



# Progress report by the G8 Africa Personal Representatives on implementation of the Africa Action Plan





# Summary

- 1** In 2002, the G8 leaders at the Summit in Kananaskis agreed an Africa Action Plan (AAP) which welcomed the New Partnership for Africa's Development (NEPAD) as a bold and clear-sighted vision providing an historic opportunity to overcome obstacles to development in Africa. Our Africa Action Plan set out how the G8 partners would enhance their engagement with African countries in support of NEPAD. We reviewed progress against this at Evian in 2003 and committed to review progress again in 2005. This joint report reflects the views of the Africa Personal Representatives on the progress the G8 have made collectively, and through significant individual contributions, since the G8 Evian Summit in France in 2003.
- 2** In 2002, we said the case for action in Africa was compelling. This was not only based on the scale of the challenges, but also the opportunity presented by the vision of NEPAD. Since then, there has been significant progress in Africa in enshrining the principles of NEPAD into governance structures at a regional and national level. The transformation of the Organisation of African Unity into the African Union, the establishment of the AU Peace and Security Council, and the 23 countries that have signed up to the ground-breaking African Peer Review Mechanism (APRM) demonstrate that the African vision is taking root. The number of conflicts in Africa continues to fall. Political stability and democracy have been strengthened in many countries. Regional co-operation is being enhanced. Governance indicators are improving at least as fast as any developing region. Primary school enrolment has increased rapidly and political commitment to tackle HIV and AIDS has increased. The IMF is projecting economic growth for Africa at over 5.3% for 2005, and average inflation of 9.9% compared with 41% over 20 years ago, due in part to economic reform and business climate improvements undertaken by African governments to spur the private sector. Through the AU and NEPAD, regionally, and in many individual countries, Africa is taking the lead in tackling its own economic and social challenges.
- 3** But, notwithstanding the progress that has been made, there is much to do by both Africa and the G8. If the people of Africa are to see lasting improvement then conflict and corruption must be overcome and support from the G8 must be sustained and made more effective. The scale of the challenges faced by Africa is evidenced in the UN review of progress against the Millennium Goals. Africa is the region least likely to achieve the Millennium Goals. This situation is intolerable. Over two thousand children under the age of five die every day from malaria<sup>1</sup>; 2.3 million people died in 2004 from AIDS<sup>2</sup>; Over 250 million do not have access to safe drinking water<sup>3</sup>; and over 40 million<sup>4</sup> children are still not in school. The effects of conflict in countries such as the Democratic Republic of Congo, Sudan, and Uganda result in tens of thousands of people dying each month, and millions are still displaced.

1 WHO 2005 report to the World Health Assembly on Malaria

2 UNAIDS AIDS Epidemic Update 2004

3 WHO/UNICEF Joint Monitoring Programme for Water and Sanitation 2005

4 Education for All Global Monitoring Report 2005

- 4 Without much faster progress, by 2015, 247 million people will still live on less than US\$1 a day and 45 million children will have died.<sup>5</sup> Unless more concerted and effective action is taken, HIV and AIDS will claim even more lives, and will continue to undermine the political, economic and social fabric of many African societies. Overcoming these challenges will not be easy, but the international response to the Asian tsunami, where millions of lives were devastated in a few moments, shows what is possible. That response was generated by a spirit of compassion. Our action in response to the millions of preventable deaths in Africa, which is motivated by our commitment to human decency and justice, is action over the longer term, but should have the same urgency.
- 5 The G8, in partnership with Africa, has made some progress on the Africa Action Plan, but as Africa continues to face numerous challenges, more is needed. In some areas, such as addressing conflict, the G8 has shown a real commitment to supporting African efforts. Collectively, G8 members have more than doubled assistance since 2001 and further significant commitments on ODA volumes have been made this year. A number of new initiatives have been started and are described in this report, and the individual progress reports of G8 members. However, there are areas where progress has been slower. Progress has been made in support for capacity building in trade, but we need to work towards the objectives agreed for the Doha Development Round. As the Paris High Level Forum has shown, we need to take further steps to improve the effectiveness of our aid, to support African ownership and priorities, to reduce the burden on African Governments, to provide more predictable, annual or multi-year commitments of aid, as set out in the Paris Declaration. We have to build deeper partnerships more clearly in support of African priorities and reinforce efforts to counter the debilitating scourge of AIDS.
- 6 The Africa Action Plan set out a vision of a new partnership between the G8 and Africa, based on mutual accountability and respect. Since 2002, there have been initiatives to develop the idea of mutual accountability beyond the Africa Action Plan progress reports, such as through the work by UN Economic Commission for Africa (ECA) and the OECD Development Assistance Committee (DAC) on the Mutual Review of Development Effectiveness. Peer Reviews of governance in Africa and of development policies in industrialised countries take place through the APRM and the OECD. These arrangements provide the basis for strengthening the dialogue. A strengthened Africa Partnership Forum should be the political mechanism for monitoring commitments made.
- 7 We shared our initial assessments with NEPAD. They agreed the picture is mixed. Undoubtedly there has been a positive response and many constructive actions have been taken but more needs to be done. In particular, they felt the G8 need to translate commitments more quickly into action, to take more practical steps to improve aid effectiveness and co-ordination, and reduce the burden of separate conditionalities, processes and requirements. NEPAD would like to see greater focus on G8 support for regional and sub-regional institutions as the fundamental building block for the African Union, and more support to help them deliver NEPAD's Programmes of Action, especially in the key sectors of infrastructure and agriculture.

5 "Investing in People" The Millennium Project Report January 2005

- 8 Evidence of best practice continues to grow. We can make faster progress. A coherent and comprehensive approach, with action on resources, trade, conflict, improving capacity and governance is needed. We should enhance partnerships with more countries that are following the vision that NEPAD set out, and which have the capacity to make more progress quickly. We therefore conclude with suggestions on where greater and more effective action is needed if the vision of our partnership with Africa is to be fulfilled.

# I Promoting Peace and Security

- 9** Insecurity and violent conflict are among the biggest obstacles to development in Africa. Violent conflict, crime and lawlessness destroy development advances built up over decades and severely inhibit investment. Poverty, underdevelopment and fragile states create fertile conditions for violent conflict and the emergence of new security threats, including international crime and terrorism. There will be no lasting security without development and no effective development without security and stability.
- 10** There have been encouraging developments in the area of peace and security. In the last two years, there has been some reduction in violent conflict in Africa. However, the continuing crises in Eastern DRC and Sudan's Darfur region are clear reminders of how swiftly progress can be reversed. West Africa, the Great Lakes and Horn of Africa remain acutely vulnerable to the risk of open conflict. At a local level, low-intensity conflict and insecurity remain a constant threat to civilians in several 'non-crisis' countries. The conflict in Northern Uganda continues to take an enormous toll on the civilian population.
- 11** The African Union is establishing itself as the prime interlocutor on peace and security in the continent. Sub-regional organisations are also playing an increasingly prominent role in preventing, resolving and managing conflict and in promoting democracy, as in Togo. The establishment of the African Union's Peace and Security Council is an important step forward. G8 members have provided core support to the new Peace and Security Directorate as well as significant support to AU Peace and Security operations. As a result of the Berlin process, the G8 agreed in Evian a joint Africa/G8 plan to enhance African capabilities to undertake peace support operations. The fundamental aim of the plan is to mobilise technical and financial assistance so that, by 2010, African partners are able to act more effectively to prevent and resolve violent conflict on the continent, and undertake peace support operations in accordance with the United Nations Charter.
- 12** Implementation of aspects of the Evian Joint Plan has begun, such as capacity building support for the new AU and sub-regional peace and security institutions in the areas of expertise, equipment, training, logistics and finance. Regional and sub-regional networks of training centres have also received G8 support. For instance, the Peace Support Training Centres such as the Kofi Annan Centre in Accra, Ghana, the Ecole de Maintien de la Paix in Koulikoro, Mali, and in Karen, Kenya, and the International Mine Action Training Centre in Nairobi have all received support. G8 members have also provided training for African national forces. Building on the Evian Plan, G8 leaders at the Sea Island Summit in 2004 set out further support for Peace Support Operations in Africa through an Action Plan which called, inter alia, for training and, where appropriate, equipment for 75,000 PSO troops worldwide, with an emphasis on Africa, before 2010. Since Sea Island, steps have been taken on implementation and discussions on further support continue.

