



THE 2008 HOKKAIDO TOYAKO SUMMIT:

Redoubling donor progress at the mid-point in the fight against poverty and disease

The 2008 G8 Hokkaido Toyako Summit will bring the world's wealthiest nations together during a year that marks the halfway point to both the Millennium Development Goals (MDGs) and the G8 Gleneagles promises to Africa. The G8 are dangerously behind on these landmark commitments, risking significant strategic and developmental opportunities on the continent and threatening the West's relationship with Africa. Japan must develop a platform of concrete actions to ensure that progress in Hokkaido lives up to this historical moment in the fight against poverty and disease.

At the 2005 Gleneagles Summit, G8 nations pledged to increase ODA to Africa by \$25 billion a year by 2010 over their 2004 levels. In order to be on track with this promise, the G8 should have increased aid by \$5.7 billion between 2004-2006. Aid figures for 2006 show the G8's development assistance to sub-Saharan Africa increased by only \$2.6 billion. Within this total, some donors fared better than others: The UK is on track to meet their promises. Japan is off track on its commitment (doubling bilateral ODA to sub-Saharan Africa compared to 2003) but its total ODA to sub-Saharan Africa is increasing. The US is off track according to 2006 OECD figures, but appears to be on course for eventually meeting its 2010 target. Germany has stepped up its assistance by budgeting an additional €750 million for development in 2007, but is still off track. Canada is off track, while Italy and France are dangerously off track.

The importance of this "mid-point" G8 Summit is underscored by Africa's recent progress. The combination of African commitment and innovative, effective donor engagement is yielding dramatic gains, which can be measured in lives saved. Effective health assistance has put more than 1.34 million Africans on life saving AIDS treatment in the last four years. Debt cancellation and targeted education assistance has put an additional 29 million African children in school since 1999. And over the past ten years, 18 non-oil exporting countries have experienced diversified and sustained economic growth of 5.4%. Eleven of these countries are democracies. Thirteen of them have reached HIPC completion point and another is at decision point. Aid to these countries has increased 63% in the past 5 years. In the past four years 14 of these 18 countries have cut the cost of starting a business and 6 have cut the number of days it takes to do so. Investors have taken note and have increased FDI—these 18 received more than \$1.2 billion more in FDI in 2005 than they did 10 years earlier.

No number of standalone initiatives will realize the shared goal of ending extreme poverty on the continent. What is necessary is a people-centered approach that addresses systemic and interconnected issues while building on the lessons of effective and efficient aid investments in well-governed countries. The following four themes could form the basis of a G8 development package that delivers for Africa.

1. Focusing on the most vulnerable people: strengthening health systems to improve mother, newborn and child health
2. Building from the bottom-up: Boosting incomes for the poorest through agriculture and infrastructure
3. Educating for tomorrow: Supporting African governments in the push for universal primary education
4. Achieving high impact aid: Strengthening governance and fighting corruption to enhance aid effectiveness

The elements of this package are rooted in the 2005 G8 commitments, and therefore provides a way forward that fulfills both the Gleneagles ODA commitment and the Summit's sectoral commitments.

Focusing on the most vulnerable people

Strengthening health systems to improve maternal, newborn and child health

In 2005, the G8 pledged to support African partners' commitment to provide basic health to children and to reduce child and maternal mortality. Mothers, newborns and children suffer the most when health systems fail to deliver basic services. Each year, more than 500,000 women die from pregnancy related causes, 3 million still births occur and 10 million children die before their fifth birthday – nearly 40% of them in their first month of life. But the problem is even worse than these grim statistics. For every woman who dies during childbirth, another 30 mothers suffer debilitating injuries. For every child that dies from cerebral malaria, three survive with permanent brain damage.

Among all health indicators, maternal, newborn and child health statistics reveal the greatest disparities between wealthy countries and developing countries. The reasons why are numerous and complex, but one factor stands out above the rest. Health experts consistently point to deficient health systems as the single biggest contributor to high mortality rates among mothers, newborns and children. The risk of childhood death could be reduced by up to two-thirds through better access to quality primary healthcare. Similarly, needless maternal deaths could be drastically reduced with more health care personnel, equipment and drugs to provide care during prenatal, birth and post natal care. Only 56% of births in developing countries are attended by a skilled health care professional.

