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Credibility crunch

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113 Oxfam Briefing Paper

Credibility crunch

Food, poverty, and climate change: an agenda for rich-country leaders

The year 2008 is halfway to the deadline for reaching the Millennium Development Goals. Despite some progress, they will not be achieved if current trends continue. Aid promises are predicted to be missed by $30bn, at a potential cost of 5 million lives. Starting with the G8 meeting in Japan, rich countries must use a series of high-profile summits in 2008 to make sure the Goals are met, and to tackle both climate change and the current food crisis. Economic woes must not be used as excuses: rich countries' credibility is on the line.

Oxfam International

Summary

No one has to be poor in 2008. No woman need die giving birth for want of simple medical care. No child should die of pneumonia because of a lack of medicine. No girl should have to watch her brothers leave to go to school while she stays at home. No family should see floods wash away its food. No woman should have to watch her children risk their lives drinking dirty water, or go to sleep with empty bellies.

This year, 2008, is the halfway point towards the deadline for reaching the Millennium Development Goals (MDGs), agreed by 147 nations in the year 2000. They focus on tackling poverty, hunger, gender inequality, education, health, water, sanitation, and the environment. These goals were not chosen as impossible dreams. They were chosen because they are realistic targets that, with concerted action, can and should be reached – and in fact exceeded – in order to banish extreme poverty to the history books.

Table 1: The Millennium Development Goals (MDGs)

Goal	1 Eradicate income poverty and hunger	2 Achieve universal primary education	3 Promote gender equality and empower women	4 Reduce child mortality	5 Improve maternal health	6 Combat HIV/AIDS, malaria and other diseases	7 Ensure environmental sustainability	8 Develop a global partnership for development
Key targets	Halve the proportion of people living on less than $1 a day by 2015. Halve the proportion of people who suffer from hunger by 2015	Ensure that all children complete a full course of primary schooling by 2015	Eliminate gender disparity in primary and secondary education by 2005, and in all levels of education by 2015	Reduce the mortality rate of children under five by two-thirds by 2015	Reduce by three-quarters the ratio of women dying in childbirth by 2015	Halt and begin to reverse the incidence of HIV/AIDS and other major diseases by 2015	Halve by 2015 the proportion of people without access to safe drinking water and basic sanitation	Develop a non-discriminatory and rules-based trading system, provide more generous aid and deal comprehensively with the debt problem

Source: Oxfam (2004) *Paying the Price*

Remarkable progress is possible, even in the poorest countries. In Rwanda the number of children dying from malaria has been cut by two-thirds in the last two years alone. If you are born in Tanzania today, you are 25 per cent less likely to die by your first birthday than your sister born just four years ago. The Global Fund to fight HIV/AIDS, TB and Malaria, which was created at the last G8 held in Japan in 2000, has to date distributed 30 million anti-malarial bednets, and is saving 3000 lives a day.

The most powerful driver of these transformations is the realisation that change is indeed possible: despair in poor countries and apathy in rich ones are the greatest obstacles. In Malawi, consistent economic growth, government subsidy for fertilisers that contributed to record harvests, mass distribution of free AIDS drugs and falling numbers of those infected, a 50 per cent salary increase for nurses, and free primary education for every child have all contributed to a palpable sense of optimism in the country. Compared with just six years ago when the country was gripped by a food crisis, this is amazing progress. There is so much further to go; some

reversals and setbacks are inevitable. But the first ingredient of success is the belief that it is within reach.

It is these successes that make the wider failure of progress towards the MDGs all the more unacceptable. Rapid increases in food prices threaten to reverse what gains have been made, thus driving millions back below the poverty line. At half time, instead of coasting to victory, the world is staring at defeat. Rich countries are not the only reason for this failure. Poor-country governments can and should do far more, and Oxfam works with activists and citizens across the developing world to demand change from their leaders.

But rich countries continue to control 60 per cent of the world economy and have generated 60 per cent of the world's accumulated carbon emissions. They are the ones who make or break trade or climate negotiations depending on what concessions they give and what demands they make on developing countries. They are the ones producing most of the arms. They are the creditors demanding that illegitimate and crippling debts are repaid: often debts incurred paying for those same arms. But with this great power comes great responsibility. They have a strong obligation to use their money and power to stop doing harm and instead to make the world a fairer, better place. When they do act, for example on debt cancellation or on provision of treatment for those living with HIV and AIDS, lives are saved.

By 2010 we need to see $150bn in additional high-quality annual aid in order to reach the MDGs.[1] To go beyond the MDGs, to end poverty and not just halve it, rich countries must finally fulfil their promise, made in 1970, to give 0.7 per cent of their income as aid. In an unprecedented move, the leaders of all the major multilateral agencies, including the World Bank, the United Nations (UN), the International Monetary Fund (IMF), and the European Commission (EC) have jointly published, in May 2008, a detailed investment plan for Africa, which shows clearly the specific life-saving interventions that could be made if the aid promised at the G8 in Gleneagles were delivered.

Action by rich countries to end poverty is not just a moral imperative: a more prosperous and safer developing world is in the interests of everyone. It means more markets and trading partners. It undermines the threat of armed conflict and terrorism. It reduces the pressure for economic migration. It enables the world to act together to tackle global crises such as climate change and disease.

Sadly, despite these compelling arguments, rich-country leaders more commonly prefer to hide behind promises, polemic, and short-term self-interest.

During the next few months, a series of important opportunities present themselves in which leaders can take action to restore their crumbling credibility. As this year's G8 chair, Japan must press the rich countries to take action at their meeting in July. Beyond the G8, the emergency MDG meeting called by the UN Secretary-General for September, the Ghana Aid Summit the same month, and the Financing for Development Conference in Doha in November are all important accountability opportunities. These meetings should present action plans, backed by finance, to deliver on the MDGs. The climate change summit in Poznan in Poland in December then offers the chance of a fair deal on climate. The millions of campaigners in

rich and poor countries who want action on poverty and inequality have not gone away and will make their presence felt this year, and every year, until leaders meet the challenge.

Oxfam has a six-point agenda for the G8 and other rich-country leaders for these critical meetings. They must follow this set of steps, and follow them now:

1 Stop burning food and start supporting poor farmers

2 Mend broken aid promises

3 Support health, education, water and sanitation for all

4 Climate change: stop harming and start helping

5 Put women and girls first

6 Prioritise security for sustainable development

The recent rapid increases in food prices mean untold misery for millions, with despair and anger leading to riots worldwide. The International Food Policy Research Institute (IFPRI) has estimated that biofuels explain 30 per cent of the recent increase in food prices.[2] The IMF has calculated that 50 per cent of the increase in consumption of major food crops is attributable to the rapid increase in the use of US corn for biofuels. Unless new targets to further increase biofuel use are frozen, this will get worse and not better. The rich cannot burn food while the poor world starves. They must revisit support for biofuels that drive food prices higher. At the same time humanitarian aid and long-term investment in agriculture, including subsidised seed and fertiliser, should be rapidly increased and further supported through fair trade rules.

Aid should be going up, not down. Rich countries give just over half as much of their income as they did in 1962. The Organisation for Economic Co-operation and Development (OECD) has confirmed Oxfam's prediction that rich countries could miss their 2010 promise of $50bn in extra annual aid by as much as $30bn – money that could save 5 million lives. Rich-country leaders have produced nearly a trillion dollars to bail out their reckless banks, yet cannot find $30bn in aid. Many people are tired of broken promises and implausible excuses. If Spain can increase its aid by 33 per cent in one year, then so can Japan, Germany, France, and the UK. It is simply untrue that giving 0.7 per cent of the country's income as foreign aid is not affordable or politically feasible. Aid must be radically improved in quality, too. We need to see French aid spent on basic health and education, not squandered on scholarships to the Sorbonne and other French universities. Aid must support government plans, not donor pet projects, and aid commitments must be made for years, not months.

This year is the tenth anniversary of the first major protest of Jubilee 2000 at the Birmingham G8 in 1998. Debt cancellation is the best thing the G8 has ever done for poor countries, under huge pressure from this worldwide campaign. It has led to a doubling of social spending in many countries. But the process has now slowed to a crawl and many more countries need relief. Bangladesh has had no cancellation and is still paying rich countries $2m a day. The rules must also be changed to ensure that a new debt crisis does

not emerge, and to punish irresponsible lenders who write cheques to dictators and demand payment from poor people.

Essential public services – health, education, water, sanitation – are lethal weapons in the fight against poverty and inequality. Massive progress has been possible with the free and universal provision of these basic services. To pay for this, funds must be forthcoming from rich nations: they should support government plans for free universal public services. They must stop attracting health workers away from poor countries and defending their drug companies' profits rather than affordable medicines for all.

