



POLICY RECOMMENDATIONS FOR THE G20

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Key Recommendations: G20 leaders must include the poorest in any global solution to the current crisis, both because they will be hardest hit, and also because their economic growth can be part of the long term solution. The potential impact of the financial crisis on the poorest is significant, threatening to unravel major progress on development made in just the past few years. Solutions must focus on the needs of the poorest countries, which are different from those of advanced emerging economies. In order to do so, they must focus on the need to resource the appropriate institutions, to reform the way in which these institutions are governed and to regulate financial systems in a manner that addresses concerns of the poorest as well.

RESOURCE

- G20 leaders must ensure that the poorest in Africa and other developing countries are not harmed by this entirely exogenous crisis, by providing a countercyclical financial package commensurate with their urgent need.
- Research commissioned by ONE shows that sub-Saharan Africa is set to lose \$40-50 billion from the crisis in 2008-2009 but that a \$50 billion stimulus targeting productive investments for long term growth in the region could recoup 85% of those. Over ten years time, such an investment would generate \$250 billion of increased output and generate a 40% return for the investors.
- Particular efforts should be undertaken to frontload IDA, ensure adequate capital to expand the AfDB, as well as make the PRGF and other IMF facilities more concessional or completely concessional so as to avoid debt reaccumulation, as well as reduced conditionality. This can be financed through such measures as off market gold sales.
- Resources should be put into urban and rural infrastructure, sustainable energy investments, agriculture, vulnerability funds and social safety nets.

REFORM

- The developed industrialized countries must recognize that the crises they cause, which so adversely impact the rest of the world, can no longer be resolved by processes dominated by the old economic powers. The IMF and the World Bank must be reformed to reflect the interests and voice of the majority of the world's population, and their management must be selected through open and fair processes.
- Similarly, reforms to trade must avoid protectionism and accelerate a truly pro-development trade round.

REGULATE

- As the G20 consider financial regulations at the heart of capitalism's financial arteries, it should improve governance in ways which also help the periphery. In particular, strengthened stolen assets recovery systems, and enhanced banking and tax haven transparency regulation would help developing countries track down and deter illicit capital flight.



Introduction

Over the past year and a half, a series of global challenges have arisen. First, high oil prices contributed to a fuel crisis that made transportation of goods and persons prohibitively expensive. 2008 also marked increases of up to 80% in staple food prices in just one year. And now the financial crisis further threatens the livelihoods of the poorest. According to the World Bank, decreased economic growth in poor countries will force an additional 53 million people to live on less than \$2 a day this year, a rise in absolute poverty that is additional to the 130-155 million more people already pushed into poverty in 2008 as a result of soaring food and fuel prices.

Arguably, the food, fuel and financial crises of the past year have pointed to a deeper structural malaise – that we need a new approach to global institutions and governance structures in order to manage our newly globalized world into the twenty first century. As global leaders gather in London at the G20 Summit to think about effective responses to the economic crisis, the poorest should be included in the solution not just for reasons of fairness and natural justice but most importantly because no long term solution will be viable unless the poorest are fully included. Global leaders will rightly be focused on immediate actions that can be taken to stem the losses in their own markets. But taking a longer term view towards including the poorest in those deliberations will offer significant dividends down the line and ensure the solutions are fit for purpose for the twenty first century.

Background - Impact of the Financial Crisis on Developing Countries

From the most to the least developed economies, this latest financial crisis has already erased vast sums of capital, has shaken confidence in investments and has called into question the systems that govern global finance. Even as the media reveals an insatiable appetite for stories on financial bailouts and stimulus packages, the story of how these crises impact the poorest is notably absent. Yet, as is so often the case, the 1.4 billion people living in extreme poverty around the world will likely suffer worst of all if not taken into consideration as solutions are devised.