Weak and failing health systems represent a critical obstacle to delivering essential health services and achieving universal access to HIV/AIDS prevention, care and treatment by 2010. For too long, donors have neglected to invest in comprehensive health systems, favoring instead disease specific interventions. While these interventions are critical, they must be twinned with an investment in health systems or they will fall short of their full potential.

The Hokkaido Summit, buoyed by Japan's historic commitment to maternal and child health issues and reputation as a leader in combating infectious diseases, should deliver a strategy for improving maternal, newborn and child health while continuing to vigorously fight infectious diseases.

1. **Fully fund national health system plans in at least 19 countries by 2010:** Given the large number of countries with weak health systems and inadequate health workforces, the G8 and other donors should adopt an inclusive global platform for coordinating international support for improve health systems. This platform should consolidate and enhance existing health systems initiatives (e.g. International Health Partnership, Norway's Global Business Plan for Maternal, Newborn and Child Health, World Bank Health and Development Strategy) and fund national health sector plans for at least one-third (19) of the 57 countries facing a severe health workforce crisis by 2010.¹ Crisis countries would be required to have a rigorous national health sector plan in place and meet a minimum number of basic financial management and health governance standards. By 2013, the G8 and other donors should aim to fund two-thirds of qualified crisis countries and all remaining qualified countries by no later than 2015.
2. **Agree to a numeric target for addressing Africa's critical shortage of health workers:** Sub-Saharan Africa is suffering a shortage of nearly 1.5 million health workers, including more than 800,000 doctors, nurses, and midwives. According to the WHO, meeting major health-related goals, such as universal access for HIV/AIDS, is "very unlikely" unless countries reach a minimum threshold of 2.3 doctors, nurses, and midwives per 1,000 population. To signal its commitment to addressing health worker shortages and encourage countries to develop health workforce strategies that are ambitious and designed to meet the MDGs, the G8 should agree to an overall target for training and retaining new health professionals and community health workers. This target should then be broken down into annual interim goals.

¹ The WHO estimates there are 57 countries, most of them in Africa and Asia, with severe shortages of health workers (World Health Report, 2006).

3. **Develop a time-bound action plan for delivering \$100 billion for health, building on the announcements of Heiligendamm:** At the 2007 G8 Summit in Heiligendamm, non-US G8 members promised to provide \$30 billion for AIDS, TB, malaria and health systems in order to match the United States' \$30 billion, five-year AIDS, TB and malaria program. But non-US members did not apportion this commitment by donor or specify a time period for when it would be spent. The United States is now likely to appropriate \$50 billion for the three diseases between 2009 and 2013, including over \$2 billion to hire 140,000 new health care workers. Non-US G8 donors should build on the original spirit of the Heiligendamm commitment by providing a one-for-one match of the United States' \$50 billion program and spelling out plans to spend their commitment and over what time period. Japan should demand follow-through at Hokkaido - \$50 billion from the USA and an *additional* \$50 billion from the non-US G8 donors over 5 years -- and link these additional resources with an agreement around a global platform for health systems. The resources should then be used to address country-identified priorities and help to build sustainable health systems while at the same time following through on standing G8 commitments. These commitments include providing universal access to HIV/AIDS prevention, care and treatment, extending malaria prevention and treatment to 85% of the most vulnerable people, fully scaling up the fight against tuberculosis, eradicating polio and expanding upon less public but critically important health issues for Africa such as basic child and maternal health and neglected tropical diseases.

