

G8

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Jacob Zuma • Achim Steiner
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• Joseph Nye

THE DEAUVILLE SUMMIT

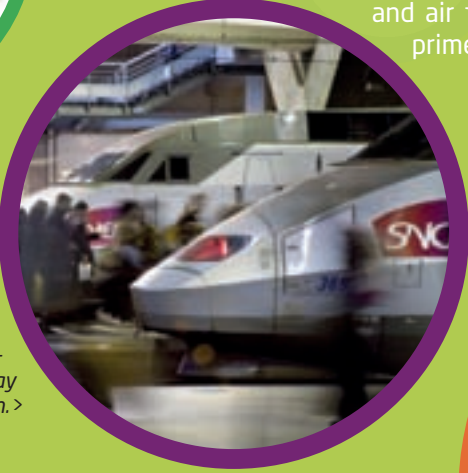
MAY 2011

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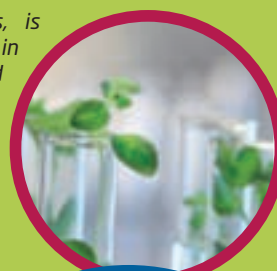
The artistic talent of the region is reflected in the original shows and events it organises, which attract huge crowds and are exported to the five corners of the globe. >

With factories in Nantes and Saint-Nazaire, Airbus builds composite aircraft which are lighter and consume less fuel than previous models. >



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Végépolys, in Angers, is the world reference in innovation in the field of specialised plants. >



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Fifth in terms of job creation in the industrial and services sectors over the last 10 years.
Fifth leading region in terms of GDP.



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In the rapidly globalizing world of the 21st century, the Group of Twenty systemically significant countries, created at the level of finance ministers and central bank governors in 1999 and elevated to the leaders' level in 2008, seeks to be the premier permanent centre of international economic cooperation. Its members, consisting of the Group of Eight, emerging countries and the European Union, work to provide financial stability, sustainable growth and openness that benefit all.

The G20 Research Group is a global network of scholars, students and professionals in the academic, research, business, non-governmental and other communities who follow the work of the G20 leaders, finance ministers and central bank governors. It is directed from the Munk School of Global Affairs at Trinity College in the University of Toronto, also the home of the G8 Research Group.

Our mission is to serve as the world's leading independent source of information and analysis on the G20. As **scholars**, we accurately describe, parsimoniously explain and reflectively interpret what the G20 and its members do, and, on this basis, responsibly predict what they will do. As **teachers and public educators**, we present to the global community and G20 governments the results of our research as well as others' research, ways to learn about the G20 and information about the G20. As **citizens**, we foster transparency and accountability in G20 governance, and the connection between civil society and G20 governors. And as **professionals**, we offer policy advice about G20 governance, but do not engage in advocacy for or about the G20 or the issues it might address.

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The G20 Information Centre is a multilingual, comprehensive permanent collection of information and analysis on the G20 available online at no charge. It complements the G8 Information Centre, which houses publicly available archives on the G20 as well as the G7 and G8.

Research and Publications

Among the material available on the G20 Information Centre is a document detailing the **Plans and Prospects** for the G20's agenda, updated frequently. Also available are compliance reports and performance assessments, as well as online publications such as *Growth, Innovation, Inclusion: The G20 at Ten*, *The G20 London Summit: Growth, Stability, Jobs*, *The G20 Pittsburgh Summit 2009* and *The 2010 Seoul Summit: Shared Growth Beyond Crisis*, edited by John Kirton and Madeline Koch.

Key Publications

- *Global Financial Crisis: Global Impact and Solutions*, Paolo Savona, John Kirton and Chiara Oldani (Ashgate Publishing)
- *Rising States, Rising Institutions*, Alan S. Alexandroff and Andrew F. Cooper, eds. (Brookings Institution)
- *Elements of the Euro Area*, Jesper Berg, Mauro Grande and Francesco Paolo Mongelli (Ashgate Publishing)
- *Global Financial Crime*, Donato Masciandaro (Ashgate Publishing)
- *The G8 System and the G20*, Peter I. Hajnal (Ashgate Publishing)
- *Sovereign Wealth Funds and International Political Economy*, Manda Shemirani (Ashgate Publishing)
- *Governing Global Derivatives*, Chiara Oldani (Ashgate Publishing)
- *Reforming from the Top*, John English, Ramesh Thakur and Andrew F. Cooper, eds. (Wilfrid Laurier University Press)

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G8

THE DEAUVILLE SUMMIT

MAY 2011



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The priorities of the French presidency of the G8

France will urge G8 members to concentrate on areas where they can have a real impact, such as the internet, green growth and innovation, and nuclear safety

By Nicolas Sarkozy, president, Republic of France

The September 2009 G20 Pittsburgh Summit marked a milestone in the reform of global governance by making the G20 “the premier forum for international economic cooperation” to reflect the new global balances and the growing role of the emerging countries. In this context, the G8’s role has evolved but the original nature of the forum has remained intact. As a result, the leaders of the most advanced economies are able to conduct direct and informal talks at the 2011 Deauville Summit. During its presidency, France has recommended that the ‘new G8’ focuses on issues where its members can have a genuine impact, avoiding duplication of the G20 agenda.

The new common challenges: the internet, innovation, green growth and a sustainable economy, and nuclear safety

Internet: This will be the first time that the internet is discussed within the G8 at the level of heads of state and government. The future of the internet and its development are major issues concerning both freedom of expression and communication – as has been demonstrated with the Arab Spring – and the global economy. The Deauville Summit will aim to define common principles and strengthen international cooperation to guarantee the development of a responsible internet. Crucial issues, such as protection of people’s private lives and freedoms, respect for intellectual property and cyber security, will be discussed by the leaders. The summit will be preceded and inspired by the eG8 Forum on 24-25 May in Paris, bringing together major figures in the world of the internet.

Green growth and innovation: The objective is to identify concrete measures to develop these essential springboards for growth and jobs in our advanced economies.

Nuclear safety: Following the unprecedented earthquake and tsunami that struck Japan and caused a nuclear accident at the Fukushima power plant, at Deauville the G8 will express its solidarity with the Japanese authorities and people. The summit will also give fresh impetus to tightening international nuclear safety requirements.

Finally, leaders will have the opportunity to exchange thoughts on climate change six months prior to the Durban Conference, and on trade, where they will reaffirm their commitment to multilateralism.

The ‘Arab Spring’: a partnership for democracy

The Arab Spring will be the focus of discussions among the G8 leaders. There will be a special working session devoted to the subject, in which the leaders of Egypt and Tunisia will participate.

The French presidency of the G8 supports these transitions to democracy and will establish a strengthened and long-term



partnership with the countries of the region involved to support civil society and economic and social reforms, particularly aimed at young people, whose thirst for freedom sparked off the liberation movements of the Arab people.

Strengthening the partnership with Africa: a long-term vision

The G8’s commitment to Africa is taking shape in concrete forms, both in the area of strengthening African peace and security capabilities and in the area of cooperation for development.

In Deauville, the G8 leaders will meet their African partners for open and direct discussions on the challenges of this continent.

The G8 will also express its support for democratic progress in Africa by inviting the newly elected leaders of Côte d’Ivoire, Niger and Guinea-Conakry to take part in the outreach dialogue on Africa.

We will also continue the exercise begun by the Canadian presidency in 2010 on following up the commitments of the G8 countries, in particular in the areas of health and food security. In a spirit of ‘mutual responsibility’, the African countries will present a summary of the progress made in governance, transparency and the effectiveness of aid.

Peace and security: traditional themes of the G8

The peace and security agenda will form an essential element of the French presidency of the G8. In addition to political issues (Iran, Libya, Syria, the Middle East, Afghanistan, Pakistan and non-proliferation), the French presidency will focus in particular on new drug-trafficking routes connecting Latin America, West Africa and Europe, as well as the fight against terrorism, particularly in the Sahel. ♦

“

The Arab Spring will be the focus of discussions among G8 leaders – the presidency supports these transitions to democracy

”

Le Sommet du G8 à Deauville de la France: nouveau monde, nouvelles idées

Par Nicolas Sarkozy, président, République française

Le Sommet du G20 de Pittsburgh, en septembre 2009, a marqué une étape majeure dans la réforme de la gouvernance mondiale en faisant du G20 le « principal forum de coopération économique internationale » afin de refléter les nouveaux équilibres mondiaux et le rôle croissant des pays émergents. Dans ce contexte, le rôle du G8 évolue en veillant à ce que soit préservée l'originalité de ce forum, qui permet des discussions directes et informelles au niveau des chefs d'État et de gouvernement des économies les plus avancées. Pendant sa présidence, la France propose de recentrer ce « nouveau G8 » sur des sujets sur lesquels ses membres peuvent avoir un véritable impact, en veillant à ne pas dupliquer l'agenda du G20.

Les nouveaux défis communs : Internet, l'innovation, la croissance verte et l'économie durable, la sûreté nucléaire

Internet : Pour la première fois, l'Internet sera discuté dans l'enceinte du G8 au niveau des chefs d'État et de gouvernement. L'avenir de l'Internet et son développement sont des enjeux majeurs, tant pour la liberté d'expression et de communication – comme l'ont montré les printemps arabes – que pour l'économie mondiale. Le sommet aura vocation à définir des principes communs et à renforcer la coopération internationale pour garantir le développement d'un Internet responsable. Des questions essentielles telles que la protection de la vie privée et des libertés, le respect de la propriété intellectuelle et la cyber-sécurité seront discutées par les chefs d'État et de gouvernement. Le Sommet de Deauville sera précédé et nourri par le e-G8 Forum qui se tiendra les 24 et 25 mai à Paris et rassemblera les grandes figures du monde de l'Internet.

Croissance verte et innovation : L'objectif est d'identifier des mesures concrètes pour développer ces relais de croissance et d'emploi essentiels pour nos économies avancées.

La sûreté nucléaire : A la suite du séisme et du tsunami sans précédent qui ont frappé le Japon et entraîné un accident nucléaire à la centrale de Fukushima, le G8 marquera à Deauville sa solidarité avec les autorités et le peuple japonais. Le sommet devra également donner une impulsion pour renforcer les exigences internationales de sûreté nucléaire.

Enfin, les Leaders auront l'occasion d'échanger sur le climat, six mois avant la conférence de Durban, et sur le commerce, pour lequel ils réaffirmeront leur attachement au multilatéralisme.

Les « printemps arabes » : un partenariat pour la démocratie

Les « printemps arabes » seront au cœur des discussions entre les chefs d'État et de gouvernement du G8. Une session de travail particulière à laquelle participeront les premiers ministres d'Égypte et de Tunisie, leurs seront notamment consacré.

La Présidence française du G8 soutient ces transitions démocratiques et lancera un partenariat renforcé et de long terme, avec les pays de la région engagés en soutien aux sociétés civiles et aux réformes économiques et sociales, notamment en direction de la jeunesse dont la soif de liberté a été à l'origine des mouvements de libération des peuples arabes.

Le renforcement du partenariat avec l'Afrique, une vision de long terme

L'engagement du G8 pour l'Afrique se traduit de façon concrète, tant dans le domaine du renforcement des capacités africaines de paix et de sécurité qu'en matière de coopération pour le développement.

À Deauville, les chefs d'État et de gouvernement du G8 rencontreront leurs partenaires africains pour des discussions libres et directes sur les enjeux du continent.

Le G8 exprimera également son soutien aux avancées démocratiques en Afrique en invitant les chefs d'État nouvellement élus de Côte d'Ivoire, du Niger et de Guinée-Conakry à participer au dialogue élargi sur l'Afrique.

Nous poursuivrons également l'exercice engagé par la présidence canadienne sur le suivi des engagements des pays du G8, notamment dans les domaines de la santé et de la sécurité alimentaire. Dans un esprit de « responsabilité mutuelle » les pays africains présenteront un bilan des progrès réalisés sur la gouvernance, la transparence et l'efficacité de l'aide.

« Paix et sécurité », thèmes traditionnels du G8

Le volet « paix et sécurité » constituera un élément essentiel de la présidence française du G8. Au-delà des affaires politiques (Iran, Libye, Syrie, Proche-Orient, Afghanistan Pakistan, non-prolifération, etc.), la Présidence française mettra un accent particulier sur les nouvelles routes du trafic de drogue entre les pays de l'Amérique latine, de l'Afrique de l'Ouest et de l'Europe, ainsi que la lutte contre le terrorisme, notamment au Sahel. ♦

A 'new' G8: building on Muskoka's foundations

Last year's summit in Canada left a strong legacy – especially in terms of advancing women's and children's health and of accountability for development commitments – and the current French presidency is building on these themes

By The Right Honourable Stephen Harper, prime minister, Canada



The 2010 Muskoka Summit reaffirmed the G8's value as a forum for like-minded countries to discuss the most pressing global challenges and take action on them. In Muskoka, leaders were able to exchange frank views on peace and security issues and on development challenges, while also delivering on several key issues, most notably the pressing need to improve women's and children's health in the developing world.

The Muskoka Summit was built on the foundations of accountability and results. First, G8 leaders launched the Muskoka Initiative on Maternal, Newborn and Child Health, catalysing support for women's and children's health and committing more than \$5 billion in new and additional funding up until 2015. Korea, the Netherlands, Norway, New Zealand, Spain, Switzerland, the Gates Foundation and the United Nations Foundation joined the G8 to commit an additional \$2.3 billion. The G8 process also provided critical momentum to the UN secretary-general's Global Strategy for Women's and Children's Health, through which an unprecedented \$40 billion was raised to improve women's and children's health –

including funds pledged through the Muskoka Initiative. The Muskoka Initiative demonstrated the G8's commitment to helping achieve the Millennium Development Goals (MDGs) and its value in mobilising resources required to advance key MDGs.

Accountability for development commitments was another centrepiece of the Muskoka Summit and a strong legacy for future summits. Leaders agreed that following through on commitments is essential to the credibility and effectiveness of the G8, and this remains a Canadian priority for 2011 and beyond. The G8 released the *Muskoka Accountability Report*, assessing action and results against development-related commitments and leaders committed to follow up on the report's recommendations. This report has shown G8 leadership by setting a 'gold standard' for reporting responsibly and transparently on the commitments we make.

Canada remains committed to advancing maternal and child health and accountability. I am honoured to continue Canada's international leadership on these issues as co-chair of the new UN Commission on Information and Accountability for Women's and Children's Health, which will develop an accountability framework to help ensure that the commitments made through the Global Strategy and the G8 Muskoka Initiative make a real difference in the lives of women and children around the world.

Canada seeks to sustain and build on the success of Muskoka in 2011, under the leadership of the French G8 presidency, so I am pleased to see that several of the priorities established by the French presidency will build on themes discussed at Muskoka. Accountability will remain at the centre of G8 discussions, including those with our African partners. Delivering on G8 commitments on health and food security will also be front and centre in France's year.

The G8 has a consistent record of strong commitment to leadership and action on the range of international peace and security challenges confronting the globe. At the Muskoka Summit, G8 leaders made important advances on the peace and security agenda. We notably called on Iran to comply with its international obligations and engage in a transparent dialogue on its nuclear activities, and demanded that North Korea abandon all nuclear proliferation activities and refrain from committing threatening hostilities against South Korea. We discussed the need for the government of Afghanistan to show progress in addressing its security and governance challenges. The concrete results of the Global Partnership Against the Spread of Weapons and Materials of Mass Destruction, launched at the Kananaskis Summit in 2002,



was also welcomed by G8 leaders in Muskoka. As well, G8 leaders continued to actively seek comprehensive and coordinated approaches to help those states and regions struggling to tackle their security vulnerabilities, including terrorism, organised crime and trafficking in drugs, arms and people.

Events over the past year, including recent events in the Middle East and North Africa, confirm the need to build on the momentum generated in Muskoka on peace and security. I am pleased that the French G8 presidency will provide continuity with regard to priority Canadian initiatives such as transatlantic drug trafficking from Latin America to Europe, via Africa. France held a ministerial meeting on this subject on 10 May. This is a logical follow-up to Canada's initiative at the Muskoka Summit. This drug trade is a prime example of a pressing threat that crosses many borders and has significant impacts in several areas. I believe that the G8 is well placed to improve international cooperation on this problem. I look forward to continue our discussions in Deauville on these and other critical and pressing issues.

But even as we make progress on some issues, new ones will continue to emerge. As noted above, prevailing threats to global security and prosperity need to be addressed. The G8 remains an important part of the global governance system, and one that is well positioned to mobilise action by assuming a leadership role and then mobilising a

“ The G8 is well placed to improve international cooperation on transatlantic drug trafficking from Latin America to Europe ”

broader coalition. International cooperation is now more important than ever. Canada, in part through the G8, is playing a role in driving new work on important issues.

Over the past several years, we have witnessed the need for the international architecture to be flexible and adaptive in order to deal with crises. The landscape has changed, and the G8 has responded by focusing where it is most needed. In 2011, we must continue to seek credible solutions to global problems – with innovation, creativity and concrete results. We look forward to continued collaboration with our international partners, to effectively confront pressing global issues. ♦

Un « nouveau » G8

L'année dernière, le sommet du G8 au Canada a fait date, spécialement en ce qui concerne la promotion de la santé pour les femmes et les enfants et la mise en place de mécanismes de contrôle et de responsabilisation des engagements pris en matière de développement. L'actuelle présidence française poursuivra ces efforts entrepris sur ces thématiques

Par Le très honorable Stephen Harper, premier ministre, Canada



Le Sommet de Muskoka en 2010 a confirmé que le G8 est d'une grande utilité pour les pays aux vues similaires qui désirent discuter des enjeux internationaux les plus urgents et convenir de mesures. Ainsi, les dirigeants ont pu exprimer franchement leurs opinions sur la paix, la sécurité et le développement ainsi que s'entendre sur les mesures à prendre pour faire avancer certains dossiers décisifs, dont surtout l'urgent besoin d'améliorer la santé des femmes et des enfants dans les pays en développement.

Le Sommet de Muskoka était axé sur la responsabilisation et l'efficacité. Tout d'abord, les dirigeants du G8 ont lancé l'Initiative de Muskoka sur la santé des mères, des nouveau-nés et des enfants, mobilisant un appui de plus de 5 milliards de dollars américains d'ici 2015. La Corée, l'Espagne, la Norvège, la Nouvelle-Zélande, les Pays-Bas, la Suisse, la Fondation Gates ainsi que la Fondation des Nations Unies se sont ralliés au G8 et ont promis 2,3 milliards additionnels. Les membres du G8 ont par ailleurs donné une impulsion d'une importance critique à la Stratégie mondiale pour la santé de la femme et de l'enfant (la Stratégie mondiale) du secrétaire général

des Nations Unies, en y apportant un concours sans précédent de 40 milliards de dollars américains (dont les sommes promises dans le cadre de l'Initiative de Muskoka). L'Initiative de Muskoka a démontré la volonté du G8 de contribuer à la réalisation des Objectifs du Millénaire pour le développement (OMD) et son utilité pour ce qui est de mobiliser les ressources nécessaires afin de faire avancer les OMD.

Autre point central du Sommet de Muskoka et modèle inspirant pour les prochains sommets : la nécessité de rendre compte de la concrétisation des engagements pris. Les dirigeants s'étaient entendus pour dire qu'il est essentiel de respecter les engagements afin de préserver la crédibilité et l'efficacité du G8; cela demeure une priorité pour le Canada en 2011 et le restera. Le G8 a publié le *Compte rendu des activités — Actions et résultats du G8*, qui fait état des gestes posés et des résultats obtenus à la lumière des engagements liés au développement, ainsi que des dirigeants résolus à suivre les recommandations qui y sont contenues. Le G8 y montre son rôle de chef de file en instaurant une « règle d'or » pour la reddition de comptes transparente et responsable à l'égard des engagements pris.

Le Canada demeure déterminé à promouvoir la santé des mères et des enfants de même que la responsabilisation à cet égard. C'est un honneur pour moi que de continuer à assurer le leadership du Canada dans ce dossier à titre de coprésident de la nouvelle Commission de l'information et de la responsabilisation en matière de santé de la femme et de l'enfant des Nations Unies. Cette commission élaborera un cadre de responsabilisation pour que les engagements pris dans le cadre de la Stratégie mondiale et de l'Initiative de Muskoka changent vraiment la vie des femmes et des enfants dans le monde.

Le Canada souhaite faire durer les effets positifs du sommet et continuer sur cette lancée en 2011 lors du sommet que présidera la France. C'est pourquoi je suis heureux de constater que de nombreuses priorités établies sous la présidence française font suite aux thèmes abordés lors de la conférence de Muskoka. La responsabilisation demeurera au centre des discussions du G8, y compris lors des échanges avec nos partenaires africains. La concrétisation des engagements du G8 à l'égard de la santé et de la sécurité alimentaire sera aussi une grande priorité de la présidence française.

Depuis toujours, le G8 est fermement résolu à montrer son leadership et à agir concrètement pour relever les défis qui se posent sur le plan de la paix et de la sécurité dans le monde. Au Sommet de Muskoka, les dirigeants du G8 ont fait d'importantes avancées en la matière. Ils ont notamment exhorté l'Iran à se conformer à ses obligations



internationales et à dialoguer ouvertement à propos des activités nucléaires, et ont demandé à la Corée du Nord de démanteler son programme d'armes nucléaires et de s'abstenir de proférer des menaces à l'endroit de la Corée du Sud. Ils ont aussi discuté de la nécessité pour le gouvernement afghan de démontrer ses progrès sur le plan de la sécurité et de la gouvernance. Ils ont été heureux de constater les résultats concrets du Partenariat mondial du G8 contre la prolifération des armes de destruction massive et des matières connexes, annoncé au Sommet de Kananaskis en 2002. Les chefs des pays du G8 se sont encore employés à chercher des approches globales et concertées pour venir en aide aux états et régions aux prises avec des problèmes de sécurité, sous forme notamment de terrorisme, de crime organisé ainsi que de trafic de drogues, d'armes et de personnes.

Les événements qui se sont produits au cours des douze derniers mois, notamment au Moyen-Orient et en Afrique du Nord, viennent confirmer la nécessité de poursuivre dans la voie choisie à Muskoka en matière de paix et de sécurité.

Je suis également heureux de savoir que la présidence française du G8 assurera une continuité à l'égard des initiatives canadiennes prioritaires, comme le narcotrafic transatlantique entre l'Amérique latine et l'Europe, via l'Afrique. La France a tenu une réunion ministérielle à ce sujet le 10 mai, ce qui est la suite logique de l'initiative du Canada au Sommet de Muskoka. Le narcotrafic est un exemple parfait de ce que constitue une menace immédiate qui touche de nombreux pays et a des conséquences diverses et importantes. À mon avis, le G8 est bien placé pour intensifier la coopération internationale à ce sujet. C'est avec impatience que j'attends de continuer les pourparlers à Deauville sur les enjeux mentionnés et d'autres tout aussi pressants.

Stephen Harper,
premier ministre du
Canada, reçoit ses
homologues du G8
au Sommet de Muskoka
en juin 2010

“ La présidence française
du G8 assurera une continuité
à l'égard des initiatives
canadiennes prioritaires ”

À mesure que nous avançons dans certains domaines, d'autres problèmes se manifestent. Je le répète, les menaces actuelles pour la sécurité et la prospérité mondiale doivent être levées. Le G8 demeure un volet incontournable des structures décisionnelles mondiales et a l'avantage de pouvoir mobiliser et diriger les autres acteurs au sein d'une coalition élargie. La coopération internationale est plus importante que jamais, et le Canada, en tant que membre du G8, contribue à proposer de nouvelles solutions aux enjeux importants.

Au cours des dernières années, nous avons constaté qu'une structure internationale doit pouvoir être souple et s'adapter aux fins de la gestion des crises. Le monde a changé et, en réaction, le G8 a surtout œuvré là où on avait le plus besoin de lui. En 2011, nous devons continuer à trouver des solutions crédibles aux problèmes de ce monde, à faire preuve d'innovation et de créativité et à obtenir des résultats concrets. Nous nous réjouissons à la perspective de poursuivre notre collaboration avec nos homologues étrangers pour affronter efficacement les enjeux mondiaux les plus pressants. ♦

Governing globalisation: challenges for the G8

Teamwork will help us to make progress on issues such as reforms in the Middle East; building an open, global economy; protecting intellectual property; promoting sustainability; engaging with developing countries; and fighting internet attacks

By Angela Merkel,
chancellor, Federal
Republic of
Germany

Political challenges continue to grow as the world becomes smaller. Whether it be environmental or natural disasters, wars or bad government, stock-market crashes or bank failures, with the regions of the world being so closely interconnected, local events gain global importance as quickly as wildfire. An increasing number of countries are thus facing identical challenges that they can hardly, or not at all, solve on their own. The old saying 'we are all in the same boat' has become more relevant than ever in this age of globalisation and the internet. It takes teamwork to advance and to master dangerous rapids. The international financial crisis has highlighted this issue in a particularly pressing way.

To counteract the turbulence on financial markets and to make provisions for the future, at Pittsburgh in 2009 the G20 leaders pronounced themselves to be the leading forum for international economic cooperation. This brought to the table the large emerging countries, based on their increased economic and political importance. This development had started in the Heiligendamm Process that was initiated in 2007 by the G8 under the German presidency.

Common interests

The format of the G20 involves a broad spectrum of countries and public interests, and thus a high degree of legitimacy. But the members are – in terms of their ideals and societal systems – very heterogeneous. In the G8, however, the basic principles of a free economic and civil society and democracy predominate. This homogeneity increases the chance of reaching a consensus on workable solutions. Therefore, the G8, with its economic power, remains an important body for international political cooperation. This combination of economic power and common political values creates a unique basis for finding a common stance on foreign policy and political security.

Current international developments will be on the G8 agenda at Deauville, too. The changes in the Arab world and the resulting questions of security will be central. These events provide dramatic proof that sustainable development is feasible only when human rights are observed. The G8 is governed by the idea that peaceful change and political stabilisation in the affected countries should be supported by reforms and new economic freedom. We leaders must use this opportunity to promote political participation and wealth in our neighbouring Arab countries.

The situation in North Africa and the Middle East also demonstrates how the movement of migrants increases at times of social upheaval. Industrialised countries find themselves confronted with the hopes of

desperate people who want to leave behind their lives of hardship in their home country. Accordingly, we must all take responsibility together.

The agenda of this year's French G8 presidency is in no way restricted to such current problems. France would like to return the G8 to its origins as an informal forum, with much room for discussion. The G8 would continue to function as an important impulse generator in the most diverse debates and questions about the future. This includes an exchange among the G8 leaders about the global economy – last, but not least, about the economic-political principle of creating free markets.

For some time, Germany has been suggesting that the G8 focus on the target of an open, global economy. What continues to be important is the multilateral liberalisation of trade within the World Trade Organization. I am delighted that the G20 set the clear objective in Seoul last November of entering the final phase of the Doha trade negotiations this year. At Deauville, Germany will insist on a course to follow up with action.

Germany has weathered the fallout of the global economic and financial crisis well. In 2010, our economy experienced the strongest growth since reunification 20 years ago. Growth is expected to continue in 2011. This newly revived economic dynamism is carried by both foreign trade as well as domestic demand. The German government has contributed its share to overcome the crisis – with timely and adequate stabilisation measures for the financial sector, a comprehensive economic stimulus for the real economy and relaxing of rules for short-term work.

Improving conditions for growth

Now we face new tasks. Following these short-term crisis-management measures, the conditions for long-term growth, both domestic and international, must be improved. This requires consolidation of the budget and investments in education, research and development. The protection of intellectual property not only is in the interests of the industrialised countries, but also benefits emerging economies in transition from importing knowledge to producing knowledge. Ultimately, it must become profitable for developing countries to produce innovations, so that they can promote sustainable growth on their own. This makes it necessary to unite worldwide in the fight against product and brand piracy. I thus appreciate President Nicolas Sarkozy's inclusion of this topic on the G8 agenda.

When the G8 leaders talk about growth, we do not mean growth at any price. The principle of sustainability demands that we adhere to those limits set by the protection of the climate and the finite nature of resources.



Events in the Arab world prove that sustainable development is feasible only when human rights are observed





The trend is to move toward an economy with low levels of carbon-dioxide emissions and efficient use of resources, based on the conviction and realisation that sustainability and wealth are two sides of the same coin.

Sustainability embraces the basics of an economy created for the long term that does not consume the future but develops it. Short-term growth at the expense of development opportunities for future generations is not an option. This applies equally for developed, emerging and developing countries. All can leverage the immense potential of efficient and environmental technologies, and the increased use of these technologies requires policies that create suitable frameworks. Consequently, the resolutions of the United Nations Conference on Climate Change in Cancún in December called on industrialised countries to initiate low-carbon-dioxide development strategies. If the G8 sends a clear signal for green growth, it can be a decisive factor in connection with the UN conference on sustainable development in Rio de Janeiro in 2012.

The G8 has always been an important catalyst of development policy, as in the bilateral cancellation of debts in the Heavily Indebted Poor Countries (HIPC) Initiative in Cologne in 1999, the multilateral cancellation of debt, the fight against poverty as well as the historically unprecedented commitments to promote health in poor countries at the G8 Heiligendamm Summit. The G8's responsibility is especially visible in Africa, where its engagement far exceeds the provision of foreign aid in a

The internet helps to spread democracy but also provides a target for dangers of many kinds, protection for which can best be provided on a largely international basis

strict sense. Rather, it includes dialogue that embraces the entire breadth of economic, social, political and security-related development. However, G8 members – as with all donors – can only make contributions to strengthen efforts of national self-empowerment. Without such contributions the results would be significantly worse, both in economic terms and in the fight against diseases such as AIDS, tuberculosis and malaria.

Today, the exchange of knowledge, progress and development can hardly be imagined without the internet. The internet provides transparency and helps to spread democracy. As a modern means of communication, it is firmly fixed in daily life. However, this increased interconnectivity also provides a target for dangers of many kinds. Because adequate protection from internet attacks can best be provided on a largely international basis, the French president has included this important topic on the G8 agenda as well.

What happens on one side of the world today increasingly affects the other side, too. Geographic distances are losing their significance, thanks to continuously developing and deepening interconnectivity. This means the future must be defined under the conditions of globalisation. It requires reliable, international bodies for discussion and decision making. The G8 thus plays an important role as a proven format alongside the G20. Both are derived from the necessity to assume responsibility in unison – for the future of this planet. ♦

The G20 Seoul Summit and beyond

The world's new economic grouping of nations continues its efforts to create greater financial stability, to reflect the changing balance of industrial and financial power and to be open to the needs of peoples and nations outside its membership

By Lee Myung-bak,
president, Republic
of Korea

When the G20 leaders first met in Washington DC in November 2008, no one was sure about the outcome of the summit and whether they would meet again. As the leaders recognised the need for internationally coordinated policies to tackle the worst financial crisis since the Great Depression, they agreed to meet again in less than six months' time in London. The G20 thus took the lead in helping the global community avert another depression on the scale of 1929.

When Korea was tasked with chairing the 2010 G20, we had two clear objectives from the outset. The first was to faithfully follow through on previous commitments to

show the world that the G20 can deliver not just at the height of the crisis but even when the worst of the crisis is behind us. The second was to add new agenda items that would enhance the legitimacy of the G20 as an informal global steering committee. About two-thirds of the agenda involved implementing the previous commitments and the remaining third pertained to new agenda items for Seoul.

I was convinced that the Seoul Summit was a litmus test for the G20, not just as a crisis committee but also as a legitimate and effective global steering committee. Against this backdrop, the Korean government established the Presidential Committee for the G20 Summit to take charge of the preparations for the Seoul Summit. It consisted of all relevant cabinet members, including the finance minister,

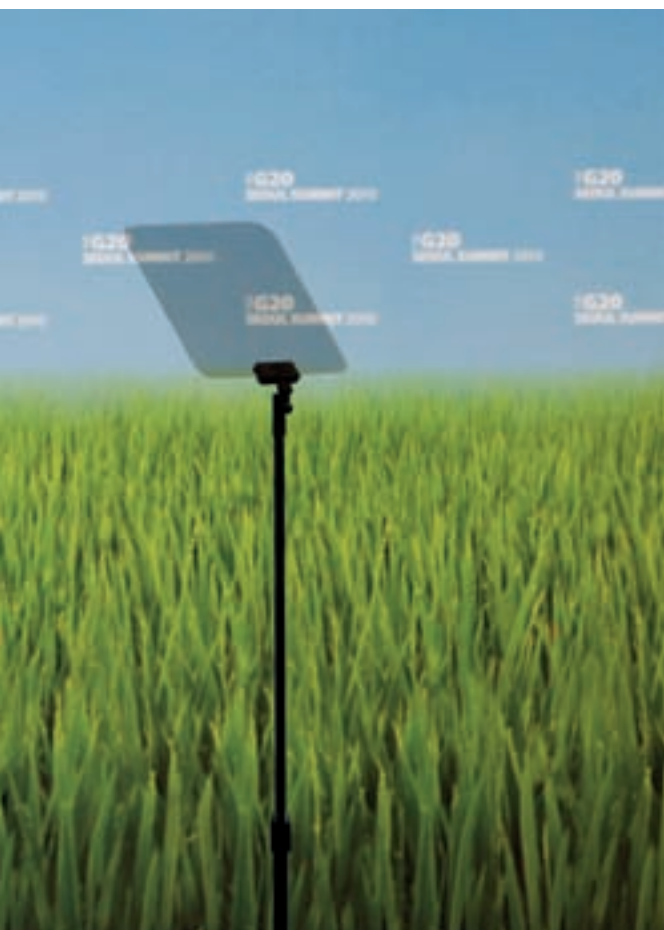


“ We must pay due attention to the concerns of the 173 members of the United Nations that are not members of the G20 ”

the foreign affairs minister, the culture and tourism minister, the public administration and security minister and the mayor of Seoul, in addition to many prominent representatives from the private sector. I myself frequently presided over the committee meetings and received regular reports from the committee. As the Seoul summit approached, I convened meetings daily.

Korea, of course, worked very closely with the other G20 members as well as multilateral institutions and global experts throughout the course of preparing for the Seoul Summit. Together, we were able to follow through on most of the previous commitments.

To be specific, there were four issues on which to focus. The first was macroeconomic coordination in the form of implementing the Framework for Strong, Sustainable and Balanced Growth. After a rather prolonged process, the leaders agreed on the principles of indicative guidelines and the timeline of working out details. Second was the quota and governance reform of the International Monetary Fund (IMF). Many sceptics predicted the G20 members would fail to reach an agreement on IMF reform. Certainly, the



Korea's President Lee Myung-bak addresses a news conference at the G20 summit in Seoul on 12 November 2010

process was not plain sailing by any standard. But in the end, we all gave a little and successfully adjusted the IMF quota to more than what had been promised at the Pittsburgh summit in 2009. It proved to be the largest quota change in the 66 years of IMF history. Our European colleagues made a concession to shift two of their seats on the executive board to emerging economies.

The third issue concerned financial regulatory reform. The specific commitments related to Basel III, the accord that had been proposed by the Basel Committee on Banking Supervision before the leaders met in Seoul. The fourth issue included trade and other matters. Although the leaders were unable to agree on the specifics of the Doha Round of trade negotiations, they extended their standstill commitment by three more years until 2013 and agreed to continue to work diligently to take advantage of a small window of opportunity in 2011 for the trade talks.

Global awareness

Despite the achievements of the G20, we were fully aware that, in order to turn it into a truly legitimate and effective global steering committee, we must pay due attention to the concerns of the 173 members of the United Nations that are not members of the G20, and that come mostly from the emerging and developing world. Korea thus worked closely with its G20 partners to put development on the agenda in addition to strengthening the global financial safety net.

The G20 leaders adopted the Seoul Development Consensus for shared growth with a multi-year action plan. I commend the leadership of the French presidency on following through on the action plan in close collaboration with multilateral institutions. Regarding strengthening the financial safety net, the first stage of the task was completed, in cooperation with the IMF, by the introduction of flexible credit lines, precautionary credit lines and multi-country flexible credit lines. The remaining second part relates to linking the global financial safety net with regional financial cooperative arrangements.

Overall, I am satisfied with the major outcomes of Seoul. This summit was able to deliver what had been previously promised and to add new, relevant issues to the G20 agenda. With these achievements, the G20 took a step further toward solidifying its position as a credible, legitimate and effective global steering committee.

Nonetheless, we must adopt as our collective priority the G20's continued show of credibility and effectiveness, even in the post-crisis era. As I have emphasised before, we should work harder not to disappoint the global community. The immediate task for the G20 this year is to make its Cannes Summit in November another success. I call upon all my G20 colleagues to cooperate with this year's French presidency as much as we can towards this end.

For the continued success of the G20, I suggest that we give some serious thought to the institutionalisation of the G20 summit process. One should not forget that various options have been already proposed by Korea and the United Kingdom. For example, a better-structured troika system, involving the past, present and future G20 presidencies, would be a realistic option.

Lastly, let me reiterate my thinking on the relationship between the G20 and the G8. The division of work between the two groups should be respected. The G20 as the premier forum for international economic cooperation must obviously focus its attention on economic matters, while the G8 must focus on non-economic issues – such as peace and security – and international political developments. The two forums should work together for maximum synergy, where possible, for instance in the field of development and climate change. I have no doubt that the French presidency of the G20 and the G8 will show the world a balance can be struck between the two. ♦

Working together to secure growth for all

The response of the world's 20 leading economies to the financial crisis prevented an even deeper global recession. Now the task is to build on this cooperation to create strong and sustainable growth in both established and emerging markets

By Felipe Calderón,
president, Mexico

The G20 has become a central forum for international economic governance. It exemplifies what we can achieve through open collaboration between emerging and developed economies. Indeed, the added value of the G20 vis-à-vis other international mechanisms has been the inclusion of emerging economies' interests and priorities as we deal with the most pressing global issues. The G20 has also shown the advantages of working in a forum that, rather than being constrained by excessive formalities in its decision-making process, works by building consensus. Thus, the G20 adequately reflects the indisputable reality of a multi-polar and interdependent world.

Within this framework, Mexico has played a key role as a bridge between emerging and advanced economies.

“The economic stimulus plans adopted by G20 members helped restore confidence and liquidity in world markets”

For example, Mexico has worked with other nations to strengthen the governance of the international financial institutions, restructuring member representation in order to reflect the size and influence of emerging powers. This has certainly been one of the main achievements for developing countries working with the G20.

The G20 has also proved to be a useful venue for economic coordination. The economic policy response we articulated to deal with the global financial crisis of 2008 is probably the most remarkable example of international economic cooperation in recent decades.

The economic stimulus plans adopted by G20 members helped restore confidence and liquidity in world markets, thus reducing the impact of the global recession. More significantly, macroeconomic coordination among the most important world economies proved to be the most effective way to spark global recovery.

While this recovery has been strong, it has not been equally robust in all countries and regions. This continues to be a problem even for some of the most developed economies, including Japan and European countries such as Greece, Ireland and Portugal. Some still face high unemployment, overheating or inflationary pressures, or widening fiscal deficits. As countries deal with their own challenges, it has proved difficult to agree on a common set of macroeconomic policies going forward. That is why we need to renew our commitment to achieving strong, sustainable and balanced growth together.

As we stated last November during the Seoul Summit, it is time for G20 members to work together to enhance the global economic recovery. In other words, our most pressing goal is to keep the current momentum going in order to achieve sustained global growth. I am convinced that we can do this. Certainly, it will not be an easy task, but ushering in a new period of global growth is of the utmost importance. A short-lived recovery could have severe and long-lasting consequences for the world economy.

Preparing the ground

France currently holds the G20 presidency and will be hosting its forthcoming meeting later this year in Cannes. In preparation for this summit, there are a number of issues that we must address if we are to stick to our previous commitments and lay the foundations for future growth.

First, G20 countries must put forward structural reforms to boost domestic demand and accelerate job recovery. We must deepen macroeconomic policy coordination in order to attain fiscal consolidation and adjust global imbalances. Such imbalances, reflected in the current-account balance, debt and capital flows, and private and public savings, have the potential to destabilise the world economy. This is why we must spare no effort to adopt collective policies to deal with them.

Second, we must revitalise free trade. This issue has been put on hold for too long. Keeping our markets open to trade and investment is essential to boosting global recovery and bringing about sustainable growth for all. This is why avoiding protectionism and resuming the Doha Round of trade negotiations as soon as possible is essential.

Third, it is equally important to advance the agenda of the Seoul Consensus on Development, not only because it is our moral duty to narrow the gap between rich and poor, but also because strong economic growth in all nations will lead to a sustainable global recovery. Key initiatives are considered in many areas, including infrastructure,



human resources development, private investment and job creation, food security, growth with resilience, financial inclusion and knowledge-sharing, among others.

Fourth, we must continue enhancing financial regulation and supervision through comprehensive proposals that lead to more robust financial institutions and protect taxpayers. We are working to incorporate the perspective of emerging economies in reforms, strengthen regulation and oversight of shadow banking, improve market integrity and enhance consumer protection. This will help prevent future crises such as the one that brought the global financial system close to collapse in 2008.

As host of the 2011 summit, France has proposed including monetary system reform and food security in the G20 agenda. With regard to the reform of the international monetary system, Mexico and Germany are co-chairing a working group focusing on the management of capital flows and global liquidity. Its purpose is to identify ways of improving the international monetary system in order to ensure systemic stability.

In summary, our goal is to create a more transparent and effective global financial architecture that fosters equitable growth. This is our best bet; as it is often said, a rising tide lifts all boats.

As a believer in the multilateral process as the optimal way to resolve global challenges to the benefit of all, Mexico is already looking ahead to 2012, when it will assume the presidency of the G20. My government is committed to building on the successes I am sure can be achieved in France, and will propose an agenda based on the state of the world economy that reflects the growing importance of emerging countries such as our own.

“In summary, our goal is to create a more transparent and effective global financial architecture that fosters equitable growth”

As we prepare for the Mexican summit, we will actively seek the advice and opinions of countries inside and outside the G20, international organisations, the private sector, academia and civil society. We will also work with our partners to enhance the effectiveness and accountability of the G20, and bridge differences between developed and emerging economies.

As we have stated before, the goal of the G20 is an ambitious one: to set the foundations of a more equitable, transparent and fair international architecture that effectively promotes sustainable development for all humankind. To do so, we need to pursue a more ambitious agenda for the future. It is a challenge we must embrace. I am certain that the G20 can and will deliver on its promise to attain sustained global growth. As a key link between developed countries and emerging economies, Mexico will play its part in working towards this shared goal. ♦

How bigger challenges can create bold advances

An unprecedented range of problems confronts leaders gathering at the G8 summit in Deauville. But with an ambitious French host and a multilateralist United States at the fore, there is every reason to expect that the group will fulfil its mission

By John Kirton,
director, G8
Research Group

The summit taking place at Deauville, France, on 26-27 May 2011 promises to be exceptionally significant. Seldom has a single G8 summit confronted such a broad range of tightly interconnected burning crises – waging the war to liberate Libya, bringing democracy to North Africa and the Middle East, coping with Japan's natural and nuclear disasters, and preventing new fiscal and financial crises from Europe or the United States from snuffing out the global economic recovery now gathering force. The Deauville Summit must also deal with the formidable challenges on its built-in agenda, notably terrorism, nuclear proliferation, piracy, drugs, transnational crime, Afghanistan and Pakistan, and a new partnership with Africa for development, health, education and good governance. Above all, the summit will also take up the new initiatives added by its French chair – the opportunities offered by the new cyber technologies and innovation for green growth.

Now, as much as ever, the world needs a G8 summit still devoted to promoting globally the values of “open democracy, individual liberty and social advance”, as the group proclaimed as its defining mission at its very first gathering in France in 1975. The prospects are that it will fulfil this mission and meet today's broader challenges when it assembles for its 37th summit, in France once again. Alone among international institutions, the G8 offers the smart, synergistic solutions that come from a comprehensive agenda embracing democracy, security, development and the economy, and anything else that its like-minded leaders know the world needs addressed.

Deauville's defining challenge will be to realise the vision set by the G8 summit in 2004 – bringing democracy, and the human development that flows from it, to the Broader Middle East and North Africa, the one global region most left out in the transformation brought by the victory in the Cold War. With Sarkozy's France, Cameron's United Kingdom and Harper's Canada leading the effort to protect innocent lives in Libya, with all other G8 members providing essential support in different ways and with the Arab League and the United Nations endorsing the mission, the G8 will define a future for a Libya free from the deadly grip of the Gaddafi family, and a plan to extend freedom to the rest of the region in less deadly ways. This is a task that will need G8 governance for many years to come.

In the wake of the unprecedented natural-turned-nuclear disasters in Japan, G8 leaders will consider how to strengthen nuclear safety standards while using nuclear power to fuel a more climate-friendly, energy-secure future. This they did before with some success after the nuclear

accidents at Three Mile Island in 1979 and Chernobyl in 1986. They will reconsider the global regimes for responding to the natural disasters – such as earthquakes, hurricanes and tsunamis, – that frequently strike powerful countries such as the United States, Japan and China, as well as very poor ones such as Haiti and Bangladesh. And, following the exchange rate intervention by their G7 finance ministers and central bank governors on 17 March, they will decide how best to ensure financial stability and economic growth for Japan and the integrated world.

On security, G8 leaders will address their strategy for winning their longest war, in Afghanistan-Pakistan, amid the new demands in North Africa and with the Americans, Canadians and others due to hand over the combat roles to Afghanistan to the Afghans in the coming years. The potential spread of al Qaeda-affiliated terrorists to the Middle East and North Africa and the responsibility to protect innocent civilians and humanitarians in Afghanistan as well as Libya make this a complex challenge indeed.

Partnership with Africa also embraces new security challenges, such as democracy in Côte d'Ivoire, piracy off Somalia, a drug trade running from the Americas through Africa to Europe, and mercenaries recruited in impoverished sub-Saharan Africa killing civilians in Libya at the behest of the Gaddafi regime. With only four years left to meet the Millennium Development Goals, G8 leaders will need to maintain their advances against HIV/AIDS, malaria, tuberculosis and polio, deliver their historic Muskoka Initiative on Maternal, Newborn and Child Health from last year and support the forthcoming United Nations summit on the non-communicable diseases of cardiovascular and lung diseases, cancer and diabetes, for these are the number-one killers of their own citizens as well as those in the emerging and most developing

“Innovation on the internet and environmental technologies offers the G8 a chance to provide a more productive life for all”



countries. To ensure that their actions are effective and convince the legislatures and citizens of their cash-strapped countries, the G8 leaders will need to strengthen the Muskoka initiative on accountability that they launched in Canada in 2010.

Innovation on the internet and in environmental technologies offers the G8 a low-cost opportunity to leapfrog over the current energy and food insecurities to provide a more productive and prosperous life for all. Inspired by the Okinawa Summit in 2000 and the confidence that comes from leading the world in

The Deauville Summit must also deal with the formidable challenges on its built-in agenda, including Pakistan

the creative capabilities that count in these fields, at Deauville G8 members will identify paths that can make the current 21st-century technological transformation as beneficial as those changes that brought railways, electricity, telegraph, telephones and computers in centuries past.

With an energetic French host eager to lead, with a modest, multilateralist America ready to follow and with all other members committed to come together to confront the crises, the Deauville Summit is due to deliver some of the big, bold, broad advances that the world badly needs. ♦

Deauville welcomes the G8

The scenic setting for this year's G8 summit offers a comfortable, secure and friendly environment for representatives of the world's leading nations, as they gather together for discussion and debate on issues of global importance

By Philippe Augier,
mayor of Deauville

In a world that is constantly changing, ongoing dialogue among the world's top leaders is an invaluable opportunity to make advances on the path to peace and development.

The fact that France originated this initiative is a source of pride. It was my immense pleasure to host the tripartite summit attended by French President Nicolas Sarkozy, German Chancellor Angela Merkel and Russian President Dmitri Medvedev in Deauville this past October. I look forward to welcoming representatives from the most powerful countries in the world in May.

Deauville has taken measures to ensure that these historic gatherings, which have shown great potential, can take place under the best conditions. It is in our nature, and has been a standard requirement for us for more than a century, to do everything we can to ensure our guests' comfort and well-being.

Since it was founded 150 years ago, Deauville has developed into a town of beauty and excellence. It rose from the sea and marshes, like the goddess Venus, under the tutelage of a duke, the half-brother of Napoleon III, to become an ideal seaside resort. However, over the years, it has become much more than that.

Lovely villas, ample luxurious facilities and its flair for life, has established Deauville as an exceptional town of international culture. At a time when the world's countries are going through so many changes and effective communication is more important than ever, Deauville has chosen a path of culture and friendship. For decades, we have been introducing and supporting well-known world events, such as the Women's Forum, that have involved not only the American and Asian continents, but the entire world. It is this expertise and experience that Deauville has to offer to the G8.

Welcoming visitors has always been a highly important tradition in Deauville, Normandy – the landmark of freedom where the troops landed to liberate France and Europe in 1944. We enjoy sharing the love we have for our outstanding products, as well as the beauty of our heritage, countryside and beaches.

We want everyone to find what they are seeking in Deauville. G8 leaders must be able to work in peace and under the safest conditions possible. This is an important point that we take very seriously and for which we take full responsibility. As Winston Churchill once said, "The price of greatness is responsibility." ♦



photo: Guy Isaac



Ongoing dialogue is an invaluable opportunity to make advances on the path to peace and development



Deauville accueille le G8

Le décor de ce G8 offre un environnement agréable, sécurisé et amical aux représentants des pays les plus influents, qui se réunissent pour discuter et débattre de questions d'envergure internationale

Par Philippe Augier,
maire de Deauville

Dans un monde qui change sans cesse, l'instauration d'un dialogue permanent entre les principaux dirigeants de la planète représente une ouverture inestimable aux voies de la paix et du développement.

Que la France soit à l'origine de cette initiative est une source de fierté et je suis particulièrement heureux d'avoir accueilli à Deauville le sommet tripartite entre Nicolas Sarkozy, Angela Merkel et Dmitri Medvedev en octobre dernier et d'accueillir en mai les représentants des pays les plus puissants du monde.

Deauville s'est mobilisée pour que ces rencontres historiques lourdes de conséquences puissent se dérouler dans les meilleures conditions. C'est dans notre nature, une exigence vieille de plus d'un siècle, de mettre tout en œuvre pour le bien être de nos hôtes.

Dès sa naissance, il y a 150 ans Deauville a développé une image de beauté et d'excellence. Elle a émergé de la mer et des marais, telle une Vénus, par la volonté d'un Duc, demi-frère de Napoléon III, pour devenir La station balnéaire idéale. Mais au fil des années, elle a su devenir bien plus que cela.

À ses belles villas, ses nombreuses infrastructures luxueuses et son art de vivre, Deauville a donné une

dimension d'ouverture culturelle internationale tout a fait exceptionnelle. À l'heure où nos pays subissent tant de mutations et où les peuples doivent apprendre à se connaître et à communiquer pour mieux vivre ensemble, Deauville a choisi la voie de la culture et de l'amitié. Depuis plusieurs décennies nous avons créé ou soutenu des événements mondialement connus qui impliquent notamment les continents américain et asiatique mais aussi la planète entière tel par exemple le Women's Forum. Ce sont cette compétence et cette expérience que nous mettons à la disposition du G8.

En France, en Normandie, terre de liberté et du débarquement, et tout particulièrement à Deauville, la tradition de l'accueil est très importante. Nous aimons partager les beautés de notre patrimoine, la gourmandise de nos excellents produits, notre douce campagne et nos plages immenses. Nous aimons aussi que chacun trouve à Deauville ce qu'il est venu chercher. En l'occurrence, les responsables du G8 doivent pouvoir travailler dans la sérénité et dans les meilleures conditions de sécurité. C'est un enjeu important que nous prenons très au sérieux et pour lequel nous avons engagé notre responsabilité et comme disait Winston Churchill « La responsabilité est le prix à payer du succès ». ♦



L'instauration
d'un dialogue
permanent
entre les
principaux
dirigeants
de la planète
représente
une ouverture
inestimable





Global Prosperity Starts with Reproductive Health

What single investment saves the lives of women, improves family health, lifts communities out of poverty and promotes economic prosperity?

An investment in reproductive health.

“The success of international family planning shows us that when women have choices they can change their lives and those of their communities. Progress for women is progress for all. By investing in reproductive health services, we are investing in people and their potential.”

Ambassador Jan Eliasson
Former President,
United Nations General Assembly,
Former Minister for Foreign
Affairs, Sweden

Every dollar spent on reproductive health and family planning services returns \$1.40 in savings on maternal and newborn health care costs. And the benefits go much further:

- **Women realize their potential** – With fewer unintended pregnancies, more girls complete their education, more women join the labor force, and women increase their earning power.
- **Families prosper** – When parents have access to reproductive health care and can plan their families, they can make greater investments in their children’s nutrition, education and health.
- **Economies grow** – Countries that invest in reproductive health for the long term significantly boost their GDP.

Each day, nearly 1,000 women die from pregnancy complications. And more than 200 million who want access to family planning can’t get it, resulting in unintended pregnancies, unsafe abortions and maternal health complications.

These largely preventable tragedies cost an estimated \$15 billion in global productivity each year. It doesn’t have to be that way.

We can—and must—achieve universal access to reproductive health services by 2015.

Last year, G8 countries moved closer to universal access and all Millennium Development Goals when they launched the Muskoka Initiative for Maternal and Child Health with a pledge of \$7.3 billion over five years. Yet this work is far from done.

The Global Leaders Council for Reproductive Health, representing 16 sitting and former heads of state and other leaders, calls on G8 leaders and nations worldwide to strengthen their resolve: Governments must increase financial support for reproductive health.

For women, families, communities and our global economy, an investment in reproductive health is an investment in our future. Boost funding now.

Join our Call for Resolve. www.globalleaderscouncil.org

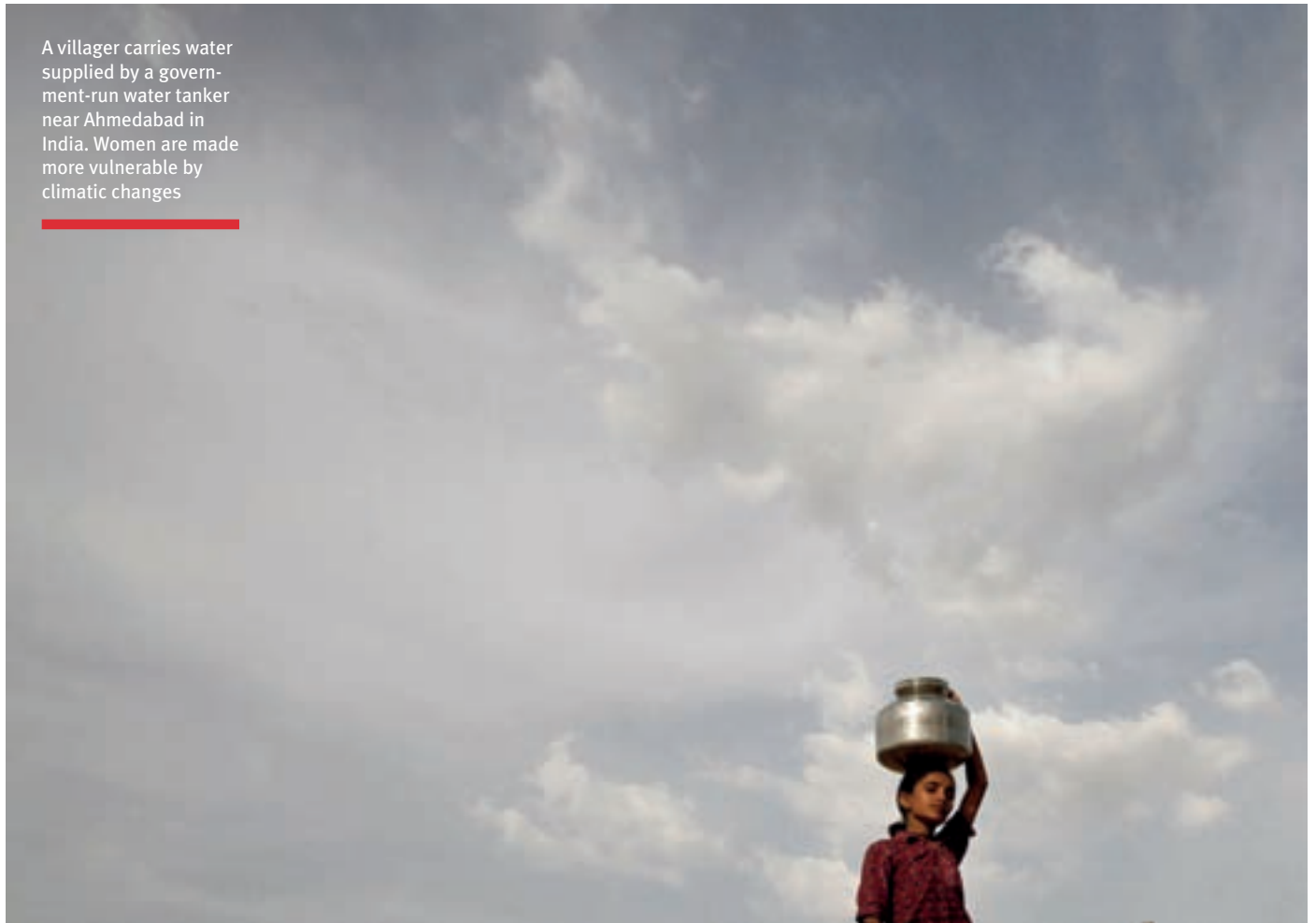


**GLOBAL LEADERS COUNCIL
FOR REPRODUCTIVE HEALTH**

ASPEN GLOBAL HEALTH AND DEVELOPMENT
AT THE ASPEN INSTITUTE



A villager carries water supplied by a government-run water tanker near Ahmedabad in India. Women are made more vulnerable by climatic changes



The role of gender equality in global development

Commitments to achieving the Millennium Development Goal targets on gender equality could be enhanced by identifying factors relating to women and girls, and prioritising the necessary investment and support to improve conditions

By Helen Clark,
administrator,
United Nations
Development
Programme

By 2015, the world is likely to meet the first target of the eight Millennium Development Goals (MDGs) of reducing, by half, the proportion of people living in extreme poverty around the globe. This is a good news story, which hopefully will be picked up in headlines across the world. Those headlines, however, may mask a deeper truth.