A recent study from the World Bank¹ predicts 2009 to experience the first yearly decline in world trade volumes since 1982, the largest decline in 80 years. Many of the poorest economies are not integrated into the global economy enough to have suffered the same real time devastation that western markets have. But much like a tsunami wave gathers steam as it reverberates from the center, the wave is likely to crash on developing economy shores with even greater force. A lack of access to credit and trade finance, a decrease in demand for exports and a decline in investment and remittances puts the poorest in an increasingly precarious position. While social safety-net programs and stimulus packages are implemented in developed countries, poor countries don't have the same options. According to a November 2008 Oxfam paper, more than half of the world's workers and their dependents are excluded from any type of social protection.

There is increasing evidence on how contraction in advanced country imports -- projected to decrease by 3.1 percent in real terms in 2009 by the IMF -- is seriously affecting low-income countries, particularly in Africa. Director-General Straus-Kahn of the IMF has warned that after hitting first the advanced economies and then the emerging economies, the "third wave" of the global financial crisis

¹ World Bank (2009), "Swimming Against the Tide: How Developing Countries are Coping with the Global Crisis"



is beginning to hit the low-income countries hard, including those in sub-Saharan Africa. According to the latest IMF projections from January 2009, the economic outlook for Africa has deteriorated, with growth in 2009 projected at 3.5 percent -- down from 5.4 percent in 2008 and 1.6 percentage points lower than expected a year ago. Indeed, research commissioned by ONE reveals that sub-Saharan Africa is set to lose between \$40-50 billion in output in 2008-2009 as a result of the crisis.

On top of these factors, many developing countries are rightly concerned that promised development assistance may stall or even decline. With the World Bank warning that the long-run consequences of the crisis may be more severe than those observed in the short run, the crisis may be a major setback to the progress towards the Millennium Development Goals (MDGs). When poor households withdraw their children from school, there is a significant risk that they will not return once the crisis is over, or that they will not be able to recover the learning gaps resulting from missed months or years of school attendance. World Bank preliminary analysis further indicates that infant deaths in developing countries may be 200,000-400,000 per year higher on average between 2009 and the MDG target year of 2015 than they would have been in the absence of the crisis.

Not only would such a scenario threaten to unravel major progress on development made in just the past few years but it could also have ramifications for the rest of the world. Added economic instability and deeper poverty rates could exacerbate conflict and instability in regions already struggling to maintain order. In the past, there has been a lag in development assistance decreases after global economic shocks such as the Asian financial crisis but the impact is clear – development assistance has declined during times of economic turmoil as countries look inward. The interconnected world we live in today can't afford declines in the development assistance that funds those interventions that are truly working.

The Opportunity – Africa as part of a Global Fiscal Stimulus

The potential impact of these crises on the poorest is significant, but perhaps what is even more important to focus upon is not only what will happen to these countries if the world does not consider them in the solution, but what benefits could be reaped if the world does. Too often, developed countries have viewed developing countries as remote places that require attention for moral and humanitarian reasons alone but in this interconnected world, it becomes all the more apparent that a stable, vibrant developing world would offer significant benefits to all.

Developing countries offer untapped resources that could potentially help resolve some of the world's greatest current challenges. If brought into the conversation and viewed as an investment, these opportunities could be leveraged:

- ***Africa as a solution to future food crises***—Africa has the potential to feed its own citizens and others around the world. Cyclical food shortages and food crises like the most recent are realities partly because of underinvestment in agricultural productivity. With low cost investments in its vast agricultural potential, Africa could break from the cycle of food insecurity that can quickly undermine development gains. Indeed, the World Bank estimates that growth in the agricultural sector is twice as effective in reducing poverty as growth in other sectors.
- ***Africa as an investment opportunity***—Growth rates in Africa have continued at a strong pace over the last decade. In 2007, the World Bank reported that 18 non-oil producing



countries have experienced average annual growth of 5.5% or more between 1995-2005. In the last few years African stock markets have been amongst the fastest growing and in 2008, four African countries were named by the World Bank as the best business climate reformers in the world. While the most recent figures from the IMF² have revealed inevitable reduction in predicted growth rates for 2009, a 3.5% growth rate is significantly higher than the global growth rate of 0.5%, and of individual advanced economies such as the United States (-1.6%), the United Kingdom (-2.8%), and Japan (-2.6%). These trends show the potential for African markets as potentially profitable investments that can yield returns for global investors. Increasingly, investors are seeing Africa as a good investment destination – investment in sub-Saharan Africa (SSA) in 2007 was \$30 billion, up from \$22 billion in 2006 and more than 7 times 1995 levels of \$4 billion. Continued investments are critical to keeping these economies vibrant.

