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The G8 summit in 2006

**One year on from Gleneagles what's been achieved
in the fight against world poverty?
What needs to be agreed in St Petersburg?**

EXECUTIVE SUMMARY

This year Russia holds the chair of the G8 for the first time. One year on from the G8 summit in Gleneagles, President Putin and leaders of the world's richest countries now have an opportunity to take stock of progress on the pledges they made there – most importantly to Africa, and on issues such as climate change, education and communicable disease. They also have the chance agree important new commitments in the fight against global poverty and environmental destruction.

Last year, millions of people around the world spoke out against the scandal of poverty in a world of plenty, and demanded decisive political action from their leaders. The Global Call to Action Against Poverty, including the Make Poverty History campaigns in the UK and Canada, the ONE campaign in the US, Plus d'excuses in France, Niente scuse in Italy, Hottokenai, Sekai no Mazushisa in Japan, Deine Stimme Gegen Armut in Germany, and campaigns in over 70 other countries generated massive public pressure for action – on debt cancellation, trade justice and more and better aid. They pushed poverty to the top of the agenda when the world's most powerful countries met in Scotland last July.

G8 leaders responded with a series of pledges – on debt, trade and aid, and on HIV and AIDS – that promised to help address the needs of more than one billion people living in extreme poverty. They also promised to tackle climate change, a growing problem for poor people living in developing countries. While these pledges fell short of campaigners' demands, ActionAid recognised that if they were implemented in full, 2005 would mark a turning point in the struggle to realise poor people's most basic rights.

One year on, as G8 leaders gather round the table in St. Petersburg, we examine where the G8 is on track to achieve its targets on Africa and climate change, and identify what it must do to accelerate progress in areas where it is falling short.

DROP THE DEBT?

- The G8 pledged 100% cancellation of debts owed to three major multilateral creditors, in 18 of the world's poorest countries.
- They delivered on their commitment for 19 countries.
- **In St Petersburg they must look to expand the global debt relief initiative to include new countries.**

TRADE JUSTICE?

- The G8 countries promised to put the needs of poor people first and cut harmful subsidies that put jobs at risk. They also promised to open their markets to goods from the poorest countries.
- They reneged on these pledges, and continue to push for a trade deal against the interests of poor countries.
- **In St Petersburg they must withdraw their aggressive demands of poor countries in the WTO negotiations, implement their Gleneagles commitments and start a discussion with developing countries to achieve root-and-branch WTO reform.**

MORE AND BETTER AID?

- The G8 countries promised to double aid to Africa as part of an extra \$50 billion package by 2010, and take immediate action on better aid.
- Currently they're not on track to achieve this increase, with the countries that need to do most currently doing least. On key aspects of better aid, donors are failing to reform.
- **In St Petersburg they must each produce a detailed timetable for meeting their share of the extra \$50 billion in global aid and set out how they will change their policies to ensure developing countries can choose their own development paths, free from harmful G8 conditions.**

UNIVERSAL AIDS TREATMENT?

- The G8 pledged to achieve universal access to treatment by 2010.
- Donors are failing to back the pledge with sufficient money, leaving an annual funding gap of at least \$10 billion a year.
- **In St Petersburg they must set out a funding plan to show where the money will come from.**

EDUCATION FOR ALL?

- The G8 promised to help put every child in school within ten years.
- But so far G8 countries have not contributed enough money to meeting this target.
- **In St Petersburg they must each commit new money to fund progress towards education for all.**

CLIMATE CHANGE?

- The G8 promised to cut carbon emissions that cause climate change.
- But emissions have increased in several G8 countries since Gleneagles.

- **In St Petersburg they must agree a timetable to make real and substantial cuts to carbon emissions and commit new money to help poor countries that are already feeling the effects of climate change.**

INTRODUCTION

This week, G8 leaders will gather in St. Petersburg to discuss issues of huge importance to their own countries and to billions of other people around the world. While energy security dominates the pre-summit analysis and comment, other issues are also on the agenda – communicable disease, education, and follow up to the 2005 Gleneagles commitments on Africa and on climate change.

The pledges made last year by the world's richest countries to reduce poverty in the poorest countries – and to tackle climate change – were a response to an unprecedented mobilisation of public pressure around the world in 2005. One year on, millions of campaigners will be watching the G8 to see what progress has been made on them.

