



2009 G8 L'AQUILA SUMMIT

How the G8 can continue to be an active partner in Africa's development

ONE'S RECOMMENDATIONS TO THE G8 LEADERS

The 2009 G8 Summit is a year before the Gleneagles commitments to the poorest are to be delivered. The G8 countries collectively need to deliver an average of an additional \$7.2 billion of effective development assistance each year in 2009 and 2010, but G8 President Italy and France are falling dangerously behind on their commitments. As the global economic crisis and the threat of climate change compound extreme poverty, it is increasingly clear that even if the Gleneagles commitments are met, they are insufficient in financing Africa's development needs to reach the Millennium Development Goals. The G8 must urgently take the following actions:

Agriculture:

- Provide \$5 billion extra in 2010 for medium and long-term agricultural initiatives in Africa that support technically sound, accountable country-led plans while making provisions for a scale-up to \$10 billion annually, working with African-led initiatives such as NEPAD's CAADP on an effective financing mechanism;
- Provide adequate medium term assistance, such as seeds and fertilizers, and extend small scale credit facilities to prevent a descent into hunger and poverty;
- Increase investment in agricultural infrastructure including electrification, irrigation systems, and transportation infrastructure. Market distorting subsidies and import duties and quotas on goods from African countries should be eliminated;
- Provide more funding for research and training to address the needs of smallholder farmer populations, like that conducted through AGRA and CGIAR;
- Increase technical assistance for smallholders so they can better access credit and so that rural land tenure systems can be strengthened.

Health:

- Fully fund the Global Fund through a robust full replenishment in 2010 to fill the funding shortfall of \$6 billion;
- Fully fund the Global Malaria Action Plan for reducing the burden of malaria by 50% by 2010 in order to eliminate malaria deaths by 2015 by providing \$4.8 billion in 2010;
- Expand upon the Hokkaido commitments and put firm funding targets and a concrete timeline for a multilateral Global Health Care Partnership, which would develop health systems and prioritize funding for the training and retention of the health workforce to preserve the successes of previous G8 investments;

- Scale up funding to better address historically under-funded areas, including neglected tropical diseases; basic maternal and child health needs, such as access to antenatal care and skilled care at birth and proven cost-effective interventions such as immunizations for diseases such as pneumonia, rotavirus and other diarrhoeal diseases; and innovative financing mechanisms such as Advance Market Commitments which can front-load funding for these neglected areas.
- Implement the recommendations of the High Level Task Force on Innovative International Financing for Health Systems to generate additional revenue for health system strengthening in developing countries so that funds are generated and disbursed by the 2010 G8 Summit.

Accountability:

- Agree a Gleneagles recovery plan for all those governments who are falling short of their individual ODA commitments setting out clear timetables;
- Strengthen the value of existing and future G8 commitments by ensuring that all plans have credible timetables attached and governments set up regular payments to meet the pledges they make within the G8 sphere;
- Commitment from the Canadian Government to put Africa and its achievement of the MDGs at the heart of Canada's 2010 G8 agenda.

Innovative financing:

- Call for the IMF board of directors to go beyond the G20's implicit agreement to use around \$1.3 billion of the IMF gold sales profits to leverage \$6 billion of IMF lending to developing countries. Request that the IMF instead finds \$5 billion from gold and other sources and uses this to leverage extra resources which are highly concessional and non-debt creating. Support a reallocation of the SDRs to African countries with small quotas that are currently in need of increased assets.
- Mobilise funding for climate change adaptation in developing countries ahead of Copenhagen through equitable and predictable mechanisms;
- Establishment of an incentive structure for international mitigation efforts in Africa, such as the "Reducing Emissions from Deforestation and forest degradation" (REDD) scheme to reward and strengthen African efforts to avoid deforestation;
- Agreement on a "green energy deal" with Africa, which 1) ensures technology transfers to Africa; 2) guarantees full admissibility of African carbon offsets against the reduction targets in the industrialized countries; and 3) reforms the "Clean Development Mechanism" (CDM) to incentivise investment in Africa.