Climate change is already hitting poor people first and worst, causing increased droughts and floods and threatening livelihoods. Although not directly included in the MDGs, 2015 is also a critical milestone in efforts to combat climate change. The brutal reality is that unless the global trend of greenhouse-gas emissions growth is reversed by 2015, our chances of avoiding unmanageable climate impacts will be very poor. This will have direct life or death consequences for the poorest, most vulnerable people around the world.

Climate is likely to dominate this year's G8 discussions, but it looks unlikely that the G8 leaders will resolve to support an ambitious post-2012 agreement under the UN. China will be painted as one of the big problems. In fact, rich-country emissions have created the problem in the first place. They have the responisbility to cut their emissions fast and deep as well as to help people in poor countries adapt to the already unavoidable impacts of climate change. At the G8, some money to help poor countries adapt will be announced by the UK, USA, and Japan, but a large part is going to be taken from existing aid budgets, and in the case of the UK will actually be loans. Poor countries face a triple injustice: they have to pay the price for rich countries' pollution, the little money to help them is being diverted from urgently needed development aid promises, and they are being asked to repay it with interest. This is completely unacceptable; rich countries must come up with at least $50bn a year to compensate poor countries for their dirty carbon habit.

Poverty is literally man-made. Men hold most of the power in the world, and must take responsibility for the brutal poverty and insidious inequality that is the blight on the lives of so many. Prioritising equality for women and girls is a prerequisite of any progress. Ending poverty will require money and dedicated UN leadership.

Poverty, and particularly inequality between different groups, contributes to many of the world's 31 major armed conflicts. In the next five years, any of the poorest countries in the world could have a one in six chance of civil war, with women worst affected. G8 governments are some of the biggest arms dealers and the flood of unregulated arms undermines the potential of tackling poverty. Currently, spending on arms is 12 times more than spending on aid. If this were reversed, poverty and insecurity could be ended. The world needs a fully enforced Arms Trade Treaty.

The G8 and other rich nations have the power and the opportunity to make poverty history. They have the power to end the current food crisis and to tackle climate change. It is not yet too late, but it will be if rich nations don't act soon.

Recommendations

1. Stop burning food and start supporting poor farmers

- Agree to freeze all new biofuels targets and urgently rethink existing targets as well dismantle subsidies and tax exemptions that provide incentives for the diversion of agricultural production, which drives up food prices and further deepens poverty
- Rapidly increase humanitarian aid to the $14.5bn required to immediately help the poorest population most at risk of the food crisis
- Reverse the 20 years of neglect in international support to smallholder farmers and farm labourers and scale up investment in agriculture and rural development
- Do fair trade deals that end dumping forever, and ensure poor countries can support their poorest farmers and promote their food security

2. Mend your broken aid promises

- Japan must lead the G8 to deliver a detailed emergency plan with annual budget increases to meet Gleneagles G8 promises and go further to reach 0.7 per cent of gross national income (GNI)
- Act rapidly to increase aid quality, implementing and exceeding agreed targets, especially increasing multi-annual predictable commitments and the amount of aid channelled through governments
- Agree to an independent monitoring mechanism of aid quantity and quality, under UN auspices
- Agree debt cancellation for all the countries that need it to reach the MDGs

3. Support health, education, water and sanitation for all

- Provide the $76bn in annual aid needed to reach the Millennium Development Goals for health, HIV and AIDS, education, water and sanitation
- Deliver a global plan to support country health systems, including hiring the 4.25m health workers needed
- Agree to one high-level task force on sanitation and water and one clear monitoring process to ensure country plans are supported

4. Climate change – stop harming and start helping

- Take responsibility and commit to ambitious reductions in domestic carbon emissions (at least 25–40 per cent by 2020 compared with 1990 levels); start reducing emissions by 2015 and ensure that global warming stays as far below 2°C as possible

- Deliver immediately on obligations to fund the most urgent and immediate needs in the most vulnerable countries, with rich countries committing their fair share of at least $50bn a year in adaptation finance This should be delivered through agreed UN institutions, and not counted as development aid

5. Put women and girls first

- Provide protected finance for women's organisations and for other gender activities
- Agree to one UN agency with responsibility for gender

6. Prioiritise security for sustainable development

- All G8 members and other rich nations must support the process towards a strong Arms Trade Treaty based on international human rights and humanitarian law

1. Stop burning food and start supporting poor farmers

Food price increases are driving millions back into poverty

After years of falling food prices, the World Bank estimates that they have shot up 83 per cent in the last three years, driving potentially 100 million people back below the poverty line.[3]

The average Ghanaian spends 60 per cent of his or her income on food; this is common in most poor countries. The rapid increases in food prices in recent months, with lifeline commodities such as rice and wheat reaching record highs, mean misery for millions, with despair and anger expressed in riots worldwide.

Faced with crippling food price increases, women go hungry to feed their children, girls don't go to school, vital medicines cannot be bought. Countless impossible decisions face mothers and fathers worldwide. Without adequate nutrition, HIV and AIDS drugs can become poisonous. Children become stunted and learn less at school. What progress there has been towards reaching the Millennium Development Goals is threatened.

So far despite a lot of words and some small increases in humanitarian aid, substantive action by rich countries has been notable for its absence.

Food price increases hit Senegal hard

Normally, Senegal produces only half of its national food consumption. Additional food must be bought internationally. This year, many of the key warning signs are already apparent. Food prices are increasing earlier than usual, there are lower food stocks in markets, animal sales have increased, Mauritanian pastoralists are crossing the border to look for pasture in Senegal. Oxfam staff and partners report a concerning impact on livelihoods, which includes reduction of the quantity and quality of meals, children withdrawn from school, heightened tensions between different groups over natural resources, and an increase in banditry. This is the third consecutive bad year in terms of food production and rainfall.

Price rises have been driven partly by a number of long-term structural factors including more unpredictable weather linked to climate change and increased demand from India and China. However, there are three areas where immediate action would make

a big difference: biofuels, humanitarian and agriculture aid, and trade rules.

Let them eat ethanol

One SUV tank of corn-based ethanol could feed a poor person for a year.[4]

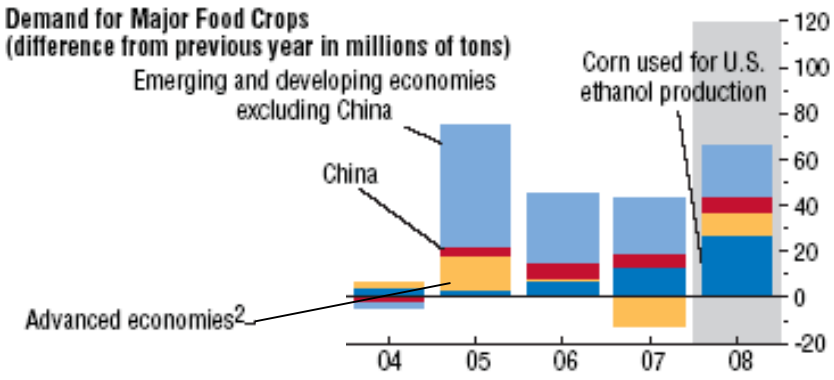
If rich countries do one thing about food price increases in the next few months it should be to urgently reassess compulsory targets for biofuels and scrap supports that, together, are driving food prices higher. The evidence is clear that large-scale growth in biofuel demand is a contributing cause of increased food price. At the same time, these fuels are actually making climate change worse in many instances.

The IMF calculates that the boom in biofuels has accounted for almost half the increase in the consumption of major food crops in 2006–7, while the US Department of Agriculture estimates that US ethanol has generated one-third of the growth in global demand for grains from 2002–7.[5] US conversion of corn into ethanol is having a significant impact on global demand (see Figure 1). Targets from the USA and European Union (EU) to increase rapidly the use of biofuels will mean food demand is likely to continue increasing rapidly for some time. The US 2007 Energy Bill mandates a fivefold increase in biofuel production by 2022, including doubling the production of corn ethanol which could mean as much as half the US corn crop will have to be set aside for ethanol by the middle of the next decade. The EU has proposed a target for 10 per cent of fuel to come from renewable sources by 2020.

Biofuel production consumes crops that could be used for food; it also competes with food production for land, water, and other inputs, pushing up prices further. Natural carbon sinks such as rainforests and grasslands are being destroyed to make way for biofuels, farm workers are facing exploitative labour conditions, and the UN estimates that 60 million indigenous people may be driven off their land.