In this briefing, ActionAid takes stock of what's been achieved on the key 2005 G8 pledges on Africa and climate change and looks at what outcome can be expected from further G8 discussions in St. Petersburg.

While the story varies target by target, the general picture is not impressive. One exception is debt, where the G8 has largely done what it promised, and generated genuine benefits for 19 countries.¹ It now needs to extend the deal to more than 40 other countries that continue to be burdened by unpayable and unjust debts. On trade, the G8 is backtracking on the very limited concessions made last year on subsidies and opening markets to poor countries' products that are threatening to jeopardise wider efforts to fight poverty.

On aid, it is too soon to make a final judgement, but the donors that are furthest from meeting the targets set last year – Germany and Italy – urgently need to come forward with detailed plans for scaling up their aid budgets. On HIV and AIDS, the G8 agreed to campaigners' demands and adopted a target of achieving universal treatment by 2010. Yet so far, they have done far too little to realise this goal, with rich countries stalling on new finance. On education the G8 is failing to fund its target of education for all within ten years. On climate change G8 countries are not taking the steps needed to cut carbon emissions as promised.

This week, the world's richest countries have the opportunity to remedy this situation. Doing so will restore some badly needed credibility to the G8, and represent a measure of hope to the millions of people living in poverty who need action now.

1. DROP THE DEBT?

- The G8 countries pledged 100% cancellation of debts owed to three major multilateral creditors, in 18 of the world's poorest countries.
- They delivered on their commitment for 19 countries.
- **In St Petersburg they must look to expand the global debt relief initiative to include new countries.**

One year on from Gleneagles:

- 19 countries have had \$35 billion of their multilateral debts cancelled.
- Nigeria has had \$18 billion of its \$30 billion debt cancelled.
- In return, Nigeria had to make a \$12 billion payment to creditor countries
- Over 40 other countries still need 100% of their debts cancelled.
- Rich countries moved the goalposts on the amount of World Bank debt eligible for cancellation, reducing the face value of the deal by \$5 billion.

1.1 What was promised?

When G8 leaders met last year, they pledged to cancel 100% of debts owed by 18 of the poorest countries to the World Bank, International Monetary Fund (IMF) and the African Development Bank. For these countries, 14 of which are in Africa, the deal is worth \$1 billion a year for 40 years. The 'Paris Club' group of creditors, dominated by the G8, also promised to cancel \$18 billion of Nigeria's \$30 billion debt in return for Nigeria repaying the remaining \$12 billion during 2006.²

1.2 Have the promises been kept?

The G8 has mostly kept its promises. After initial attempts by some donors to delay the deal by adding extra conditions, IMF and African Development Fund debt was cancelled in January 2006. World Bank debt is due to be cancelled in July. This means that the deal will shortly be fully implemented, although the amount of World Bank debt cancelled was cut by \$5 billion by changing the cut-off date for debts eligible for cancellation from 2004 to 2003. Also, while new conditions were not attached to this debt relief, the countries receiving it have already had to meet several years of harmful IMF and World Bank conditions under 'stabilisation' and 'adjustment' programmes, in order to qualify.

The package will release about \$1 billion a year for the 19 Heavily Indebted Poor Countries (HIPC), and about the same amount for Nigeria – although Nigeria has had to meet 40% of the costs of the debt deal from its own resources. Although the sums of money freed by this deal are relatively small, they are already having a positive impact on the ground. In the case of Zambia, for example, a reduction in its total stock of debt from \$7.1 billion a few years ago to \$500 million now is enabling

the government to announce free basic healthcare, in a country where one in ten children currently die before their first birthday.

1.3 What needs to happen next?

The Gleneagles deal was a good first step, but the G8 now needs to go further. Last year, campaigners demanded cancellation of the debts of a total of 60 poor countries. Countries such as Bangladesh and Haiti are still burdened by unsustainable debts that divert scarce resources from essential services, and in many cases have already been paid several times over. The consequences of failing to consolidate the debt deal are clear: without a write-off, these countries will be unable to meet the international poverty reduction targets for 2015.

But so far, G8 countries are behaving as if debt has been 'done', while countries like Sierra Leone are still being required to meet a raft of conditions on privatising basic services and opening up markets to unfair competition in order to qualify for debt cancellation. For example, for Sierra Leone to reach the mid-term 'decision point' on debt relief, it had to embark on the privatisation of some 24 state-owned enterprises, including energy and urban water.