Following up on Accra and Hokkaido

All G8 countries must publish their operational plans which detail how they will implement the **Accra Agenda for Action**, and should reach out to emerging donors such as China to ensure they work consistently with these agreements on aid effectiveness. The G8 must also support African efforts to



strengthen governance and fight corruption, such as the African Peer Review Mechanism (APRM) and the Extractive Industries Transparency Initiative (EITI).

Continued support for **Education for All** is essential from the G8, who should maintain its support for countries with endorsed national education plans and begin to explore new opportunities to expand upon the successes of the FTI through a Global Fund for Education. Any new education initiative should maintain the “virtual fund” foundation of the FTI by coordinating donor support for national education plans through multiple disbursement channels. There are 22 FTI countries that currently face a funding shortfall of approximately \$593 million to implement their plans, a gap that is expected to grow to \$1.2 billion by 2010 as more countries are endorsed.

The G8 should also champion a new, comprehensive **trade package** that focuses on the unique challenges of Africa, and tackle issues such as greater market access for Africa, reduction of agricultural subsidies and aid for trade to build Africa’s trade capacity.

ONE’S RECOMMENDATIONS IN DETAIL

Just one year from 2010, the G8 countries collectively need to deliver an average of an additional \$7.2 billion each year in 2009 and 2010 to meet the G8’s 2005 Gleneagles commitments to double ODA to sub-Saharan Africa by 2010. However, ONE projects that they will deliver \$3.46 billion in 2009, only half of the promised ODA increases to sub-Saharan Africa, leaving about half (\$11 billion) of the cumulative increases promised by 2010 to be delivered in the final year. Some G8 countries fared better than others: the U.S, Japan and Canada are meeting or beating modest targets, Germany and the UK are striving to meet big commitments by 2010, but France, a country with strong historical ties to the continent, has decreased its ODA to sub-Saharan Africa last year, and Italy, the chair of the 2009 Summit, has performed especially poorly. In fact, Italy and France is projected to account for 80% of the 2009 shortfall of the whole G8.

Today, the need to assist African countries to fill their financing gaps is even more acute as they face economic hardship caused by the global crisis, through falling remittances, postponed or cancelled investment, lack of access to credit, and declining exports. In economic terms, the output loss for sub-Saharan Africa (SSA) alone is predicted at around \$40-50 billion in 2008-2009.¹ In human terms, the World Bank estimates that 53 million more people worldwide are expected to be pushed into poverty this year as a result of the crisis. The World Bank also estimates that between 200,000 and 400,000 more children will die every year between now and 2015 as a result of the crisis.

The economic downturn across Africa threatens to unravel major progress made on development in just the past few years. Before the crisis, many African countries were making notable progress -- the region’s average economic growth rate of 5.65% over the past five years (2003-2007)² and social indicators such as school enrolment rates and ratio of people with access to HIV/AIDS medication were showing signs of improvements -- and sub-Saharan African countries seemed set to grow by an average of 6.7% in 2009³. A year later, the IMF has dramatically cut the growth projection for the same period to

¹ Findings based on research commissioned by ONE (ONE, ODI and NIESR (2009) “A fiscal stimulus to address the effects of the global financial crisis on sub-Saharan Africa,” Authors: R. Barrell, D. Holland and D.W. teVelde”).

² World Development Indicators database

³ IMF (2008) World Economic Outlook, April 2008



1.7%. Unless the G8 countries take the lead in addressing the needs of the poor and stepping up their assistance in critical sectors, such as agriculture development, health, education and climate change, the negative impacts of the crisis may be pronounced and last for a generation or more with staggering human, economic and environmental costs.