While many of the other factors pushing up food prices are beyond the scope of G8 leaders (for example the weather, the price for oil, or greater demand from emerging economies), biofuel policy is not – the demand is politically created, and can be politically extinguished. G8 leaders must urgently review current support and incentives for biofuels and take action to avoid further deepening poverty.

Figure 1: Impact of US corn ethanol on major food crop demand



Source: International Monetary Fund World Economic Outlook April 2008

Massively increase humanitarian and agriculture aid

Currently just 4 per cent of aid goes to agriculture.

The G8 can play a leading role in meeting immediate needs through urgent co-ordinated humanitarian action. The World Food Programme (WFP) has appealed for an extra $750m simply to continue its current programme. This must be met but the response must go far further, far faster. Oxfam calculates that $14.5bn is needed immediately to help those in need.[6] In-country, the response should include national social protection schemes such as minimum income guarantees and public works programmes, as well as direct assistance to affected populations and vulnerable groups.

More than ever, the provision of cash for local and regional purchases must be prioritised over food aid in kind, in order to enhance local agriculture and trade. Often it is more effective to give this cash directly to women, given that they usually have primary responsibility for feeding families.

The current threat is also an opportunity for long-overdue reforms to take place. Greater investment in agriculture and other policies to reduce rural poverty are essential if poor farmers and agricultural workers, especially women, smallholders, and pastoralists, are to benefit from higher prices. Yet aid to agriculture fell by nearly 50 per cent between 1980 and 2005 and, despite new pledges by some donors, the international community was way off track to meet the first MDG of halving hunger, even before the recent food price increases. African governments are behind too: in 2006, only six out

of 24 had met their 2003 commitment to spend 10 per cent of their budgets on agriculture.[7] Countries such as Malawi and Zambia have shown the way, moving from dependence on food aid to become cereal exporters in recent years.

Malawi subsidy secures food for all

For many years agriculture in Malawi had been neglected. The World Bank and other donors have pushed to get greater liberalisation and stimulate the private sector. This strategy has failed, with subsistence farmers ending up with the worst of both worlds, government no longer helping, and the private sector failing to develop. This policy failure was a key ingredient in the food crisis of 2002 where millions of Malawians came close to famine, and expensive food had to be imported.

Over the last two years the Malawian government has introduced a subsidy on fertiliser, distributing 3 million coupons to enable farmers to buy fertiliser for about a quarter of the market value. The World Bank and other donors were against this market intervention from the outset.

The impact of the fertiliser subsidy has been dramatic. Experts calculate that the harvest was 20 per cent bigger than it would have been without the subsidy.

Poor households reporting a major shock from high food prices in the previous three years fell from 79 per cent in 2004 to 20 per cent in May/June 2007. Malawi has subsequently become a donor of food aid to Lesotho and has also started exporting to other countries in the region.

The World Bank has belatedly recognised the contribution of the subsidy, but has yet to explore whether similar schemes would contribute to food security in other poor countries.

Source: Dorward *et al.*, 'Evaluation of the 2006/7 Subsidy', March 2008.

Additional financial support must be made available for net food-importing countries facing balance of payments or fiscal crises due to food price increases. Debt cancellation should be speeded up and extended to all countries facing particular food hardship. Full use must be made of available World Bank and IMF facilities for helping countries to cope with shocks. This finance should come without strings attached and should be in the form of grants or very low interest loans.[8]

Use trade rules to help not harm

Any agreement based on what is currently on the table at the World Trade Organization (WTO) will not help solve the food crisis or reduce poverty.

Developing countries must have the opportunity to use trade policy measures to promote food security and rural development and to help the poorest and most marginalised farmers and workers, especially women, to gain from current price rises. However, three

decades of premature liberalisation and market deregulation (partially due to pressure by the IMF and the World Bank), and the continued dumping of rich countries' agricultural products, have done immeasurable harm to poor farmers. Those countries that retained a greater degree of state involvement and tariff protection find it easier to absorb the shock of the food crisis. This is why a new and more balanced approach that values state action is desperately needed.

Trade deals are long-term and largely irreversible, and trade rules should support poor people both in times of low and high prices. It is tempting for trade negotiators to use the crisis to push an agreement at the WTO. However, any agreement based on what is currently on the table at the WTO will not help solve the food crisis or reduce poverty.

The latest WTO texts show that rich countries are still not doing enough to meet their promises to cut domestic trade-distorting agricultural subsidies and increase market access for poor countries' products.

In May of this year, the US Congress approved a $289bn Farm Bill, which increases trade-distorting subsidies and contradicts existing WTO offers. Despite a veto by President Bush, this Farm Bill looks set to become US policy for the next five years, casting serious doubt on the US commitment to reform and to a development deal.

Meanwhile, in Europe, the French agriculture minister, Michel Barnier, has called for the EU to erect new tariffs at its borders in response to the food price crisis. Common Agricultural Policy reform is not going far or fast enough in the right direction, and a golden opportunity for positive change could be missed on both sides of the Atlantic.

And while they drag their feet on long overdue reforms, rich countries are demanding to lock in tariff cuts and denying poor countries the necessary flexibility to support their most vulnerable farmers.

Meanwhile, many free trade agreements, like the recently negotiated Economic Partnership Agreements between Europe and African Caribbean and Pacific (ACP) countries, involve more radical opening of markets and fewer safeguards than the WTO. They pose an insidious threat as rich countries try to use them to get concessions via the back door that they have failed to get at the WTO. Existing negotiations must be re-orientated towards development, and no further deals undermining development should be done.

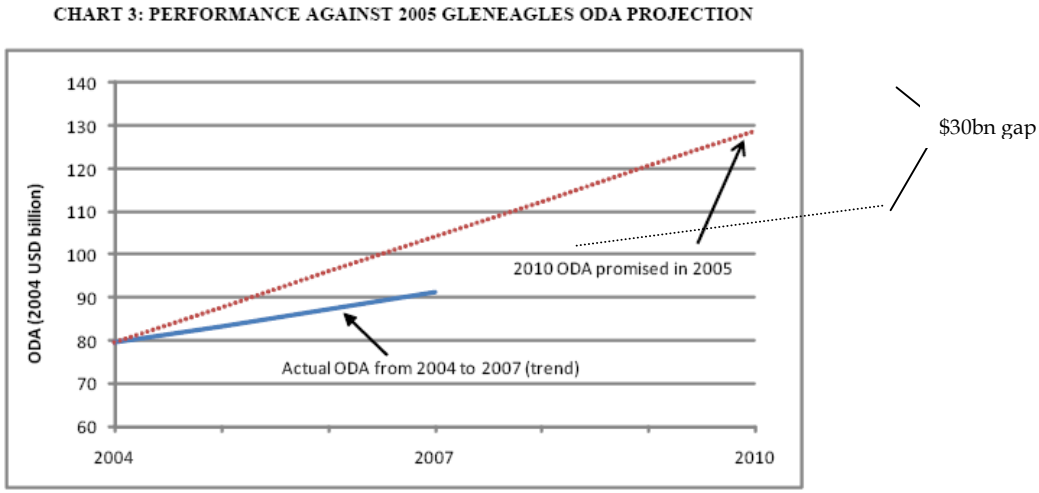
2. Mend your broken aid promises

G8 credibility crunch

Rich countries have rapidly found more than one trillion dollars to bail out their banks in the last few months but cannot find the $50bn in aid they promised.[9]

When is a promise not a promise? When it is made by the G8, it seems. In 2005 at the G8 in Gleneagles, under unprecedented worldwide pressure, the G8 promised that they would increase annual aid levels by $50bn by 2010. Last year, Oxfam predicted that, on current trends, they would miss this target by approximately $30bn. This year, the OECD completed a comprehensive survey of what donors are actually planning, which confirms this gap: 'Of the promised increases amounting to USD 50 billion in total ODA by 2010, up to some USD 30 billion remains to be programmed if members' commitments are to be realised'.[10] Oxfam has calculated that this money could save five million lives.[11]

Figure 2: Performance against 2005 Gleneagles official development assistance (ODA)



Source: OECD DAC 2008

In 1970 rich countries promised to give 0.7 per cent of their income as foreign aid. Thirty-eight years later this figure is still only 0.28 per cent and, worse still, this is only just over half of the 0.5 per cent they were giving in 1962.[12]

Increased financial resources from the G8 and other rich countries underpin progress on all the issues highlighted in this paper that are

crucial in reaching the MDGs. Money from rich countries is not everything, but without it we will not see an end to poverty.

Aid is not only about what is morally right. In the twenty-first century, the price of not investing in sustainable development for poor communities will be felt not only in developing countries, but across the world. Global poverty threatens our shared prosperity and security. Environmental crises and natural disasters, diseases, and drug trafficking know no national borders. New threats to the peace and security of rich nations arise from poverty and gross inequality. Criminal and terrorist networks are more likely to operate where state institutions are weak.