Finally, the G8 must urgently address the problem of 'illegitimate' debts that countries incurred under military dictatorships and undemocratic governments, which were often used for purposes unrelated to poverty reduction. South Africa, which continues to repay \$22 billion of debt accrued under the apartheid regime, is a case in point. Likewise, countries such as Indonesia and Kenya continue to pay back debts that were lent recklessly to unaccountable governments. In this respect, cancellation of almost two thirds of Nigeria's debt established an important precedent. The G8 must now discuss debt cancellation for a wider group of countries that are outside the HIPC initiative.

2. TRADE JUSTICE?

- They promised to put the needs of poor people first and cut harmful subsidies that put jobs at risk. They also promised to open their markets to goods from the poorest countries.
- They reneged on these pledges, and continue to push for a trade deal against the interests of poor countries.
- **In St Petersburg they must withdraw their aggressive demands of poor countries in the WTO negotiations, implement their Gleneagles commitments and start a discussion with developing countries to achieve root and branch WTO reform.**

One year on from Gleneagles:

- The US and EU still spend \$100 billion per year on trade-distorting farm subsidies that undercut livelihoods in the poorest countries.³
- Rich countries stand to gain \$96 billion or 83% of the total gains of the likely World Trade Organization (WTO) deal.⁴
- The EU's own impact assessment says poverty will increase in sub-Saharan Africa as a result of the deal currently under discussion.⁵

2.1 What was promised?

Although the progress last year on trade fell massively short of what campaigners were calling for and poor countries need, the G8 countries did move their position. In particular, they promised to push for a pro-poor global trade deal in the Doha round of negotiations at the WTO. They made three key pledges:

- “Substantially” cut damaging domestic farm subsidies.
- Eliminate agricultural export subsidies by a “credible end date”.
- Completely open their markets to goods from the world's poorest countries.⁶

If implemented, these pledges would start to make a positive difference to some of the world's poorest people. A 50% cut in G8 subsidies, implemented over five years, would reduce the dumping of farm goods on developing country markets, particularly in Africa. For example, the IMF estimates that if US cotton subsidies alone were “substantially” cut then African farmers would see income gains of \$250 million a year from higher prices and increased access to local and regional markets.

2.2 Have the promises been kept?

One year on, not one of these promises has been kept. Instead, G8 countries continue to push for a bad trade deal at the WTO which would lead to more poverty, not less. Seven members of the G8 (Russia is not a WTO member) are pushing for an agreement on manufactured goods that would force developing countries to cut their tariffs by up to 70% , threatening dramatic job losses. In the latest round of services negotiations Japan has made demands that developing countries open up strategic sectors of their economies to foreign ownership. The US and the EU are pushing a similar agenda.

At the WTO Hong Kong ministerial in December 2005 the EU, the largest user of agricultural export subsidies, agreed to eliminate them by 2013. But this is five years later than a “credible end date” – 2008 – and comes with the get-out-clause that this will be confirmed only when all other trade issues are agreed. In any case, because the EU had already agreed changes to its Common Agricultural Policy, which would

have seen the *de facto* elimination of export subsidies by 2013, it is questionable whether this can really be described as a 'new commitment'. A similar picture exists with domestic farm subsidies, which in sectors such as cotton – where the US spends \$3.8 billion a year – continue to undermine farmers in some of the world's poorest countries.

Overall, ActionAid calculates that the EU's trade-distorting domestic subsidies that lead to dumping continue to amount to around €60 billion per year. The four European members of the G8 – France, Germany, Italy and the UK – together receive more than half of all EU farm subsidies, more than €30 billion per year. Meanwhile, damaging domestic subsidies in the US continue to amount to at least \$25 billion a year according to ActionAid's calculations, although the lack of more recent data means it could be higher still.

Finally, staunch opposition from the US and Japan scuppered an agreement that G8 countries completely open up their markets to goods from the poorest countries. Instead, rich countries only committed to provide duty and quota-free market access for 97% of their products – excluding the 3% of products likely to be of most export interest, and therefore of greatest benefit to poor countries.