With other fora such as the G20 framework gaining importance, the world's wealthiest countries must now show true leadership in moving the development agenda forward if they wish to keep the G8 framework relevant. The world's wealthiest countries must show leadership to deliver on their own promises and to find creative solutions for the challenges of the world's poorest and the most vulnerable. Above all, the G8 must support and promote African-driven development, and listen to the needs of the African leaders who will be present at the G8.

To this end, the G8 must ensure **accountability** of its own commitments by:

- Agreeing to a Gleneagles recovery plan for all those governments who are falling short of their individual ODA commitments, setting out clear timetables to get ODA levels back on track in the year leading up to the 2010 target;
- Strengthening the value of existing and future G8 commitments by ensuring that all plans have credible timetables attached and governments set up regular payments to meet the pledges they make within the G8 sphere;

In addition, the Canadian Government should take the lead in committing the G8 to a comprehensive plan for 2010 to ensure the G8's MDG targets are reached by 2015.

MOBILISING RESOURCES FOR THE POOR

With only a year left to fulfil the historic 2005 pledge, those G8 countries not making provisions to meet their commitments must move forward from the rhetorical agreements and swiftly implement the required aid increases. The G8 should deliver their commitment to double ODA to sub-Saharan Africa by 2010 and European countries should accelerate progress towards their commitments to reach ODA levels of 0.7% of GNI. G8 leaders should agree to make further resources available for least developed countries, by encouraging the World Bank and African Development Bank to frontload funding, and by committing to early replenishments of these funds before the currently scheduled replenishments at the end of 2010. The G8 countries should also agree to use additional profits yielded by the agreed sale of the IMF gold to increase the IMF's resources for non debt-creating resources for low income countries. In particular, the G8 should lead the IMF board of directors to go beyond the G20's implicit agreement to use around \$1.3 billion of the IMF gold sales profit to create \$6 billion of IMF lending to developing countries. The extra resources could ensure that the resources are highly concessional and non-debt creating.

While scaling up traditional ODA levels urgently, the G8 should also be encouraged to expand upon the use of innovative financing mechanisms, such as carbon financing or aviation taxes. The G8 can pioneer carbon financing by calling for a worldwide system of emission rights trading and auctioning.

The Whole of Country Approach to Development proposed by some G8 countries for this year's Summit is another approach to promote resources for development moving beyond the traditional ODA. ONE is concerned that the Whole of Country approach may become a smokescreen for countries to escape from their ODA promises. The implementation and progress of donors' ODA promises must remain easy to



track, and the Whole of Country approach must not divert from the responsibility of governments to deliver on their promises.

IMPROVING THE EFFECTIVENESS OF DEVELOPMENT ASSISTANCE

Improving the quality of development aid is just as important as increasing the quantity of aid. The G8 must publish the operational plans which detail how they will implement the Accra Agenda for Action. Germany is the only country among the G8 countries so far to have done this. The G8 should also reach out to emerging donors such as China to ensure they work consistently with these agreements on aid effectiveness. The G8 must also support African efforts to strengthen governance and fight corruption, such as the African Peer Review Mechanism (APRM) and continue to show strong support towards Extractive Industries Transparency Initiative (EITI).

ENCOURAGING TRADE AND INVESTMENT

In order to make trade work for Africa this issue needs to be revisited by the G8 and enhanced access to developed country markets, 'aid for trade' to help countries produce and deliver goods, a reduction in agricultural subsidies in rich countries that create an unfair advantage for their goods, and flexibility that enables governments to develop and implement trade policies that enhance poverty alleviation strategies all need to be offered by the G8. All trade package and other multilateral, regional and bilateral agreements must allow for an adequate level of policy space to allow countries to develop and implement trade policies that enhance their own poverty alleviation strategies.

