

The 2005 G8 Meeting: Making Poverty History?

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The 2005 Summit of the Group of 8 leaders of industrialized countries took place in Gleneagles, Scotland, July 6-8. The Summit stood tall among the frantic series of 2005 high-level meetings, reports and other advocacy moments which held promise because of their focus on development issues and on the problems in Africa. However, clouded by despicable terrorist attacks in London that threatened to derail the agenda of the meeting—and at some point the meeting itself—the July 2005 Summit failed to meet the expectations of so many faith-based and secular NGOs, groups and movements.

DEBT

Civil society expectations that the debt deal agreed to at the June 2005 Summit of Finance Ministers would be somehow extended were not met. The calls of the Commission for Africa and a statement by African Heads of State for a debt compact including 100 percent debt forgiveness to the continent went unheeded. The debt cancellation falls short of the 100 percent both the UK and U.S. governments had announced in the media during the preceding months. In the end, the G8 agreed to cut approximately one billion a year for 18 countries, which only represents a modest 10 percent of the amount needed by more than 60 countries if they are to meet the UN Millennium Development Goals to reduce world poverty by 2015. The Summit also re-announced an agreement that Nigeria, one of the countries not included in the June deal, had reached with the Paris Club to receive a debt reduction of 60 percent.

Just days after the end of the Summit, doubts were raised around the possibility of weak debt relief language being reinterpreted by the International Monetary Fund (IMF). In fact, at a recent meeting of the IMF Board, a few non-G8 countries requested that stricter conditions be attached to the debt relief, which indicates an attempt to water down the Summit's modest achievement.

AID

G8 Heads of State committed to doubling aid to Africa and to ramping up overall aid levels to all developing countries to 50 billion dollars a year by 2010. Several countries set a timetable for reaching the GDP 0.7 target (all developed countries offering .7% of their GDP for development in poor countries), with one of the statements even offering a detailed table with commitments. But the U.S., Canada and Japan failed to commit to such a target.

Notwithstanding the positive things a recommitment to the 0.7 target and promises of increased aid represent, many loopholes still remain in the way overseas development aid is reported. This makes it very difficult to monitor achievement of the targets. According to a recent report of the Organization for Economic Cooperation and Development, large debt relief to Iraq and write-off of Export Credit Agencies' debt is likely to inflate the interpretation of how much aid will be given in the coming years. In the absence of clear commitments to innovative sources of financing, it is uncertain whether tight budget deficit targets in the European Union countries will allow them to make their deadlines for development aid. In the case of the U.S., the experience with the Millennium Challenge Account, a program launched with much fanfare more than 3 years ago, highlights the reality that presidential commitments to poor countries may mean little without commitment from the U.S. Congress.

TRADE

The G8 Summit also issued the standard call for a successful conclusion to the ongoing trade talks at the World Trade Organization (WTO) Ministerial in Hong Kong in December, 2005. According to the final statement of the G8 Summit, both G8 leaders and "their emerging economy partners" agreed to inject momentum into the so-called Doha Development Agenda. However, news coming from Geneva, the WTO headquarters, was less encouraging. After a recent meeting of Heads of Delegations to the WTO, it was clear that a paper with areas of "approximation" in preparation for Hong Kong would not be issued at the end of July, as expected. Instead, only reports on the status of negotiations were to be produced. In perhaps a predictable twist, the leaders also called for "aid for trade" and requested international financial institutions to submit proposals for the Annual Meetings of the World Bank and IMF on additional assistance for countries to develop "capacity to trade." Traditionally, promise of financing by developed countries has been a bargaining chip for developed countries to use in deadlock situations like the current one at the WTO. It is also typically a powerful media and public relations device that might mislead uninformed observers into believing actual concessions are being made by the richer countries to address development issues raised in trade negotiations. Developing countries would be well-advised to heed the lessons of previous WTO Rounds and make sure they do not trade binding and costly obligations for "soft-language" promises of financial assistance.

A Final Evaluation

If this G8 Summit failed to make poverty history, it certainly made it a media story—which in turn raised public awareness. The level of media and public attention attracted by the impact of international economic policies on poverty and the living conditions in the developing world is a welcome development. Civil society organizations also showed an increased capacity to analyze and track down governments' commitments, and to call them on their misrepresentations.

In the end, the G8 Summit is only one more step in the long-term struggle for more just and fair structures in aid, debt and trade systems that put the development of people at their center. Civil society has placed its hopes not on what a few industrial country leaders declare under media spotlights, but on the sustained struggle to truly make poverty history. ■

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