

G8 Development Ministers' Meeting

Rome, 11-12 June 2009

Chair's Summary

G8 Development Ministers and senior officials, including from the EU Presidency and the European Commission, met in Rome on June 11 and 12, 2009, together with representatives from Brazil, China, India, Mexico, South Africa and Egypt, from the Presidency and the Commission of the African Union, from the Presidency and the Steering Committee of NEPAD, from the OECD, the UN, the FAO, the IFAD, the WFP, the WHO, the World Bank, CGIAR-Bioversity and the African Development Bank. The meeting focused on the impact of the economic and financial crisis on the developing world and was aimed at giving political input and support to development policies worldwide, with a specific view to the achievement of the MDGs and in preparation of the G8 L'Aquila Summit.

The need for a strong, coherent and coordinated response to the crisis

As we face an unprecedented economic crisis, growth in developing countries is seriously threatened, jeopardizing progress achieved towards the MDGs. The global economic slowdown, adding on the negative effects of energy and food crises, has severely disrupted economic growth worldwide with lasting effects on present and future generations. We must therefore act in a coordinated manner to prevent the economic crisis from turning into a deeper social crisis with all its possible consequences in terms of political instability and conflicts. Responding to the needs of the most vulnerable communities around the world is essential to the prosperity and security of us all. We will therefore work for the success of the forthcoming UN High Level Conference on the World Financial and Economic Crisis and its Impact on Development

According to the OECD/DAC latest statistics, global ODA levels in 2008 increased by around 10% to approximately US\$ 120 billion. Greater effort is needed. We therefore reaffirm our commitments on ODA and international assistance made at Gleneagles and confirmed at Heiligendamm and Toyako⁽¹⁾, our engagement on aid effectiveness principles, as well as our intention to enhance our partnership in development cooperation. In this regard, we agreed to improve the effectiveness of our actions and to strengthen our accountability, showing progress towards meeting existing pledges, in order to demonstrate our ongoing commitment to achieve the MDGs

Economic growth must be at the core of any successful strategy for overcoming the crisis. We will therefore strengthen our joint action in support of developing countries' response to the economic crisis, with a particular focus on their vulnerabilities. We encourage and support the development, as part of a comprehensive policy response, of social protection mechanisms and safety nets to address vulnerable population groups who are hardest hit by the crisis.

Counter-cyclical measures to balance the negative effects of the crisis on income levels and growth rates highlight the importance of coordination of the fiscal measures undertaken by national governments, in order to enhance their multiplier effects on the global economy.

We welcomed the International Financial Institutions' swift response to the crisis and of the G20 commitment to increase resources available to the IMF. Resources available to developing countries through multilateral development banks should be adequate, in order to address the crisis in a coordinated and comprehensive manner. This requires additional work on concessional loans and grants, in order to prevent unsustainable debt situations, particularly for low income countries.

Building on the Monterrey Consensus, and on the outcomes of Accra and Doha, in preparation of the L'Aquila Summit we have examined with interest a comprehensive, "whole of country" approach to development, which will be explored further by the OECD. In addition to ODA commitments, including the continued effort in providing debt relief, there is a need to leverage other sources of financing and to mobilize all stakeholders that can contribute to the sustainable development of partner countries. Beyond aid effectiveness, we have to aim at development effectiveness.

We will therefore work with partner countries to maximize the impact of development assistance, investment, trade, innovative sources of financing, debt relief, microfinance, small and medium enterprise financing, remittances and domestic resources, optimizing the mix of all available financial inflows, resulting into a more coordinated allocation of resources towards established policy areas. To this aim, we will promote stronger coherence across all relevant national and international policies, as well as the involvement of our private sector and civil society for the common goal of supporting the achievement of the MDGs.

A thriving and competitive private sector is critical to inclusive growth, and the current credit crunch calls for international measures to support access to finance for investment and trade, both of which have contracted sharply. We encourage and support developing countries to pursue reform programs and further their efforts to provide regulatory frameworks conducive to financial markets development, investments within the private sector, as well as to employment generation, in order to boost inclusive and equitable growth. In this context, we welcomed and encouraged the efforts made by developing countries in strengthening their public-finance sector and emphasized the importance for development of strengthening tax systems.

In this context, we stressed in particular the need to address the problem of mobilizing private capital in Africa for infrastructure financing. It is crucial to enhance capacity building efforts in the areas of risk evaluation, risk mitigation and brokerage services for infrastructure projects. We took note of the initiatives taken by the African Development Bank in this field – including the launch of an African Risk Mitigation Initiative for Infrastructure Financing – and encouraged their early implementation.

We supported the role of regional integration, essential in bolstering economic growth and development, as it reduces vulnerability to shocks, all the more in the light of the economic crisis.

Innovative financing for development

We shared the view that innovative financing is a critical element in contributing, along with traditional ODA, to raising the resources needed to tackle the challenges of the economic crisis and to mitigate its impact on development. In this difficult context, a change of scale and speed in the implementation of innovative financing mechanisms for development is most needed.