While significant progress is being made towards a range of development goals, including the MDGs, progress is uneven within and across countries. The first goal, MDG 1, will be achieved largely because hundreds of

millions of people have been lifted out of poverty in China. If China's figures are removed from the equation, the number of people living in extreme poverty increased by about 36 million between 1990 and 2005.

Accelerating progress on the MDGs requires focusing on actions and priorities that are known to be effective. High among them is investing in women and girls.

The United Nations Development Programme (UNDP) recognises gender equality as a catalyst for progress across the MDGs. That was reflected in its 2010 International Assessment of what it will take to reach the MDGs. The outcome document of the 2010 United Nations

MDG Summit stated the importance of gender equality to development: “Investing in women and girls has a multiplier effect on productivity, efficiency and sustained economic growth.” This means that promoting gender equality is not only the right thing to do in human rights terms – it is also critical to development progress.

Children born to women with some formal education are more likely to survive to their fifth birthday, receive adequate nutrition, and be immunised and enrolled in school. According to UNESCO, a child born to a mother who can read is 50 per cent more likely to survive past the age of five. In addition, educated women and girls are better able to make informed choices about their nutrition and sexual and reproductive health.

The G8 has the opportunity to make gender equality central to global development discourse. In May, the G8 leaders meeting in Deauville will focus on Africa and issues crucial to the continent’s progress, including health, food security, energy, climate change, education and trade. Gender equality and women’s empowerment play an integral role in each of these sectors. Some specific commitments by the G8 could promote both.

For example, the G8 could give further strong support to the Global Strategy for Women’s and Children’s Health, launched by UN secretary-general Ban Ki-moon last year. This initiative brings together stakeholders from the UN, government, private sector, foundation, academia and civil society. It has the potential to save the lives of more than 16 million women and children, prevent 33 million unwanted pregnancies, protect 120 million children from pneumonia, and ensure access for women and children to quality health facilities and skilled health workers.

Honouring commitments

Closely related to that, the G8 could actively implement the commitments made in the 2010 Muskoka Initiative on Maternal, Newborn and Child Health to support developing countries facing high rates of maternal and under-five child mortality, and with an unmet need for family planning. These are particularly pressing issues in Africa, which is off track on MDG 5 on maternal health. A UN report estimates that, while maternal mortality decreased by 34 per cent from 1990 to 2008, the annual rate of decline is less than half of what is needed to achieve the MDG target of reducing the maternal mortality ratio by 75 per cent between 1990 and 2015.

The G8 could show its leadership by agreeing to the requests of developing countries for more specific, targeted support to help meet the MDGs over the next four years, including those specially pertinent to women and girls.

The UNDP has created an MDG Acceleration Framework (MAF), endorsed by the UN Development Group, to help countries to focus and prioritise their MDG actions. It helps identify bottlenecks, sets out ways of clearing them and overcoming constraints, and brings development workers together in partnership to implement the resulting action plan. This gets to the heart of focusing critical human and financial development resources where they are most needed to deliver MDG results by 2015.

The MAF has already been rolled out in over 10 countries, several of which have chosen the MDGs specific to women and girls. For example, the MAF process in Uganda transformed the problem of maternal mortality from being perceived as a concern of the health ministry alone into one of broader development importance. A lack of health facilities and workers was a constraint on progress. As a result, the MDG Action Plan developed for Uganda proposes roles for a range of non-health ministries and entities to support its implementation.

In Ghana, the MAF process identified that women were either not empowered to seek medical support in delivering their babies or did not feel comfortable about

“The G8 could show its leadership by agreeing to the requests of developing countries for more specific, targeted support to help meet the MDGs over the next four years, including those specially pertinent to women and girls”

doing so. The government is now partnering with civil society organisations well placed to help communities address these issues and lower maternal mortality.

The G8 could explicitly support action to expand access to sustainable energy in developing countries. Like investing in women and girls, expanding access to basic, sustainable energy is a proven multiplier of progress across all the MDGs. It reduces the disproportionate burden of domestic work that women carry. It also reduces the amount of biomass being used, and is linked to improvements in education, health and income-generating prospects.

The G8 should lead the way in strengthening the global partnership for development, as envisaged in MDG 8. That should include supporting the conclusion of the Doha round of trade negotiations to improve market access for developing countries and to help strengthen their capacity to produce export goods. It is important to address the issue of women’s needs in international trade policies and frameworks. Agriculture is also a big issue, with women comprising the majority of the developing world’s farmers.

In global development partnerships, climate finance plays an increasingly important role. As women are made more vulnerable by climatic changes, the G8 leaders could be at the forefront of demanding that climate change responses are gender-sensitive.

Maintaining commitments for official development assistance (ODA) is critical. Well-targeted and predictable ODA can be catalytic in strengthening institutional and other capacities, and in attracting private investment and new sources of development finance. The Deauville Summit presents an opportunity for G8 members to demonstrate leadership by renewing their commitment to reach the ODA levels previously pledged, knowing that doing so would play a part in ensuring that more support finds its way to women and girls.

G8 leaders understand that a country’s full potential cannot be achieved when half of its population is not treated equally. Sending that message clearly from Deauville will help set the tone for the international gatherings that are due to follow, from November’s High Level Forum on Aid Effectiveness in Korea to the Conference of Parties on Climate Change in South Africa at the end of the year, to the 2012 Rio+20 in Brazil.

In addition, the leaders of the G8 can advocate for gender equality to be respected as a human right and to be placed at the heart of all efforts to reach the MDGs, and ensure equitable and sustainable human development. ♦

DSM: Transforming nutrition science into health benefits

Triage theory by Prof. Bruce Ames

Micronutrients for long-term health



There is significant scientific agreement that nutrition plays a key role in human health. This is true throughout the life-cycle: preparing the body for conception, continuing at the embryonic, as well as at the fetal, stage, and in all later stages in life. In all these different phases of the human 'life-cycle', specific nutritional needs require close attention to assure human health. The nutrient supply of the foetus can even have long-reaching consequences; a poor status at that phase may 'program' chronic diseases to occur a few decades later in life.

The science brought forward in the last decade has clearly re-emphasised not only the importance of nutrition for human health overall, but also the need to pay more attention to the various components of the diet. Scientists report that the intake of essential micronutrients – such as vitamins, carotenoids, polyunsaturated fatty acids, minerals and trace elements – is critical in the developing world, as well as in the developed world where food is generally plentiful, but where lifestyles have changed drastically. Risk groups with comparatively impaired dietary habits and inadequate micronutrient intake are identified in every age group.

Micronutrient insufficiency can range from 'severe deficiency', usually accompanied by obvious clinical symptoms, to a 'slight insufficiency', the harmful consequences of which are not immediately evident. The triage theory developed by Professor Bruce Ames elucidates that evolutionary pressure will favour short-term survival at the expense of long-term health, if a choice between the two is needed and the essential micronutrients are not available. To summarise, evolution has equipped mankind with a sorting apparatus that, when lacking, will redirect micronutrients for short-term health and reproduction, impacting DNA repair and healthy ageing.

The challenge is to ensure that the diverse nutritional needs of people around the globe are met in the different life phases. This is going to require joint efforts between industry, academia and government to develop and scale-up solutions and to set



The challenge is to ensure the diverse nutritional needs of people around the globe are met in the different life phases

a stronger priority on the role of nutrition as part of political efforts in supporting public health. Educational tools must be established, starting in kindergarten, and reemphasised later in school, as well as in adulthood.

We need to make sure that a balanced diet is available for everybody, providing not just 'empty calories' but all macro- and micronutrients in adequate amounts, establishing food fortification and using dietary supplements where needed. Partnership approaches involving politicians, patient alliances, academia, regulatory bodies and the private sector are the most efficient vehicles to develop, implement and sustain effective dietary approaches and food programmes. Only joint efforts will contribute to achieving the Millennium Goals, as defined by the United Nations, such as ending poverty and hunger, and improving child and maternal health.



Placing reproductive health centre stage

The UN Global Strategy for Women's and Children's Health, launched last year, provides the impetus to invest in young people and to ensure that reproductive rights and the empowerment of women remain high on the development agenda

By Babatunde Osotimehin, Executive Director, United Nations Population Fund (UNFPA)

For the health of women and children, 2010 marked a turning point: a decisive moment – a call to action, and a realisation by the global community that to make a difference it could not be business as usual.

We had to be bold and steadfast to follow through on the commitments made to the Millennium Development Goals (MDGs) – particularly in the context of MDG 4 on child mortality, MDG 5 to reduce maternal mortality and achieve universal access to reproductive health, and MDG 6 to combat HIV and AIDS, tuberculosis (TB) and malaria; to rapidly scale up resources and make those critical investments that would make a difference to the lives of women, children and their families; to mobilise stakeholders at all levels and from all spheres; to hold ourselves transparently accountable for our actions taken and results achieved; and to push the boundaries to reimagine the possibilities for women and children.

Moving forward with a worldwide strategy

This sense of urgency generated a number of processes and high-level events – bringing together governments, philanthropic institutions and other funders, the United Nations and multilateral organisations, civil society and non-governmental organisations, the business community, healthcare workers and professionals, and academic and research institutions – that culminated in the launch of the UN Secretary-General's Global Strategy for Women's and Children's Health during the UN Millennium Development Goals Summit in September 2010. This strategy places women's and children's health squarely at the centre of the development agenda by galvanising global support for increased financing, greater accountability and innovative approaches.

The UN's 192 member states and a range of stakeholders, including developing countries, have welcomed the Global Strategy and committed an estimated \$40 billion to protect the rights, promote the health and save the lives of 16 million women and children by 2015, although there is still a gap of \$48 billion to meet the target results.

The Global Strategy is unique in its articulation of a rigorous accountability framework developed through the Commission on Information and Accountability – one of the critical pillars to measure how effectively the commitments by all partners to the Global Strategy are translated into tangible and improved outcomes for the health of women and children, particularly for the poorest and most vulnerable. Another event is planned to coincide with the UN General Assembly in September 2011 in New York, to reflect on the Global Strategy at one year,



highlighting progress, next steps, and providing a platform for the announcement of new commitments.

The G8 countries have played a laudable role in global health over the years and added further vigour to the Global Strategy for Women's and Children's Health with their commitment to increase investment in maternal, newborn and child health by promoting a comprehensive and integrated approach, underpinned by strong health systems. The G8 Muskoka Initiative on Maternal, Newborn and Child Health, announced at the 2010 G8 Summit, commits an additional \$5 billion with the aim of realising \$10 billion or more between 2010 and 2015 in support of women's and children's health. An innovative accountability framework has been established to track progress by each G8 country, with the goal of combining it with the Accountability Framework of the Global Strategy.

The 2011 G8 Deauville Summit provides the opportunity for the G8 to continue this momentum, rallying the international community to maintain the prominence of global health, and particularly women's and children's health, on the world stage. In this respect, the G8 countries can send a strong signal by ensuring that women's and children's health becomes a standing agenda

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We need to end discrimination and violence against women and unleash women's full potential and participation in society

”



item at each G8 meeting through to 2015, utilising the combined accountability framework as a basis to assess what has been achieved against the commitments made. As there are substantial gaps in financing of the Global Strategy for Women's and Children's Health, the G8 can play a critical role by fulfilling existing commitments, mobilising more resources and engaging other partners, including the G20, in support of the Global Strategy.

There are other issues that must be addressed more broadly, including the persistent inequities that block progress in women's and children's health. We need to end discrimination and violence against women and unleash women's full potential and participation in society. The evidence is telling in countries with similar levels of economic development: the higher the social status of women, the lower the maternal mortality rates.

Focusing on youth and the future

In addition, we need to invest in young people. We have the largest-ever generation of young people in history, with nine out of 10 living in developing countries. The decisions young people make today about their relationships, sexuality and reproduction will have long-lasting effects on their future and that of the world's population. And they will grow up healthy if they have the necessary skills and knowledge to deal in a positive and responsible way with their relationships and their reproductive lives.

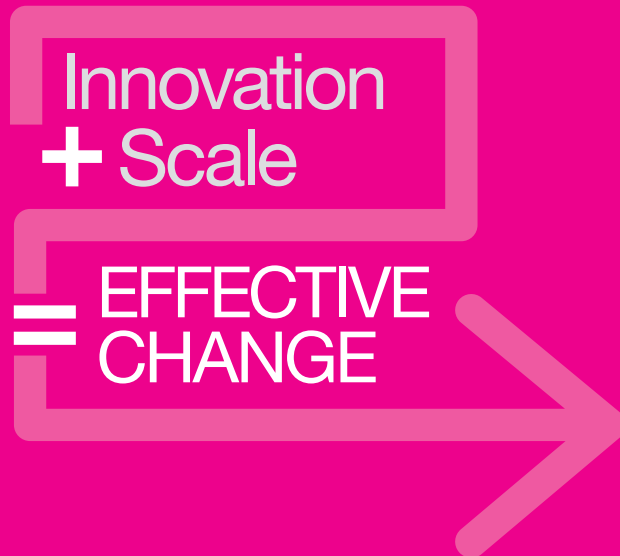
Moreover, when young people are educated and also have the skills they need to compete in the economy, they are major drivers of economic growth and social progress. We must listen to their needs and encourage their participation in society. We also need to recognise that girls' health matters because girls matter. Girls are endowed with human rights. What happens to a girl during adolescence determines her future – and that of her family, community and nation.

The decisions made by young people today – 90 per cent of whom live in developing countries – will have long-lasting effects on their future

UNFPA is the world's largest source of funding for population and reproductive health programmes. UNFPA supports countries in using population data for policies and programmes to reduce poverty and to ensure that every pregnancy is wanted, every birth is safe, every young person is free of HIV/AIDS, and every girl and woman is treated with dignity and respect.

From the beginning, UNFPA has been committed to the Global Strategy, which we believe is a catalyst for audacious change, not business as usual, providing the opportunity to place reproductive health, reproductive rights and the empowerment of women at the centre of the development agenda, both at the international level and in policies and programmes at the national level. UNFPA, along with UNAIDS, UNICEF, World Bank and WHO (also known as the H4+), has been tasked by the UN Secretary-General with building support and mobilising commitments at country level for implementing the Global Strategy for Women's and Children's Health. We have led consultations with developing countries with the highest maternal- and child-health burdens, working closely with the H4+ in this process. UNFPA will continue this critical work along with the H4+, to ensure that countries that have made commitments to accelerate actions for women's and children's health are supported in their ability to implement them, while also striving to secure new commitments.

The clock is ticking, with less than four years until the 2015 MDGs deadline. The UN Secretary-General's Global Strategy provides a much-needed window to leverage for women, children and young people to live healthy and productive lives, including access to education, skills and social services. It is essential, therefore, that the G8 and other partners move forward and fulfil their commitments. This will allow every woman, child and young person to realise their dreams and live a dignified life. ♦



How south-based **BRAC**, the biggest development organisation in the world, is effecting change

BRAC's healthcare initiative in Bangladesh

Innovative community health-worker model

80,000 community health workers

Population reached **110** million

Providing maternal health services to **20** million rural and **5.7** million urban women

40% drop in national maternal mortality rate

MDG 4 & 5 target already achieved in the BRAC working areas

**BRAC Operations
Around the World**



...[BRAC's] health programmes have been especially successful. By working with the government, BRAC is able to implement many of the health policies that the state itself is unable to achieve.

- *The Economist*

BRAC's community health worker network is big enough to rival many countries' government health programs.

- *The New York Times*

...[BRAC's] program, along with a government immunization initiative, has cut the mortality rate of Bangladeshi children ages 1 to 4 from 25% to 7%.

- *Forbes*



Poverty is a complicated problem. There is not one simple solution. But through empowering women and their families, **BRAC has been fighting poverty on all fronts.** BRAC today reaches more than **138** million people in Asia and Africa in this battle.

BRAC Communications/April 2011
Photo: BRAC/Saiful-Huq/Oni

Fighting poverty on all fronts

Health | Microfinance | Education | Social Enterprise | Legal Aid | Food Security | Climate Change

Visit www.brac.net and become part of the solution

The new generation of commercial agribusinesses will help Africa to feed its entire population



The changing face of African agriculture

Africa has the ability to transform itself into a productive producer and exporter of food. This year's summit will focus on the public and private support that G8 countries can provide to assist African countries' agricultural development

By Lars H Thunell, executive vice-president and CEO, IFC

When the world looks at sub-Saharan Africa, what does it see? For many, the picture is merely one of extreme poverty. They see too many struggling, fragile countries – bearing the scars of deep-rooted conflicts, unable to feed themselves. Such problem areas clearly exist, and they are worsened further by today's recent record food price increases that have brought higher levels of hunger and malnutrition, especially among those who were already living below the poverty line, often spending more than half their income on food. Without concerted action, these disturbing trends may worsen still, taking an even higher human toll.

The world clearly faces a food security crisis, much of it located in Africa. But within this crisis lies considerable opportunity. There is more to the present picture, and a different future is entirely possible. Recent experience shows that if African countries increase the productivity of their land and cultivate more of it, they can become net food exporters in the coming years. They can feed not just themselves, but other countries as well.

However, achieving this transformation will not be an easy task. It will take sound government policies that attract significant levels of private investment. It has been done before, on a large scale in Latin America and Asia, and it can be done again in Africa, reducing the need for emergency food aid.

Reframing the food security debate along these lines is one of today's great challenges of development facing the international community. As the G8 leaders gather in Deauville for their annual international policy coordination talks, good models of a private sector-based agricultural transformation must not be left behind. Simply put, they are too important to ignore.

Farmers produce enough to feed everyone on Earth today. But poor storage, distribution and other factors leave a billion people hungry. Left unattended, this tragic situation will only become more tragic in the coming years as the world population grows by nearly a third, reaching nine billion in 2050, with most of the increase occurring in the developing world.

To meet this rising demand and the shifts in consumption patterns resulting from growing incomes in China, India and other markets, global food production must increase by at least 75 per cent. However, doing so will be increasingly difficult, as the planet feels more effects of climate change, urbanisation and other factors, making necessary farmland and water harder to find.

If governments create the right investment climate, the private sector will respond, bringing its capital, management skills and new technologies to meet the enormous demand for more food.

The focal point will be on the developing world and the region with the greatest potential, Africa.

Encouraging examples

World Bank research shows that Africa is now increasing its food exports faster than any other region, quadrupling its share of the developing world total since 2007. There are several promising signs.

As recently as 2005, some four million people in Malawi – almost a third of its population – required emergency food aid. The government took several reform measures, including introducing new subsidies of fertiliser, and saw maize production triple by 2007. Today, Malawi is self-sufficient in food grains, and exports them to other African countries. An IFC agribusiness client, Bakhresa Group of Tanzania, has expanded the national milling company it purchased via privatisation and now produces flour in Malawi that is sold domestically and abroad.

Neighbouring Zambia has also turned the corner. One of the world's top investment climate reformers, according to the latest IFC/World Bank *Doing Business* report, it now exports a broad range of grain, horticulture, beef, dairy and poultry products. On a recent visit, I saw for myself the difference being made in this increasingly sophisticated agricultural economy by our clients. One is Zanaco, a local financial institution in which Rabobank of the Netherlands recently acquired a controlling interest, and is putting a priority on agricultural lending. Another is Zambeef, a local agribusiness leader that is now expanding into other countries, such as Nigeria.

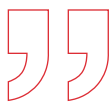
It is encouraging to see these positive steps, as well as the more strategic, business-friendly approaches other African governments are now taking to develop their vast untapped potential in agriculture.

Two long-term visions have recently been presented to the Davos-based World Economic Forum. Tanzania's Southern Agricultural Growth Corridor project intends to promote regional food security over the coming 20 years in an area linking the port of Dar es Salaam with Zambia and the Democratic Republic of Congo. Ghana's Northern Breadbasket Transformation takes a similarly far-reaching view, envisioning near self-sufficiency in rice by doubling the incomes of 250,000 poor farmers in the country's lowest-income region.

What makes such proposals different from others that have come before them? It is their clear engagement of the private sector as the change agent, using integrated



If African countries increase the productivity of their land and cultivate more of it, they can become net food exporters in the coming years



value chain thinking. They are centred on farmers but look beyond this, seeking substantial new private investment in infrastructure, inputs, financial services and all other factors needed to increase agricultural efficiency and production.

Is it overly optimistic to think that African countries could dramatically transform their agriculture sector in the coming decades, feeding not only themselves but much of the world? Not if one considers the experience of Brazil, which increased its soybean production in the Cerrado region fivefold between 1975 and 2005, with a coordinated programme of public and private investment, and is now one of the world's largest producers. Another example is India, which experienced famine in the low-income state of Bihar in 1966–67. Then it introduced the Green Revolution in rice, greatly increasing its yields over time. Today, India is one of the world's largest producers of rice, and one of the world's rising economic powers.

In both cases, as part of their overall agricultural policy mix, governments created the conditions that attracted new private investment, brought more farmland into production and increased yields. Africa can do the same, especially if it invests in food production and the related infrastructure, logistics and food processing necessary to recapture some of the 40 per cent of the food it produces that is wasted today.

A member of the World Bank Group, IFC is the world's largest global development finance institution focused on the private sector. In the last four years, the World Bank Group has increased its annual agriculture investment from \$4.1 billion to \$6.1 billion, about a third of which comes from IFC.

Working together

IFC welcomes the G8's current emphasis on food security issues and is pleased to be part of the response through the Global Agriculture and Food Security Program (GAFSP) launched at the G20's Pittsburgh Summit in September 2009. Pooling new donor-grant resources to help support country-led agricultural investment plans, this initiative is housed at the World Bank Group and includes a private sector window to be managed by IFC. It will focus on launching and increasing high-impact products for small-scale farmers: risk sharing on credit, price-hedging instruments, inputs and infrastructure, among others.

Now is the time for all parties involved in GAFSP to honour their commitments. Let's do something together. The context is challenging. But positive outcomes are possible. I encourage all sides to come together around a common agenda, helping African countries develop their great commercial potential in agriculture. IFC stands ready to support the public-private partnerships needed to transform African agriculture, reframing the debate around food security issues, from one of crisis to opportunity. ♦

Brazil transformed its agricultural industry and its fortunes with soybean production



The New International Intergovernmental **AIT** Charter



Representatives of twelve countries and one International Organization after the signing of the new Charter of the Asian Institute of Technology (AIT). The new Charter was signed on 25 August 2010 by the Foreign Minister of host country Thailand, H.E. Mr. Kasit Piromya and opened for countries and international organizations for signature.



H.E. Mr. Kasit Piromya,
Foreign Minister of Thailand



H.E. Mr. Kazi Imtiaz Hossain,
Ambassador of Bangladesh

The adoption and signing ceremony of the new AIT Charter, which took place at the Ministry of Foreign Affairs Thailand, will lead AIT to attaining full-fledged International Intergovernmental Organization status, the first of its kind in the field of higher learning. Besides Thailand, among those who attended the Ceremony and signed the Charter included Seychelles, Cambodia, Japan, Sri Lanka, Nepal, Pakistan, Sweden, Timor-Leste, Bangladesh, Philippines, India and the United Nations Development Fund for Women (UNIFEM). Indonesia signed the new AIT Charter on 20 January 2011.



Mr. Ouk Sophoin, (Chargé d'affaires),
Embassy of Cambodia



H.E. Mr. Pinak Ranjan Chakravarty,
Ambassador of India



H.E. Mr. Kyoji Komachi,
Ambassador of Japan



H.E. Mr. Naveen Prakash Jung Shah,
Ambassador of Nepal



H.E. Mr. Sohail Mahmood,
Ambassador of Pakistan



H.E. Ms. Linglingay F. Lacanlale,
Ambassador of the Philippines



H.E. Mr. Philippe Le Gall,
Ambassador of Seychelles



H.E. Professor J.B. Dissanayaka,
Ambassador of Sri Lanka



Mr. Sven Malmberg, Minister (Chargé d'affaires),
Embassy of Sweden



H.E. Mr. Joao Freitas de Camara,
Ambassador of Timor Leste



Ms. Moni Pizani, Representative in Thailand
and Regional Program Director of UNIFEM



H.E. Mr. Mohammad Hatta,
Ambassador of Indonesia

Education for a Secure Future

Asian Institute of Technology meeting challenges of the 21st century

The reestablishment of the Asian Institute of Technology (AIT) as an International Intergovernmental Institute of Higher Learning marks the end of one era and the beginning of a new one. Ever since its establishment as the then SEATO Graduate School of Engineering in 1959, AIT has been partnering Asia's future. From being honored with the Magsaysay Award in 1989, and the Friendship Order of the Government of Vietnam in 2006, the Institute has played a significant role in capacity building thereby contributing to the Asian miracle.



With the era of the SEATO Graduate School having ended, AIT has now embarked on a new path. "Times have changed, and AIT must change as well," were the remarks of the Foreign Minister of Thailand, H.E. Kasit Piromya, while signing the New Charter of AIT on 25 August 2010. Not content to be restricted in Thailand; AIT's centers in Vietnam and Indonesia are in the process of being upgraded. AIT plans to establish satellite campuses in six to seven countries in Asia.

AIT has tied up with Nobel laureate Prof. Muhammad Yunus to establish a Yunus Center at AIT, which promotes social business to make a positive impact in the field of poverty alleviation. The hugely successful Poverty Reduction and Agricultural Management (PRAM) program implemented in Laos - where practicing officials work on poverty alleviation and receive a Bachelor's degree in return, is being sought after by other countries.

The ASEAN Regional Center for Promotion of Millennium Development Goals (MDGs) ARCMDG at AIT has been endorsed by the UN Secretary General H.E. Mr. Ban Ki-moon as the world's first Regional Center of Excellence for MDGs. Another center, the Corporate Social Responsibility (CSR) Asia Center at AIT, promotes the concept of CSR in South-East Asia.

Apart from providing education through the three schools of Engineering and Technology, Environment, Resources and Development, and Management, AIT has a training arm in the form of AIT Extension, and a consultancy service called AIT Consulting.

AIT's research focus is on Sustainable Development in the Context of Climate Change (SDCC). The Center of Excellence in SDCC was inaugurated by Ms. Noeleen Heyzer, Executive Secretary, UNESCAP. Speaking at the inaugural was Magsaysay award winner and AIT alumnus Mr. Yu Xiaogang, who remarked that his activism came courtesy the knowledge of Sustainable Development that he gained as an AIT student. AIT is host to the 3R (Reduce, Reuse and Recycle) Regional Knowledge Hub, supported by the Asian Development Bank (ABD), UNEP and UNESCAP. AIT also hosts UNEP's Regional Resource Center for Asia and Pacific (AIT-UNEP RR.CAP), a joint center with AIT; Regional Integrated Multi-hazard Early Warning System for Asia and Africa (RIMES); and the Asia office of Télécoms Sans Frontière.

With partners all over the world, a five decade long history of excellence in education, research and capacity building, AIT is responding to today's global reality with a New Charter that positions itself as an ideal place to take on the challenges of the new century.



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Asian Institute of Technology

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The role of the Asian Development Bank

Reducing poverty in Asia continues to be a key challenge. Both the G8 and the Asian Development Bank are focused on their mission to assist populations in extreme need and to generate sustainable growth across the region

By Haruhiko Kuroda,
president, Asian
Development Bank

Developing Asia has rebounded strongly from the global crisis. Today, it remains the fastest-growing and most dynamic region in the world. The region's real gross domestic product climbed from about \$3.3 trillion in 1980 in purchasing-power parity terms to an estimated \$24.5 trillion in 2009, increasing seven-and-a-half times compared with three times for the world economy as a whole.

Despite this progress, the Asia-Pacific region remains home to about two thirds of the world's poor. About 1.8 billion people in the region today live on less than \$2 per day. Progress in meeting the Millennium

Development Goals (MDGs) is far too slow: almost two billion people live without basic sanitation and nearly half a billion without safe drinking water; infant mortality in some countries is more than 10 times higher than that in developed countries; and rising food prices are now putting severe pressures on Asia's poor. Recent estimates by the Asian Development Bank (ADB) show that a 10 per cent increase in local food prices could push an additional 64 million people into poverty in 25 countries. This could seriously undermine the gains already made to reduce extreme poverty over the last decade.

The region cannot reduce poverty and inequality without adequate growth. As we navigate our way in this



Additional investment in infrastructure will be a vital component in the drive to raise living standards across Asia

post-crisis world, it is clear that the development landscape has shifted, and we must consider new pathways to Asia's growth. With a slowdown of growth and exports in the industrial world, Asia now needs to rebalance the sources of growth with regional and domestic demand. This will contribute to the resilience of Asian economies and global market realignment.

Over the long term, rebalancing growth and reducing poverty will depend heavily on investments in infrastructure. Roads, water supply, sewerage systems, power and telecommunications are vital for the production of goods and services. They also facilitate trade, reduce business costs, connect people to markets, and create jobs and opportunities for the poor. The current infrastructure deficit in the region continues to be a bottleneck to growth, a threat to competitiveness and an obstacle to poverty reduction. A recent study puts a price tag of \$8 trillion on the region's infrastructure needs over the next decade.

The region's environment, too, faces daunting threats. The decline in forest cover and the steady rise of greenhouse gas emissions are a major challenge. As a result, the region has become more vulnerable to extreme weather, rising sea levels and other phenomena that are related to climate change.

The recent tragic events in Japan demonstrate that even developed countries are not fully immune to the fury of nature. Poor communities, and particularly women and children, will nonetheless continue to be hardest hit. Given the large geographical and intergenerational impacts of a business-as-usual development path, environmentally sustainable growth must be considered a national, regional and global public good.

One can hardly consider Asia's future without touching on regional cooperation and integration (RCI). The recent crisis has strengthened Asia's commitment to bring RCI

to the next level. ADB believes that the potential of RCI in further accelerating economic growth, reducing poverty and economic disparity, raising productivity and employment, and strengthening institutions has not been fully harnessed.

ADB's response

To maximise development impact and efficiency in partnership with others, ADB's long-term strategic framework, Strategy 2020, focuses on five core areas of operations: infrastructure, environment, RCI, finance-sector development and education. These areas are tightly linked to ADB's three strategic development agendas of inclusive economic growth, environmentally sustainable growth and regional integration.

Inclusive growth: The private sector has a role to play in generating and sustaining economic growth. Under Strategy 2020, ADB aims to scale up support for private sector development and operations to reach half of its annual operations by 2020. To help ensure that growth is more inclusive, ADB will also increase support for transport, energy, water and other infrastructure and for basic public services, such as education and health care. This helps to widen the circle of opportunity so that all members of society can participate in, and benefit from, economic growth.

Environment: ADB promotes environmentally sustainable growth, including efforts to tackle climate change, with dedicated funds for this purpose.

Financing for clean energy has grown to more than \$1 billion a year, and ADB plans to double that to more than \$2 billion per year by 2013. Its support for environmentally friendly technologies, such as clean and renewable energy sources and energy-efficiency improvements, helps to build climate resilience in highly vulnerable sectors and communities.

RCI: ADB is active in helping to build stronger links among member countries in trade and finance, and cooperation in economic surveillance. Asia has made considerable progress in economic and financial cooperation, and the recent global crisis has added a sense of urgency. Asia needs to do more to promote intra-regional trade, which can complement domestic demand as an additional source of dynamism in the post-crisis world. ADB continues to support financial market integration and investments in regional infrastructure to promote regional connectivity.

The G8's focus

Tackling poverty remains Asia's key challenge. MDG targets at the global level cannot be achieved unless they are achieved in Asia. Thus, the G8's focus on Asia should not diminish. Despite their own fiscal challenges, G8 countries need to keep their global commitments and increase their official development assistance to combat poverty in the region.

As with the MDGs, the climate change battle will also be won or lost in Asia. Reducing the emission of greenhouse gases has global benefits and, therefore, requires global efforts. Strong G8 support in advancing the Cancún agreements and for climate-change efforts by the countries of developing Asia is vital.

This is also the time for both the developed and developing parts of the world to bring an orderly workout of global imbalances, not only to sustain future growth, but also to help avert future crises. As the world is likely to see an uncertain period of sluggish demand in advanced economies, Asia should step in with increased consumption and investment to drive global growth. A shift to a more balanced growth model in Asia will help to support the G8 recovery – and provide a sound basis for future global growth. ♦

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A 10 per cent increase in local food prices could push an additional 64 million people into poverty in 25 countries

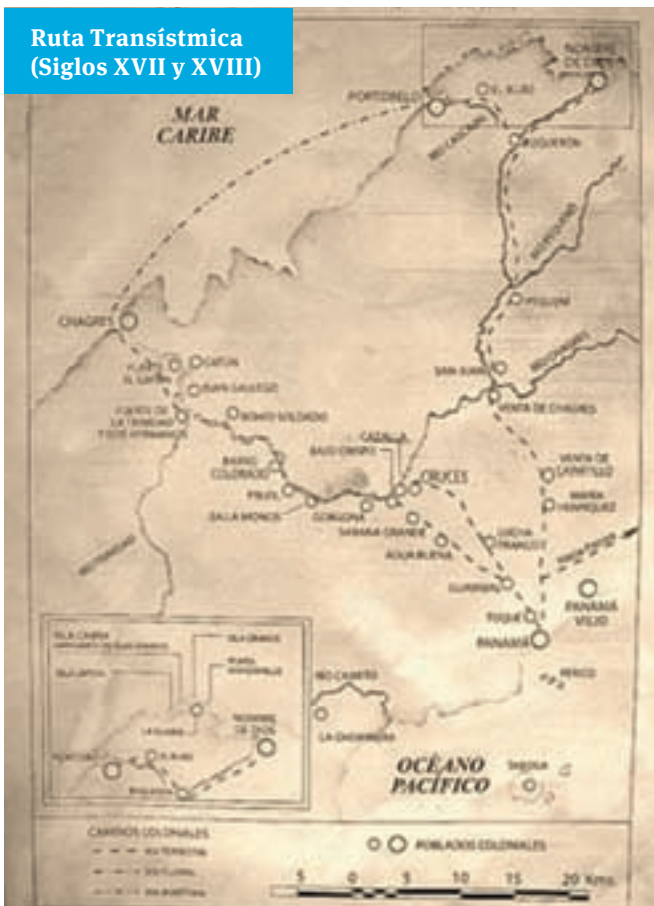
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Panama: where the world meets

Its history, current developments and prospects for the future

Ruta Transístmica
(Siglos XVII y XVIII)



Throughout the centuries, Panama has been a place of transit for both people and merchandise. The land named after its abundance of butterflies and fish and its native deciduous tree plays an important role in trade development and worldwide communication.

During the colonial period, the Atlantic and the Pacific were united by the construction of two overland routes, “El Camino Real” and “El Camino de Cruces”, and the isthmus was transformed into the trade route between Spain and its colonies. The city of Portobelo became the principal location for trade, as well as the starting point for the colonising expeditions of the New World.

Centuries later, Panama’s geographic position has preserved its importance as the crossroads of the world. During the 20th century and the early years of the 21st century, the value of Panama’s geographic position has further appreciated with the construction of the Panama Canal. This key conduit serves global trade through 144 routes, and is used by 14,000 ships annually. Commerce is also supported by modern ports on both the Atlantic and Pacific coasts, considered among the most efficient in Latin America, and connected through railroad and highway systems.

With the objective of maintaining and expanding the competitiveness of Panama’s geographic position, the government has made an investment of \$5.2 billion to expand the Panama Canal. The mammoth project includes the construction of two new sets of locks, which will facilitate the passage of Post-Panamax vessels with capacities of 12,000 TEUs (Twenty-foot Equivalent Unit), a huge feat when compared to the Panamax vessels with capacities of 4,500 TEU that currently

transit the Canal. This expansion is taking place simultaneously, as the private sector studies the construction of new ports on the the country's two coasts.

Panama uses the US dollar as its local currency; this in turn eliminates exchange risk. Meanwhile, the development of the banking center, with financial integration and assets totalling over \$70.9 billion, enables competitive interest rates. These key strengths, coupled with the multimodal communication system, have facilitated the evolution of what was originally regarded as the famous Portobelo fairs into what is now known as the largest free trade zone in Latin America, and second in the world after Hong Kong. The Colon Free Zone, as it is called, generates over \$20 billion annually through its import and export activities.

In the financial sector, the national government is making compelling progress in establishing transparency. It has implemented new conditions to exit "grey" lists of organisations such as the OECD, as it moves towards becoming an international financial services hub. Some of these actions include: reducing its corporate tax from 30 per cent to 25 per cent, reducing personal income tax, and raising value-added tax to 7 per cent. Panama has already signed 10 Double Taxation Conventions with the following countries: Mexico, Barbados, Portugal, Qatar, Netherlands, Spain, Luxembourg, Singapore, South Korea and Italy, as well as a Tax Information Exchange Agreement with the United States of America, and it is currently negotiating with others. This progress, along with the country's achievement of "investment-grade status" from Moody's, S&P, and Fitch Ratings, due to the stabilisation of public finances, has and will continue to attract more foreign investment.

Panama has a stable macroeconomic environment as a result of the cautious management of public finances and the implementation of measures to achieve public-debt sustainability. These methods have served as the base in the development of an ambitious public investment programme. Along with this action, Panama's higher exports of goods and services, and steady influx of foreign investment have all added to an average real growth rate of 8 per cent a year.

Panama was one of the few countries worldwide to achieve economic growth in the midst of the financial crisis.

Panama is regarded as the hub of the Americas due to excellent flight connections, linking the entire Latin American region. The Government is expanding this core strength with a \$80 million investment to modernise the passenger and cargo terminals of the Tocumen International Airport, the country's largest airport. In order to increase tourist traffic, there are three new international airports under construction in the interior of the Republic. Simultaneously, highways are being expanded and new roads are being built to extend land routes and facilitate the transport of passengers and cargo. A massive infrastructure project dealing with the reorganisation of the capital city's roads has been undertaken at an estimated \$1.5 billion, with the goal of increasing connectivity and enabling smooth travel for the population, while also improving the business environment.

Also under construction is the first section of the modern metro system, which will carry passengers from 13 stations along a 13.7 km track through the heart of the city. This initial subway route has an approximate cost of \$1.8 billion, and will serve to reduce transit time, lower the national consumption of fuel, and significantly reduce the emission of gases that cause global warming. Panama also has a world-class telecommunications system with the lowest rates in Central America, due to its open market, and supported by various submarine fibre-optic cables connecting it with the rest of world.

Panama's forecast looks very promising in the coming years, thanks to its successful management of its public affairs, the expansion of its investments, and a steady increase in the exportation of goods and services. The country's gross domestic product will continue to grow steadily at favourable rates, while decreasing the unemployment rate. The economic expansion will allow the government to continue its monetary transfer programs and support to control the rising energy costs, aimed at helping low-income households, thereby ensuring that the fruits of the economic growth reach and benefit the entire Panamanian population.



The need for a balanced economic governance system

The 'big three' are at the table already, but the smaller countries of Latin America and the Caribbean need the chance to contribute to global concerns in a way that will foster their economic development while taking into account the challenges they face

By Luis Alberto Moreno, president, Inter-American Development Bank

Since the onset in 2008 of the global financial and economic crisis from which the world is emerging, the G20 has become the premier forum for global dialogue and policy coordination on international economic issues. The G20 has been instrumental in helping the world confront the crisis. It prevented financial contagion, coordinated macroeconomic policy and bolstered international financial institutions. In 2010, the shareholders of the Inter-American Development Bank (IDB) – including the countries in the G8 and the G20 – approved the biggest capital increase in the bank's history.

Balanced economic governance

As global leaders discuss the new post-crisis situation at the G8 summit in Deauville, it is clear that the world needs a balanced economic governance system that enables small and vulnerable countries to contribute to the ongoing debate. The G20 can surely fulfil this role and thereby ensure global economic stability.

Even though Latin America and the Caribbean are well represented in the G20 with Argentina, Brazil and Mexico, the smaller countries in the region must also have a say in the global governance system. The IDB is committed to fostering an agenda for the G20 that includes such smaller countries and addresses the following challenges.

Risks to development

Global imbalances and macroeconomic policy coordination have been a key focus of the G8 historically, and of the G20 since 2008. Both must consider the vulnerabilities of developing countries and the imperatives of their economic development.

Many Latin American countries are experiencing the consequences of large capital inflows caused by an expansionary fiscal and monetary policy in the US and by the official or unofficial peg that several countries maintain to the depreciating dollar. Others, particularly in the Caribbean, suffer from a dearth of capital.



Such abrupt capital swings pose serious risks to development. A lack of foreign direct investment hampers a country's growth potential by depriving it of needed capital. But large, sudden and short-term inflows – often speculative in nature – also create problems. They appreciate a country's currency, reducing the competitiveness of exports of certain sectors. A flood of cheap foreign money may fuel excessive lending and generate asset bubbles. Moreover, the speculative capital rapidly flowing into developing and emerging countries can be withdrawn just as swiftly if the monetary and fiscal conditions of major economic powers change.

Although policymakers in the region are implementing measures to deal with these increased inflows, such excesses heighten the risk of boom-and-bust cycles, which usually lead to severe development setbacks.

There is no quick fix that the G8 or the G20 can apply to correct the current global imbalances. As the recovery takes hold, markets should gradually adjust the imbalances. Developed and emerging economies with big current-account surpluses and export-led growth models should consume and import more. Countries with excessive debt should save more and ramp up their exports.

But the markets alone cannot bring about this correction. The imbalances are too big and the recovery is too fragile. A solid global financial safety net needs to be woven, to provide comprehensive coverage for liquidity risks, and a clear and predictable path to economic adjustment and debt restructuring to those countries that need it.

A far-reaching agenda

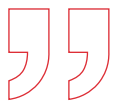
As the global crisis subsides, the development agenda must be implemented, particularly with regard to regional infrastructure. Additional dimensions need to be added, particularly for climate change and international trade.

The Latin American and Caribbean region shares the global concern presented by the threat of climate change. Most of the debate focuses on reducing greenhouse gas emissions. There must also be a focus on climate change adaptation and mitigation. Studies indicate that climate change could lead to shortfalls in food production and deteriorating food security in Latin America and the Caribbean. Adaptation and mitigation interventions must be scaled up so that this region and others can cope with these shocks.

Specific solutions to the challenges posed by climate change must include the preservation of the Amazon and



An open and predictable rules-based international trading system will be key to economic development



Latin American and Caribbean farmers could experience food-production shortfalls due to climate change

other tropical forests, and an appropriate climate change adaptation programme in vulnerable countries, such as island countries, including those in the Caribbean; and tropical nations, such as those in Central America.

An open and predictable rules-based international trading system will be the key foundation for the region's economic development. Multilateral solutions are required to enable developing countries to access the necessary regulatory and physical infrastructure so they can reap the full benefits of international trade.

G8 and G20 leaders should also urge trade negotiators to pursue multilateral solutions as a complement to the current proliferation of preferential trade agreements. A successful conclusion of the Doha Round is critical to provide a deeper multilateral normative framework to regional agreements, and to address key systemic issues that can be dealt with effectively only at the multilateral level, such as the reduction of agricultural subsidies.

Having their voices heard

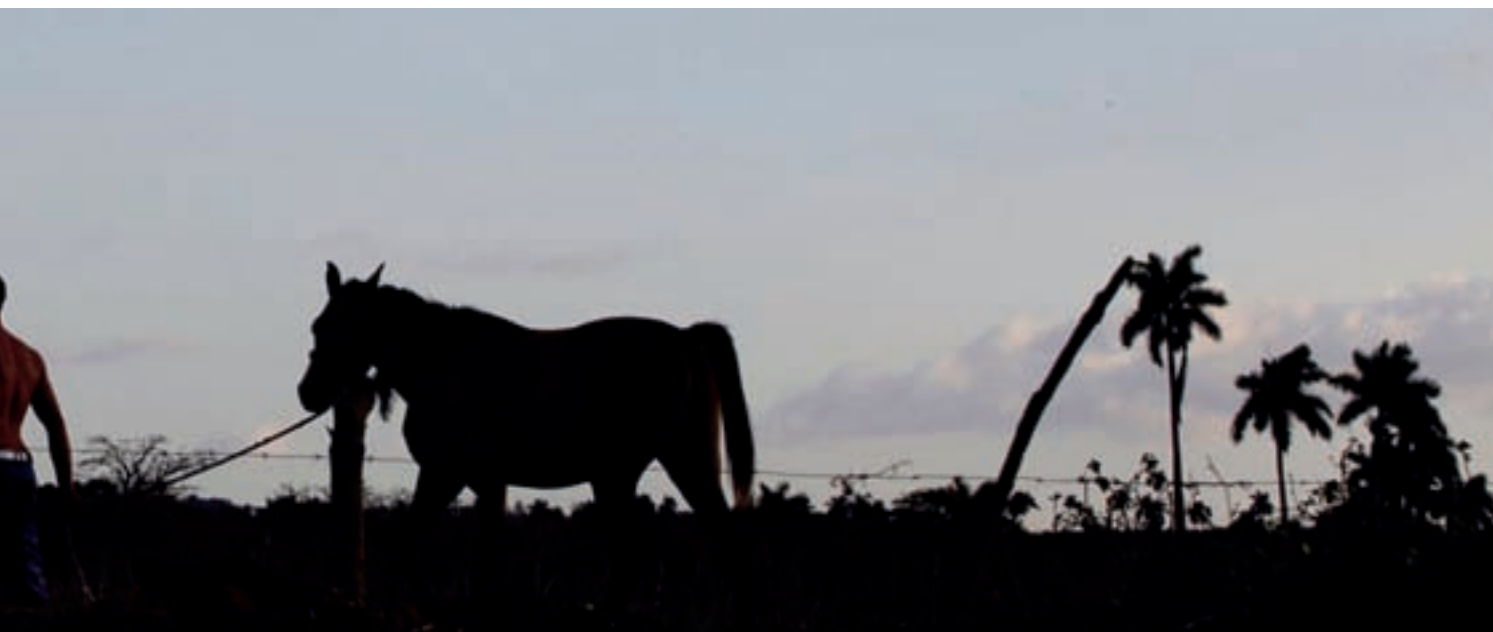
Latin America and the Caribbean have strong representation at the G20 through the presence of Argentina, Brazil and Mexico. But the region's smaller countries face economic and social development challenges different from those experienced by the "big three".

For example, the countries of Central America and the Caribbean have been especially hit by trade shocks resulting from the 2007-09 recession in the US and continued low growth in most European countries. As is the case with Andean countries, Central American and Caribbean countries are not represented in the G20.

To help these countries gain a voice in global governance, the IDB started organising regular regional meetings at the technical level to facilitate the exchange of views among its member countries.

In short, the global concerns of the G8 and G20 need to be addressed in accordance with each country's individual circumstances: one size does not fit all. As a developing region, Latin American and Caribbean countries are interested in a more comprehensive development agenda.

They need the opportunity to contribute to dealing with global concerns in a way that fosters their economic development and takes into account the specific challenges they confront. The IDB stands ready to give them a voice at the global table, and thereby enhance the global legitimacy of the G8 and G20. ♦



Taking a different approach to finance

As the protracted recovery from the global economic crises continues, Islamic finance offers an alternative to established Western banking and investment practices, highlighting the importance of social, as well as financial, development

By Ahmad Mohamed Ali, president, Islamic Development Bank Group

The global economy has been shaken by both the financial and sovereign debt crises. This has adversely affected trade, the economy and the lives of millions of people. Global economic and social progress has also been challenged by food insecurity and climate change. Between 50 million and 64 million more people are living in extreme poverty as a result of the global financial crisis. All countries must therefore actively increase their economic growth and social spending to improve well-being and social progress.

Factors affecting development

Assessing the role of Islamic finance in social progress requires a clear understanding of social well-being. Social progress can be promoted through improvements in several indicators, including the income of families and individuals, particularly of the poor; levels of health, education and vocational training; employment and self-employment opportunities; a sense of economic and personal security; levels of poverty and social exclusion; the extent of equity and justice; the extent of social cohesion; and environmental sustainability.

Clearly, progress in the economic, financial and social realms is closely linked – partly because economic prosperity is among the most important determinants of sociological change, and partly because the resources produced by economic growth enable social-policy expenditures. In this process, the availability of finance in accordance with the moral and social preference of society is extremely important, because it contributes directly to social well-being and indirectly through enhanced financial inclusion. The Islamic approach to social progress

“By reducing the severity and frequency of financial crises, Islamic finance has great potential for promoting sustained investment in social sectors”

emphasises the need for balanced development, which covers both material and spiritual development.

Islamic finance is part of a larger Islamic system that signifies a complete set of beliefs, moral norms and legal principles that guide individual and collective behaviour. Islam stresses justice and strictly prohibits interest in all its forms. Instead, it promotes the sale of goods and services undertaken to acquire mutual gains in economic dealings. Islam also calls for avoidance of *gharar* – the prevalence of excessive uncertainty in contracts and economic dealings. Universal moral values are supported by this system: Islam strictly prohibits deception and cheating, and emphasises mutual cooperation for all good and beneficial activities. A closer look reveals that Islamic modes of finance keep finance tied to real economic activity. This link helps to keep the growth of credit in tandem with the growth of the real sector.

Islam also prohibits trading in debt. This carries the potential of encouraging lenders to carefully evaluate the debt proposal and the ability of the borrower to repay. This prohibition helps limit the possibility of easy debt rollover and, thereby, performs the dual function of curbing the rise of debt in financial markets and promoting greater financial stability.

Despite regulatory controls, the unbridled accumulation of debt is a major weakness of the present financial system. Combined with consumerism that flourishes on excessive debt, this systemic weakness leaves fewer resources for meeting the basic needs of the many, and less saving for productive investment – and investment in the social sector is generally the first victim in a financial crisis. Thus, by reducing the severity and frequency of financial crises, Islamic finance has great potential for promoting sustained investment in social sectors. Investment in health, education and other social aspects of development ensures the continuity and progress of societies in the long term. Today's debt, if not productively used, will be a serious burden on future generations.

Islamic finance accords due recognition of the importance of the voluntary sector and the rich contribution to society that *zakah*, *awqaf*, *sadaqat* and other philanthropic initiatives can make to social progress. These are only some examples of minimum compulsory, as well as other purely voluntary, institutional arrangements to meet the basic needs of food, shelter, education and health of the poor. This should help ensure social progress of all strata of society. The combination of for-profit and non-profit sectors of Islamic finance can lead to better socioeconomic development. However, this potential can be realised only if Islamic finance is practised in its true



spirit and form. Its misuse, like the misuse of any system, can prevent the attainment of its benefit in full.

The advantages of Islamic finance are not limited to Muslims to the exclusion of others. Its systemic benefits are public in nature, available to all, irrespective of religion, race, nationality or gender. In terms of access to finance and also as a business proposition for the users and suppliers of finance, Islamic finance is open to all without discrimination. By using simple rules, it promotes justice and sharing risks, and rewards fairly at micro, as well as macro, levels.

Economic advancement

The Islamic Development Bank Group (IDBG) activates the entire spectrum of Islamic finance – including public finance, development finance, private philanthropy, microfinance, *zakah* and *awqaf*, thereby enhancing the impact of socioeconomic development.

The IDBG uses Islamic modes of finance in its development-financing operations. It helps to establish Islamic financial institutions with the aim of creating an Islamic financial sector that contributes to the economic advancement of its member countries, and also realises benefits for social progress at the global level.

The IDBG has been active in education and health sectors since its inception. In the past three decades, its intervention in these sectors has increased considerably, representing about 13 per cent of its total financing to 2010. An important new initiative is the creation of the Islamic Solidarity Fund, with a target capital of \$10 billion. The fund was initiated at the 2005 summit

Islamic finance recognises the link between financial advancement and social progress, including areas such as education

of the Organisation of the Islamic Conference (OIC) and entrusted to IDBG for implementation, with the aim of increasing operations for poverty alleviation, improving capacity building, eliminating illiteracy, and eradicating diseases and epidemics in the OIC states.

The IDBG has several innovative projects and strategic interventions for social-sector development. It has established, in cooperation with government entities and financial institutions, the Awqaf Properties Investment Fund (APIF), with the objective of reviving and reintegrating philanthropic and social-service trust institutions to promote development through this voluntary sector. APIF has financed projects in different countries. The resulting cash flows from these IDBG projects will help finance general charitable programmes for the poor and guarantee the availability of long-term income for charities.

Another innovative undertaking is the microfinance development programme to enhance access of the poor to Islamic finance (\$500 million over five years). The IDBG has already approved several operations under this programme for member countries in Africa, the Commonwealth of Independent States and the Middle East. It is also establishing the first Islamic microfinance institution in Bangladesh and studying the modalities of establishing an Islamic microfinance fund in Indonesia. These pilot projects will serve as test cases for developing similar models in other jurisdictions.

All indications are that Islamic finance can make a valuable contribution to social progress. ♦

Towards a renewed G8

Three challenges on the agenda this year – Africa, development and security – are significant not just for their scope, but because they raise questions about the G8's role. Tackling them will involve reaching a new equilibrium for the group

By Abdou Diouf,
secretary general,
La Francophonie

Faced with the limitations and red tape of the multilateral system born from two world wars and the Cold War, the great powers have created influential groups tasked with taking the initiatives required by increasingly rapid changes in the world.

The G8 is one of those groups that has played a major role during the transition period that began with the fall of the Berlin Wall. But today it faces new challenges.

Of all the issues on the agenda for the G8 in 2011, three stand out, both in terms of their scope and the

way that they question the group's current role: Africa, development and security.

Africa is a rapidly growing continent. Its primarily young population, expected to reach two billion between 2030 and 2050, is becoming more and more urbanised. It aspires to political and economic changes, in ways that are wide open to foreign products and investments. However, Africa remains a supplier of raw materials and has poorly qualified labour forces. And in order to use one to promote the other, it must overcome three major challenges – energy, communication and training.



On its own, Africa cannot gather the capital and savings it requires. And while contributions from G8 members have been dropping, funds have been flowing in from emerging countries that have good reason to turn towards Africa: the need for raw materials and renewable assets, market research for products intended for mass consumption, and weakly structured and regulated legal and business environments. Despite its financial weight and its declarations, the G8 is losing its ability to control the development models being put in place owing to this influx of new contributions: the Washington consensus was sought in the past, but has not been replaced.