- ***Africa as a potential partner in the fight against climate change***—While Africa certainly has contributed least to the current climate challenges, the continent is expected to feel the ramifications “first and worst”. While this obviously poses yet another threat to recent gains made on development, there are untapped opportunities for partnering with Africa to stem further declines. Africa’s vast rainforests and natural resources could be invested in through re-forestation and agro-forestry programs to provide sustainable livelihoods and carbon storage/sequestration. Africa has large potential for solar, geothermal and even biomass energy production that is largely underutilised. For example, United Nation’s Industrial Development Organization (UNIDO) estimates that only 7% of hydroelectricity and less than 1% of geothermal potentials on the continent have been exploited. As technologies develop, these renewable energy sources available in Africa could be harnessed for regional use and export.
- ***Africa as an energy resource***—In addition to the renewable mentioned above, there are untapped natural resources in Africa that can be leveraged for energy. According to John Ghazvinian’s book ‘Untapped: The Scramble for Africa’s Oil’, one-third of the world’s new oil discoveries since the year 2000 have taken place in Africa and between 2005 and 2010, 20% of the world’s new production capacity is expected to come from Africa. The key challenge is to ensure that these energy resources are managed in a way that harness sustainable economic development at the individual country and regional levels and give due diligence to environmental concerns.

At this point in time, these all remain *potential* opportunities that need to be cultivated in order to yield returns to the global community. While many developed markets are planning their own investments and stimulus packages to spark economic growth within their own borders, less attention has been dedicated to global investments that could have far reaching ramifications. In order to harness the potential of these opportunities, there is a need for immediate countercyclical investments in Africa as well as for policy actions that could better integrate Africa into the global economy:

² IMF (2009), “World Economic Outlook Update: Global Economic Slump Challenges Policies,” January 28, 2009



- **Countercyclical investments and vulnerability funds:** While global stimulus packages have already been crafted individually and in some cases passed, the world should consider an additional investment in Africa that would provide a countercyclical boost to the development agenda but could also help integrate these countries into the global economy and thus add a layer of economic stability to the global market. In addition, facilities designed to provide a social safety net in the face of exogenous shocks that impact poor countries should be funded at country and regional levels, as part of ongoing national poverty reduction strategy plans. Solutions such as social safety-net programs, school feeding and food for work programs can be implemented as needed based on models such as Ethiopia's Productive Safety Net Program and Mexico's Progresa program.
- **Integrate the poorest into the global economy:** In addition, providing the tools these economies need can also take non-monetary forms. For example, the G20 has already put reform of the international financial institutions on the agenda for April as a way of ensuring that they are better accounted for in decisions regarding global financial governance. But beyond the economic architecture, the needs of the poorest must be addressed in terms of ensuring that protectionist policies regarding trade in developed countries are kept at bay and that a policy framework is developed that gives the poorest in Africa and other developing economies an opportunity to integrate themselves into the global economy. Such a pro-development trade policy framework or agreement must allow adequate policy space for individual countries to pursue trade policies that enhance their poverty alleviation strategies.

The following recommendations elaborate on the investments and the policy recommendations that could best help the G20 address the financial crisis in a truly global manner by not only engaging on the short term efforts that will help their own markets, but on solutions that best leverage the strengths and resources of the developing world as well.