The G8 should support initiatives such as the Infrastructure Recovery and Assets Platform (INFRA) and will enhance the Infrastructure Crisis Facility through the International Finance Corporation, which Germany and Japan already support. The G8 should also show strong support to African-driven regional programmes, such as the North–South Corridor Programme, a joint COMESA–EAC–SADC pilot initiative designed to boost regional trade and investment in Southern and Eastern Africa. The UK's commitment to provide \$1.2 billion of support for this initiative is welcome.

ASSISTING IN CRITICAL SECTORS

The G8 must find creative global solutions for the challenges of the world's poorest and most vulnerable people. ONE urges G8 governments to lead multilateral efforts to invest in critical sectors that could best help African economies grow such as agricultural development, health, climate change and education:

Agriculture:

The financial commitments made on food security at the 2008 Toyako G8 Summit were primarily directed to short term assistance. In 2007, the G8 spent \$1.6 billion on medium- and long-term agricultural development. The G8 should commit to spending at least \$5 billion on medium- and long-term agricultural initiatives in Africa that boost agricultural productivity and support technically sound, country-led plans in 2010, while making provisions for a scale-up to \$10 billion annually. In addition, the G8 should:



- Direct this funding through a global financing mechanism for agriculture that can provide funding for technically sound plans, promote country ownership, donor coordination, and accountability, and are aligned with African-led initiatives such as NEPAD's CAADP;
- Provide adequate medium term assistance, such as seeds and fertilizers, and extend small scale credit facilities to prevent a descent into hunger and poverty, and create economic opportunities for subsistence farmers;
- Increase investment in agricultural infrastructure. This investment should include electrification, irrigation systems, and transportation infrastructure that connect farmers to markets. Important trade reform should be coupled with this that eliminate market distorting subsidies and import duties and quotas on goods from African countries.
- Provide more funding for research and training to address the needs of smallholder farmer populations, like that conducted through AGRA and CGIAR;
- Increase technical assistance that creates an environment in which smallholders can best take advantage of agricultural development, like the provision of credit and strengthening of rural land tenure systems;

The G8 should also improve the quality and effectiveness of short-term assistance by including local purchase initiatives and food voucher schemes, rather than shipping food produced in developed countries all the way to Africa.

Health:

The Global Fund to Fight AIDS, Tuberculosis and Malaria has distributed 70 million bed nets, supported anti-retroviral (ARVs) treatment for 2 million people, and provided directly-observed therapy short-course (DOTS) treatment for 4.6 million people. However it is facing a funding shortfall of approximately US\$ 6 billion which could jeopardize countries' ability to receive much needed assistance.

- The G8 should follow through on the commitment to fully fund the Global Fund through a robust full replenishment in 2010

The G8 faces a critical opportunity to lead the world in all but neutralising one of Africa's biggest threats to children under age 5---malaria. The G8 made a commitment at the 2008 Hokkaido Summit to fund the Global Malaria Action Plan which aims to reduce malaria deaths by 50% by 2010 and eliminate all malaria deaths by 2015. If the 2010 targets are reached and these efforts are sustained, nearly 100% of those in need of prevention and treatment methods by 2015 will be reached, virtually eliminating all deaths from malaria.

- Fully fund the Global Malaria Action Plan by providing \$4.8 billion in 2010

In addition, stronger health systems are needed to protect and preserve the successes of previous G8 investments in infectious diseases and better address basic maternal and child health needs.

- The G8 should expand upon the Hokkaido commitments⁴ to put firm funding targets and a concrete timeline for a multilateral Global Health Care Partnership which would develop health systems including robust health workforce plans in partner countries.

⁴ In 2005, countries committed to ensure that all children had access to basic health services and in 2007, committed to addressing the human resource for health crisis with the aim of recruiting, training, and retaining additional health workers.

- The G8 must scale up funding to better address historically under-funded areas, including neglected tropical diseases; basic maternal and child health needs, such as access to antenatal care and skilled care at birth and proven cost-effective interventions such as immunizations for diseases such as pneumonia, rotavirus and other diarrhoeal diseases; and innovative financing mechanisms such as Advance Market Commitments which can front-load funding for these neglected areas.