In the last two years, real levels of aid were obscured by one-off debt relief deals for Iraq and Nigeria, which made aid look much higher than it actually was. Now that the underlying trend is revealed, the G8 are left with a lot of explaining to do.

As host of the 2008 G8, Japan has some serious work to do. Japanese aid has fallen consistently since 2000, and the days in the early 1990s when Japan was briefly the world's biggest donor seem a very long way away. It seems as if Japan is turning its back on the world, and is no longer interested in playing a major global role. Similarly in Africa they have been eclipsed by China as the major East Asian partner for most countries. Japan should use its presidency to set a timetable to reach 0.7 per cent by 2015. Japan still has the world's second biggest economy, more than twice as big as China, the UK, or France. Currently they give just 0.17 per cent of their income as aid. An opinion poll carried out in Japan in May 2008 found that 84.5 per cent of respondents felt Japan should try to keep the 0.7 per cent promise.[13] If they were to give 0.7 per cent, this would mean an additional $24bn.[14] This could mean for example, that Japan alone could ensure no one on earth need die for want of HIV and AIDS medicines. That is the kind of leadership that would make the world sit up and notice. Instead, despite a pacifist constitution, Japan spends five times more on the military than on foreign aid.

Apart from Japan, other rich nations have a lot to do to restore faith in their promises to poor countries. France is one of the worst offenders. In the last year, President Sarkozy has quietly delayed his target of reaching 0.7 per cent from 2012 to 2015. Oxfam has calculated that this will mean $17bn less in aid. France has the presidency of the EU in the second half of 2008, and needs to act now to deliver annual aid budget increases of at least €1.2bn if they are to avoid embarrassment. Germany was the only G7 country to increase aid in 2007, and has promised more increases, but these fall a long way short of meeting the commitment made by all European nations

to be at 0.51 per cent by 2010. Italy is massively off track for this target, but that said they did manage an increase of 45 per cent after debt relief in 2007, which is the kind of scale that is needed to get back on track. Although UK aid fell in 2007, it remains the only G7 nation that has set a clear timetable of increases up to 2010/11 – but more could have been done now. In 2004, under pressure from campaigners, they agreed to reach 0.7 per cent in 2013. At that time aid was 0.34 per cent of GNI. Four years later it is still only 0.36 per cent.[15] In Canada, aid is still stuck shy of 0.3 per cent of national income, and Prime Minister Harper continues to rebuff demands that he sets a timetable to increase to 0.7 per cent. Spain and the Netherlands are now substantially bigger donors than Canada. And finally the USA continues to bring up the rear, the least generous of all the rich countries, giving just 0.16 per cent of its income in foreign aid. It remains to be seen whether the new president will change this situation.

No more excuses

The dark clouds over the world economy are being used by many rich countries as their latest excuse not to increase aid. Why is this just an excuse? First, the amounts being discussed are tiny in terms of rich-country income: 0.7 per cent of GNI is never going to make or break the economic future of France or of the USA. Secondly, some rich countries are able to increase their aid or indeed have been giving 0.7 per cent of GNI for many years. Spain increased its aid 33 per cent in 2007. The political dividends are also clear: increased prosperity and peace in the poorest countries are clearly in rich-country interests.

Public support for aid

Opinion polls carried out by Oxfam, Actionaid, DATA and others in Japan, Germany, and the UK consistently demonstrate that the public think aid budgets are much larger than they are, and, when asked, are very supportive of their government meeting its promises to increase aid.

- In Japan 84 per cent of respondents thought that Japan should keep its promise to increase aid by $10bn made at the G8 in 2005.[16]
- In France 76 per cent of people think that poverty is one of the world's most serious problems.[17]
- In Germany, 50 per cent of people thought their government spent twice as much on foreign aid as it actually does; 71 per cent of Germans believe that it is either important or very important that Germany keep its promises to increase aid.[18]
- In the UK, the public believes aid is more than twice as much as the defence budget; in fact the UK spends six time more on the military than foreign aid. Fifty-seven per cent of people either strongly support or support promised aid increases.[19]

Leaders often claim that there is not public support at home for these increases. But there is often even less public support for huge defence budgets, or other expenditures that are far bigger. Annex 1 shows how much per person is spent on the military compared with aid. The lack of public support is also based on misperceptions: time and again surveys show that the public thinks their government gives more than it does. In the UK, the public believes that the government spends more on overseas aid than on the National Health Service. In fact the UK annually spends $200bn on the NHS, and about $10bn on aid. Leaders must correct this misperception by stressing how little the amount of aid is, and that it is excellent value for money.

Japan should put aid promises at the heart of the G8 agenda and press for an emergency action plan to get the rich nations to meet their Gleneagles promise and to go further and provide all the high-quality aid needed to reach the MDGs.

Quality aid

The Mozambique government had to open 1,000 bank accounts to deal with its different donors.

Every aid dollar must be made to work as hard as possible to deliver the greatest impact on poverty. Sadly, a lot of aid is very poor quality. More often than not, developing countries have to deal with hundreds of aid providers, giving small amounts of aid for ill-conceived, short-term, donor-driven projects. For example, the government of Mozambique has been required to open 1,000

different bank accounts by its donors in order to handle their foreign aid.[20] Too much of what they receive has been spent on hiring expensive consultants. Donors spend $350m a year on 3,500 technical consultants in Mozambique, while 100,000 Mozambican public-sector workers were paid a total of $74m.[21]

Aid numbers are also inflated by other items that should not be counted, for example the costs of paying for students to attend OECD universities, or the costs of supporting migrants to rich countries. When these items are stripped away, real aid levels are much lower. France is one of the biggest offenders, spending over $1bn of its aid on scholarships to French universities,[22] money that if spent on basic education could get millions of children into school.

In 2005, over a 100 countries, both donors and recipients, met in Paris and set themselves a series of targets to improve the effectiveness of aid. This year in September they will meet again in Ghana to assess progress in meeting these targets. The targets set were not stringent enough, and more need to be added, but meeting them would do a lot to make aid work. Progress two years on does not look good. Rich countries are making limited progress on reaching many of them, and in some cases, like improving the predictability of their aid, it looks like things are getting worse.[23]

If aid is going to work, then far more of it needs to be given in two specific ways. First, it needs to be given to governments to spend on plans they themselves have developed. Second, it needs to be given for the long term, for years and not months, and rich countries need to give what they said they would. Only long-term government aid can pay for salary increases for poverty-stricken health workers, teachers, and agricultural advisers. Only long-term government aid can pay for the free distribution of medicines or compensate for the costs to government of making health care free. Currently Oxfam calculates that only 8 cents in every aid dollar is given in this way.[24]

Where aid is given in this way, it has already been shown to produce dividends. Debt relief is given in this way – through governments and guaranteed for 20 years. Debt relief has enabled recruitment of essential health workers and teachers. Immediate increases have been seen in Benin, Burkina Faso, Madagascar, Malawi, Mozambique, Tanzania, Uganda, and Zambia. Nigeria is also training thousands of new teachers.

This aid to governments must be given without undue strings attached. Rich-country governments are entitled to demand that their money is spent transparently and accountably and is targeted towards achieving poverty reduction. But beyond this they should not use conditions on their aid to press countries into adopting

economic policies such as privatisation and liberalisation. Under considerable pressure from campaigners, use of economic conditionality has decreased in recent years but remains a major obstacle to the effective use of aid, with the World Bank and IMF the major culprits. Debt relief for Burundi, for example, was recently delayed another year because of failure to privatise part of its coffee industry, a condition set by the World Bank and IMF.

Not every country government can handle this kind of budget aid. In fragile states, or where administrations are too corrupt, money can be channelled in other ways, for example through the UN or non-government organisations (NGOs). But there is no doubt that far more long-term budget aid can and should be given.

Often the poor quality of aid is used as a reason not to deliver increases in quantity; this cannot be used as an excuse. It is perfectly possible to radically overall the quality of your aid while increasing the quantity too. This is what the UK has done successfully in the last ten years, and more recently Spain too has both increased and improved aid at the same time. Increased multilateral commitments are key. More money can be delivered immediately through effective multilateral agencies such as the Global Fund, the European Commission, or the UN, all of whom have the capacity to scale up rapidly.

Debt cancellation for every country that needs it

Debt relief is arguably the best thing the G8 has ever agreed to do for poor countries.