2.3 What needs to happen next?

The aggressive demands being made of developing countries in trade talks contrast sharply with the G8's own failure to act on the promises it made just one year ago. France has said it will 'reject the outcome of talks'⁷ if they imply further reform of the Common Agricultural Policy – in short, any real cuts to the EU's farm subsidy regime – before 2013. France is not alone: 12 other EU member states, including Italy, take a similar view.⁸ While these countries block a pro-poor agriculture deal on subsidies, they are simultaneously demanding a deal on manufactured goods and services that goes against poor countries' own interests. Because of the 'single-undertaking' nature of the negotiations whereby nothing is agreed until everything is agreed, key G8 members have gone so far as to blame the lack of progress on subsidies on the failure by developing countries to make major concessions.

The recent G8 finance ministers' communiqué, which rows back on the language at the 2005 summit about poor countries not being forced to open their markets, and ignores the threat to poor people posed by the indiscriminate liberalisation of manufactured goods and services, underscores this concern. Given the looming deadline on getting a trade deal agreed before President Bush's negotiating mandate from the US Congress expires, the risk is that any deal will be equated with success, regardless of whether it benefits people in poverty. ActionAid believes that without

radical changes to the negotiating positions of the G8 and other rich countries, no deal is the best option for developing countries.

3. MORE AND BETTER AID?

- The G8 pledged to double aid, as part of a \$50 billion increase by 2010, and take immediate action on better aid.
- Currently they're not on track to achieve this increase, with the countries that need to do most, currently doing least. On key aspects of better aid, donors are failing to reform.
- **In St Petersburg they must each produce a detailed timetable for meeting their share of the extra \$50 billion in global aid and set out how they will change their policies to ensure developing countries can choose their own development paths, free from harmful G8 conditions.**

One year on from Gleneagles:

- Excluding debt relief for Iraq and Nigeria, aid is not increasing sufficiently to achieve the 2005 targets.
- As the countries furthest from the target, Germany, the US and Italy must meet the lion's share of the G8 aid increase, yet are dragging their heels on their pledge.
- Donors have failed to end most harmful policy conditions attached to aid programmes.

3.1 What was promised?

The 2005 G8 communiqué made a twofold pledge. On aid volume, it committed to giving \$50 billion more in aid each year, over and above 2004 levels, by the target date of 2010. Much of this money had in fact already been committed, and 25% of the increase is from non-G8 donors. Even so, substantial new sums were pledged, of between \$15-20 billion annually by the end of the decade.

These promises include:

- An EU-wide commitment to raise aid spending to 0.56% of national income by 2010, worth some \$38 billion, with at least half going to Africa.
- An EU commitment to build on this, and reach the UN aid target of 0.7% of national income by 2015 (2013 in the case of the UK, 2012 for France).
- A proposal from the US to double aid to sub-Saharan Africa, as part of a \$5 billion increase.

- An increase in Japanese aid of \$1 billion in 2006, rising to \$3 billion extra in 2010.
- A doubling of aid from Canada from 2001 worth \$1.5 billion extra by 2010.

If all these promises are kept, then by 2010 the rich countries will collectively be giving 0.36% of their income in aid, which means they will be halfway to reaching the UN aid target of 0.7% which they agreed in 1970.

Secondly, on aid effectiveness, the G8 promised to substantially improve the quality of its aid, and ensure that it leads to sustainable benefits for poor people. In particular, the Gleneagles communiqué acknowledged that the conditions attached to aid have often failed or proven counter-productive when it recognised the right of developing countries to, “decide, plan and sequence their economic policies to fit with their own development strategies”. Likewise, the G8 recognised the need to allocate aid on the basis of need when it pledged to focus on low-income countries committed to growth, poverty reduction and good governance. Finally, they committed to implement and be monitored on the aid effectiveness targets for 2010 which they adopted at the Paris High Level Forum in March 2005. These targets do not address either ‘tied aid’, the practice of requiring aid to be spent on goods and services from the donor country, or the removal of economic policy conditions from aid programmes. Nonetheless, if implemented these targets would have a significant impact on the quality of aid.⁹

3.2 Have the promises been kept?

Just one year on, it is too early to reach a definitive verdict on whether the Gleneagles aid promises will be met. However, the early signs on aid volume are not encouraging. In 2005, 85% of the aid increase showing up in donors’ accounts was the result of the write-off of Iraqi and Nigerian debt. Excluding debt cancellation and tsunami-related emergency aid, between 2004 and 2005 global aid increased by 7%, putting donors behind schedule in terms of providing an additional \$50 billion by 2010.