4. **Fully fund three-year resource needs of the Global Fund to Fight AIDS, TB and Malaria:** While increased focus is needed on health systems, efforts must also be made to fight those diseases which disproportionately impact women and children. In Africa, one in every five childhood deaths is due to the effects of malaria. Two million children are infected with HIV in Africa, 90% of them are estimated to have been infected through mother-to-child transmission. But just 11% of pregnant HIV positive mothers in Africa and 13% of HIV positive children are getting the treatment they need. Increased resources are urgently needed to address this disparity. The Global Fund currently supplies two-thirds of the international financing for malaria and TB activities and one-fifth of global financing for HIV/AIDS services. It is therefore critical to provide the Global Fund with adequate resources to meet its current and future needs. At the recent replenishment conference in Berlin, the Global Fund asked donors to double their 2007 contributions so it can fully fund \$4 billion in technically sound proposals in 2008. The conference saw strong progress with \$9.7 billion pledged over the period 2008-2010. It was the largest single financing pledge for health ever. The total funding needed for the coming three years is estimated to be between \$15-18 billion. At Hokkaido, the G8 should reiterate its commitment to reaching this funding target and G8 members that did not pledge in Berlin, or fell significantly short of their target contribution, should provide further pledges.

5. **Increase Africa's share of water and sanitation assistance in 2008.** Unclean water and poor sanitation are the world's second biggest killer of children. In the poorest countries, 4,900 children die every day from severe diarrhea. Lack of access to clean water and adequate sanitation has detrimental impacts on gender equality, education, health and economic development. Sub-Saharan Africa is on course to miss the water MDG by a full generation and the sanitation target by two generations. Climate change will only make Africa's water crisis more acute. By 2020, between 75 million and 250 million people will be exposed to an increase in water stress due to climate change, with a subsequent increase of water conflicts.²

In 2003, at the G8 summit in Evian, leaders agreed to a G8 Water Action Plan, which they then reiterated in 2005 at the Gleneagles Summit. The plan addresses major challenges in water resource management but sets few concrete targets for donors. As a result, little has changed since it was adopted in 2003. The Evian strategy should be revisited at the Hokkaido Summit where leaders should agree to concrete financing targets to achieve the water MDG and, as an immediate step, should pledge their fair share of the resource needs for water and sanitation in Africa in 2009.³

² Climate Change 2007: Impacts, Adaptation and Vulnerability. 8th Session of Working Group II of the Intergovernmental Panel on Climate Change. 12 April 2007.

³ See DATA Report 2007: Water and Sanitation. Page 88.

Building from the bottom-up

Boosting incomes for the poorest through agriculture and infrastructure

G8 nations can jumpstart broad-based, sustainable economic growth in Africa by making 2008 a major turning point for African agriculture. In the agriculture-based economies of sub-Saharan Africa, where over three-quarters of the rural population relies on agriculture as the source of their livelihoods, growth in the agriculture sector is essential to poverty reduction. According to the World Bank, growth in the agriculture sector is one of the most effective means for reducing poverty.⁴ But the growth of agricultural incomes in Africa has averaged less than 1% over the last 25 years, the lowest rate in the world and less than half that of any other region.⁵ More worryingly is the potential devastating impact of climate change on African agriculture. The Intergovernmental Panel of Climate Change predicts that in some African countries yields from rain-fed agriculture could be reduced by 50% by 2020, exacerbating food insecurity and malnutrition on the continent.⁶

African agriculture has suffered from decades of neglect and underinvestment. Greater investments in agriculture and market infrastructure would help to improve crop yields for cash crops and connect African farmers to domestic, regional, and international markets. The revitalization of African agriculture should be a central element of G8 discussions in Hokkaido.

1. Strongly support the revitalization of African agriculture:

- *Contribute to the revitalization of African agriculture:* The Alliance for a Green Revolution in Africa (AGRA), led by former UN Secretary-General Kofi Annan, is a new African-led partnership aiming to provide small farmers in Africa with the tools and opportunities they need to lift themselves and their families out of poverty and hunger. A major contribution from each G8 nation in the range of \$100-\$200 million would provide a powerful example and make dramatic progress possible.
- *Increase resources for research and development:* The G8 should begin directing its agricultural research resources and expertise toward efforts that help African farmers increase their productivity and adapt to the effects of climate change. G8's expertise in plant science, genomics, and agricultural R&D could be of great value to nascent efforts in Africa.