This year is the tenth anniversary of the G8 in Birmingham that was the focus of the first major Jubilee 2000 protests, when 70,000 people formed a human chain around the G8 venue. Debt relief is arguably the best thing the G8 has ever agreed to do for poor countries, a fitting response to the amazing Jubilee 2000 worldwide campaign. Twenty-three countries have now had the majority of their debts cancelled. This has led to a doubling of social spending in many countries.

Debt cancellation clearly works, and unpayable and illegitimate debt is a major obstacle to reaching the Millennium Development Goals. Sadly the process of accessing debt cancellation has now slowed down. Unjustifiable conditions are still a part of the problem. Earlier this year Burundi's debt cancellation was delayed for as much as a year because Burundi failed to meet a World Bank and IMF condition to privatise part of its coffee industry. The number of 'vulture funds'

circling poor countries and planning to sue for full payment of debts is increasing.[25]

Many more poor countries are not even on the list. Bangladesh, where food price increases have led to riots, has not had any debt cancellation: they still pay $2m a day to rich countries.[26] In a recent report, 'Unfinished Business', the Jubilee Debt Campaign calculated that $400bn needs to be cancelled simply to enable poor countries to meet their basic needs. So far around $88bn has been cancelled.[27] Beyond this, billions of dollars of debts are illegitimate, arising from lending to corrupt and oppressive regimes, for useless projects, or on unfair terms. Rich countries need to audit the debts they are owed and cancel those which have arisen from these irresponsible lending decisions.

3. Essential services: health, education, water, and sanitation for all

Essential public services – health, education, water, sanitation – these are lethal weapons in the fight against poverty and inequality. Massive progress is possible with the free and universal provision of these basic services. To pay for these services, the money promised by rich nations, and more besides, is essential. They should put their money behind developing-country government plans for public services, not undermine them with their own pet projects.

How much aid is needed for essential services?

Table 2: Essential services current annual aid and amount required

$ bn	Current	Needed	Missing
Health and HIV and AIDS	14[28]	50[29]	36
Education[30]	3	16	13
Water and sanitation[31]	4	10	6
Total	21	76	55

Source: Oxfam 2008

Fixing health systems

'The shortages of nurses are really bad. You have to keep going even though you are very tired. I work from 4pm until 7.30am the next morning. That's

16 hours. There are five of us on the paediatric ward, and usually we have 200–300 kids. And I do day shifts covering for when we don't have enough people. We are hard-working; we are sweating. We keep going – what else can we do?' Midwife in Lilongwe hospital, Malawi

The good news is that in recent years, aid to health has increased quickly. Between 2000 and 2005, aid to health went up from $6bn to $14bn.[32] A big part of this increase is down to the rapid emergence of the Global Fund for HIV/AIDS, TB and Malaria (Global Fund). The Global Fund is a huge success story that has its origins in the last Japanese G8 in Okinawa in 2000. Since it was created, the Global Fund has dispensed $10.6bn in grants to 136 countries. It has provided treatment for over 1 million people with HIV and AIDS, has given out 30 million anti-malaria bed nets, and 2 million TB treatments.[33]

While these increases are excellent, the sector now suffers from a proliferation of over 100 different actors, with minimal co-ordination. At the same time, funding for the basic building blocks of a strong health service, and critically for the 4.25 million health workers needed worldwide, is lacking. Aid for primary health care has actually fallen by 50 per cent.[34] Meanwhile the World Bank and others are also pushing further privatisation of health services and private health financing as a solution, despite minimal evidence that this is workable.[35]

Just as the Japanese government led on the Global Fund in 2000, in 2008 they should lead again by persuading the G8 to tackle this health system problem. A potential mechanism to do this, the International Health Partnership (IHP) already exists, but needs improving and expanding. The IHP should be taken on by Japan, and expanded to become a G8 initiative, similar in stature to the Global Fund. Through the revamped IHP, the G8 must commit long-term budget aid to support the health plans of poor countries, enabling them to provide free health care for all, and to hire millions more doctors, nurses, and other health workers. Developing countries should produce one health plan, and donors and the major global initiatives such as the Global Fund should fund these plans in order to simplify the system radically and deliver health for all.

Education for all

In Burundi free education introduced in 2005 has provided the opportunity for half a million children go to school for the first time.

The last decade has seen major progress in primary education, with the number of children not in school falling from 100 million to 72 million, and 11 million of these children were in Africa.

The current MDGs on education include the goal that every child should complete primary school and that there should be equal numbers of boys and girls in school. The good news is that in some countries where education has been made free, they are well on the way to achieving these goals. Burundi made education free in 2005 and has seen half a million more children in school. More needs to be done, but progress is already very impressive.

The goals are too narrow, however, and ignore some key factors that must be addressed – education quality, for example. In Malawi, just one in ten 6th grade students meet minimum reading standards. The vital factor in addressing this quality deficit is the provision of millions more qualified teachers – and especially female teachers – who are paid a living wage and given the respect they deserve. Small class sizes and teacher qualifications are pivotal in delivering good education outcomes. The presence of female teachers is one of the key factors promoting the access, retention, and safety of girls in school. However, the persistent and, in some cases, widening disparities between boys and girls in secondary education lead to a very small pool of trained female teachers. Bangladesh has managed to reduce the numbers of girls not in school to just 60,000. This has been attributed, at least in part, to doubling the number of female teachers recruited.

As with health workers, the only aid that can help pay for teachers is that which is given through government budgets and guaranteed for the long term. The world needs 2 million extra teachers each year between now and 2015, including adequate numbers of well-trained female teachers. The main global vehicle for financing education for all is the Education For All Fast Track Initiative. The G8 must immediately provide the extra $600–700m to meet the current financing gap for countries endorsed through the Education Fast Track Initiative (FTI), and double the number of FTI-endorsed countries to 60 by end of 2008.

Water and sanitation

In Africa, an estimated 5 per cent of GDP is lost to illnesses and deaths caused by dirty water and the absence of sanitation.[36]

For every $1 spent on sanitation, up to $9 is returned in improved health, economic productivity, and education. [37]

Toilets are not something that the G8 usually spend much time discussing, but this year could be different. This year has been declared the UN International Year of Sanitation – because 2.6 billion people have nowhere to go to the toilet. The resulting diarrhoeal diseases kill 5,000 children every day.

This global crisis is undermining all development efforts. The UN estimates that the cost of not meeting the Millennium Development Goal target of halving the proportion of people living without access to sanitation is almost $35bn per year. At the current rate of progress, the target will not be reached in sub-Saharan Africa until 2076. Conversely, the cost of meeting the goal would be $10bn annually – a third of the global spend on bottled water each year.

The crisis is driven by inequality and poverty and the burden falls most heavily on women and girls. Many girls are denied an education because they are expected to fetch water, or they drop out of school in adolescence because of inadequate sanitation facilities. As adults, many poor women continue to waste hours each day in the search for water, and inevitably look after the children who are ill or dying from diarrhoeal diseases.

Investment in sanitation can deliver huge dividends rapidly. In Bangladesh, investment in sanitation has doubled the number of people with access since 1990 and infant mortality has almost halved during the same period.[38]

Rich countries must take urgent action to address this issue starting with the G8 in Japan. The Japanese have stressed the importance of water and sanitation to their agenda. We need to see the establishment of one global high-level task force for sanitation and water, one annual review mechanism, and a corresponding commitment that no credible national plan should fail for lack of financing.

4. Climate change: stop harming and start helping

We are already seeing the impacts of climate change on poor people. Increased exposure to droughts, storms, and floods is causing untold misery to millions, and slowing progress towards the MDGs.

- More than 250 million people could face climate-related water shortages in Africa by 2020.

- Yields from rain-fed agriculture in sub-Saharan Africa could be reduced by up to 50 per cent by 2020, which would adversely affect food security and exacerbate malnutrition.
- Diseases such as diarrhoea and cholera are expected to increase due to flooding and increased water temperature in South Asia. More than a billion people will face stress as a result of short-term flooding and long-term water shortages in the region due to rapid glacial melt.

Urgent action is needed now to halt further climate change and to enable poor people to cope with the impacts of climate change that are already here. Tackling climate change and meeting the Millennium Development Goals are inseparable.

Cut carbon now: two degrees, one chance

The only way to prevent further violation of the rights to life, security, subsistence, food, and health for millions of people is to keep global warming as far as possible below 2°C, and avoid the impacts of runaway climate change. More than 15 years ago, rich countries, including all G8 governments, promised to reduce their emissions to 1990 levels by the year 2000. Despite the starkest scientific warnings, emissions are now growing faster than ever. The G8's failure is now much more than a matter of credibility: as the world hurtles full-speed towards catastrophic, irreversible climate impacts, actions rather than words are the only way to avoid a disaster unprecedented in human history.