- 13** Regional institutions, particularly the Economic Community of West African States (ECOWAS), the Inter-Governmental Authority on Development (IGAD) and the AU, continue to play a strong role in mediation and conflict resolution in Africa as a vital complement to peace support operations. In September 2004, the African Union appointed Mame Madior Boye as the Special Representative for the Protection of Civilians in Armed Conflict. By hosting talks on Darfur in Abuja, the AU Peace and Security Council has demonstrated its commitment to a proactive role in peacemaking in ongoing conflicts. G8 members are supporting these efforts, for example through assisting IGAD talks in Sudan and Somalia and the AU talks on Darfur in Abuja.
- 14** The capacity of African Peace and Security institutions remains under-developed and under great operational pressure. There is a risk that these pressures could prevent institutions from establishing expertise on longer term, strategic planning. There is a need for effective management of support to ensure that it does not create an unnecessary burden for the African institutions. The AU needs to articulate a clear strategic vision for African Peace and Security architecture, improve financial management systems and co-ordinate the enhanced support that will be needed from the international community. Bi-annual meetings with G8 and other development partners have now been arranged. At the first one in April 2005, the AU presented their joint plan with the Regional Economic Communities for taking forward the Africa Standby Forces.
- 15** The UN Peace Support Operations in Africa remain vital. With the establishment of a mission in Sudan, there are currently eight UN peacekeeping operations in Africa involving the deployment of over 51,000 military and police personnel with significant support from G8 members. Africa accounts for two-thirds of the total number of peacekeepers deployed in UN missions world-wide. The recent surge in the requirement for peacekeepers, particularly in Africa, is having a significant effect on the operational capacity of the UN – a further reason why enhancing the peacekeeping capability of the African Union is important.
- 16** Operationally, implementing peace agreements and ensuring successful military transitions is difficult. The cases of Burundi, Democratic Republic of Congo and Cote d'Ivoire all illustrate the difficulty in improving security and achieving disarmament without a comprehensive political settlement. International support must be sustained for: political engagement and mediation; assistance for peacebuilding support; post-conflict reconstruction; and programmes of disarmament, demobilisation and reintegration (DDR).
- 17** Too often our responses to conflict in Africa have been reactive and focused on the large-scale crises with limited attention to sub-national conflicts. At the local level many poor people continue to face chronic insecurity. More attention should be given to prevention of state fragility and conflict that focuses on structural causes, such as weak and unaccountable governance, social exclusion and inequality and to African efforts at all levels to address these underlying causes. Our approach to prevention should vary according to country circumstances, underpinned by a better understanding of state fragility and conflict in order to generate timely and effective preventative action (for example, institutional capacity building, early warning and early action and improved delivery of basic services).

- 18 G8 members have recognised that poor management of natural resources can contribute to conflict. The Kimberley Process established a Certification Scheme to combat conflict diamonds. This has increased the volume of diamonds channelled through official government mechanisms in Sierra Leone (from US\$10 million in 2000 to US\$129 million in 2004) which has provided essential economic resources for the consolidation of peace. At Sea Island, the G8 referred to progress of the Congo Basin Forest Partnership in promoting sustainable forest management and control of illegal logging in the region.<sup>6</sup> The Extractive Industries Transparency Initiative also promotes equitable and transparent management of natural resources.

## Peacekeeping and Capacity Building for Peace and Security

- 19 G8 members have established significant new sources of finance for the AU peace and security architecture. The EU African Peace Facility (€250 million), an instrument of long-term support for African initiatives in conflict prevention and peace-keeping has provided support to both AU missions in Darfur (€92 million) as well as interventions in the Central African Republic.<sup>7</sup> The US\$660 million Global Peace Operations Initiative provides significant support to African operations, including the AU in Darfur.
- 20 G8 members provide capacity building support to the AU Peace and Security Directorate. Germany has provided around €42 million support to strengthen the peace and security capacities of regional African institutions, including the Kofi Annan centre, capacity building support for the AU Directorate for Peace and Security and sub-regional organisations and the development of an early warning system.
- 21 G8 members provide support to sub-regional institutions such as ECOWAS, the East African Community and South African Development Community (SADC) for capacity building for peace support operations, programmes in early warning and preventing small arms proliferation. In 2004, France provided €72 million to sub-regional institutions and their member states for programmes including capacity building for peace support operations. France, ECOWAS and interested partners successfully conducted the RECAMP<sup>8</sup> IV peace-keeping training cycle in 2003–2005. The next exercise, RECAMPV, is scheduled for 2005–2006, in partnership with the AU, the Economic Community of Central African States and the EU.
- 22 Many G8 members have set aside commitments to supporting training and capacity building for peace support operations. Italy, with other G8 support, has formed the Center of Excellence for Stability Police Units in Vincenza (COESPU). Italy has also funded two training courses on conflict prevention, human rights and “peacekeeping” designed for 70 officers from 35 African countries organized by the United Nations System Staff College of Turin (UNSSC).

6 Sea Island Action Plan “Science and Technology for Sustainable Development: “3r” Action Plan and Progress on Implementation. US, France, Germany, Italy and Japan provide support

7 The EU African Peace Facility has been used to support the African Union mission in Darfur, (AMIS) I (12 M (AMIS) II (€80 million), the Force Multinationale en Centrafrique (FOMUC) of the Communauté économique et monétaire de l’Afrique centrale (CEMAC) in the Central African Republic (€3.38 million), and a programme for Capacity Building support of the AU Peace and Security Department (€6 million)

8 Renforcement des Capacités Africaines de Maintien de la Paix (RECAMP)



- 23 Russia supports African peacekeeping by providing 220 observers, representatives and contingents for UN peacekeeping operations in the continent. Russia also provides assistance for training African personnel for conducting humanitarian, rescue and peacekeeping operations at the “Vistrel” Training Center. This is likely to expand.

### Peacebuilding

- 24 The AU and the UN are co-sponsoring the International Conference on the Great Lakes Region, which in November 2004 took a first step through the Dar Es Salaam Declaration to enshrining a shared vision of peace, security and development in the Great Lakes region. Within the ‘Group of Friends’, the G8 continue to provide support to this process.
- 25 To consolidate peace in African countries, Japan allocated more than US\$60 million in March 2005 to support programmes such as DDR, resettlement and repatriation of refugees and internally displaced persons (IDPs), and collection and destruction of small arms and light weapons. Following these commitments, Japan pledged US\$100 million at Oslo for consolidation of peace in Sudan.

### Support to Sudan

- 26 Significant G8 support from many G8 members has been mobilized in support of peacekeeping operations in Sudan. G8 members have provided over US\$200 million to support the AU presence in Darfur.<sup>9</sup>
- 27 Since September 2004 Canada has pledged C\$190 million to assist the African Union Mission in Sudan (AMIS) efforts in Darfur, the AU peace talks and peacebuilding initiatives. In April 2005, Canada pledged an additional C\$90 million for humanitarian needs and support for implementation of the Comprehensive Peace Agreement. The UK has contributed £32 million to AMIS in Darfur and is providing £112 million for Sudan in 2005/06.

### Looking Ahead

- 28 Sustained and better co-ordinated support for the African Peace and Security Architecture and for post-conflict reconstruction is required. On a practical level, G8 partners need to focus their support to reduce the administrative burden on African institutions. Good practice of co-ordination of resources for Darfur needs to be built on. The AU and Regional Economic Communities need to agree a plan for long-term capacity building, to which development partners could provide predictable, multi-year funding with a view to eventual self-sufficiency. Ongoing provision of short-term capacity, including through advisory support where requested, will be needed but this should be directed at building national and regional capacity and supporting African ownership.
- 29 Progress on implementing the concept of African Standby Forces will be important. Capacity building of institutions will need to be complemented by a commitment to longer term financing for peace support operations in Africa along with a commitment by all to measurable results. Provision of training is necessary but not sufficient: attention needs to be focused on other aspects such as logistics, if training is to deliver results.

9 This includes support from the EU African Peace Facility and the US Global Peace Operations Initiative

- 30** There still needs to be a greater focus on prevention of state fragility and conflict and better preparedness to respond to different kinds of crises, such as conflict, natural disasters, financial crises and pandemics. To this end the international community should support early warning systems of partner countries and regional/sub-regional organisations in Africa. We also need to have a greater focus on addressing the causes of conflict through post-conflict recovery as well as an overall peace building strategy. In particular, we need to learn and apply the lessons from disarmament, demobilisation and reintegration and recovery programmes, to ensure that the focus is on effective and lasting reintegration. The control of the proliferation of small arms and light weapons also requires greater attention.

## II Strengthening Institutions and Governance

- 31** The African Union and NEPAD have made impressive progress since Evian, through efforts such as the role of the African Union in resisting the unconstitutional transfer of power in Togo and with the start of the African Peer Review Mechanism. Twenty three<sup>10</sup> countries have now signed up to the Memorandum of Understanding and seven<sup>11</sup> countries have commenced their reviews. The first country review reports for Ghana and Rwanda were considered by the APRM forum on June 19. Implementation plans from Ghana and Rwanda will be presented to the next forum in August. These steps are welcome and indicate the ongoing commitment in Africa to positive progress. It is important to maintain momentum for the completion of reviews and the initiation of new reviews.<sup>12</sup> It is also important to ensure the production of high quality reports and consistent implementation, with G8 support where appropriate.
- 32** Other new regional institutions established by the AU include the Pan African Parliament, and the Peace and Security Council in 2004. In 2005, they launched the Economic, Social and Cultural Council of the African Union (ECOSOCC) and plan to establish the Court of Justice of the African Union. The AU Commission has produced a strategic vision setting out goals on peace, human security and governance, gender parity and gender equality, regional integration, and building the capacity of the Africa Union. Support is being provided to these new institutions but this needs to be enhanced, better co-ordinated and provided in a predictable manner, in a way that will ultimately lead to self-sustaining institutions.
- 33** The building blocks for Africa's development should be democratic and effective states that govern justly, invest in their own people, and are accountable to them. Countries need credible and legitimate institutions that perform key functions of the state including effective management of public finance and delivery of basic services. African Governments also need to take increasing leadership and responsibility for policy development with support from their civil society and international partners. To do this they need to develop and reinforce adequate capacity in public institutions. This is happening in some countries. Fifteen African countries scored well in World Bank indicators looking at policy and institutions in 2003, compared with ten in 2002.<sup>13</sup> There are also encouraging signs that democracy and transparency are growing and that government accountability to parliaments and people is improving. Many G8 members are providing support to parliamentary institutions at a

10 Algeria, Angola, Benin, Burkina Faso, Cameroon, Republic of Congo, Egypt, Ethiopia, Gabon, Ghana, Kenya, Lesotho, Malawi, Mali, Mauritius, Mozambique, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Tanzania and Uganda have signed the Memorandum of Understanding. In addition Zambia has expressed its intention to accede

11 Ghana, Kenya, Rwanda, Mauritius, Nigeria, South Africa and Uganda

12 Kenya is due to complete their peer review in August 2005 and Mauritius towards the end of 2005. Nigeria and Uganda are the next to submit for review, with Nigeria hoping to complete by the end of 2005

13 World Bank Country Policy and Institution Assessment, 2003

national and regional level. For example at a regional level, G8 members support the NEPAD Contact group of Pan-African Parliamentarians and the pan-African network of Parliamentarians and civil society focused on anti-corruption.