Development, which is needed the most in Africa, as the continent that has highest number of least developed countries, has become more important than ever. How can African countries meet the requirements for infrastructure funding, particularly those needed for the diversification of their businesses and economies in a globalised world? How can they supply enough food for urban populations and fight poverty in rural populations? How can they ensure the health and education of the masses, not only to meet the Millennium Development Goals, but also to display sheer pragmatism, when pandemics linked to poverty, ignorance and the lack of basic healthcare can spread like wildfire?

The G8 has had the instruments it needed, with the International Monetary Fund, the World Bank and development agencies. Year after year, it has made commitments. Yet there have always seemed to be good

reasons why there was no follow-through, despite many crises and an obvious increase in inequalities.

For the past 10 years, its experts and research teams have been working at finding innovative funding solutions and now have a full range of available options. Yet only a handful of experiments have been carried out, successfully one might add. Why is the G8 not moving forward? Why does it continue to be vague about additional funding? The answer is significant, since broad implementation of new resources will require a serious change in the architecture of aid, as emerging countries continue to be a part of new funding solutions.

Development remains strongly linked to security, a major issue for countries that have been used to peace and a well-regulated political environment. From the end of the Cold War until 11 September 2001, the G8 tolerated too many local conflicts, as horrible as they were, that did not directly affect G8 countries. But for the past 10 years, the G8 has been viewing the situation differently, in the world in general and in Africa in particular. Within this continent lies an entire reserve of people likely to become soldiers for many different causes, in all parts of Africa.

On the one hand, Africa aspires to growing democracy; on the other hand, it has become a hub for traffickers of all sorts and a base for piracy. Although the G8 has forces many times greater and better equipped than any agitators or ringleaders, it no longer knows how to control groups that are constantly changing, in

“ We need a serious change in the architecture of aid, as emerging countries continue to be a part of new funding solutions ”

context where paths are continually shifting, alliances are made and broken, and traditional instruments no longer provide the required information.

If the G8 is to remain primarily responsible for monitoring and controlling the movement of assets, money and people, then it will need to understand how systems work. First, it is having difficulty predicting new threats, anticipating how they may develop and coordinating counter measures. This is because the systematic deregulation that it supported in the 1990s resulted in this open environment. It is largely responsible for this new reality, and it must come up with new instruments that will help to regulate the situation.

If it wishes to act effectively with respect to these vital issues, the G8 will need to take a hard look at countries that have become major players on the international scene, and that did not have a central place in the multilateral system between 1945 and 1973. Its efforts to organise management at two levels – sovereignty-related issues at G8 meetings, and issues related to financial, economic and sustainable development at G20 meetings – must meet Africa’s expectations, which have been clearly expressed. These efforts must actively contribute toward finding new states of equilibrium where there is engagement by members of the G20, as well as by other countries aspiring to emerging status and those wishing more than ever to rise above poverty. ♦



Transporting water in western Afghanistan. Development and security are two of the major challenges on the agenda

Vers un G8 renouvelé

Les 3 défis qui sont à l'agenda cette année (l'Afrique, le développement et la sécurité) ne sont pas seulement importants par leur ampleur, mais aussi par les interrogations qu'ils soulèvent sur le rôle du G8. Les affronter impliquera la création d'un nouvel équilibre pour le groupe

Par Abdou Diouf,
secrétaire général
de la Francophonie

Face aux limites et aux lourdeurs du système multilatéral né de deux conflits mondiaux et d'une guerre froide, les grands acteurs ont suscité des groupes d'influence chargés de prendre les initiatives exigées par les changements toujours plus rapides de l'ordre mondial.

Le G8 est un de ceux qui ont joué un rôle majeur durant la période de transition commencée avec la chute du Mur de Berlin. Mais aujourd'hui il doit faire face à d'autres questions.

De tous les sujets inscrits à l'agenda annoncé du G8 en 2011, trois dossiers retiennent l'attention, tant pour leur portée que pour la façon dont ils questionnent le rôle actuel du groupe: l'Afrique, le développement et la sécurité.

L'Afrique est un continent engagé dans une croissance accélérée. Sa population, majoritairement jeune et qui doit atteindre 2 milliards entre 2030 et 2050, est de plus en plus urbanisée et aspire à des changements politiques et économiques, dans des contextes très largement ouverts aux produits et aux investissements extérieurs. Mais l'Afrique demeure un fournisseur de matières premières et de forces de travail faiblement qualifiées. Et elle doit, pour employer les unes à la valorisation des autres, faire face à trois défis majeurs, en matière d'énergie, de communication et de formation.

Or elle ne peut réunir seule les capitaux et l'épargne nécessaires. Et, face à la baisse relative des apports des membres du G8, des capitaux affluent, venant des



pays émergents qui ont de bonnes raisons de se tourner vers l'Afrique: besoin de matières premières et de biens renouvelables, recherche de marchés pour des produits de masse, espaces juridiques et commerciaux faiblement structurés et réglementés. Malgré son poids financier et ses déclarations, le G8, du fait de cette nouvelle donne, voit baisser ses capacités de contrôle en ce qui concerne les modèles de développement mis en œuvre : le consensus de Washington a vécu, il n'a pas été remplacé.

Pour autant la question du développement, qui concerne avant tout l'Afrique, où se trouvent la majeure partie des pays les moins avancés, est plus prégnante que jamais : comment financer les besoins en infrastructures, particulièrement celles nécessaires à la diversification des économies et au commerce dans un monde globalisé? Comment faire face aux besoins alimentaires de populations urbaines et combattre l'appauvrissement des populations rurales? Comment veiller à la santé et à l'éducation du plus grand nombre, non seulement pour se conformer aux Objectifs du Millénaire pour le Développement, mais surtout pour faire preuve du pragmatisme le plus élémentaire, quand les pandémies liées à la pauvreté, à l'ignorance et à l'absence de soins de santé primaire peuvent se propager de façon fulgurante?

Le G8 avait les instruments en main, avec le Fonds Monétaire International, la Banque mondiale et les Agences de développement de ses différents membres. Année après année, il a pris des engagements, mais d'excellentes raisons l'ont conduit, malgré plusieurs crises et l'accroissement manifeste des inégalités, à repousser leur exécution.

Depuis dix ans, ses experts, ses équipes de recherche travaillent sur les financements innovants



et disposent désormais d'une panoplie complète en ce domaine: mais seules quelques expériences ont été menées, d'ailleurs avec succès. Pourquoi le G8 n'avance-t-il pas et reste-t-il également imprécis sur l'additionnalité de ces financements? La réponse est d'autant plus essentielle qu'une mise en œuvre large de nouvelles ressources exigera une profonde mutation de l'architecture de l'aide, à la mesure de la participation des pays émergents à ces nouveaux financements.

La question du développement reste fortement liée à celle de la sécurité, enjeu majeur pour des pays habitués à la paix et à une vie politique bien réglée. Après la fin de la guerre froide et avant le 11 septembre 2001, le G8 s'est résigné à trop nombreux conflits locaux, si horribles soient-ils, car cela ne le touchait pas directement. Mais depuis dix ans, il regarde de façon bien différente la situation, dans le monde bien sûr, en Afrique encore plus. Celle-ci recèle une réserve d'hommes susceptibles de devenir les combattants de toutes les causes, de toutes les migrations.

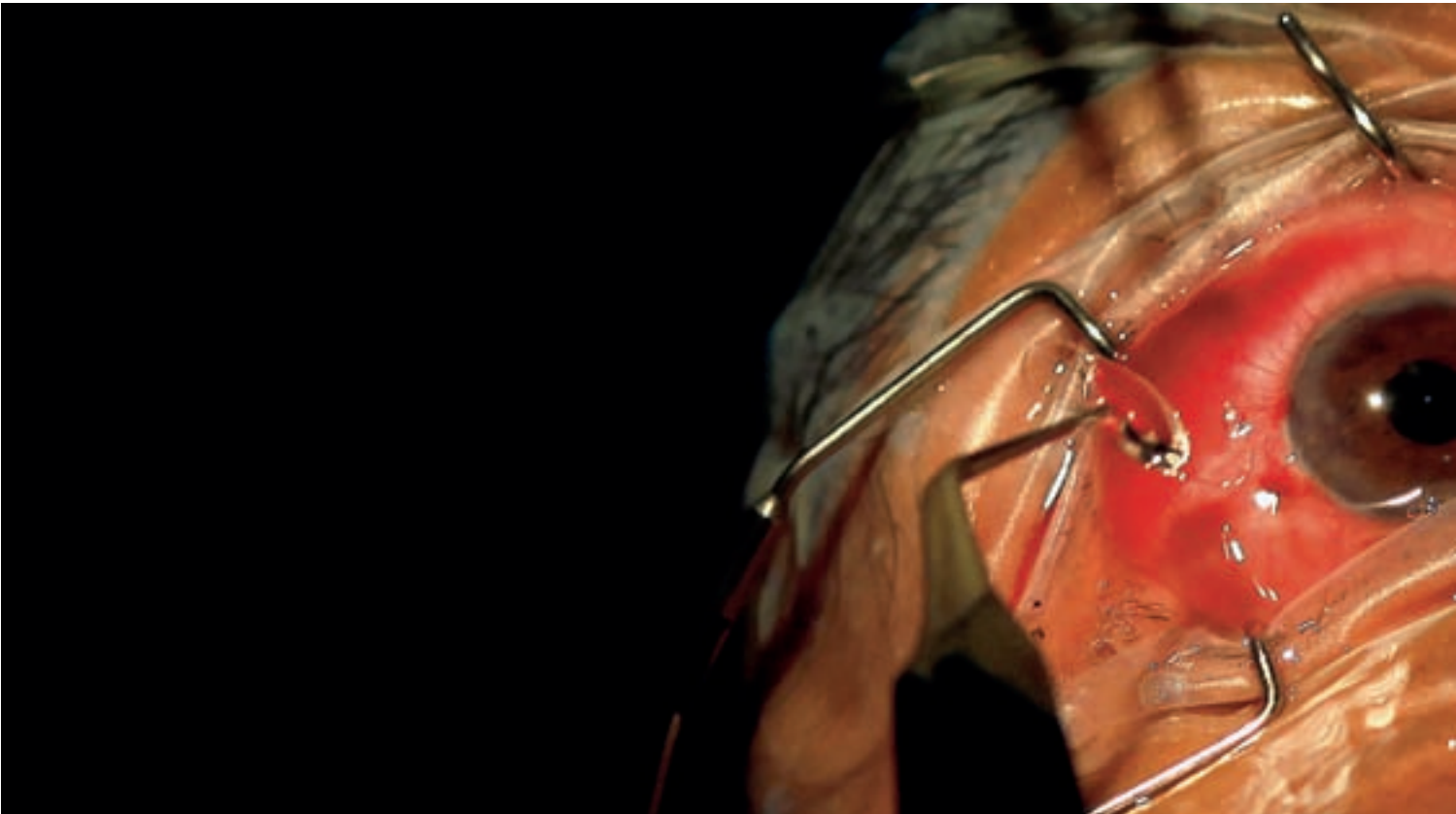
En effet, dans le même temps, l'Afrique est animée par une aspiration démocratique grandissante et elle est devenue la plaque tournante de tous les trafics, la base de toutes les pirateries. Le G8 qui dispose pourtant de forces incomparablement plus grandes et mieux équipées que n'importe lequel des agitateurs ou chefs de bandes, ne sait en fait plus comment contrôler un ensemble en perpétuelle mutation, où les trajets ne cessent de se modifier, où les alliances se nouent et se dénouent, où ses instruments ne lui donnent plus les informations requises.

Force est de constater que, si c'est encore à son niveau que se trouvent les principaux moyens de surveillance et de contrôle des mouvements, qu'il s'agisse des biens,

“ Il faut une mutation de l'architecture de l'aide, à la mesure de la participation des pays émergents à ces nouveaux financements ”

des fonds ou des personnes, il a besoin de comprendre comment les circuits s'organisent désormais. Partant, il lui devient difficile de prévoir les nouvelles menaces, d'anticiper leur développement et de coordonner les contre-mesures. Parce que, par la dérégulation systématique qu'il a soutenu dans les années 1990, il a créé ce monde ouvert, il a une part forte de responsabilité dans cette nouvelle réalité; et il doit inventer de nouveaux instruments pour contribuer à la réguler.

Sur ces dossiers essentiels, le G8, pour agir efficacement, doit prendre en compte les pays qui, devenus des acteurs majeurs au sein de la communauté internationale, n'ont pas la même pratique du système multilatéral mis en place entre 1945 et 1973. Ses efforts pour organiser une gestion à deux niveaux – les questions liées à la souveraineté au G8, les questions financières, économiques et de développement durable au G20 – doivent en particulier répondre aux attentes, clairement exprimées, de l'Afrique. Et ils doivent faciliter activement la recherche de nouveaux équilibres dans laquelle sont engagés les membres du G20, d'autres pays aspirant au statut d'émergent et ceux qui veulent plus que jamais sortir de la pauvreté. ♦



Business with empathy for a better tomorrow

Social business initiatives are achieving results in tackling the problems that free market capitalism has been unable to solve – persistent poverty, lack of access to healthcare and education, epidemics and environmental destruction

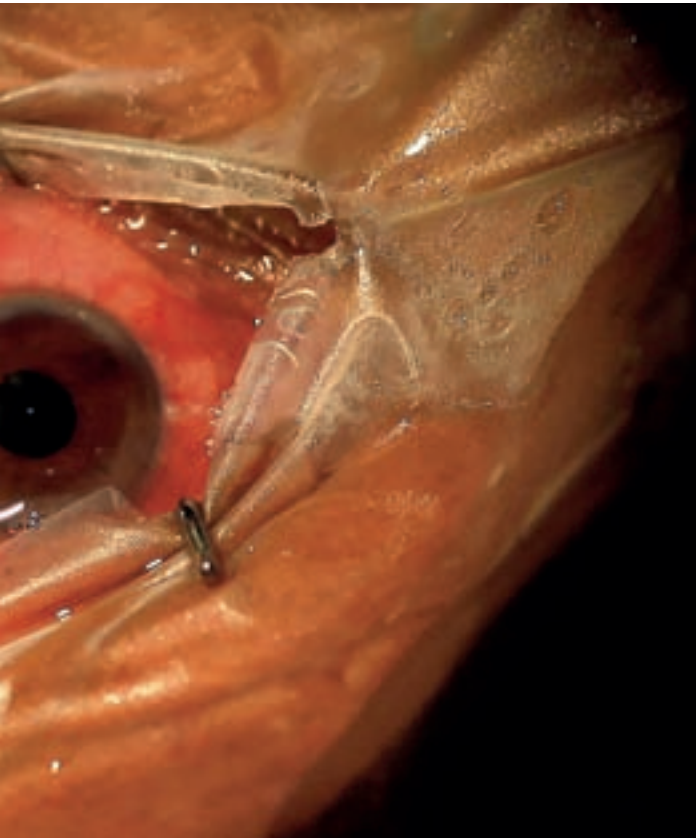
By Muhammad Yunus, Yunus Centre

When free market capitalism became the dominant model for the globalised world, people came to think of themselves as one-dimensional economic actors who were out only to earn as much profit as possible. But look at what this approach has cost. Children work in dehumanising conditions in sweatshops; cities are choked in smog; and crisis after crisis rocks the globe – food, energy, environmental and oil crises. We can instantly transmit messages halfway across the world, but we cannot feed all the hungry children in our communities.

Sadly, because free market capitalism offers only a narrow vision of ourselves, we have allowed suffering, abuse, exploitative business practices and environmental degradation to become commonplace.

When I thought about how to reinvigorate the capitalist system with a definition that encompasses our innate empathy for our fellow human beings, I came upon the idea of 'social business'. This is a young, vibrant field that has enormous potential for meaningful impact and growth. I define social business as a non-loss, non-dividend company – 'non-loss' and 'non-dividend' mean that the social business makes only enough to repay its investors and/or expand. Thus, by their very nature, social businesses contribute to global development and social progress at the same time.

Social business initiatives are taking off at a steady pace as multinational corporations and dynamic young people are caught up in the promise of this exciting venture. Probably the most famous example right now of a social business is Grameen Danone, a joint venture with dairy products company Danone Group that



One Grameen project involves an eye care hospital that charges less for poor people, delivering high quality inexpensively through high volume

started in 2007. Grameen Danone produces and sells yogurt fortified with micronutrients to poor households in villages of Bangladesh. Apart from ensuring that rural children have access to an affordable product that helps them combat malnutrition, the Grameen Danone yogurt factory in Bogra also helps the local economy by providing steady work for cow farmers, as well as for the women who go out and sell the yogurt in the countryside.

Another example is Grameen GC Eye Care Hospital. This social business charges less for poor patients than for wealthy patients, and is based on a system that delivers high quality inexpensively through high volume. The hospital also has highly trained technicians who do most of the examination and preparation work, so that ophthalmologists can focus on the operations.

Dozens of other social business proposals are cropping up, such as the one submitted by the ID Group for two social businesses. One will open a workshop to produce functional clothing for children up to five years old in Bangladesh, providing technical training to the rural poor and generating employment. The other social business will be a daycare centre for children. I am excited about these and the many other social businesses in the works.

One of the biggest hurdles a social business must face on the road to launching and running it successfully is obtaining financing. To connect investors with social businesses, a social stock market is needed where only the shares of social businesses will be traded. An investor will come to this stock exchange with a clear intention of finding a social business with a mission of his or her liking. Anyone who wants to make money will go to the conventional stock market.

Unfortunately, the current legal and regulatory systems do not provide a place for social business. Whereas profit-maximising companies and traditional non-profit organisations – foundations, charities and non-governmental organisations (NGOs) – are recognised institutions covered by specific rules on organisational structure, governance, decision-making principles, tax

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An investor would come to the social stock market with the intention of finding a social business with a mission of his or her liking

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treatment, information disclosure and transparency, social business is not yet a recognised business category. The sooner there is a defined legal and regulatory structure for social business, the easier it will become for entrepreneurs and corporations to create a multitude of social businesses to tackle the human problems that plague society.

Climate change affects developing countries in particular, and its impacts threaten the incomes and livelihoods of millions of people. The effectiveness of social business will be diminished without a clear understanding of how poor people will deal with the risks due to climate change. Strategies need to be developed for agriculture, forestry and livestock to make poor people less vulnerable to climate stresses and shocks. Grameen is working with Crédit Agricole to develop an initiative that would provide micro-insurance to extremely poor people in disaster-struck areas. The challenge lies in getting a concept of insurance – traditionally aimed at the richer echelons of the population – to be extended to, applicable to and feasible for extremely poor people with very low incomes.

A properly performing social stock exchange requires rating agencies, standardised terminology and definitions, impact-measurement tools, reporting formats and new financial publications, such as the ‘Social Wall Street Journal’, and new electronic media, such as ‘Social Bloomberg’. Governments must work together in creating legal frameworks for social business, which are capable of solving problems anywhere in the world.

In my decades of experience working among the poor in Bangladesh, I came to the conclusion that capitalism as it exists now cannot be effective in tackling such unresolved problems as persistent poverty, lack of access to healthcare and education, epidemic diseases and environmental destruction. This is where social business can come in and help do the work that the present version of free market capitalism, governments, NGOs and other enterprises have yet to finish. Social business is a dream and an action plan for a better tomorrow for all. I hope you will join me in my journey towards that future. ♦



Responding to humanitarian crises

Humanitarian aid is facing threefold pressure from natural disasters, human conflict and donor fatigue. Aid organisations need to adopt a range of measures and strategies to ensure that future and ongoing support is maintained

By Valerie Amos, United Nations under-secretary-general for humanitarian affairs and emergency relief coordinator

The demand today for humanitarian assistance is unprecedented. Global humanitarian needs are rising because of long-running wars in places such as Somalia and the Democratic Republic of the Congo (DRC), and more recent conflicts in Côte d'Ivoire and Libya.

Natural disasters also have a humanitarian impact, often striking with terrifying ferocity. Unpredictable and unprecedented weather patterns across Africa, Central America and South and East Asia routinely displace millions of people. If there is an increase in large-scale disasters, such as last year's flooding across Pakistan, this will put increased pressure on the speed, scale and effectiveness of the global response.

Population growth, limited resources, and volatile food and fuel prices are exacerbating an already difficult situation in many countries.

At a time when aid is most needed, there has been a dramatic rise in the level of threats and attacks on aid organisations, seeing workers attacked, equipment stolen and facilities damaged. Afghanistan, Pakistan and Somalia have the highest proportion of aid-worker deaths, kidnappings and attacks. Sudan, Chad and the DRC are also increasingly dangerous places to work. Over the last decade, aid-worker casualties have tripled, exceeding 100 deaths per year.

If negotiating these challenges were not enough, the humanitarian community is also dealing with increasing



financial pressure. It is being urged to do more with less because of the global economic downturn. People in donor countries want to know more about how their money is being spent; they want value for money and the recipient governments to be made accountable.

Given the complexity of the current environment, the main challenge in the years ahead will be ensuring that the aid sector operates as effectively and cohesively as possible. Maximising efficiencies and minimising overlaps will offer a better chance of reaching all those in need.

The United Nations has established a system to pull together international responders, facilitate the work of governments and direct aid towards the most needy areas. More than 350 aid agencies across the globe now actively participate in joint planning exercises.

Multilateral funding tools, such as the Central Emergency Response Fund, are allocating funds according to humanitarian need. Aid agencies are working together on disaster strategies, and improving the relationship between emergency response, recovery and development. The UN also supports national governments to help reduce risk through disaster-preparedness measures, because it is local communities that are always the first to respond. The more prepared they are, the more lives are saved.

The ongoing generosity of donors, be they governments, individuals, companies or foundations, means that the most urgent humanitarian requirements are usually supported. However, more needs to be done to promote the many underfunded emergencies in order to maintain public and financial support.

Tackling security issues and their impact on this work is an area that requires everyone's attention. What works in high-risk environments is already known and there are many lessons to be learned from each other's security initiatives. Best practices have been identified in the way that aid workers can manage risks and still deliver on the

Aid agencies face increasing danger in providing assistance in areas of conflict

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The main challenge in the years ahead will be ensuring that the aid sector operates as effectively and cohesively as possible

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ground. The global community has started to identify ways to balance humanitarian principles against the increasing need for armed protection in some places, and to ensure that national staff receive an adequate level of care and protection, equal with that of their international counterparts. It is time to turn those lessons into practice.

Another challenge is information overload. In a world awash with information, one of the biggest hurdles is pinpointing the right information to make good decisions. Recent major humanitarian responses last year in Haiti and Pakistan, and this year in Japan and Libya, have shown that there is room to improve the knowledge base for decision making. Humanitarian information and data must be available to all involved, using all possible networks. Information sharing and analysis need to happen in a timely manner.

Advances in communications and interest in social communities can combine with the increasing emphasis that humanitarian workers place on participation, accountability and partnership. Recent experiences have provided some valuable lessons. Haiti gave a sense of how quickly those communities can come together to make themselves relevant in an emergency. There have been further developments in this regard during the Japan and Libya crises this year, the latter resulting in the Libya Crisis Map website (libyacrisismap.net), supported by over 200 online volunteers around the world.

The need for principled, coordinated humanitarian action is as clear today as it ever was. Given the scale of the challenges, the key in the future will be forging effective partnerships. The barriers between the participants involved in mobilising humanitarian aid must be broken down, and the ways in which the readily accessible tools are used must be re-evaluated. Everyone must continue to work together if we are to ensure that humanitarian aid continues to measure up to the requirements and expectations of those in need. It is a time of great challenge, but also of great opportunity. ♦

Reforming the global response to humanitarian crises

The humanitarian response to disasters and crises has improved considerably and is continuing to move in the right direction. However, ensuring that the worldwide operation is working efficiently continues to be a challenge

By Sir John Holmes, former under-secretary-general for humanitarian affairs and emergency relief coordinator, United Nations

All signs indicate that the world will be faced with more – and more intense – humanitarian crises in the future. Internal conflicts, which cause so much suffering to civilians because they are fought out among them, do not look like they will disappear or diminish in the foreseeable future, and may increase further if recent events in Libya are any guide. Meanwhile, the effects of climate change are already being felt as climate-related disasters – cyclones, floods, droughts – increase, and the more insidious effects on food security and, indeed, the very viability of human existence in some areas of the globe, become increasingly visible. They, too, could lead to conflict.

As the 21st century advances, the combination of these effects with other fundamental factors – such as population growth, uncontrolled urbanisation, environmental degradation and scarcities of water, land and energy – may generate catastrophes on a scale not seen before.

These catastrophes will be, and will look, different. They will not be rapid-onset crises with clearly identifiable causes and reasonably obvious and quick solutions; they will be a gradual emergence of chronic acute vulnerability for large populations – people living on the edge of disaster permanently, and tipping over the edge with increasing frequency. These are crises that will dramatically affect the chances of reaching the Millennium Development Goals (MDGs) for those people caught up in them. The food security crisis in Niger in 2010 showed what the future

may hold – that was a population of 15 million, but how will it manage a population of 50 million in 2050, when the deserts have advanced hundreds more kilometres, and rainfall may be both less in quantity and even less reliable?

Is the world equipped to deal with these already predictable disasters and crises? There is no doubt that humanitarian response has improved beyond recognition over the last 20 years and is continuing to get better: faster, more professional, more predictably funded and more consistent. Products such as Plumpy'nut, a peanut-based food supplement, have transformed the ability to tackle child malnutrition in a miraculously short space of time. Drinking straws that turn filthy puddles into drinking water, fuel-efficient cooking stoves for camp dwellers and other technological marvels have done much to help.

However, the still inadequate response to huge 2010 disasters such as the Haiti earthquake and the Pakistan floods has shown how far there is still to go. The fragmented nature of the international humanitarian system – with multiple United Nations agencies and hundreds of non-governmental organisations (NGOs) – makes coordination difficult. It is a constant uphill struggle to ensure that the whole enterprise, donors and all, is as efficient as it could be.

Responding more effectively

There are no magic solutions, but the worst of all would be the creation of a single global agency responsible for humanitarian relief, which would quickly become a bureaucratic monster. The world needs to do better, and there are several areas that must start to improve:

- Reduce the artificial gulf between humanitarian and development solutions: where crises have no clear triggers or obvious start and end points, humanitarian and development actors must work as one to make sure that immediate needs, for example for food aid, are being met. They must also see that the underlying causes, such as poor water retention and lack of agricultural investment, are tackled simultaneously and with the same sense of urgency. Similarly, relief and reconstruction after destructive earthquakes or floods need to become genuinely seamless, in the way they have not been in either Haiti or Pakistan.
- Invest much more in disaster risk-reduction measures, to reduce the deaths and damage where natural hazards

Plumpy'nut – a high-energy nutritional mixture of peanut paste, sugar and vitamins – has been crucial in combating child famine in Africa





are known and predictable in their occurrence, if not in their timing. This needs to go hand in hand with more investment in local capacity and resilience – which should be based, wherever possible, on a tri-sector partnership among government, civil society and the private sector.

- Address the fragmentation of response to ensure that, for example, hundreds of NGOs do not turn up after a major disaster, overwhelming coordination capacity and often demanding more care and attention than they can themselves bring. This can only be done through self-certification and self-discipline by the NGOs.
- Ensure much greater attention to local sensitivities and needs, including by communicating better with those affected, wherever possible, and mentoring the creation of genuinely local NGOs. The days of white men in shorts, no matter how well intentioned, should be numbered.
- Develop new skills in dealing with disasters in urban settings to address the weaknesses shown up by the response in Port-au-Prince. Rapid urbanisation, not least in the developing world, means that the exposure of city populations to natural and other hazards is growing rapidly. Mega-cities bring the risk of mega-disasters, from earthquake, flood or storm. Many of the world's biggest cities are exposed to all three. What would have happened if the Japanese earthquake in March had been much closer to Tokyo?

Two issues are fundamental if the international community is to be equipped to deal with the dramas of the 21st century, and are also fundamental for the G8. First, the world needs to get serious about food security. Feeding the global population of nine billion in 2050 – sustainably – is possible, but not without major changes in diet;

The aid effort for victims of Pakistan's floods highlighted inadequacies in global humanitarian methods

“ It is a constant uphill struggle to ensure that the international humanitarian system is as efficient as it could be ”

huge investments in agriculture and rural infrastructure, particularly in Africa; full use of technological advances; dramatically reduced waste; and effective social safety nets in the most vulnerable areas. How to do these things is known, but they are not really being done, and the promised resources are not flowing.

Second, the burden of humanitarian action must be shared much more equitably. More resources will be needed to tackle these massive challenges, and the same few rich western countries cannot carry the weight unaided. The major emerging economies all have poor and threatened populations of their own, but they, and the commodity-rich economies, cannot stand aside from the effort needed. Assessed contributions for humanitarian relief may not be a realistic prospect, but what about indicative guidance tables showing what a fair spread of contributions might look like? ♦

Simultaneous disasters: learning lessons from Japan's devastation

The recent earthquake, tsunami and ensuing damage to Japan's Fukushima nuclear power station have focused attention on the need for countries and organisations to be properly prepared for the combined effects of more than one crisis



By Gordon McBean, Institute for Catastrophic Loss Reduction, University of Western Ontario, Canada

At 2.46pm local time on 11 March 2011, a magnitude-9 earthquake, the strongest in Japan's recorded history and centred about 135 kilometres off the north-eastern coast of Japan, released its horrific forces. There were more than 50 aftershocks of magnitude 6 or more, with effects being felt as far away as Tokyo. The earthquake triggered a massive 23.5-metre-high tsunami that crashed into the nearby coast, swamping dykes and cities and villages, and propagating across the Pacific.

The direct impacts of these coupled forces on the Japanese people and their infrastructure are immense and will be long-lasting. The death toll rose daily. Fifteen days after the event, the figure stood at around 11,000, with more than 17,000 still missing. Housing and all infrastructure was affected. Japan will remain in recovery mode for a long time.

Earthquakes around the Pacific are relatively well understood. This was the fourth most intense earthquake in the world since 1900. The most recent big quake in Japan was the 6.9 magnitude Kobe earthquake of 1995, which caused 6,425 deaths. Unfortunately, it is still not known when and with what force an earthquake will occur – unlike weather events, they are essentially unpredictable.

A tsunami is relatively predictable, but only once the earthquake has occurred. Although tsunami warnings give little time for response in nearby coastal communities, in some villages people escaped – but their property did not. The warnings were issued by the Japan Meteorological Agency, which has the means of preparing, issuing and communicating warnings, emphasising the value of an integrated, all-hazards warning system.

While these impacts were devastating enough, the combined impacts of the earthquake and the tsunami on the Japanese nuclear power station added a third devastating impact. The destruction of electric power lines to the Fukushima nuclear power station left it with no means to cool the reactor and spent fuel rods. The result has been fires, explosions and partial meltdowns, leading to the leakage of radiation that is contaminating people and the environment in Japan, and which is then being seen around the world.

Although a magnitude-9 earthquake has not happened in Japan before, it should have been considered within the risk analysis. Chief Cabinet Secretary Yukio Edano stated that “the unprecedented scale of the earthquake and the tsunami that struck Japan, frankly speaking, were among many things that happened that had not been anticipated under our disaster management contingency plans... In hindsight, we could have moved a little quicker in assessing the situation and coordinating all that information, and provided it faster.” Japan has responded much better to this disaster than it did to the Kobe earthquake, but there are major concerns about

“There is a need for an integrated approach – there should not be a focus only on one risk, such as terrorism, at the peril of neglecting other risks”

The recent earthquake and tsunami in Japan resulted in thousands of deaths and the displacement of entire communities

the response to the impacts on the nuclear power station, and how well the risks from this combination of events had been considered.

These combined events demonstrate that even highly developed countries can be tragically affected by “natural” hazards. The global community needs to recognise that, although earthquake impacts are usually limited to one country, the tsunami spreads its impact across ocean basins, as was demonstrated in the Sumatra earthquake and Indian Ocean tsunami of 2004.

The atmosphere can also, as in the case of Japan, become the vehicle for the global spread of impacts through radioactive contamination. Global risks may also occur through the interconnectivity of global industries and financial markets.

The priorities of the Hyogo Framework for Action, which was adopted at the 2005 World Conference on Disaster Reduction, are to ensure that disaster risk reduction is a national and a local priority with a strong institutional basis for implementation; to identify, assess and monitor disaster risks and enhance early warning; to use knowledge, innovation and education to build a culture of safety and resilience at all levels; to reduce the underlying risk factors; and to strengthen disaster preparedness for effective response at all levels. These five elements form a suitable matrix for risk analysis, and perhaps for the international grading of governments.

The International Council for Science, the International Social Sciences Council and the United Nations International Strategy for Disaster Reduction are sponsoring the Integrated Research on Disaster Risk Research Programme. In the context of the Japanese disaster, was the analysis of risk integrated across issues, across society? How, and by whom, were the decisions made on what is the acceptable level of risk? How do people understand and take action on risk?

Nuclear power requires dealing with public-private partnerships – was the process open to safeguard public interests? Although Japan possesses the expertise to undertake these analyses, building global scientific and technical capacity is important as this expertise does not exist in many countries.

France's President Nicolas Sarkozy has suggested an international meeting on nuclear security and agreed that nuclear power will top the agenda at the G8's Deauville Summit. Japan's triple-combination event highlights the need to deal not only with nuclear power, but also with the intersections of hazards – earthquakes, tsunamis, typhoons and floods, a changing climate (which will raise the sea level and heighten the tsunami effect) – and technologies, such as nuclear power, that are being implemented to meet societal needs. Since part of the global solution to climate change has been to replace fossil fuel power stations with nuclear ones, has one risk replaced another? This is not really the case for Japan, but whether only technological solutions are used should be considered carefully.

There is a need for an integrated approach. There should not be a focus only on one risk, such as terrorism, at the peril of neglecting other risks. It is also important to be very aware of the short-term political memory of these focusing events that can be sidelined by the latest tragedy or event – as, in this case, by the situation in Libya.

The forthcoming G8 meeting provides an opportunity to address seriously these issues of disasters, and to leave the legacy of an enhanced capacity around the world to respond to hazards and make informed decisions on actions to reduce their impacts. This would mean that in 10 years, should comparable events occur, there would be reduced loss of life, fewer people adversely affected, and wiser investments and choices made by governments, the private sector and civil society. ♦



The Emerging Challenge of Non-Communicable Diseases

Kazem Behbehani and Manuel Carballo

While the world's attention has been rightly taken up with the threat of HIV and related co-infections such as TB, another major, and possibly far greater, public health threat has been silently emerging. Relatively unnoticed and unremarked upon by health policymakers and epidemiologists the world over, a range of serious and often life-threatening, non-communicable diseases have gradually come to characterise many, if not most, developed and developing countries alike. Today, these non-communicable diseases are presenting a new and massive threat to health-care systems, health-care financing and the economic capacity of countries, as well as to the health of hundreds of millions of people and their quality of life.

Long considered to be diseases of the more affluent sections of the community in industrialised and post-industrial countries, non-communicable diseases are fast becoming one of the greatest threats to middle- and low-income countries and to poor, as well as rich, people everywhere. While diabetes is probably the most illustrative of this emerging disease scenario, it is by no means the only one. A global epidemic of cardiovascular disorders is also emerging as a complication of diabetes, and in its own right. Together, these and a host of other non-communicable diseases are confounding the challenge of healthcare in ways that could not have been envisaged even 30 years ago. They are becoming a driving force for major reform in the ways we confront and try to prevent diseases, the ways in which diseases are diagnosed and when, how and by

whom they are diagnosed. They are also revolutionising the ways in which care and treatment is provided.

Non-communicable diseases also affect health economics in ways that other diseases do not. Unlike most communicable diseases, they are typically of long duration and require a type of constant care and treatment that can be more costly in terms of healthcare provider time, medication, and the type and amount of hospitalisation that is sometimes required. Non-communicable diseases also have a unique adverse impact on the economic productivity of countries because, if left alone or not dealt with in a timely and efficient manner, they disable people in ways that prevent them from participating in, and contributing to, production processes. This also impacts upon families, as it is relatives who must take up the challenge of care and support, and this can decrease their productivity within and for society as well. At the same time, they prevent people with disease from enjoying the benefits of economic development and, in doing so, marginalise them economically, as well as socially.

There are many contributing factors to this fast-evolving disease challenge. Perhaps the single most important one is that lifestyles everywhere are changing, and are doing so rapidly. Life in general is becoming more sedentary, and even the work environment is requiring people to be less physically active and less mobile. Better transportation means that people are walking less, and the technological revolution in communications means that much can be accomplished



without leaving the office or home. This comes at a time when the market is flooded with a wide range of industrially processed foods that are not always appropriate or balanced. In much of the world, people now have more financial resources available to them and are consuming more food and drink than at any previous time in history, without routinely compensating for this through exercise and energy expenditure.

The challenge presented by this emerging pattern of non-communicable diseases extends, among other things, to prevention, and it is becoming manifest that, unless a large proportion of these diseases can be avoided, healthcare systems in both developed and developing countries will soon be overwhelmed by them. Preventing non-communicable diseases calls, more than anything else, for people to participate actively in promoting and protecting their own health, including how they live and eat. It calls for a greater level of awareness by the public about the interaction between lifestyle and physical and psychological well-being, and requires people to be willing and able to put that new awareness and knowledge into practice. If these changes at the individual level are to be sustainable, equally it calls for governments to adopt and actively promote health, occupational, social, and food and nutrition policies that can create the supportive environment in which personal behavioural changes can be implemented and maintained.

For health-care systems, the emergence of this non-communicable disease epidemic is a new wake-up call, and hopefully the health sector will be able to respond fully to it. Not only will it need clinical practices to change, but also it will require an entire revision of skills and relationships between health-care providers and the public. Whereas, at one time, the role of the health-care provider was primarily to diagnose and prescribe medication, the new epidemic will call for cadres of health-care providers who can counsel and work closely with patients/clients for long periods of time, supporting them and giving the encouragement needed to cope and live with the daily task of behaviour change.

The Dasman Diabetes Institute in Kuwait represents the type of change that is called for. A research, training and policy institute, as well as a clinical centre of excellence, the Dasman Institute brings together new skills, attitudes and knowledge under one roof. It provides people with a new conceptual and operational approach to the primary and secondary prevention of non-communicable diseases, as well as their treatment, using cutting-edge clinical know-how.

The Dasman Institute is also opening up new avenues in the use of electronic health record systems designed to increase efficiency and improve communications between healthcare providers, and at the same time, is introducing new standards for treatment and creating innovative concepts and techniques of citizen-centred care. Increasingly recognised for its relationship with other world-leading centres of excellence, the Dasman Institute is helping to test and put in place new approaches to dealing with the diseases of tomorrow.

Dr Kazem Behbehani is Director General of the Dasman Diabetes Institute in the State of Kuwait;

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معهد دسمان للسكري
Dasman Diabetes Institute

www.dasmaninstitute.org

To improve maternal and child health, focus on the neediest

Conventional development interventions have not always been designed to reach the most vulnerable, but now an approach that targets those who are most in need is achieving positive results in terms of both health outcomes and cost-effectiveness

By Anthony Lake,
executive director,
UNICEF

Last year at the G8 Muskoka Summit, the world's wealthiest countries committed to improving maternal, newborn and child health. To deliver on that promise – and to accelerate progress towards meeting virtually all of the Millennium Development Goals (MDGs) – investment should focus on reaching the poorest women and children.

There is a good reason why United Nations secretary-general Ban Ki-moon chose the UN Summit on the Millennium Development Goals to launch his Global Strategy for Women's and Children's Health. Women's and children's well-being is at the heart of the ability to meet virtually all of the development goals – and is a fundamental component in building stronger societies. Yet reducing maternal and neonatal mortality remains one of the toughest challenges.

The statistics are sobering. In developing countries and pockets of poverty around the world, hundreds of thousands of women still die unnecessarily every year from pregnancy- or childbirth-related causes. Of the more than eight million children under five who perish every year from mostly preventable causes, more than 40 per cent die in the first days of life; 1,000 newborns still become infected with HIV every day. Less than a third will receive the treatment they need to survive.

Just as disturbingly, disparities both among and within countries appear to be widening. A woman from one of the poorest countries in sub-Saharan Africa is 300 times more likely than a woman from a wealthy country to die from a

“ Since UNICEF started targeting vaccinations, 20 developing countries have virtually eliminated maternal and neonatal tetanus ”

cause related to pregnancy or childbirth. A child from the poorest quintile of a developing country is more than twice as likely as one from the richest quintile to die before reaching the age of five.

The human costs of these inequities are beyond calculation. The economic costs are also staggering, deepening the spiral of despair in the world's poorest places and greatly impeding economic growth. This mounting urgency drove the world's wealthiest countries to endorse the Muskoka Initiative at the 2010 G8 summit. Pledging an impressive \$5 billion in new funding over five years, G8 members are committed to improving services for women and children along the full continuum of care – from pre-pregnancy, pregnancy and childbirth through infancy and early childhood.

Such an integrated approach to health is a significant step forward. But to deliver on the Muskoka Initiative's full promise, these much-needed new funds must be invested to achieve the greatest impact in the lives of those in greatest need.

The first step should be to ask why there has been such limited progress thus far in the places that bear the greatest burden of the failure. The underlying, contributing conditions are undeniable: multiple, chronic deprivations that create a vicious cycle between poverty and poor maternal and child health.

However, the answer is less obvious. The poorest and most marginalised women and children often live too far away from health facilities to reach them in time – or to afford the services that they can provide. And conventional development interventions have not been designed to reach the most vulnerable.

At the same time, data collection and analysis to identify the neediest and measure progress are inadequate, further limiting efforts. Conventional solutions have been seen as too complicated and costly to deliver, and funding has focused on other priorities, from which the return on investment seems higher.

But things have changed. Today there is a much better understanding of what it takes to save the poorest women and their babies. New mobile technology and rapid diagnostic tests make it much easier to reach the people who were the hardest to reach. Primary-care strategies – such as training more skilled birth attendants – cost far less than building new hospitals or training more doctors, but



have the potential to significantly reduce maternal mortality in the places where women die in the greatest numbers.

At the same time, innovative financing mechanisms – conditional cash transfers to defray the costs of seeking medical care, for example, and new incentives to encourage health providers to treat the most disadvantaged – are expanding the access of more families to traditional clinics and hospitals. Simple ideas – such as “waiting homes” close to health facilities where rural pregnant women can stay before giving birth, and neonatal community care for at-risk newborns – are showing real promise.

Contrary to conventional wisdom, investing in such an equity-focused approach may actually be more, not less, cost-effective than the current path. A recent study shows that when it comes to reducing under-five mortality, every additional \$1 million invested in reaching the most deprived actually saves the lives of up to 60 per cent more children than does the current path. The modelling of the study, which analysed more than 180,000 data points in 15 countries, also strongly suggests that an equity-focused approach may also save the lives of more mothers.

In a time of competing priorities and budgetary pressure, one cannot ask for more money for women and children's health unless it can be shown that there is better health for the money spent. That is exactly what an equity-focused approach can achieve – and is already achieving.

In the global effort to combat maternal and neonatal tetanus – a silent killer that strikes the poorest women and

The use of equity-based approaches to tackling child health issues has led to a dramatic reduction in under-five mortality

children, taking hundreds of thousands of lives every year – UNICEF and its partners began targeting vaccination campaigns to reach those at greatest risk. Consequently, annual neonatal tetanus deaths have dropped by more than 70 per cent, and 20 developing countries have virtually eliminated maternal and neonatal tetanus as a public health problem.

Recent initiatives in Bangladesh, Pakistan and India are proving that something as simple as increasing home visitation by trained community health workers can reduce neonatal deaths by up to 61 per cent in areas with limited access to traditional health facilities.

In high-burden countries such as Zimbabwe, Malawi, Rwanda and Lesotho, new efforts to decentralise HIV diagnosis and treatment – enabling women to be tested for HIV closer to home and authorising nurses to administer antiretroviral medicine to HIV-positive pregnant women – are already helping to save mothers' lives and reduce transmission of HIV to their infants.

With less than five years left to achieve the MDGs, and with so many lives hanging in the balance, it is time to shift the focus – by investing in scaling up such promising efforts. The G8 countries have an unprecedented opportunity now, not only to accelerate global progress on maternal and child health, but to do so in a way that does not leave behind millions of the most vulnerable women and children. They should seize this chance. It is the right thing to do. And it is the practical thing to do. ♦

UNITAID

Making aid work faster and better

An air-ticket solidarity levy started by a handful of countries in 2006 has gathered momentum and now supports partner programmes worldwide, helping to fund diagnosis and treatment of HIV/AIDS, malaria and tuberculosis

UNITAID's mission is to help increase access to treatment for HIV/AIDS, malaria and tuberculosis for people in developing countries by using market leverage to lower prices, and to increase availability of appropriate quality drugs and diagnostics.

- UNITAID raises additional funds for global health through an innovative air tax and in other ways that ensure long-term predictable finance for selected projects.
- UNITAID targets underserved niches, such as paediatric medicines, where its innovative approach can have a tangible and sustainable impact on health commodities markets.
- UNITAID market interventions are specifically designed to increase supply, improve quality, stimulate the development of needed new products, and reduce prices through economies of scale and intensified competition.
- UNITAID action thereby helps improve availability and accessibility of quality drugs, diagnostics and other health products for all developing countries.

Founded by Brazil, Chile, France, Norway and the UK in 2006, today UNITAID has the support of 28 countries, as well as the Bill and Melinda Gates Foundation.

UNITAID action pushes prices down through economies of scale and competition from new entrants

UNITAID currently supports partner programmes in 94 countries worldwide. Since late 2006, UNITAID has committed US\$1.5 billion to the diagnosis and treatment of HIV/AIDS, malaria and tuberculosis, representing a total of almost 50 million treatments provided to patients to date.

UNITAID action pushes prices down through economies of scale and competition from new entrants attracted by an expanded market. Moreover, by funding the purchase of quality-assured drugs that are approved by the World Health Organization's Prequalification Programme or other stringent regulatory authorities, UNITAID helps boost the availability and lower the prices of high-quality medicines.

UNITAID also uses its purchasing power to encourage the development of new drugs better adapted to patients' needs, such as paediatric formulations and fixed-dose combination (FDC) treatments. By combining several ingredients, FDCs enable patients to take only one pill a day instead of several, improving treatment quality and adherence, reducing the risk of resistance and simplifying supply chains. To boost the availability of

PARTNERS



adapted medicines, UNITAID launched the Medicines Patent Pool in 2010, a licensing mechanism designed to make patented medicines more readily available and affordable in developing countries. UNITAID's funding model is based on an air-ticket solidarity levy. While some of our donors contribute through multi-year budgetary commitments, the air tax provides about 70 per cent of our funding.

The added value is that a very tiny percentage of a large volume of transactions, which has minimal impact for those who pay, will have maximum impact for those who receive.

UNITAID SUPPLIES 94 COUNTRIES WITH TREATMENTS FOR HIV/AIDS, MALARIA AND TB



AIR TRAVELLERS AND DONATIONS FROM 28 COUNTRIES
HAVE CONTRIBUTED TO MAKING A DIFFERENCE TO MILLIONS OF PATIENTS.

Non-communicable diseases: a challenge for the global community

Cardiovascular diseases, cancer, diabetes and chronic respiratory disease were once problems seen mainly in wealthier countries. But as they become more prevalent in the developing world, the pressure is building to tackle the contributory factors



Non-communicable diseases (NCDs) – predominantly cardiovascular diseases, cancer, diabetes, and chronic respiratory diseases – are the leading causes of premature death and disability in the world, with an estimated 35 million people dying from NCDs in 2005. Millions more are currently living with an NCD, which is leading to rising healthcare costs, losses in productivity and impaired economic development.

The root causes of these diseases, however, are only partly biological, since they are also socially constructed diseases influenced largely by social, cultural, physical and economic environments. This is the key challenge for the global community – to create environments that promote health, provide opportunities for wellness and apply effective strategies known to prevent non-communicable diseases.

NCDs share modifiable risk factors: tobacco use, unhealthy diet, physical inactivity and harmful use of alcohol. If these risk factors were eliminated, the problem would be tackled. An estimated 80 per cent of all heart disease, stroke and type 2 diabetes could be prevented, along with more than 40 per cent of cancers, by eliminating these risk factors. Tobacco use is the single most important risk factor for NCDs. The World Health Organization's (WHO) Framework Convention on Tobacco Control is an important instrument to address the NCD problem.

Managing NCDs is not simply a matter of changing individual behaviour, although personal responsibility for health is clearly important. Because the causes for NCDs are a result of social, environmental and economic determinants, the solution rests not only within the health sector, but also in other sectors that can create healthy public policies: agriculture, trade, finance, labour, education, social protection, urban planning, transportation and economic development. Moreover, the solutions do not rest with governments alone, since the private sector should contribute to the creation of healthy choices and healthy environments. This is precisely where the global community can play a singularly influential role as part of the solution for NCDs: through the creation of healthy public policies that address the key challenges of these diseases.

The forthcoming United Nations high-level meeting on NCD prevention and control, to be held in September 2011 in New York, will convene heads of state and government from around the world to address some of these challenges. It is an opportunity of historic importance, being only the second UN high-level meeting to be devoted to a health issue (HIV/AIDS in 2005 was the first). Earlier this year, at the annual World Economic Forum meeting in Davos, UN secretary-general Ban Ki-moon spoke passionately and convincingly about how the global epidemic of NCDs requires a global response. Unhealthy lifestyles are being exported from the developed world to the less developed countries, and currently 85 per cent of people who die from NCDs reside in the developing world. Clearly, this situation requires urgent attention and a united response, since the economic and health struggles faced by developing countries are well known, and the evidence base exists to show how to prevent and control NCDs.

That is exactly why a UN high-level meeting on NCDs is needed. First, it will raise awareness among the world's top leaders and stimulate an "all of society" multi-sectoral response to the NCD problem. Second, it can spark the political will and impetus necessary to intensify actions using proven cost-effective measures – tobacco control; reduction of fat, sugar and dietary salt in foods; environmental transformation to combat obesity; and the scaling up of access to preventive care and essential medicines. By applying these measures, the tide of the upward spiral of healthcare costs will turn, and growth and productivity prospects will increase.

Non-communicable diseases share modifiable risk factors, of which tobacco is the single most important

The initiative to move to a high-level meeting at the UN was generated from within the Caribbean region, through the historic CARICOM Summit on Chronic Non-communicable Diseases held with heads of state and government in September 2007 in Trinidad and Tobago. The "Declaration of Port-of-Spain: United to Stop the Epidemic of Chronic NCDs" incorporated a 14-point multi-sectoral action agenda. Early evaluations from this region have shown that while the high-level political commitment was essential, it will not be sufficient, since ongoing financial and technical commitments are needed to build capacity in the countries.

The G8 Deauville Summit, in its agenda items on development, health and food, can provide significant support in moving forward the policy dialogue on NCDs. Opportunities that provide attention at the highest political level are crucial to overcoming the NCD problem and addressing the complexity of multi-factor and multi-level interventions. This is particularly so regarding issues related to food supply and diet, which underpin the risks for developing chronic diseases, including obesity, heart disease, diabetes and some types of cancers. The G8 agenda can also help influence trade agreements, for example, which can in turn improve access to healthy nutritious foods, ensure that local production is not displaced with imported, highly processed foods and provide incentives so that locally produced agricultural products are not all exported to developed countries at the expense of affecting the quality of locally available foods.

“The solutions do not rest with governments alone – the private sector should help create healthy choices and environments”

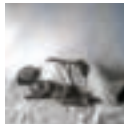
The summit can also help influence transnational cooperation, for example, with regard to the WHO recommendations on the marketing of foods and non-alcoholic beverages to children. The recommendations call for national and international action to reduce the exposure of children to marketing messages that promote foods high in saturated fats, trans-fatty acids, free sugars or salt, as well as the use of powerful techniques to market these foods to children.

The G8 can also direct greater attention to urban planning and mass transportation strategies that would lead to the creation of healthier, safer and more secure physical environments and the promotion of a vast social movement that values a healthy diet, physical activity and integral well-being and effectively supplants today's paradigm of health as "care and cure".

The challenges are numerous in changing environments and social behaviour and thus reducing the risks for NCDs. Nonetheless, the G8 is uniquely positioned to help address these challenges by promoting what we in the health sector call the "whole-of-society approach". This distinguished group can encourage the participation of other leaders and influential social actors in a dynamic, action-driven dialogue. Everyone needs to work together and do their part, to prevent a major crash and the sad prospect of watching the first-ever generation shorten its life expectancy to below that of its parents. ♦

BASF uses smart initiatives to address multiple Millennium Development Goals in the fight against poverty.

From the simple to the sublime



There are times when resolving the most complex challenge starts with the simplest initiatives.

The UN Millennium Development Goals seem to pose an intractable challenge and serve as a case in point. Each goal is global in scope and complex in its own right. Yet the challenges posed by these eight goals overlap in a rippling cascade of cause and effect. Nonetheless, BASF has found that successfully addressing a linchpin issue can resolve numerous problems at once, effectively creating a reverse domino effect of positive consequences.

Consider the failing literacy programme in the Jabote community in the Brazilian Amazon. For years, malaria, which is endemic to the region, prevented children from attending class. In 2007, there were 465 registered cases of malaria in a community of 132 residents, meaning that on average each person contracted malaria around three times a year.

In partnership with a local government agency, BASF's **Interceptor**[®] long-lasting, insecticidal nets (LLIN) were distributed, to prevent the mosquito-borne disease from afflicting children as they slept. Thus, in 2010, the rate of malaria in the now 200-strong community reduced to only 0.12 cases per person, meaning that only one in every 12 people acquired the disease – an outstanding result. With disease at bay, the children's attendance improved and literacy increased.

This collaborative public health initiative helped the community to move forward in its efforts to mitigate a devastating disease and improve primary education, a key step toward the larger but often neglected goal of poverty reduction. In effect, a single, focused initiative moved a community along the path to fulfilling four Millennium Development Goals: Goal 1) Eradicate extreme poverty and hunger; Goal 2) Achieve universal primary education; Goal 4) Reduce child mortality; and Goal 6) Combat HIV/AIDS, malaria and other diseases.

BASF works hard to ensure that communities like Jabote are not alone in their efforts to improve their quality of life. Working with local leaders and global partners, BASF has established extensive insect-control programmes throughout Africa, South/Central America and Asia, seeking to eradicate malaria, dengue fever and guinea worm, diseases that are central elements in the vicious circle of poverty.

In Nigeria, BASF worked with Rotary International to distribute **Interceptor** LLINs to families bringing their children for a polio vaccination. The initiative helped combat two diseases at once; children received their vaccination against polio and mothers were educated on how to use the nets to prevent malaria.

BASF is also helping The Carter Center to eradicate guinea worm disease in Africa by donating **Abate**[®], a larvicide that kills the tiny water fleas that harbour the parasitic guinea worms. Since 1988, BASF has donated more than 200,000 litres of **Abate**. Thanks to these efforts, infection rates have fallen by an incredible 99.9 per cent, with fewer than 2,000 cases of guinea worm disease reported in 2010.

For more information, visit www.publichealth.basf.com

The end result is fewer sick people, a workforce better able to sustain itself, healthier students prepared to learn and a brighter future. Of course, the ultimate challenge is to ensure that the achievement of Millennium Development Goals is a sustainable achievement. Here, too, BASF is looking ahead.

Working with Nobel Peace Prize laureate Professor Muhammad Yunus, BASF established a joint venture called BASF Grameen Ltd. The goal of this social business venture is to enable local entrepreneurs to sell public health products – initially, BASF's **Interceptor** LLIN. The result will be improved public health and sustainable business enterprises that foster community development and capacity, all critical pillars in the elimination of poverty.

As the world's leading chemical company, BASF recognises that sustainable development is central to its own long-term growth. And, accordingly, it is committed to the principles of social responsibility. A founding member of the United Nations Global Compact and Global Compact LEAD, a new platform established in 2011 for corporate sustainability leadership, BASF has also been recognised by the Dow Jones Sustainability World Index for ten consecutive years. For BASF, these achievements are not an end in themselves, but a validation of its dedication to the Millennium Development Goals.