2050 is important; 2015 is critical

The Bali Action Plan has created a once-only opportunity for all countries to prevent climate change from undermining development goals. Within this framework, the task G8 countries face is crystal clear: reverse ongoing emissions growth by 2015.

At the G8 in Germany in 2007, pressure from Chancellor Merkel led to agreement by the G8 to the following famous sentence: 'We will consider seriously the decisions made by the European Union, Canada and Japan which include at least a halving of global emissions by 2050'. Having raised the stakes for the USA and Canada by committing to a 60–80 per cent reduction by 2050, Japan's aim is to move beyond 'consideration' to 'commitment', and present this as an important G8 breakthrough. However, even if G8 countries agree to this the target remains highly inadequate.

Globally, 50 per cent cuts on 1990 levels by 2050 would stabilise atmospheric greenhouse-gas concentrations somewhere around 550 parts per million. Few recognise that this target has an alarming fifty–fifty chance of exceeding 2°C. No one would put his or her child on a plane with that risk of crashing. By agreeing such a target, G8 leaders would effectively be committing the world's poorest people to unmanageable climate impacts. In order to keep risks low for those whose rights are most at stake, the international community must aim for global emissions to peak by 2015 at the latest and to fall by at least 80 per cent of 1990 levels by 2050. Even this target still comes with as much as a one-in-three chance of overshooting 2°C.

In the end, as important as they are, goals for 2050 should not be today's highest priority. What count most are the actions that rich countries take now. Rich countries must move first, fastest, and furthest, cutting their emissions at least 25–40 per cent of 1990 levels by 2020. Having already used up most of the Earth's limited atmospheric space, they must now leave as much as possible for developing countries to grow and realise their citizens' rights to development. With the first commitment period of the Kyoto Protocol now under way, too few rich countries are meeting their existing – and unambitious – commitments. Looking forward, the EU has committed to making 30 per cent cuts by 2020, and Australia's recent ratification of Kyoto helps build momentum for further action. The US government, in contrast, has so far made no commitments. Prime Minister Harper prefers sleight of hand to avoid setting meaningful targets: he moved the reference year for cuts from 1990 levels to 2006 levels, which will allow Canada to keep polluting for decades to come. Both the USA and Japan are pushing instead for voluntary 'sectoral' targets for each area of industry – a dangerous diversion that threatens to undermine securing binding reductions in overall emissions levels.

What of emissions cuts in major developing countries? Rich countries are most responsible for generating excessive emissions, and most capable of going low-carbon, so must bear the lion's share of cuts. However, even the most extreme rich-country action cannot keep global warming below 2°C. Emissions growth from major developing countries must, therefore, also start to be curbed. In line with their own growing responsibility and capability, a group of developing countries should be expected to take action. But this should not be at the cost of the right of development for people currently living in poverty. To reach the scale of emissions reductions needed, rich countries will need to finance most of the cuts required – again, in line with their own fair share based on past emissions and current economic power.

Help poor countries adapt

Many impacts of climate change are now unavoidable. In a further twist of cruel fate, it is the poorest countries that will be hit hardest. Even if rich countries cut carbon and climate change remains below 2°C, millions of people's rights must still be protected through effective adaptation, which will require finance from rich nations.

In all developing countries, the costs of adapting to climate change are expected to reach tens of billions of dollars per year: Oxfam estimates at least $50bn; UNDP Human Development Report estimates $86bn annually by 2015; and the UNFCCC estimates $28–67bn in 2030.

If rich countries contributed finance in line with their responsibility for emissions, and their capability to assist, then the USA, EU, Japan, Canada, and Australia would provide 95 per cent of the finance due (with the USA and EU together providing over 75 per cent), according to Oxfam's Adaptation Financing Index.[39]

Adaptation finance should be additional to long-standing commitments of 0.7 per cent of GNI as official development assistance (ODA). Aid commitments are needed to realise poor people's rights to health, education, gender equality, and income as set out in the Millennium Development Goals. Now, climate change is creating new and additional threats to poor people's rights, and so additional finance is needed to protect those rights at the same time. It is not aid, but compensatory finance for building resilience to unavoidable impacts.

Much of this money can be raised through new taxes on the industries that are polluting most, or levies on domestic and international climate-related measures. If every country in the EU auctioned 100 per cent of permits for the power sector – as the EC proposes – and if these revenues would not be put back into national treasuries, then this measure alone could raise up to €20bn ($31bn) annually by 2020. If carbon permits introduced for using aviation and shipping fuels were 100 per cent auctioned, according to the UNFCCC, this could raise around $22bn per year by 2010. A range of possible funding sources is now under discussion within the UN negotiations, and G8 countries should be leading the search to ensure the scale of resources available meets urgent needs.

A few G8 members have opted to make resources available as part of a proposed set of funds, called the Climate Investment Funds (CIFs), to be managed by the World Bank. But, while additional money is of course welcome, many developing countries and civil-society organisations have expressed serious concern that housing new funds

at the World Bank could undermine the ongoing climate change negotiations. At Bali in December 2007 the UN Adaptation Fund was agreed. This was expressly designed and established after several years of negotiations to address adaptation needs in developing countries under the UN Climate Convention, and represents a major step forward. It is crucial that rich countries now show political will and start putting up money for the UN Adaptation Fund.

In the initial proposals for the CIFs at the World Bank, recipient countries would have had minimal say in how the money would be spent. However, following developing-country – and NGO – protests, the World Bank has made welcome changes to the proposed governance of the CIFs. Now, donors and recipients will have a more balanced stake in the management and operation of the funds. This model can set a new standard that should inform other funding by the World Bank.

These improvements notwithstanding, Oxfam continues to believe that rich countries should channel new contributions into the existing UN Adaptation Fund (or the existing UNFCCC Least Developed Countries Fund, set up to address the most urgent adaptation needs). This is both because the current proliferation of funds makes it more difficult for poor countries to meet all the bureaucratic requirements to access different pots of money, and because it is critical to demonstrate political support for newly established UN funds. At a minimum, after a set period, the management and oversight of the money under the World Bank CIF funds should revert to the UN Adaptation Fund.

Whatever the channel, funds should be provided as grants rather than loans, so it is clear who's actually bearing the burden. It is also essential that any contribution should be additional to aid that has already been promised.

In sum, though costs will be large, there are ways to raise funds on the scale necessary. The most critical step the G8 now needs to take is to acknowledge its responsibilities and commit to paying its full and fair share of adaptation costs, and to do so through mechanisms agreed under the post-2012 negotiations now under way.

5. Put women and girls first

Despite three decades of national and global efforts towards gender equality and women's empowerment, progress remains slow and partial.

The Millennium Declaration includes the resolution to promote gender equality and the empowerment of women as basic human rights. It also states that giving women their rights is the only way to eliminate poverty, hunger, and disease, and to stimulate sustainable development. The MDGs include Goal 3, 'promote gender equality and empower women'. This goal is measured by looking at differences between women's and men's access to education, employment, and political decision-making. On those three differentials, the UN 2006 MDG Report concludes that: 'The good news is that in seven out of ten regions there are as many girls in school as boys. However, in some countries, girls' enrolment ratios in primary school still remain 75 per cent or less than that of boys. The gender gap in access to secondary education remains a serious concern, with on average 79 girls enrolled per 100 boys. Two thirds of the world's illiterates are women'.

While women now represent a greater share of the world's labour force, their economic advancement is greatly limited by lower wages than men; occupational segregation; higher unemployment rates; and a disproportionate representation in the informal and subsistence sectors.

Women's political participation has increased (currently 17 per cent of parliamentary seats are held by women worldwide), but striking disparities remain, with women's national political representation very low across Oceania, northern Africa, and western Asia.

There are additional complex factors that negatively affect gender equality and women's empowerment, that are not included either in MDG 3 and its targets, or in other MDGs. They include: the pervasive nature of violence against women, the unequal distribution of resources, the disproportionate impact that armed conflict has on women, the universal responsibility women have for care work, the scarcity of women leaders in institutions and processes, the inadequate attention given to gender and women in national development planning strategies and structures, and the totally inadequate resources set aside for the achievements of agreed targets and commitments at all levels.

Two areas where action is needed are discussed below.

Financing for gender equality and women's empowerment

Working for gender equality costs money, both for women-specific programmes focusing on upholding women's rights, and for

ensuring that the gender perspective is incorporated in policies and national poverty reduction plans.

As a part of delivering on their overall aid promises, rich countries and the G8 should, in particular, ensure the availability of long-term, predictable, and core funding for women's organisations and gender-related activities. Poor-country governments should ensure that gender equality is prioritised in national development planning, with women enabled to participate and lead in relevant processes. Budget aid given for governments should be linked to indicators tracking progress on women's rights.