Emergency Exogenous Shock Facility

As noted above, the developing world will need new resources not only to defend the gains made in development to date, but also to further engage in the global economy and address some new challenges brought on by the world's recent crises. To make matters worse, the poorest countries have limited to no access to international financial markets and therefore cannot support the same types of countercyclical fiscal policies that the G20 are considering (and implementing) for themselves. World Bank President Robert Zoellick and investor George Soros have argued that even just small percentages of the economic stimulus packages currently being considered by G20 members would generate billions of dollars in countercyclical investment in the developing world, going a long way to providing the resources necessary for development (Zoellick estimates that 0.7% of a global stimulus package would generate \$15 billion to be devoted to development).

A study commissioned by ONE³ found that a \$50 billion stimulus package for SSA could offset more than 85 percent of the impact of the global financial crisis. About half of the impact can be offset with the fiscal stimuli of \$20 billion. If this stimulus money goes to productive investments, in infrastructure

³ Barrell, R., D. Holland and D.W. teVelde (2009), "A fiscal stimulus to address the effects of the global financial crisis on sub-Saharan Africa," commissioned by ONE



for instance, there is not only an income smoothing effect over the short-run, but also a long-run positive level of output. Though many may view the current economic climate as a deterrent to new investment in development, it is precisely the right time to invest in these economies. The \$50 billion stimulus package introduced above would not only benefit African economies but would have a positive effect on global trade; world GDP would be 0.1% (\$44 billion) higher in 2009-2010 alone. It is important to note that although fiscal stimulus towards Africa will evidently incur costs to financing countries at the beginning, much of that cost is recuperated back through increased exports. For example, the simulation suggests that US and Chinese exports would increase by \$1.4bn and German exports by approximately \$1.9bn in 2009 as a result of a direct stimulus package to SSA. In fact, the simulations on the model suggest world output would increase by \$250 billion over 10 years, with much of that in Africa, and around \$20 billion in the rest of the world. The study thus suggests while the benefits to Africa from such stimulus are large, the cost to the advanced countries financing this is small with notable benefits to world as a whole.

A particular focus upon investing in those areas that could best help developing economies grow and contribute to the global recovery would entail investments in infrastructure, agricultural productivity, green investments that could help with climate change mitigation and perhaps in the development of human capacity:

Agriculture: The decades-long decline in funding for agriculture was highlighted around the world in mid 2008 as food prices increased by more than 80% and declining access to food threatened to drive an additional 100 million people into poverty. Yet Africa has the potential to not just feed its own populations but to also feed other parts of the world if it has the opportunity to increase agricultural productivity.

Reaching that point requires a multipronged solution: emergency inputs such as food, seeds, and tools are necessary immediately; medium term solutions such as social safety-net programs, school feeding and food for work programs must be implemented as needed; and long term efforts to spark agricultural productivity will be critical to breaking the cycle. The communiqué released after the November 2008 G20 Summit in Washington merely mentioned that they “remain committed to addressing other critical challenges such as ... food security ... poverty and disease.” However the G20 Summit’s primary goal of “restoring stability and stimulating global economic growth” cannot be achieved unless real progress is made in the fight against poverty and hunger in Africa.

Commitments by the G20 and the G8 should play a complementary role and these funding commitments should be directed into a centralized funding mechanism that will coordinate donor commitments to Africa. African governments, through the Comprehensive African Agriculture Development Plan (CAADP), have committed to provide 10% of national budgets to agriculture. The G20 should support this initiative through effective partnerships with African governments to prioritize this sector.

- The G20 countries should make a concrete commitment to fund agricultural productivity in Africa. For example, a \$10 billion funding commitment to agriculture in sub-Saharan Africa would provide an essential injection of capital into a sector that has been underfunded for decades.



- The G20 should commit to direct this funding through a financial coordinating mechanism such as the Global Partnership for Agriculture, Food Security and Nutrition that will prioritize coordination between donors, recipients and farmers groups.