- 34** However, many African countries continue to face serious challenges in fighting corruption and institutionalising transparency and accountability. Public sector reform and capacity building remain crucial in helping countries develop their ability to make policy, manage public finance and deliver services at a national and local level. Legal, judicial and court systems have to be improved. It is important to focus also on building a system of public participation, access to information and access to justice for women and men in the full range of decision-making processes. Difficult governance issues remain. The question of land reform and property rights, for example have yet to be resolved in many African countries. The property rights of women and children require special attention, particularly in the context of HIV and AIDS.
- 35** The G8 Evian and Sea Island Summits both included G8 commitments on transparency and accountability. The Evian Declaration, “Fighting Corruption and Improving Transparency” sets out areas for action, and in Sea Island “Transparency Compacts” were established with four countries including Nigeria.<sup>14</sup> One of Nigeria’s priorities is the implementation of the Extractive Industries Transparency Initiative, (EITI) begun in 2002, and endorsed in the Evian Declaration. The EITI is being implemented by Sao Tome e Principe, Congo (Brazzaville) and Ghana, while several other African nations have expressed an interest in implementing it in the near future<sup>15</sup>.
- 36** The problem of the transfer outside Africa of illicitly acquired assets needs action both in Africa and by G8 members amongst others. G8 members are working on the action plans stated in the Sea Island declaration so that asset recovery can be prompt, predictable and transparent. G8 members are also strengthening their approaches to addressing corruption involving international business transactions, including by investigating and prosecuting the offence of bribery of a foreign public official, by strengthening antibribery disciplines on export credits, and efforts to deny safe haven to corrupt officials.
- 37** The Africa Action Plan emphasised the need for progress on human rights and the empowerment of women, including through support to human rights institutions at a regional and national level. Accelerating the empowerment of women is both a primary objective for NEPAD and part of the AU strategic vision. The AU approved The Solemn Declaration on Gender Equality at the AU Summit in Addis Ababa, July 2004 and G8 members have supported African regional monitoring of the Beijing Plus 10 commitments. The representation of women in state institutions in some African countries (Mozambique, Uganda, South Africa, Rwanda) is above the level of most developed nations. But in general, women are still under-represented at all levels of decision-making.

14 The Transparency Compacts are voluntary partnerships to assist developing countries increase transparency. Nigeria’s priorities for support under this compact are: budget and procurement reform, the Extractive Industry Transparency Initiative, specialist agencies such as the Independent Corrupt Practices Commission (ICPC) and Economic and Financial Crimes Commission (EFCC) and public service reform

15 Gabon, Niger, Cameroon and Equatorial Guinea

- 38 At a national level, there are also initiatives underway supported by G8 members. For example, in Uganda, G8 members are jointly supporting the Ministry of Gender, Labour and Social Development to implement the social development sector strategic investment plan. In Ethiopia, work is underway jointly by the Government and development partners to establish indicators and targets relating to gender equality and the empowerment of women.

### Regional

- 39 G8 members support international and African organisations such as:
- African Capacity Building Foundation (ACBF) and the African Regional Technical Assistance Centres (AFRITACs) initiative of the International Monetary Fund (IMF) in expanding regionally oriented technical assistance and capacity building programmes for macroeconomic development.
  - African-led research on economics, governance, trade and gender issues (through the United Nations Economic Commission for Africa (ECA) and other African institutions and organisations with relevant expertise, including the African Economic Research Consortium.
  - The African Union Commission, Regional Economic Communities and the NEPAD Secretariat.

### Sub-regional

- 40 Sub-regional Anti-Money-Laundering groups, which help member countries achieve and maintain international standards against money laundering and the financing of terrorism are supported by G8 members in East, South and West Africa.
- 41 G8 and OECD member countries are supporting Middle East and North Africa /OECD Public Governance Initiative.

### National

- 42 G8 members are increasingly supporting public sector reform and public finance development programmes that reflect the increase in African reform efforts. Governance reform is a focus of German bilateral cooperation in eleven African partner countries, for which Germany has provided €210 million. This includes assistance for democratic decentralisation and national democratic institutions, in support of which Germany has invited African Parliamentarians to two international conferences.
- 43 Support to public financial management reform, typically jointly with other development partners, has been an essential complement to the UK's provision of budget support to many African countries, including Ghana, Ethiopia and Tanzania.<sup>16</sup> French support to public sector reform and public finance development programmes has amounted to €52 million in 2003-05. Support to elections has amounted to €5 million over the same period.
- 44 G8 members are providing support for judicial sectors, policing, electoral commissions, democratisation and promotion of human rights.

16 Resulting improvements in economic governance have been recognised in HIPC assessments of their public expenditure management between 2001 and 2004

- 45 G8 members are working to strengthen national Parliaments. This includes programmes supporting Parliamentary Committees such as public accounts and finance committees particularly involved in the Poverty Reduction Strategy Paper (PRSP) process.

### Looking Ahead

- 46 The international community and G8 members should explore how they might do more to strengthen African institutions, particularly the AU and the Regional Economic Communities. This should be beyond the issue of peace and security. It could include capacity building and if appropriate, core-funding of programmes. This support needs to be sufficient and flexible enough to respond to insitutional priorities, respective mandates and to promote African institutions and to set the stage for a future in which African resources will sustain their own institutions. It also needs to be better co-ordinated. G8 assistance for the AU and regional institutions should include support for the establishment of the Pan-African Human Rights Institutions such as the Court of Human Rights.
- 47 The establishment of the African Peer Review Mechanism is of particular importance. If robustly implemented, it can play a major role in improving transparency and governance in Africa. Consistent with African ownership, the G8 should consider providing coordinated support to help ensure implementation of both the reviews and APRM driven reforms at the country level.
- 48 Both African and developed countries need to do more to combat corruption and money-laundering. All countries should work to ratify and implement the UN Convention against Corruption. The AU Convention on Preventing and Combating Corruption should be ratified as soon as possible. Further progress is needed by the G8 in the efforts for asset recovery consistent with the principles of the UN Convention against Corruption.
- 49 G8 members should support the implementation of the Solemn Declaration on Gender Equality at a national and regional level.

# III Fostering Trade, Investment, Economic Growth and Sustainable Development

**50** The second of NEPAD's primary objectives is to place African countries, both individually and collectively, on a path of sustainable growth and development. There are encouraging signs that prospects for overall economic growth in Africa are improving. In 2004, economic performance was the best since 1998 in sub-Saharan Africa, with 14 countries exceeding 5% growth, (up from 10 in 2002) and 13 growing at a rate of between 3 and 5%.<sup>17</sup> Since relative peace in Mozambique in 1992, sustainable growth has brought rapid poverty reduction as the number of Mozambicans living below the poverty line was reduced from 69% in 1997 to 54% in 2003. The development of new PRSPs (for example in Tanzania) include a strong focus on economic growth. The challenge is for these trends and successes to be replicated and improved across Africa, and to ensure that economic growth is pro-poor and results in sustainable development.

## Investment and Private Sector Growth

**51** Despite progress, current longer-term growth trends in many African countries are too low to secure sufficient poverty reduction as populations expand. It is also unlikely that ODA flows alone will generate sufficient resources for poverty reduction. The Africa Action Plan underlined the importance of the G8 helping Africa attract investment both from within the continent and abroad. We must, therefore intensify our efforts to support Africa in harnessing the potential of private sector growth and developing the capacity of Africa to trade. In general, Foreign Direct Investment (FDI) in Africa remains minimal outside of a few sectors, such as telecommunications or oil and gas. Domestic savings rates and investment are still low. However, in several countries that are implementing strong policy reforms, FDI is widening to include other sectors and domestic savings are growing. There is a growing recognition of the potential opportunities and rewards from productive investment in Africa if the necessary conditions are created. In this context, in April 2005, an Asia-Africa Business Summit was held in Indonesia, which strengthened the commitment to promote trade and investment between Asia and Africa, and address the challenges in doing so.