This debt cancellation will continue to account for most of the rise in aid until 2008. Because most of this debt was not being serviced, the headline figures are misleading – only a small proportion of the rise is a genuine resource transfer to developing countries. The upshot is that, when the debt-related spike in aid figures has passed, donors will face the challenge of increasing their real ‘cash’ spending on aid dramatically in the space of just two or three years.

The challenge is greatest for countries such as Germany, which must more than double its aid by 2010 to meet the EU target, and Italy, which must almost triple it. These countries and others urgently need a year-by-year road map for progress towards 0.56% if the promise is going to be kept and the aid spent effectively. Yet at present, these countries are stalling.

On 'better aid', the G8's performance again falls far short of what is needed. Although the UK government committed to ending harmful policy conditions in 2005, and the G8 communiqué echoed this language, other rich countries have been reluctant to cut the strings they attach to their aid. So far, no other G8 member has followed the UK's example, or pressed for significant reform of the World Bank and IMF's own use of conditions. Meanwhile, the 2010 aid effectiveness targets agreed by donors at the Organisation for Economic Co-operation and Development (OECD) in Paris are being implemented in a way that leaves donors as the ultimate judges of their own performance.

3.3 What needs to happen next?

Fortunately, projections of failure to reach the target are not the same thing as forecasts: rich countries still have sufficient time to deliver their promises, provided they act now to set concrete plans for doing so. To date progress has been mixed: Japan still has no clear timetable for disbursing the \$10 billion extra aid over five years pledged at Gleneagles; there has been no clear indication that Canada will increase aid in the budget of the new Canadian government; and in the EU, Italy and Germany have yet to provide details as to when they will meet their pledges. The coming months provide a narrow window in which to address these issues.

In terms of the 'better aid' agenda, donor progress has been similarly halting and patchy. In particular, donors need to act on the pledge in the Gleneagles communiqué and change their aid policies to remove harmful conditions attached to the disbursement of aid. At the moment, some countries, led by the US, are actually pushing for greater levels of conditionality due to concerns about corruption, although Germany has made more recent progressive statements.

4. UNIVERSAL AIDS TREATMENT?

- The G8 pledged to achieve universal access to treatment by 2010.
- Donors are failing to back the pledge with sufficient money, leaving an annual funding gap of at least \$10 billion a year.
- **In St Petersburg they must set out a funding plan to show where the money will come from.**

One year on from Gleneagles:

- 5.2 million people in urgent need are without access to treatment and at least \$10 billion extra per annum is needed to fund prevention, treatment and care by 2010.¹⁰
- However, two replenishment rounds of the Global Fund have gone by without the G8 coming up with enough money for the current rounds, let alone enough to fund universal access. There is no strategy for how increasing aid money will go towards this target.

4.1 What was promised?

Under pressure from campaigners at Gleneagles, the G8 agreed to the demand for a target date of 2010 for providing universal access to treatment for HIV and AIDS, for all those who need it. Importantly, they also committed, “to meet the financing needs for HIV and AIDS, including through the replenishment this year of the Global Fund to fight AIDS, TB and Malaria”.¹¹ This was an ambitious promise that reversed a long-standing preference amongst most donors for focusing exclusively on prevention. It was also endorsed by the UN World Summit in September 2005, thereby making it binding on all UN member states. Currently only an estimated 1.3 million people living with HIV and AIDS are able to get access to treatment, but there are 6.5 million people in urgent need. The track record of such treatments is now proven – an estimated 350,000 deaths were averted last year as a result of increased access.¹²

4.2 Has the promise been kept?

As of 2006 it is too early to say whether the 2010 commitment will be met, but again the G8 can be judged on whether it is taking steps in the right direction.

There are some difficulties in determining precise commitments for ‘universal access’, with some NGOs estimating that by 2010 there will be 10 million people in clinical need of antiretroviral drugs. However, there appears to be a strong reluctance from most donor countries to set any specific target to which they can be held accountable.