The result will be improved public health and sustainable business enterprises that foster community development and capacity, all critical pillars in the elimination of poverty.



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Continuing support to tackle infectious diseases head on

Increased funding for programmes to fight deadly diseases in developing nations is saving lives. This year's summit provides an opportunity for G8 members to strengthen their commitment to building on the progress achieved so far

By Michel D Kazatchkine, executive director, Global Fund to Fight AIDS, Tuberculosis and Malaria

It is just over a decade since the Millennium Development Goals (MDGs) were set to reverse the incidence of AIDS, tuberculosis (TB) and malaria, as well as reduce child mortality and improve maternal health. This unprecedented global commitment, along with the G8's vision for a financial mechanism at the 2000 Okinawa Summit, was soon followed by a call to action by the United Nations secretary-general Kofi Annan, paving the way for the establishment of the Global Fund to Fight AIDS, Tuberculosis and Malaria in 2002.

Today, the Global Fund is the major international funder of AIDS, TB and malaria programmes in low- and middle-income countries (LMICs). A total of nearly \$22 billion has been approved since 2002 to fight these deadly diseases in 150 countries. Programmes supported by the Global Fund have now saved an estimated seven million lives.

Tracking advances against disease

In 2009, 2.6 million people were infected with HIV – a reduction of nearly one-fifth of the total new infections in 1999, thanks to the remarkable efforts of the global community in supporting the hardest-hit countries to improve prevention and treatment.

Since 2001, HIV rates have fallen by more than 25 per cent in 33 countries – 22 of them in sub-Saharan Africa. HIV rates have decreased by 25 per cent or more among young people in 15 of the 21 highest-incidence countries, providing encouraging evidence that falling rates are linked to increasing safe behaviour.

Significant advances have also been made in the provision of antiretroviral treatment (ART). Of the estimated 15 million HIV-positive people who need ART, 36 per cent now have access to this drug, compared to virtually nobody in the developing world just a decade ago. The Global Fund provides ART to more than half of the 5.2 million people in LMICs. The rate of increase has been rapid: the number of people receiving ART in those countries rose from 4.1 million in 2008 to 5.3 million in 2009 – the largest increase to date in a single year.

Globally, more than half (53 per cent) of pregnant women living with HIV receive antiretroviral drugs to prevent the transmission of HIV to their babies, compared to just 15 per cent in 2005. The Global Fund is the largest

funder of this intervention, in 2010 redirecting more than \$70 million in unspent funds to expand programmes to prevent mother-to-child transmission (PMTCT). Together with UNAIDS and UNICEF, the Global Fund has called for the elimination of PMTCT by 2015. It is also the largest international supporter of harm-reduction interventions for people who inject drugs, having invested around \$180 million in 42 countries.

Tuberculosis remains a leading cause of death in LMICs, more than a century after the discovery of the infectious agent and five decades after introducing effective chemotherapy. The HIV epidemic fuels the TB epidemic in many LMICs. Of the 9.4 million cases of TB worldwide in 2009, 1.1 million were HIV-positive; of 1.7 million TB deaths, 400,000 were HIV-positive. Multi-drug-resistant (MDR) TB poses a significant challenge. Among TB patients notified in 2009, an estimated 250,000 had MDR-TB and of these, only 30,000 were diagnosed and 23,000 enrolled in second-line treatment.

Nevertheless, as a result of increased interventions, incidence rates are declining globally. TB-related mortality rates declined by 35 per cent between 1990 and 2009. The global TB targets are expected to be met by 2015 if these trends are sustained.

Global Fund-supported programmes have helped to accelerate TB case-detection and successful treatment. By the end of 2010, programmes in 97 LMICs had cumulatively detected and treated 7.7 million new cases – 86 per cent of them in the 22 highest-incidence countries. Programmes provided treatment for MDR-TB to 14,000 people in 2009 and 13,000 in 2010, bringing the total number of MDR-TB cases treated with Global Fund support so far to 43,000. TB/HIV collaborative activities have also been expanded in recent years.

Malaria is one of the major causes of morbidity and mortality among children under five years of age in sub-Saharan Africa. A steep rise in international funding for malaria-control in the past decade has led to the massive distribution of insecticide-treated mosquito nets (ITNs), especially over the last four years. The World Health Organization estimates that by 2010, 289 million ITNs had been delivered to sub-Saharan Africa – enough to cover 76 per cent of the 765 million people at risk. By 2010, Global Fund-supported programmes had distributed 160 million ITNs globally –



At least one-quarter of annual deaths and half of life-years lost globally can be related directly to infectious diseases



over 30 times more coverage than the five million nets distributed globally in 2002.

Since 2003, many countries have also achieved a rapid increase of artemisinin-based combination therapy. The Global Fund's Affordable Medicines Facility for malaria is helping countries to ensure they have access to affordable, effective antimalarial drugs.

In 2009, there were approximately 223 million cases of malaria, which is a 13 per cent decline compared to 2000. The number of deaths due to malaria is estimated to have fallen by more than 20 per cent, from 989,000 in 2000 to 784,000 in 2009. A decrease in malaria cases of more than 50 per cent between 2000 and 2009 was documented in 11 countries and one area in Africa, and in 32 of the 56 malaria-endemic countries outside Africa. Roll Back Malaria's target of a 75 per cent decline in cases by 2015 is within reach.

Global Fund investments to fight AIDS, TB and malaria have contributed substantially towards reducing child mortality and improving maternal health (MDGs 4 and 5). By strengthening health and community systems, they also enhance access to primary healthcare services. Between 44 and 54 per cent of all Global Fund grant disbursements benefit women and children. Increasing coverage of insecticide-treated nets is significantly reducing under-five mortality rates in the most-affected countries. The rate of decline in all-cause mortality among children under the age of five in sub-Saharan Africa was greater in the 40 LMICs with the largest combined HIV and malaria grant portfolios from the Global Fund.

While the commitments to maternal and child health made by the G8 leaders at the 2010 Muskoka Summit are very encouraging, it is not yet clear how they will accelerate results and progress towards MDGs 4 and 5.

Infectious diseases continue to be a major challenge. At least one-quarter of annual deaths and half of life-years

lost globally can be related directly to infectious diseases. The three major infectious disease killers still account for 4.5 million deaths annually.

Maintaining progress

Sustained political and financial commitments are, therefore, essential if the gains of the last decade are to be maintained. At the Global Fund's replenishment conference in October 2010, the G8 countries and the European Commission together accounted for three-quarters of the \$11.7 billion pledged for the period 2011-13. Four G8 countries (United States, France, Japan and Canada) increased their commitments compared to 2007, while Russia made a significant new pledge of \$60 million. The United Kingdom expects to increase its contribution following a positive assessment of the Global Fund in its recent multilateral aid review. Germany maintained a stable contribution. It remains unclear whether Italy will renew its commitment.

These are encouraging signs. Nevertheless, recent events, including the US mid-term elections, the suspension by Germany of contributions to the Global Fund following reports of misuse of funds in a small number of countries and the devastating earthquake in Japan, coupled with the uneven pace of economic recovery, present challenges in securing committed funds. Despite some encouraging signals, several major emerging economies in the G20 have not yet come through with significant contributions to the Global Fund or other multilateral health efforts.

May's G8 Deauville Summit and November's G20 Cannes Summit, therefore, provide other important opportunities for the G8 to reaffirm its commitments to global health and for other leading economies in the G20 to show their solidarity in the fight against the major health challenges of today. ♦

Better case-detection and treatment methods have delivered a fall in disease-related deaths



The end ⁱⁿ ~~of~~ sight.

Blinding trachoma is bringing extraordinary human suffering and economic devastation to tens of millions of people.

Our goal is to eliminate it by 2020. Less than nine years from now.

It's an achievable goal, thanks to the WHO-endorsed SAFE strategy. SAFE brings Surgery, Antibiotics, Facial cleanliness and Environmental improvement to the poorest communities, where trachoma is most likely to be found. And to apply this strategy, organizations around the world are uniting like never before.

We can stop trachoma, a Neglected Tropical Disease (NTD). But it's crucial that the G8 nations fulfill their 2010 commitment to "support the control or elimination of high-burden NTDs."

Our plan is set. Our resolve is clear. Our promise must be kept.

ICTC International Coalition
for Trachoma Control



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- ▶ **GET YOUR COPY** of the International Coalition for Trachoma Control's "2020 INSight" plan to finish the job of eliminating blinding trachoma by 2020. Email us at insight@trachoma.org.
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Join the growing list of organizations united to defeat blinding trachoma by the year 2020:

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Conrad N. Hilton Foundation

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Kongwa Trachoma Project

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Time to up the ante in this war against poverty

In the fight to eradicate tropical diseases, one of the key issues that must be factored into the equation is the impoverished circumstances of most sufferers. Research is the key driver in reaching a solution that addresses the needs of those worse affected

By Robert Ridley, director, Special Programme for Research and Training in Tropical Diseases, World Health Organization

In the early 1970s, it was estimated that one billion people out of a global population of around 3.9 billion were suffering from one or more tropical parasitic diseases. Today, while the world's population has approximately doubled and the spectrum of disease threats has shifted, every year around one billion people in 149 countries still are victims of one or more neglected tropical diseases.

These diseases thrive in impoverished settings, where housing is often substandard, safe water and sanitation are scarce, environments are filthy, and insects and other vectors are abundant.

Huge advances have been made in creating new drugs and tools to prevent these diseases and effectively treat

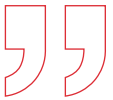
them. A main challenge today is to make these interventions available wherever and whenever they are needed.

Every smart corporation has a research centre focused not only on creating new products, but also on how to do things better. When an organisation continuously learns how to work smarter, it can deliver services and products more effectively to those who want and need them. A dedicated service like this is equally, if not more, important for private and public institutions in low-income countries, where it is essential to use the few resources available in the smartest, most efficient way possible.

"Continue to innovate", said Margaret Chan, director-general of the World Health Organization, when she launched the 2010 report on neglected tropical diseases.



Today, the focus is on innovation and empowerment aimed at increasing access to improved health products



“We need better diagnostics and medicines... but we also need ingenious low-tech innovations that help streamline operational demands and stretch resources and drugs even further.”

The Special Programme for Research and Training in Tropical Diseases (TDR) has long worked to take research beyond the development of new products and tools and have helped establish and support a science called implementation research, sometimes also referred to as operational research. This essentially consists of research work in real-life situations in the field, where TDR partners with local researchers and organisations to better understand the barriers to access and test new delivery solutions. It results in an evidence base that can translate research into policy and action. It can be truly transformative in how to approach issues of delivery and access nationally, regionally and globally.

Implementation research makes a real and positive difference. It takes the products to the level where they are needed – at the end of the road where people live simply in poor, remote villages.

Only between four and five per cent of children under the age of five in Africa sleep under insecticide-treated bednets, which TDR studies in the mid-1990s demonstrated could cut child mortality by 20 per cent. That was the first evidence that showed that a tool (the net) works. Later research showed that people in some societies did not want to use the nets because their white colour looked too much like a fabric used to wrap dead bodies, which led to manufacturers colouring the nets. Further research demonstrated that bednets were often used only by the men in the family and the most vulnerable family members – pregnant women and children – went unprotected. Men had more power and as the net was seen as a status symbol, they used the nets. Improving this situation did not require a new net or new drug. It required understanding the social system so that changes in how bednets were promoted and changes in channels of distribution could be made to protect the health of all.

While nets can prevent the parasite-carrying mosquito bite (and thus the disease), drugs are still needed for treatment. But having medication that works does not mean that patients have access to the drug, or that they know how to take it. TDR-supported research documented that community health workers, appropriately trained, could effectively deliver antimalarial drugs. TDR further documented a way of packaging using colour coding and blister packs so that the right dose was delivered, regardless of whether the patient could read. This concept is now widely used and is the basis of the packaging used for Coartem, one of the most important antimalarial drugs.

For onchocerciasis (river blindness), the implementation problem was a little different. Blindness is caused by small worms that flow through the blood in the eye. One drug that killed these small worms and prevented them from causing the damage inside the body needed to be delivered to every person in affected communities once a year. To date that has meant reaching 60 million people across a vast continent, often in remote rural areas. TDR and the African Programme for Onchocerciasis Control (APOC) identified that the best way to get this drug delivered and taken was through community-owned and -directed processes, rather than centralised delivery. As a result great strides are being taken towards eliminating the disease. This community-directed approach is now also being integrated into primary healthcare approaches across sub-Saharan Africa to address other diseases and health problems. Community participation, where local leaders identify people in the villages to take responsibility for specific parts of the problem and are engaged in working out solutions, has proven effective. When the problem is worked out from within, the solution is much more sustainable – it fits with the local culture and systems.

This kind of research, implementation research, is needed more than ever today. Major investments have been made in developing new drugs and diagnostic tools. Significant amounts of resources have been allocated for purchase of these tools through institutions such as the Global Fund to Fight AIDS, Tuberculosis and Malaria and many bilateral aid initiatives. Now ways are needed to ensure the tools are effectively used. An implementation research approach, coupled with effective monitoring and evaluation processes, can greatly improve the effectiveness of national and international investments in health.

The dimensions of the challenges remain significant and highly dynamic. There are many drivers that affect the balance – social issues, economic issues and even environmental changes. All of these require deeper understanding and pragmatic research directed at continuous learning and improvement of approaches and processes, enabling rapid responses that can usefully feed into and strengthen the broader health system.

Today, the focus is on innovation and empowerment aimed at increasing access to improved health products and care in the poorest countries. Research that includes locally owned solutions is a transformative investment that leads to long-lasting, sustainable solutions. This is what can help achieve the Millennium Development Goals. Together, we can reduce the unfair burden of the diseases of poverty. ♦



Children are often the most vulnerable in instances of airborne tropical disease



New vaccines urgently needed to move to a TB free world



Every second someone worldwide is infected with the bacterium that causes tuberculosis (TB) and at risk of developing the disease. Every year almost 2 million people die of TB, equaling one death every 18 seconds. Although poverty-related and mostly affecting developing countries (Africa and Asia), tuberculosis is prevalent in all continents.

Multidrug resistant (MDR) and extensively drug resistant (XDR) TB are on the rise and also threatening developed countries. TB is a leading killer among people living with HIV. The situation is turning serious in Europe, is alarming in Africa and extremely worrisome in Russia, China and India. The burden of the disease, affecting economies worldwide, is estimated at hundreds of billions of dollars annually.

Studies show that without new vaccines TB can never be eliminated. BCG, the only available TB vaccine, is insufficient in its ability to protect adolescents and adults from pulmonary (lung) TB – the most common form of TB. TuBerculosis Vaccine Initiative (TBVI), an independent nonprofit organization, strongly encourages research and discovery and pushes forward their translation into new, effective and safe vaccines that are globally accessible and affordable.

TBVI aims to reach these objectives through financial and practical support to an integrated pan-European network of more than 40 of the best universities, institutes and industries. TBVI's outstanding track record shows that the urgently needed vaccines can be developed. If, collectively, we can leverage the resources of public, private, academic and philanthropic sectors, we can successfully eliminate TB.

www.tbvi.eu

African Programme for Onchocerciasis Control

Curbing the course of river blindness and reviving the hopes of the poor



Imagine a world of 184,000 villages with 500 inhabitants in each village and, among those, 235 inhabitants are infected by river blindness. In that world, close to 370,000 people have been blinded and are completely dependent on hand-outs, and are a burden on their families. Imagine that the people of such villages have to run away, abandoning fertile lands for fear of going blind if no action is taken to fight onchocerciasis (oncho), the cause of this scourge. What world would that be? Not the dream world of millions of people affected by oncho.

Economically crippled by blindness

In communities affected by oncho, a striking proportion of blind people are led around with a stick by children, begging for little money or for sheer survival. A large proportion of the active sub-Saharan African population is economically crippled by river blindness. The blind people are not only affected by poverty, but are also likely to die earlier. Their children, instead of getting an education at school, are doomed to live in a state of ignorance, reinforcing the cycle of poverty and even destitution.

Impact on children

The school drop-out rate is three times higher among children whose parents have river blindness

Onchocerciasis or river blindness

Affects 30 African countries, where 120 million people are at high risk.

Symptoms and effects:

- intensive itching
- disfiguring skin disease
- eye lesions and blindness
- permanent disability & disfigurement
- social stigmatisation
- reduced duration of breast feeding



Curbing the course of river blindness (OCP & APOC)

The control of the disease has been implemented in two phases: 1974-2002:

Onchocerciasis Control Programme in West Africa (OCP) operated in 11 countries and successfully controlled the disease. 1995 to date:

APOC: a broad and well-defined public-private partnership, The African Programme for Onchocerciasis Control (APOC), conducting Community-Directed Treatment with Ivermectin (CDTI), reached more than 68 million people in 2009 and has made a breakthrough by providing evidence of the feasibility of onchocerciasis elimination.

Successes from OCP to APOC	
OCP achievements (1974-2002)	APOC achievements (1996-2009)
<ul style="list-style-type: none"> • 40 million people in 11 countries free from infection and eye lesions 	<ul style="list-style-type: none"> • 20 million cases of severe itching prevented
<ul style="list-style-type: none"> • 600,000 cases of blindness prevented 	<ul style="list-style-type: none"> • 500,000 cases of blindness prevented
<ul style="list-style-type: none"> • 18 million children born free of the threat of blindness and debilitating skin disease 	<ul style="list-style-type: none"> • 146,000 communities mobilised and empowered
<ul style="list-style-type: none"> • One million years of productive labour generated in participating nations 	<ul style="list-style-type: none"> • Cumulative workforce of 900,000 community-directed distributors trained and available for other programmes
<ul style="list-style-type: none"> • 25 million hectares of abandoned arable land reclaimed for settlement and agricultural production, capable of feeding 17 million people annually 	<ul style="list-style-type: none"> • 68.4 million people treated in 2009 • Elimination of infection and interruption of transmission of onchocerciasis in eight sites
<ul style="list-style-type: none"> • Economic rate of return of 20 per cent 	<ul style="list-style-type: none"> • Economic rate of return of 17 per cent • One million DALYs (disability-adjusted life years) per year averted • \$7 per DALY averted
	<ul style="list-style-type: none"> • Over 38 million people reached with multiple health interventions and Ivermectin treatment using APOC CDI strategy



Socially rejected for the condition of her skin: Agnes's story

Agnes, a young girl from Etteh village in Enugu State, Nigeria, grew up on the banks of a river and was bitten by blackflies, never realising the future consequences of these regular bites. As she was growing up, her skin started to itch intensely. She could hardly sleep at night and finally dropped out of school due to a lack of concentration.

Agnes was very happy when she married a young man and was able to escape the disgrace laid upon unmarried women in her community. After her marriage, her husband became disturbed and angry when he discovered that Agnes suffered from severe itching and a disfiguring skin condition that continues to worsen. He sent Agnes back to her family and further indignity because of social rejection.

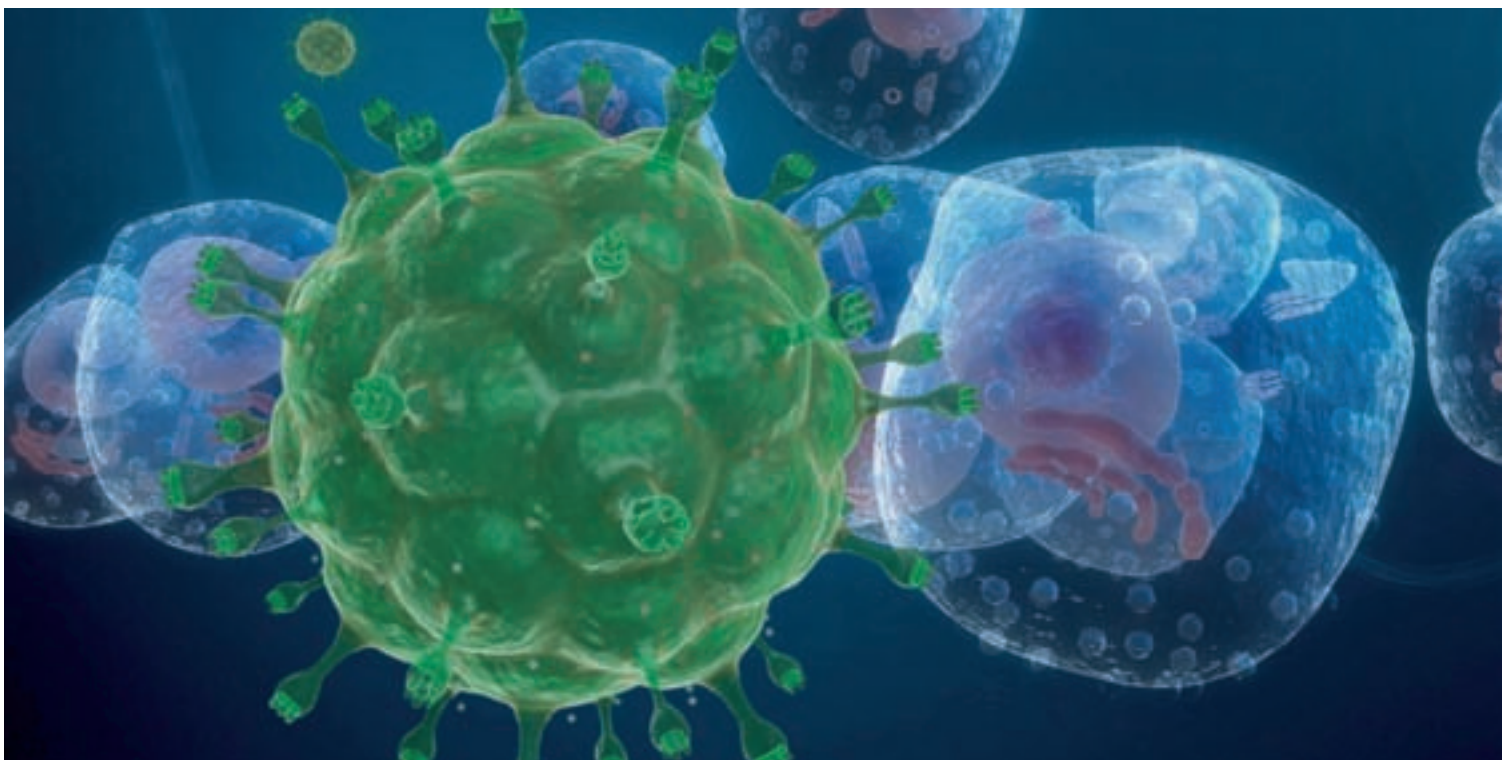
Fortunately, Agnes received treatment. Later, she realised that her skin was becoming smooth again. Her ex-husband negotiated and took her back. Unlike Agnes, many other young girls are not fortunate enough to receive treatment and restore their dignity.

APOC Perspectives

- Engaging and building partnerships with communities (120 million people) to eliminate onchocerciasis infection and interrupt transmission in Africa;
- Reinforcing the capacity of the network of community volunteers (community-directed distributors) available for the control of neglected tropical diseases;
- Strengthening national health systems in Africa and improving primary healthcare through the use of community-directed intervention (CDI) strategy;
- Sharing successes by institutionalising the inclusion of the CDI strategy in the curriculum of faculties of medicine, health sciences and nursing schools for strengthening community health systems;
- Building equity through gender mainstreaming for the control and elimination of oncho in Africa;
- Strengthening partnerships to meet the challenges of elimination of onchocerciasis infection and interruption of transmission.



Website: www.who.int/apoc



Revolutionising HIV prevention: reaping the dividend

The G8 needs to keep its eye on the ball in the fight against AIDS and HIV – particularly in the area of prevention, which offers so much potential

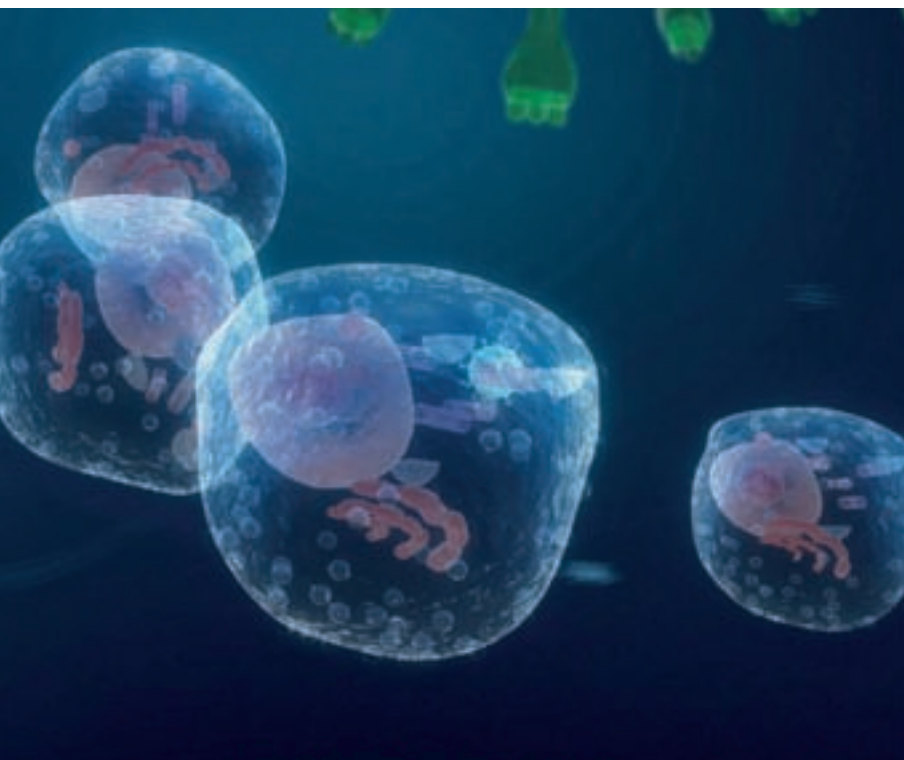
By Michel Sidibé,
executive director,
UNAIDS

Since the mid 1990s, the G8 has set the agenda for global health and HIV, giving rise to some of the most innovative and game-changing advances in the annals of the AIDS response. At Okinawa, Japan, in 2000, G8 leaders joined in a historic commitment to combat infectious diseases, which ultimately produced the Global Fund to Fight AIDS, Tuberculosis and Malaria.

Five years later, at Gleneagles in Scotland, G8 leaders pledged a massive increase in global health spending, focusing particularly on Africa. Equally importantly, the group made the landmark commitment “to provide as close as possible to universal access to treatment for AIDS by 2010”. Although people living with and affected by HIV played a major role in generating this political commitment, the spectacular success of the AIDS response can be largely credited to these two announcements by the G8.

As a result, by the end of 2010, more than six million people in low- and middle-income countries were receiving life-prolonging antiretroviral therapy, compared with less than half a million in 2003. Between 2004 and 2009, annual AIDS-related deaths decreased from 2.1 million to 1.8 million. Without treatment, well over half a million more people would have died in 2009. Moreover, new HIV infections declined by 19 per cent between 1999 and 2009 worldwide. These are remarkable achievements indeed.

Global events have, at times, distracted the G8 from global health. But now is the very worst time for attention to be diverted from HIV prevention. For one thing, new HIV infections continue to outpace the number of people starting treatment by two to one. With 10 million people still in need of treatment, there is a long queue the world cannot allow, or afford, to get any longer.



“Investing in HIV prevention is akin to issuing global social insurance”

Investing in HIV prevention is akin to issuing a global social insurance policy. It is the way to shield economies from productivity losses, protect treasuries from unsustainable escalation of treatment costs and defend societies against the instability that will ensue if treatment benefits are withdrawn from people.

Another reason for timely investment is that AIDS currently stands in the way of every single development goal. AIDS is the leading cause of mortality among women of reproductive age worldwide and the leading cause of death among children in six sub-Saharan African countries.

But this need not be the case – for every HIV infection is avoidable. Evidence and experience confirm that HIV prevention works. Thanks to proven approaches, new infections have fallen by more than one quarter in 33 countries since 2001. Epidemics in some of the highest-burden countries in sub-Saharan Africa – Ethiopia, Nigeria, South Africa, Zambia and Zimbabwe – have either stabilised or are in decline. So-called ‘combination’ HIV prevention efforts, which simultaneously tackle the biomedical, behavioural and structural drivers of HIV, have decisively changed the course of many epidemics.

Young people are at the forefront of such change. Ten countries show a decline of 25 per cent or more in the number of new infections in young people between 2002 and 2008. Investing in approaches such as conditional cash transfers given to girls to attend school, as has been done in Malawi, can bring about reductions in early marriage, pregnancy, sexual activity and risky sexual behaviour.

Modelling suggests that five existing prevention interventions, packaged in different ways depending on

community or country needs, could avert approximately 80 per cent of new infections. The increased availability of condoms must remain central to these efforts.

Moreover, the scientific community is buoyed by recent breakthroughs in new prevention technologies. These include data pointing to the efficacy of a microbicide gel that women can use and to the use of antiretroviral tablets to protect people who are HIV-negative but at high risk of HIV through sexual transmission. When a person living with HIV is on treatment, the risk of transmission to his or her partner might be as much as 92 per cent lower than among couples without access to treatment. Also, male circumcision has been shown to reduce men’s risk of HIV by up to 60 per cent. And for the first time, an HIV vaccine has shown a modest protective effect, giving hope that an effective HIV vaccine to end the epidemic will one day be a reality.

Yet despite the promise that HIV prevention offers, it accounts for only 22 per cent of all HIV spending in 106 low- and middle- income countries. Of equal concern is that in 71 countries, less than half of prevention spending comes from domestic sources. Clearly, the principle of shared responsibility for HIV prevention requires a more solid foundation in the development paradigm. It also requires more attention to the social drivers of HIV such as gender inequality, discrimination and human rights abuses, particularly as they affect marginalised groups that are already at higher risk of HIV infection – people who buy and sell sex, men who have sex with men and people who use drugs.

In 2010, responding to the urgent need to boost the prominence of prevention and the potential for radical breakthroughs, UNAIDS convened the High-Level Commission on HIV Prevention. Its 15 world-renowned leaders are spearheading a political action campaign to galvanise commitment at the highest levels to support effective HIV-prevention programmes.

In particular, the commission is calling for a prevention revolution on four fronts:

- rapidly scaling up successful prevention tactics;
- directing scarce resources toward saturating transmission ‘hot spots’, according to the dynamic nature of every country’s epidemic;
- enhancing the accountability of political and business leaders, as well as non-governmental groups and health professionals; and
- expanding the practical protection of human rights to overcome the inequities that drive the spread of HIV.

In the words of one commissioner, Mohamed El Baradei, “the answer to HIV is really an answer to what sort of society, what sort of values we would like to live by”. Commission members will be on hand in a few weeks’ time, at the United Nations General Assembly High-Level Meeting on AIDS on 8-10 June in New York, to ensure that the global community does not stray from the commitment to universal access to prevention kindled by the G8.

The G8 must continue to inspire the world to reach new heights of social justice and human dignity. Central to the vision at UNAIDS is a world of zero new HIV infections. The G8 can join the call for a prevention revolution. In particular, I urge the group’s communiqué from Deauville to include at least three HIV prevention messages. First, the G8 should commit to the goal of virtual elimination of mother-to-child HIV transmission by 2015. Second, the G8 should continue pushing for the scale-up of all existing evidence-informed prevention interventions, as well as the development and deployment of new prevention technologies. Third, the G8 should call on the G20 and all middle-income countries to assume a more balanced responsibility for HIV prevention programmes. These are three steps the G8 can take to make a giant leap closer to zero new HIV infections and a better future for all. ♦

Drug-resistant tuberculosis: a global emergency requires an innovative response

TB: a global overview

Tuberculosis (TB), often thought of as a disease of the past, continues to plague the world's most vulnerable people. The World Health Organization (WHO) estimates there were 9.4 million new cases of TB globally in 2009; in the same year, 1.7 million people died of TB – equal to about 4,700 deaths each day.

The WHO estimates that of all new TB cases in 2009, about 3.3 per cent of these were the drug-resistant form of TB, called multidrug-resistant tuberculosis, or MDR-TB. These findings by WHO mark the highest rates ever of MDR-TB. In some settings in the former Soviet Union, these rates peaked at about 28 per cent of new TB cases.

These dire statistics are even more dismal considering that TB and MDR-TB are treatable and curable. The real problem lies in the fact that TB – in all its forms – is a complex disease, one that is not only a medical problem; it is also a social and economic problem.

Lilly has partnered with manufacturers, providing knowledge and financial assistance to create sustainable, local sources for MDR-TB drugs

A multi-pronged approach to MDR-TB

The Lilly MDR-TB Partnership is a public-private initiative that encompasses global health and relief organisations, academic institutions and private companies, and is led by Eli Lilly and Company. Its mission is to address the expanding crisis of MDR-TB. Created in 2003 to address the growing challenge of MDR-TB, the Partnership has adopted a 360-degree approach, and mobilises over 25 global healthcare partners on five continents to share resources and knowledge to confront TB and MDR-TB. To drive the Partnership, Lilly is contributing \$120 million in cash, medicines, advocacy tools and technology to focus global resources on prevention, diagnosis and treatment of patients with MDR-TB; and an additional \$15 million to the Lilly TB Drug Discovery Initiative to accelerate the discovery of new drugs to treat TB.

Empowering local communities

In order to prevent the spread of the disease and effectively care for those infected, the Lilly MDR-TB Partnership has implemented community-level programmes to raise awareness about MDR-TB, increase access to treatment, ensure correct completion of treatment and empower patients by eliminating the stigma of the disease in communities and workplaces.

The Partnership also trains healthcare workers to recognise, treat, monitor and prevent the further spread of MDR-TB. These training materials and courses have been designed to ensure that the knowledge learned is passed on to peers, furthering the quality of patient care.

A global approach for global results

While community and country-based activities empower local populations to fight MDR-TB, global change requires a global view. With this in mind, the Partnership works with policymakers to raise awareness about the toll that TB takes on the global population and encourages new initiatives that curb the spread of MDR-TB. Additionally, the Partnership promotes adherence to WHO standards on TB treatment



and supports national TB programmes that have been developed using these standards.

Sustainable access to medicines

One of Lilly's many goals is to increase the supply of high-quality, affordable medicines to the people who need them most. To do this, Lilly has partnered with manufacturers in countries hardest hit by MDR-TB, providing both knowledge and financial assistance to create sustainable, local sources for MDR-TB drugs. These locally produced drugs enable access to medicines at affordable prices for MDR-TB patients, while supporting local economies and ensuring high-quality manufacturing.

New drug-discovery initiative

While access to medicine and care helps patients significantly, MDR-TB treatment remains a long, isolated process. To encourage patients to complete treatment and avoid even more drug-resistant strains of TB, research and development are necessary to discover faster-acting medicines. To address this need, Lilly has created the Lilly TB Drug Discovery Initiative, which is a not-for-profit public-private partnership that will draw on the global resources of its partners, including medicinal libraries donated by Lilly, to pioneer research.

A public-private partnership for those in need

Lilly and its Partners work together closely, sharing knowledge, expertise and research in the quest to contain

and conquer MDR-TB, a disease that disproportionately affects impoverished populations. The initiatives of the Lilly MDR-TB Partnership all have one thing in common: improved care for some of the world's most vulnerable people, delivered in a manner that is sustainable and builds capacity within the communities where it is needed most.

The Lilly MDR-TB Partnership

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A tipping point in the fight against malaria

Much headway has been made in combating malaria, especially in Africa, where preventive measures have saved millions of lives. Challenges lie ahead, however, and continued investment is essential to win the battle against this deadly disease

By Mark Green,
special advisor,
Malaria No More

World leaders are gathering in Deauville for the G8 summit at a pivotal moment in global health – and specifically, in the global fight against malaria. This disease has ravaged humankind for centuries, claiming millions of lives. While there have been successes in eliminating malaria in Europe and the United States, it remains a leading cause of death among children in Africa, killing a child every 45 seconds.

The world is at a tipping point in the fight against malaria – and could tip in one direction or another. Investments and progress could be sustained and accelerated, leading to an end to malaria deaths in the next few years. Or funding could fall off, leading to resurgences and reversing many of the gains that have been made.

Taking stock of progress

The world has turned the corner in its quest to prevent and control malaria, making real, sustainable progress. Since 2005, an incredible investment of resources has enabled many African countries to scale up the availability and use of proven, cost-effective malaria-control interventions. For example, household ownership of an insecticide-treated mosquito net – which is as cost-effective as measles immunisation – rose from below 5 per cent in 2005 to reach 42 per cent in 2010.

In just the past year, malaria cases declined by 18 million and malaria deaths declined by 82,000. This progress builds on significant momentum. In the past 10 years, malaria prevention saved the lives of three quarters of a million children. Eleven African countries reduced malaria cases or admissions and deaths by more than 50 per cent.

Consider Senegal. In that country, household ownership of a mosquito net increased from 36 per cent in 2006 to

“The world has turned the corner in its quest to prevent and control malaria, making real, sustainable progress”

60 per cent in 2008, and the proportion of pregnant women who received preventive treatment increased from 12 per cent in 2005 to 52 per cent in 2008. As a consequence, child mortality declined by 30 per cent between 2005 and 2008.

Progress has been made in building political support and will, too. At the 2009 United Nations General Assembly, 14 African heads of state joined together to rededicate themselves to the goal of ending malaria deaths by 2015. They launched a new coalition called ALMA, the African Leaders Malaria Alliance.

Just one year later, ALMA has grown to more than 35 heads of state. It has provided an invaluable forum for leaders to share ideas and best practices, and to collaborate on common challenges. In just its first year of existence, ALMA tackled important issues such as securing universal access to artemisinin-based combination therapy to prevent drug resistance; removing taxes and tariffs on essential anti-malaria products; increasing local production of high-quality, safe and effective anti-malaria interventions; and the banning of monotherapies.

New challenges and opportunities

As world leaders descend upon this year's summit in Deauville, they should have a great sense of hope. It is clear that the world has come a long way in the fight against malaria. However, if history is any guide, now is the time to ensure that progress is sustained, and that focus and resolve are not lost.

Countries in which malaria is under control could be vulnerable to resurgence. As recently as 2009, malaria cases increased in Rwanda, Saô Tomé and Príncipe and Zambia. These resurgences underscore the challenges of sustaining progress at a time when funding is in danger of stagnating.

The world faces several difficult challenges over the next several years. Of course, resistance to anti-malarial medicine remains a constant threat – requiring continued investments in research and development. The lifespan of long-lasting insecticide-treated mosquito nets is currently three years. As a result, mosquito nets delivered since 2006 are already due for replacement, or will be very soon – and failure to replace them could lead to a resurgence of the disease. At the same time, ending malaria deaths requires the diagnosis and treatment of all suspected cases of malaria, requiring additional investments in rapid diagnostic tests and anti-malarial medicine.

These challenges – and the increased demand for resources required to meet them – have converged at a



time of enormous economic and budgetary pressures. However, with these challenges comes the opportunity to transform one of humanity's greatest tragedies into one of humanity's greatest triumphs. All it would take is the will to make it happen.

A world free from the burden of malaria

As the significant progress in recent years has demonstrated, malaria control provides a valuable return on investment. It saves thousands of lives at minimal cost to governments. For example, the United States provides funding for malaria control that accounts for less than three one-hundredths of one per cent of the federal budget. Significant cuts in this funding would

Further support and investment will be needed to prevent a resurgence of malaria cases across Africa

do very little to ease budgetary pressures – but would have a devastating human cost.

Why is saving lives in everyone's interest? Because it reflects who we are, and makes us human. But, of course, the world has other interests at stake. Spreading hope fights the spread of fear and terrorism. In a global and interconnected economy, instability in Africa causes ripples in trade and unemployment that are felt far away.

For all these reasons, world leaders in Deauville should pause for a moment to reflect upon the plight of those suffering with a preventable disease – and then imagine a world free from the burden of malaria. That world is no longer a distant dream. We should make it reality – for no other reason than because we can. ♦



“ I fear that my child can die because of this disease malaria. This medicine is good because the child can swallow fast and does not have any side effects such as rashes. The fever also goes down very fast. Now she can speak and play and truly I have seen a big difference.” Rose Aluoch, mother, Kenya.

The Novartis Malaria Initiative

Innovating to help eliminate malaria

Novartis has provided over 400 million treatment courses for malaria* without profit to malaria-endemic countries since 2001, **helping to save the lives of an estimated 1 million patients.**¹

We believe that no one should die of malaria today. For over a decade, we have been a pioneer in the fight against malaria. Together with our partners, and with our continued patient-centric approach, we are committed to the common goal of malaria elimination.

Resting on four key pillars, the Novartis Malaria Initiative is tailored to best meet patient needs.

1 Treatment

- Novartis artemether-lumefantrine (AL) was the first fixed-dose artemisinin-based combination therapy prequalified by the WHO for its efficacy, safety and quality.²
- Novartis, in collaboration with Medicines for Malaria Venture, developed the first dispersible AL treatment, tailored to the needs of infants and children.³

2 Research & Development – stepping stones on the path to malaria elimination

- In 2010, we started clinical trials for an antimalarial with a novel mechanism of action and are developing a robust pipeline to treat malaria.⁴
- Novartis is evaluating the feasibility of reducing malaria transmission through the mass screening and targeted treatment of asymptomatic patients carrying parasites.⁵ This work may continue to progress the elimination agenda going forward.⁶

3 Access – improving affordability and availability of medicines

- In 2009, Novartis led the ‘SMS for Life’ pilot, an innovative Roll Back Malaria public-private project. Using SMS technology, this provides visibility of antimalarial stock levels to improve access to essential malaria medicines in rural areas.⁷
- Today, the Novartis Malaria Initiative is engaged in more than 20 public-private partnerships to best serve patients in need.

4 Capacity building – empowering patients and healthcare professionals

- Novartis has developed innovative packaging for its AL treatment, to enhance adherence for not fully literate populations through the use of pictograms.
- We continuously foster best practice exchange between African public health officials responsible for malaria control in areas such as healthcare worker training, stock management and health impact measurement.

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Keeping it in the community: well-being in the developing world

The G8 should focus on providing global public goods and commit to providing health for everyone. Leaders need to strengthen primary healthcare, adopt a community-based approach and correct the previous emphasis on specific diseases

By Jenilee Guebert,
Global Health
Diplomacy Program,
Munk School of
Global Affairs

Primary healthcare, equity and respect for community voices underpin health promotion and disease management strategies at the level of both society and the individual. Community-based healthcare and primary healthcare constitute the core elements of any and all health strategies and systems. Primary healthcare ensures that sound medical methods and technologies are available to all who need them. Community-based healthcare involves community members in the design and implementation of care, empowering individuals to take their health into their own hands. Communities and individuals play an active role in their health and well-being, becoming partners and beneficiaries of the health services and outcomes they receive.

Effective community and primary healthcare keeps health costs down and improves the level of health and wellness. Such tools are particularly critical in the developing world, where the number of healthcare workers, services and infrastructure remain limited.

The G8 first noted the importance of supporting community-based approaches to health at Evian in 2003, the last time France hosted the summit. At the 2005 Gleneagles Summit, the leaders committed to investing in training community health workers as well as doctors and nurses. At the 2007 Heiligendamm Summit they acknowledged that community health workers were critical to fostering enabling, healthy environments in developing countries. They also emphasised the importance of strengthening primary healthcare. At the 2009 L'Aquila Summit, the leaders noted that "to advance the goal of universal access to health services, especially primary healthcare, it is essential to strengthen health systems through health workforce improvements, encompassing both health professionals and community health workers".

Indeed, the international community has long supported efforts to improve and utilise community and primary healthcare. The principle that "people have the right and duty to participate individually and collectively in the planning and implementation of their healthcare" was set out in the Alma-Ata Declaration in 1978. That principle lies at the foundation of the critical goal of providing health for all.

In 2006, health ministers and other government officials, as well as representatives from civil society

organisations and international organisations such as UNAIDS, UNICEF, the World Bank and the World Health Organization participated in a conference on community health in Africa. They committed to empower communities and strengthen community management structures, consumer activities and links to health service delivery systems. They pledged to refine their approach to community engagement and involvement in the planning, delivery and self-monitoring of healthcare interventions and to strengthen interactions between health services and the communities being served. They also promised to put in place mechanisms to share information and experiences and to strengthen partnerships and work together to translate national policies into concrete actions at the community level.

Community and primary healthcare are at the heart of every health commitment that the G8 and the broader global community make. Community and primary healthcare is essential for developing any public health system and for improving all health outcomes, whether it is administering antiretroviral medications for HIV, supplying bednets in regions where malaria is prevalent, educating mothers and children on the prevention and treatment of diseases or promoting wellness.

Primary and community healthcare are also critical for realising the pledges made at the 2010 Canadian-hosted Muskoka Summit to improve maternal, newborn and child health (MNCH). In developing countries facing the most severe MNCH challenges, community health workers and primary healthcare advance health efforts. In most areas, selected women attend training sessions on how to provide basic healthcare to mothers and children and are taught how to identify problems that require a higher level of attention. The health education provided in these sessions helps to discredit myths and emphasises prevention and wellness. These health workers rely on sound primary healthcare tools to address the challenges in their communities.

In preparing for the 2011 G8 Deauville Summit, French president Nicolas Sarkozy has committed to support regional university and health training programmes. These programmes should renew the focus on community and primary healthcare and indeed should broaden these components. Without them, all other interventions and commitments will remain under-realised. Drugs, vaccines



Effective primary healthcare keeps costs down and improves the level of health and wellness





and medical technologies must be available for effective treatment, and individuals need to know how to administer them properly. Information on treatment, prevention and wellness must be available and accessible – and cannot be effectively disseminated without the help of trusted and informed community members.

“Drugs, vaccines and medical technologies must be available, and individuals need to know how to administer them”

A paramedic checks blood pressure at a community health centre in Indonesia. Community healthcare is vital for improving all health outcomes

At Deauville, the G8 will release an accountability report on health and food security, to take stock of how countries are doing in meeting their past pledges. The leaders would be wise to note the levels of community and primary healthcare available in the regions they are targeting. Areas with low levels of accessible care will struggle to improve. Such situations need to be addressed, with interventions identified. Funds and commitments to resolve systemic health issues are necessary for improved health outcomes generally, in addition to the more specific diseases that the G8 has traditionally focused on. The G8 also needs to do a better job of utilising community-based health workers for monitoring interventions and outcomes.

At the Deauville Summit, the G8 should concentrate on providing global public goods and commit to providing health for all. To meet that promise the leaders will need to strengthen community and primary healthcare. Their summit is an opportunity to address these broader critical health issues and to correct their past emphasis on more specific diseases. It would be a shame to let such an opportunity go to waste. ♦



Project HOPE

A chance for business to become more proactive

The business community takes part in various healthcare initiatives. But one area where civil society in general needs to do more, and where business could scale up its action, is chronic non-communicable diseases – an increasing global problem

By Jeffrey Sturchio,
president & CEO,
Global Health
Council

At their 2010 Muskoka Summit, G8 leaders pledged \$5 billion for the Muskoka Initiative to reduce child and maternal mortality and to increase access to reproductive health services. Other countries and private foundations committed another \$2.3 billion. G8 leaders anticipated that the initiative would “mobilise significantly greater than \$10 billion” by the G8 over the next five years.

Three months later, building on the Muskoka Initiative on Maternal, Newborn and Child Health, United Nations secretary-general Ban Ki-moon launched the Global Strategy for Women’s and Children’s Health with commitments of \$40 billion, an unprecedented effort to save the lives of 16 million women and children. The business community – led by BD, GE Healthcare, GlaxoSmithKline, John Snow, Inc, Johnson & Johnson, Merck, Nestlé, Novo Nordisk, Pfizer and ViiV Healthcare,

among others – was an important part of that initiative. Johnson & Johnson was already a strong supporter of women's and children's health through programmes such as the Global Campaign to End Fistula – a serious and painful disorder that develops when the blood supply is cut off during prolonged, obstructed labour.

The Global Strategy spells out how business is already helping to improve women's and children's health, and how it can do more in this area, as well as in other areas of global health:

- by serving as a valuable partner with the public sector, contributing expertise in service delivery and infrastructure;
- by innovating and developing affordable drugs, diagnostics and other technologies and health interventions;
- by providing financial support and showing pricing flexibility for products and services, especially in low- and middle-income countries (LMICs); and
- by ensuring community outreach and mobilisation, coordinated with healthcare workers.

Chronic non-communicable diseases (NCDs) such as cancers, diabetes, heart disease and acute respiratory disease – the focus of an upcoming UN summit in September – provide a particularly compelling case for private sector engagement. The burden of NCDs is growing rapidly in developing countries and now accounts for 63 per cent of all deaths globally and 80 per cent of deaths in LMICs.

“The risk from NCDs over the next decade exceeds that of the global financial crisis and, without action, is projected to increase”

The economic impact of NCDs is stark, as are its growing effects on the global burden of disease. Many NCDs – particularly in Africa, Latin America and the Caribbean, and South Asia – affect people during their most productive years. Accordingly, NCDs could cost an estimated \$1 trillion over the next ten years, according to the World Economic Forum's *Global Risks 2010*. This risk exceeds that of the global financial crisis and, without action, is projected to increase.

The private sector is already beginning to think about how to incorporate health promotion activities into its business operations. Wellness programmes, tobacco-free work environments and incentives for employees to live healthier lifestyles are all necessary to secure the long-term health of human capital.

Civil society, including the private sector, must play a critical role in the consultation process in preparation for the UN Summit, just as it has – successfully – in the fight against HIV/AIDS and other infectious diseases over the past decade. Not only does the private sector play a significant role in addressing NCDs over the long term, but it is already engaged in the fight.

Working with partners through the World Economic Forum, Medtronic and PepsiCo have led the development of a framework for corporate engagement in NCD prevention and control, whatever business sectors the company is in. But to match the scope of the NCD challenge, these actions need to be scaled up greatly. An

ideal outcome of the summit would be to recognise that public-private partnerships – matching the capabilities and resources of private sector and other civil society actors with the scope of the public sector – are a proven, effective way to combat NCDs.

Here are a few examples of how the business community is already taking action on NCDs:

- The Medtronic Foundation has committed significant support to raise awareness and increase the priority given to NCDs in national and global development agendas, to strengthen health systems in developing countries by integrating NCDs and to improve global understanding of best practices in cardiovascular disease and diabetes.
- PepsiCo has committed to remove full-sugar soft drinks from primary and secondary schools by 2012, to contribute to reducing calories sold by 1.5 trillion by 2015, to reduce sodium and added sugar in key brands and countries by 25 per cent by 2015/20, and to increase the whole grains, fruits, vegetables, nuts, seeds and low-income dairy in its product portfolio.
- For 10 years, the Abbott Fund and the government of Tanzania have worked to strengthen the country's healthcare system and address critical needs such as infectious and chronic diseases. To date, the Abbott Fund has invested more than \$85 million to modernise treatment centres, train health workers and standardise modern laboratories.
- Sanofi-Aventis supports programmes on diabetes, cancer, epilepsy and mental health, including one to help improve diabetes disease management in conjunction with Handicap International and national non-governmental organisations, and another programme to fight childhood cancers.
- Merck & Co has pledged to donate at least three million doses of Gardasil – a vaccine to prevent human papilloma virus infection – over five years in developing countries. These doses will support immunisation against cervical cancer, which affects the lives of more than 500,000 women a year, 80 per cent of whom live in developing countries.
- Pfizer works on cancer and tobacco control in countries including China, one of the world's largest cigarette producers and the world's largest cigarette consumer.
- In 2009, Novartis supported the Cancer Advocacy and Learning Initiative, implemented by the Global Health Council and others, to raise awareness and quantify the burden of cancer in developing countries and to encourage collaboration on cancer treatment.

Increasingly, businesses see it is in their own interests – as producers, employers and community members – to address global health issues such as obesity and the NCDs to which it gives rise, as well as to address the risk factors that lead to diabetes, cancers and cardiovascular disease and to help people manage chronic conditions better.

Despite the salience of this issue, NCDs are not on the G8 agenda this year. The G8 leaders must honour their Muskoka commitments on maternal and child health, but must also acknowledge at their Deauville Summit the critical and growing need to address NCDs. The G8 should take up the call at future summits, beginning with the 2012 G8 meeting in the US. Given the economic and human toll that NCDs are already imposing on the world, they are a major global health issue, and tackling them is increasingly central to ensuring a more stable and secure world.

September's UN Summit on the NCDs presents a promising opportunity to review the issues and turn commitments into action. Businesses, together with their partners in civil society, plan to engage actively to persuade, and show by example, that public-private partnerships are essential to curb the burden of NCDs in developed and developing countries alike. ♦

Multi-stranded approach to ensuring food security

Agencies are working together to improve the world's food systems, reaching out beyond agriculture and food to other sectors where the effects are felt – public health, social protection, education, trade and market access, and crisis response

By David Nabarro, special representative of the United Nations secretary-general for food security and nutrition, and coordinator of the United Nations High Level Task Force

If all the food in our world were shared equally, there would be plenty to go round. However, the stark reality is that one in every six people is chronically hungry. One-third of children under five are undernourished. In a world of wealth, great know-how and capacity, such numbers are appalling. They should rouse all to action.

Food security is a primary development objective in its own right. But it is also among the keys to achieving all the Millennium Development Goals (MDGs), since making sure that every person has sufficient and nutritious food has an enormous multiplier effect on education, health and women's empowerment.

Food security is also a matter of peace and security. The sharp rise in food prices in 2008 drove hundreds of millions more people into poverty and hunger, with severe consequences, including food riots in more than 30 countries. Governments and the international community mounted the most extensive emergency food assistance operations ever witnessed, averting widespread suffering. But the impact continued to be felt. Indeed, the difficulties encountered by ordinary people in North Africa and the Middle East were among the catalysts for the democratic reform movements that have upended and transformed the region in recent months.

The world's food systems are not working properly. The United Nations Secretary General's High-Level Task Force (HLTF) – which includes the Food and Agriculture Organization (FAO), the World Food Programme (WFP), the International Fund for Agriculture and Development (IFAD) and other UN agencies as well as the World Bank, International Monetary Fund (IMF), the World Trade Organization (WTO) and the Organisation for Economic Co-operation and Development (OECD) – have developed a 'Comprehensive Framework for Action'. The HLTF is working with governments to revitalise smallholder agriculture, following a twin-track approach aimed at meeting the immediate needs of vulnerable populations while building longer-term resilience. The effort draws on diverse sectors, ranging beyond agriculture and food to encompass public health, social protection, education, trade and market access, and crisis response.

The HLTF has encouraged governments and development partners to address food security in its four dimensions: availability, access, utilisation (nutrition) and stability. UN member states have revitalised the Committee on World Food Security to strengthen global governance in this arena. Development agencies pledged generous financial support at the G8 and G20 summits in 2009 and initiated major regional efforts, especially in Africa.

And many governments in developing countries have revitalised their own agricultural investment strategies as a basis for poverty reduction and sustainable development.

There is also growing attention to the nutritional dimension. Poor nutrition in the period between conception and a child's second birthday can be a handicap for life – and can lead to a significant reduction in a country's gross domestic product. Nutrition-related



A girl collects scattered grains on the ground near a pile of newly harvested wheat at a field in the Punjab province of Pakistan. Food stability is one of the top priorities to be addressed at the G8

factors contribute to 35 per cent of deaths of children under five each year. In line with the recommendations of the UN MDG Africa Steering Group, the use of interventions that have been proven to increase agricultural productivity and improve nutrition – including school feeding and efforts to combine nutrition and health – must be expanded. I encourage all partners to support the ‘Scaling Up Nutrition’ movement and the Global Strategy for Women’s and Children’s Health, which incorporates nutrition as an integral component.

Food prices are rising again. Prices are also extremely unstable. Still, there has not been another worldwide crisis. Thanks to prudent investments, several countries have seen record harvests with stable grain prices. Furthermore, the multilateral system is better prepared this time around.

Nevertheless, the current situation is still a cause for concern. Factors such as population growth, increasing affluence and subsidised biofuel production from cereal crops are increasing the demand for food at a time when the supply is becoming increasingly tight as a result of climate change and environmental degradation.