**52** It is essential that national investment climates are reformed to make them conducive to private investment in the formal sector of the economy. This would help to reduce actual and perceived risks for investors. One of the challenges in improving the investment climate is to enhance governance and institutional performance across the board, including in the financial sector. G8 members are supporting a range of initiatives to encourage African efforts to improve the enabling environment

<sup>17</sup> World Bank presentation to Strategic Partnership with Africa plenary, January 2005. For comparison, the same presentation shows that in 2003, 14 countries experienced growth rates above 5% and 10 countries experienced growth between 3 and 5%. The African Development Report, 2004, by the African Development Bank reports that in 2003, average rates of growth in Africa was 3.7%, up from 2.9% in 2002

for investment. At Sea Island, the G8 endorsed the action plan on “Applying the Power of Entrepreneurship to the Eradication of Poverty” to assist developing countries in Africa and elsewhere in creating better conditions for private sector growth.

- 53 G8 members need to encourage more co-ordination and streamlining of existing and planned initiatives, which provide financial and technical support to help remove barriers to domestic and foreign investment in Africa. Initiatives such as the Investment Climate Facility for Africa (a public-private partnership that would assist implementation of investment climate reforms), should complement the World Bank Private Enterprise Partnership and Foreign Investment Advisory Service.
- 54 The World Bank, International Finance Corporation, the African Development Bank, and G8 members are working to enhance private sector development through joint programmes in Africa. Additional employment in Africa could be provided through small, medium and micro enterprises. African governments, the African Development Bank, and international development partners are working closely with small and medium enterprises through a number of programmes.
- 55 G8 members are also supporting work on access to finance, microfinance and remittances. Overall levels of access to finance are extremely low (less than 10% of the adult population in many African countries have bank accounts), and this acts as a brake on growth and opportunity. The UN and the World Bank have undertaken work to develop indicators on access to finance, and to support national governments to maximise the productive use of remittances. A high level conference on enhancing access to microfinance took place in Paris on 20 June, which agreed that microfinance is a powerful tool to use in helping to reach the Millennium Goals and discussed how best to promote access to finance globally.
- 56 The Tokyo International Conference on African Development (TICAD) plays an important role in enhancing South-South co-operation including trade and investment between Asia and Africa. In November 2004 Japan hosted the TICAD Asia-Africa Trade and Investment Conference to promote trade and investment in Africa.
- 57 Japan proposed the Enhanced Private Sector Assistance for Africa (EPSA for Africa) with the African Development Bank, which will be implemented through a framework of two facilities: an ODA loan facility of up to US\$1 billion over five years for private sector development, including provision and improvement of infrastructure, and a trust fund of US\$200 million over five years, to which Japan would contribute 20%, mainly for technical assistance and capacity building.
- 58 G8 members are supporting many initiatives to improve the climate for private sector investment and supporting programmes to encourage investment such as the “OECD/NEPAD Investment Initiative”, “Investment for Development Project” and Middle East and North Africa/OECD Initiatives. Many support the Common Market for Eastern and Southern Africa (COMESA) and SADC to undertake initiatives at the regional level on areas such as competition policy. Canada has launched the Canada Investment Fund for Africa (CIFA), a public-private initiative that provides risk capital for private investments in Africa. The Canadian Government will contribute up to C\$100 million on a matching basis with other investors.



- 59 G8 members also support bilateral initiatives to promote an enabling investment environment and to build institutions for private sector development. For example the Zambia International Business Advisory Council is advising the Government of Zambia on investment climate reform measures that will form part of the G8 Business Climate pilot proposed as a result of G8 Sea Island discussions.
- 60 Germany provides €80 million in support of economic reforms in Africa. This focuses on activities for enabling environment and the development of the financial sector. Additionally, Germany supports the reduction of barriers to trade in the regional organisations SADC and EAC.

## Infrastructure

- 61 The lack of regional linkages, the poor condition of infrastructure and inadequate provision and maintenance of public infrastructure are among the major constraints to private sector investment, economic growth and trade. Better infrastructure could act as a catalyst for much needed regional integration and is essential for improving agricultural productivity and provision of social services. Infrastructure financing will not be found exclusively from either the private or public sectors – it needs both. There will need to be significant increases in this investment in infrastructure from all sources, foreign and domestic.
- 62 The NEPAD Infrastructure Short-term Action Plan (STAP) was adopted in January 2002, in order to address Africa's infrastructure issues on a regional basis. Under the STAP, NEPAD's Heads of State and Government Implementation Committee has approved a list of 20 "top priority" projects in energy, transport, water, sanitation, and information and communications technologies. The World Bank and African Development Bank have already earmarked some financing for these. NEPAD set up the Infrastructure Project Preparation Facility in 2003, which is now a multi-donor facility. Many G8 members support the Public-Private Infrastructure Advisory Facility, which helps African Governments stimulate private sector investment in infrastructure.
- 63 In May 2005, G8 members discussed how to work together to achieve more effective, larger scale activity behind priorities set by Africa, and to identify and overcome constraints, in a new co-operative spirit that recognises the comparative advantages of different donors. To achieve this, the G8 and Africa are working to develop an infrastructure consortium, building on the valuable work already on-going, in close co-ordination with the African Development Bank (which was recognised by NEPAD as the lead agency on infrastructure), as well as other key stakeholders.
- 64 G8 members also invest directly. Since 2003 the EC has provided almost €900 million for transport in sub-Saharan Africa. This is a part of the €2,500 million envelope allocated for transport in 27 sub-Saharan Africa countries. The EC provides 30% of the finance for the sub-Saharan Africa Transport Policy Programme.

## Looking Ahead

- 65** Increased private and public sector investment in infrastructure, including water, sanitation and sustainable energy is required, and resources need to be used more effectively. Where the public sector is involved, all relevant stakeholders need to work together in support of African institutions to establish a co-ordinated approach to plan and implement support for infrastructure, including to improve regional and cross-border connectivity. Investing in infrastructure requires the provision of finance for maintenance, rehabilitation and expansion. Adequate provision has to be made in African budgets. Greater capacity and institutional strengthening is also required.
- 66** The G8 should provide support, financial as well as technical, to actions that ensure that infrastructure is soundly managed, is subject to commercial management principles and prioritises the finance for maintenance. This would increase the potential for sustaining the benefits of infrastructure and attracting public and private investment.

## Trade

- 67** Trade is at the heart of achieving NEPAD's third primary objective of enhancing Africa's full and beneficial integration into the global economy. At Evian, the G8 committed to completing the Doha round of trade talks by 1 January 2005. Unfortunately such progress was not possible in these multilateral negotiations. However, the WTO framework agreements reached in Geneva in July 2004 offer a good basis to move forward and achieve progress for the poorest developing countries. WTO members have agreed to negotiate an end date for the elimination of all forms of agricultural export subsidies as well as to achieve substantial reductions in trade-distorting domestic support and substantial improvements in market access.
- 68** G8 members have made some progress in reducing trade distorting agricultural subsidies and domestic support, and some progress is being made to promote increased trade among and between developing countries and to increase market access. However, the G8, working with all WTO members, can and should do more to enable African producers to exploit the comparative advantage they have in agricultural production by achieving agreed ambitious results in the Doha negotiations.
- 69** G8 preference schemes, recognised at Evian as having a transitional role in bringing developing countries into the global trading system, have offered some increased market access to African exports. The implementation of the broader gains to be made in the Doha round will take time. Therefore preference schemes could be further improved in order to boost market opportunities and stimulate regional integration and trade between developing country partners.
- 70** Steps to increase African trade will also require strong policy action in Africa, including steps to increase regional integration. Bigger regional markets, governed by a set of predictable rules will have a key role to play in enabling greater investment, both from local and foreign sources. G8 members are working to promote regional and South-South integration through sub-regional organisations, but

faster progress should be encouraged. African governments need to take further action to remove constraints to intra-African trade. Many of these, such as regulatory reform, are relatively simple to implement and relatively low-cost, but would have high returns.

### Capacity Building for Trade and Regional Integration.

- 71** G8 members are providing significant trade related technical assistance to Africa. From 2001 to 2004, the EU committed around €1.5 billion, including support for trade and market development and assistance for trade policy formulation and regulations. From 2002 to 2004, the US committed more than US\$400 million to trade related capacity building.
- 72** In countries such as Ethiopia Lesotho, Tanzania, Rwanda, Zambia and Malawi, G8 members are supporting the interagency Integrated Framework process bringing together the WTO, World Bank, IMF, UNCTAD, UNDP, ITC and donors to help identify strategic trade priorities and integrate these into the national poverty reduction plan.

