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NOTE for “Shadow G8”:

Development issues & Poverty reduction

From being a marginal issue at the G7-meetings up to the end of the 90's, poverty reduction, development issues and Africa have become increasingly important concerns, taking the centre stage entirely at Gleneagles in 2005.

Since 1998, virtually all G8 Communiqués have included language on reducing poverty, investing in education and health, fighting infectious diseases, funding debt relief for the poorest and most heavily indebted countries, market access/Doha, assisting Africa etc. The language has been largely general and declaratory with very limited commitments. Only in a few cases, quantified targets or commitments have been made, and these have often conspicuously absent with regard to aid. Only at a few G8 Summits have such commitments made a real difference with regard to concrete and tangible results for the poor countries (the most important outcomes are listed in Annex 1).

The G7 and later G8-meetings that have provided the most substantial commitments to poverty reduction, leading to certain breakthroughs in particular areas are:

- **Cologne in 1999**, resulting in the enhancement of HIPC for faster, broader and deeper debt relief for 27 indebted poor countries, mainly LDCs, and mainly in Africa. This led to the decisions on enhancing HIPC at the Annual Meetings of the World Bank and the IMF in September 2000;
- **Okinawa in 2000**, supporting the establishment of the Global Fund to fight HIV/AIDS, at TB and malaria;
- **Kananaskis in 2002**, with the agreement on the most comprehensive G8-approach on Africa, the agreed “Africa Action Plan”, however - without additional aid commitments to those provided at the Monterrey Summit in April the same year;
- **Gleneagles in 2005**, with signed commitments of doubling aid to Africa by 2010, a 50bn USD global increase annually, of which 25bn USD to Africa, cancellation of all multilateral debt for the poorest countries and a comprehensive Africa plan (building on the Commission for Africa-report). This led to aid commitments in the UN Millennium Declaration by Heads of State and the decisions on multilateral debt relief (MDRI) at the Annual Meetings of the World Bank and the IMF, both in September 2005.

Lessons learnt

From past experiences, there seems to be two lessons learnt from these processes:

- **G8-commitments is most likely to lead to tangible results where follow-up is related to institutions the G8-countries have a significant influence over**, such as decisions in the MDBs/IFIs where they are majority shareholders (Cologne 1999 & Gleneagles 2005 on debt relief and debt cancellation). The financing issue is key

here. However, in the first case a significant funding gap still remains (more than 10bn US), in the latter case funding has included “tapping” the resources of IDA and ADF, reducing the aid flows to other poor countries. The G8-countries have only paid part of the bill, the poor countries having to “pay” through reduced aid.

- ***G8-commitments are most likely to be vague and not lead to concrete results where fundamental national economic interests are at stake and the institutional decision-making does not correspond with the global challenge***, such as in relation to trade, energy and climate change. This is why the G8 has not been willing (and thus able) to push the Doha Development Round-agenda in any of the meetings so far, nor has the outcomes on energy and climate change been much more than repeating language from other relevant meetings;
- ***G8-commitments is less likely to lead to tangible results when decisions have to be implemented by each country on an individual basis, and without any monitoring mechanism***. According to the OECD/DAC, the institution responsible for reporting on bilateral aid-flows, the G8-countries are not delivering sufficiently on their Gleneagles’ commitments so far. The 2006 G8-text says: “*We are **working hard** to deliver on our substantial aid commitments which, with those of other donors, will lead to an increase in ODA to Africa of \$25bn a year by 2010, out of an OECD estimated \$50bn worldwide aid. The OECD estimates that ODA from Development Assistance Committee members rose 31% to US\$107 billion in 2005, 75% of which was from G8 members.*” According to the OECD/DAC however, there is every likelihood that the increase in aid mostly is related to funding debt relief and -cancellation, the other Gleneagles G8-commitment that was made on the MDRI.

When discussing how the G8 can better deliver in relation to fighting poverty globally, one needs to look both at the substance, the commitments and the institutional follow-up.

Implications for G8 2007 & G8-process

As for the G8 2007-meeting under German chairmanship, it seems that the it will be focusing on (See Annex 1):

- Building a partnership between G8-countries & individual reform-oriented African countries;
- Strengthening health care systems & fighting HIV/AIDS
- Strengthening African peace keeping and peace building capacity
- Strengthening African governance, including fighting corruption

It seems to be uncertain whether there will be new initiatives on trade and market access. So far it seems that the emphasis will not be on new commitments in the area of aid, nor on ensuring the follow-up of former ones. Given the lessons learnt from the past, this will most likely imply that not much will be achieved in terms of concrete and tangible results for the poor countries.