Making the UN work for women

The current UN structures for the empowerment of women are totally inadequate to fulfill the commitments governments have made through international agreements. Proposals exist for the creation of one gender 'entity' to address this problem and to 'provide renewed leadership on gender equality and women's empowerment issues'.[40]

So far, no progress has been made on these recommendations. This is a matter of great concern. The current deadlock on the UN gender entity consultations threatens this unique opportunity to effect change and ensure the UN delivers for women. Action by the G8 and other rich countries in the next few months in advance of the UN emergency MDG meeting could stimulate progress in these discussions and also stimulate action.

The leaders of the G8 and other rich nations must show leadership by calling for a clear process to ensure the rapid development of a UN entity for women with a strong policy and programme mandate and extensive field presence, substantial and predictable resources, and an Under-Secretary-General to provide higher level leadership than at present.

6. Security and development indivisible

Over the next five years the poorest countries in the world are calculated to have a one in five chance of slipping into civil war.

Poverty, and particularly inequality between different groups, contributes to many of the world's 31 current major armed conflicts. In the next five years, any of the poorest countries in the world could have a one in six chance of civil war.[41] In the longer term, failure of

governments to meet the MDGs by 2015, particularly in countries at risk of conflict, will fundamentally undermine efforts to reduce the number of conflicts around the world.

Unequal access to essential services is one important factor that increases the risk of violent conflict. When one group has less access than another, particularly across ethnic or religious divides, it is easy to blame another. Providing essential services for all is fundamentally important in helping to prevent conflicts, and particularly in fragile post-conflict situations, to prevent conflict resuming.

Irresponsible arms transfers (including ammunition) sustain conflicts and make them more difficult to resolve. In that way, they undermine the MDGs, which are virtually impossible to achieve in countries at war. Oxfam's own research estimated in 2007 that armed conflicts had cost Africa $18bn a year, the same amount as the continent received in aid. These resources could otherwise have been used towards meeting the MDGs. The world currently spends $1.2 trillion each year on the military: more than ten times the foreign aid budget. The biggest arms dealers in the world are the UK, the USA, France, Russia, and China. The conflicts of the world are flooded with small arms that mean death and misery for many millions. The Italian government can spend $29bn on the military but cannot lift its aid budget above $4bn.

Irresponsible arms transfers also undermine development when governments spend scarce resources on arms far beyond those that are vital for their security. Arms races and corruption can aggravate the resources lost, unless arms transfers are agreed through a transparent and accountable procurement process. Indonesia for example reportedly spent more than €700m for four Dutch corvettes, when cheaper alternatives were available.[42]

All G8 members except Canada are part of the group of governmental experts meeting this year to look at the feasibility, scope, and parameters of an Arms Trade Treaty (ATT). As the world's biggest arms exporters and some of the world's most powerful states, the G8 must support a strong ATT based on international human rights and humanitarian law within this group. This support is vital to ensure the current process within the UN leads to a strong agreement. However, positions on a tough ATT are mixed – despite their responsibility for the vast amount of the world's arms exports, G8 members make up some of the ATT's strongest opponents as well as some of its biggest supporters.

Armed conflict and women

In October 2000, the Security Council passed Resolution 1325, which recognised the disproportionate impact of armed conflict on women, and stressed the importance of including women in all stages of peace negotiations and reconstruction initiatives as equal agents in the peace process.

A key area of concern was the need for the implementation of the National Action Plans (NAPs) by countries which supply peacekeeping troops. To date, ten countries have signed NAPs, and women's groups are working with governments in other countries to draw up binding documents. The G8 can add momentum to this process by providing encouragement and concrete support to governments designing their NAPs, and by ensuring that civil society and women's organisations participate in the process.

As recommended by Resolution 1325, the G8 and rich countries must stress the importance of promoting and supporting gender awareness in post-conflict reconciliation and reconstruction, as well as in peacekeeping operations.

Deliver more humanitarian aid, and fast

Forty-six million people have their lives torn apart by conflict or disaster each year.

Rich countries are failing to provide sufficient humanitarian aid. Though OECD humanitarian funding rose to just over $9bn in 2006 (the latest available figure), the growth in international humanitarian funding is not keeping pace with the increasing demand driven by the rising number of natural disasters. Before the recent crises in 2008, 23 African and 11 Asian countries were flooded in 2007, with 251 million people affected. By comparison, the 2004 Indian Ocean tsunami affected approximately 1.75 million people. In 2007, 13 million people went without the aid they needed because donor governments under-funded the UN Consolidated Appeals by $1.5bn. Food price rises have already further compounded this problem, as described in section one above.

This overall shortage appears to squeeze the resources available for crises that are not fortunate enough to be under the media or political spotlight. In 2006, donor governments funded only 45 per cent of Burundi's humanitarian needs, as assessed by the UN Appeal, but contributed 123 per cent for the UN Appeal for the Lebanon. In 2007, donors gave 90 per cent of requested funds to the UN appeal for Korea, but only 21 per cent and 12 per cent respectively for appeals to respond to floods in Burkina Faso and Zambia.

Conclusion

The G8 and other rich nations have the power and the opportunity to make poverty history. They have the power to end the current food crisis and to tackle climate change. They need to act, and they need to act now.

During the next few months, a series of important opportunities present themselves in which leaders can take action to restore their crumbling credibility. As this year's G8 chair, Japan must press the rich countries to take action at their meeting in July. Beyond the G8, the emergency MDG meeting called by the UN Secretary-General for September, the Ghana Aid Summit the same month, and the Financing for Development Conference in Doha in November are all important accountability opportunities. These meetings should present action plans, backed by finance, to deliver on the MDGs. The climate change summit in Poznan in Poland in December then offers the chance of a fair deal on climate.

The millions of campaigners in rich and poor countries who want action on poverty and inequality have not gone away and will make their presence felt this year, and every year, until leaders meet the challenge.

Notes

[1] In 2003 the UN estimated that it would require a minimum of $152bn in annual aid by 2010 to reach the MDGs (*Investing in Development 2005*). This figure is $193bn in 2007 dolllars. Current aid levels are $103bn, and in Gleneagles the G8 promised to increase this figure to $132bn by 2010. The OECD DAC calculates that around 50 per cent of current aid is what they call 'country programmable aid' – this is aid that reaches the country and is not diverted to expenditures such as student scholarships. On this measure, of the $103bn given in 2007, approximately $50bn can be counted towards the MDGs. This would mean that to reach $193bn, rich countries need to deliver $150bn in additional annual aid. If countries go further and deliver the 0.7 per cent promised, then aid levels would be around $260bn in 2007 dollars. This would enable countries to go beyond the MDGs and go a long way towards eliminating poverty altogether.

[2] See www.guardian.co.uk/environment/2008/feb/26/food.unitednations.

[3] M. Ivanic and W. Martin (2008) 'Implications of Higher Global Food Prices for Poverty in Low-Income Countries', Policy Research Working Paper 4594, Washington DC: World Bank.

[4] C. Runge and B. Senauer (2007) 'How biofuels could starve the poor', *Foreign Affairs*, May/ June.

[5] 'Global Agricultural Supply and Demand: Factors Contributing to the Recent Increase in Food Commodity Prices', Ron Trostle, USDA Economic Research Service, May 2008, p. 17.

[6] Oxfam's calculation. The 290 million poorest people in the 53 most affected countries require on average $50 per capita of assistance in 2008. This is a conservative estimate that does not take into account transaction costs and would represent only 14 cents per capita per day.

[7] Data for 24 countries shows that in 2005, six countries had achieved the target of allocating at least 10 per cent of their national budgets to agriculture. These countries were: Niger (20 per cent), Ethiopia (16.8 per cent), Burkina Faso (13.7 per cent), Chad (12 per cent), Mali (11 per cent), and Malawi (11 per cent). The average for the 24 countries was 6.6 per cent, the average (for 31 countries) in 2003 was 5.6 per cent. Source: www.africa-union.org/root/ua/Conferences/2008/avril/REA/01avr/Pamphlet_rev6.pdf

[8] The IMF should ensure that Poverty Reduction and Growth Facility (PRGF) augmentation is offered automatically and immediately to all countries that want it, without additional conditionality. The IMF's Exogenous Shocks Facility (ESF) should be made available to countries suffering budgetary as well as balance of payments problems. As shocks, by definition, cannot be predicted, it should be offered without any conditions, and the concessionality should be improved. The World Bank and IMF should also offer emergency shock financing to middle-income countries suffering from the food crisis. As shocks cannot be predicted, this should be unconditional (as was the case with the IMF's Compensatory and Contingency Financing Facility (CCFF)).