### Trade Promotion and Reform

- 73** The EU provides liberalised access under the Cotonou Agreement for all sub-Saharan African countries, and duty and quota free access (except for arms) for all least developed African countries under the Everything But Arms (EBA) scheme. Today, close to 100% of imports from sub-Saharan African countries enter the EU market duty free. The negotiations of the Economic Partnership Agreements between EU and four African regions aim at deepening regional integration, consolidating overall market access to the EU and helping the regions to become more competitive.
- 74** The US African Growth and Opportunity Act (AGOA) provides duty-free access to the US market for nearly all goods produced in beneficiary countries in sub-Saharan Africa. AGOA's rules of origin are the most generous of all US preference programmes. AGOA is credited with providing tens of thousands of new jobs and hundreds of millions in new investment.<sup>18</sup>

### Looking Ahead

- 75** The G8 is committed to expanding economic growth, development and opportunity by achieving ambitious and well-balanced results in the global trade negotiations, the Doha Development Agenda (DDA) of the WTO. Achieving this outcome is critical for Africa's development. Ambitious outcomes could reduce the number of people in Africa living on US\$2 a day by 60 million.<sup>19</sup> G8 members should push for a successful Hong Kong Ministerial in December 2005 that addresses the drivers of economic development and growth: substantially reducing trade-distorting agricultural subsidies and barriers to access to markets; opening markets more widely to trade in goods; expanding opportunities for trade in services; overhauling and improving customs rules and other relevant procedures to facilitate trade; and advancing the development of all countries, especially the poorest within the WTO system.<sup>20</sup> Action should also be taken in line with our Evian commitments to ensure that rules, (particularly rules of origin provisions and documentation requirements) do not

18 According to the International Trade Commission, US two-way trade with sub-Saharan Africa increased 37% in 2004 compared to 2003

19 World Bank "Global Economic Prospects 2004"

20 G8 Leaders Statement on Trade, Sea Island June 2004

inadvertently preclude eligible developing countries from taking advantage of preference programmes<sup>21</sup>. Progress on other key Doha issues – such as industrial goods, trade in services, and trade facilitation – is also important if the Africans are to realize full benefits from global trade negotiations.

- 76** Increased market access alone, however, will not result in sustained increases in African exports unless accompanied by major improvements in the capacity to produce and trade. African Governments could do more to design and sequence trade reform as a core part of their Poverty Reduction Strategies. They could take further actions to remove constraints to intra-Africa trade, improve the climate for domestic and international investment, and promote micro, small, and medium sized enterprises. G8 members could do more to help to improve Africa's capacity to produce and trade, or their "supply side" capacity, by supporting African action, by increasing investment in the modernization of energy, transportation, and communications infrastructure, and supporting human and institutional capacity building to enable African producers take advantage of open markets and meet standards.

## Development Assistance

- 77** Following Monterrey, where we recognised that a substantial increase in development finance including ODA and private capital would be required to assist developing countries to achieve the Millennium Goals, G8 members committed through the Africa Action Plan to developing enhanced partnerships, including increased resources, to African countries that demonstrated their commitment to NEPAD principles such as good governance and sound economic policies. Since Evian, G8 members have increased overall aid volumes and have made very significant pledges to further increases.<sup>22</sup>
- 78** The review of progress towards the Millennium Goals, as well as the report of the Commission for Africa and the Global Monitoring Report concludes that a much higher level of investment is required to achieve the progress that Africa needs on economic growth, improvements in health and education and solutions to environmental problems.<sup>23</sup> Preventing HIV and AIDS from undermining progress to date also requires an immediate and significant increase of public, private and donor resources. There is scope for increasing aid levels in most countries. Macroeconomic and structural reforms across Africa accompanied by pro-poor infrastructure development and priming and leveraging private sector resources also give grounds for greater confidence for the effective use of increased resources.
- 79** However, absorptive capacity and poor policy environments continue to be concerns. African countries need to intensify efforts to implement their commitments through the Monterrey Consensus to sound policies, good governance at all levels and the rule of law. Development partners need to support African efforts to build capacity and promote effective service delivery.

21 As agreed at Evian "Co-operative G8 Action on Trade"

22 See detail in paragraphs 86 to 94 below

23 "Investing in People" Millennium Project Report January 2005

- 80** Improving the effectiveness of aid is a vital complement to increasing the volume of resources, and is important for reducing transaction costs and improving absorptive capacity. Different contexts mean that different ways of delivering aid are appropriate. This is an important consideration in countries with poor policy environments, or post-conflict and fragile states. The evidence shows that aid is particularly effective when provided to governments with sound policies, strong leadership and capacity to absorb resources.<sup>24</sup> The Millennium Challenge Account, a major new US initiative in development effectiveness, allocates aid resources according to these principles. However, the evidence also shows that providing development assistance is worthwhile, even to countries where governments have poor policies, as long as alternative mechanisms for delivering assistance are used and poor policies are not rewarded. It is important in allocating aid resources between countries that while we provide additional assistance to those who can use it best we do not neglect others. In particular we need to find ways to improve aid effectiveness in fragile and post conflict states.
- 81** G8 members need to work with African countries and other development partners to manage those resources more effectively. Some G8 members consider that for the poorest countries there should be an increase in the proportion of assistance provided in the form of grants, rather than loans. Some G8 members consider that recent increases in grants by the World Bank and other multi-lateral development banks are welcome and should continue. Aid is most effective when African governments provide strong leadership for coordinating and managing development resources (including monitoring results). Several African countries (Tanzania, Uganda, Burkina Faso and Mozambique) have set out the principles for development partnerships, which should be respected. Others should be encouraged to adopt a similar approach.
- 82** NEPAD identified the need for better co-ordination of aid programmes to reduce high transaction costs as a top priority for progress, in order to enable country leadership and to build capacity. For instance, the six sub-Saharan countries surveyed by DAC showed that during 2003, each country received an average of 155 missions looking at ODA expenditure. Joint budget support groups are being used to reduce transaction costs and improve outcomes. Progress is also being made through programme-based approaches for particular sectors. The OECD High Level Forum in Paris at the beginning of March resulted in an important declaration for development partners to work towards specific targets in improving aid effectiveness, alignment of development assistance with priority and country systems, harmonised arrangements and capacity development. These agreements now need to be implemented and targets reached.

### Effectiveness

- 83** The OECD-DAC Survey on Harmonisation and Alignment sets out progress made in fourteen developing countries (seven from Africa). This showed that G8 members are making progress in sharing analytical work and delegating some expenditure through other development partners.

<sup>24</sup> For example, Centre for Global Development (CGD), Washington DC Working Paper No. 44, 2004, by Clemens, Radelet and Bhavnani, and Dollar and Burnside World Bank Policy Research Paper 1777(2000)

- 84** New arrangements for multi-donor budget support have been signed in seven countries<sup>25</sup>, and others are under discussion. Informal budget support groups have emerged, many involving several G8 members. Programme-based approaches attract G8 support in many countries, particularly in the health and education sectors. These approaches help to improve co-ordination and support national systems.
- 85** The UK is working with other development partners and the World Bank to establish joint budget support arrangements to enable development partners to use common mechanisms and a common set of indicators.<sup>26</sup> In order to improve predictability of aid flows, the UK has signed ten-year agreements with Sierra Leone, Rwanda and Ethiopia, and others are under discussion.

## Volume

- 86** Canada continues to honour its 2002 Monterrey commitment to double international assistance by 2010 with at least 50% of increased aid flowing to Africa. This will result in Canadian aid to Africa doubling from its 2003/04 level by 2008/09.
- 87** The EU has committed to reach 0.7% ODA/GNI by 2015, with an interim target of 0.56% ODA/GNI by 2010 – a doubling of EU ODA between 2004 and 2010. This would translate into additional annual €20 billion by 2010. The EU will provide collectively to Africa at least 50% of the agreed increase of ODA resources.
- 88** France has committed to raising ODA to 0.5% of GNI by 2007 and 0.7% by 2012. France devotes 70% of its bilateral ODA to Africa (US\$3.6 billion in 2003).
- 89** Germany is on track to achieve its Barcelona target that is 0.33% of GNI for official development assistance by 2006 and is committed to achieve 0.51% by 2010 and 0.7% by 2015.
- 90** Italy will raise its ODA allocation to Africa from 40% to 50% and undertakes to reach 0.51% ODA/GNI in 2010 and 0.7% ODA/GNI in 2015.
- 91** Japan has committed to doubling aid to Africa by 2007.
- 92** Russia has provided \$2.2 billion for the HIPC initiative and will contribute 40 million SDR for the replenishment of IDA 14.
- 93** On current trends the UK's international development budget will reach 0.7% by 2013. Bilateral expenditure in Africa will reach £1.25 billion by 2007/8 from £0.71 billion in 2002/03.

25 Benin, Burkino Faso, Ghana, Mozambique, Rwanda, Tanzania and Zambia. Burundi and Malawi are very close to being signed  
26 50% of the UK bilateral assistance to Africa will be directed through budget support by 2006-7

- 94 US tripled net ODA disbursement to Africa from 2000 to 2004. In addition, under the US Millennium Challenge Account, eight sub-Saharan countries have been assessed to be eligible for enhanced assistance.<sup>27</sup> To date, a total of US\$2.5 billion has been appropriated for the MCA.

### Looking ahead

- 95 G8 members need to fulfil their commitments made at Monterrey and consider how the scale of ODA resources needed to meet the Millennium Goals in Africa can be provided, recognising that additional funding is required from all sources. Further efforts are needed to promote harmonisation and alignment of donors' operational policies, procedures and practices with those of partner country systems according to the Paris Declaration on Aid Effectiveness of March 2005. G8 members should also strive to meet the targets agreed at the Paris OECD High Level Forum on Harmonisation in March 2005.
- 96 Ensuring mutual monitoring and review of commitments on development made by both the G8 and Africa is essential. At the fourth meeting of the Africa Partnership Forum, held in Abuja in April 2005 there was strong agreement on the need for a mutual monitoring process with clearly defined benchmarks to measure progress. The Africa Partnership Forum (APF) should be strengthened to be the political mechanism for monitoring commitments and results by development partners and Africa. The APF should meet twice yearly. It should draw on all sources of information, including the DAC Mutual Review of Development Effectiveness (MRDE). The next Africa Partnership Forum meeting will be held in October 2005 in London.