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- Climate experts point to the inverse relationship between climate change risk exposure and information. This is one reason Africa is especially vulnerable to climate change. The continent has the world's lowest density of meteorological stations and only one-eighth of the minimum level recommended by the World Meteorological Organization (WMO). The meteorological budget of France (\$388 million) exceeds the expenditure on climate monitoring and analysis in the whole of sub-Saharan Africa. Having advance warning of changing weather patterns can make the difference between a successful harvest and crop failure. Information provided by forecasting systems allows farmers to respond to weather hazards by adjusting planting decisions and changing the types of crops being planted. Early warning systems can also help reduce the vulnerability of donor aid portfolios to climate risks. Increased droughts in sub-Saharan Africa will have a direct impact on health, nutrition and education programs. According to UNDP, Japan's development

⁴ World Development Report 2008. pg 45

⁵ Growth in per capita agricultural population is used as a rough measure of agricultural income growth. World Development Report 2008, pg 53.

⁶ Climate Change 2007: Impacts, Adaptation and Vulnerability. 8th Session of Working Group II of the Intergovernmental Panel on Climate Change. 12 April 2007.

assistance faces the greatest vulnerability to climate change, with as much as 60% of its aid considered climate sensitive.⁷

At the 2005 Gleneagles Summit, G8 leaders pledged to strengthen existing climate institutions in Africa with a goal toward establishing regional climate centers throughout the region. The Economic Commission for Africa (ECA) and the WMO have developed a plan to expand Africa's observation and infrastructure capacity requiring \$200 million over 10 years. Funding for this modest plan has yet to be realized. At Hokkaido, leaders should agree to fully finance the ECA/WMO plan.

3. **Scale up funding for “aid for trade” in Africa:** Reducing poverty through agriculture growth requires connecting African farmers, particularly smallholder farmers, to regional and global markets. As part of the Hong Kong Trade Ministerial and the 2005 G8, the G8 pledged \$4 billion for aid for trade globally by 2010. Africa's aid for trade needs are estimated to be between \$12-13 billion annually.⁸ The G8 should recommit themselves to their Hong Kong pledge and focus more attention and resources on Africa's critical trade and market infrastructure needs by providing:
 - *Targeted capacity building and export assistance for African farmers*
 - Work with African governments to streamline customs and government regulations that can hinder exports and intra African trade.
 - Provide technical assistance and technology inputs that can build the capacity of farmers to access global markets.
 - *Effective and integrated infrastructure projects that address Africa's trade challenges:*
 - Scale up contributions to the Infrastructure Consortium for Africa – in 2005, the Commission for Africa estimated that sub-Saharan Africa needs \$10 billion a year to finance its infrastructure needs.

4. **Grant duty-free/quota-free access to all African products:** Market access for all African products into all G8 markets is a key component of a trade policy that can create greater export opportunities for African countries. All G8 countries currently operate preference programs (e.g. Everything But Arms in the EU and the African Growth and Opportunity Act in the United States) that provide some of this access, but these programs should be harmonized and coordinated to ensure that African countries have simple and barrier-free access to G8 markets. This includes simplification of rules of origin, which can make it difficult for African exporters to receive duty-free treatment. When combined with aid for trade, this access can help African farmers and producers strengthen their participation in domestic, regional, and global markets.

Educating for tomorrow

Supporting African governments in the push for universal primary education

In 2008, the G8 can lead by example and spark a new push for “Education for All” in sub-Saharan Africa where 33 million children are out-of-school. An extensive body of research indicates that investment in education, with a particular focus on girls, may be one of the highest yield investments available in the developing world.⁹ In addition to equipping a child with the knowledge and skills needed for a productive life, a quality education is a bulwark against poverty, a building block of development, and an instrument of family health. For example, research shows a quality basic education can yield significant returns to economic growth. In low-income

⁷ 2007/2008 Human Development Report. Page 191.

⁸ Overseas Development Institute. Commissioned study for DATA. 2007.