The first financial test of the G8’s commitment was the Global Fund Replenishment Conference in September 2005. Donors pledged \$3.7 billion for 2006-2007. The UK doubled its contribution to the fund for 2006-2007 to \$357 million, finally paying its fair share. Japan also increased its contribution, from \$100 million in 2005 to \$500 million for 2006-2007.¹³ However, the US actually reduced its annual contribution to \$600 million for 2006 and 2007, proportionately less than the amounts pledged by China and Nigeria (\$10 million each). Canada failed to pledge any new money and a question mark hangs over whether Italy’s pledge will be delivered. A second

replenishment meeting, in Durban at the beginning of July, failed to plug the gap in the Fund's modest targets; even this is well below what is needed for universal access.

A second key test involved decisions on intellectual property rights in the run-up to the Hong Kong ministerial meeting of the WTO in December 2005. WTO members agreed to make the 2003 "temporary solution" that allows the import of cheaper, generic copies of branded medicines for HIV into countries without manufacturing capacity into a permanent arrangement. This agreement was reached against the backdrop of last-minute disputes with African countries, who argued that the wider intellectual property agreement (TRIPS) itself needed to be opened up for debate. Despite the agreement on generics, so far no African country has successfully been able to make use of the provisions, reflecting earlier concerns that the current system is too complicated and inflexible to enable a reliable supply of low-cost drugs to the poorest countries.

4.3 What needs to happen next?

The extent to which rich countries finance the fight against HIV and AIDS is a critical measure of the G8's commitment to the Gleneagles aid pledges. Low and middle-income countries are calculated to need to spend \$14.9 billion in 2006, increasing to \$22 billion for 2008, on combating HIV and AIDS. From 2008, at least \$5.3 billion per year needs to be spent on care and treatment alone.¹⁴ Even if rich countries maintain their estimated 2007 level of spending on HIV and AIDS for the years 2008-2010, ActionAid calculates that there is still a funding gap of at least \$10 billion per year.

The time lag involved in funding proposals means that the meeting of the Global Fund Board in November 2006 will be one of the last opportunities to inject sufficient funding into the scale-up of treatment needed to meet the 2010 target. The UK must take the lead in a step-change of funding to the Global Fund to make universal access a potential reality. At St. Petersburg, they need to identify how new aid money coming on stream will be made available for the universal access target.

Finally, donors must prove that the flexibilities under intellectual property rules, designed to allow essential drugs to be imported into the poorest countries, actually work. Access to generic antiretroviral drugs is an essential element in efforts to expand access to treatment. In addition to concerns about the current arrangements, it is unclear how the next generation of antiretroviral drugs will become available under the new intellectual property legislation being implemented in many producing countries.

5. EDUCATION FOR ALL?

- They promised to help put every child in school within 10 years.
- But so far G8 countries haven't contributed enough money to meeting this target.
- **In St Petersburg they must each commit new money to fund progress towards education for all.**

5.1 What was promised?

When the G8 met in Gleneagles, it promised, 'to ensure that by 2015 all children have access to and complete free and compulsory primary education of good quality'. This promise was made in the context of 100 million children – almost 60% of them girls – missing out on a basic education.¹⁵ The commitment was also rooted in a recognition that as an 'enabling right' with knock-on benefits in areas like health and the economy, education can be a catalyst for wider development.

5.2 Have the promises been kept?

An estimated \$10 billion more a year is needed for every child to go to school, or one-fifth of the annual increase in aid pledged at Gleneagles.¹⁶ Yet so far, the donor response has been lacklustre. The UK has earmarked some of the aid pledges made last year, totalling some \$15 billion up to 2015, which should ensure that its funding for education does not fall as a proportion of its total aid. The French have made similar commitments, while the US, Japan, and Germany have so far failed to back their G8 pledge with new money.

5.3 What needs to happen next?

The current funding situation for the education for all Fast Track Initiative (FTI) illustrates the problems faced by the poorest countries as they attempt to reach the 2015 goal of getting every child through primary school. The FTI, which is managed by the World Bank, is a multilateral initiative designed to help low-income countries reach the education goal. So far, 20 countries with 16 million children out of school are in the Fast Track. Already, countries such as Mozambique and Niger have been able to start increasing the numbers of children in school as a result. However, the plans of most countries in the FTI continue to be underfunded – together they face an immediate funding gap for 2006 of \$420 million. If these countries receive the necessary funding for their education plans, the Fast Track Initiative could admit a further 40 countries in the next 18 months, reaching 70% of the world's out-of-school population.