27 Benin, Cape Verde, Ghana, Lesotho, Madagascar, Mali, Mozambique and Senegal

## IV Implementing Debt Relief

- 97** The G8 has been instrumental in achieving progress on debt relief. At Evian, we reported that 22 of the poorest countries in Africa had benefited from US\$32 billion in debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative. Since the Evian Summit, seven African countries have completed the HIPC Initiative, receiving irrevocable debt reduction. Individual G7 countries<sup>28</sup> have provided HIPCs with up to 100% relief on bilateral debt. Niger, Ethiopia and Rwanda also received substantial topping-up in order to bring their debts back down to the HIPC threshold. The provision of debt relief has increased the percentage of government revenue spent on poverty reduction in the HIPC participating African countries from 38.6% in 1999 to an estimated 48.9% in 2005.<sup>29</sup>
- 98** At the Sea Island Summit in 2004, G8 leaders committed to fully implementing the HIPC initiative and to support debt sustainability in the poorest countries through debt relief and grant financing. To that end, G8 leaders asked their Finance Ministers to work with other development partners and the international financial institutions to extend the sunset date of the HIPC initiative until 31 December, 2006.
- 99** During the IMF/World Bank Annual Meetings in October 2004 a Joint Proposal for a “Debt Sustainability Framework” was presented. The International Development Association (IDA) 14 and African Development Fund (AfDF) 10 replenishment rounds agreed to use the Debt Sustainability Framework as the basis for determining appropriate IDA and AfDF financing terms.
- 100** In June 2005, G8 Finance Ministers proposed that development partners agree to complete the process of debt relief for HIPC countries by providing additional development resources, which will lead to 100% debt cancellation of outstanding obligations of HIPCs to the IMF, International Development Association and African Development Fund. G8 Ministers agreed that additional contributions are made available to ensure that IDA and AfDF’s financial integrities are maintained.<sup>30</sup> The additional funds would be allocated to all IDA and AfDF recipients based on existing IDA and AfDF performance-based allocation systems.
- 101** G8 Ministers requested that the World Bank and IMF reported on improvements in transparency on all sides and on the drive against corruption so as to ensure that all resources are used for poverty reduction.<sup>31</sup> In addition, they committed, on a fair burden share basis, to cover the cost of countries

28 Niger, Senegal, Ethiopia, Ghana, Madagascar, Rwanda and Zambia

29 Heavily Indebted Poor Countries (HIPC) Initiative, Statistical Update April 4 2005

30 Donors would provide additional contributions to IDA and AfDF, based on agreed burden share to offset dollar-for-dollar the foregone principal and interest repayments of the debt cancelled. Additional funds will be made available immediately to cover the full costs during the IDA-14 and AfDF-10 period. For the period after this, donors would commit to cover the full costs for the duration of the cancelled loans, by making contributions additional to regular replenishments of IDA and AfDF

31 G8 Finance Ministers Conclusions on Development, London, 10-11 June 2005



that may enter the HIPC process based on their end-2004 debt burden, and they will also seek equivalent contributions from other development partners. These proposals will be considered at the Annual Meetings of the IMF, World Bank and African Development Bank. G8 Finance Ministers also agreed to move towards a fair and sustainable solution to Nigeria's debt.

- 102** The estimated cost to G8 members through the Paris Club of the HIPC Initiative for the 23 African countries which have reached decision point is: Canada US\$221 million, France US\$2,055 million, Germany US\$1,166 million, Italy US\$1,060 million, Japan US\$1,905 million, Russia US\$714 million, UK US\$714 million, USA US\$1,392 million.<sup>32</sup> In addition, G8 members have pledged contributions of \$663 million to the HIPC Trust Fund since October 2002<sup>33</sup>.

### Looking ahead

- 103** G8 members should work with other development partners to agree the June 2005 proposals at the Annual Meetings of the World Bank, IMF and African Development Bank in September 2005.

32 Heavily Indebted Poor Countries (HIPC) Initiative, Statistical Update April 4 2005

33 Canada US\$68 million, France US\$71 million, Germany US\$118 million, Italy US\$61 million, Japan US\$56 million, Russia US\$12 million, UK US\$127 million, US US\$150 million

# V Enhancing Knowledge: Improving and Promoting Education and Expanding Digital Opportunities

**104** At the Genoa and Kananaskis Summits we committed to increase support for primary education whilst reaffirming the importance of strong political commitment to primary education by developing country governments.<sup>34</sup> Since then, most G8 members have made a significant effort to generate additional funding for basic education using bilateral as well as multilateral channels. The Education For All (EFA)-Fast Track Initiative has provided an impetus for better co-ordination of aid in support of education systems, as well as for mobilising additional funding. The initiative has also enabled countries with few funding partners to benefit from the “Catalytic fund”.<sup>35</sup>

**105** Nevertheless, there continues to be a substantial financing gap that falls short of the at least US\$5.6 billion<sup>36</sup> estimated annual additional aid required to achieve the Millennium Goal of universal primary education by 2015 and the elimination of gender disparities in primary and secondary education by 2005. Progress towards universal primary education not only depends on finance, but also the expansion of capacity in the education sector through long-term commitments by African countries to prioritise it as part of overall national poverty reduction plans. These plans should also address the growing impact of HIV and AIDS on the education sector and be adapted to crisis or post-conflict situations. Improving the quality of education is important to complement increased financing.

## Increasing Capacity

**106** Under EFA, development partners have contributed an estimated US\$350 million a year for twelve countries of which seven are in Africa.<sup>37</sup>

## Improving Quality

**107** G8 members have continued to focus on quality as well as the quantitative aspects of education in Africa, including through support to the Association for the Development of Education in Africa (ADEA)’s work on the quality of education and the EFA Global Monitoring Report. G8 members also support particular ADEA Working Groups.

34 G8 members agreed at the Education for All Summit in Dakar in 2000 that “no countries seriously committed to education for all should be thwarted in their achievement of this goal by a lack of resources.” Kananaskis Report of the G8 Education Task Force, 2002

35 This benefits countries within the Fast Track Initiative. Pledged funds for the period 2003–2007 currently total US\$293 million

36 EFA Global Monitoring Report 2005

37 Burkina Faso, the Gambia, Ghana, Guinea, Mauritania, Mozambique and Niger

## Gender balance

- 108** G8 members have continued to target girls' education as an integral part of their education programming in Africa. For example, in Niger, G8 members' support for the Education Programme under the Fast Track Initiative is placing a particular emphasis on girls' education.

## Sharing Knowledge and Information and Communication Technology (ICT)

- 109** G8 members have continued to support links between G8 universities and African research institutions and networks, as well as providing direct support to research programmes. For example, Russia grants 700 scholarships a year for Africans to study in Russian institutions of higher education.
- 110** G8 members are supporting the innovative use of ICT for development in Africa. Initiatives supported include the Catalysing Access to ICT in Africa (CATIA) programme, the African Virtual University (AVU), Connectivity Africa, ePol-Net, Acacia, the SchoolNet Africa Initiative and the Open Knowledge Network. Italy, in the framework of the Genoa G8 Declaration, supports an initiative on e-Gov and ICT in Mozambique and Nigeria.

## Looking Ahead

- 111** Balanced support across the education sector is needed, with priority to basic education in countries that continue to be off-track in terms of reaching the Education and Gender Millennium Goals. African Governments should be supported to increase access to education including through the abolition of user fees as appropriate. Ensuring quality is maintained as access increases will be important, including through G8 support where appropriate.
- 112** Commitments to financing credible basic education plans under the EFA- Fast Track Initiative and other initiatives must be carried through, with renewed emphasis on girls' education. Capacity building measures in planning and management for Education for All are also needed, particularly at the decentralised level.
- 113** New partnerships in non-formal education and with non-state providers should be explored in order to provide additional educational opportunities.