Infrastructure and aid for trade: In 2005, the Commission for Africa recommended a \$10 billion annual investment in infrastructure in Africa. The Infrastructure Consortium for Africa (ICA) was established in 2005 to “accelerate the progress to meet the urgent infrastructure needs of Africa.” Aid for trade has also been repeatedly cited as an essential element in building capacity of African countries by the WTO. However, concrete commitments have fallen short of the rhetorical pledges and funding for African countries in aid for trade and infrastructure funding has not been close to the levels needed. The African Development Bank and New Partnership for African Development (NEPAD) have conducted due diligence on a range of infrastructure opportunities which need funding to continue or represent new efforts that are ready to commence. The G20 should set a framework to expand this work, with a full costing of Africa’s country by country needs in infrastructure and to identify regional and domestic aid for trade needs.

- G20 countries should pledge to fill the financing gap for the Infrastructure Consortium for Africa (ICA), and increase funding for aid for trade in Africa.
- G20 countries should agree to a full re-examination of aid for trade and infrastructure investment costing of Africa’s country by country needs.

Below are some suggested mechanisms through which donors can apply this type of funding.

Development Assistance and Innovative Finance: At the core of the fight against poverty is the achievement of the Millennium Development Goals (MDGs) and a series of official development assistance (ODA) quantity and quality commitments. These include the EU’s promise of 0.7% of GNI to be dedicated to effective ODA by 2015 or before, a specific promise by the G8 to increase ODA to sub-Saharan Africa by \$25 billion by 2010, and President Obama’s promise of a doubling of U.S. development assistance to help achieve the MDGs. Delivery of these promises is even more important in a recession as the poorest countries face decreases in alternative sources of development financing such as export revenue and foreign direct investment. To this end, the G20 should:

- Reaffirm their commitment to the achievement of the MDGs by 2015.
- Take concrete steps towards honoring the G8 commitment to increase development assistance to Africa by \$25 billion, the EU commitments to increase development assistance to 0.7% of GNI and the U.S. commitment to double development assistance, such as setting out clear timetables to achieve these aid commitments.
- Explore additional assistance either as part of new stimulus packages or independently with a special focus on new donors. All countries that have engaged in lending, grants or in other financing for development including non-OECD countries such as Brazil, Russia, India, China and the Gulf Cooperation Council countries must commit to provide timely, transparent data on the terms and nature of such flows through a DAC-like reporting body so that countries can



maintain appropriate records of financial engagement and so that donor coordination can be maximized.

- While scaling up traditional ODA levels urgently, donors should also be encouraged to expand upon the use of innovative financing mechanisms such as carbon financing, currency transaction taxes, or aviation taxes. G20 countries can pioneer carbon financing by calling for a worldwide system of emission rights trading and auctioning. In addition, G20 countries should establish emission rights trading and auctioning systems and commit at least 25% of the revenue to development.

International Financial Institutions: An essential part of a global rescue package will be countercyclical investment by the international financial institutions. At their meeting in November 2008, G20 leaders noted a commitment to “ensure that the IMF, World Bank and other multilateral development banks (MDBs) have sufficient resources to continue playing their role in overcoming the crisis”. On 14 March 2009, the G20 finance ministers reiterated their will to ensure that MDBs have the capital they need, and specifically agreed to provide a substantial capital increase for the Asian Development Bank. The G20 also agreed that the IMF’s resources should be boosted very substantially and that the increase could be either from individual contributions by IMF member countries, an increase in IMF official borrowing arrangements, or an accelerated review of quotas—special drawing rights (SDR) allocations, or the money that countries pay in as members of the Fund.