What could a different agenda for the German chairmanship look like? Focus on Delivery on the commitments made:

- Putting together a ***Delivery-matrix***, listing all previous G8-commitments, and listing the status of implementation, including proposals on process to ensure their delivery;

- Delivery for the poor countries, implying working on **a strengthened monitoring mechanism**, with the OECD/DAC working in cooperation with the World Bank and the UNDP. The mechanism should have the necessary financing and human resources to monitor:
 - The Delivery on the aid commitments of 2005, both the levels (50 bn & 25 bn USD) & the content (whether true additionality or debt relief funding);
 - The Delivery on the funding gaps related to HIPC (1999) and MDRI (2005), in order to secure the funding of IDA and the ADF;
 - The Delivery on the quality of Aid and the follow up of the Paris Declaration (ref. the St. Petersburg-reference on “a survey on monitoring the implementation of the Paris Declaration”)
 - The Delivery of Universal access of prevention, treatment and care in fighting the HIV/AIDS-epidemic

- **Delivery on new and innovative financing mechanisms** to provide additional resources for funding the MDGs. The working group established in St. Petersburg on considering the implementation of these mechanisms should report to the German presidency, and ensure a substantive proposal for the G8 2007-meeting. As the IFF will not gain G8-agreement, focus should be on the IFF for immunization, other proposals such as an air-ticket solidarity levy and a carbon.

- **Delivery on Aid for trade:** As key countries are working to resolve the Doha crisis, and the G8 will certainly address the problem, the delay needs to be utilized to make major strands in the area of Aid for Trade, in particular for LDCs This is a precondition to ensure that any new negotiated trade framework can lead to gains in terms of poverty reduction. The fragmented, limited and inconsistent approach so far, needs to be changed urgently. The G8 should come up with a framework that delivers in this area, with concrete and substantial aid-commitments.

The G8 and international response in the development field:

- Birmingham in 1998 agreed that there was a need to enhance the heavily indebted poor countries (HIPC) initiative, launched at the Lyon summit in 1996, to provide more relief to more poor countries.
- Cologne in 1999 launched the enhanced HIPC initiative. This has helped to increase social expenditure in 27, mostly African, countries by around \$4bn per year.
- Okinawa in 2000 was the first G8 Summit to invite African leaders to outreach dialogue. It also began the process that led to the establishment of the Global Fund for AIDS, TB and Malaria in Genoa in 2001.
- At Genoa, in 2001, the G8 recognised the need to respond to NEPAD through the Genoa Plan for Action and appointed Africa Personal Representatives to recommend specific actions.
- At Kananaskis in 2002, the G8 launched the Africa Action Plan inaugurating the new partnership between the G8 and Africa. We said then that this would help to ensure that no country committed to poverty reduction, good governance and economic reform would be denied the chance to achieve the Millennium Goals through lack of finance.
- At Evian in 2003, the G8 announced specific measures to take these forward, a Water action plan and a new G8/Africa plan to enhance African capabilities to undertake peace support operations; and created the Africa Partnership Forum for dialogue between Africans and development partners beyond the G8.
- At Sea Island in 2004, the G8 agreed further measures to tackle HIV and polio, to enhance the role of the private sector in development, to promote transparency and fight corruption, to take additional steps to enhance productivity and to expand global peace support operations capabilities.
- At Gleneagles, the G8 signed commitments of doubling aid to Africa by 2010, a 50bn USD global increase annually, of which 25bn USD to Africa, cancellation of all multilateral debt for the poorest countries and a comprehensive Africa plan (building on the Commission for Africa-report).

The German chairmanship: Africa as a further focus

The spotlight will be on Africa's pressing problems, that is the economic development of the continent, combating poverty and in particular the fight against HIV/Aids. The aim is to develop G8 relations with Africa into a reform partnership. Africa is not a "lost" continent. A new quality is to be given to cooperation. Sustainable economic growth is of central importance for Africa's development. In turn, economic development and political stability are inextricably linked. That is why it is so important to strengthen pan-African capacities for conflict prevention and peacekeeping. Strengthening African healthcare systems is another central priority, above all in the fight against HIV/AIDS. African states are to develop structures to facilitate private investment: more democracy, less corruption, more ownership, more sovereignty over raw materials. In all policy areas of particular relevance to developing countries there needs to be a coherent approach covering not only sustainable development issues, but also considerations relating, for example, to security, foreign trade, international finance or agricultural policy.