffer the same fate as the WTO's trade talks which are currently unable to make significant progress due to rich country intransigence. The glacial rate of trade negotiations is unacceptable for small-scale farmers and workers in developing countries and the same rate of progress on climate change would have similarly dire consequences for the world's poor.

The issues the G8 forgot: Trade Justice and Debt Cancellation

Whilst insufficient progress was made in the areas of aid, HIV/AIDS and climate change, at least there was substantive discussion of these issues. It appears that the same cannot be said for trade and debt cancellation. The brief Communiqué on trade managed to miss the point of the Doha ‘development’ round, calling for ‘multilateral trade rules’ to be ‘re-enforce(d).’ Instead of being reinforced, trade rules need to be re-written so that they give developing countries a fair chance to earn their way out of poverty and to make their own choices about the trade policies they want to adopt. The G8 cannot keep on ignoring this issue - as Nachilala Nkombo from SCIAF’s Zambian partner JCTR argues, ‘business as usual will continue to maintain the impoverishment of small-scale producers and traders.’

Similarly, the issue of debt—widely seen as the ‘success story’ of Gleneagles—was not given enough attention. Although the G8 is keeping its promises on debt, the actual promises themselves fell far short of what campaigners were asking for. As a result, debt cancellation comes with harmful strings attached and is only available for a few, selected countries. CIDSE has estimated that 100 countries need some form of debt cancellation if they are to have any chance of meeting the Millennium Development Goals (MDGs)^{xvii}, but only 22 countries have been given debt relief under the debt deal agreed at Gleneagles.

The debt cancellation given so far is only partial. Many companies refuse to participate in the G8 deal and other companies (known as Vulture Funds) go a step further and actively undermine the benefits accruing from debt relief. Vulture Funds buy up a portion of developing countries’ debts at very cheap prices and then attempt to sue them for several times the price paid. The actions of these companies have been widely condemned – not least by the G8 Finance Ministers who noted their ‘concern’ and agreed ‘to work together to identify measures to tackle this problem.’ However, the G8 has not acted on this statement, despite knowing the damage Vulture Funds can cause in countries such as Zambia.

Box 3: Zambia and Donegal International.

Zambia is one of the world’s poorest countries, with 68% of the population living on less than \$1 dollar a day. But this cash-strapped country is now being made to pay over \$15 million (roughly £7 million) into the pockets of a rich multinational company, the so-called ‘vulture fund’ Donegal International / Debt Advisory International.

In 1999, the Zambian government was in negotiation with Romania to cancel some of its bilateral debts. Just before negotiations were concluded, Donegal swooped in and bought up the debt in question for \$3.3 million. They are now asking the Zambian government to pay them nearly five times this amount (\$15.5 million) at a time when the international community—including the IMF, World Bank and G8—have agreed that Zambia’s debts should be cancelled.

Unfortunately the case of Zambia is not an isolated incident. According to the World Bank, this pattern is being repeated in 10 other countries, from the war-torn Democratic Republic of Congo to Nicaragua and Honduras. With nearly a third of vulture funds based in UK territory, SCIAF is calling on the UK government to take legislative action to tackle this problem at its source. For further information, including how to take action, please go to www.sciaf.org.uk or email campaigns@sciaf.org.uk.

The overall outcome of this year's summit has been profoundly disappointing – not just for the thousands of Scots who supported Make Poverty History and SCIAF's Make Aid Work campaign, but for the 1.2 billion people across the world who are struggling to live on less than a dollar a day.

Yet the limited victories won by campaigners go to show that the G8 can and must do better. Over the next year we will be pushing the G8 to use the multiple opportunities available to it—such as the on-going trade talks, the World Bank and IMF Autumn meetings, UN climate negotiations and next year's G8 at Japan—to fulfil its obligations to developing countries. Not all these obligations are legally binding but they are all morally binding, and can often mean the difference between life and death. It is imperative that we keep the pressure on the G8 to keep their promises and to do much, more more.

But we can't do this without your help. Please sign up as a SCIAF campaigner, using the form at the back of this report, and help us keep the pressure on the G8.

References:

ⁱ This report was written by SCIAF Policy Analyst, Abi Dymond, June 2007

ⁱⁱ CIDSE (International Co-operation for Development and Solidarity) is an alliance of 15 Catholic development organisations from Europe and North America. www.cidse.org

ⁱⁱⁱ *Pontiff Urges G8 to Focus on Poverty*; Zenit, April 23rd, 2007.

^{iv} Eurodad (2007) *Eurodad Brief Analysis of the OECD Paris Monitoring Survey*

^v CIDSE (2007) *The EU's Footprint in the South* available at:

^{vi} OECD (2007) *Development aid from OECD countries fell 5.1% in 2006* (OECD Preliminary Development Assistance Committee data for calendar year 2006).

http://www.oecd.org/document/17/0,2340,en_2649_201185_38341265_1_1_1_1.00.html Jubilee Scotland calculations.

^{vii} Debt cancellation and aid are quite different; debt cancellation does no more than free up existing developing countries own money; it does not give them the additional money they urgently need if they are to meet the Millennium Development Goals (MDGs).

^{viii} The figure of 8000 is taken from the UK Aids Consortium's *Stop Aids Campaign*;

<http://www.stopaidscampaign.org.uk/>

^{ix} UNAIDS quoted in Stop AIDS Campaign (2007) *Poverty of ambition limits G8 fight against AIDS*, starting from 2010. The G8 fair share of this figure is \$16 billion, according to Tearfund (2007) *G8 2007: Policy Analysis*

^x Oxfam (2007) *G8 miss mark as 'new' announcements disguise overall failure*

^{xi} JCTR (2007) *2007 G8: Promises as usual*

^{xii} United Nations Department of Economic and Social Affairs (2003) *Impact of AIDS*

http://www.un.org/esa/population/publications/AIDSImpact/91_CHAP_VIII.pdf

^{xiii} UNAIDS estimates that its earlier calculation of 11 million people needing treatment by 2010 is an under-estimate by as much as 50%. - See

http://data.unaids.org/pub/PressStatement/2007/070608_g8announcement_en.pdf

^{xiv} Stern, N (2006) *The Stern Review: The Economics of climate change*. The Stern Review (p11) focuses on cutting global emissions to a level of 450-550ppm. In order to achieve this, global emissions will need to be reduced by 25-70% of current levels by 2050 and must ultimately stabilise at 80% of current levels to be sustainable. This will require cutting emissions by 1-5% per annum. It then states (on p194) that stabilisation at the lower end of this bracket--so 450 ppm CO₂e—'would lead to an around 5 – 20% chance of global mean temperatures ultimately exceeding 3°C', so even a 70% decrease would not be enough to guarantee a temperature increase of less than two degrees.

^{xv} Oxfam (2007) *Adapting to Climate Change: What's needed in poor countries and who should pay*.

The calculation of the G8's fair share of costs is based on their contribution to climate change, and on their ability to pay.

^{xvi} As of May 2007, it was less than 1% of what was needed.

^{xvii} CIDSE (2007) *A Human Development Approach To Preventing New Cycles of Debt*