## VI Improving Health and Confronting HIV and AIDS

- 114** Since 2003, there is evidence of a much stronger, more widespread commitment to tackling HIV and AIDS as one of the greatest threats to life expectancy, the eradication of poverty and achievement of the Millennium Goals. In Africa, the speed of progress reflects the differences between those countries with strong political will to combat HIV and AIDS and those without. Conflict, and lack of human resources also prevent progress in many countries. Stronger national health systems are needed to ensure that progress is sustainable and further work is required to ensure that prevention measures, treatment and care are accessible to all. This work must go hand in hand with ensuring that systems are strengthened to address HIV and AIDS and capacity is built to deliver other essential services to reduce child mortality and tackle continuing, unacceptable levels of maternal morbidity and mortality. The G8 still has significant work to do on improving coordination of aid in tackling HIV and AIDS as well as minimising the impact of other policies, such as recruitment of health professionals, on the capacity of African countries to deliver essential health services.
- 115** Since the Evian Summit, where a G8 Action Plan on Health was agreed, access to antiretrovirals (ARVs) for HIV and AIDS has improved as a result of cuts in the price of drugs and increased funding by G8 members and international bodies. G8 partners are working bilaterally and multilaterally to meet WHO's "three by five" goal to get three million people on antiretroviral treatment by 2005 – 2 million of which are in Africa. At a joint announcement in Davos at the World Economic Forum, WHO, UNAIDS, the U.S. and the Global Fund stated these efforts were on track, although continued strong efforts and rapid scale up of programmes would be needed. In sub-Saharan Africa the number of people on ARVs has doubled over a six-month period ending in September 2004 from 150,000 to 325,000. However, fewer than 10% of those who need treatment in Africa are currently receiving it. The challenge is to move rapidly from small individual projects to effective national programmes and to do this without taking resources, particularly human resources, away from the delivery of other essential health services.
- 116** The High Level Meeting in March in London on "The Global Response to AIDS; Making the Money Work" agreed to mobilise funding to combat HIV and AIDS. A multi-stakeholder working group following the meeting estimated that resource needs for prevention, treatment and care, support for orphans and vulnerable children, as well as programme and health costs would be approximately US\$15 billion in 2006, rising to US\$18 billion in 2007 and US\$22 billion in 2008.
- 117** At Sea Island the G8 stated their determination to close the 2005 financing gap for the Polio Eradication Initiative by the 2005 G8 summit. The current shortfall for 2005 is estimated at US\$50 million<sup>38</sup>. The G8 has contributed over US\$2 billion since 1988 and have pledged US\$282.2 million for 2005.

38 Polio Eradication Initiative (PEI)

- 118** UNAIDS, in partnership with major donors in April 2004, secured agreement to the principles of the Three Ones (one agreed national framework, one national coordinating authority, and one agreed monitoring and evaluation system), for AIDS programming at country level. This commits the G8 to strongly adhere to these principles in our aid delivery and partnerships at country levels, and to support harmonised processes.
- 119** The role of the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM) has significantly increased with support from the G8.<sup>39</sup> As an important conduit for financing health sector priorities in Africa, G8 partners agreed to maximise the full potential of Global Fund resources and ensure greater consistency with existing national priorities, processes and strategies. Further support is being considered, for example, Russia is considering a further US\$20 million in 2005–8.
- 120** G8 members support significant interventions in HIV and AIDS prevention, care and treatment. For example, Africa is a major beneficiary of the US Emergency Plan for AIDS Relief (PEPFAR). US\$779 million was provided to Africa in 2004; this is planned to be US\$1.1 billion in 2005. As of 31 March 2005, the Emergency Plan was supporting ARV treatment for approximately 235,000 people in Africa.
- 121** The UK committed in 2004 to spending £1.5 billion on HIV and AIDS over three years (with most of this spent in Africa). This includes at least £150 million for orphans and vulnerable children. The UK is also focusing on HIV prevention – such as helping UNFPA with global advocacy for women’s sexual and reproductive health.
- 122** Canada is currently the largest donor to the WHO “three by five” Initiative and since 2003 has invested almost C\$415 million in HIV/AIDS spending. Canada has contributed C\$162 million for the Global Polio Eradication Initiative and C\$160 million to the Global Alliance for Vaccines and Immunization (GAVI).
- 123** At Sea Island, the G8 committed to accelerating the development of an HIV vaccine through the establishment of a Global Vaccine Enterprise, which is working closely with over 50 different stakeholders to implement its scientific and strategic plan. The International Aids Vaccine Initiative global partnership is working on the development of a safe, effective preventive vaccine for use around the world. Italy, with its national institute of Health, and in collaboration with South Africa is funding extensive research programming for an HIV vaccine.
- 124** Innovative financing proposals to increase resources available for fighting diseases of poverty are being discussed with support from some G8 members. These include the International Finance Facility for Immunisation, and proposals for international voluntary taxes on air transport.
- 125** In February 2005, Japan decided to provide 10 million long-lasting insecticide-treated bed nets to African countries by 2007 in response to “Quick Wins Actions” mentioned in the “Millennium

39 G8 contributions to the Global Fund to date: Japan US\$327 million, France US\$316 million, Russia, \$20 million, US US\$1.08 billion, Canada C\$300 million, UK £259 million

Project Report”. Japan extended assistance amounting to US\$4.1 billion from 2000 to 2003 under its Okinawa Infectious Disease Initiative, and launched the “Health and Development Initiative” in June 2005 to strengthen its support to developing countries in meeting the health Millennium Goals. Based on this initiative, Japan will provide comprehensive assistance amounting to US\$5 billion over the five years starting from 2005.

- 126** G8 members are providing support to strengthen health systems, through, budgetary and sectoral support, direct programmes and partnerships between developed hospitals and African health care institutions.

### Looking ahead

- 127** G8 members should implement and support the agreements from the High Level Meeting on AIDS in March and recommendations of the Global Task Team, including narrowing the AIDS funding shortfall, promoting further implementation of the three ones at country level, and promoting better harmonisation of support at the international level.
- 128** Further support for increasing safe and effective access to antiretrovirals is needed. However, the effective push on treatment and access to medicines needs to be balanced with continued momentum on prevention. The G8 need to work with Africa to mobilise significant resources to address other priority diseases of poverty, which have a strong impact on child and maternal mortality, such as through scaling up effective malaria prevention and treatment initiatives.
- 129** The G8 should provide increased support to the improvement of health care systems in African countries including helping to ensure that there are sufficient numbers of health professionals to serve the needs of the population and that African Governments are supported to remove obstacles to treatment such as user fees where appropriate. Support should back national plans and also support efforts towards greater regional coordination, cooperation and action.
- 130** The G8 should meet the Kananaskis and Evian commitments to fund fully the Global Polio Eradication Initiative.

## VII Increasing Agricultural Productivity

- 131** The importance of agricultural productivity in Africa's development is recognised in NEPAD and has been the focus of G8 attention at both the Evian and Sea Island Summits. Agricultural needs are often nationally specific and implemented through a range of programmes and institutions from farmers' organisations to land ministries. G8 members are involved in a broad range of bilateral and multilateral activities, aimed both at improving agricultural productivity and broader rural development.
- 132** NEPAD has articulated its vision for Africa through the Comprehensive African Agriculture Development Programme (CAADP) and, in 2005, G8 members have supported and attended a series of regional consultations at which African stakeholders elaborated plans for implementation of this vision. Overall, the profile of agriculture in development is increasing. The Evian famine paper was an important statement on reducing food aid dependency through increased agricultural productivity and development. The Evian and Sea Island action plans provide a basis to end the cycle of food aid dependency and to help increase agricultural productivity in Africa. Nevertheless, progress on agricultural productivity will take time. Progress also relies on political reforms to improve market-orientation, fair and gender-balanced property rights and sustainable institutions.
- 133** Finance for agricultural research in Africa from G8 members is growing. Among other foundations, the G8 members support FARA (Forum for Agricultural Research in Africa), CGIAR (Consultative Group on International Agricultural Research) and the African Agricultural Technology Foundation.
- 134** On provision of emergency food assistance, the international community responded quickly and effectively to the crisis in Southern Africa and subsequently to Ethiopia and Eritrea. G8 members are supporting the Ethiopian government in developing a national safety net programme to reduce food aid dependency. (US\$300 million a year supporting 5.1 million people). The United States will provide more than US\$2 billion in humanitarian assistance to Africa in 2005 financial year. Russia provided humanitarian assistance in 2003-04 including US\$2 million for UNHCR and US\$1 million for food aid in Angola. From 2005, Russia will contribute to WFP on a regular basis.
- 135** G8 members provide direct support for agricultural productivity and rural development, for example Canada has provided C\$180 million for agricultural development in 2004 (more than doubled since 2001) of which 50% is devoted to Africa.
- 136** Approximately US\$100 million was provided from Japan in 2003 and 2004 in support of a comprehensive set of actions on agriculture, including research and dissemination of New Rice for Africa (NERICA), to raise agricultural productivity, strengthen urban-rural linkages and empower the poor.

- 137** France's ODA programme prioritises support to food security, agriculture and rural development. France devotes nearly €400 million annually to the support of agricultural development, mainly in Africa, in addition to its food assistance (€35 million).
- 138** G8 members are supporting CAADP to reinforce peer reviews of African agricultural programmes by NEPAD and providing technical assistance to develop investment plans to stimulate agricultural growth.

### Looking Ahead

- 139** The G8 should support increased agricultural productivity and rural development in Africa. This could be through direct support to the agricultural sector in line with national priorities, coupled with initiatives to generate a conducive policy environment, trade reform, investment in infrastructure and greater investment in research, access to finance and capacity building as articulated through the CAADP framework. Special attention should be given to addressing desertification, land and water degradation and lack of irrigation, which are increasingly impediments to agricultural productivity in many regions.
- 140** Support should be designed to help African countries capture the benefits offered by the expansion of local markets and trade liberalization. It is also important that sufficient attention is paid to issues such as property rights, particularly with regard to gender issues.