⁹ Summers, Lawrence 1994. “Investing in All the People: Educating Women in Developing Countries.” Seminar Paper No. 45.

countries, a young woman's average earnings increase by 10%-20% with each additional year of education.¹⁰ Increasing the share of women with a secondary education by 1 percentage point boosts annual per capita income by 0.3% on average.¹¹

1. **Intensify G8 political and financial support for the Fast Track Initiative:** Increased political and financial resources for Education for All are urgently needed from the G8. Specifically, continued G8 support is needed for the Fast Track Initiative, the principle mechanism through which donors can channel bilateral and multilateral education funding to recipient countries whose plans have been technically vetted and endorsed.

The FTI partnership has thus far endorsed 33 countries (20 in Africa) which have produced rigorous and accountable plans for Education for All. African FTI countries, on average, have mobilized \$2.7 billion in domestic resources to fund their plans – more than 70% of the total cost. However, countries endorsed by the FTI still face financing shortfalls. Globally, FTI countries face a resource gap of \$1 billion over the period 2008-2009. As the 2007 Summit in Heiligendamm, donors promised to provide \$500 million in missing financing in 2007, but at the close of the year, additional pledges had fallen far short.

African governments have demonstrated their commitment to mobilize the political, policy and financial resources needed to achieve the ambitious goal of universal primary education. Donors, however, are not holding up their side of the equation. Providing a child with an education is not a commitment that can be reversed from year-to-year. African governments need to know that sustainable donor funding will be available. The Hokkaido communiqué should include a reaffirmation of the G8's commitment to the FTI and an explicit pledge to fill any external financing gaps in 2008.

2. **Contribute \$380 million to the Catalytic Fund:** Contributions to the Catalytic Fund, a multi-donor trust fund of the FTI that provides short-term financing for countries unable to attract sufficient donor, have been extremely modest to date. G8 countries have contributed or pledged a total of \$341 million between 2003 and 2009, with the U.K. contributing \$270 million of this amount. A \$380 million contribution is G8's fair share of the 2007 pledges and is an indicative commitment for 2008.
3. **Scale up assistance to primary education and increase share going to Africa:** The best estimate of the cost for putting every child in school is \$10 billion annually by 2010.¹² Given that half of the world's out-of-school children are in sub-Saharan Africa, the G8 should aim to commit 50% of its aid for primary education to Africa. In 2005, the G8 provided only \$552 million for primary education in Africa, just 47% of the target based on its equitable share.¹³ The G8 must make budget provision in 2008 and 2009 to get on course with these ambitious funding targets.

Achieving high impact aid

Strengthening governance and fighting corruption to enhance aid effectiveness

Development assistance cannot achieve its true impact if it is not implemented in a harmonized manner and accompanied by an effort to fight corruption and strengthen governance in recipient countries. The role of African countries and their commitment to fighting corruption and improving governance is critical to achieving

¹⁰ G. Psacharopoulos and H. Patrinos, World Bank Policy Research Working Paper 2881, 'Returns to Investment in Education: A Further Update,' 2002.

¹¹ Dollar, David, and Roberta Gatti. 1999. "Gender Inequality, Income, and Growth: Are Good Times Good for Women?" World Bank Policy Research Report on Gender and Development, Working Paper Series No.1. Washington DC: World Bank

¹² Figure based on estimates by UNESCO Global Monitoring Report 2007 and "From Commitment to Action: Education" by the UK's Department for International Development.

¹³ See DATA Report 2007: Education. Page 81.

the Millennium Development Goals. However, there is still much more donors can do, especially G8 members, to improve the governance of aid and to encourage resource transparency and the recovery of stolen assets.