Progress in strengthening health systems has been impeded by insufficient funding from donors. Increasing ODA levels to meet the Hokkaido commitments is critical. Innovative financing mechanisms offer new ways to raise and channel additional funding to make further progress on the health MDGs.

- Implement the recommendations of the High Level Task Force on Innovative International Financing for Health Systems to generate additional revenue for health system strengthening in developing countries so that funds are generated and disbursed by the 2010 G8 Summit.

Climate Change:

Only 3.6% of global CO₂-emissions come from the African continent. In stark contrast, the continent is feeling the ramifications of climate change “first and worst”. The lowest estimation of the financing needs for adaptation in developing countries comes from the World Bank and ranges between \$9-41 billion annually⁵. Other organisations such as Oxfam and UNFCCC suggest that these needs are much higher, and UNDP estimate that as much as \$86 billion are needed annually.

Africa has evoked the interest of climate experts in the field of mitigation as well. Africa has a vast, untapped potential to contribute to global mitigation efforts. A strong “Reducing Emissions from Deforestation and forest degradation” (REDD) scheme, which can contribute effectively to reach global mitigation goals should be established.

A “green energy deal” with Africa is also needed, making African countries global showcases for low carbon growth development paths.

- The G8 should agree to mobilise financing for climate change adaptation in developing countries through equitable and predictable innovative financing mechanisms, which deliver sufficient resources that are genuinely additional to existing development assistance.
- The G8 should establish an incentive structure, such as the “Reducing Emissions from Deforestation and forest degradation” (REDD) scheme to reward and strengthen African efforts to avoid deforestation.
- The G8 should agree on a “green energy deal” with Africa, which 1) ensures technology transfers to Africa; 2) guarantees full admissibility of African carbon offsets against the reduction targets in the industrialized countries; and 3) reforms the “Clean Development Mechanism” (CDM) in a way that provides stronger incentives to invest in Africa

Education:

⁵ The severity of the effects of climate change is still uncertain. As a consequence, the figures above are necessarily guesstimates, which follow different methodologies. This explains the rather wide range of numbers. However, the finding that developing countries have significant additional investment needs to adapt to climate change is without controversy among all these institutions.



Despite substantial progress⁶, 35 million children in Africa are still not attending primary school and teacher shortages and low completion rates remain serious barriers to improving learning outcomes on the continent.

In 2009, the G8 should maintain its support for countries with endorsed national education plans and begin to explore new opportunities to expand upon the successes of the Education for All-Fast Track Initiative (FTI) and enhance multilateral support for education through a Global Fund for Education. While the FTI has taken on many of the reforms necessary to expand its reach and capacity, strengthening and reforming the FTI into an independent Global Fund for Education with an expanded multilateral fund and enhanced monitoring, predictability and accountability of bilateral support could move the world closer towards a global education compact that is equipped to achieve universal primary education by 2015.

Any new education initiative should maintain the “virtual fund” foundation of the FTI by coordinating donor support for national education plans through multiple disbursement channels. 22 African countries have had their national education plans endorsed by the FTI. These countries currently face a funding shortfall of approximately \$593 million to implement their plans, a gap that is expected to grow to \$1.2 billion by 2010 as more countries are endorsed.

- The G8 should commit to fill the financing gap faced by FTI-endorsed countries and continue to monitor and facilitate execution of the FTI reform process, including the implementation of recommendations made by the midterm FTI evaluation (to be published in December 2009).
- The G8 should commit to establishing a Global Fund for Education as the next step in the evolution of the FTI partnership. G8 donors should agree to hold a meeting with all education stakeholders in Fall 2009 to develop operational details of the Global Fund for Education, with a goal to secure funding commitments for a successful launch in 2010.

⁶ Between 1999 and 2006, 34 million more African children were enrolled in school thanks in large part to debt relief and increased development assistance