Some donors have come forward with commitments. Russia put forward \$7.1 million in January 2006. France pledged in 2005 to fully fund seven Francophone countries, although this money has yet to materialise. In April, the UK also committed £50

million (about \$90 million) a year over two years to the FTI. The onus is now on other G8 countries to step forward with commitments to plug the funding gap: at a meeting in May, African finance ministers from 20 countries demonstrated their commitment when they agreed to prepare ambitious ten-year plans to achieve universal basic education. These plans are expected to be completed by the time of the World Bank-IMF annual meetings this September. Whether the G8 backs these plans with new money will be the real test of their commitment to the pledges they made at Gleneagles.

6. CLIMATE CHANGE?

- They promised to cut carbon emissions that cause climate change.
- But emissions have increased in several G8 countries since Gleneagles.
- **In St Petersburg they must agree a timetable to make real and substantial cuts to carbon emissions and commit new money to help poor countries that are already feeling the effects of climate change.**

One year on from Gleneagles:

- The World Bank has started the process of creating an investment framework on clean energy and development.
- Global emissions continue to rise and disproportionately affect poor people in poor countries.
- 2005 was one of the worst disaster years on record and climate change threatens to increase the frequency and intensity of extreme weather events
- Funding for adaptation to climate change and disaster-risk reduction remains inadequate.

6.1 What was promised?

- The G8 said it would act with “resolve and urgency” to reduce carbon emissions, but did not set out any targets or a timetable to achieve this.
- Little or no progress on climate change has been made and those least responsible for climate change, poor people in poor countries, are suffering the most.

After much hype, very little was promised on climate change and indeed very little has been done. This was the first time that the G8 agreed that humans are causing climate change. Although the G8 agreed that climate change is “happening now” and that “human activity is contributing to it” and that “it could affect every part of the globe”, the G8 fell short of setting any targets or a timetable for reducing emissions.

However, the G8 did promise that it would make improvements in the areas of energy efficiency, renewable energy and cleaner fuels in a bid to reduce carbon emissions. The G8 also asked the World Bank to facilitate the creation of an investment framework on clean energy and development, and to contribute to fostering a global dialogue around these issues.

6.2 Have the promises been kept?

As promised at Gleneagles, the World Bank has started the process of creating an investment framework on clean energy and development in which it estimates the incremental annual costs to adapt to projected climate change are likely to lie in the \$10 billion to \$40 billion per year range.

However, decisive action around climate change has been missing over the past year. The US still has not signed up to the Kyoto Protocol, and in May of this year, Canada announced it would renege on its commitments. In 2004 Tony Blair declared climate change to be “the world’s greatest environmental challenge”¹⁷ and in 2006 wrote that, “the risks of climate change may well be greater than we thought”.¹⁸ Yet in the UK, emissions continue on their upward trend, and in March this year the Environment Secretary announced that the UK was unlikely to meet its target of cutting emissions by 20% from 1990 levels by 2010.

In the year since Gleneagles some of the worst droughts on record occurred in Southern, Eastern and West Africa, leaving millions of people without food or water. The costliest and one of the deadliest hurricanes to hit the US occurred, together with numerous other extreme weather events that made 2005 one of the worst disaster years on record. The threat of climate change means that the frequency and intensity of extreme weather events will increase worldwide; yet little money is being spent on adapting to climate change.

The G8 and climate change

- The G8 produces 45% of global carbon emissions yet only has 13% of the world’s population.
- Poorer countries are disproportionately affected by climate change: The Intergovernmental Panel on Climate Change (IPCC) estimated that a 3°C increase in global temperatures could lead to a loss of 2-9% of GDP in developing countries per year, at massive human cost.

6.3 What needs to happen next?

Climate change is happening now and its effects being felt by poor and vulnerable people in poor countries; those least responsible for climate change. ActionAid is calling for G8 nations to respond by making substantial and timetabled cuts in their own carbon emissions, to avert a global average temperature increase of more than

2 degrees celsius above pre-industrial levels. In order to achieve this, global greenhouse gas emissions must peak and decline beyond 2015. This is not possible unless the G8 countries significantly reduce their own emissions.