The IMF, World Bank, the African Development Bank and other regional development banks can play a key role in leveraging multilateral funding for essential economic investments in sectors like agriculture and infrastructure in Africa and provide an opportunity for new players to contribute to development and global economic stability. It is critical that as these various instruments are explored, specific consideration is given to which tools are explicitly needed for low income countries as these may differ from the needs of emerging economies. The African Development Bank for example, has recently projected that an increase in its capital base could leverage an additional \$5.5 billion in new programs that could be implemented in 2009. These increased resources should be accompanied by sensible policies that ensure that grants and concessional lending are used appropriately and avoid a re-accumulation of debt. Moreover, in the current times of global crisis, the IMF should be allowed to fund the Poverty Reduction and Growth Facility (PRGF) programs for the poorest in the form of grants instead of the normal practice of concessional lending in some cases, so that the IMF can provide funding to these countries without putting them at longer-term risk of debt un-sustainability. Capital increases for the MDBs will be critical to offsetting the shortfall in infrastructure and trade finance. They should also be balanced by reform of these institutions so that their replenishment is overseen by improved governance and more voice and vote for African and other developing countries. Specific recommendations include:

- Ensure the MDBs have sufficient funds to support countercyclical investments in developing countries and increase the capital base at Regional Development Banks (RDBs). The RDBs should commit to using the most concessional terms possible to ensure that this new lending capacity will not contribute to a debt burden for the poorest. Replenishments for IDA and the African Development Fund should be announced early so that these funds can be frontloaded.
- MDBs should offer the most concessional terms possible with poverty alleviation as the core objective in developing countries. Grants are preferable for financing development, especially



in a crisis, but where lending is appropriate and concessional, it must be consistent with current IMF debt sustainability analysis so that future debt crises are averted. The MDBs should expand their efforts to increase debt management capacities in partner countries to help them avoid borrowing irresponsibly to meet their fiscal needs.

- Increase IMF resources for countries in crisis. ONE advocates for a small portion of IMF gold reserves to be sold in a responsible way, as one way to fund PRGF grants without compromising the fundamental strengths of the IMF's balance sheet. Other possibilities are through an increase in special drawing rights (SDRs) or greater contributions by individual countries. Any increase in SDRs should be accompanied by increased support for IMF technical assistance for the poorest countries who can't afford to borrow from the IMF and are in desperate need of technical capacity to manage their policies during this crisis.
- Establish an international insolvency law known as a sovereign debt-workout mechanism to create a legal framework for a predictable, fair, transparent and orderly restructuring of sovereign debt, for countries facing unsustainable debt levels.
- Emerging donors should be encouraged to engage with the MDBs so as to coordinate assistance and policy and to overcome challenges of establishing parallel bilateral efforts. Greater resources from these new donors will need to be met with an increase in the role and voice of such new donors within the MDBs as well.

Regulatory and Governance Reform:

In addition to financing, Africa needs new opportunities in order to integrate itself into the global economy. This requires some significant policy changes from global leaders and the G20 could send a strong signal of support by focusing on the following immediate steps:

Trade Policy: For almost eight years, WTO members have tried to negotiate a multilateral trade agreement that was intended to prioritize the concerns of developing countries. As these talks remain stalled, Africa misses opportunities to earn its own resources through exports. In this time of financial concern in developed country markets, there are signs that countries may not prioritize the conclusion of trade talks that could unlock the door for the developing world, but that they may in fact add new layers of protectionism in the hope of jumpstarting their own economies. In November, G20 members agreed to resist such urges but some countries have since shown signs that this commitment may be broken.

- G20 countries should commit to resisting protectionist policies and convene a meeting specifically focused on integrating trade and development policies.
- The G20 should set a future meeting specifically focused on discussing and developing a trade and development package that puts in place policies to sustain African growth through the downturn.
- G20 countries should implement a harmonized duty-free/quota-free trade preference program for African countries that will allow farmers and exporters to export the products to a broad



range of developed country markets under the same rules. Such initiatives could be pursued either through a renewed Doha Development Agenda or through bilateral commitments.

Financial Regulation: When considering financial reform, it is essential that G20 policymakers consider how improved regulation can stop illicit capital flight from developing countries and erosion of the tax base of developing countries. Some specific suggestions for the G20 to consider include:

- Develop a Global Poverty Alert or other form of international early warning system to protect against future crises and strengthen the role of the IMF in managing these shocks in the future.
- Design and implement a technical assistance package to boost tax collection capacity and support efforts by developing nations to proactively track down illicit or looted funds through proposals like the Stolen Assets Recovery initiative (StAR).
- The regulation and transparency of tax havens should be greatly strengthened through measures such as a multilateral tax information exchange treaty and by upgrading the UN Tax Committee. Transparency of all financial flows must include specific efforts to increase the transparency of the extractive industries and the banking sector in developing countries.