# VIII Improving Water Resource Management

- 141** The provision and supply of water and sanitation services are not only the focus of a Millennium Goal in their own right, but also essential to achieving many other targets, such as those related to health, gender and education. In addition, the trans-boundary management of shared watercourses is an opportunity to address multiple development concerns in the region, including the promotion of regional economic integration, conflict prevention and protection of the environment.
- 142** G8 members support international organisations such as the Water Supply and Sanitation Collaborative Council, the Global Water Partnership and UN-Habitat's Water and Sanitation Trust Fund. G8 members are also engaging with the African Development Bank on initiatives such as the African Water Facility (initiated by the African Ministers Council on Water, AMCOW) and the Rural Water Supply and Sanitation Initiative (RWSSI). The G8 is also committed to supporting African efforts to promote the productive and environmentally sustainable development of water resources at a national as well as a sub-regional level. For example, several countries are providing technical assistance to African institutions on implementation of water allocation reform. Support for AMCOW aims at improving international cooperation among African states on shared water resources and preventing conflict by strengthening South-South dialogue on water management.
- 143** An international conference on 1 April, organised by the African Development Bank and hosted by France, expressed strong support for the African Development Bank's Rural Water Supply and Sanitation Initiative and resolved to achieve the Millennium Goal for water in Africa by 2015. Participants agreed to a seven point plan to improve rural access to water. The plan includes commitment to mobilisation of human and financial resources to achieve the Africa Water Vision to provide 50% access to water supply and sanitation to the rural population by 2007, 60% by 2010 and 80% by 2015, co-ordination with NEPAD and AMCOW and developing innovative financing mechanisms and facilitating public private partnerships suitable for the rural sector.
- 144** The Africa-EU Strategic Partnership on water and sanitation, signed at the World Summit on Sustainable Development, is being implemented through the EU Water Initiative and the €500m ACP-EU Water Facility, which addresses the financing gap and aims to create the opportunities to bring new finance to water and sanitation in African countries. The EU Water Initiative also supports transboundary water management, covering five river basins. G8 members are engaged in 14 transboundary river basins in Africa, particularly in the Nile, Niger, Zambezi, Limpopo and Senegal basins. Activities have a strong focus on capacity building, Integrated Water Resources Management and policy and legal reforms.

- 145** G8 members have been supporting programmes to improve access to water and sanitation since the Evian Summit, where a G8 Action Plan on Water was agreed. France's annual ODA for water is €180 million and France will double its ODA for water in Africa by 2009. France has pledged €40 million in support of the Trust Fund for the African Development Bank RWSSI. Italy has allocated US\$310 million to finance hydroelectric programmes in Sierra Leone and in Ethiopia.
- 146** Germany provides US\$160 million each year in support of the water sector in Africa, particularly via African initiatives for transboundary water management. Germany focuses on capacity building support for institutions in the water sector, including the African Council of Ministers on Water for river basin organisations (€8 million), as well as on investments in water supply and sanitation and cooperation on water resource management issues.

### Looking Ahead

- 147** Integrated water resources management and water supply and sanitation should be improved through a package of support including institutional strengthening and good governance for African national and regional institutions, as well as significant new investment in infrastructure from both private and public sources in line with the seven point action plan agreed at the Paris Water Conference in April 2005.

# Conclusion

- 148** We, the G8 Africa Personal Representatives, have reviewed progress against the Africa Action Plan agreed at Kananaskis. Our assessment shows that the partnership between the G8 and Africa has continued to grow, but that progress in implementing the Action Plan has been mixed. In some areas, the G8 have shown a real commitment to progress, such as supporting African efforts to address conflict, through significant commitments to increase ODA to Africa and through many initiatives of the past few years, such as on debt (HIPC), education (Fast Track Initiative), and AIDS (Global Fund and PEPFAR). However, we need to make more progress in translating our commitments more quickly into action, in improving the quality of our assistance, strengthening coherence of our non-aid policies that affect Africa and working for a successful Doha Development Round through the WTO.
- 149** We note the progress that has been made in implementing the NEPAD principles in Africa, particularly in the areas of peace and security with the development of the peace and security architecture of the African Union and the progress made on the Africa Peer Review Mechanism. However, we note the continuing challenges that Africa faces, particularly in the fight against poverty and disease. We conclude that the G8 and Africa need to intensify their efforts if Africa is to make progress in meeting the Millennium Goals.
- 150** In the preparation of this progress report, Africa Personal Representatives have examined the report of the Commission for Africa. APRs considered it to be a clear, evidenced analysis which supports the NEPAD approach and the principles underlying the G8 Africa Action Plan. Both aimed to develop a coherent set of policies to accelerate progress towards a strong and prosperous Africa. The Africa Action Plan responded to the commitment of African Heads of State to the principles of NEPAD. The key principles of NEPAD are that the prime responsibility for Africa's future rests with Africa itself. The Commission for Africa also assumes that Africa will deliver on their commitments and the report builds on the significant progress it has identified in Africa. The Tokyo International Conference on African Development (TICAD) is directed at complementing Africa's own efforts as manifested by NEPAD and the AU, with a strong emphasis on ownership by African countries of their development processes and partnership by the international community in support.
- 151** In looking forward, we recommend that G8 support be intensified through a comprehensive approach across the areas set out in the Africa Action Plan. Building on progress made, strengthened support to governance and peace and security institutions is required. APRs conclude that more needs to be done on infrastructure, that we need to work for an ambitious and well-balanced outcome at Doha, and that greater investment is required to build up Africa's human resources, in terms of provision of basic health and education.
- 152** We conclude that the principle of "enhanced partnerships" between G8 countries and African countries implementing the NEPAD commitments should continue to be taken forward. Consistent

with the G8 Africa Action Plan commitments, the G8 should continue to respond to situations of humanitarian need and address the core issues of human dignity and development as well as consider how best to deliver enhanced assistance appropriate to different contexts, such as in post-conflict and fragile states.

**153** Finally, we reaffirm the need to continue and intensify the political dialogue between the G8 and Africa on the basis of mutual accountability and respect. In this regard, we endorse the need for a strengthened Africa Partnership Forum to monitor commitments and results and to hold all partners to account.

**154** The challenge facing Africa is considerable, but with sustained commitment and partnership between Africa and the rest of the world, including the G8, we believe we can make progress. This will require clarity about commitments each partner has entered into, effective monitoring of progress in implementing these commitments, and a determination to ensure that Africa is able to build for its people a better future. This is one of the most important tasks facing the world. It is now our shared responsibility to make sure that it happens.

London

1 July 2005

# List of abbreviations

AAP	Africa Action Plan
ACBF	African Capacity Building Foundation
ADEA	Association for the Development of Education in Africa
AfDF	African Development Fund
AFRITAC	African Regional Technical Assistance Centre
AGOA	U.S. African Growth and Opportunity Act
AMCOW	African Ministers Council on Water
AMIS	African Union Mission in Sudan
APF	Africa Partnership Forum
APRM	African Peer Review Mechanism
ARVs	Antiretrovirals
AU	African Union
AVU	African Virtual University
CAADP	Comprehensive African Agriculture Development Programme
CATIA	Catalysing Access to ICT in Africa
CGIAR	Consultative Group on International Agricultural Research
CIFA	Canada Investment Fund for Africa
COESPU	Center of Excellence for Stability Police Units in Vincenzo
COMESA	Common Market for Eastern and Southern Africa
DDA	Doha Development Agenda
DDR	Disarmament, demobilisation and reintegration
DRC	Democratic Republic of Congo
EAC	East Africa Community
EBA	Everything But Arms
EC	European Commission
ECA	UN Economic Commission for Africa
ECOSOCC	Economic, Social and Cultural Council of the African Union
ECOWAS	Economic Community of West African States
EFA	Education For All
EFCC	Economic and Financial Crimes Commission
EITI	Extractive Industries Transparency Initiative
EPSA for Africa	Enhanced Private Sector Assistance for Africa
EU	European Union
FARA	Forum for Agricultural Research in Africa
FDI	Foreign Direct Investment
G8	Group of 8 Industrialised Nations
GAVI	Global Alliance for Vaccines and Immunization
GFATM	Global Fund to fight AIDS, Tuberculosis and Malaria

GNI	Gross National Income
HIPC	Heavily Indebted Poor Country
ICPC	Independent Corrupt Practices Commission
ICT	Information and Communication Technology
IDA	International Development Association
IDP	Internally displaced person
IGAD	Inter-Governmental Authority on Development
IMF	International Monetary Fund
ITC	International Trade Centre
MCA	Millennium Challenge Account
MRDE	DAC Mutual Review of Development Effectiveness
NEPAD	New Partnership for Africa's Development
NERICA	New Rice for Africa
ODA	Overseas Development Assistance
OECD	Organisation for Economic Co-operation and Development
OECD DAC	OECD Development Assistance Committee
PEPFAR	US Emergency Plan for AIDS Relief
PRSP	Poverty Reduction Strategy Paper
REC	Regional Economic Community
RECAMP	Reinforcement of African Peacekeeping capabilities
RWSSI	Rural Water Supply and Sanitation Initiative
SADC	South African Development Community
STAP	NEPAD Infrastructure Short-term Action Plan
TICAD	Tokyo International Conference on African Development
UN	United Nations
UNAIDS	United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children's Fund
UNSSC	United Nations System Staff College of Turin
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organisation



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