Poor people in poor countries have done the least to contribute to climate change yet are suffering the most. The effects of climate change appear to be increasing the severity and frequency of natural disasters such as floods and hurricanes. Without adaptation to climate change, these hazards can turn into large-scale disasters. Numerous governments have failed to take disaster risk into account in formulating their development policies and practices and the result has been high costs in human and economic terms when disaster strikes. Yet research shows that the cost of disaster reduction is much less than the cost of recovery from disasters. It is estimated that for every £1 spent on mitigation, between £4 and £10 are saved in the costs of recovery. The G8 must make significant and new money available to help poor countries that are already feeling the effects to adapt to the changing climate.

CONCLUSION

Twelve months on from the summit in Gleneagles, as the G8 reconvenes in St. Petersburg, the world's richest countries are moving too slowly, or not moving at all, on most of their key commitments to tackle poverty and climate change. Unless they take urgent action now to meet their pledges, the prospect of progress towards ending poverty will be jeopardised. Failure to act will seriously damage the credibility of the G8, and of individual governments, in the eyes of millions of people who campaigned in 2005. It would also be a betrayal of the 1.2 billion people around the world who live on less than one dollar a day, and to whose daily lives the G8 could make a genuine difference.

Despite the unacceptably slow progress, the G8 can still get back on track. The progress on debt since last summer demonstrates what is achievable, and if they act now the G8 countries have sufficient time to meet the targets they have set themselves. On aid, donors must establish plans immediately to meet their fair share of the \$50 billion pledge by 2010. As well as increasing their underlying aid budgets, they must take steps to ensure that the money is well spent, by ending harmful conditions, untying their aid and by allocating funds on the basis of need. On trade, the G8 must stop pushing for a bad WTO deal that contradicts its Gleneagles pledges, and work with developing countries to achieve root-and-branch WTO reform. On HIV and AIDS, countries must step forward with the resources needed to provide universal treatment, and act to ensure the poorest countries are able to obtain affordable medicines. On education the G8 must commit new money to

ensure every child is able to receive a basic education. And on climate change G8 countries must begin to make real and substantial cuts to their carbon emissions and help poor countries that are already suffering the effects of environmental destruction.

The coming months will be decisive in terms of whether momentum behind the Gleneagles pledges is lost or regained. The 36 million people around the world who came together last year under the Global Call to Action Against Poverty and demanded action will be watching closely as the G8 meets in St. Petersburg.

¹ Initially, the G8 committed to 100% write off of World Bank, IMF and African Development Fund loans for 18 low income countries that had reached 'completion point' under the HIPC Initiative. Mauritania's debt cancellation was postponed because of governance concerns, but Cambodia and Tajikistan were subsequently added to the group.

² Gleneagles Communiqué, paragraphs 29 and 30.

³ ActionAid calculation.

⁴ Gallagher K P, *Brazil: trading away industrial development*, IRC Americas, 13 December 2005.

⁵ Kirkpatrick C, et al, *Sustainability impact assessment of proposed WTO negotiations*, May 2006: www.sia-trade.org

⁶ Gleneagles Communiqué – Africa – paragraph 35; Trade – paragraph 3.

⁷ Leaked letter from the French Embassy to African trade ministers in advance of the African Union summit 12-14 April 2006.

⁸ They are: Austria, Belgium, Cyprus, Finland, Greece, Hungary, Ireland, Italy, Lithuania, Luxembourg, Poland and Spain. See leaked letter to EU Agriculture Commissioner Mariann Fischer-Boel, 25 September 2005.

⁹ Gleneagles Communiqué – Africa – paragraphs 30-32.

¹⁰ From 2007. ActionAid calculation using data from UNAIDS 2006 *Report on the global AIDS epidemic*.

¹¹ Gleneagles Communiqué – Africa – paragraph 18(d).

¹² UNAIDS Report 2006, p153.

¹³ <http://www.aidsmap.com/en/news/3ADEFC3B-AD1A-497C-AEC2-BBA648DDAFD8.asp>.

¹⁴ UNAIDS Report 2006.

¹⁵ Fast-track initiative for education: www.fasttrackinitiative.org.

¹⁶ *ibid*.

¹⁷ Prime Minister's website: 14 September 2004: <http://www.number10.gov.uk/output/Page6333.asp>

¹⁸ The Guardian 30 January 2006: <http://www.guardian.co.uk/climatechange/story/0,,1698217,00.html>