In such a challenging environment, the UN system is working hard to help protect household livelihoods, build up local food markets and stimulate increased production by poorer countries – especially by their smallholders. This process requires the full engagement of all stakeholders. Looking forward, everyone must work together to:

- Make sure that more of the \$22 billion food security commitment from 2009 is made available to support investment plans for sustainable agriculture and food

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Population growth, increasing affluence and subsidised biofuel production are increasing demand

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security in developing countries – including through the Global Agriculture and Food Security Programme, the underfunded multi-donor trust fund;

- Establish more partnerships among businesses, government, farmer organisations and civil society, which will benefit rural communities through increased production and better value chains;
- Bring together international organisations and national authorities in an effort to limit excessive food price volatility, so that farmers can make wise decisions about when and how to increase production;
- Encourage governments to expand and improve safety nets;
- Ensure that trade in foodstuffs becomes freer and more equitable, and that the WTO’s Doha trade negotiations are concluded quickly;
- Encourage national policymakers to participate in a series of regional seminars that are being organised by FAO on policy responses to food price rises;
- Discourage export restrictions, which often exacerbate price rises, have severe implications for food-importing developing countries and endanger the food security of vulnerable populations – the opposite of what is intended;
- Ensure that humanitarian food purchases are kept exempt from any export restrictions or extraordinary taxes.

Food and nutritional security are the foundations of a decent life. I commend the French presidency of the G8 and G20 for having identified this issue as a matter of priority this year. The challenges involved demand the greatest multilateral commitment, creativity and leadership. ♦





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Turn hunger into hope.



World Food Programme

Fighting Hunger Worldwide

Securing food and agriculture for all

Economic security and an increase in budget allocations are required to enhance the productivity of farmers and provide adequate food for a growing population

By Jacques Diouf,
director general,
Food and Agriculture
Organization of the
United Nations

As heads of state and government prepare to meet for the G8 summit in Deauville, France, the issue of commodity price volatility is again dominating international discourse. Once more, the world is facing a precarious situation. It is up to governments and the international organisations to which they belong to act quickly and decisively to change the direction of what seems to be an inevitable – and dramatic – course of events.

The factors that set off the current upward spiral in the international prices of most major agricultural commodities are well known: drought in Russia and export restrictions adopted by the governments, together with lower-than-expected crop harvests elsewhere due to extreme weather events. Tighter supplies in the face of rising demand led to a surge in the prices of many food commodities, including cereals, sugar and oilseeds. World cereal stocks are anticipated to shrink by as much as 9 per cent over the coming season.

International policymakers have at their disposal instruments to blunt the effect of rising food prices. These include targeted safety nets and social protection programmes for the poor, as well as the provision of reliable and timely information on food commodity markets, and market transactions that can work to avoid panic buying and consequent price surges.

Action should also be taken swiftly to ensure that small-scale farmers have access to indispensable means of production and technologies – such as high-quality seeds, fertilizers, feed, and farming tools and equipment. Non-distorting and well-managed strategic emergency food reserves can also have a calming effect on markets.

In the meantime, governments must be persuaded to avoid using trade policies, such as export restrictions, that cause prices to spiral further. Financing instruments can also be better fine-tuned since those in existence, such

“As long as demand for food continues to rise faster than supply, markets will remain tight and prices will remain high”

as the International Monetary Fund's Exogenous Shocks Facility, could be made more flexible and useful for developing countries during a crisis.

However, more is needed to address the structural causes of imbalances in the international agricultural system. In addition to preventing market shocks from turning into humanitarian disasters, a mammoth task lies ahead: creating the conditions needed to provide sufficient food for a population that is constantly growing and that, by 2050, is expected to reach 9.1 billion. This means agricultural production must increase by 70 per cent globally and by 100 per cent in the developing countries. As long as demand for food continues to rise faster than supply, markets will remain tight and prices will remain high and volatile. Thus, in the long run, the only real solution to excessive volatility is to invest more – much more – in agriculture to boost productivity and production.

Agriculture is suffering from more than 20 years of neglect, resulting in underinvestment in the sector. Its share of official development assistance (ODA) has plummeted from 19 per cent in 1980 to 3 per cent in 2006. It now stands at around 3 per cent. To feed the world sustainably, it must be brought up to much higher levels. Thanks to high levels of ODA to agriculture, famine was averted in Asia and Latin America in the 1970s. And a good share of investment must go to research and development, to building infrastructure and irrigation, and to breeding drought-resilient crops.

Budgetary requirements

However, ODA is only part of the necessary investment resources. Equally important are the national budgetary expenditures for agriculture of the low-income food-deficit countries, which represent only about 5 per cent of the total – although they should be at least 10 per cent, in line with the sector's contribution to gross domestic product, export revenues and the balance of payments. Domestic and foreign private investments, today at roughly \$140 billion per annum, must be increased to \$200 billion annually. Strategically directed public investments – from both domestic and foreign sources – will become the catalyst for attracting the needed private investment. The world spends more than seven times that amount on military expenditures, leaving only the crumbs to a sector upon which the world's very existence depends.

Another problem is that today's international trade in agricultural commodities is neither free nor fair. The world's wealthier countries spend billions every year on subsidies and tariff protection. In addition, each year subsidies and tariff protection favouring biofuel production divert more than 100 million tonnes of grains away from human consumption to vehicles. In other words, current



domestic and trade policies, including export restrictions introduced during crises, must be reviewed to limit the effects of food price volatility and safeguard global food security. It is, therefore, important to reach a consensus on the lengthy Doha Round of trade negotiations and to end the market distortions and restrictive trade policies that are aggravating the imbalances between supply and demand.

Improved market transparency is another essential tool. The Food and Agriculture Organization can help by intensifying its information-gathering and dissemination efforts. But only greater input regarding stocks and production from governments will improve knowledge about the real market and related financial transactions.

Commodity exchanges

Another important issue is that of the regulatory frameworks governing commodity exchanges. In the context of today's deregulation, those exchanges encourage speculative behaviour and, thus, volatility.

In the world of deregulated commodity exchanges, trading volumes have gone through the roof. Nearly 90 billion bushels of wheat worldwide were traded on the Chicago Board of Trade in 2009 – the equivalent of trading the United States' entire Soft Red Wheat crop every business day. Because the majority of such transactions are speculative, higher food price volatility is a logical consequence.

Although there is no evidence that speculation is the prime cause of price volatility – speculators follow the trend; they do not drive it – speculation may aggravate

The effects of the ongoing economic crisis in Russia have led to rationing by presidential decree

volatility. However, over-regulation should be avoided since the futures markets play an important societal role in price discovery and liquidity.

To sum up, the solution to the global problem of hunger and food insecurity requires effective coordination of decisions regarding investment, international agricultural trade and financial markets. It may not be possible to control the weather, but much can be done to prepare for and contain the damages caused by extreme weather events. That will make it possible to secure food production and enhance the productivity of small farmers, thus lowering consumer prices and increasing the income of rural populations, which make up 70 per cent of the world's poor.

The implementation of such policies at the global level requires the respect of the commitments already made by the developed countries, notably at the G8 summits of Gleneagles and LAquila, as well as at the G20 summit in Pittsburgh. Developing countries, for their part, must increase their budget allocations for agriculture. And private foreign direct investment needs to be made in a way that will ensure an equitable sharing of benefits among the different stakeholders.

Without long-term structural decisions and appropriate financial resources, food insecurity will persist. It could generate political instability – particularly in food-importing developing countries – and, as a result, threaten world peace and security. Only when the world's farmers, in both developing and developed countries, can operate under conditions of dignity, professionalism and economic security will we be able to feed our increasingly populated planet. ♦

Seed is Life!

Food security through better plant varieties

Seed is the start of everything! It takes a seed to produce food for humans, feed for animals, fiber, fuel and many other industrial applications. With the challenges that face us today (a growing population, changing diet, climate change and several others), there is a continuing need for new and better-adapted plant varieties. The seed industry works on improved varieties that have: a higher yield; better resistance to pests and diseases; higher tolerance of abiotic stresses; better earliness, taste, size, nutritional and crop quality, firmness, and shelf life; plant type, harvestability, and reduced labor costs.

Higher-yielding varieties require less land in production and, at the same time, mitigate deforestation. FAO data indicate that, in developing countries, wheat yields rose 208 percent between 1960 and 2000, rice yields increased 109 percent and maize yields rose 157 percent. Yield increases in wheat in India alone have spared 1.16 million sq km of land that otherwise (without the yield increase) would have had to be taken into production. On a global level this amount is estimated to be 26 million sq km. That's quite a forest that is saved.

Through climate change we'll see more droughts in certain areas and more precipitation in others. Drought tolerance has been a breeding target for many years in maize, wheat, rice, beans, millet, canola and grasses, among others. Major public-private efforts are undertaken to breed tolerant varieties for the poorest continents of this planet. Development of similar varieties that can boast salt, flood, cold, heat or aluminium tolerance is under way. These are not mere hobby or 'feel-good' projects: each year, according to FAO data, 90 million people are affected by drought, 106 million people are affected by flooding, and 900 million hectares of soil are affected by salinity.

Predictions on our changing climate also indicate increased disease pressure levels. FAO-data indicate that the annual global loss due to pathogens is estimated to be around US\$85 billion and the annual loss due to insects at around US\$46 billion. About half of all the investments into plant-breeding are targeted towards resistant varieties and, each year, thousands of new varieties are released with more and more resistance against pests and diseases. This has led to a significant decrease in the use of pesticides. In the UK alone, disease resistance in crops saves £100 million per year on crop-protection products—not to mention the millions of liters of diesel saved on tractors not needing to spray, thereby reducing agriculture's environmental impact.

Improved varieties and high-quality seeds are the basic requirements for a productive agriculture, which forms the basis of sustainable economic development, especially in developing economies.



Conclusion: Through a diversity of high-yielding varieties, resistant to diseases and with a higher tolerance to abiotic stresses, the seed industry has contributed significantly to sustainable agriculture and increased food security, while reducing input costs, greenhouse gas emissions and deforestation, and it will continue to be a major contributor. It is at the forefront of efforts to meet the immense challenges of finite arable land and water resources, and extreme weather patterns facing the planet. Seed is Life!

The International Seed Federation (ISF) represents the interests of the mainstream of the seed industry at a global level through interaction and dialogue with public and private institutions that have an impact on international seed trade.



Marcel Bruins – Secretary-General ISF
ISF, Chemin du Reposoir 7, 1260 Nyon,
Switzerland



The importance of vibrant rural economies

Demand for agricultural production is rising, bringing new possibilities for producers. We need to recognise farmers as entrepreneurs and work with them in partnership, thereby transforming the lives of poor people in the countryside

By Kanayo Nwanze, president, International Fund for Agricultural Development

History shows that boosting agricultural productivity is a crucial step that countries must take on the path from poverty to prosperity. China and India's recent economic growth was built on a strong agricultural foundation. Brazil, Ghana, Tanzania and Vietnam are now on that same path.

Other developing countries must follow that path if they, too, wish to strengthen their economies, reduce poverty and ensure food security for their people and the world. It is thus essential that the \$22 billion pledge made by world leaders at the 2009 G8 L'Aquila Summit is honoured and directed towards agricultural development, with a special focus on smallholder farmers.

Increasing agricultural production in the current social and economic climate will be demanding because the contexts and prospects for agricultural development are changing rapidly. A complex web of modern challenges – climate change, volatile food prices, social unrest, collapsing economies – makes boosting production ever more difficult, although certainly not impossible.

The good news is that demand is rising, bringing new market opportunities for producers. The world population will grow to seven billion by the end of this year and to nine billion by 2050: there will be two billion more people to feed. Overall global food production will have to increase by 70 per cent, while production in developing countries may have to almost double.

Investing in rural areas

Already, new and evolving markets offer opportunities for poor rural people to generate more income. These new markets include supermarkets, which are proliferating at the local, national and global levels, and the development of modern, consolidated value chains for agricultural products. But before smallholders can benefit from these new markets, donors, governments and poor rural people themselves must see smallholder farming as a business that needs clear links along the value chain – from production to processing, marketing and consumption. Recognising farmers as entrepreneurs – and working with them in partnership so they have appropriate support – will go a long way to transform the lives of poor rural people.

The International Fund for Agriculture and Development (IFAD) considers the development of rural areas key to tackling some of today's most critical challenges, including hunger and poverty, climate change, environmental degradation and energy security.

It is time to create vibrant rural economies that offer decent jobs and real opportunities. Rural young people must be able to see a future for themselves in the places they are born. Today's youth have enormous potential for the innovation and risk taking often at the core of growth and development in rural areas, particularly of smallholder agriculture.

IFAD works to ensure that rural economies can grow and become stable and sustainable places in which the next generations want to live. It supports programmes and projects that foster the conditions that smallholders and other poor rural people need to become entrepreneurs in the new, evolving markets. It advocates for reducing transaction costs, supporting rural producers' organisations, expanding financial services into rural areas and ensuring that small farmers have access to infrastructure, utilities and information – taking full advantage of existing and emerging information and communication technologies. It also promotes good governance.

New realities, new challenges

IFAD recently launched the *Rural Poverty Report 2011*. A comprehensive and current assessment of worldwide rural poverty, it acknowledges both the accomplishments and challenges in smallholder farming throughout the world.

Its findings on food security come from an outstanding collaboration among dozens of experts on poverty reduction and from poor rural people themselves. Their testimonies reveal how poverty and hardship affect their daily lives.

The *Rural Poverty Report* outlines four critical steps to ensure progress. The first is managing risk. Smallholder farmers and other poor people who struggle to feed their families often cannot afford to take necessary risks. These include planting a different kind of crop, attempting new, more environmentally sustainable methods of farming or seeking new markets for their produce. For poor people, risk-taking can seem like a luxury, but is essential for economic growth.

The challenges that smallholder farmers have always faced are today compounded by diminishing access to land, increasing pressure on common property resources, climate change and food price volatility. Giving poor rural people access to the necessary tools to respond to these challenges and to take risks will provide them with more opportunities to be entrepreneurial, creating the conditions necessary for a vibrant rural sector.

Value chains

The second step is to support smallholder farmers to help them to become successful small-scale business people. The world's 500 million smallholder farms support about two billion people. The potential is enormous. Food tastes and agricultural markets are changing, the reach of local and global supermarkets is growing, and modern, consolidated value chains for agricultural products are becoming more common. If smallholder farmers have opportunities to be entrepreneurs, rural dynamics will be transformed.

This requires reducing risk and transaction costs along value chains, supporting rural producers' organisations, expanding financial services into rural areas, ensuring that small farmers have access to the infrastructure, utilities and information they need, and investing in good governance.

The third step is to increase sustainable agricultural production. Boosting food production cannot come from

significantly expanding the amount of land dedicated to agriculture. Unsustainable practices such as cutting down forests and woodlands to create more land for farming would be a step backward for the global environment. Higher production must come from increased productivity through the use of new technologies.

Conventional approaches must be complemented by improved farm production systems. Because there is no blueprint for sustainable intensification, the best practices will be determined by the local context. The difficult task will be to develop policies and institutions that can make this happen on a massive scale.

The fourth step is to encourage and support the growth of non-farm jobs in rural areas. The international community agrees that agriculture will continue to be the key economic driver in rural areas. Profitable farming can be a pathway out of poverty for millions. To meet the growing needs of a hungry world, agriculture must be a viable and rewarding lifestyle.

But, increasingly, agriculture must be just one of many options for poor rural people to overcome poverty. The support of a more modern, diversified rural economy can ensure that people who choose farming and those who choose non-farm enterprises to make their living will be equally successful.

Governments must follow through on the promises that they made in LAquila. Players in all areas of rural development must take action. Developing countries must drive rural development and must be committed to good governance. Where countries have shown their commitment, development agencies and others should support their efforts.

Community leaders

IFAD is working closely with partners to scale up support to rural development. It is also championing a new, more dynamic vision. Market-oriented, profitable, environmentally sustainable smallholder agriculture can spur economic growth in developing countries and lift millions out of poverty.

There must be more emphasis on education and training – especially for women – as this has a direct, positive impact on families and communities. If young people who live and work in rural areas acquire the skills and confidence to run profitable farms or start businesses, they will become the community leaders and farmers of tomorrow.

We must not fail the women and men who live in rural areas. Today they need our support to be active, productive and influential members of society. Tomorrow, we will need their contribution, their creativity, their commitment and their leadership. In vibrant rural economies in which they can thrive, they will have the tools they need to increase food security, lift their communities out of poverty and steer their countries in the direction of sustained economic growth. ♦

“ Smallholder farmers and other poor people who struggle to feed their families often cannot afford to take necessary risks ”



Crop science offers sustainable solutions to food security

In Paul Ehrlich's words from his 1968 book *The Population Bomb*, "the battle to feed all of humanity is over. In the 1970s, hundreds of millions of people will starve to death in spite of any crash programs embarked upon now."

This assertion may seem absurd today, but we are still facing the challenge to provide sustainable global food security for a growing population, while minimising agriculture's environmental footprint. Successfully increasing harvests to outpace the doubling of the global population over the last 40 years has been an enormous achievement. But doing this again, while preserving the environment and protecting biodiversity, will require the best efforts of our scientists, agronomists and farmers, as well as political conditions that are much more favourable to the uptake of new technologies and practice.

Complacency is not an option. About one billion people are still chronically malnourished, including a high proportion of sub-Saharan Africans, and the food crises that have occurred since 2008 have threatened to reverse any progress made in achieving the Millennium Development Goal on poverty reduction. But the

potential is there: earlier this year, Kofi Annan spoke of Africa's capacity to produce surplus food for export, if only advances in agricultural technologies were available to its farmers.

Unfortunately, Europe's contribution has been very disappointing so far. Despite being a base for world-class crop science companies, the EU needs to provide a more attractive environment for innovation and allow its farmers to use the most productive new technologies. Crop biotechnology – showing double-digit growth around the world – is, effectively, off limits to European farmers, while the new hazard-based assessment system for crop-protection products will make it increasingly difficult to produce consistent harvests.

The green revolution was achieved using the best available crop science of the time. Today's best technology is needed again to enable another green revolution, focused on sustainable intensification, to make existing farmland as productive as possible year after year. Together with economists, agronomists, farmers and consumers, the global and European crop science industry wants to make this green revolution a reality.

Challenges

Each year, there are about 75 million additional people to feed, and the global population is set to peak at around nine billion by mid century. That's like adding a new country with a population larger than France every 12 months, or having four extra European Unions in 40 years. To feed them without felling forests and destroying more wildlife habitats means we have to get bigger harvests from our existing farmland.

To compound the challenge, in the parts of the world with increasing prosperity many people are improving their diets through increased meat consumption. Since each kilo of meat needs several kilos of grain, the overall effect is projected to roughly double the demand for food and feed production. Farming, which already uses about 70 per cent of the world's fresh water, will have to find ways to produce more food with less irrigation. It will also have to reduce its very significant contribution to global emissions of greenhouse gases by limiting the main source of these emissions, which is the destruction of forests to create new farmland.

Sustainable solutions

Sustainably increasing productivity is the key to meeting the challenge: increasing harvests year after year on current farmland. Recently, the UK government published *The Future of Food and Farming: Challenges and Choices for Global Sustainability*, as part of its Foresight programme. This report is global in scope, with the insight of hundreds of experts from more than 30 countries.

Their collective conclusion? Concerted action is needed across the food supply system to ensure global food security, and no options should be ruled out. The study, in particular, recognises the vital role played by technology: "More food must be produced sustainably through the spread and implementation of existing knowledge, technology and best practice, and by investment in new science and innovation..."

But it is not enough simply to invest in new science and technology. The benefits must be made available to farmers via well-funded and effective extension and training services. And those on the front line of food production need support from policymakers in the form of an enabling regulatory framework and the ability to trade freely. All these elements must be in place to assure sustainable food security.

Studies show that current grain harvests would be halved if it were not for advanced scientific crop protection, while the continued rapid uptake of biotech crops (now grown on nearly 150 million hectares, an area equivalent to more than France, Germany and Spain combined) has reduced crop losses, the need for spraying, and carbon dioxide emissions. Bridging the gap in the uptake of technology and best practices in other regions, such as in Africa and the Russian Federation, could at least double harvests.

Policymakers must act

Global regulatory frameworks must be consistent and enabling of innovation and technology diffusion. This is particularly true in Europe, which exerts enormous influence as the world's biggest food importer.

Increasing risk aversion without taking benefits into account has led to stagnation in the growth of Europe's agricultural productivity, as well as stifled innovation and the potential loss of products and technologies, which could significantly boost harvests. The *OECD-FAO Agricultural Outlook for 2010-19* foresees food production growth of 15 to 40 per cent in all other major agricultural regions, mainly via yield increases, while output in the EU is set to grow less than four per cent due to its productivity-suppressing policies.



There's more at stake. A recent study by the Humboldt Institute demonstrates that reducing productivity by regulation and subsidy in the EU has led to an area of the developing world's farmland the size of Germany being used to supply Europe: the FAO report calls this a "land grab". This diverts food from local markets and contributes to the further destruction of forests and other natural habitats, accelerating greenhouse gas emissions and biodiversity loss. EU policymakers are failing to take this into account, even though Europeans care deeply about these issues.

If we really want to put global food security at the top of the agenda, then we also have to recognise – as do the authors of the Foresight report – that striving for self-sufficiency is no more an answer than unnecessary reliance on imports. To double the size of our harvests without encroaching even further on natural landscapes means that all available farmland must be used to its full potential and farmers allowed to use the best crop science to do the job. They should also be free to sell on domestic or international markets.

Empowering the world's farmers by educating them and encouraging them to use the best that modern crop science has to offer is truly the way to provide sustainable global food security. Major developments in the life sciences, in chemistry, and in engineering offer significant new opportunities for rapid progress, though they require multidisciplinary approaches and a breaking down of many traditional barriers. To feed the world, the world's farmers must be supported by policies that create a dynamic sector, dependent neither on subsidies nor international aid and aimed at increasing productivity sustainably on the existing farm base.



Ensuring food for all requires a risk-reduction revolution

Recent natural disasters have served as a reminder that those least able to cope are at greatest risk of poverty and hunger. But even during more tranquil times, the world's poorest people remain vulnerable to the volatility of fast-rising food prices

By Josette Sheeran, executive director, World Food Programme

The world must be on red alert, with nearly a billion hungry people and tens of millions being added to that number due to increasing food prices, natural disasters and political instability. G8 and G20 leaders have a critical opportunity to address this problem by creating sustainable solutions to global food-price volatility that, once again, is spreading hunger and instability around the world.

Never before has the risk been greater for those who have the least ability to withstand it. Nothing short of a risk-reduction revolution is needed.

Following the lead of Canada in the G8 at Muskoka last year, France is putting food security and hunger at the forefront of the G8 summit this summer and the G20 summit later in the year. In a vulnerable world with so many pressing needs, meeting urgent hunger and malnutrition is a humanitarian issue to be sure, but it is also an issue of peace and stability.

Food prices are surging, hitting historic levels, seemingly with each passing week. For the World Food Programme (WFP), which last year reached more than 100 million of the people most at risk, this means that there are more hungry people to feed at the same time as costs are rising. The World Bank reports that some 44 million people have already been cast into extreme poverty due to rising food prices.

The world is not facing another silent tsunami. As France's leadership demonstrates, the world is aware of the risks and is taking action. The secretary-general of

“The World Bank reports that some 44 million people have already been cast into extreme poverty due to rising food prices”

the United Nations has mobilised the High-Level Task Force on the Global Food Security Crisis. WFP, the Food and Agriculture Organization, the International Fund for Agriculture and Development, the World Bank and the International Monetary Fund are all scaling up support to mitigate risks for the most vulnerable.

There is also political turmoil, as is evident from the recent events in Tunisia, Egypt, Libya and elsewhere. Natural disasters have also been on the increase – as the devastating earthquake and tsunami in Japan showed. Events like these – and last year's earthquake in Haiti, floods in Pakistan or drought in Niger – used to occur once in a decade. Now the world struggles to deal with many mega-emergencies each year. In fact, the UN's Office for the Coordination of Humanitarian Affairs says that 70 per cent of disasters are now related to climate, up from 50 per cent two decades ago, and the cost of responding has increased tenfold.

These events demonstrate that in today's world risk, volatility and unpredictability are the new normal. And, right now, the poorest and most vulnerable bear the greatest risk. When a family spends 80 per cent of its income on food, shocks such as soaring prices, instability or natural disasters can cast the whole family into the ranks of the hungry overnight.

That is why WFP is asking world leaders to take action to protect the most vulnerable. WFP offers a five-point action plan to the G8 leaders this summer:

First, humanitarian emergency food-reserve systems must be strengthened to ensure that vulnerable nations and people have access to food in the case of a crisis. WFP plays a key role as a central pillar of the existing global humanitarian food-security architecture.

Second, the commitments made by member states at the Rome World Food Summit in 2009 – to exempt humanitarian food purchases from export restrictions or extraordinary taxes imposed to protect the domestic food supply – must be built on and further strengthened.

Third, smallholder farmers in developing countries – many of whom are women – must be helped. When smallholder farmers connect to markets and improve the quality and production of their products, incomes increase, children can go to school, hunger is alleviated and the farmers become a critical part of the solution to food security. Linked to this, WFP is assisting the African



Union with a groundbreaking weather-risk insurance scheme that will pool funds and disperse risk for weather-related disasters.

Fourth, social-protection safety nets must be supported and expanded to ensure that poor and vulnerable people have access to nutritious food and other basic needs. Countries as diverse as Brazil, Mexico, Ethiopia and others are showing the way on how to position safety nets to support development priorities and economic growth.

Fifth, transparency and access to information on food prices, production and stocks must be improved by strengthening multilateral mechanisms and sharing up capacities for early warning systems, household vulnerability analysis and monitoring, needs assessments

Smallholder farmers in developing nations need help to boost production and income

and agricultural production analysis, so hunger needs can be anticipated and prepared for before they become urgent.

If the world comes together, everyone can beat back hunger and malnutrition and provide a foundation of food security to help nations withstand the shocks that are becoming so frequent. G8 and G20 leaders must take bold action. With strong vision and collective investments in risk-reduction solutions, they can help poor countries cope with high and volatile prices and ensure a stable food supply to the most vulnerable while building lasting resilience.

The challenges are great, but they can be addressed if the G8 leaders at Deauville take risk off the backs of the most vulnerable with a set of concrete and sustainable food security solutions. ♦

Scaling up our response to the global food crises

There has been a long history of providing food aid to the world's poorest nations. The G8 is committed to exploiting the power of business to improve efforts to address food and nutrition security, and providing long-lasting changes to diet and lifestyle

By Laurette Dubé and Janet Beauvais, McGill World Platform for Health and Economic Convergence

Current food crises range from hunger to maternal and child food insecurity and malnutrition, to food safety outbreaks and diet-related chronic diseases. Although there is no consensus on the root causes, global leaders – in the G8, international institutions and the private sector – recognise the need to harness the power of business and other stakeholders to ensure adequate, sustainable food production for the world's growing population, with systematic integration of smallholders and local entrepreneurs into national and global value chains. Food value chains are highly complex and increasingly globalised, with many diverse stakeholders that rely on both public and private sector investment and services.

Addressing food security

Global leaders have argued for the active involvement of all stakeholders in creating policy that addresses critical food security issues. The private sector has much to offer, including a large capacity for research and development, and extensive supply chains and market penetration. Nonetheless, the dialogue and partnership among business, government, civil society and international organisations are not yet routine and have still to achieve the necessary impact.

At the 2008 G8 summit in Japan, France led the way in creating the Global Partnership for Agriculture and Food Security (GPAFS). The GPAFS was very similar

“Diet-related chronic diseases are gaining prominence as a growing global threat”

to the United Nations High-Level Task Force on the Global Food Security Crisis: it built on the efforts of international institutions to ensure attention to food security at the highest global level, and to join a broad community of experts who could inform policymakers. However, the GPAFS was designed as a multilateral financing mechanism to allow the immediate targeting and delivery of additional funding to public and private entities to support national and regional strategic plans for agriculture and food security in poor countries.

The following year, at the L'Aquila Summit, governments committed to implement the GPAFS, as well as what became known as the L'Aquila Food Security Initiative (AFSI). The initiative was a pledge for G8 countries and other governments, regional organisations and international institutions to create a fund of \$22 billion to be disbursed over three years to encourage rural development in the poor countries. The AFSI seeks to “partner with vulnerable countries and regions to help them develop and implement their own food security strategies, and together substantially increase sustained commitments of financial and technical assistance to invest in those strategies”.

The 2010 G20 Toronto Summit extended the potential role of the private sector by committing to “explore innovative, results-based mechanisms to harness the private sector for agricultural innovation”. The G20 leaders noted that “the private sector will be critical in the development and deployment of innovative solutions that provide concrete results on the ground”. They further committed to “exploring the potential of innovative, results-based mechanisms, such as advance market commitments, to harness the creativity and resources of the private sector in achieving breakthrough innovations in food security and agriculture development in poor countries”.

The G8 Muskoka Summit, in June 2010, saw the creation of the Muskoka Initiative on Maternal, Newborn and Child Health, spearheaded by Canada. The initiative would mobilise \$5 billion in additional funds over the next five years, through such actions as addressing food security and better nutrition for mothers and children.

Harnessing the power of business to assist in implementing the nutrition elements of the Muskoka Initiative was highlighted in the 2010 'Scaling Up Nutrition' framework, led by the World Bank, UNICEF, the World Health Organization (WHO) and the World Food Programme, with a range of developing country partners, civil society organisations and bilateral agencies.

While the progress in meeting the G8 and G20 commitments to food security and maternal and child health and nutrition will be reported at upcoming summits, it remains important to assess whether including private-sector funding streams in the GPAFS and the 'Scaling Up Nutrition' framework has assisted in exploiting the power of business and enhancing responses.

Despite the G8's efforts, diet-related chronic diseases are gaining prominence as a growing global threat. Chronic diseases have been the leading causes of death in developed countries for decades, but in developing countries 80 per cent of deaths now occur from chronic diseases, with cardiovascular disease as the leading cause due to changes in diet and lifestyle. Consequently, the UN announced a High-Level Meeting on Non-Communicable Diseases (NCDs) in New York in September 2011. Without the engagement of business, it is unlikely that significant and long-lasting change can be secured for diet-related chronic diseases.

Business solutions

Moving beyond traditional involvement in advocacy and basic corporate social responsibility, business has provided achievable and sustainable solutions to respond to the food crises. These have taken many forms, such as including health-promoting innovation in their value-creating activities, integrating smallholders and local entrepreneurs into supply chains, and partnering with local, national and global civil society organisations. Such initiatives still exist in silos, independent of the formal institutional architecture, be it in the agriculture, health or economic domain.

Recognising that the power of business could be better harnessed in response to food insecurity, maternal and child nutrition and NCDs, over the past decade the McGill World Platform for Health and Economic Convergence (MWP) has pioneered an interdisciplinary and cross-sectoral approach to a result-oriented analysis of dynamic systems of a kind that policymakers, smallholder farmers, business entrepreneurs, national and transnational corporations can use. The MWP experts' meeting in March 2011 at the Rockefeller Foundation Bellagio Center discussed issues of private-sector engagement in improving efforts to address food and nutrition security in all its facets.

The experts observed that business engagement in addressing food and nutrition insecurity has not reached its full potential, partly because the private and public sectors still seek to maintain their independence. Interdependent collaboration is needed to increase sustainability and scalability of value chains and other initiatives that can catalyse investment, facilitate metrics and align incentives. Multi-sectoral action of a sufficient scale and scope will only be possible where multistakeholder buy-in is assured.

Another key observation of the group was that the UN's upcoming NCD summit is an opportunity to explore new ways to engage the private sector, in addition to the existing G8 and G20 opportunities. The NCD summit is a crucial occasion to identify resources (financial and in kind) that can be mobilised for specific projects and goals arising from the meeting. Accountability will be ensured by measuring the impact of these actions by the private sector's use of innovative metrics. Concerted actions that engage business and harness the power of all actors in society, will require novel forms of organisation and collaboration across sectors where all stakeholders partake in the shared and simultaneous creation of social and economic value. ♦

A multilateral approach to food security is required to ensure consumer safety and improve overall nutritional habits



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Raising awareness of water and sanitation

Many of us take water for granted – we turn on a tap and it's there. But for many, access to clean drinking water and sanitation facilities is not a reality. Tougher measures are needed to ensure that these basic human requirements are achieved

By Loïc Fauchon,
World Water
Council

The planet is protesting, crying out about famine, poverty and violence. These are the everyday fate of most members of the human race. And we are deaf to it. The planet also weeps for the despoiling of its riches and the rape of its resources. But more often than not, we do not listen to its cries.

That is how it is with the modern world, with its increasingly human-made disasters and its conflicts that exist only on Twitter, and with its wars that are no less cruel for being silent. But one thing does not change: the weak remain weak and the poor get ever poorer. A small minority cash in while the majority barely survive.

However, there are visible signs of hope and audible messages of optimism. The human community is becoming aware – slowly it is true, but surely – that a different world is coming. The recent agreements at the conferences in Nagoya on biodiversity and Cancun on climate are the most obvious signs of this change.

There is a will to see a shift in the line that divides dialogue and consensus from ignorance and conflict. On the one hand, there is a pressing need to change a world in which the scarcity of resources is becoming, little by little, the rule. On the other, billions of people are in desperate need of food, water, energy, healthcare and education. All these types of security can be brought together under a single banner: development. So far, development has wavered between sharing and looting. There has not been enough action to push for an alternative.

Having access to water and sanitary facilities is not part of many people's normal lives. A billion people? Two billion? Many more... nobody knows how many people find access to clean drinking water and sanitation not just a question of convenience, but also – and primarily – one of dignity. This is why the right to water is such a pressing need. The General Assembly of the United Nations took an important step forward in July 2010, when it passed a resolution classifying access to water as a basic human right.

In the terminology of rugby, a try is followed by a conversion. To ensure that this right to water is enforced, we need to take irreversible long-term measures. This means including the right to water in the constitution or basic law of every country. This also means guaranteeing minimum quantities for the poorest and legislating to ensure that when schools are built and renovated, they include taps and sanitary facilities.

Ensuring this right and the dignity it confers is only possible if the foundations of better access to water are laid worldwide.

“More generous, precisely targeted funding is indispensable”



The demand for fresh water for farming and for industrial and domestic use continues to increase, and the world needs to tackle a major population explosion. It also needs to tackle demand from towns and, more generally, changes in the way people are consuming water in the major developing countries, such as India and China.

Technology can help expand the use of desalination, ship water over long distances by pumping deep groundwater, recycle wastewater and use water from karstic systems. All these new techniques can help quench the thirst of the planet's new inhabitants over time and in every corner of the globe. However, none of these techniques can help unless today's world accepts that it has to curb its own thirst. Tomorrow's world will need strict rules on the use of water. Easy water is a thing of the past. Very strict policies on reducing consumption must be gradually introduced all over the world.

As this new balance between available resources and effective consumption is gradually achieved, it is important to ensure that the financial, institutional and managerial conditions for its efficient use are right.

More generous, precisely targeted funding is indispensable. It depends primarily on more assertive political decisions to give water and sanitation budgets priority at every level – international, national and local. "Taps before guns" should not just be a trite slogan to be parroted when the occasion requires; it must be a determination to put spending on public services above spending on communications or arms.

Innovative types of funding, such as independent water budgets, special taxes such as a tax on air travel and stock

exchange operations or, under certain special conditions, microcredit, will all play an important role.

Management of water by citizens and consumers will have to be introduced in many countries where the control of water is over-centralised.

Involving water consumers by first making them aware of the issues, and then taking responsibility for them, is an absolute necessity. Making water an everyday issue for everyone will both facilitate making transparent choices about how to manage water and help people accept that water must be saved everywhere on the planet.

To do this, everyone needs more knowledge and more skills in the fields of water and sanitation. It is only worth transferring skills if they are suitable for the communities in which they are to be applied. And every day it becomes clear that such skills must include not only the ability to invest and build, but also the capacity to manage and maintain water infrastructures.

G8 members have an essential responsibility in this peaceful battle for water. They first need to raise water and sanitation to the rank of a priority for the planet, and involve international organisations and development banks. Next, they need to facilitate the implementation and propagation of 'water solutions', an essential objective of the next World Water Forum to be held in Marseille, France, in March 2012. They also need to ensure that these solutions are transformed into 'Commitments for Water', for which every government and local authority will have to answer to the international community. Water is essential to the future of humankind. It is only in this way that its continued survival can be assured. ♦

Ensuring that water users take responsibility for the issues surrounding consumption is the essential first step



Reduce, recycle and replace: District Energy as a driver for green growth and jobs



Energy is vital to the functioning of our societies. We need solutions that make it possible to combine sound economic growth with customer convenience and little environmental impact. District heating and cooling is the key to green growth. The fundamental idea of modern district heating and cooling (district energy) is to recycle heat that otherwise would be lost, and to use renewable sources to supply heating and cooling comfort to citizens. In other words, a market place for green heat that reduces consumption of natural gas and fuel oil.

Today, the share of district energy varies significantly throughout the industrialized world, ranging from up to 70 per cent to less than five per cent. Yet, with increasing numbers of the population living in cities, the technology has tremendous growth potential.

As representative organizations of the district energy sector, Euroheat & Power¹, IDEA², Dansk Fjernvarme³, and the Danish Board of District Heating⁴ decided two years ago to join forces in leading the way towards a resource-efficient, low-carbon heat supply. Together, we enjoy worldwide membership and we put our efforts into mobilizing members, customers, NGOs, municipal, regional and central governments and politicians for adequate climate action.

The second edition of the Global District Energy Climate Awards – taking place on 9 May 2011 in Paris with the support of the International Energy Agency and the French district energy associations SNCU/FEDENE⁵, just two weeks ahead of the G8 Summit – reflects this commitment by showcasing and rewarding outstanding innovative projects from around the globe.

Our associations are united by the belief that accelerated transition to a sustainable energy future is not only feasible,

but will also foster qualitative growth. We share the interest for heating and cooling as a market that provides important possibilities for better energy integration and efficiency. A market that is a giant – not only in energy consumption, but also regarding available near-term low-energy, low-carbon solutions coming along with significant economic opportunities.

Respecting the energy hierarchy

To achieve a “sustainable, low-energy future” rather than a “low-carbon future”, the industrialized countries cannot afford to lock themselves in the current energy-supply structures, infrastructures and mindset. The great majority of the population in industrialized countries lives in cities, therefore policies primarily need to address the challenge and opportunity to develop an integrated vision of electricity, heating and cooling comfort, waste, water, industrial activities, housing and transport solutions for cities.

Any scenario for green growth must include aspects such as resource efficiency, territorial cohesion, integration with urban planning, creation of jobs, long-term affordability, and local welfare. It must reconcile renewable and energy-efficiency policies,



as well as the demand and the supply side. Only by developing a systemic view we will be able to find the most resource-efficient and cost-effective way of using the wide range of locally available low-carbon energy resources, while reducing the environmental impact of all sectors and satisfying the needs and aspirations of the modern society and its citizens in the long term.

Therefore, we encourage government leaders to act and define measures along a clear energy hierarchy, which can be summarized as the three REs:

- Reducing high-grade energy consumption;
- Recycling low-grade energy that otherwise would be lost, i.e. surplus heat; and
- Replacing fossil fuels with renewable energies

Recognition of heating and cooling as markets in their own right

Heat is the major end-use of energy. Cooling demand is also set to grow dramatically over the coming decades. At the same time, almost half of the energy content of primary fuels is lost in conversion processes. Recovering at least part of these losses will, inevitably, benefit competitiveness.

Heating and cooling markets have their own specificities regarding sources, production, supply and uses that are different from other segments of the energy market. These can only be properly addressed if heating and cooling are recognized as markets in their own rights and addressed as a dedicated policy area. Where on-site renewables and measures on the building envelope are given priority over equivalent measures at the level of districts, huge potentials for efficiency improvements and the opportunity to systematically phase out direct use of fossil fuels in these markets in a time horizon well before 2050 are left aside.

To boost low-carbon comfort supply to citizens, we call for the explicit recognition of heating and cooling as policy areas and the provision of a long-term vision for these sectors that fully exploits the synergies with other markets, based on the energy hierarchy above.

Redirecting investments into sustainable energy infrastructures – also locally

Considering heating and cooling a local responsibility only as compared to electricity results in imbalances in financing and research priorities. Prioritizing policies and earmarking investments towards this sleeping giant, and investing especially in district heating and other urban energy infrastructure, would yield long-term benefits for all and result in long-term affordable prices (as compared to highly volatile prices on global fuel markets). Long-term commitment and policies, with aligned funding by governments to decentralized energies, could give an impetus to energy efficiency and renewables, while keeping the overall energy expenses for households low.

To reconcile central and decentralized energy supply initiatives, we call upon the G8 partners to demonstrate leadership by systematically including local energy infrastructures in national and international financing initiatives.

Responsibility for citizens

Sustainability calls for citizens' engagement. Empowering citizens on energy issues to make them voluntary actors, both in consumption and production, is a huge opportunity to make the process towards a new sustainable economy a success. Empowering citizens means: organizing dialogue and acceptance-building; enabling informed choices – not only at individual level, but also at the level of collectivities, with the latter being



of particular importance when it comes to local infrastructures; long-term commitments and financial incentives. Empowering citizens implies talking not only about cost, but also about value, as well as rethinking pricing and business models in a future low-energy context. Only where true dialogue exists, can innovative (societal, business) models emerge.

With a view to enable local authorities and other stakeholders to leverage on bottom-up solutions, we call upon the G8 governments to reconsider cities and citizens not only as appendix and executors of top-down policies, but to support them and all stakeholders in experimenting new, voluntary, democratic and integrated ways of organizing energy supply and acceptance-building.

More information about the Global District Energy Climate Awards can be found at www.districtenergyaward.org

In the G8 Gleneagles Communiqué of July 2005, G8 leaders stated that: "IEA will advise on alternative energy scenarios and strategies aimed at a clean, clever and competitive energy future." In Heiligendamm in 2007, these leaders issued a direct charge that nations must increase their use of Combined Heat and Power (CHP). In response, the IEA created the International CHP/ District Heating and Cooling (DHC) Collaborative to guide the G8 and other efforts. The Collaborative assesses global markets and policies for these important technologies. More information about IEA efforts to analyze the benefits of district energy and CHP can be found at <http://www.iea.org/G8/CHP/chp.asp>

Footnotes

1. Euroheat & Power, the International Association of District Heating & Cooling
2. IDEA, US-based International District Energy Association
3. Dansk Fjernvarme, Danish District Heating Association
4. DBDH, Danish Board of District Heating
5. SNCU/FEDENE, French District Heating and Cooling Association



Drought and pollution due to large-scale flower farming have caused Lake Naivasha in Kenya to dry up. Water stress levels on the continent as a whole will rise by 2020



The heat is on: challenges ahead for Durban forum

With the continent of Africa particularly at risk from climate change, the forthcoming UN conference on the topic to be held in Durban must come up with some powerful initiatives to mitigate the effects of this most pressing of problems

By Jacob Zuma, president, Republic of South Africa

South Africa feels humbled for having been afforded the opportunity to host the United Nations Conference of the Parties on Climate Change (COP-17) at Durban in November-December 2011. It is a demonstration of confidence in Africa's ability to host this meeting again, after Kenya successfully did so in 2006.

South Africa believes issues of climate change place heavy responsibilities on the shoulders of all nation states to ensure that future generations inherit a habitable world. It therefore beckons all to come up with meaningful solutions to today's challenges.

The implications of climate change are immediately understandable in light of the devastating drought in

Africa, recent floods in the Australia, the United States and South Africa, and recent wild fires in Russia and other parts of the world. Our actions have overwhelmed the world in which we live.

The implications of unmitigated climate change are too grave to imagine, especially on the continent of Africa, where in some countries yields from rain-fed agriculture could be reduced by up to 50 per cent in the next 20 years.

Some worrying challenges that lie ahead include the continent being exposed to increased water stress levels by 2020, serious challenges of food and water insecurity, which will magnify health problems, and increased strain on the resilience of many ecosystems, which will diminish the livelihoods of people living in rural areas.

“Veld fires are being reported and, in addition to severe drought, heavy and recurrent rains are being experienced”

The Bali Roadmap managed to set the two-track framework for negotiations under the UN Framework Convention on Climate Change and its Kyoto Protocol, in accordance with the principles of equity and common, but differentiated, responsibility and respective capability.

The Copenhagen Accord provided political direction by encouraging developed countries to provide adequate, predictable and sustainable financial resources, technology and capacity building for adaptation action in developing countries. The Cancun negotiations helped make further progress.

Climate change talks must produce a multilateral regime that is fair, inclusive and effective and that keeps the temperature well below 2°C above pre-industrial levels.

The multilateral climate-change regime should also seek to strike a balance between climate and development imperatives. It must not jeopardise economic growth and poverty eradication in developing countries. And there must be no trade-off between faster economic growth and the preservation of the environment.

At the domestic level, South Africa will use the opportunity of the Durban conference to inform and mobilise its own communities on issues of climate change. Environmental disasters have become an increasing burden. Veld (forest) fires are being reported and, in addition to severe drought conditions, heavy and recurrent rains are being experienced. The only way to explain these unusual climatic conditions is to share the space and ensure that our own people participate in deliberations on this important topic.

The rural economy is the bread and butter of the African people. Most Africans work and live in rural areas, and the burden of most rural households lies on the shoulders of women. In South Africa, as in most African countries, despite abundant arable land and human resources that could be translated into increased production, income and food security, serious challenges remain. The continent has the highest proportion of people who suffer from the wrath of climate change and hunger, including the largest population living below the poverty line.

We must interrupt these unfortunate patterns in Africa, where human, financial and scientific knowhow exist that could easily address problems of agricultural productivity and food security. Nevertheless, we need partners to address these challenges of low productivity and poor infrastructure, including market access and rebuilding institutions.

Almost all Africa's farming systems depend on rain-fed agriculture. Agricultural productivity thus relies entirely on the environment, and is vulnerable to the effects of climate change. Africa has prioritised agriculture and food security for its socioeconomic development. Our continent has the potential to be the breadbasket of the world.

The close link between climate change and food security is evident in the negative impacts of changing



The Lethobong power station near Johannesburg will use the Durban conference to inform and mobilise South African communities on climate change

weather patterns on food security. This is especially clear with regard to food price increases due to disruptions in farming production capacity caused by floods, drought, fires and land degradation.

As a developing African country, South Africa will use the opportunity of COP-17 to showcase the impacts of climate change. We will take forward the good work done by Mexico and approach the meeting in a spirit of open consultation with all parties and stakeholders. This will enable us to work toward a comprehensive outcome that is acceptable to all parties.

If urgent action is not taken soon, climate change will severely affect development, food production and the ability to eradicate poverty in the future.

South Africa and the G8

South Africa has engaged in G8-Africa outreach since the 2002 Kananaskis Summit, and in the Group of Five (G5) since the 2005 Gleneagles Summit. The G5 also includes Brazil, China, India and Mexico. No G5 outreach session was held at the 2010 Muskoka Summit.

South Africa has been invited by French president Nicolas Sarkozy to participate in G8-Africa outreach at the Deauville Summit on 27 May.

The Africa Action Plan, launched at Kananaskis, constituted an undertaking by the G8 to support the New Partnership for Africa's Development (NEPAD), previously introduced at the 2001 Genoa Summit. The African Partnership Forum (APF) was subsequently formed to identify and address obstacles to the implementation of the Africa Action Plan on the G8 side and NEPAD on the African side.

“Raw commodities will be the mainstay of our economies for years”

- There are four key challenges in G8-Africa outreach:
- the implementation of commitments made at Kananaskis and Gleneagles;
 - the institutional set-up of the APF, which is currently dominated by the Organisation for Economic Co-operation and Development;
 - an integrated response by the G8 to NEPAD; and
 - the need for funding to augment the \$640 million raised by Africa to finance the African Infrastructure Consortium.

South Africa and the G20

South Africa's key message to the G8 and G20 is that, together as the developing and developed worlds, we should promote stronger and more effective international partnerships for growth and development. If the world is serious about defeating the challenges of under-development, illiteracy and poverty among others, sufficient time and attention must be given to Africa at these summits.

At the G20 Cannes Summit in November, South Africa will emphasise that Africa is open to partnerships and engagement to ensure sustainable development that focuses on society, the economy and the environment, including meeting the UN's Millennium Development Goals. South Africa will also underline that African markets are open for trade and investment. The world should stop viewing Africa as only a destination for development aid.

The G20's Seoul Summit delivered important commitments for strong, sustainable and balanced growth. The Seoul Action Plan specifies deliverables in monetary and exchange rate policies, trade and development policies, fiscal policies, financial reforms and structural reforms.

Furthermore, the G20 made serious commitments to

- reform and modernise the International Monetary Fund to reflect the changing world economy – through greater representation of emerging markets and developing countries;
- explore ways to bring stability to the international monetary system;
- fight protectionism and promote trade and investment;
- recognise the importance of a prompt conclusion of the Doha Development Round;
- support the regional integration efforts of African leaders, including supporting their vision of a free trade area through the promotion of trade facilitation and regional infrastructure; and
- implement structural reforms to boost and sustain global demand, foster job creation and contribute to global rebalancing.

Our relations with the G8 remain nonetheless important, especially on the G8 Africa Action Plan, which includes commitments to support peace and security in Africa.

As a non-permanent member of the UN Security Council and a member of the African Union's Peace and Security Council, South Africa seeks closer working relationships with G8 members on disarmament, demobilisation and reintegration in Africa. We are also interested in exchanging views with the G8 members on their commitment to provide technical and financial assistance to peacekeeping operations.

As Africans, we remain convinced that our journey for the economic, political, social and cultural rebirth of our continent makes it an attractive destination for development partners.

An effort is being made to create an environment for economic growth and development. But there is still much to do in terms of economic reform and the development of infrastructure and social services in Africa. This understanding informs NEPAD.

The biggest development in Africa's recent economic relationships has been the increasing role of countries of the South in trade and investment links. Nevertheless, the advanced economies of the North provide mature markets, helpful networks, innovative technologies and an important source of foreign direct investment.

However, as we work to broaden and deepen mutually reinforcing relations with our partners in the both the North and the South, we make a special appeal on the aspect of fair trade. Progress will be greatly enhanced by economic reforms to enable more inclusive, faster growth. The completion of the Doha round of trade negotiations must thus be a priority, so that developing countries gain favourable access to markets in the developed world without restrictive conditions.

Africa has much potential for raw commodities, which will be the mainstay of our economies for many years to come. It is therefore crucial that we harness and optimise these resources in a global community where there are few trade barriers and protectionist policies. We are particularly pleased that France has indicated that the development agenda will be one of the core priorities for its presidency of the G20.

France, together with Korea and South Africa, is co-chairing the G20's Development Working Group. In view of the urgent and loud call from our continent of Africa, we also support France's particular emphasis on infrastructure and food security for this year. ♦



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Creating sustainable cities for the 21st century

The growth of cities is inexorable. The unprecedented pace of urbanisation demands that we adopt new approaches to providing essential services, and realise the possibilities offered by technology.

By Perry Stoneman and Graham Colclough, vice-presidents, Capgemini

The world is modernising and industrialising faster than ever. Meanwhile, we are witnessing unprecedented population growth: the world's population has nearly tripled since 1950 and today stands at approximately seven billion¹, an astounding change never to be repeated. These and other factors contribute to the urbanisation that is transforming our planet. Over half the world's population now lives in cities, and by 2050 this figure may rise to 70 per cent globally.² As a result, cities are expanding on a massive scale. In 2007, UN Habitat counted 19 megacities with 10 million inhabitants or more, and there will be 26 by 2025.³

Cities in the developing world face pressing humanitarian problems that those in developed countries do not – including widespread poverty, the growth of slums, and disease prevention. However, achieving greater sustainability in cities is now a priority for all alike. City dwellers are living beyond their means. Cities account for less than three per cent of the earth's land surface, but up to 80 per cent of greenhouse gas emissions⁴; and rising demand for energy will only worsen the environmental impact of urbanisation. Unless today's leaders and policymakers respond, their children and grandchildren will face the consequences: climate change, shortages of resources and massive strains on infrastructure, with the inhabitants of densely populated megacities in the developing world most vulnerable to the impact.

How can we make cities more sustainable? A city is a complex set of intersecting systems, both physical – such as the energy grid and transport network – and socioeconomic – including law enforcement and governance – whose efficiency and productivity can be improved through strategic vision and modern technology. In recent years, the term 'smart city' has been used in government, the private sector and academia to describe the application of information technology to city services, with the explicit aims of reducing costs, delivering better outcomes, and improving sustainability. Here, highlighting leading practice from some of the organizations we have collaborated with, we consider smarter approaches to energy, transport, and public services.

Energy: shaping demand, managing supply

Despite providing economies of scope and scale, cities contribute significantly to climate change and rising demands for energy. To counteract this, energy providers must manage supply and demand with less carbon impact.

This goal begins in the home, by progressively shaping customers' demand for energy and making it more sustainable. Customer portals and in-house displays can offer real-time information to help customers correlate their energy consumption

and spending. They can show individuals the pattern and cost of energy use across their household appliances, the energy derived from renewable sources, and the carbon footprint of their homes. Likewise, smart metering has the potential to even out the demand for energy throughout the day, so that the carbon impact of less-clean, peak-time energy generation is reduced. Smart meters enable the flow of renewable energy back onto the grid, and alert customers when their energy use departs from its normal pattern, resulting in higher costs and carbon emissions. Energy providers such as Fortum are deploying smart meters, making the meter-reading process more efficient and giving the possibility of a time-of-use pricing approach that encourages customers to exploit off-peak energy.

The same principle must be applied to the broader energy infrastructure. The traditional power grid carried energy in one direction from the power plant to the points of use. Smart grids, now being introduced in China, North America and Europe, support the monitoring and management of existing carbon-based energy alongside renewable energy systems through two-way energy flow and distributed generation, to reduce overall consumption.

Transport: enabling smarter mobility

As cities expand, suburbanisation widens their footprint and increases the distances their inhabitants travel for work and leisure. An effective transport system thus becomes vital to the city's productivity and delivers economic, social, environmental and health benefits for everyone.

Traffic congestion is a typical urban problem, especially in rapidly expanding cities. Here too, user behaviour can be changed to make better use of capacity. The Dutch Ministry of Transport introduced road-pricing initiatives that resulted in traffic being more evenly distributed, and the province of Utrecht developed a two-way communication system that gathers real-time traffic information and proactively suggests less-congested routes to drivers.

However, long-term sustainability depends on maximizing use of public transport as an alternative to the car. The most forward-thinking cities are developing integrated networks that allow people to make connections easily and take the fastest route using multiple modes of transport. Ideally these will be underpinned by smart solutions to fares and ticketing such as London's Oyster card, supported by a single multi-modal customer-service platform. Real-time passenger information on services will become the norm, as SNCF and Dutch Rail have already identified, because by helping customers make informed choices about their routes, transport providers can improve the customer experience while making better use of capacity.



Shanghai, China's most populous city, has seen rapid development since the 1990s and is at the heart of global finance and trade

The current trends in population and cities, compounded by today's levels of consumption and waste, do not point towards a sustainable future

Public services: improving access and efficiency

Poor public services impede the attractiveness, and thus the development, of a city. Faced with rapidly growing and changing populations, city administrations must maximise their efficiency, broaden access to services, and become more adept – not only in responding to citizens' needs, but also in proactively identifying the services that individuals, households or businesses are likely to require.

By making government *accessible* to customers via a combination of channels, including online, phone and face to face, agencies can offer citizens and businesses choice and flexibility, while improving cost-efficiency. Bureaucracy too often makes services difficult for customers to reach – unified access is the ideal. Many cities globally have realized this and are implementing progressively better means of access. Public-sector organizations can often deliver game-changing service improvements by simplifying processes and driving down their operating costs through streamlining service chains across multiple organisations, sharing assets, and implementing e-procurement platforms. Stockholm is one of several cities whose administration drives towards streamlining its customer services, freeing up resources to focus on delivery of services on the front line.