[9] The US Federal Reserve has made $510bn available since December 2007 (http://news.bbc.co.uk/2/hi/business/7410874.stm), and the European Central Bank released $500bn in the same month (www.telegraph.co.uk/money/main.jhtml?xml=/money/2007/12/19/ccom119.xml).

[10] OECD DAC (2008) 'Scaling Up: Aid Fragmentation, Aid Allocation and Aid Predictability', May. These figures assume that debt relief and humanitarian assistance will be at their long-term average level in 2010.

[11] Oxfam International (2007) 'The World is Still Waiting', Oxford: Oxfam, based on costings from the WHO and UNAIDS.

[12] See Oxfam International 'Paying the Price', Oxford: Oxfam, and OECD DAC ODA, 2007.

[13] The opinion poll asked respondents whether Japan should keep its promise to meet the target of 0.7 per cent of GNI as foreign aid; 27.3 per cent felt that Japan shoud 'definitely keep its promise' and a further 57.2 per cent felt that Japan should keep its promise as long as it is possible.

[14] Japanese aid was 0.17 per cent of GNI in 2007, or $7.69bn. If Japan were to give 0.7 per cent, then in 2007 their aid would have been $31.66bn. UNAIDS estimates that the cost of meeting the target of universal access to HIV and AIDS prevention, treatment, and care will be $17bn by 2010 (Global Fund 'Resource needs for the Global Fund 2008-2010', 2007).

[15] Because of the delay in aid figures, the comparison is between 2003, when the UK was at 0.34 per cent of GNI, and 2007, when it was at 0.36 per cent.

[16] Polling for 'Me Too' campaign carried out by Oxfam Japan, May 2008.

[17] Opinion poll research carried out by Oxfam in France, 2007.

[18] Opinion poll carried out by Oxfam Germany in March 2007.

[19] Source: Actionaid survey of UK public 2007.

[20] Eurodad (2007) 'Linking Budget Analysis with Aid Advocacy: How Civil Society Groups Can Monitor Donor Budget Support', September 2007.

[21] Oxfam (2007) 'Paying for People', Oxford: Oxfam, p.18.

[22] Concorde, No Time to Waste: European Governments Behind Schedule on Aid Quantity and Quality (2008). The exact figure was €891m.

[23] OECD (2008) Survey on Monitoring the Paris Declaration. First draft.

[24] Oxfam International (2006) 'Paying for People', Oxford: Oxfam.

[25] Vulture funds buy up developing-country debt on secondary markets and then sue countries for full payment of these debts. For more information see www.jubileedebtcampaign.org.uk

[26] Bangladesh pays $754m a year to rich countries. Figures from Jubilee Debt Campaign (2008) 'Unfinished business: ten years of dropping the debt'.

[27] Jubilee Debt Campaign (2008) 'Unfinished business: ten years of dropping the debt', Jubilee Debt Campaign.

[28] World Bank (2007) 'Healthy Development. The World Bank Strategy for Health, Nutrition, & Population Results', Washington DC: World Bank.

[29] World Bank (2006) 'Health Financing Revisited'. Fifty billion dollars represents a median figure drawn from a number of different global estimates of what is required. HIV and AIDS, TB, and malaria alone are expected to need $23bn by 2010. GFATM (2007) 'Resource needs for the Global Fund 2008–2010', p.12.

[30] Figures from UNESCO Global Monitoring Report 2008.

[31] Figures from WaterAid and Human Development Report 2006.

[32] World Bank (2007) *op.cit.*

[33] www.theglobalfund.org/en/

[34] World Bank (2007) *op.cit.*

[35] For more on the problems with this approach, Oxfam International (2006) 'In the Public Interest', Oxford: Oxfam.

[36] www.endwaterpoverty.org/the_issue/

[37] *ibid.*

[38] UNDP (2006) 'Human Development Report 2006', New York: United Nations, p.123.

[39] See Oxfam International (2007) 'Adaptation to Climate Change: What's needed and who should pay?', Oxford: Oxfam.

[40] Summary of the General Assembly Thematic Debate on the Millennium Development Goals, New York, 1–4 April 2008.

[41] P. Collier (2007) *The Bottom Billion: Why the Poorest Countries are Failing and What can be Done About it*, Oxford: Oxford University Press, p. 32.

[42] Oxfam research on these opportunity costs will be published in a new briefing paper in September 2008.

Annex 1: 2007 aid figures compared with military spending

	2007 ODA $bn	2007 ODA %GNI	% Change 2006–2007	%Change 2006–2007 After debt relief	Target set 2010 $2006 $bn	Per cent change required	Military spending* $bn	Military spending per person $	Aid spending per person $
Belgium**	1.9	0.43	-11.2	0.6	3	55%	4.3	416	188
France	9.9	0.39	-15.9	5.6	14.9	50%	53.0	870	163
Germany	12.3	0.37	5.9	9.8	16.3	33%	36.9	447	148
Ireland	1.2	0.54	4.6	4.6	1.3	9%	1.1	273	290
Italy	3.9	0.19	-3.6	46.7	10.2	159%	29.9	510	67
Netherlands	6.2	0.81	3.1	2.5	5.96	-4%	9.8	598	381
Spain	5.7	0.41	33.8	47.6	7.9	38%	12.3	284	132
UK	9.9	0.36	-29.1	-2.0	14.8	50%	59.2	984	165
Australia	2.5	0.30	1.0	15.6	2.9	18%	13.8	680	122
Canada	3.9	0.28	-2.7	4.3	4.2	6%	13.5	418	121
Japan	7.7	0.17	-30.1	-24.0	10	31%	43.7	342	60
New Zealand	0.3	0.27	3.7	3.7	.3	9%	1.0	267	77
USA	21.7	0.16	-9.9	-3.5	24.7	14%	528.6	1763	73
Total aggregate figure EU	62	0.4	-5.8%	8.8	84.6	36%			83
Total aggregate figure OECD	103.6	0.28	-8.4	2.4	132.3				

*All military spending figures are taken from the SIPRI database, and are 2005 figures.

**The countries listed in this table are those OECD countries where Oxfam International is represented. They include all of the G7.

Annex 2: Climate change and the Millennium Development Goals

MDG	Potential impacts of climate change on the Millennium Development Goals
1. Eradicate extreme poverty and hunger	Climate change is predicted to: • Degrade the forests, fish, pastures, and crop land that many poor families depend on for their food and living. • Damage poor people's homes, water supply, and health, which will undermine their ability to earn a living. • Exacerbate social tensions over resource use, which can lead to conflict, destabilising livelihoods and forcing communities to migrate.
2. Achieve universal primary education	Climate change could undermine children's ability to attend school. • More children (especially girls) are likely to be taken out of school to help fetch water, care for ill relatives, or help earn an income. • Malnourishment and illness among children could reduce their school attendance, and impair their learning when they are in class. • Floods and hurricanes destroy school buildings, and force migration.
3. Promote gender equity and empower women	Climate change is expected to exacerbate current gender inequalities. • Women tend to depend more on the natural environment for their livelihoods than men do, and so are more vulnerable than men are to its variability and change. • Women and girls are typically the ones to fetch water, fodder, firewood, and often food. In times of climate stress, they must cope with fewer resources and a greater workload. • Female-headed households with few assets are affected particularly severely by climate-related disasters.
4, 5, 6. Reduce child mortality, improve maternal health, and combat major diseases	Climate change will lead to more deaths and illness due to heat-waves, floods, droughts, and hurricanes. • It may increase the prevalence of diseases spread by mosquitoes (such as malaria and dengue fever) or of those spread in water (such as cholera and dysentery). Children and pregnant women are particularly vulnerable to these diseases. • It is expected to reduce the quality and quantity of drinking water, and exacerbate malnutrition among children, particularly in sub-Saharan Africa.
7. Ensure environmental sustainability	Climate change will alter the quality and productivity of natural resources and ecosystems, some of which may be irreversibly damaged. These changes will also reduce biological diversity and compound existing environmental degradation.
8. Develop a global partnership	Climate change is a global challenge, and responding to it requires global co-operation, especially to enable developing countries to tackle poverty and inequality. It heightens the need for donors to honour their ODA commitments, and to provide additional resources for adaptation.

Source adapted from: Sperling, F. (2003) 'Poverty and Climate Change: Reducing the Vulnerability of the Poor through Adaptation', World Bank, and Reid, H. and M. Alam (2005) 'Millennium Development Goals', *Tiempo* 54, available at: http://www.tiempocyberclimate.org/portal/archive/pdf/tiempo54low.pdf (last checked by the author 12 June 2008).

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