To maximize effectiveness of innovative financing mechanisms, their functioning should be consistent with principles agreed in the Rome - Paris - Accra Declarations. In this regard, we encouraged the work of the Leading Group on Innovative Financing for Development, the High Level Task Force on Innovative Financing for Health Systems as well as the United Nations and the I-8/LIFE group, which encompasses the already existing innovative financing mechanisms. On this basis, we will work together to mobilize additional resources and activate innovative instruments, such as, for instance, AMC's and IFFIm, air-tickets solidarity levy and using the proceeds from emissions trading, including the promotion of public-private partnerships and new forms of voluntary contributions by citizens and private companies.

We welcomed the initiative of the "Global Remittances Working Group", that was launched by the G8 Presidency in 2009 and coordinated by the World Bank with the purpose of ensuring more reliable data on remittances, favouring more transparent and safer flows, as well as enhancing their impact on development. We will work together with other partners in the field of remittances with a view to collectively reducing the global average costs of transferring remittances, e.g. from the present 10% to 5% in 5 years. We invite all interested countries and stakeholders to join us in this effort.

Monitoring vulnerability

Existing mechanisms for assessing global economic and social vulnerability need to be improved and better integrated, so to reach an effective monitoring, serving as an early warning system, monitoring resources spent to enhance responses to vulnerability, assessing the effectiveness of measures taken. Close collaboration with international organisations appears fundamental in this regard.

A greener future

We have reiterated the importance of taking rapid and effective action to combat climate change, as science clearly indicates, and of reaching a global, ambitious and comprehensive agreement in Copenhagen in December 2009. We cannot afford to miss this decisive opportunity to achieve a truly ambitious global consensus, which will set the basis for the future climate regime, based on the principle of common but differentiated responsibilities and respective capabilities.

Climate change adaptation and mitigation policies are inextricably linked to development. There is great concern for the consequences of climate change on development, human mobility, ecosystem services, food security, agricultural output, forests, health, water and sanitation, above all for the poor and most vulnerable in all countries, in particular in the

least developed countries and small islands developing states, and for the risks posed by the potential for increased conflicts over scarcer resources and by growing migration. We support the mainstreaming of effective adaptation and mitigation strategies and risk assessments into international cooperation programmes as well as the integration of adaptation into national development plans and policies. Financing mitigation and adaptation to climate change shall be consistent with the broader framework of financing for development and the aid effectiveness agenda.

We acknowledged the fundamental role of the G8 in promoting investments in the development and deployment of technologies and know-how in developed and developing countries, in particular in energy efficiency, renewable energies and low carbon technologies. We recognise that access to modern energy services is closely interlinked with the improvement of living conditions and is essential for human and social development, and for the achievement of the MDGs. In this context, we welcomed the inclusion of Africa in the G8 Program of Action to address energy poverty.

We commend and express our strong support to constructive national efforts taken by many developing countries in addressing climate change

Towards a cross-sector approach to sustainable development

As stated at Toyako, we acknowledge the importance of achieving human security, providing individuals with freedom from threats such as poverty and infectious diseases and empowering them to fulfill their potential, in particular in fragile states and for the most vulnerable people and communities.

In this regard, we underscored the importance of policy coordination and policy coherence, identifying the most urgent priorities, with a view to make progress towards a cross-sector approach to development policies. More than ever, efficiency may be increased through commonalities, avoiding duplication and preventing potentially contradictory actions.

The crisis is having the greatest impact on already weak sectors, rooted in structural fragilities of developing countries. All the policy areas identified by the G8 (health, water and sanitation, food security and education) are closely connected and need to be tackled with an integral and comprehensive approach, aimed at sustainable development.

In this framework, priority is to be attached to maintaining social safety nets, to basic health coverage, particularly as far as accelerating action this year on maternal, newborn and child health is concerned, and continue to campaign for education into 2010 and beyond. Social protection standards should be established, focusing on ensuring universal access to basic social services. Uneven access to education, health, safe drinking water and basic sanitation impedes sustainable development and the eradication of poverty.

Coordinated and inclusive efforts are also required for achieving a sustainable solution to global food security. The impact of the global financial crisis and last year's spike in world food prices on the most vulnerable countries have led to increasing hunger and poverty and require continued attention and the consolidation of a true global partnership. Its main features should be coherent and science-based policies aimed at fostering balanced, inclusive and environmentally sound agricultural growth, managed through an enhanced cooperation at the international, regional and local levels.

Required actions stretch well beyond the mere adequacy of resource transfers to the poorest countries and require progress in the area of aid effectiveness and policy coherence. At the same time, we welcome efforts made by partner countries to further improve their Poverty Reduction Strategies, by adopting country specific approaches balancing short term gains with the need for sustained improvement in budget, procurement and planning systems over a longer period of time. In this view, donors' support to national budgets should be coupled with country-specific capacity building.

(1) For Africa, this will include increasing our ODA by US\$ 25 billion a year, compared to 2004, together with other donors. The OECD/DAC estimated that the combined commitments of G8 and other donors would increase overall ODA by around US\$50 billion a year by 2010 compared to 2004