The current trends in population and cities, compounded by today's levels of consumption and waste, do not point towards a sustainable future. To steer a different course, cities need collaborative leadership, the vision to turn the latest technologies to their advantage and the aptitude to engage

their customer base in a way that fundamentally changes the game. Cities' system of systems presents a complex web for decisionmakers to navigate through, to optimise economic, social and environmental outcomes. Sustainability is paramount. Europe's emerging Reference Framework for Sustainable Cities promises to facilitate the kind of multilevel dialogue and experience sharing that is required to build vital capacity, and to provide valuable tools and metrics to foster improvement. However, the challenge transcends the developed, developing and undeveloped worlds, and demands sustained commitment from city leadership, industry and each of us to act now – for those that the 'blessed generation' leaves behind.

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Footnotes

- 1 *World Population Prospects: The 2008 Revision*, United Nations Population Division, Department of Economic and Social Affairs, New York, 2009. www.esa.un.org
- 2 *State of the World's Cities 2010/2011: Bridging the Urban Divide*, United Nations Human Settlements Programme (UN-HABITAT), London, 2010. www.unhabitat.org
- 3 *State of the World's Cities 2008/2009: Harmonious Cities*, United Nations Human Settlements Programme (UN-HABITAT), London, 2008. www.unhabitat.org
- 4 *Re-engineering Cities: a Framework for Adaptation to Global Change*, Richard Dawson, Philosophical Transactions of the Royal Society A, Vol 365, No 1861, pp3085-3098, 13th September 2007. www.rsta.royalsocietypublishing.org



Key challenges in environment and climate change

Global warming and climate change stories are never far from the news headlines, along with the need to develop a greener economy. Sustainable and renewable energy sources, such as solar power, could be the answer to the energy dilemma

By Achim Steiner, United Nations under-secretary general, executive director, United Nations Environment Programme

In just two years, the idea of a green economy, with its links to sustainable development and poverty eradication, has gone from being an interesting idea to being among the top two issues at the upcoming United Nations Conference on Sustainable Development, or Rio+20, in Brazil on 4-6 June 2012. It is also among the priorities for the French presidency of the G8 summit in Deauville, under the theme of green growth and innovation.

Many observers may wonder whether the green economy is just pleasing jargon or a genuinely new pathway to a low-carbon, resource-efficient and sustainable

21st century. Is it the fundamental departure from the development models of the past that its advocates proclaim, or just another case of the emperor's new environmental clothes?

Perhaps the answer can be found in some of the extraordinary transitions taking place in the electricity and energy sectors around the world. Many people, for example, still question whether solar power could be anything but a niche market for enthusiasts or a costly white elephant, over-hyped by environmental do-gooders.

In 2002, one private equity fund estimated that annual installations of solar photovoltaic (PV) arrays might reach

1.5 gigawatts (Gw) by 2010. In fact, 17.5Gw was installed in 2010, up 130 per cent from 2009. PV installations are forecast to rise further this year, by perhaps 20.5Gw, taking global capacity to around 50Gw – the equivalent of around 15 nuclear reactors.

This is happening not only in developed economies such as Germany, Spain and the United States, but also in countries such as Bangladesh, Brazil, China, India, Mexico and Morocco. Indeed, according to IMS Market Research, more than 30 countries will be part of this emerging solar revolution by 2015.

None of this has come about by chance. Some countries have moved early to embrace the energy dimension of a green economy, and introduced the necessary public policies and incentives. Considerable manufacturing capacity has been added, which has halved costs over the past two years. In fact, PV prices are set to halve again this year.

A nuclear power plant can take up to 15 years to build, and a coal-fired power station around five years. Mid-size solar plants of 5 to 10 megawatts, however, are now taking only about three to six months to get from the planning stage to construction. With the advent of smart grids and free-market pricing, solar PV seems well positioned to provide solutions that are scalable and quick to build.

The International Energy Agency estimates that achieving universal access to electricity by 2030 will require around \$33 billion in additional annual investments in the power sector. That sounds like a lot of money, especially in the wake of the economic and financial crisis that is still troubling large parts of the world. However, new investment, just in solar PV, was around \$89 billion in 2010. Multibillion-dollar investments also flowed into wind farms, geothermal plants and a host of other renewable energy technologies.

The tender shoots of a green economy are emerging across the power sector, driven by concerns about climate change, air pollution and energy security – as well as by the desire to generate new kinds of competitive, employment-growing industries. They can also be seen in the growth of recycling industries in Korea, or the way Indonesia is factoring forests into its social and economic planning. The challenge for Rio+20 is to agree on a range of forward-looking policies that can be deployed in part, or in whole, to accelerate this.

At its Governing Council/Global Ministerial Environment Forum, held recently in Nairobi, Kenya, the United Nations Environment Programme (UNEP) launched what it hopes will be a contribution to this debate as the world again travels the road to Rio, with the release of a *Transition to a Green Economy*.

The report analyses how a global investment of two per cent of global gross domestic product (GDP), equal to around \$1.3 trillion a year at current levels, in the green economy could unleash economic growth and positive



Solar power energy is one green solution that will offset carbon dioxide emissions

“The tender shoots of a green economy are emerging across the power sector, driven by concerns about climate change, air pollution and energy security”

social outcomes, while keeping humanity's planetary footprint within sustainable boundaries.

To place this amount in perspective, it is less than one-tenth of the total annual investment in physical capital. Meanwhile, the world currently spends between 1 and 2 per cent of global GDP on a range of subsidies that often perpetuate unsustainable resource use in areas such as fossil fuels and agriculture, including pesticide, water and fisheries subsidies that could be harvested to fast-track a transition.

In respect to fossil fuel subsidies, both the G8 and the G20, among others, have committed themselves to addressing these in declarations from previous summits. Some countries, such as Indonesia, are already moving towards this.

The UNEP report models the effects on 10 sectors, from agriculture, fisheries and forests to transport and buildings, that are as relevant to state-led economies as they are to more market-driven economies – and as relevant to developing countries as they are to developed countries. Indeed, in some cases, close to 90 per cent of the GDP of the poor is linked to nature or natural capital, such as forests and freshwater. In addition, an overall transition to a green economy would realise per capita incomes higher than under current economic models, while reducing the ecological footprint by nearly 50 per cent in 2050, compared to business as usual.

The UNEP report acknowledges that in the short term, job losses in some sectors – fisheries for example – are inevitable if they are to make the transition to sustainability. Investment, in some cases funded from cuts in harmful subsidies, will be required to re-skill and re-train some sections of the global workforce to ensure a fair and socially acceptable transition.

The report makes the case, however, that over time, the number of “new and decent jobs created” in sectors – ranging from renewable energies to more sustainable agriculture – will offset those lost from the former “brown economy”. For example, investing about 1.25 per cent of global GDP each year in energy efficiency and renewable energies could cut global primary energy demand by 9 per cent in 2020, and close to 40 per cent by 2050.

Employment levels in the energy sector would be one fifth higher than under a business-as-usual scenario, because renewable energies will take close to 30 per cent of the share of primary global energy demand by mid-century.

Under a green economy scenario, savings on capital and fuel costs in power generation would average \$760 billion a year between 2010 and 2050.

There will be those who remain sceptical at the mere notion of a green economy and dismiss such far-reaching transitions. Deauville, en route to Rio, is a moment to put the numbers on the table and show how advances in solar power alone are starting to prove them wrong. ♦

CAF agenda for sustainable energy development



Strongly committed to the environment as part of its mission to promote sustainable development and regional integration, CAF has financed energy projects worth more than US\$10 billion in South America over the last 10 years, and approved approximately US\$10.5 billion in loans during 2010

Corporate Profile

CAF is a multilateral financial institution that mobilises resources from international markets to Latin America, in order to provide multiple financial services to public- and private-sector clients in its shareholder countries. The Institution is committed to sustainable development and regional integration.

CAF offers its clients multiple financial instruments adapted to the requirements of the region. CAF also strengthens the institutional capacity of public organisations responsible for infrastructure management, by contributing to improving the analysis, planning and financing structure of infrastructure projects, through knowledge development and its own expertise.

In 2010, CAF approved approximately \$10.5 billion in loans, and demonstrated its catalytic role by attracting funds to Latin America from industrialized countries, promoting investment and trade opportunities in the region.

The Agenda for Comprehensive Development proposed by CAF seeks high, sustained and quality growth in Latin America. The attainment of these objectives needs to build on progress already achieved in macroeconomic stability, on improvements in microeconomic efficiency and on assigning the highest priority to promoting social equity, inclusion and poverty reduction, while ensuring environmental sustainability. This policy framework is necessary to address the challenges and collective problems of the region.

This integrated vision is the result of an important research programme on development issues and public policies supported both by the intellectual effort of the Institution itself, and by interacting with the public, private and academic sectors of Latin America. This program has spawned a series of specialised activities, which complement CAF's financial and business strategies and provide further support for its shareholders.

Headquartered in Caracas, CAF was established in 1970. At present, it has offices in Bogota, Brasilia, Buenos Aires, La Paz, Lima, Madrid, Montevideo, Panama City and Quito. Its shareholders are Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Jamaica, Mexico, Panama, Paraguay, Peru, Portugal, Spain, Trinidad and Tobago, Uruguay, Venezuela and 14 private banks in the region.

CAF Sustainable Energy Programme

The Institution has successfully developed a financing model adapted to customer needs, aimed at both the public and private sectors; furthermore, it has created innovative tools for energy financing, and has a well-defined environmental strategy to ensure that the projects it supports are friendly to the environment and contribute to equity and social inclusion. It also has a network of offices in the region that allows it to identify and serve customer needs first-hand and in a timely manner.

CAF has financed over \$10 billion in energy projects in South America during the last 10 years, and it is currently the principal source of multilateral energy financing in the region. For CAF, it is also important that the resources with which it supports the energy sector also add value to Latin America's competitive advantages, especially regarding scientific and technological development and the energy-related service industries.

A diverse combination of public policies is required to effectively channel public and private financial resources – as well as technical expertise – in order to develop infrastructure, overcome geographic barriers, integrate regions and communities, and increase economic productivity.

CAF's Sustainable Energy Programme aims to identify and promote CAF's strategic lines of action in the energy sector. Some of the strategic guidelines that lead CAF's activities are:

- a) Promoting energy-integration projects: acting as a catalyst for "integration projects" aimed at creating or strengthening development priorities that will form the basis for future integrated markets;
- b) Improving the quality and coverage of electricity services: encouraging development of policies, regulatory actions, business strategies and implementation mechanisms to broaden coverage of electricity services, reduce inefficiencies etc;
- c) Supporting energy efficiency and renewable energy: especially small-scale hydropower plants, biofuels and wind energy, among others, in addition to evaluations of resource potential. Furthermore, it will support energy efficiency both from the demand and supply side of energy markets, so as to contribute positively to the mitigating climate-change effects;



CAF strengthens the institutional capacity of public organisations by contributing to improving the analysis, planning and financing of infrastructure projects

- d) Articulating national and regional networks: these networks ought to be specifically designed to promote knowledge creation, the exchange of experiences, support for corporate governance issues, for example, in order to help attain a competitive balance in the sector, and to serve as a catalyst for collective action among stakeholders for the benefit of countries and industry alike.

CAF currently features the following tools to support the energy sector:

- Latin American Carbon Programme (PLAC+e): Its objectives are: (i) to promote and participate actively in the development of emissions-reduction markets, and the capture of greenhouse gases (GHG); (ii) support the identification, development and financing of GHG-reduction projects, clean alternative energy, and energy efficiency in Latin America; and (iii) the strengthening of institutions and mechanisms to stimulate and consolidate the various markets for greenhouse gases and clean alternative energy;
- Credit line aimed at supporting the development of climate-change mitigation programs and projects (CAF-KFW: €150 million): this credit line seeks to promote the implementation of climate-change mitigation projects in the public and private sectors. Through cheaper long-term financing and grace periods, the programme includes wind-power technologies, solar, geothermal, biomass and sustainable biofuels, hydropower technology, energy efficiency, energy-saving transport, industrial environmental protection, ecological development of densely populated areas and climate-change adaptation;
- Special Financing Programme for Clean Energy Projects (PROPEL): PROPEL is a \$50 million fund aimed at providing assistance to the structuring and financing of small-scale, clean-energy and energy-efficiency projects in CAF's shareholders. PROPEL will finance or invest in "green field" projects and corporate investments (expansion or rehabilitation) through the following instruments: (i) senior or subordinated term loans, (ii) partial credit guarantees, and (iii) venture capital (preferred shares, common shares, convertible bonds etc).

Environmental development agenda

CAF is strongly committed to the environment as part of its mission to promote sustainable development and regional integration. Through the development of innovative financing schemes and specific strategies and programmes, CAF's efforts

contribute to increasing environmental investments in the countries of the region.

The institution contributes to the conservation and sustainable use of ecosystems. In addition, CAF also provides support in sustainable management and preservation of environmental services, climate-change mitigation, air-quality problems, reduction of industrial and urban pollution, prevention and mitigation of natural disaster risks, and the improvement and dissemination of environmental and territorial information. CAF also supports the decentralisation processes, strengthening civil society, public and private institutions, and other actors involved in the environmental sector.

As part of its environmental strategy, CAF has defined a set of fundamental principles as a conceptual framework that guides the environmental management of the Institution and aims at two fundamental objectives:

- Constantly improve the institutional frameworks and processes in relevant entities so as to ensure they are managed in environmentally and socially responsible ways;
- Support shareholder countries in the conservation and sustainable use of natural resources and ecosystems, and in the development of the environmental sector, by incorporating long-term sustainability criteria and principles.

CAF promotes the conservation and sustainable use of ecosystems and natural resources by supporting conservation, restoration and sanitation projects. It promotes and develops environment-related markets, improves the quality of environmental investments, provides institutional support and promotes social and environmental responsibility.

- Biodiversity Program (BioCAF)
- Latin American Carbon and Clean Energies Programme (PLAC+e)
- Natural Disaster Risk Management Programme
- Program for Sustainable Development in Financial Institutions

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A winning partnership: business with backing from government

To make real progress on sustainability, the concept needs to be integrated into core business models. And to accelerate this process, governments must provide support

By Björn Stigson, president, World Business Council for Sustainable Development

The alignment of business and sustainability has come a long way since the United Nations Conference on Environment and Development, held in Rio de Janeiro 19 years ago. Chief executive officers (CEOs) are now embracing sustainability as a market advantage and a business imperative for a future world where resources and carbon will be constrained.

In fact, more than 90 per cent of CEOs around the world believe that sustainability issues will be critical to the future success of their businesses, according to a 2010 survey by the UN Global Compact.

But to hit the sustainability milestones needed to create a world in which nine billion people are living well and within the limits of the planet by 2050, governments must partner with business and provide incentives and market certainty for sustainability. It will take government action to spur companies and consumers to accelerate the inclusion of sustainability into their near- and long-term decisions.

It is hard to deny the importance, risks and opportunities of sustainable development when an additional 2.3 billion people will inhabit the world in 40 years. By then, 70 per cent of the population will be concentrated in cities. Here, they will produce 20 per cent more municipal waste (more than 13 billion tonnes), if the world continues a system in which only 25 percent of all waste is recovered or recycled. The expanded population will also require agricultural productivity to increase by two per cent annually, a growth rate similar to that during the Green Revolution of the 1950s and 1960s, and will use other natural resources at similarly increased rates.

“ Sustainable development’s market potential has not been fully incorporated into standard business practices ”

Although these statistics are daunting, they also point to enormous opportunities. In fact, sustainable development business opportunities in natural resources, health and education alone could add up to \$10 trillion at today’s prices, or 4.5 per cent of global gross domestic product, by 2050.

Still, by and large, sustainable development’s market potential has not been fully incorporated into standard business practices. Only 44 per cent of CEOs cite revenue growth and cost reduction as driving factors for taking action on sustainability, while more than 70 per cent of CEOs cite ‘brand, trust and reputation’ as one of the top three factors for action, according to the UN Global Compact survey.

The companies that quickly grasp sustainable development’s impact on their bottom line, rather than just on their public relations, will be the winners of the ‘green race’ involving low-carbon, sustainable solutions. This is a key message of the World Business Council for Sustainable Development (WBCSD) and a foundation for its ‘Vision 2050’, a scenario in which nine billion people are living well and within the limits of the planet by 2050.

The belief that sustainable business models are an economic story is gaining momentum in the business world. Yet business cannot move alone. Governments must support the adoption of sustainable development into corporate culture. Indeed, they can enable it. Strong national and international frameworks can guide business investments and decisions by providing companies with necessary incentives and stability. Governments must be as committed as business to incorporating sustainability into their policies on regulations, incentives and management decisions as consumers.

For example, energy use in buildings is 40 per cent of the final energy consumption and carbon dioxide emissions in most countries. The International Energy Agency has concluded that buildings must cut 18.2 gigatonnes (GT) of emissions over the next two decades to reach its goal of cutting 48GT in total carbon emissions by 2050.

But market forces will not transform buildings fast enough to meet this goal without policy intervention. A WBCSD study on energy efficiency in buildings found that increasing the price of energy or carbon will boost reductions in future carbon emissions only by about three per cent. Government policy for setting energy-efficient building standards will be a critical component in reaching emissions-reduction targets, as well as helping to ensure energy security.

It will take a broad mix of policy measures to fully transform the sector. The European Commission recently concluded that, if European Union members increase energy-saving measures, the EU could meet the short-term goal of cutting greenhouse gas emissions by 25 per cent by 2020 – on a path to reducing emissions by 80 per cent in 2050. The Commission urged EU members to require the refurbishment of at least three per cent of their buildings each year and to apply higher efficiency standards for government purchases of goods and services.

Strong government sustainability policies are important for more than just meeting targets. Countries are in a ‘green race’ of their own – one that will determine the great economic and geopolitical influence for the 21st century. Governments that can create conditions in which businesses will be rewarded for their investment in sustainability will become the most attractive to companies, innovative thinkers and jobs. Those societies will be the true winners of the future.

At present, the G8 members represent the most advanced economies in the world. The G8 forum presents an ideal platform for members to take the lead on developing incentives and sound regulatory frameworks. In this way, they will show more CEOs that the goals of sustainability and profitability are aligned.

The direct, yet informal, structure of the G8 presents a favourable setting for including input from business into the discussion. One of the biggest obstacles to meaningful progress on sustainability is the lack of coordination and consultation – and even awareness – between how governments set their policies and how companies conduct business.

Solar-powered house, Washington DC. Buildings need to cut 18.2GT of emissions in the next two decades to reach 2050 goals

The G8 Deauville Summit is an opportunity for its participants to break down this public-private barrier and start to create more public-private partnerships. The world needs a model to incorporate business into discussions that can be carried on to the G20 summit later this year and to Rio 2012 next year.

Improving the lines of communication and coordination between governments and business will be an essential element on the road to sustainability. The methods for measuring progress, setting prices and values, accessing financing, implementing taxes and supporting research and innovation require reform. These changes are required to unleash the full potential of private industry so that it can help to solve the world’s sustainability issues.

Businesses around the world stand ready to help. A coalition of business associations – comprising WBCSD, the International Chamber of Commerce and the UN Global Compact – has already formed the Business Action for Sustainable Development 2012 (BASD 2012). This organisation aims to ensure strong business engagement by providing positive and constructive business input into the Rio 2012 process.

Building sustainable development into core business models will require both company initiative and government guidance. Governments that implement proper policies to support sustainable development will reap the benefits of attracting businesses and building stronger economies. Companies that envision and act on the prospects of sustainability, both to mitigate risk and capitalise on opportunities, will lead the financial markets. Now is the time for the G8 to lead this prosperous public-private partnership into a sustainable future. ♦



The magic of forests: a Norwegian perspective

Forest owners in Norway manage photosynthesis for the good of society

The Norwegian forests absorb a net amount of CO₂ that almost equates to the total Norwegian CO₂ emissions from fossil fuel-based heating and transport.

The photosynthesis is Nature's never-ending cycle for converting sunlight, CO₂ and water into biomass. The forests need good management and stewardship to fulfil their place in the cycle and provide optimal value, be it for recreational purposes, for CO₂ absorption or as timber. There are some 120,000 forest owners in Norway who, in this way, become stewards of the photosynthesis. Many of these are organised in forest cooperatives. Viken Skog BA is one of eight forest cooperatives in Norway, owned by 11,800 forest owners. They manage their property according to the age-old principle of handing it over to the next generation in better condition than when they themselves took charge of it.

Well-managed forests yield economic value multiple times over the pure timber value. Timber deliveries worth NOK 1 million will give a total value creation in Norwegian society of NOK 10 million, as raw material used in such varied applications as newspapers, parquet flooring or dissolving pulp used in a summer dress.

The forests of Norway have high recreational value for the population. Norwegian forestry allows people to wander freely in the woods and opens up for widespread activities both in summer and winter. The forests may take on an even greater future role in securing the general health of the population by providing space and opportunity to pursue various sports and outdoor activities.



Mobilising energy innovation

Climate change poses huge questions for humanity, but in doing so it offers the world's communities a focus through which to build bridges across cultural divides and work together for a more sustainable global village. One company is at the forefront of organising intellectual and material resources towards that future

We are on the threshold of an energy revolution that will give low-carbon technologies a crucial role. Energy efficiency, many types of renewable energy, carbon capture and storage, new energy transportation and distribution technologies and sustainable mobility will all require widespread deployment if we are to reach our world's greenhouse-gas emission goals. Every country and sector of the economy must be involved.

Contributing through collaboration

Alliander, the largest energy network company in the Netherlands, is set on contributing to this global responsibility by collaborating with universities and research labs, government and public organisations, vendors and solution integrators.

Understanding the need

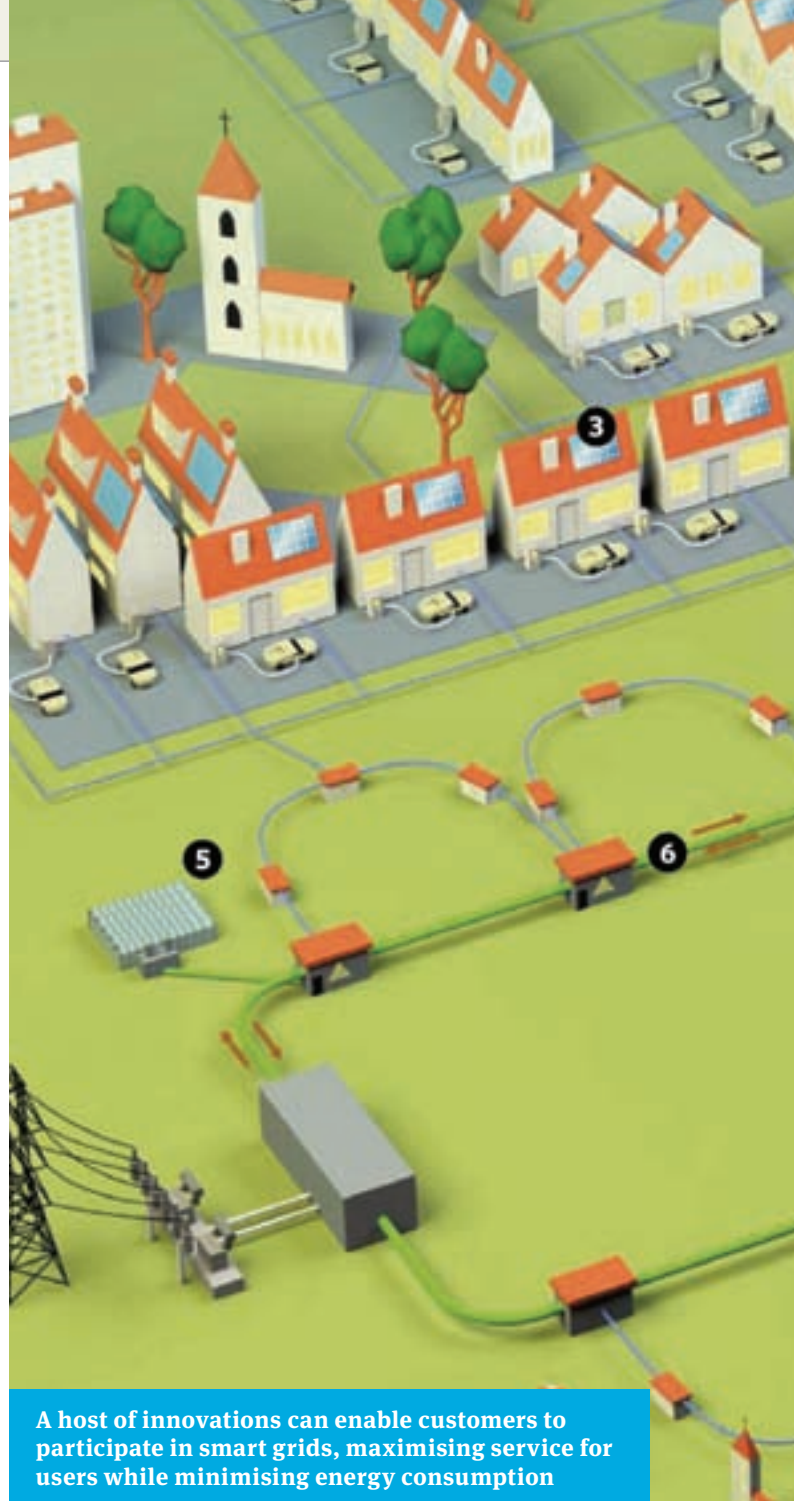
At Alliander we understand the urgent need for this energy transition and we contribute with demonstration projects based on technology roadmaps and international partnerships.

Smart grid infrastructure through customer participation

To date, many of the Alliander demonstration projects have focused on implementing a trusted and reliable smart grid infrastructure with active customer participation. Projects include smart meter pilots, energy-saving pilots and showing leadership in the reliability and the security of the smart grid.

Standardisation is the key

Smart meter pilots at Alliander focus on standardisation. In different countries smart meter roll-outs are being implemented in different ways and different bodies are held responsible for smart metering. Therefore, a standard set of services,



A host of innovations can enable customers to participate in smart grids, maximising service for users while minimising energy consumption

functionalities, architectures, use-cases and technologies should be made available. A common set of standards will serve many goals. It will ensure interoperability, reduce duplication of work, create a level playing field and maximise economies of scale. Common standards can also be used as a reference when drafting international tenders and contracts. And finally, these standards could help in removing significant delays and extra costs of multiple testing and approval. This will enable the industry to market its products faster and cheaper.

Demand-side response vital

Energy-saving pilots focus on the demand-side response by the consumer. The increased availability of information on energy consumption should help customers to make more informed decisions on their energy saving.

Devices for saving energy or that offer an off switch can intelligently cut all power to home appliances if desired. Home-automation sensors, switches and controllers can be used to handle more complex sensing and switching.



Support and advice tip the balance

Decisionmakers must be mindful that information alone is often not enough to help consumers change their behaviour. Support and advice are frequently needed to maximise energy savings. Customers must also be able to easily evaluate deals available on the market by comparing their energy consumption patterns. In addition, customers who also produce energy need to have the ability to participate in relevant energy markets in order to purchase and sell energy.

Security of supply is a guiding principle

Assuring the security of supply is at the heart of Alliander's culture. Therefore, we are committed to only implement smart grids with the highest possible reliability. Alliander believes that improvements in ICT security increase the robustness and resilience of the smart grid from both a physical and cyber perspective. In this way, extra ICT security will reduce the probability and consequences of human error, technical failure, deliberate attacks and natural disasters.

International effort to overcome barriers

What Alliander learned from these pilot projects was that significant barriers must be overcome in order to deploy smart grids on a worldwide scale.

Clear international regulation and standardisation and a free exchange of information are critical success factors. To implement safe and reliable smart grids, governments, research organisations, industry, the financial sector and international organisations must work together. Alliander is actively stimulating that goal to enable smart grids to deliver its substantial contribution to a clean energy future.



www.alliander.com

How smart grids are transforming the electricity landscape

The smart grid network is revolutionising the way electricity is delivered by providing a superior service that leaves outmoded grids in its wake. The challenge now is for governments to regulate the process in order to ensure consistent, universal standards

By Ella Kokotsis,
G8 and G20
Research Groups

Energy and environmental security depends critically on smart grids that can reliably, efficiently and affordably deliver clean electricity from an optimal set of diverse generation sites, across high-voltage transmission lines, to where energy is ultimately needed – homes, schools, hospitals, businesses and other end users. The classic concern with ensuring reliability and preventing blackouts has now been compounded by new challenges associated with rising global energy demand, the need to ‘wheel’ power over longer distances, concerns over nuclear safety, terrorist threats to critical energy infrastructure, the drive for lower electricity costs and the urgent need for a cleaner, greener and more sustainable electricity system that helps control climate change.

Through advanced monitoring, analysis and communication capabilities, smart grids offer a new approach that optimises the operation of the entire electrical grid. In order to realise their potential, however, several questions must be addressed: How have technological advances made grids smarter and what does the future promise in this regard? How are national governments and industry working to realise this potential and overcome regulatory and jurisdictional barriers? How and why is international cooperation important?

Technological challenges

Jurisdictions around the globe acknowledge the pressing need to modernise electricity grids as their existing ageing infrastructure and delivery systems are wearing out.

Increased demand for electricity consumption, thanks to population growth and the addition of countless electronic devices, is overtaxing fragile electrical grids, particularly during times of peak demand. As delivery systems are reaching the end of their life cycle, overall reliability is being compromised. But smart grids are well positioned to mitigate this problem by taking advantage of new, evolving technologies. Smart meters, plug-in electric vehicles, renewable integration, in-home generation, smart appliances and energy storage represent several leading-edge technologies that can significantly increase the efficiency and reliability of the entire electricity system. Smart grids can connect all of these information and communication technologies to expand the capacity of the current electricity infrastructure to provide enhanced

reliability, efficiency and sustainability. Over time, technological advances in computing, communications, digital automation and business intelligence tools will be capable of seamless and secure interactions within a more mature and smarter grid.

The regulatory landscape

The success of smart grids ultimately depends on how these numerous components connect and interact. With smart grids so broad in scope and the standards so complex, national governments and industry must try to realise the potential of smart grids in a onerous and dense regulatory landscape. One particular major challenge lies in integrating devices from numerous providers worldwide.

Interoperability standards must allow utilities to buy equipment from vendors that will work across various interfaces and at all levels. These devices need to go beyond speaking the same language to understanding each other’s ‘thought processes’. The International Electrotechnical Commission is the only standardisation organisation that applies a truly international and consensus-based protocol to smart grid technical standards. To date, it has identified more than 100 standards. The ongoing development of such standards is vital in enabling new products, services and markets, as well as anticipating and responding to system disturbances, natural disasters and physical or cyber attacks.

The importance of international cooperation

Public interest groups around the world are pressuring politicians to reduce carbon dioxide emissions through the adoption of alternative energy sources and the implementation of energy-efficiency regulations. The integration of renewable energy into smart grid technology can reduce global dependence on fossil fuels, the production of atmospheric greenhouse gas emissions and the need to import energy. Investments in wind, solar, biomass, marine, geothermal and hydro, combined with energy storage technologies and vehicle electrification, can be used to leverage the smart grid to reduce toxic emissions significantly. Recent US studies estimate that by using smart grid-enabled mechanisms, US greenhouse gas emissions can be reduced by as much as nine per cent below 2005 levels by 2030. Smart grid deployment is clearly a key tool in addressing some of these climate change challenges, but it also enables environmentally



The success of smart grids depends on how well the various components are able to connect and interact





aware consumers to assess and react to their own environmental impacts. Continuous international dialogue, cooperation and consensus building are therefore necessary to harmonise and align smart grid programmes so that they will have a positive impact on environmental sustainability.

What the G8 can do at Deauville

At the 2009 L'Aquila Summit, the G8 leaders recognised that renewable energies “play an essential role” in meeting the dual challenge of reducing emissions and lowering fossil fuel consumption and dependence. The leaders committed to promoting the “research and development of and investment in smart grids” to enhance energy efficiency and “accelerate efficient and secure integration of renewable energy sources and distributed generation into the electricity system”.

Assessments by the G8 Research Group of the G8's compliance with its L'Aquila commitments found several initiatives aimed at fulfilling their smart grid pledge, including the allocation by the US Department of Energy of 32 smart grid grants worth \$620 million. For its part, Canada allocated \$146 million towards 19 clean energy projects in smart grid, solar, wind, tidal and geothermal, while the United Kingdom announced its contribution of £18 million for start-up companies developing new fuel cell, marine, wind, photovoltaic and smart grid technology.

At Deauville, the G8 leaders can build on this foundation by establishing a task force to foster smart grid technology, innovation and economic development opportunities within the context of environmental sustainability. Such a

Existing methods of electricity supply can be improved upon by the introduction of smart grids, reducing emissions and addressing climate change challenges in the process

“ Investments in wind, solar, marine, geothermal and hydro can be used to leverage the smart grid to reduce toxic emissions ”

task force would need to address the challenges of common standards that advance the growth and commercialisation of smart grid systems and technologies.

Moreover, the task force would need to recognise that, in order to integrate renewable sources effectively into smart grids, new transmission lines will be needed. Current transmission planning, siting and construction can take upwards of 12 years with onerous government approvals. Engaging stakeholders and encouraging private and public sector support will be key in bringing the benefits of smart grids to end users. Deauville, therefore, is a historic opportunity to seize the enormous potential of smart grids and encourage innovation, offering better choices to consumers and, ultimately, promoting a cleaner and healthier global environment. ♦

Leading the (R)Evolution of Electric Mobility

Portugal has developed the first national integrated smart grid for e-mobility – the MOBI.E system. MOBI.E is an integrated charging solution for electric mobility. With a single card, it is possible to charge the battery of any electric vehicle at any charging point with electricity supplied by any retailer. MOBI.E promotes a faster adoption of e-mobility.



By Mr João Dias Coordinator of the Portuguese Office for Electric Mobility

Portugal is leading the way towards a more sustainable mobility. In June 2010 José Sócrates, the Portuguese Prime Minister, inaugurated in Lisbon the first charging point of MOBI.E. It was the first of a pilot infrastructure network comprising 1,350 charging points distributed around the country. This network will be completed until June 2011 and will be the first of its kind in the world. Private operators are already investing in their own charging points, adding to the pilot network.

Why is electric mobility so important for Portugal?

The share of renewable energy in Portugal increased significantly in recent years, reaching more than 50 per cent of the total electricity production in 2010. This change is mainly due to the growth of wind power, which augmented from 341GWh in 2002 to 7,440 GWh in 2009. However, other projects have been developed in areas such as photovoltaic and wave energy. The share of renewable sources in total electricity production will be 60 per cent in 2020.

Additionally, although EU Directives have led auto manufacturers to improve the consumption performances of cars, private transport is still running mostly based on fossil fuels, making cars one of the greatest sources of greenhouse gas (GHG) emissions. Electric mobility is the first proposal to change this situation in a structural way.

Therefore, electric mobility is the missing piece for a more sustainable mobility model. First, electric engines are more efficient than internal combustion engines. Second, electricity is locally produced, reducing the dependence on imported fossil fuels, which is crucial from both an external balance and a strategic perspective. It is expected that the energy dependence will be reduced to 74 per cent by 2020, from over 90 per cent currently. Third, electricity produced from renewable sources slashes GHG emissions and improves the air quality of urban areas. Fourth, it contributes to a better management of the electric grid, as smart systems, such as MOBI.E, will promote the

storage of energy, transferring electricity consumption from peak- to low-demand periods. And finally, it reduces the cost of mobility.

Moreover, electric mobility is also important because it is creating jobs and wealth in the country, fostering the green economy.

Why is Portugal leading this revolution?

Several reasons are behind Portugal's leadership in the field of electric mobility.

First, the Portuguese government is committed to reinforce the role of Portugal as a competitive economy for the development and production of goods and services with a high technological content. This policy has been highly successful, as the data for research-and-development (R&D) expenditure confirms: in 2009, R&D expenditure reached 1.71 per cent of GDP, more than twice the 0.81 per cent figure of 2005.

Second, as was previously explained, important investments were made in the energy area. In fact, these investments in renewable energy, but also on energy efficiency and smart grids, were designed as a tool to promote economic development, promoting R&D and attracting private investments. Several measures are also being implemented in the area of energy efficiency. Two of the most important projects are InovGrid and MOBI.E. InovGrid is one of the most modern smart grid experiments in the world. A pilot is being conducted in the city of Évora, where approximately 50,000 houses do already have smart meters in the first large-scale experiment. MOBI.E is the electric mobility program, a natural evolution on this strategy.

Third, because Portuguese people are keen to try new technologies: Portugal has embraced new technologies as few other countries, as the experience with mobile phones, electronic payment tools or internet broadband penetration confirm.

Finally, and this is perhaps the most important factor, there is a national political consensus on the importance of these policies. It is worth mentioning that José Sócrates was the first prime minister in the world to use an electric vehicle as an official car for city travelling.

Portugal has developed the first smart grid for e-mobility – the MOBI.E system

The MOBI.E system is the first smart-charging system for electric mobility to be implemented in the world. There are some distinctive features of MOBI.E that are critical factor to promote electric vehicles penetration.

- MOBI.E is an integrated payments solution for sustainable



Portugal's MOBI.E national vehicle-charging network is the first of its kind in the world

mobility. With a MOBI.E Card, users may charge their vehicle batteries at any location. But they can also pay for car parking, public transportation or a car-sharing service. Thus, Mobi.E integrates other forms of sustainable transportation. As the system was optimised, it has a very low cost and it can eventually be used as a micro-payment system. Moreover, from any device connected to the internet, it is possible to reserve a charging slot at a specific station, to check the status of an ongoing charging or to know which charging operations occurred, how many kWh were used and the cost.

- MOBI.E is a smart grid for electric mobility, not just a set of charging stations. MOBI.E was designed as a smart grid, and it will be possible to control the charging processes, in order to transfer electricity consumption from low- to peak-demand periods. This is particularly relevant in a country such as Portugal, where renewable sources form such a large share of electricity production.
- MOBI.E is an ongoing project on a national scale. MOBI.E presents significant advantages over other initiatives as it has been developed since early 2008, is already being implemented on the ground and has a national scale, rather than being a fragmented local or a regional project.
- MOBI.E has an open-access and market-oriented philosophy. Since the program for electric mobility started to be developed, some conditions have been set. In fact, from the beginning it was defined that the system would have to:
- Have a national scope, rather than being a local or a regional initiative;
- Be interoperable and have an open-access philosophy, meaning that it has to have the capacity of integrating all the relevant stakeholders and preventing monopolistic situations and network effects;
- Attract private investors and be based on the private initiative, promoting a fast expansion of the system;

- Allow a more rational investment in the charging network, lower investments per player, higher demand per charging station, higher returns, lower cost for the user, faster adoption
- Have a positive impact on the electric system management through the application of the smart grid concept to the battery charging.

Taking all these conditions into account, a large number of public and private entities were involved in the development of what MOBI.E is today. And what is MOBI.E today? MOBI.E is the first integrated and large-scale experiment in electric mobility in the world facing a real test situation. MOBI.E is the most complete and comprehensive billing and management system for electric mobility ever developed, having the capacity of integrating all the existing and fragmented projects that exist in different countries.

Portugal, a living lab for electric mobility

Portugal was the scenario several auto-makers have chosen to launch their first electric vehicles in Europe, recognising the country's leadership position. But Portugal is also the place where many innovative products and services related to mobility are being developed and tested, creating opportunities for companies based in the country. The open and modular characteristics of MOBI.E allow the system to be implemented in other geographies. MOBI.E is the standard for electric mobility.



www.mobie.pt

Satellite observations

ESA's indispensable contribution to the challenge of climate change

Just as the cartographers of earlier centuries climbed mountains to have a better overview of their surroundings, we are sending satellites into space to get a better picture of our planet at large. However, it is not only photographs of Earth's surface that scientists are looking for – much more can be achieved through more sophisticated satellite applications. The fleet of silent sentinels in space helps us to better understand the global processes that shape our environment, and also our future.

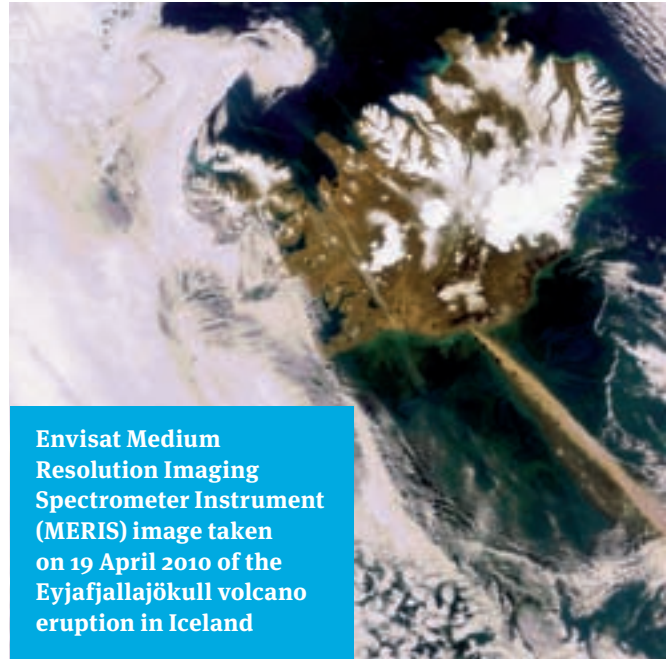
The European Space Agency is a pioneer in terms of Earth-observation satellites. It has been instrumental in making meteorology one of the first sustainable and operational space applications in Europe, having put efforts into the development of the Meteosat missions since the 1970s. The long-lasting ERS-1 and ERS-2 missions and Envisat, the world's largest environmental satellite, have provided an immense amount of valuable research data to more than 4,000 scientific projects worldwide and, routinely, to service providers every day. One of the most urgent topics of our time is the understanding of the underlying mechanisms of climatic change, and the contribution of humankind towards it.

In order to find out more about this urgent topic, it is indispensable to look at the state of, and more importantly the changes in, the Earth's climate that come about as the result of the interaction between various components – such as the atmosphere, the cryosphere, the hydrosphere, the land masses and, not least, the human sphere of influence. ESA is developing a veritable fleet of so-called Earth Explorer missions that shed light on open questions regarding these Earth systems. Three Earth Explorers are already in space.

GOCE, a mission to map the Earth's gravity field with unprecedented accuracy, was launched in March 2009. SMOS, the ESA Soil Moisture and Ocean Salinity mission, followed in November 2009. Only five months later, the third Earth Explorer – ESA's ice mission CryoSat – was delivered into orbit in April



ESA's 2009 global land cover map was generated using 12 months worth of data, collected from 1 January-31 December 2009, from Envisat's MERIS instrument. GlobCover 2009 proves the sharpest possible global land cover map and can be created within a year. The map's legend uses the UN Food and Agriculture Organisation's Land Cover Classification System.



Envisat Medium Resolution Imaging Spectrometer Instrument (MERIS) image taken on 19 April 2010 of the Eyjafjallajökull volcano eruption in Iceland

2010. Another four Explorers are under development. Each mission uses the most modern technology, often never flown before, to close observation gaps and deliver accurate and reliable data for measuring the pulse of the planet.

As important as satellites in space are, they nevertheless represent only one part of the quest to better understand climate patterns. Less spectacular, but equally important, is the utilisation of many years of archived data sets, their reprocessing with the newest scientific algorithms, their comparison and their interpretation. The Global Climate Observing System (GCOS), in the context of the UNFCCC, defined a set of Essential Climate Variables (ECVs), which shall be systematically monitored, in order to quantify the state of our climate in an objective and effective way. In response hereto, ESA has given birth to the Climate Change Initiative, which systematically generates, preserves and gives access to global data sets for many of these variables.

With the help of new satellite systems, such as those developed through the Global Monitoring for Environment and Security (GMES) programme of the EU and ESA, and the exploitation of the infrastructure already in space, it is possible to advance both scientific and political ambitions. Earth observation is a perfect example of linking research and technology development with the care urgently needed to work towards a sustainable future for all of us.



Tough measures to ward off future fuel shocks

For energy security, economic and environmental benefits, governments need to act on climate policies, reduce volatility and phase out fossil fuel subsidies

By Nobuo Tanaka,
executive director,
International
Energy Agency

Geopolitical events in North Africa sent oil prices surging during the first quarter of 2011, compounding the price rises of 2010 driven by steadily increasing demand in major economies. Together, these represented a 30 per cent price increase since September 2010. The uncertainty in energy markets again underscores the dependence of the global economy on fossil fuels.

Not only does this dependence contribute to global climate change in the longer term, but sustained high prices also threaten to undermine the economic recovery in the short term. Consumers are forced to endure higher costs for energy, and more expensive energy drives up prices of food and other necessities. An oil price averaging \$100 per barrel through 2011 would inflict an 'oil burden' of around 5 per cent of global gross domestic product (GDP) – a level that has coincided with sharp economic slowdown in the past. The most vulnerable consumers are those in energy-importing developing countries and in emerging economies, where growth in demand is greatest.

Reducing dependence on imports

Even if countries take steps to reduce their energy demand, projections by the International Energy Agency (IEA) imply continued high levels of spending on oil and gas imports through the coming decades. In the 'New Policies Scenario' of the IEA *World Energy Outlook 2010*, which takes into account the broad policy commitments and plans announced up to mid-2010, global oil demand continues to increase, rising from 84 millions of barrels per day (mb/d) in 2009 to 99 mb/d in 2035. India's projected spending on oil imports is highest as a proportion of GDP, reaching 5.1 percent at market exchange rates by 2035.

However, under the IEA's more ambitious climate change scenario – in which countries meet a target of stabilising carbon dioxide emissions at a concentration of 450 parts per million – India's projected oil imports in 2035 would be \$80 billion, or 29 per cent lower because of increased energy efficiency and the successful deployment of new energy technologies, such as electric vehicles. So policies focused on achieving climate change objectives can also bring substantial benefits to global energy security.

Transparency and oversight

While sustained high oil prices clearly have negative consequences, extreme volatility in energy markets is also destabilising, both for producers who must plan investments with uncertain future revenue streams and for consumers who must ensure adequate budgets to cover their energy needs. Such fluctuations affect not only fossil fuel investment, but also investment in other

energy technologies, especially those that are not competitive below a particular price level.

The IEA has been working closely with other organisations – including the International Energy Forum (IEF) and the Organization of the Petroleum Exporting Countries (OPEC) – to understand the drivers behind price fluctuations. In particular, efforts have been made to examine the interaction between physical and financial markets for energy. Joint efforts have also been made to review the current regulatory framework for commodity futures and derivatives markets, as well as their objectives and the extent of proposed regulatory reforms in key market sectors.

The IEA holds the view that market fundamentals of supply and demand are still at the core of determining price, but that expectations, geopolitical risks and financial flows also play a role. Regulators are taking steps to improve the oversight of futures markets, but improved transparency of physical data is also necessary, especially in regard to oil demand and stock data in emerging economies. Continued cooperation and active dialogue among energy consumers and producers, on data and market outlooks, are important elements in improving understanding of shared concerns and in bringing greater stability to the market.

Enhancing energy security

One important factor that continues to exacerbate volatility by distorting price signals is fossil fuel subsidies, as highlighted in a report presented by the IEA, the Organisation for Economic Co-operation and Development (OECD) and the World Bank to the G20 summit in Seoul in November 2010. By setting prices below the market value, subsidies encourage energy consumption and waste, thereby driving up demand, increasing emissions of greenhouse gases and draining government budgets. Fossil fuel subsidies also undermine the competitiveness of renewables and more efficient energy technologies.

Ironically, subsidies often benefit not the poor for whom they are intended but rather the rich, as the latter tend to consume more energy. In its analysis, the

“ Extreme volatility is destabilising for producers and consumers ”



Filling up at the petrol pump. Future consumers may be recharging their electric vehicles, under an optimistic scenario

IEA estimated that fossil fuel subsidies amounted to \$312 billion globally in 2009, down from \$558 billion in 2008. However, with rising oil prices, early signs of inflation in some emerging economies and the impact of the world recession lingering, it is uncertain if this downward trend continued in 2010.

The phase-out of fossil fuel subsidies would enhance energy security, reduce emissions of greenhouse gases and bring immediate economic gains. If these subsidies were eliminated by 2020, global energy demand would be cut by 5 per cent, or around 4.7 mb/d of oil – equal to the current consumption of Japan, Korea and New Zealand combined. A complete phase-out would also represent a significant step towards tackling climate change by reducing carbon dioxide emissions by 5.8 per cent, or 2 gigatonnes, by 2020. In 2009, G20 leaders committed to phase out fossil fuel subsidies. Failure to achieve this goal will be costly. The IEA estimates that these subsidies could amount to \$600 billion by 2015 if no action is taken.

Progress towards climate goals

While fossil fuels are expected to remain a predominant portion of the global energy mix in coming decades, governments have the tools to lessen the impact of this dependence on their economies and the climate, while strengthening their energy security.

Climate policies that encourage energy efficiency, as well as the development and deployment of new energy technologies, reduce demand and so drive down countries' reliance on costly imports. Better regulation and understanding of price volatility can help governments to plan energy investment and avoid the economic damage of unexpected spikes or troughs in investment in all forms of energy. The elimination of fossil fuel subsidies will also help reduce global demand, thereby removing market distortion and cutting greenhouse gas emissions.

If governments take these necessary steps, they will not only enhance their energy security, but also make progress towards climate goals. ♦

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Climate change >>

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Europe must steel itself to rethink its unilateral emissions policy

Only massive R&D, deployment of breakthrough technologies and a competitive industry that is free to grow can help to reduce global greenhouse gas emissions

By Gordon Moffat, Director General of EUROFER, the European Confederation of Iron and Steel Industries

The current global commitments for reductions in greenhouse gas emissions will not deliver the result seen as necessary by the IPCC to limit the global temperature increase to two degrees celsius to avoid dangerous climate change. On the contrary, the commitments made by world leaders in December 2009 in Copenhagen and thereafter will lead to a further massive increase in global emissions. The EU did not succeed in its self-imposed role as world climate leader – in order to lead you need followers; in this instance no one followed and the European unilateral targets are now self-defeating.

For example, the commitment made by China to reduce its CO₂ emissions intensity by 40 per cent compared with business as usual effectively allows it to increase emissions by 75 per cent to 90 per cent by 2020. This is an increase of five billion to six billion tonnes of CO₂ in just 10 years, an increase that alone will be more than today's total European CO₂ emissions.

Experts predict global annual steel production will grow from 1.3 billion tonnes in 2010 to 2.3 billion tonnes in 2020. This

growth will be generated outside Europe, mostly in emerging economies, with an increase in CO₂ emissions in the range of 2.5 billion tonnes in the global steel sector.

These examples show that the climate battle cannot be won without adequate commitments by both developed and emerging economies. It shows also the absurdity of an EU climate policy that does not allow for growth of the most carbon-efficient steel companies in the world and that leaves even the best performers unprotected, with billions of additional unilateral costs. The EU's steel industry may have costs in the range of €25 billion in the third EU emissions trading period (2013-20) – costs that its competitors do not have to bear. European companies will have less capacity to invest in R&D (research and development) in breakthrough technologies to reduce their own emissions and for innovative solutions that reduce emissions in other sectors. Yet massive investment in R&D and the deployment of breakthrough technologies is the only remedy for human-made climate change.

The idea of 'cap and trade' has been abandoned or rejected by every other major economy in the world – the US, Canada, Australia, Japan. Emissions trading is not the policy to drive climate action from manufacturing industry. Imposed on industries such as steel, which have process emissions that cannot be squeezed indefinitely, it simply imposes a burden that discourages investment, hampers growth, jeopardises competition and, if applied unilaterally, is environmentally counterproductive. This is why all other economies apart from Europe have rejected cap and trade.

The EU emissions trading directive and its 21 per cent cap fail to create a level playing field for Europe's industries. While our global competitors grow quickly, the quasi-ban on growth under the ETS will directly lead to leakage of CO₂, production and jobs. Further increasing the EU's own target as currently discussed will just drive production out of Europe – not overnight, but a steady process that has already been running for some time due to the framework conditions in the EU. Leakage is a fact: a study by Policy Exchange shows that the EU is only on track to meet its Kyoto target because emissions have been "offshored" to countries such as China. It says that "the total EU carbon consumption – including, for example, the carbon produced during the manufacture of steel exported from China to Europe – shot up by 47 per cent" between 1990 and 2006.

The answer to climate change is not to force the delocalisation of industry, but to use manufacturing industry as part of the solution – only industry can find the solutions for a sustainable approach to climate change.

The European steel industry reduced emissions per tonne of steel by about 50 per cent between 1970 and 2005. Between 1990 and 2005 alone, reductions were 21 per cent. The industry is now close to the limits of what current technologies can do, and any

Vacuum Arc Remelted steel (VAR) for aerospace applications



Photo: Tata Steel

**No wind power without steel – on average,
70 per cent of a wind turbine is made from steel**

further significant improvement will need the development of breakthrough technologies and heavy investment. Projects such as ULCOS (Ultra Low CO₂ Steelmaking), with several promising new technologies to further reduce emissions from steelmaking, will need heavy investment if they are to be successful. However, the absurdity of the EU's policy is that the revenues from auctioning of CO₂ allowances and other eco-taxes do not flow

The European steel industry has much to offer. It is an indispensable part of some of the world's most successful value chains, developing and manufacturing thousands of innovative steel solutions

back to serve the proclaimed goal of converting the economy as quickly and smoothly as possible into a low-carbon economy with competitive energy prices. These are, therefore, simply taxes that prevent rather than promote R&D.

The European steel industry has much to offer. It is an indispensable part of some of the world's most successful value chains, developing and manufacturing in Europe thousands of different, innovative steel solutions.

The industry provides the foundation for innovation, durability, CO₂ reductions and energy savings in applications as varied and vital as automotive, construction, machinery, household goods, medical devices and windmills.

A recent study by the Boston Consulting Group (BCG) on the German steel industry compares the CO₂ savings from innovative

steel applications – such as more efficient power stations, wind turbines or lighter vehicles – with the CO₂ emissions from steel production. The study shows the savings potentials achieved through the use of steel are higher than the emissions from steel production in Germany. One-third of the German government's plans to cut greenhouse gas emissions by 40 per cent in 2020, compared with 1990 levels, can be achieved with innovative steel. Many reduction potentials can only be achieved through the use of steel, and not with other materials.

On average, 70 per cent of a wind-power installation is made from steel. In the near future, greater installed power using large-scale turbines from 7MW up to 12MW and totally new designs for 15MW to 20MW will be needed to further improve efficiency. New steel solutions will play a major role in achieving this goal, for example for the tower and the generator.

It is crucial to preserve a strong, innovative and competitive industry. Unilaterally applied climate policy has to be shaped and implemented to protect the competitiveness of industry in Europe until such time as a global level playing field for internationally traded, carbon-intensive goods is established. Pressure on industry should therefore not be increased by further unilateral targets that are not supported by technology. Policy must support rather than hinder the development of the technologies necessary for carbon reductions. Only industry can provide the applications that are essential.

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European Confederation of Iron and Steel Industries

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Beyond the nuclear option

Nuclear power had been on the rise until the recent earthquake and tsunami in Japan. Now, as governments around the world review their existing and planned nuclear programmes, they will need to consider what, if any, are the alternatives

By Victoria Panova,
Department of
International
Relations and
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Nuclear power has always been among the most controversial sources of energy, drawing substantial opposition from ‘green’ politicians and the general public. But, until recently, the idea of nuclear power as a legitimate and viable alternative source of energy had been slowly, but surely, gaining ground. One by one, European countries were becoming less resistant to the possibility.

Meanwhile, there were long-term strategies for developing nuclear energy and plans to build new reactors in the United States, Russia and France, not to mention the ‘nuclear rush’ of the 1990s in Asia, particularly in China, India and Korea. Indeed, lacking energy resources of its own, with 55 reactors Japan has traditionally relied heavily on nuclear energy. But most of those trends reversed within hours of the nuclear accident at Fukushima Dai-ichi, following the earthquake and tsunami that hit Japan on 11 March.