Developing Country Representation in International Financial Institutions: Voice, vote and vetoes should not just follow financial strength in the governance of the IFIs. Reform of the management and governance of the IMF and World Bank should reflect both the growing financial power of the major reserve-holding emerging economies and the growing population of developing regions, notably Africa.

- Implement reforms of the governance structures of the IFIs to ensure that developing countries have a sufficient and strong voice in decision-making over policies which impact their economies.
- Increase African representation at the G20 by inviting the African Union (AU) and African Development Bank (ADB) to participate in future summits and meetings.
- On broader IFI reform, the G20 must set out a clear set of principles for the future reform of the IFIs so that all countries, particularly developing countries, have an equitable allocation of votes in all international fora. This reform must extend to the leadership of the IFIs and the appointment procedures for these positions. IMF and WB policy should enable greater public/civil society participation in, and scrutiny of, decision-making and ensure governments have enough policy space to make their own choices as to the kind of economic and social policy measures they employ.



APPENDIX: Development Initiatives for G20 Consideration

The G20 has an opportunity at the April 2 summit to reinforce and commit to specific initiatives that will speed up progress towards the Millennium Development Goals (MDGs). In addition to agriculture, social safety nets, and infrastructure investments, interventions in health and education can help Africa build its own capacity to better contribute to the global economy and defend itself against future downturns.

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

- The G8 and other donor countries participating in the G20 summit should commit to fully fund the Global Malaria Action Plan to reduce the burden of malaria by 50% by 2010 and eliminating malaria deaths by 2015.

The Global Fund has distributed 70 million bed nets, supported anti-retroviral (ARV) treatment for 2 million people, and provided directly-observed therapy short-course (DOTS) treatment for 4.6 million people. However, it is facing a funding shortfall of approximately US\$5 billion which could jeopardize countries' ability to receive much needed assistance.

- The G8 should follow through on the commitment to fully fund the Global Fund to Fight AIDS, Tuberculosis, and Malaria through a strong interim replenishment in Spain in April 2009 and through a robust full replenishment in 2010.

In addition, stronger health systems are needed to protect and preserve the successes of previous investments in infectious diseases and better address basic maternal and child health needs. This longer-term commitment would coordinate the health system strengthening efforts of development partners and would ensure more effective use of limited aid dollars.

The G8 and other donor countries participating in the G20 summit should expand upon the Hokkaido G8 commitments to put firm funding targets and a concrete timeline for a multilateral Global Health Care Partnership which would develop health systems including robust health workforce plans in partner countries.

Education: Committed funding from the G8 and other donors has begun to produce successes in some countries, but there is still much more to do. Although 34 million African children are now going to school thanks in large part to debt relief and aid increases, 35 million children in Africa are not yet able to attend primary school. In Hokkaido, the G8 reiterated its ongoing support for education and pledged to continue efforts to mobilize bilateral and multilateral assistance to meet the financing gap for countries whose education plans have been endorsed by Education for All-Fast Track Initiative (FTI). Currently, 36 countries (22 of which are in Africa) have been endorsed by the FTI. These countries currently face a funding shortfall of approximately \$818 million to implement their plans, a gap that is expected to grow to \$1.3 billion by 2010 as more countries are endorsed. The G8 and other donor countries participating in the G20 should mobilize increased bilateral and multilateral support for FTI-endorsed countries. At the same time, donors should consider new options for



expanding upon the successes of the FTI and enhancing multilateral support for education through a potential Global Fund for Education.

- The G8 and other donor countries participating in the G20 summit should commit to fill the \$818 million financing gap faced by FTI-endorsed countries and explore additional opportunities to better reach out of school children globally.