Fight Corruption and Promote Transparency

1. **Ratify the UN Convention Against Corruption:** Japan has not ratified the UN Convention Against Corruption (UNCAC) and should consider ratification and full implementation a priority going into its G8 year. UNCAC establishes a process for the recovery and return of stolen assets and rules to deny safe havens to officials and individuals guilty of corruption. It has been signed by 140 countries and ratified by 104, however, only half of the OECD countries have ratified the convention. Japan and Italy are the only G8 countries that have not ratified the convention. The value of stolen assets held by banks in developed countries is estimated at \$20 billion to \$40 billion per year—a figure equivalent to 20-40% of flows of ODA.¹⁴ Recovering even a portion of these assets could provide critical funding for infrastructure and poverty alleviation.
2. **Contribute \$4 million to the Extractive Industries Transparency Initiative (EITI):** The EITI is a multi-stakeholder initiative designed to increase revenue transparency in the extractive industries. EITI pushes for governments to publish the gas, oil and mining revenue they receive and for companies to publish what they pay. This is a critical first step towards providing citizens, journalists and civil society with the information they need to hold governments to account. Japan and Italy are the only G8 nations not contributing to this landmark initiative. All G8 nations must do more to ensure that extractive companies headquartered in their countries are publishing payments to governments for natural resource extraction.
3. **Support African efforts to strengthen governance and fight corruption:** The Africa Peer Review Mechanism (APRM) is one of the most important African-led efforts to strengthen governance and fight corruption. The UK, Canada and Germany have announced strong financial and political support for this initiative. The remaining G8 donors should follow suit so the APRM has the finances and capacity to further scale.

Strengthen the Governance of Aid

1. Implement a process of arbitrating “odious debts”¹⁵ and work to establish creditor co-responsibility in light of recent debt re-accumulation by HIPC.
2. Provide resources for the International Initiative on Impact Evaluations (IIIE), an independent entity to scale-up impact evaluations across development sectors. \$25 million over five years would enable this initiative to cluster impact evaluations around important enduring questions, finance technical assistance for the design of 50 studies, finance the implementation of 80 impact evaluations, and commission 25 syntheses of evidence on topics of importance to policymaking
3. Fully incorporate the principles of the Paris Declaration on Aid Effectiveness into development policies. Special emphasis should be placed on coordinating with other donors at the country level to support national development strategies and agreeing to a single set of criteria and benchmarks to measure success.
4. Reach out to emerging donors such as China to ensure they work consistently with the good governance and aid efficacy goals agreed to in the OECD Paris Declaration.
5. Reconfigure membership of the IMF and World Bank so that developing countries have a larger role in decision making.

¹⁴ Stolen Asset Recovery Initiative: Challenges, Opportunities, and Action Plan, p. 11)

¹⁵ (See erlassjahr.de)

6. Incentivize good governance in line with the Monterrey Consensus by scaling up aid to those governments that perform well against an objective set of indicators. In those countries with poorer governments, aid should be allocated to trusted civil society groups.

Appendix:

Status of Gleneagles Development Assistance Commitment

Japan*

Change 2004–06: \$1.01 billion
 Increase needed to be on track 2004–06: \$249 million
 Estimated increase in pipeline for 2007: N/A
 Increase needed to be on track in 2007: No increase needed to stay on track

Canada

Change 2004–06: \$209 million
 Increase needed to be on track 2004–06: \$463 million
 Estimated increase in pipeline for 2007: minimum \$140 million
 Increase needed to be on track for 2007: \$198 million

Germany

Change 2004–06: \$330 million
 Increase needed to be on track 2004–06: \$721 million
 Estimated increase in pipeline 2007: Figure not available
 Increase needed to be on track 2007: \$786 million

Italy

Change 2004–06: -\$416 million
 Increase needed to be on track 2004–06: \$929 million
 Estimated increase in pipeline 2007: \$40–\$160 million
 Increase needed to be on track 2007: \$1.22 billion

UK

Change 2004–06: \$1.05 billion
 Increase needed to be on track 2004–06: \$1.26 billion
 Estimated increase in pipeline for 2007: minimum \$250 million
 Increase needed to be on track in 2007: \$1.14 billion

US

Change 2004–06: \$272 million
 Increase needed to be on track 2004–06: \$868 million
 Estimated increase in pipeline 2007: approx. \$1 billion
 Increase needed to be on track 2007: \$940 million

France

Change 2004–06: \$209 million
 Increase needed to be on track 2004–06: \$1.25 billion
 Estimated increase in pipeline 2007: approx. \$750 million
 Increase needed to be on track 2007: \$1.37 billion

* While Japan has met its modest individual promise (doubling aid to sub-Saharan Africa compared to 2003, a year that marked Japan's lowest spending in a decade) its ODA budget has been on the decline since 2001.