Fukushima has been compared to the accidents at Three Mile Island in the US in 1979 and Chernobyl in the former Soviet Union in 1986. It has been graded as severe as Chernobyl at a level of seven, according to the Nuclear

Industrial Safety Agency – in comparison with Three Mile Island’s five – although its fallout has affected a much smaller geographic area. However, technically, Fukushima is more like Three Mile Island. Both had problems with emergency systems that should have allowed for cooling of the reactors. Nonetheless, there are 1,760 tonnes of nuclear fuel at Fukushima, compared with Chernobyl’s 180 tonnes.

The immediate reaction to Fukushima was fear, and even panic, on the part of the world’s population and its leaders. There were public demonstrations. Several governments started reducing dependence on nuclear energy. German chancellor Angela Merkel announced the three-month closure of seven reactors that had begun operating in the 1980s. Even in the US – the country least likely to reject the nuclear option, which provides up to 20 per cent of its energy – Secretary of State Hillary Clinton called for an urgent review of its energy policies. Meanwhile, Russia continued to negotiate the construction of nuclear power plants with its partners and announced a deal with Belarus. Nonetheless, all the countries involved in developing atomic energy announced they would review the safety systems in functioning reactors as well as in those under construction.



Apart from the real environmental and health damage as a result of the Fukushima tragedy, mid- and long-term strategies for developing nuclear energy must once again be reconsidered, as they were following both the Three Mile Island and Chernobyl disasters. Will Fukushima bury nuclear energy as an alternative to fossil fuels, or will it simply postpone its development until public fear subsides? Are there other alternatives to replace them, and how available are they?

Options for the future

Alternative sources, including renewable energy, have been on the global agenda since the energy crises of the 1970s. However, they have been concerned mostly with dependence on hydrocarbons and the associated challenges of climate change. At the 2006 G8 summit in St Petersburg, where energy security was a priority, the Russian host tried to push through nuclear energy as an environmentally friendly option. Even then, it was not perceived positively by all – a perception likely to continue at least over the medium term after the Japanese tragedy.

Yet there seem to be no dramatic options for increasing the use of hydro, solar, wind, tidal, geothermal and other types of low-carbon power generation, despite a strong political and economic push. Even before Fukushima, there was an active effort to expand those sources commercially.

Bloomberg New Energy Finance reported that global investment in clean energy rose from \$186.5 billion in 2009 to \$243 billion in 2010 – in part because of environmentally friendly stimulus packages – and doubled the 2006 figure. This increase was mainly due to research and development in renewables, higher than expected growth in China, efforts to replace dirty coal industries, and Japan's eagerness to ensure its own energy independence as well as American and European efforts, especially in the area of solar energy.

But even in terms of the immediate economic consequences of Fukushima, hydrocarbons remain the

Devastation at Japan's Fukushima Daiichi nuclear plant, after the earthquake and tsunami of 11 March

“ Even in terms of the immediate consequences of Fukushima, hydrocarbons remain the primary energy source worldwide ”

primary source of energy worldwide. Moreover, countries with nuclear weapons capacity will continue to operate nuclear power plants, as will high-tech threshold countries, such as Japan itself, for purposes beyond the guarantee of alternative energy supply.

Priorities for 2011 and beyond

As the 2011 G8 chair, France has included green growth among its top priorities for the Deauville Summit. It sees the G8's task as assisting the European Commission and its Europe 2020 strategy for green growth, as well as the United Nations Environment Programme in its preparations for the Rio+20 conference in Brazil in 2012. The G8 will also encourage the Organisation for Economic Co-operation and Development in developing its green growth strategy later this year.

What could the G8 do in direct response to the Fukushima accident? It could begin by considering the following suggestions:

- The current monitoring system used to comply with the Comprehensive Test Ban Treaty should be enhanced to facilitate the international exchange of information among national early warning systems through a single, unified global system;
- International legally binding agreements should be implemented so that national authorities cannot impede immediate access to the site of an accident to permit international experts to evaluate the scale of the event;
- The work of relevant departments of the International Atomic Energy Agency – of nuclear energy, of technical cooperation and so on – should be strengthened, and recommendations should be made to develop an internationally recognised action plan for close to zero-possibility accidents;
- Legislative and financial incentives for renewable energy sources should continue and be expanded, so they can become commercially viable and submitted to the G20 for discussion at the Cannes Summit in November. ♦

Regulation regime undergoes a revolution

While shifts are taking place in energy production and consumption, energy market regulation is itself changing. But it still needs to maintain a strong, independent framework, and political support is essential in order to ensure this is achieved

By Lord Mogg, chair, International Confederation of Energy Regulators; chair, Ofgem; chair, Board of Regulators, Agency for the Cooperation of Energy Regulators

The origins of energy market regulation are rooted in the need to protect consumers in those industries where natural monopolies are central to the operation of the market. In the gas and electricity sector, historically the main role of energy regulators has been to regulate the pipe and wires networks to ensure investments are adequate and yet efficient – value for money – and to promote competition in those parts of the market that are not natural monopolies, such as gas shipping and electricity generation and supply.

It is critically important that the framework of energy regulation provides for a strong and independent regulator. Without this essential ingredient, the regulatory certainty that is so important to give confidence to investors and market participants will be absent, or at least in doubt. This overall regulatory approach has been tested in many countries across the world and has been found to work – and to work very well. Traditional energy regulation has targeted the achievement of the most efficient outcome for consumers. Ensuring prices are at a competitive level has been the priority, and this has been the single-minded focus of regulators.

But the game has changed. The challenge of climate change is one of the most serious issues facing the world's governments, with energy production and consumption being among the major sources of greenhouse gas emissions. Consequently, governments across the world are demanding that the way energy is produced be radically changed, and that energy consumption be made more efficient.

In almost any newspaper today, there are articles on the need to develop a particular type of zero- or low-carbon electricity generation, or on the need for smarter metering to help consumers become more energy-efficient. This

“Energy regulators are committed to collaboration, to develop and share best practices within their areas of responsibility”

public discussion of the future of energy in a carbon-constrained world is healthy. It indicates a substantial change already under way in the global energy industry as it prepares to tackle this problem. To meet the climate change challenge, energy markets will need to be re-engineered; major investments will be required, with the introduction of innovative technologies.

But those newspaper articles do not describe the revolution underway in the business of energy regulation. The result is that the role of regulators is little understood. Against a background of major changes, energy regulators have to do three things: develop a framework to enable this essential investment; ensure that the money is spent efficiently to minimise the impact on customer bills; and ensure that the risks inherent in such a major technology change are properly managed.

Energy regulation can help to create the necessary incentives and stable framework to encourage new energy-sector investments to come online, while at the same time safeguarding the public interest. All energy regulators recognise the fundamental role they play in seeking to respond to the global challenge of climate change. They are committed to collaboration, to develop and share best practices within their areas of responsibility.

The fourth World Forum on Energy Regulation took place in Athens in 2009, and the fifth is planned for Quebec in 2012. At the Athens meeting, the world's energy regulators issued a declaration on tackling climate change, and also established the International Confederation of Energy Regulators (ICER) as a means of enabling greater collaboration in tackling the global challenges affecting the energy market. ICER is a virtual organisation – it operates mainly through email, conference calls and other electronic means among the various regulators – and thus has a wide reach across the globe.

The declaration, in addition to creating ICER, also committed energy regulators to several concrete actions, which include:

- supporting the delivery of energy to all in developing markets within the context of rising energy costs and environmental constraints;
- promoting energy efficiency;
- conducting a review of renewable energy and distributed generation;
- sharing best practices and developing new approaches on regulatory issues that are central to meeting targets for greenhouse gas emissions;
- fostering stronger network interconnection and facilitating compatibility of regulatory frameworks in order to create more efficient energy systems; and



- further reinforcing engagement in the international climate change process.

ICER has now been operating for more than a year. Its work on climate change issues is led by one of its four virtual working groups. ICER fulfilled a commitment made by the G8's energy ministers when they met in Rome on 24-25 May 2009, where gas and electricity regulators from around the world committed to prepare a report on regulatory practices for energy efficiency. This was provided to G8 energy ministers at the time of the G8 Muskoka Summit of 25-26 June 2010. This report is important because it provides a – possibly unique – global overview of regulatory measures that have been taken to encourage energy efficiency. It will be updated periodically.

The confederation has also begun work on the review of renewable and distributed generation. This work could shed light on the regulatory issues associated with the integration of these new forms of generation into electricity systems. This work is likely to be completed later this year.

In addition, ICER has established many mechanisms to enhance communication among regulators to assist

Climate change concerns are causing governments to demand that energy consumption be made more efficient

with the spread of best practices. Most of these are web-based tools, but ICER is also active in promoting physical workshops internationally. Indeed, it has an active programme of dialogue with other international organisations. It promotes conferences with other international bodies where there is a clear regulatory agenda. It is developing closer links with academic bodies – and already has close organisational links with the Florence School of Regulation – with the intention of strengthening the level of academic input into the development of energy regulation.

All of this activity demonstrates the strong commitment of energy regulators to playing their full part in tackling climate change. Energy regulators have put in place, and are continuing to develop, machinery to enhance their capability. Critical to success, however, is the political commitment to a strong and independent framework of energy regulation, with independent regulators at the centre of it. The G8 Deauville Summit should provide the political leadership to reinforce the importance of the role that energy regulators play across the world. ♦



ACHIEVING AN AFRICAN GREEN REVOLUTION THROUGH AN INTEGRATED APPROACH

Agriculture is at the centre of life and the economies of Africa. It is Africa's lifeline and the roadmap for moving tens of millions of Africans out of poverty. Three-quarters of Africans are farmers, with roughly 40 per cent of the continent's GDP coming from agriculture. Smallholder farmers, the majority of whom are women, produce most of Africa's food.

The Alliance for a Green Revolution in Africa (AGRA) believes that the continent's pathway to prosperity begins with investments in Africa's most valuable assets – its farmers. Success demands comprehensive change across Africa's battered value chain. Programmes in seeds, soils, markets, policy and innovative finance are creating transformational changes across the entire agricultural value chain. AGRA is calling for increased support for agricultural development in Africa by the G8 countries.

GROWING PROSPERITY



Africa can achieve food security by unlocking the potential of its smallholder farmers



One would expect that the rising food prices on the global markets would translate into increased incomes for farmers in Africa since agriculture is their dominant occupation. Instead, we are seeing severe hunger among the rural poor, and more than 265 million people undernourished.

Smallholder subsistence farmers make up most of the 50 per cent of Africans living on less than US\$1.25 a day and so are unable to invest on their farms to produce enough to feed themselves and their families and participate in the market economy. African governments spend some US\$50 billion importing 43 million tonnes of food to feed the hungry. But these figures could grow exponentially with rising global food prices and reduced domestic production.

The incidence of drought and lack of good seed and the prevalence of poor soils are a few of the constraints contributing to African agricultural productivity falling behind that of every other continent. Productivity in Africa averages less than one tonne per hectare for grain crops, far below the global average of over four tonnes per hectare. Evidence suggests that increasing agricultural productivity by 10 per cent can reduce poverty by four per cent in the short term and 19 per cent in the long run. However, these figures would still remain unobtainable without policies and investments that support smallholder farmers.

It is anticipated that the growing food crisis, coupled with the impacts of the fuel crisis, will increase the cross-border movement of people, with Europe being a key target. Internal displacement, especially from rural to urban areas in Africa, is already happening, putting pressure on already limited urban resources. Prolonged food crises undoubtedly lead to an increase in the number of hungry people and can precipitate civil unrest, as has been witnessed in many African countries recently.

Smallholder farmers in Africa are keen to deliver long-term solutions to chronic hunger and poverty across the region. Africa has the land, the labour and the will to grow the food needed to end the undernourishment that affects more than one in three people.

But to realise its potential, Africa needs a Green Revolution to catalyse change across the entire agricultural system, thus enabling smallholder farmers to significantly boost their yields and income. This can be done by focusing investments in smallholder farmers, through integrated programmes in the areas of seeds, soils, market access, agricultural finance and appropriate policies that have full appreciation of the impact of climate change. Together, this holistic approach will trigger sustainable change. There is no one single solution but rather many small integrated interventions identified and implemented by farmers.

Currently, only about one-quarter of Africa's smallholder farmers have access to good seeds, compared to, for instance, 80 per cent of farmers in China. As a first step, we must rapidly increase the availability of high-quality, locally adapted seed, at prices farmers can afford. AGRA is doing this through investments in farmer-participatory crop-breeding, training the next generation of African crop scientists and providing start-up capital for the establishment or expansion of African seed enterprises.

To revitalise millions of hectares of degraded farmland over the next 10 years, AGRA is promoting the increased

use of inorganic and organic fertilisers, combined with improved sustainable land and water management in an integrated soil-management system.

In addition, cost-effective regional fertiliser procurement facilities and national fertiliser production and distribution methods are being explored. National retail networks are being developed to distribute improved seed and fertilisers to rural farms. Already in 15 countries in Africa – including Ghana, Nigeria, Malawi, Tanzania, Kenya, and Zambia – 9,200 agro-dealers have been trained and certified.

Farmers need markets to sell their produce to be able to reinvest in inputs and land improvement. Emphasis should be on developing local and national markets. Improving infrastructure, reducing transaction costs and linking farmers to national, regional and global markets will serve as critical incentives to farmers. The potential to expand Africa's share of the global market beyond the present ratio of two per cent may only be realised by first expanding intraregional trade. A 2008 World Bank report indicated that Africa is the world's second most trade-restrictive region after South Asia.

At the core of agricultural transformation is the need for policies across Africa that support land security for women, and enhance their access to financing, extension services and education. In addition, policy support should focus on strengthening farmers' associations and civil society organisations that benefit smallholder farmers.

Moving African agriculture from subsistence to a market-oriented business is the vision that AGRA is propagating. Massive investments will be needed, especially in infrastructure. The International Food Policy Research Institute (IFPRI) estimates that Africa will need \$32 billion to \$39 billion annually to realise the full economic potential of its farm sector, not including the cost of climate-change adaptation.

These funds must come from many sources: African governments, official development assistance, foreign direct investment, philanthropic contributions from within and outside Africa and from Africa's own private sector. Africa needs investment on a par with that which was made in agriculture in Asia and South America in the 1960s and 1970s, which averted famine and spurred high, sustainable rates of economic growth.

While this investment is massive, it is achievable. If African governments meet their commitment to invest at least 10 per cent of their national budgets in agriculture under the Comprehensive Africa Agriculture Development Programme (CAADP), a minimum of \$20 billion will become available from domestic budgets. Already, many governments have begun to do so.

At the same time, increased investments by the global community, including bilateral and multilateral partners, foundations, and especially the private sector, are needed to make up much of the remaining shortfall and, ultimately, unlock the continent's agricultural potential. Working together in partnership, African smallholder agriculture can be transformed into an efficient system that will lift millions of people out of poverty.

Dr Namanga Ngongl
President, AGRA

Strengthening good governance in Africa

With African countries all at different stages along the road to good governance, achieving it across the board poses a challenge, despite support from the African Union and increased demand from the people of the various member states

By John Kufuor,
former president,
Ghana

The issue of good governance is at the heart of developmental and political discourse in Africa. It is perhaps the most essential component in Africa's socioeconomic development and progress. Indeed, the African Union (AU) prescribes the adherence of all 53 of its members to the pursuit of this principle. However, given their uneven historical and developmental backgrounds, the realisation of this goal across the board demands formidable strategising. While many of these states are plodding their way toward establishing good governance, many have yet to cross its threshold.

Good governance refers to state-society relations that are democratic, including respect for human rights and the rule of law. They are developmental and allow for the management of the economy in a way that enables economic growth, structural change and the judicious use of available resources in a sustainable manner; they are socially inclusive, in particular of minorities and ethnic or religious diversity. These relations tend to be captured in constitutional arrangements of the institutions designed to render the transparency and accountability of the rulers and the responsibility of the ruled in the conduct of their civic duties, especially in the exercise of their franchise. Disregard for the provisions of the constitution, which must issue from the acknowledgement of the sovereignty of the citizens, invariably results in the deterioration of state-society relations, which ultimately leads to political instability.

The end of the Cold War and the ensuing spread of information technology unleashed the knowledge revolution, which has had a dramatic impact on governance in Africa. It has heightened global demand for centring respect for basic human rights in governance. In practically all African countries, people insist on exercising their franchise to pick their leaders. But many electoral systems still leave much to be desired.

Today's digital revolution is deepening the cry for freedom and justice, which transcends national boundaries and divisions of race, gender, religion and ethnicity. The current situation in North Africa, with individuals demanding their rights and freedoms, illuminates the extent to which these values have received acceptance in Africa. As Africans become more knowledgeable of their individual rights, they press for more accountable, transparent, inclusive governments. They demand solution-oriented governments to fight poverty, disease, hunger and unemployment.

The establishment of the AU and of the New Partnership for Africa's Development (NEPAD) reflects the awakening on the continent to the need for a transformation of governance. NEPAD's three-pronged

approach, emphasising economic and corporate governance, political governance and peace and security, points to the realisation of good governance among the member states. The strengthening of good governance throughout the continent is already causing impunity, corruption and conflicts to abate. The major fault lines have led to civil unrest and destabilisation, and in the extreme have even caused failed states. NEPAD's commitment to securing good governance as the foundation for accelerated development is attested to by the establishment of the African Peer Review Mechanism (APRM), to which more than half of AU members have voluntarily subscribed.

To strengthen good governance further, primacy should be given to the adoption of enlightened constitutions in



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As Africans become more knowledgeable of their rights, they press for accountable, transparent, inclusive governments

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the individual states. Constitutions provide the institutional framework and principles for governance. They therefore should serve as the reference point for good governance and institute the benchmarks for assessing the governance of any polity. Democratic constitutions should be based on the sovereignty of the individual. Representative governments should be accountable and transparent, and the individual must also be a responsible citizen. These attributes are best secured through multi-partyism and the separation of powers in governance – the executive, the legislature, the independent judiciary, independent, fair electoral mechanisms and a free-spirited media.

In this context, Barack Obama's assertion that "Africa needs strong institutions, not strong men" is right. However, in the absence of good-quality human resources, quality institutions might not function as desired. Good leadership becomes critical for ensuring the proper staffing and interactivity of the crucial state institutions. The persona of the executive president has, more often than not, been the touchstone for the success or otherwise of governance, especially in the developing world. Such pivotal factors include that individual's respect for constitutionalism and the constitutional institutions, his or her vision and commitment to uplifting the nation, and the proper preparation for the high office in which that individual personifies the state and is also the chief executive officer of the state. Unless astutely and competently harnessed and managed by that person, these factors would lead to the unmaking of good governance.

The policies of the executive must be prioritised in line with human resources and overall capacity development, which determines the provision of education at all levels, affordable health care, enlightened law and order regimes, and infrastructure. Those policies must also create an atmosphere for entrepreneurial development

Surfing the internet at Kigali airport, Rwanda. The knowledge revolution has had a dramatic impact on governance in Africa

“With the right policies and partnerships for modern agriculture, Africa could become the breadbasket for much of the world”

in a diversified economy. NEPAD appreciates the urgency of this situation and thus calls for partnerships for accelerated development of the continent. Therefore it is an act of good governance for leadership to have a solid grasp of geo-politics to set the necessary parameters for interaction with the rest of the world, and also to negotiate effectively with partners.

Africa abounds in natural resources, and the rest of the world – including China, Brazil, Japan, India, the European Union, the US and Russia – is pursuing partnership with it. These resources must be exploited within the ambit of good governance to improve the lot of Africans. Africa has 60 per cent of all the world's unfarmed arable lands. With the right policies and partnerships for modern and commercial agriculture, Africa could become the breadbasket for much of the world, starting with Africa itself. Africa also abounds in major water courses such as the Congo, Nile, Niger, Limpopo and Volta rivers. The Congo River alone may be capable of generating 40,000 megawatts of electricity – enough to supply the whole of the continent, with surplus for export. In addition, there are huge hydrocarbon reserves in most parts of the continent. The mineral wealth of Africa, much of which is industrial and strategic, includes iron, gold, platinum, uranium and bauxite.

Africa's burgeoning population is estimated at one billion, a big enough market to attract investments in all economic sectors – transport, manufacturing, services, agriculture and industry. Geographically, Africa occupies the centre of the continental arrangement of the globe, with the Americas to the west, Asia to the east and Europe directly north. All these assets, which cry for investments, should make strengthening good governance most critical for the continent's states. Doing so will effectively launch the continent into the mainstream of globalisation, help realise the Millennium Development Goals, and more.

Today's global community is characterised by interconnectedness. All parts are affected by events occurring in the others. The spearhead institutions, such as the G8, G20 and the multilateral organisations, should therefore be sensitive to the challenges facing Africa. Their assistance in empowering Africa to overcome these challenges should bring benefits to the entire globe. Therefore, these institutions should incorporate Africa's interests and challenges into all their deliberations, including trade, finance, climate change, and science and technology.

The members of the G8 and G20 should bolster cooperation with the AU and partnerships with African countries that would make for win-win outcomes rather than dependency. For starters, they should assist in establishing independent electoral systems to command universal respect of election results. They should support regional groupings, such as the Economic Community of West African States (ECOWAS) and Southern African Development Community, to ensure good governance among their member states, which could then become the building blocks for the eventual union of Africa. ♦





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New opportunities for development: Africa is capable of catching up

After 50 years of disappointments, Africa must find innovative ways of developing quickly. But the path to growth being proposed is rooted in the continent's historic economic policy and underlying doctrines

By Diéry Seck,
director, Centre
for Research on
Political Economy,
Senegal

Over the last half century, Africa has been trailing the rest of the world in economic development and social progress. It has increasingly fallen behind. But this can change for the better. The current debate on the continent's future prospects is clouded by views that may give hope, often with limited substantiating evidence, but without stating how long-term development will be achieved. Here are three such views.

First, it is said that African countries were spared from the severe impact of the financial crisis that swept the world from 2007 to 2009. However, the record on stock market performance and the expansion of domestic credit does not support this claim. Second, most donors maintain that aid to Africa has become better coordinated and more effective, in the spirit of the Paris Declaration, and now leads to more development of the continent. Yet convincing evidence is still lacking in this regard. Finally, many say that in the 21st century, Africa will unleash its potential, making use of its ample natural resources and young population. But how will this be achieved? After more than 50 years of trials and mostly failures, with a few bright spots too short-lived to make a lasting difference, Africa needs to design and implement innovative ways to develop swiftly and sustainably.

Remarkably, the path to economic growth being proposed has its root in the continent's historic economic policy and underlying doctrines. During the first phase, which lasted from independence to the 1980s, African countries trusted their national governments to play the dual role of policymakers and key economic actors.

This led to major domestic and external imbalances that structural adjustment programmes sought to remedy in a second phase, which spanned the 1990s. That phase was marked by the relegation of government to policy functions and its retrenchment from the economic sphere, as well as the promotion of the private sector as an engine of growth. All these reforms were implemented at the national level.

Since 2000, Africa has increasingly embraced a strategy of regional integration and reshaped the notion of sovereignty to accommodate the new powers bestowed on regional economic communities (RECs) and the African Union. The policy actions of these groupings are gradually

extending from the political sphere to include the economic and sectoral spheres. However, the past decade has shown that the mismatch between policy making conducted at the regional level and economic activity led by the private sector and done almost exclusively at the national level is not conducive to economic growth and development.

A new model of the African firm is now being proposed that will bolster wealth creation at the regional level. Africa's state of underdevelopment is often explained by its small and segmented national markets, its limited financial and human capital and its poor political and corporate governance. Profit-seeking concerns could be created under the initiative of the private sector and the auspices of RECs, with which they would be directly registered. These region-wide initiatives would transcend national boundaries and regulations to raise capital within the REC and abroad, seek regional markets especially for large investment projects, and deploy human and financial capital where it is most profitable. Such corporate branches of RECs – that is, CRECs – would benefit from the legal and policy umbrella of the RECs and contribute to economic convergence among the region's countries and between the region and the rest of the world.

While a classical investment consortium could be the basic funding formula, development partners would be invited not to provide aid but to acquire venture capital,

“ A new model of the African firm is now being proposed that will bolster wealth creation at the regional level ”



which can be extended to development finance institutions such as the African Development Bank, the World Bank and the International Finance Corporation. If necessary, aid could be provided through the bulk purchase of goods or services produced by CRECs for delivery to target populations.

National governments would benefit through local job creation, potential reduction in their balance of payment deficits and increased regional trade. The formulation of public policies and implementation of corporate initiatives at the regional level would facilitate long-term development planning, strengthen coordination of national policies and give RECs more power to negotiate on behalf of their member states. However, a prerequisite of paramount importance would be to enhance their economic policy capacity, which is one of the weakest aspects of regional integration initiatives in Africa.

The model of the CREC firm has indirect advantages that would benefit the overall development effort of African countries. First, it would contribute significantly to the emergence of a single, frictionless, fully integrated, trans-national market for goods, services, capital and labour. Second, given its regional scope, the CREC firm would more easily escape capture by misguided or corrupt national authorities, thereby reducing the incidence of poor governance in the region, especially if the regional judiciary and regulatory framework is strengthened.

Third, the larger size and higher level of expertise that would characterise CREC firms would improve the overall competitiveness of the region's industries and increase

Selling goods at an African market. Africa has been lagging behind in economic development and social progress

its global market share. Fourth, if RECs have a stronger mandate to manage the region's corporate activities, they will be in a better position to negotiate with, and regulate, large international companies as well as to establish and enforce geographically uniform regulation and supervision. This power could include collecting tax revenue on behalf of national treasuries.

Finally, surrender of more economic and corporate powers by member states would lighten their policymaking obligations and help them focus more on social issues, which is sorely lacking considering the historically unfavourable performance of African countries in welfare measurements such as United Nations Development Programme's Human Development Index.

A few caveats are in order. Even with the existence of CRECs, the primary responsibility for economic development rests with national authorities. This new initiative would only be one more instrument to boost growth. National governments would still need to adopt and maintain appropriate fiscal policies and be wholly accountable for their social development, perhaps with the additional revenue that CRECs could potentially provide. Moreover, CRECs would not substitute for national industrial sectors that would still need the attention of national policymakers.

Most likely, at least in the foreseeable future, CREC firms would represent a small fraction of the number of enterprises, albeit among the largest. But CRECs could most certainly provide success stories in a region of the world that needs them more than anywhere else. ♦

Anambra State of Nigeria: Achieving the Millennium Development Goals



Mr Peter Obi,
Governor of Anambra State

1. BACKGROUND: THE STATE, ITS VISION AND DEVELOPMENT STRATEGY

1.1 The State and its Chief Executive

Located in the south-east geopolitical zone of Nigeria and home to the Anambra Igbo, who are undoubtedly the most entrepreneurial group of people in sub-Saharan Africa, Anambra State today is under the democratic governance of Mr Peter Obi, who was elected Governor in 2006 and re-elected in 2010 for a second four-year tenure, thus becoming the only Governor of the State ever to serve two terms.

With solid academic preparation at a variety of Ivy League institutions, complemented by vast business/financial experience garnered from positions as chairman and director of a number of quoted companies, Mr Peter Obi came well prepared for the job.

Before becoming Governor, his quest for knowledge had taken him to the University of Nigeria; Lagos Business School Nigeria; Harvard Business School, USA; London School of Economics, UK; Columbia Business School, USA; Kellogg Graduate School of Management, USA; Institute for Management Development, Switzerland etc. Much of his practical business and financial experience came from his positions as former chairman of Fidelity Bank Plc, Future View Securities Ltd and Paymaster Nigeria Ltd, as well as former director of Guardian Express Bank Plc and Chams Nigeria Ltd.

Mr Obi's sure-footedness in the business world has also been enhanced by his membership of a number of reputable professional associations: Fellow, Nigerian Institute of Bankers; Member, Nigerian Economic Summit Group; Commonwealth Business Council; British Institute of Directors etc. Happily married and the father of two teenage children, 49 year-old Governor Obi undoubtedly possesses the academic, professional and social stability for the onerous task of governing Anambra State.

1.2 Our Vision, Our Strategy

The Vision of Anambra State under Peter Obi's administration is to achieve the Millennium Development Goals (MDGs). From all indications, Anambra State is among the very few sub-national governments in Africa to have adopted the MDGs as their vision in their commitment to the development of their societies. The strategy for achieving this vision is a unique approach, christened Anambra Integrated Development Strategy

(ANIDS), with which all targets of the MDGs are being pursued simultaneously. The beauty of ANIDS lies in its simultaneous development of all sectors.

ANIDS is basically a strategy that allows the State Government to plan carefully, budget properly, implement the plan, monitor the implementation, ensure delivery of the plan and encourage participation and feedback from the communities and stakeholders for whom the various ANIDS projects are being executed.

At the heart of the participatory governance in Anambra State today is the involvement of the people in all stages of the project cycle – from planning and budgeting to implementation. With ANIDS, the State has moved its planning and budgeting from being supply-driven to being demand-driven. This is necessary in order to maximise the benefits from very scarce resources because Anambra, not being an oil-producing state, is a relatively poor state.

Because it is anchored on careful planning and budgeting, ANIDS enables the government to identify budgetary gaps, some of which the state needs to fill with the support of its development partners. Thus, in view of the meagre resources of Anambra State, collaboration with development partners (national & international) is of utmost importance. Unlike the situation in the past, before the Peter Obi administration, when Anambra was a pariah state and a no-go area for international development partners, a number of them are operating in Anambra State today, notably the UNDP, the EU and UNICEF.

2. HOLISTIC DEVELOPMENT: STRIVING HARD, ACHIEVING RESULTS

ANIDS is the driving force behind the rapid development that has been taking place in Anambra State over recent years, with landmark achievements in every sector of the economy. Appreciating Anambra's efforts, the Senior Special Assistant to the President on Millennium Development Goals (Hajiya Amina Az-Zubair) said, "Anambra State has made remarkable success in the implementation of the MDGs Programme." The following examples will illustrate the efforts and some achievements in a few sectors:

2.1 Fighting Poverty and Hunger

As a pro-poor, grassroots-oriented government, one of the first steps taken by the Peter Obi administration in its fight against poverty was to do a Poverty Mapping of the State to establish its poverty profile. Having thus identified the poorest Local Government Areas (LGAs), the government is making concerted efforts to eradicate extreme poverty in the State, particularly in these poor LGAs. Consequently, Anambra State government has consistently churned out pro-poor policies and programmes as the basis for poverty eradication in the State.

In this regard, the FADAMA III Programme has been a major avenue for providing capital and equipment support to hundreds of rural dwellers engaged in agro-related activities; capital



Governor Obi and three female Commissioners distributing micro-enterprises equipment to women's cooperative groups



Micro-enterprises equipment being distributed to unemployed youths

support has also been given to thousands of the less privileged, particularly women, widows, the physically challenged, as well as caregivers of orphans and vulnerable children to enable them to either expand their trade or start petty trading or small-scale farming. Revolving loans have been made available to hundreds of women's cooperative groups to establish small-scale, agro-based businesses such as poultry farms, fish ponds and pig farms. Sundry equipment (including palm oil processing machines, palm kernel-cracking machines, food-processing machines, soap-making machines and electricity-generating sets to power them) have been distributed to cooperative groups to establish cottage industries.

A variety of skill-acquisition training sessions have been organised for the unemployed (especially the indigent, physically challenged, women and youths) who have been subsequently empowered with micro-enterprises equipment such as computers, generators, hairdryers, sewing machines, shoe-making machines, welding machines, vulcanizing machines, motorcycles, woodwork/carpentry tools, barber's shop tools, ovens, cookers, etc to make them self-reliant through self-employment.

Poverty reduction is also being pursued through massive expansion of rural roads, especially in remote food-producing areas, thus opening up such strategic areas of the state with good access roads. This enables the government to send much-needed agricultural inputs to such remote rural areas; it also enables rural farmers to evacuate food items and other agricultural produce to urban markets for better profits and to feed the people. Today, Anambra State is reputed to have the best network of roads in Nigeria, especially in rural areas.

The creation of jobs, especially for young people, is another major weapon in the fight against poverty. The government's aggressive efforts to create an enabling environment for local and foreign investors are yielding fruits and will create thousands of jobs. The establishment of a neem-based organic fertilizer plant to produce fertilizer will boost the huge capacity of the agricultural sector to generate employment. The ongoing construction of a giant facility in Onitsha by South African Breweries (SABMiller) is expected to create hundreds of jobs. The construction of the 1st and 2nd Business Parks in Onitsha is boosting commercial activities (the 1st has been completed and put to use while work on the 2nd has reached 90 per cent completion). The government is collaborating with Innoson Vehicle Manufacturing Company in Nnewi (the first indigenous vehicle manufacturing outfit in the country) and also revitalising/resuscitating abandoned and comatose industries, including Omor Rice Mill etc. Commending poverty reduction efforts by Anambra State, Dr Magnus Kpakol, Coordinator of National Poverty Eradication Programme (NAPEP) said:

"Governor Obi was the first governor to visit my office to discuss how to fight poverty in his state and remains determined and dogged by initiating effective economic empowerment programmes."

2.2 Education

ANIDS achievements in the education sector are truly heart-warming. Before Governor Peter Obi's administration, not one single public secondary school in the state had a properly equipped, functional science laboratory. The scenario was no better in the area of computer literacy: in this age of information technology, computers were virtually unheard of in public schools. Today, the situation has changed dramatically in terms of ICT, science laboratories, electricity, water supply etc, about 150 schools have benefited from the laboratory rehabilitation and equipment programme of the government; more than 120 schools have been supplied with computer sets – each school receives 10 desktops with full accessories; Microsoft Academies have been established in 120 schools, with 50 laptops each; school buses have been provided for more than 100 secondary schools – the first time ever in the history of the state; technical colleges have been renovated and fully equipped; electricity-generating sets and water boreholes have been provided for schools etc.

Unprecedented progress has also been made in the provision of infrastructure in primary and secondary schools. When Peter Obi assumed office as Governor, there was no single public primary school classroom block that was not leaking; none without cracked walls, so much so that many of them constituted death traps to schoolchildren and teachers alike. The situation was the same for secondary schools, where trees were found to have grown in some classrooms! Today, the government's achievements



Governor Obi distributing audio-visual teaching aids to early-care centres/nursery schools, making education interesting from the outset to encourage retention at primary and secondary levels



An example of the new look of primary school classrooms across the state

in all education sub-sectors have been truly astonishing: construction of new classroom blocks and renovation of existing ones in numerous primary and secondary schools across the 21 Local Government Areas of the state (new prototype five-room classroom blocks are simultaneously being provided for all the 177 communities in the state, at three blocks per community); construction and renovation of numerous buildings, including students' hostel complexes. The result has been the creation of a conducive environment for learning at all levels of education.

2.3 Health

Achievements in the health sector have equally been impressive, as our health indicators have continued to improve. Under the Peter Obi administration, there has been remarkable improvement in the provision of infrastructure for primary health centres, general hospitals and tertiary health facilities, as exemplified by the astounding transformation going on at the Teaching Hospital of the State University.

With special focus on maternal, child and reproductive health services, the State Government has given unprecedented support to the improvement of primary healthcare services through the provision of new infrastructure and upgrading of existing



Anambra State University teaching hospital in Awka, which is nearing completion

ones: at least five Primary Healthcare Centres (PHCs) have been rehabilitated in each of the 21 LGAs and numerous new PHCs and general hospitals constructed across the State; essential drugs, medical equipment, furniture, potable water, electricity-generating sets etc have equally been provided for these health facilities.

Commendable efforts have also been made to build the capacity of existing and incoming health providers: capacity-training for hundreds of doctors, nurses and other health workers; securing accreditation for the state's Schools of Nursing, Midwifery and Health Technology through provision of a multiplicity of infrastructure and facilities including lecture rooms, computer rooms, libraries, IT equipment, audio-visual/teaching aids, furniture, office blocks and equipment, students' hostels etc

A remarkable innovation in the provision of healthcare in Anambra State is government's support to voluntary agency/mission hospitals and training institutions (previous governments had ignored such health facilities, as all attention was focused on government-owned health facilities). Today, the Peter Obi administration has provided facilities to secure accreditation for mission hospitals, giving regular financial support (Grants-in-aid) to such hospitals and mission Schools of Nursing and Midwifery across the state, providing them with logistics support by donating buses and ambulances, supplying them with drugs, and extending a lifesaving hand of friendship and cooperation.

2.4 Environment

Achieving the goal of ensuring environmental sustainability depends on the prevention of loss of environmental resources, provision of sustainable access to safe drinking water and basic sanitation, drastic reduction of the proportion of urban populations living in slums etc. The Peter Obi Administration has recorded remarkable achievements in this regard and, although a lot still needs to be done, its ongoing efforts and what it plans to do in the next three years, give a clear indication that this Goal 7 of the MDGs is achievable by the state.

The problem of access to safe water and sanitation, which remained intractable before the Peter Obi administration, is now being effectively tackled by the state on its own, as well as in collaboration with its development partners. Some of the results include: provision of hundreds of boreholes all over the state in schools, health facilities and communities generally in both urban and rural areas; scaling up from boreholes to medium and large-scale water schemes, especially through the resuscitation of water projects, most of which were abandoned many years ago (ongoing work at more than 15 major water schemes will, on completion, provide access to safe water for hundreds of thousands of people in various parts of the state); construction of hundreds of toilets (VIP, pour flush, sunplat etc) across



A standard building for the state's general and cottage hospitals



An ongoing Udoka water project in Awka



Completed intervention at Ebenebe gully erosion site

the state, particularly in schools, health facilities and public places; provision of sanitation/clean-up equipment, including payloaders, dumpsters, receptacles, etc; massive clean-up of the three major cities, particularly the commercial city of Onitsha.

To combat environmental degradation and loss of environmental resources, the government is battling the erosion menace in virtually every part of the State (with up to 1,000 active erosion sites across the State, Anambra is one of the worst hit areas in sub-Saharan Africa); a number of flood control measures are also being adopted, including effective design and construction of roads with proper drainage, massive de-silting of drainage systems in urban areas, the opening up of Sacamori and Nwangene creeks in Onitsha to stop the flooding that is threatening to submerge this giant city, identified by UN-Habitat as one of the fastest growing cities in the world.

Concerned about the unplanned and uncoordinated growth of cities all over the developing world, resulting in slums in most major cities, the Peter Obi administration has taken steps to forestall this in Anambra State; with the assistance of UN-Habitat, Anambra became the first state in Nigeria to produce Master/Structure Plans for its three major cities (the Administrative/State Capital, Awka; the commercial city of Onitsha and Nnewi, the industrial hub).

3. CONCLUSION: THE NEED FOR PARTNERSHIP

The Government of Anambra State today is working around the clock to achieve its vision of achieving the Millennium Development Goals. With a clear vision and a well-articulated and innovative strategy to achieve it, Governor Peter Obi and his team are ready to confront the State's numerous development problems. The greatest problem is funding to fill budgetary gaps, in view of the state's poor revenue base.

Consequently, a lot of funding support is required, particularly from international development partners and well-meaning corporate organisations. Secondly, such assistance should be demand-driven by supporting already planned and ongoing projects that meet local needs and ultimately help to achieve the Millennium Development Goals.

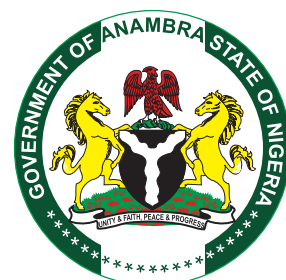
Anambra State has already acquired a reputation for accountability and faithfulness in the use of development partnership funds, as attested to by a good number of heart-warming outcomes of international development partnerships in the state: rated best overall state in the implementation of the EU-WSSR Programme and consequently one of only three states in Nigeria currently benefiting from the EU/UNICEF additional funding for good performance to provide water and sanitation facilities. Anambra is now rated best in the implementation of the World Bank FADAMA III Programme, although it was the last state to join. As a sign of its commitment, the state has been

the first to sign the Programme Implementation Agreement with UNICEF for three consecutive years since 2009. To the delight of UNICEF and other child-friendly groups and individuals, Anambra State pioneered the Children's Town Hall Meeting with the Governor to involve children in the participatory democracy in the State by giving them a voice in governance (the Children's Town Hall Meeting is now an annual event, with the 2010 edition attracting more than 3,000 children who presented close to 300 questions and requests to the Governor as part of the interaction); regularly playing host to very many national and international dignitaries who can now visit the state because of the peace and decency in governance that now reign here.

Indeed, Anambra State has created a conducive environment for investment and development partnership to achieve the MDGs. The need for such partnership is huge and its time is now!



Governor Obi with EU Ambassador David MacRea, commissioning an EU-supported water project



Investing in development: ensuring a continued flow

Developing and transition economies are enjoying a record share of global foreign direct investment. But risks lie ahead, and policymakers need to stimulate the investment flow to encourage growth, recovery and sustainable development

By Supachai Panitchpakdi, secretary general, United Nations Conference on Trade and Development

Today's foreign investment landscape is characterised by developments that are at the same time both promising and challenging. First the bad news: global flows of foreign direct investment (FDI) remain stagnant, despite growth in gross domestic product (GDP) and earned income on foreign investments close to 2007 highs. However, the good news is that developing and transition economies attracted more than half of global FDI, for the first time ever.

Specifically, developing Asia and Latin America saw a strong rebound in FDI flows, substantially offsetting a decline in inflows to developed countries. Nevertheless, the picture is very unbalanced. The United Nations Conference on Trade and Development (UNCTAD) estimates that a majority of this can be accounted for by five developing economies alone – China, Singapore, Brazil, India and Chile – that received roughly 52 per cent of all FDI inflows to developing countries in 2010. Several other developing countries, particularly on the African continent, have seen their shares of FDI decline by up to 14 per cent. In Nigeria and South Africa, the second and third largest African recipients of FDI, inflows declined by 60 per cent and 78 per cent respectively.

Despite this uneven position, UNCTAD projects that global FDI flows will increase in 2011 to between \$1.3 trillion and \$1.5 trillion. A more favourable economic environment, created by improvements in macroeconomic conditions, has strengthened the profits of transnational corporations (TNCs) and boosted their stock-market valuations. These conditions, along with rising business confidence in 2011 and a generally favourable policy climate, may transform record levels of TNC cash holdings into new investment.

“Foreign investment can lead to entrepreneurship, job creation and spillover effects such as knowledge and technology transfer”

That is the hope, but it is important to add a caveat. After the ‘recovery boost’ of 2010, worldwide GDP growth is estimated to slow down, and risks related to currency volatility, sovereign debt and investment protectionism all have the potential to derail the expected FDI recovery. Given the important contribution of foreign investment to growth, recovery and sustainable development, policymakers must remain vigilant.

The contribution of foreign investment

For developing countries, FDI as a share of total capital flows rose from less than 50 per cent in the 1990s to over 70 per cent today. Its importance as a potential source of finance in the development process is unquestioned. Taking infrastructure as an example, foreign investment can contribute to improving and modernising transportation capabilities, efficient and clean energy production, and enhanced communication capability. Each of these is critical for building productive capacities and setting the stage for long-term sustainable growth.

Moreover, foreign investment – if managed properly – can also improve access to essential services such as water, education and healthcare, which can improve welfare and contribute to achieving the Millennium Development Goals. Similarly, investment can also lead to entrepreneurship, job creation and spillover effects, such as the transfer of knowledge and technology.

However, such benefits are not automatic. Instead, efforts are needed not only to attract foreign investment but also to ensure that foreign investors act responsibly and effectively contribute to sustainable development. It is crucial to strengthen global cooperation in fostering the sustainable development aspect of foreign investment.

Promotion by UNCTAD

UNCTAD has put ‘investment for sustainable development’ at the forefront of its activities. The overarching theme of UNCTAD’s 2010 World Investment Forum was ‘Investing in Sustainable Development’. One of the world’s leading international investment events, the forum engaged more than 1,800 decision makers from government, the private sector and civil society in 120 countries in a constructive dialogue on how best to harness international investment to drive sustainable growth and development.

UNCTAD’s 2010 *World Investment Report*, the 20th anniversary edition, was devoted to ‘Investing in a Low-Carbon Economy’. It broke new ground in estimating the first ever figure for global low-carbon FDI flows – \$90 billion for 2009. It also analysed the relationship between investment and climate change policies, and

made specific policy suggestions, such as creating a global partnership for furthering low-carbon investment for sustainable development.

UNCTAD works closely with developing country partners on a range of other issues to maximise the development benefits of foreign investment. The organisation provides policy advice, addressing cutting-edge issues such as how to improve investment policy frameworks, nationally and internationally, and how to design corporate self-regulation to ensure responsible investment. It also provides technical assistance and capacity building, covering issues such as how to foster entrepreneurship and how to help domestic enterprises create mutually beneficial business relationships with TNCs.

Stimulating foreign investment

UNCTAD is working with the G20 to draw on the potential of foreign investment for promoting sustainable growth and development. Since the G20's London Summit in April 2009, UNCTAD has issued four joint reports with the Organisation for Economic Co-operation and Development (OECD) on G20 investment measures. G20 members reiterated their commitment to resist protectionism at the Seoul Summit in November 2010, and requested UNCTAD and the OECD to continue monitoring and reporting publicly on their investment policy changes.

UNCTAD is also contributing to the implementation of the G20's Multi-Year Action Plan on Development, with a particular focus on the initiative's investment

Engineers assemble a concentrated photovoltaic generator in San Diego, California. UNCTAD's 2010 report focuses on low-carbon investment

angle. UNCTAD, together with the International Labour Organization, the UN Development Programme, the OECD and the World Bank, is working to "identify, enhance as needed, and promote the best existing standards (developmental, social and environmental) for responsible investment in value chains and voluntary investor compliance with these standards".

UNCTAD is also following up on G20 concerns with respect to food security. This endeavour aims to enhance global policy coherence and mitigate the risk to agricultural productivity. For example, at the Seoul Summit, the G20 encouraged all countries and companies to uphold the principles of Responsible Agricultural Investment, which have been devised jointly by UNCTAD, the World Bank, the Food and Agriculture Organization and the International Fund for Agriculture and Development, in consultation with stakeholders.

UNCTAD has high expectations for the G8's forthcoming summit in Deauville. It is pleased to collaborate with the French host in the preparation of the meeting. With the summit's key priorities of building infrastructure, ensuring food security, providing social protection and mobilising both public and private development resources, Deauville offers an opportunity to address the challenges facing the foreign investment landscape. The G8, together with the G20, can provide a further impetus to political cooperation on investment and development issues, and stimulate multilateral support in favour of investment for sustainable development. ♦



Morocco: powering ahead



In March 2011, King Mohammed VI gave a speech announcing an important reform of Morocco's constitution, thus strengthening and accelerating Morocco's reform-oriented policies that the country has implemented for more than a decade.

Morocco is indeed today the most advanced democracy in the region, with a young leadership, a fast-growing market economy, a tradition of tolerance, and a strong and modern civil society.

Being only 14km away and a one-hour ferry crossing from the southern Spanish coast, Morocco has proved its ability to be more than a simple neighbour predefined by its geographic position.

Over the last 10 years, Morocco has modernised to become a highly attractive platform for investors. With its solid macroeconomic fundamentals, unique set of free-trade agreements, competitive labour costs, world-class infrastructure, business-friendly environment and many other fundamental reforms, Morocco has succeeded in increasing foreign investments fivefold between 2000 and 2010.

In Morocco, with its population of 32 million, human resources have all the ingredients to become the pivots of a competitive investment and value creator. Education level, cultural openness, language skills, new technologies, commitment to entrepreneurship, a capacity to change, and competitive labour costs are all characteristics of the young (64 per cent of the population is under the age of 34) and active (12 million active people) Moroccan population. Although Morocco is one of the closest points to Europe, the country has preserved a very **competitive labour cost** in comparison with the "old continent", with an average monthly wage of \$360.

Thanks to its geostrategic location, Morocco is at the crossroads of the main international exchange routes, linking the United States, Europe, Africa and the Middle East. For this purpose, and in order to make its unique position more advantageous, Morocco has signed diverse **free-trade agreements**, offering investors duty-free access to a market of 55 countries representing more than one billion consumers and 60 per cent of world GDP. After having signed the 1986 Association agreement with the European Union, in 2008 Morocco became the first country in the world to benefit from the advanced status in its relations with the EU.

Morocco also is the only African country to have a free-trade agreement with the United States. Combined with its other agreements with Mediterranean and African countries, **Morocco is truly a regional hub.**

Preserving **macroeconomic stability** is a major concern for the Moroccan government. Several actions and structural reforms have been undertaken to put the country on the path of strong and sustainable growth. In this regard, a **continuously growing economy** has reached an average growth rate of 5.1 per cent over the period 2001-10.

Substantially, and thanks to all the efforts put into the economic reforms, Morocco's economy has proved to be resilient to the international financial crisis with a five percent GDP growth in 2010. Furthermore, the inflation rate in Morocco was maintained at less than two per cent, despite increases in the prices of oil and raw materials.

Over the last 10 years, Morocco has modernised to become a highly attractive platform for investors, succeeding in increasing foreign investments fivefold

For more than a decade, Morocco has launched large-scale projects aimed at elevating its **infrastructure to international standards**. These include Tanger-Med Port, with a total capacity of over three million containers (rising to eight million in 2016), and the highway network, which will extend in total length from 1,500km in 2010 to 1,800km in 2015, connecting all major cities. Thanks to an Open Sky policy, the 15 international airports in Morocco (the largest airport hub in the region) are used by a multitude of international companies and are connected to major cities and economic platforms of world affairs.

Morocco launched numerous **strategic sectorial plans** that ensure strong and sustainable economic growth. This reform momentum is marked by an innovative contracting approach and public-private partnership, advocating greater and more coordinated participation of the private sector in the development of sectorial strategies and policies, along with the funding of projects that refocuses the state's role on its regulatory powers. These strategies are part of a process to speed the development of strategic sectors such as agriculture, fishery, mining, renewable energy and logistics, along with promising industrial sectors such as automotive, aerospace and services with high added value.





Moroccan Investment Development Agency Your Gate to Investing in Morocco

The Moroccan Investment Development Agency (AMDI) is the national body in charge of promoting and developing investment in Morocco.

Its main mission is to welcome and provide guidance to investors. The Agency is also in charge of organizing promotional activities both in Morocco and abroad.

With its international network and a range of institutional partnerships with all the public administrations, as well as private sector organizations, AMDI provides a professional and free public service for all investors.

AMDI offers, a wide range of services to investors in order to set up their business in Morocco through a professional team.

AMDI is here to:

- Inform you about the legal framework and investment opportunities in Morocco
- Assist you during the process of investment
- Facilitate your contacts with local and administrative institutions
- Make sure you benefit from the best environment for the development of your business

Green Growth Strategy: a framework for action

Combining economic and environmental objectives is often a juggling act. But 'green' and 'growth' can go hand in hand, and the OECD is working on guidance to help countries and international organisations work towards both these goals

By Angel Gurría,
secretary-general,
Organisation
for Economic
Co-operation and
Development

The world economy is slowly, and unevenly, coming out of the worst crisis and recession most people have ever known. While dealing with immediate problems such as unemployment or fiscal deficits, as well as the terrible aftermath of the natural disasters that struck Australia, Japan and New Zealand, the world must look to the future and devise fresh ways of ensuring that the growth and progress that have come to be taken for granted are assured in the years to come.

At the June 2009 meeting of the council of the Organisation for Economic Co-operation and Development (OECD), ministers acknowledged that 'green' and 'growth' can go hand in hand. They asked the OECD to develop a Green Growth Strategy. Since then, the OECD has been working with a wide range of partners, from across government and civil society, to provide a framework for how countries can achieve economic growth and development while at the same time combating climate change and preventing costly environmental degradation and the inefficient use of natural resources. The world needs green growth because risks to development are increasing as economic expansion continues to erode natural capital – which may undermine future growth prospects everywhere for at least two reasons.

First, it is becoming more costly to substitute physical capital for natural capital. For instance, as fish become rarer, more sophisticated boats are needed to catch them. Second, change does not necessarily follow a smooth, foreseeable trajectory. To stay with the fishing example, some fish stocks suddenly disappeared after declining only slowly for years. So to make sure that the progress in living standards of the past 50 years does not grind to a halt, new ways of producing and consuming things must be found. Even what is meant by progress and how to measure it need to be redefined.

This does not mean starting from scratch. Changing current patterns of growth, consumer habits, technology and infrastructure is a long-term project, and the world will have to live with the consequences of past decisions for some time. This 'path dependency' may continue to exacerbate systemic environmental risks even after basic issues, such as incentives to adopt new behaviour, have been addressed. There must also be awareness of possible path dependency in green growth strategies too. Those strategies should be flexible enough to take advantage of new technologies and unexpected opportunities, and to be abandoned if something better becomes available.

The modern economy was created thanks to innovation, and thrives on it. In turn, the economy encourages new

ways of doing things and the invention of new products. That will continue to be the case, even though it is notoriously difficult to foresee what form innovation will take. History is littered with examples of intelligent people who got it wrong, such as the *Washington Post* editorialist who declared in 1901 that: "We have ... every product of science and accessory of luxury. It seems impossible to imagine any improvement on what we have."

What is known is that without innovation, it will be difficult and costly to address major environmental issues. For example, if two carbon-free backstop technologies in the electricity and non-electricity sectors could be brought to market, then mitigation costs in 2050 would be halved compared with a scenario without such technologies – from about four per cent of global gross domestic product to less than two per cent. Indeed, green technology development is accelerating in some areas. Between 1999 and 2008, the increase in patented inventions in renewable energy (+24 per cent) electric and hybrid vehicles (+20 per cent), and energy efficiency in building and lighting (+11 per cent) was more rapid than total patents (+6 per cent).

While some data are available on green technologies, much less information is available on the related non-technological changes and innovation that will also be instrumental in driving green growth, such as new business models, work patterns, city planning or transportation arrangements. There is some evidence that the scope of green innovation is broadening, however. For example, manufacturing firms have moved from end-of-pipe solutions to approaches that minimise material and energy flows, by changing products and production methods and reusing waste as a new resource for production.

Unfortunately, green and environmental innovation faces additional barriers that exacerbate existing ones. When firms and households do not have to pay for environmental services or the costs of pollution, the demand for green innovation is constrained and there are fewer incentives for companies to invest. Boosting green innovation therefore requires clear and stable market signals, such as carbon pricing or other market instruments, to address environmental externalities.

Governments can support green innovation in three main ways. One is in funding relevant research, whether public or private. Another way is to target barriers to early-stage commercial development, such as access to finance. A third way to strengthen green innovation is to use demand-side innovation policies, for instance standards, regulations or public procurement.

“We need clear market signals, such as carbon pricing”



In picking where support should go, there is always a risk of promoting activities that may have occurred anyway. Similarly, there is a risk that more appropriate technologies or practices will emerge that should have been supported, while policy has locked the economy into a less desirable pathway. On the other hand, too little support can prevent achieving policy objectives, so funding approaches need to be tailored to the different stages of technology development. Government funding is most relevant for early-stage technology development, while private finance tends to assume a larger share of later-stage technology deployment and commercialisation.

But no government has all the technological, scientific, financial and other resources needed to implement green growth alone. The challenges are global. This is why green growth is a priority for the French presidency of the G8, whose work “will be coordinated with work done by the OECD”. The report to this year’s OECD ministerial council

Fishing is an example of a sector in which new ways of producing and consuming things are needed

meeting is an important step on the road to a Green Growth Strategy. The OECD will continue working with its partners to make a success of the United Nations Conference on Sustainable Development (Rio+20) in Brazil in 2012.

Recently there have been encouraging international efforts to tackle environmental issues collectively, notably the Cancun agreements on multilateral action to address climate change. Coordinated international action will also be needed to accelerate the development and diffusion of green technologies, and to reinforce the basic scientific research that underpins them.

Establishing global coalitions to deal with global issues will be difficult, as priorities may differ across countries. Even within a country, the multidimensional nature of green growth strategies will require an unprecedented level of cooperation across government to make sure the policies are coherent. We have set ourselves ambitious targets, but I am confident that by working together we will reach them. ♦

A role for both public and private sectors

With national economic policymakers facing the various challenges of recovery, the G8 needs to be more specific about what governments and the private sector can do to support innovation and generate growth, especially green growth

By Robert Fauver, former US under secretary of state for economic affairs and former G7 sherpa

The 2011 G8 summit takes place during a period of challenge to national economic policymakers. The world economy is now roughly two-and-a-half years on from the global financial market-driven recession. Despite significant macroeconomic policy actions that have been undertaken by the G8 and G20 members, creating a strong, sustained economic recovery has eluded the industrial countries.

In fact, the world is now divided into what the International Monetary Fund (IMF) calls a “two-speed recovery”. In the industrial world, recovery has been subdued by historical standards. Unemployment rates have remained stubbornly high, especially long after the recession’s trough. On the other hand, the emerging markets have experienced such a buoyant economic recovery that in many emerging markets inflationary pressures have risen and are now complicating policymaking decisions. Monetary tightening in the emerging markets will likely occur this year. This is the first major global recession that has not been eased by the leadership of the economic recovery of the industrial countries. Doubts remain about the ability of the emerging-market economies to lead a sustained global recovery.

After more than two years of stimulus efforts, G8 members face fiscal constraints in their policy choices aimed at supporting domestic economies. Budget deficits – and the associated rising national debt levels – have spooked capital markets in Europe in particular. In the US, the 2010 mid-term elections focused on the historically large fiscal deficits and the sizeable growth in the level of national debt. The now Republican-led House of Representatives has made budget-deficit reduction its first priority for both the current fiscal year and the new budget being negotiated for the fiscal year 2012, which begins on 1 October 2011. The Democrat-controlled Senate has not yet worked out its own deficit position in the form of legislation. Nonetheless, the US budget deficit will be smaller than had been earlier assumed. Keynesian economists bemoan this withdrawal of fiscal support, arguing that domestic economies will weaken without rising deficit spending. However, supply-side and conservative economists believe that reducing the federal deficit will free up resources for the private sector and increase domestic private investment – and facilitating the private sector’s ability to fund activities is thought to be the best way to secure a sustainable recovery.

The complicated fiscal problems in some members of the European Union have restrained policy choices significantly and have put pressure on monetary policy

choices. Credit-rating agencies have been steadily downgrading the national debt paper of several EU members, essentially down to junk-bond quality. This has led to political efforts to reduce budget deficits dramatically. There is increased concern about the future of the euro, with some arguing that the fixed exchange rate has eliminated one of the major adjustment policy choices for Spain, Greece, Portugal and Ireland. The time-honoured prescription of ‘deflate and devalue’ is not an



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The emerging markets have experienced such a buoyant recovery that in many, inflationary pressures have risen

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option. Some expect that membership in the eurozone will have changed by the end of the year.

Classic macroeconomic policy implementation may have run its course among the G8 members. Most analysts argue that no G8 member has room for new, higher levels of deficit spending. In most countries – with the notable exception of Japan – serious efforts are being made to cut spending, raise tax receipts and reduce budget deficits significantly. This withdrawal of classic stimulus may threaten the expansion path in 2012 and beyond. Monetary policy has been quite loose among the G8 countries, and it too has come close to running its course as a tool for stimulus. Concerns about inflation are being raised, especially in the food and energy sectors.

The March 2011 earthquake in Japan will likely set growth back this year, but the recovery spending and infrastructure rebuilding will improve the outlook for the end of this year and all of next year. Opportunities exist for Japan to undertake policies that target investment in the stricken region and alter its dependence on agriculture.

The G8 must construct mutually consistent fiscal and monetary policies that will reduce governments' borrowing requirements and increase the availability of funds for the private sector. Part of the package should include deregulation and policies that increase the flexibility of various sectors in the domestic economies. In addition, governments must focus on ways to increase productivity and innovation that will provide sustained expansion.

Given the current situation, the French agenda for the Deauville Summit is particularly important. President Nicolas Sarkozy is emphasising two topics new to the

Repairing a road after the Japan earthquake. Such recovery spending means the outlook for the country will start to improve



summit process that could be important additions to economic policymakers' efforts to secure a lasting economic recovery. Sarkozy has called for discussions of the new challenges for the internet and the role of green growth and innovation in the macroeconomic situation.

The internet discussions will likely focus on the role of governments in both the development of the global internet and the protection of citizens. This will be the first detailed discussion among leaders of this fast-growing sector of the world economy. They need to focus on whether government actions can strengthen the role of the internet in the global economy. While many would argue that the internet has developed as strongly as it has to date because of a lack of government interference, others would argue that the sector is too important to be left to the vagaries of the private sector. G8 leaders will need to be cautious in their policy interventions in this sector.

Discussions of green growth are becoming a new priority in the wake of the nuclear disaster in Japan. Many had previously concluded that nuclear power must be a part of global solutions to the energy situation and to creating a cleaner environment. But the catastrophe at Fukushima Dai-ichi will likely set back the role of nuclear power for decades. Certainly it will in the US.

Hence, green growth technology will be of increased interest this year. The key to strengthening the role of green growth in the overall macroeconomic picture is to increase productivity through green technology. Worker productivity has been rising only modestly in some members of the G8. In the US, productivity growth has enabled corporations to strengthen balance sheets, but has postponed the rehiring of workers, thus prolonging high levels of unemployment.

The question that has been debated for decades is whether governments can directly support innovation, or whether they can only create a friendly environment for innovation. Direct support may not be as productive as creating a climate for innovation by supporting education, strengthening intellectual protection laws and creating tax incentives for research and development. However, some direct subsidies to support research and regulatory changes to support innovation do work.

Making innovation a commercial success has always been best undertaken by the private sector – at least in the US. Governments have never been creative in commercial markets. For example, new methods of obtaining natural gas from shale have been developed entirely by the private sector. Yet natural gas is one of the cleanest energy sources and contributes significantly to energy production without damaging the natural environment. However, government regulatory frameworks that hinder the development of new energy sources postpone the attainment of both energy independence and a cleaner environment.

The G8 communiqué this year needs to be more specific, and less of a laundry list, than it has been in recent years. ♦

“ Making innovation a commercial success has always been best undertaken by the private sector – at least in the US ”

Internet: the way to a bright global future

We can meet the deadline for our developmental and Information Society targets by best utilising communication technologies – in particular, the web. This can only bring social and economic benefits to everyone in the world

By Hamadoun Touré, secretary general, International Telecommunication Union

It is now a little more than half way between the closing of the World Summit on the Information Society (WSIS) in 2005 and the 2015 deadline set to achieve the Millennium Development Goals (MDGs) and the WSIS targets – and it is now abundantly clear that progress towards meeting these can be accelerated only by the smart use of information and communication technologies (ICTs). It is particularly clear that it is necessary to harness the global benefits of a truly global resource: the internet.

The 2011 G8 Summit in Deauville is a good moment to look back at the outcomes of the WSIS process. WSIS was organised by the International Telecommunication Union (ITU), and took place in two phases, in Geneva in 2003 and in Tunis in 2005. It was the most wide-ranging, comprehensive and inclusive debate ever held on the future of the Information Society.

For the first time, governments, the private sector, intergovernmental organisations and civil society all worked hand in hand for the common good. This is a process that continues today with ITU's global mandate to connect the world, working on behalf of all stakeholders to leverage the power of public-private partnerships and bring the social and economic benefits of ICTs to all the world's people.

ITU proactively solicited contributions from stakeholders worldwide throughout the WSIS process. By the time of the Tunis phase there was already significant global consensus on the principles governing ongoing policy deliberations.

At the close of that summit, in November 2005, participants heralded a breakthrough agreement on internet governance that acknowledged the need for enhanced global cooperation. The summit underlined the importance of the development of globally applicable principles for the management of critical internet resources. The WSIS process highlighted the need to address key global issues on a global basis. A good example is accessibility, which is increasingly important in a world where about 10 per cent of the global population, or roughly 650 million people, live with a disability.

To achieve the goal of equitable communication for everyone, ITU, through ITS Standardisation and Development bureaus, focuses on a series of strategic issues ranging from the rights of the disabled to making technical design standards accessible, to providing education and training on accessible ICTs.

Another important example is climate change, which is clearly the biggest issue facing humanity today. In this regard, ICTs are very much part of the solution – because

while they are responsible for up to 3 per cent of global greenhouse emissions, they can help to reduce emissions in other sectors by 15 per cent.

Close cooperation

ITU works in many areas to use the power of ICTs to address climate change issues. It identifies and protects the necessary radiofrequency spectrum for climate monitoring and disaster prediction, detection and relief. This includes close cooperation with the World Meteorological Organization in the field of remote-sensing applications.

It also develops standards for energy-efficient ICT equipment. It is working on a set of methodologies for assessing the environmental impact of ICT, which includes a global methodology that ICT companies could use to measure their carbon footprint, as well as to estimate the considerable savings in global greenhouse gas emissions and energy that can be achieved in other sectors through the use of ICTs. And ITU continues to help developing countries to mitigate the effects of climate change, including through the use of emergency telecommunications and alert systems for disaster relief.

Cybersecurity was another major area of concern highlighted at WSIS. ITU's concrete response was to launch the Global Cybersecurity Agenda (GCA), an integrated global framework for international cooperation to enhance global public confidence and security in the use of this kind of technology.

ITU is proud to have forged a strong and highly supportive relationship with IMPACT – the International Multilateral Partnership Against Cyber-Threats. As the world's first comprehensive alliance against cyberthreats, IMPACT is the key organisation fulfilling ITU's cybersecurity mandate in an operational sense, providing ITU's 192 member states with access to expertise, facilities and resources to address cyberthreats effectively, as well as assisting United Nations bodies in protecting their ICT infrastructures. More than 100 countries are now part of the ITU-IMPACT operational deployment.

With a globally coordinated approach to cybersecurity, the very real dangers being faced by children and young people online – who often find themselves in cyberspace alone and unprotected – must be recognised. This is why, at the High-Level Segment of ITU Council 2008, the Child Online Protection (COP) initiative was launched, as a multi-stakeholder coalition under the GCA framework.

Since then, ITU has established an international collaborative network for promoting the online protection of children worldwide. Working closely with COP



A first step is the development of interoperable standards to protect children online





partners, it created and published four sets of guidelines for policymakers, industry, parents and educators, and children themselves. At the end of last year ITU also published 'Child Online Protection Statistical Framework and Indicators', which is the world's first attempt to provide the overall statistical framework related to the measurement of COP.

With ITU's new patron, President Laura Chinchilla of Costa Rica, the COP initiative is now working to transform its guidelines into concrete activities that will deliver significant national benefits.

Multi-stakeholder approach

The development of interoperable standards and related recommendations to protect children online is a first step. Indeed, standardisation is a key weapon in tackling cybersecurity. ITU international standards facilitated the rise of e-commerce with public key encryption standards; today there is a strong focus on identity management and building an international trust framework for digital identities – a fundamental building block for all cybersecurity, online commerce and child online protection standards.

As the secretary general of the world's oldest intergovernmental organisation, I should emphasise the positive role that can be played by public-private

International telecommunications regulations need to reflect the changes of the past 24 years

partnerships. By adopting a multi-stakeholder approach, taking into account the needs of government, the private sector, non-governmental organisations, the UN and other international agencies, and civil society, ITU works to build consensus at the global level across all aspects of its work to support social fairness and sustainable development. This multi-stakeholder approach applies as surely to cyberspace as it does to the real world.

At the end of 2012, at the request of its membership, ITU will hold the World Conference on International Telecommunications (WCIT). The conference will look at ways to revise the current International Telecommunications Regulations, which were adopted in 1988. Those regulations have served the world well, but they need to reflect the significant changes that have taken place over the past 24 years.

In particular this includes the liberalisation and privatisation of much of the telecommunications sector, and also the increasing convergence of technologies and services, which sometimes blur the traditional distinctions between telecommunications and computer technology. Items for discussion at WCIT also include 'security in the use of ICTs', 'numbering misuse', and 'spam', issues that are all increasingly preoccupying the modern world today. ♦

Mobility and security: New economies, new challenges

Since its inception, an important part of the Research In Motion® (RIM) research effort has focused on designing secure and efficient solutions for enterprises and organisations. With its global footprint and millions of BlackBerry® smartphone users, RIM® is particularly well placed to offer its vision to international bodies who are concerned with governance of strategic internet development, the growth of the online world and how the value of secure online communications can be achieved and applied across world markets.

The topic of cyber-security is predominant in discussions of the worldwide growth of mobile data and communications. Cyber-security means securing networks from all attacks, malicious or otherwise. This is best done within organisations through the application of a standard cyber-security policy that both establishes governance of issue resolution and enhances the safety of an organisation, its partners and its customers through the timely and appropriate notification of security vulnerabilities, thereby minimising the risk of exposure and possible exploitation.

The term that signifies the cumulative measures that individuals and organisations take to protect their network assets (personal computers, mobile phones, servers, and so on) is cyber-defence. To understand the impact of cyber-security and cyber-defence in the global conversation, the progress of ecommerce, and the concerns of everyday citizens and governments alike, we must understand the value of security in mobile communications.

A model for internet-driven growth in mobile communications

Communications today have reached unprecedented levels, with information that is readily accessible in electronic forms and that can be easily transferred, duplicated, and shared. Smartphones, portable computers, and tablets are increasingly used by people to access the internet, and particularly in emerging or developing economies, provide the sole connection to the internet.

As the G8 addresses a set of internet-related issues for the first time, aiming to identify new growth and job drivers for mature markets, it serves as an example to other markets that aspire to the same growth. The economic dependency of G8 countries on communication infrastructures will be shared more and more by developing nations. As countries design initiatives to fuel and sustain internet growth in their economies and to protect their consumers, their goals will align with those of G8 countries, including the Europe 2020 strategy.

Globally, people from all walks of life are communicating, buying and selling as part of their daily lives, and the need is stronger than ever for any device or system that transmits data to protect confidentiality in both fixed and mobile environments. Businesses and public-sector organisations alike need to keep their own sensitive data private, but are also responsible for protecting personal information that they store about customers, partners and employees.

The value of security

Individuals and organizations can employ a variety of solutions, including antivirus software, firewalls and encryption, to help protect personal information on desktop platforms. Making these tools available to mobile platform users is a fundamental part of protecting their privacy and earning their trust.

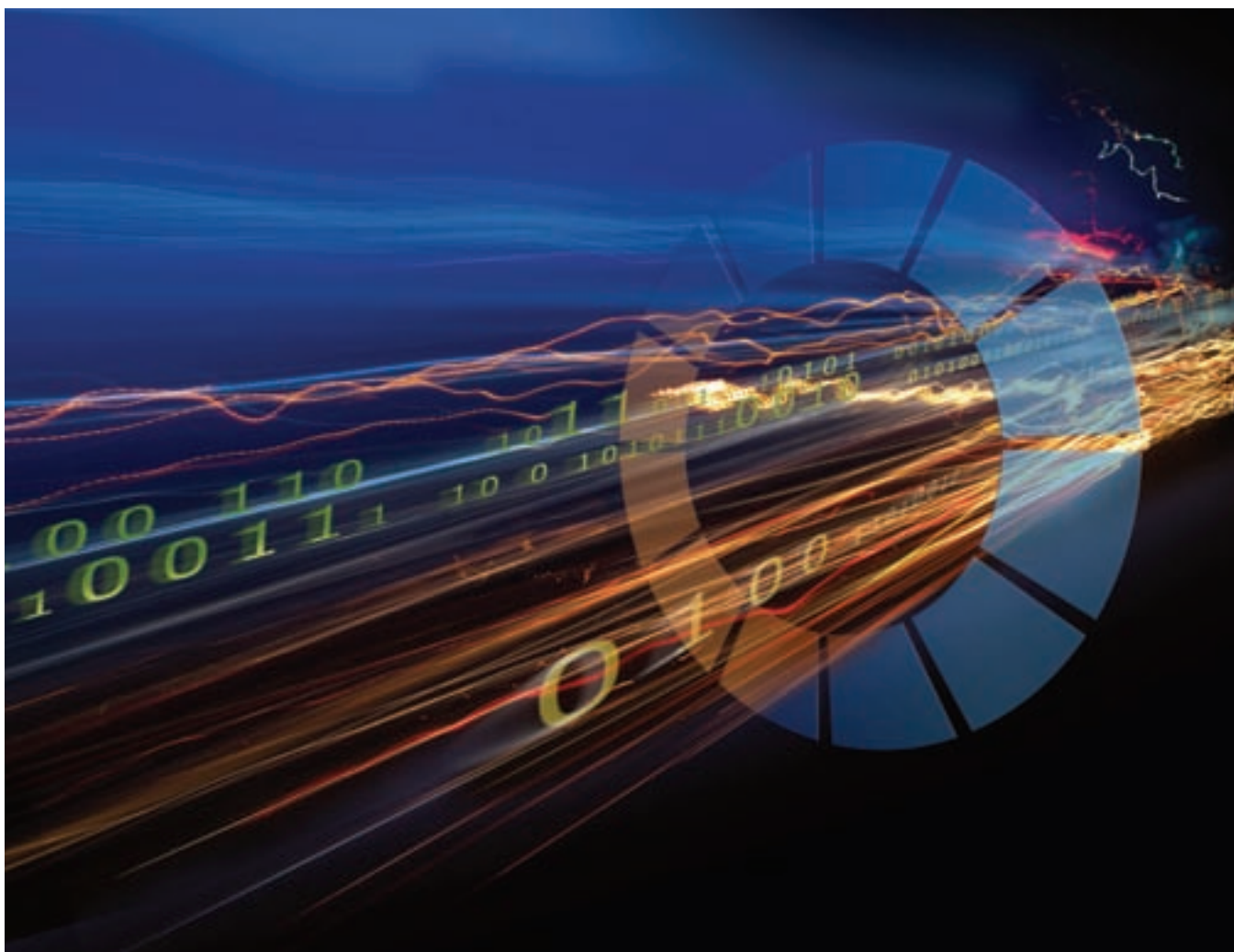
When individuals use mobile devices for personal matters, they still want their personal information to be protected, and they want control over how and when they share it. To meet these demands, communication solutions need to provide built-in security features that allow users to manage their privacy protection easily and consciously.

Security should enhance consumers' choices and be a market differentiator. Consumers must be educated to select solutions that best meet their communications and security needs. Vendors must develop products with security features and technology that appeal to consumers and offer them choice. For example, on BlackBerry® smartphones, a free mobile application for consumers called BlackBerry® Protect allows customers to remotely back up, restore and locate their BlackBerry smartphones from wherever they are via their computer.

Securing the information that users store on their smartphones is a fundamental part of protecting their privacy. The security of a mobile platform should also allow organisations to extend their own data and systems to mobile applications. Mobile business solutions for the public sector must protect information, but allow mobile personnel wireless access to case files and associated records, emergency operating procedures, alert notifications and incident reports – all at the point of need.

RIM firmly believes that security technologies are an important foundation for a digital economy and for the protection of governments and citizens

With up-to-date information right at their fingertips, the appropriate people can receive proactive wireless notification about evolving situations, verify issues with colleagues and take action quickly. Mobile communications technology, provided with the right level of data security, enables a previously unforeseen potential to manage crises and simultaneously protect government and public interests. For example, working with a partner and leveraging their existing BlackBerry® Enterprise Solution, police services in Europe and North America have used custom applications for BlackBerry smartphones that allow officers to access their Records Management Systems. Officers can use mobile devices to make better use of their time on the go and engage with their communities. For more information, see www.blackberrylawenforcement.com/lp/Webinar/LawEnforcementSolutions.html



Conclusion

Whether the mobile device user sending data around the world works for a government organisation, is a business professional or a student, the security of that data matters as much as the mobility of that data. The assurance that sensitive information is secure is an essential cornerstone in developing trust and confidence in the online economy. It is challenging for private citizens to independently verify the security of the mobile technologies they use. To confidently measure and evaluate a mobile solution's security model, many individuals and organisations – including governments and military organisations – look to trusted third parties who have independently verified and certified a technology for use. Security certifications assure people and organisations that the technology they choose is trusted and suitable for use by some of the most security-conscious organisations in the world and may be valuable to the G8, as it looks to assess the risks and challenges of the growth in mobile communications.

About BlackBerry security

RIM has long been a leader in mobile communications and has a history of integrating security features into its products. The company firmly believes that security technologies are an important foundation for a digital economy and for the protection of governments and citizens. BlackBerry products and solutions have received more security accreditations globally than any other wireless solution. The BlackBerry Solution has been approved for level EAL 4+ of the Common Criteria

for Information Technology Security Evaluation (CC), the highest level attained by any mobile internet solution designed for civilian use. Security features in the BlackBerry Enterprise Solution include the use of encryption technology, as well as over 500 IT policy controls designed to give organisations the ability to balance individual and enterprise use of BlackBerry smartphones. The BlackBerry operating system has built-in security features to protect stored data and allows individuals to use these same privacy protections for their personal data and the information they choose to allow applications to access. If a device is lost or stolen, encrypted data cannot be read by an unauthorised person. Application controls prevent malware from accessing sensitive personal information.

Over 300 BlackBerry® Alliance Members build out-of-the-box and custom enterprise applications, which people in nearly every industry use on their BlackBerry smartphones to connect directly to and to query databases. For more information, visit us.blackberry.com/business/industry



www.blackberry.com/security

Rescuing the global cyber commons: an urgent agenda for the G8

With online demographics rapidly changing, liberal democratic states must lead on new strategic priorities for cyberspace. Security mechanisms should be decentralised and top-down government controls resisted

By Ronald J Deibert, director, the Canada Centre for Global Security Studies and the Citizen Lab, Munk School of Global Affairs

In its short lifespan, the internet has evolved from a laboratory experiment to an entertainment medium, to a global immersive environment – called cyberspace – that encompasses all of society, economics and politics. It is the communications environment in which the world is now embedded. Its constituent parts are widely conceived of as critical national infrastructure.

But alongside its rapid growth and penetration, cyberspace is now entering a period of intense geopolitical contestation as a multitude of actors strive for competitive advantage over and through this new domain. Part of this contestation is driven by a major demographic shift occurring in cyberspace, as the centre of gravity of cyberspace users moves from the North and West to the South and the East. Although cyberspace was born in the United States and other western countries, internet users in China, India, Latin America and Southeast Asia will soon dwarf these early adopting constituencies. The Asian region comprises 42 per cent of the world's internet population – the most by region – but ranks only sixth in terms of penetration rates at 21.4 per cent.

With these new digital natives will come new ways of using cyberspace and different strategic priorities, some of which will invariably clash with the status quo. To understand how cyberspace will look in years to come, one must explore the streets of Shanghai, Nairobi and Tehran. For many of these new digital natives, cyberspace is perceived less as a digital agora than as an opportunity to route around structural economic and political barriers and pursue individual and collective advancement.

The political jurisdictions in which these digital natives reside are entering cyberspace at a difficult historical juncture. For early adopters, cyberspace was governed according to a laissez-faire policy: a domain to be primarily 'left alone'. The states of the developing world – many of them semi-authoritarian or authoritarian – have a much stronger tradition of state intervention in political and economic affairs, and see cyberspace as something to be shaped to preserve collective identity and shore up regime security.

While conventional wisdom has long assumed authoritarian regimes would wither in the face of the internet (and some in the Middle East and North Africa appear to have done just that), many show resilience and

capacities that belie the conventional wisdom. Tunisia and Egypt may have succumbed to Facebook-enabled protesters, but China, Vietnam, Iran, Belarus and others have successfully employed control techniques to immobilise opposition, cultivating a climate of fear



and self-censorship. They are also asserting themselves more forcefully in international venues, such as ICANN, the International Telecommunication Union and the Internet Governance Forum, and using regional security forums, such as the Shanghai Cooperation Organisation, to coordinate their policies and seek international legitimisation for their territorialised vision of cyberspace.

It may be tempting to portray the contest over cyberspace as a struggle between forces of liberation and control, pitting democratic versus authoritarian regimes. The reality is much more complex. The tradecraft of cyberspace controls comes predominantly from western firms servicing the exploding cyber security market, now estimated to be anywhere between \$80 billion and \$150 billion annually. Products that provide advanced deep pack inspection, content filtering, social network mining, cell phone tracking and even computer network attack capabilities are being developed by US, Canadian and European firms, and marketed worldwide to regimes seeking to limit democratic participation, isolate and identify opposition, and infiltrate meddling adversaries abroad.

Like Eisenhower's military industrial complex before it, this massive cyber-industrial complex is intimately connected to militarisation processes in the West, and in particular in the US. The establishment of US Cyber Command in 2010 helped trigger a major industrial shift in the defence industry and a fundamental force restructuring among allies that is still unfolding.

It also had ripple effects around the world among America's adversaries. These regimes seek comparative advantage by exploiting criminals and patriotic hackers

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In the absence of restraints, cyber crime is exploding, providing opportunities for enrichment for the new digital natives

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to do their bidding. Major incidents of computer network attacks and espionage have been traced back to the Chinese and Russian criminal underworld. Indian and Iranian officials have gone on public record condoning hackers who work in the state's interest. Not surprisingly, and in the absence of restraints to prevent it, the ecosystem of cyber crime is exploding, providing opportunities for enrichment for the new digital natives and blurring the worlds of crime, espionage and warfare. The world is now witnessing a classic arms race in cyberspace that threatens to subvert the domain entirely.

As the world's largest economies, western liberal democratic countries have a critical strategic interest in sustaining cyberspace as an open and secure commons of information based on freedom of speech and access to information. They also stand to lose the most should it spiral into a hotly contested zone of crime, espionage and warfare. What should be done?

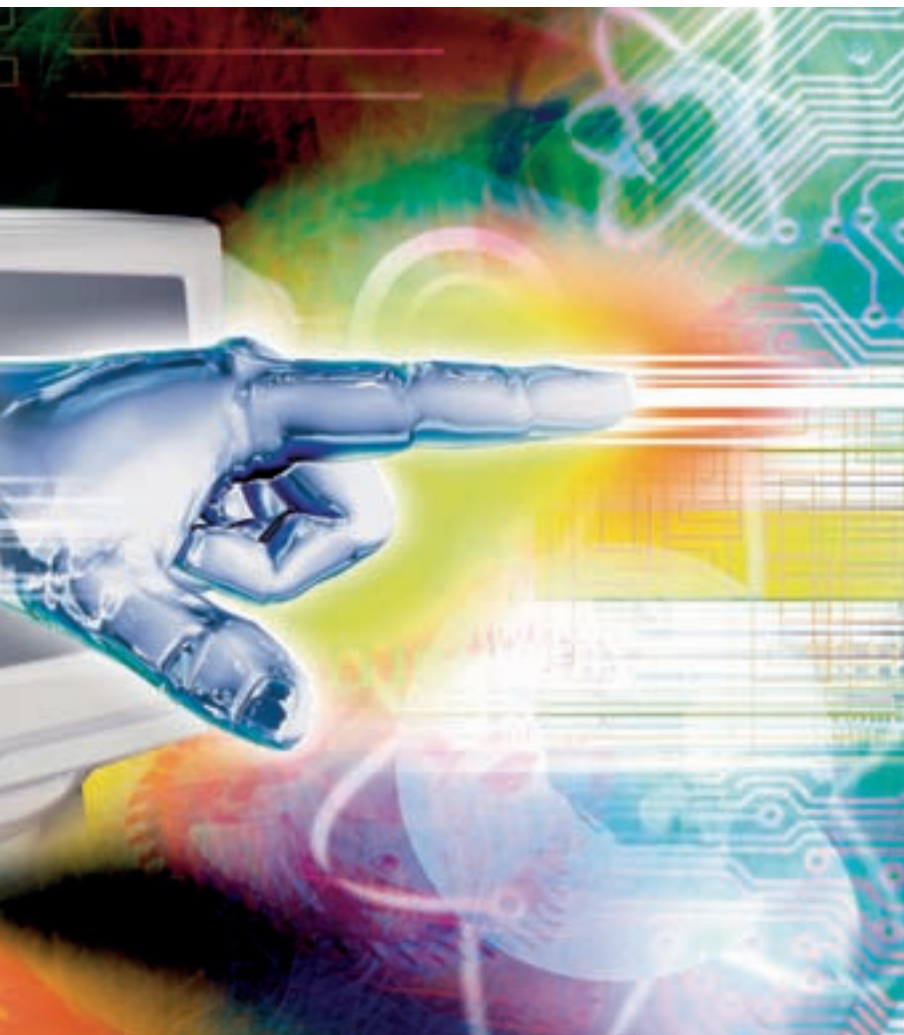
First, a comprehensive strategy to protect the cyber commons should begin by linking the international consequences of domestic policies. If liberal democratic countries pass legislation that permits access to data for state security services without judicial oversight and protections for civil liberties, mandate their armed forces to mount clandestine cyber attacks, use extrajudicial means to disable websites and put internet 'kill switch' powers in the hands of central authorities, there is no moral basis for condemning those actions abroad.

Second, countries should work to build a broad community of like-minded states for support of 'rules of the road' in the cyber domain. Such rules should include the promotion of norms of mutual restraint, protocols for effective and efficient sharing of law enforcement across borders, and vigorous opposition to the tolerance of cyber crime within territorial jurisdictions. Governments should not be able to hide behind the excuse of attribution challenges when malicious activities originate within their borders.

Third, such domestic responsibilities should include setting standards for the private sector regarding mandatory disclosures of security breaches, strong privacy protections and restrictions on the sale of technologies that assist regimes in the violation of human rights. If self-governance mechanisms such as the Global Network Initiative are insufficient, then regulatory measures should be introduced instead.

Finally, liberal democratic states should lead the promotion of non-state, decentralised and distributed security mechanisms, while actively resisting proposals that alter the constitution of cyberspace through top-down, centralised government controls. Such nascent mechanisms already exist among transnational peer groups of networked computer security professionals and engineers, as well as among academic-based monitoring and research projects. But they need nurturing, financial support and civic empowerment. Federated and decentralised security mechanisms suit not only the constitutive components of cyberspace that should be preserved, but also the tradition of classic republican security thinking that underpins the liberal democratic project.

No longer will it suffice to approach cyberspace in a laissez-faire manner, assuming that leaving it alone will somehow produce benign outcomes. Cyberspace is a human-made domain, and subject to change and manipulation. Liberal democratic governments need a common domestic and foreign policy strategy that creates structural conditions to protect and preserve cyberspace as a secure, decentralised and open commons. Otherwise, future historians will look back at the period of the late 20th and early 21st century as a brief window when such a commons materialised, but then withered in the face of militarisation and short-sighted policies. ♦



Central Bank of Nigeria banking sector reforms



Mallam Sanusi Lamido Sanusi,
Governor of the Central Bank
of Nigeria

The financial crisis triggered by the sub-prime mortgage crisis in the United States of America between 2007 and 2009, has had a resounding impact on the global economy, Nigeria being no exception. The aftershocks hit Nigeria's financial landscape and the banking system tottered almost to the point of collapse due to the following observable lapses:

- Poor corporate governance practices;
- Overt and undue exposure to the capital market, oil and gas sectors;
- Poor risk-management practices;
- Distress signs through the banks' frequent resort to the interbank market and the Expanded Discount Window (EDW) at the CBN for financial accommodation;
- Inadequate disclosure and transparency about the banks' financial positions.

These developments informed the decision of the new CBN management, led by Mallam Sanusi Lamido Sanusi on his assumption of office in June 2009, to take concrete and pragmatic steps to address the problems.

Policy response

First, the CBN commenced a special joint examination in conjunction with the NDIC to ascertain the true state of the banking industry. The outcome of the examination revealed that a total of eight banks exhibited imminent signs of collapse, which could drag the entire banking sector down, thereby endangering the Nigerian economy.

To stem further deterioration in the condition of the affected banks and protect the interest of depositors and creditors, on 14 August 2009 the CBN intervened with the following measures:

The CBN replaced the executive management and, in some cases, boards of the banks with new ones and referred the cases of some of the principal officers to the law-enforcement and prosecution authorities. One former CEO was recently convicted and other cases are already being tried.

The CBN injected a total of about N620 billion into the banks in form of Tier 2 capital to be repaid from the proceeds of recapitalisation in the near future.

The CBN interventions, as revealed by Governor Sanusi in 2010, were predicated on a four-pillar policy framework:

- Enhancing the quality of banks;
- Establishing financial stability;
- Enabling a healthy financial sector evolution; and
- Ensuring the financial sector contributes to the real economy.

Besides these measures, the Bank also rolled out other strategies to mitigate insiders' abuse and instil discipline for proactive and risk-oriented supervision, through a new code of corporate governance for the banks and the implementation of risk-based and cross-border supervision in Nigeria.

Other measures include the limiting of the tenure of CEOs of banks to a maximum of 10 years, know-your-customer directives and the comprehensive review of 'fit and proper persons' as managers, directors and major shareholders of banks. All these have helped to minimise the overbearing influence of the CEOs.

In order to boost liquidity and enhance the safety and soundness of banks, the CBN in conjunction with the Federal Ministry of Finance also established the Asset Management Corporation of Nigeria (AMCON), which recently acquired N1 trillion risk assets of some banks. A new banking model was also introduced, which led to the reversal of the Universal Banking Policy, thereby minimising risk and undue adventurism among operators in the Nigerian banking system.

CBN initiatives to revamp the real sector

The CBN Governor, acting in his role as the adviser to the President on economic matters, ensures that there exists some measurable relationship between the real economy and the financial sector. As a result the Bank, in its determination to ensure that there is no disconnect between the banks and the economy, adopted a hybrid monetary policy – a combination of market-based monetary policy measures and direct intervention fiscal-like measures in some critical sectors of the economy. Pursuant to the above objective, the Bank, in collaboration with other stakeholders, took concrete steps, among other actions, to:

- Improve banks' lending to the real sector;
- Empower small-scale entrepreneurs;
- Create employment opportunities;
- Alleviate poverty;
- Ensure food security; and
- Promote youth entrepreneurship

In order to achieve these aims, the CBN initiated a number of schemes and programmes, which included the following:

Infrastructure Intervention Fund (Power & Aviation Intervention Fund)

At its 213th Monetary Policy Committee (MPC) meeting on 1-2 March 2010, the Central Bank of Nigeria approved the provision of N500 billion Infrastructure Intervention Fund as part of the Bank's quantitative measures to create liquidity and support the development of the real sector of the Nigerian economy. Out of the N500 billion, the sum of N300 billion is being applied to power and aviation financing, while the sum of N200 billion was to be utilised for the Refinancing and Restructuring Facility (RRF) of banks' loans portfolio to manufacturing entities. The Fund is financed through a debenture instrument issued by the Bank of Industry (BOI) and subscribed to 100 per cent by the CBN.



Commercial Agriculture Credit Guarantee Scheme

The scheme was established by the CBN in collaboration with the Federal Ministry of Agriculture and Water Resources in 2009 for promoting commercial agricultural enterprises. It is being funded through the issuance of FGN bond worth N200 billion, by the Debt Management Office (DMO) in two tranches.

Under the Commercial Agriculture Credit Guarantee Scheme (CACGS), the sum of N101.38 billion has been released to finance 109 projects made up of privately-owned projects/promoters, and 19 state governments received N1 billion each for disbursement to farmers' cooperatives and unions within their constituencies.

Small and Medium Scale Enterprises Guarantee Scheme

The CBN in 2010 also established N200 billion Small and Medium Scale Enterprises Guarantee Scheme with the aim of promoting access to credit by SMEs in Nigeria. This intervention fund of N200 billion is being managed by the Bank of Industry (BOI), for the purpose of fast-tracking the development of the manufacturing sector of the Nigerian economy by improving access to credit to manufacturers, among other objectives.

Nigerian Incentive-Based Risk Sharing Agricultural Lending

Following the partnership deal between the CBN, United Nations International Development Organisation (UNIDO) and the Alliance for a Green Revolution in Africa (AGRA), the CBN introduced the Nigerian Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) in 2010. It is an innovative financing mechanism developed to unlock access to bank financing for agriculture especially through the adoption of risk-sharing approaches to financing. The following have been achieved under the scheme:

- Started securing the buy-in of key stakeholders within Nigerian agricultural financing landscape;
- Consultants have identified eight priority commodities, concluded their financial value chain analysis and those of livestock and aquaculture in progress;
- 15 state governments have subscribed to and accessed N1 billion under the scheme
- Steering committee comprising the CBN Governor, Minister of Agriculture, Finance and Commerce & Industries to give policy directives.

Enterprise Development Centres

The scheme was initiated and funded by the CBN, but is private sector-driven. It is to be established in each of the six geo-political zones of the country, with three already existing in Kano, Onitsha and Lagos. The purpose of the initiative is to, among other aims, develop entrepreneurship among Nigerians and develop skills of would-be entrepreneurs to successfully start up and run business

enterprises, as well as link them with financial institutions for start-up capital, especially the microfinance banks.

Committee of Governors' & Bankers' Committee Initiative on Infrastructures

The CBN, under the auspices of the Bankers' Committee, mobilised the commercial banks to finance basic infrastructure projects that will diversify the economy, increase the investment absorptive capacity of priority sectors, and support measures that promote sustainable economic growth. In this regard, for the first time in the Bank's history, in December 2009 in Enugu the CBN held a retreat involving the CBN Committee of Governors and the CEOs of all the 24 banks to map out strategies for growing credit to the real sector. Key sectors such as power, transport infrastructure and agriculture were identified as growth drivers. The banks agreed to meet with willing state governors in order to fund bankable projects they (governors) are sponsoring. Substantial progress has been made in this regard and state governments are taking advantage of this initiative.

Impact of the initiatives

The CBN initiatives undoubtedly served as a catalyst for actualising the vision of the government of Nigeria in bridging the infrastructural gap. It is in this regard that modest progress has been made over the past six months, and it is envisaged that much impact would be attained by the end of the year 2011.

Impacts of the initiatives so far are:

- The macroeconomic environment has improved considerably, with inflation moderating to a low double-digit rate;
- The operations of AMCON have started to strengthen the balance sheet of the deposit money banks;
- A remarkable reduction in the cost of funds to the beneficiaries and enhanced credit to boost real-sector activities, leading to multiplier effects on the economy, which has since created thousands of jobs, particularly in the manufacturing sector;
- Significant improvement in the capacity utilisation of companies from 25 per cent to 28 per cent with the reopening of manufacturing companies previously closed for years;
- Remarkable improvements in corporate governance and a better risk-management profile, engendering a healthy and stable financial system, leading to the restoration of confidence in the banking system;
- Increased financing of agric value chain in Nigeria from less than one per cent to two per cent of the banks' loans portfolio;
- Stabilising of operations in the aviation industry, which saved thousands of jobs and enhanced safety;
- Sustenance of Nigeria's global financial and economic rating of BB- by Fitch.

The results so far have been quite encouraging. The CBN shall remain focused and committed to the goal of bequeathing a stable financial system that will oil the wheels of economic development on a sustainable basis.



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Cyber jaw, not war

The cyber domain has brought great opportunities but also great vulnerabilities. Countries differ in their response, with some wanting a hard line and others resisting, so increasingly we will see 'cyber diplomacy' brought to bear on the issue

By Joseph Nye,
Harvard University,
author of *The Future
of Power*

Until recently, the issue of cyber security has largely been the domain of specialists. When the internet was created 40 years ago, this small community was like a virtual village of people who knew each other, and they designed a system with little attention to security. Even the commercial web is only two decades old, but it has exploded from 16 million users in 1995 to 1.7 billion users today.

This burgeoning interdependence has created great opportunities and great vulnerabilities. Security experts wrestling with cyber issues are at about the same stage in understanding the implications of this new technology as nuclear experts were in the early years after the first nuclear explosions. 'Cyber diplomacy' is in its infancy.

The cyber domain is a volatile human-made environment. As an advisory panel of defence scientists explained, "people built all the pieces", but "the cyber universe is complex well beyond anyone's understanding and exhibits behaviour that no one predicted, and sometimes can't even be explained well". Unlike atoms, human adversaries are purposeful and intelligent. Mountains and oceans are hard to move, but portions of cyberspace can be turned on and off at the click of a mouse. It is cheaper and quicker to move electrons across the globe than to move large ships long distances through the friction of salt water. The costs of developing multiple-carrier task forces and submarine fleets create enormous barriers to entry and make it possible to speak of American naval dominance. In contrast, the barriers to entry in the cyber domain are so low that non-state actors and small states can play significant roles at low levels of cost.

In my book *The Future of Power*, I describe the diffusion of power away from governments as one of the great power shifts in this century. Cyberspace is a perfect example of a broader trend. The largest powers are unlikely to be able to dominate this domain as much as they have others such as sea, air or space. While they have greater resources, they also have greater vulnerabilities, and, at this stage in the development of the technology, offence dominates defence in cyberspace.

The United States, Russia, Britain, France and China have greater capacity than other state and non-state actors, but it makes little sense to speak of dominance in cyberspace. If anything, dependence on complex cyber systems for support of military and economic activities creates new vulnerabilities in large states that can be exploited by non-state actors.

There is much loose talk about 'cyber war'. But if the term is restricted to cyber actions that have effects outside cyberspace that amplify or are equivalent to physical violence, the world is only just beginning to

glimpse cyber war – for instance, in the denial-of-service attacks that accompanied the conventional war in Georgia in 2008, or the recent sabotage of Iranian centrifuges by the Stuxnet worm.

If hacktivism is mostly considered a nuisance, there are four major categories of cyber threats to national security, each with a different time horizon and with different (in principle) solutions: cyber war and economic espionage are largely associated with states, and cyber crime and cyber terrorism are mostly associated with non-state actors. For the US, at present, the highest costs come from espionage and crime, but over the next decade or so, war and terrorism may become greater threats. Moreover, as alliances and tactics evolve among different actors, the categories may increasingly overlap.

As the former US director of national intelligence Mike McConnell said, "Sooner or later, terror groups will achieve cyber sophistication. It's like nuclear proliferation, only far easier." At this stage, however, according to President Barack Obama's 2009 cyber review, theft of intellectual property by other states (and corporations) is the highest immediate cost. Not only does it result in current economic losses, but by destroying competitive advantage, it also jeopardises future hard power.


Security experts are far from certain what terms such as offence, defence, deterrence or the laws of war mean in the cyber realm. Public understanding lags even further behind. At this stage, large-scale formal treaties regulating cyberspace seem unlikely. Over the past decade, the United Nations General Assembly has passed a series of resolutions condemning criminal activity and drawing attention to defensive measures that governments can take. For more than a decade, Russia has sought a treaty for broader international oversight of the internet, banning deception or the embedding of malicious code or circuitry that could be activated in the event of war. But Americans have argued that measures banning offence can damage defence against current attacks, and would be impossible to verify or enforce. Moreover, the US has resisted agreements that could legitimise authoritarian governments' censorship of the internet. Nonetheless, the US has begun informal discussions with Russia, and the Obama administration has indicated a willingness to broaden international cyber consultations.

Even advocates for an international law for information operations are sceptical of a multilateral treaty akin to the Geneva Conventions that could contain precise and detailed rules given future technological volatility. But they argue that like-minded states could announce self-governing rules that could form norms for the future. We are in the early stages of an era in which the diplomacy of cyber security will become a major issue. ♦

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The world is only just beginning to glimpse cyber war – such as in the denial-of-service attacks in Georgia in 2008

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“ Security experts are far from certain what terms such as offence, defence or the laws of war mean in the cyber realm ”

VIKING research on information security in electricity grids



By Gitte Bergknut and Rita Lenander,
VIKING Project Consortium

Smart grid is a new word with new technology in an old infrastructure. The Smart Grid functions will provide many possibilities that will improve both the customer benefit and optimisation of operation of the grid. At the same time, some of those functions will increase the vulnerability and risk towards the reliability of the grid and the privacy of the customer.

It is important to mitigate the cyber-security issues at an early stage and involve security experts both from information security and power-system security. To ensure that the information security perspective is incorporated by design, implemented and maintained including both important security processes and proactive mitigations.

Another area that needs to be addressed is responsibilities and security review. The concept of smart grid will include an increased number of interested organisations – ie the national grid TSO, owner of the grids, the owners of production facilities both large- and small-scale, the customers, third-party vendors of smart products for keeping track and control of electricity usage, subcontractors, control-system vendors, and perhaps even consumer products. On top of all those directly involved is the

national interest of a stable and reliable distribution of electricity. The societal cost of power disruption is significant, measured both in loss of national production and human quality of life.

The grid is operated via Supervisory Control and Data Acquisition (SCADA) systems that have a long lifetime. Most SCADA systems used today were not built for an open technical environment with multiple connections and publicly known protocols for data transfer. The concepts and designs of smart grid use standard IT products and standard protocols such as IP (internet protocol). Those SCADA systems are built for a standalone environment separated from other networks. In a standalone environment there is less need for logical security functions if the operating center is physically protected. The smart grid requires many network connections, and completely new interfaces will occur such as the digital interfaces of a smart meter or customer products for providing information regarding real-time energy consumption and statistics.

The communication will be duplex, meaning that the data will flow in both directions between the end-point and the central SCADA system. New functionality will be introduced, such as disconnection of household, hourly measurements of meters and local energy production data necessary to the central SCADA system for dispatching and balancing the grid – all these require a high information-security level.



There is a clear trend in the world towards more sophisticated and targeted threats using ordinary IT security breaches to attack SCADA systems. The first example of a specially designed attack towards SCADA system was Stuxnet, which appeared in 2010. The effects of Stuxnet are not confirmed, but the design indicates that the purpose was to cause physical damage. Utilities and owners of other critical infrastructure are likely to be a target for new threats in the future, and the probability and consequences of such an attack in a smart grid concept will be high.

VIKING is an EU seventh framework programme financed research project (Vital Infrastructure, networkS, INformation and control systems manaGement), with participants from both universities and industries in Europe. The aim of the project is to develop methodologies for analysis, design and operation of resilient, secure industrial control systems for power transmission and distribution. This is achieved by creating different models.

One mathematical cyber-physical model of the power grid and one logical model of the SCADA system and IT network architecture. The latter model is described with attack and defense graphs. The societal model is calculating the societal cost using an artificial society based on statistics from Eurostat. All those models are interconnected in a test bed consisting of an actual SCADA system including physical devices such as PLC, as

well as virtualised simulators. The researchers from the universities have proved that cyber-attack can cause physical damage of the grid and that the current bad data-detection systems can be deceived.

At the moment, work is going on within the project to develop a tool for calculating the risk of a successful attack and find the most effective way to increase the security level in the system and network architecture. The project will also propose other available mitigations that can be applied to increase the level of security for the benefit of both the involved infrastructure owners, consumers and society.

It is important to collaborate with other research project in this area and closely related subjects. We see the benefits of international and interdisciplinary research and we encourage further research of security issues related to critical infrastructure.

Due to the number of organisations likely to be involved, the project has identified the importance to implement a common base level of information security to ensure the reliability, security and privacy in the electricity grid infrastructure.



What next after Libya?

The world is growing increasingly uncertain and dangerous, yet all countries are spending less on defence. So we need to consider what critical military capabilities are needed, how they will be provided and how much to intervene in a crisis

By Geoff Hoon,
former minister
of defence,
United Kingdom

The nature of the debate over operations in Libya was understandably short-term. Given the pressure on Benghazi and the physical threat to those looking for reform, it was not surprising that Britain and France were concerned about the immediate consequences of not acting. Inaction would have condemned the Libyan reformers to almost immediate defeat, with the prospect of the world having to deal with a victorious Colonel Muammar Gaddafi. The wider reform movement in the Arab world would have been stopped in its tracks.

At Deauville, G8 leaders will consider the strategic implications of recent events, economically and politically. It might be sensible to consider some military lessons as well.

Once difficult political decisions have been taken, questions about what military capabilities are available to deliver those decisions can sometimes seem secondary. There is an implicit assumption that it will always be

possible to take military action to carry through the consequences of political decisions. Military leaders sometimes contribute to this state of mind with their 'can do' attitude. It is, of course, possible to fly strike aircraft from Britain to patrol the skies over Libya – but is it ideal to have to refuel them twice on the way? Congratulating the crews for their ability to conduct such complex operations so successfully should not result in our overlooking the fact that such skill was necessary because previous generations had decided to dispense with long-range strike aircraft in Europe.

What kind of military capabilities will be necessary to deal with the next international crisis? No one knows – because no one knows where that next crisis will occur. In an increasingly uncertain world, what are the critical military capabilities that will be required, and how will they be provided? As all countries, including the United States, restrain government spending, involving significant



Aircraft launching from a US Navy carrier in the Red Sea. Today's world needs highly mobile and flexible defence forces, ready to react to threats wherever they occur

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Advanced technology gives the US the edge in war fighting, but does that mean only the US will in future decide which wars to fight?

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cuts in defence expenditures, what are the consequences for states' future ability to take action?

For defence policymakers and their political leaders, the Cold War was fairly predictable. The Soviet Union and the Warsaw Pact were slow-moving, visible institutions that would take time to mount an attack against the West. Any threatening build-up could be matched by the North Atlantic Treaty Organization (NATO), as forces gathered on either side of the inner German border. Such a potential confrontation could be prepared for. Although there was an arms race, what was being developed was designed to fit into a previously agreed plan, building on or updating an existing capability. There was a known threat.

Significant demands

When the Cold War ended, there was a widespread assumption that the world would become a much safer place. Most Western countries made deep cuts in defence budgets as a 'peace dividend'. While the world no longer faced the threat of mutually assured nuclear destruction, the West has since had to respond to a series of unforeseen events. No one foresaw the collapse of the Soviet Union. Almost overnight, countries on both sides of the divide were left with military equipment and capabilities designed for a conflict that had disappeared. Many are still dealing with the consequences in terms of static force structures and equipment designed for a different job. Few countries have the luxury of being able to abandon such programmes when so much money has been spent or committed.

This is not least the case when there have been significant demands on armed forces. These conflicts have not had a single cause. The disintegration of Yugoslavia tied up NATO forces on two operations. Military action in Sierra Leone, Côte d'Ivoire and East Timor could be said to have been colonial legacies. Afghanistan and the war against terror were the direct consequence of 9/11, and Iraq was an indirect consequence of this instability.

No one predicted, and planned for, the consequences of the suicide of a flower seller in a Tunisian marketplace, leading to a reform movement across the Arab world. One unforeseen consequence was a half-finished revolution in Libya that left the incumbent dictator with military assets and, unlike in neighbouring Egypt, the will to use them against protesting civilians.

Is it possible to prepare for such unpredictable threats? It is foreseeable that the West is increasingly likely to become involved in such events. The only common factor in recent international crises is the power of the media to bring events from around the world into the homes of western voters. The urge that 'something must be done' is very powerful, providing that what needs to be done can be accomplished quickly. The technology available to the US in Afghanistan and Iraq destroyed the conventional resistance with awesome speed, but in each case the aftermath showed that winning the war is straightforward compared with winning the peace.

With the cumulative effect of years of defence cuts, peacekeeping operations from the Balkans onward have strained both the military and the political resolve of the West. There was near unanimity that al Qaeda and the Taliban had to be dealt with after the events of 9/11. Polls showed overwhelming support for military intervention, but it melted away in the face of persistent casualties in a long, drawn-out conflict.

Floating bases

Yet sudden withdrawal is not an attractive political option if it leaves the country in question in no better position than it was at the time of the initial intervention. That is the issue in Libya. Once a no-fly zone has been agreed upon, how can the conclusion of the mission be determined before the threat to Libyans on the ground no longer exists? That conclusion can ultimately only mean the removal of Gaddafi, even if it cannot be stated officially.

The necessary military capabilities depend on factors peculiar to the particular region or country involved. Strike aircraft can be moved closer to Libya, providing countries such as Italy and Cyprus agree. Carriers can patrol the Mediterranean as floating bases, so aircraft can be flown off them. Other required military assets can be made available from those countries willing to be involved.

Previously, defence planners would have tried to anticipate impending threats and then have organised force structures and equipment accordingly. Recent unforeseen conflicts have shown that, instead, highly mobile and flexible forces, capable of dealing with whatever threat might arise wherever it originates, are needed.

Defence cuts since the end of the Cold War mean that no one country, with the possible exception of the US, has the full capacity needed to conduct the range of possible military actions. European force structures have been pared to the bone. Pooling military capabilities through NATO or the European Union is one possible solution, but the opposition of Germany to the action in Libya shows the political limits of this approach.

There is a risk of having to deal with an increasingly uncertain and dangerous world with less and less military capability. The pressure to intervene in crises in more and more countries grows, despite declining military capabilities to do the job. Technology gives the US the decisive edge in war fighting, but does that mean that only the US will decide which wars to fight? Peacekeeping is becoming more difficult than fighting; are the resources required to finish the job available? It may help to pool military capabilities, providing there is clear political agreement about use.

But the real answer to the problem of global uncertainty is either to intervene less or – preferably – to spend more on defence. ♦

Good governance after the Arab Spring

Although there is little consensus on the origins and desirability of the protests in the Arab world, the G8 and G20 leaders can take concrete steps towards stability in the region by helping to equip the rising generation of leaders to govern

By Christopher Sands, senior fellow, Hudson Institute

As the G8 leaders prepare to meet in Deauville, recent events in the Arab world will continue to command attention. The democratic protests that began in Tunisia and led to the exile of Zine el-Abidine Ben Ali inspired imitators across the region. In Egypt, the protesters at Tahrir Square forced the resignation of Hosni Mubarak. Demonstrations in Bahrain, Jordan, Syria and Yemen prompted governments

to promise reforms, but popular demands for political reform continue to raise questions about the future of governments and leaders in these countries, the ongoing economic costs of political instability and the future of democracy in the Arab world.

Part of this wave of popular protest, but also apart from it, was the uprising in Libya against Muammar Gaddafi. His security forces reacted with violence, and the protesters took up arms. Violence escalated, prompting G8



Anti-government protesters in Bahrain. The unrest that started in Tunisia spread to several other countries in the Middle East and North Africa



members Britain, France, Canada and the United States to engage the North Atlantic Treaty Organization (NATO) in military action to back the rebels. Italy lent its airbases to NATO allies and participated in the enforcement of the no-fly zone over its former colonial possession. G20 member Turkey joined in policing the arms embargo imposed against Libya in an attempt to limit the escalation of fighting. Britain's David Cameron, France's Nicolas Sarkozy and the US's Barack Obama called for Gaddafi to relinquish power and let the rebels form a new government.

Not all the G8 and G20 countries look favourably on these protests, however. G20 member Saudi Arabia – thus far spared the massive street protests seen in other Arab countries – has nonetheless been affected by instability in Bahrain and Yemen, and by changes in longtime allies such as Egypt. Much of Turkey, with its Sunni Muslim majority population and close historic ties to the Arab world, was once governed by the Ottoman Empire, and cannot be sanguine about the uncertainty facing the region.

In China, the state media noted the protests at Tahrir Square critically, avoiding the inevitable comparisons with the protests at Tiananmen Square. The decision of Western countries to intervene on the side of the protesters in Libya sets a disturbing precedent for Beijing, even after United Nations support was secured to legitimate the intervention. However, perhaps the most difficult issue for China is the question of democracy in formerly authoritarian countries across the Arab world.

The extent to which countries in the Arab world adopt democratic values will certainly vary. It must be the choice of the local population in order to be legitimate. Absent a broader consensus, G8 and G20 leaders should agree to support the governments that emerge in ways that promote stability, respect for basic rights and a return to economic health. Several concrete steps would contribute to these goals as the Arab spring moves into midsummer.

- Establish personal contacts with new leaders. Most of the countries where protesters may form governments have blocked western democracy assistance, or severely restricted it. Non-governmental trainers from the US, Britain, Canada, France, Germany, the Netherlands and other countries have helped to forge close personal ties among democracy activists around the world that have created trust and conveyed skills to prepare them for elections and governing. This preparation is absent in Egypt and Libya. A remedial effort will be necessary to establish contact and trust with new leaders.
- Emphasise governing skills and capacity building. In Central and Eastern Europe, pro-democracy activists were swept into office by voters, only to be voted out at the first opportunity when they failed to deliver a better life for citizens. One reason was inexperience: those allied with the former authoritarian regime were more competent at running a government, a challenge that is more complex than organising a protest campaign. New leaders will need to master fiscal and monetary policy, promote stability and economic growth, and foster the development of a civil society. Drafting a constitution, developing a national budget, organising a legislature, forming a cabinet, providing civilian oversight to the military and security forces in a post-conflict environment are all tasks that can be performed more capably with the benefit of the experience of foreign peers. Exchanges and peer-to-peer mentoring can help new leaders appreciably, and G8 governments have much to share. G20 governments formed after sudden, democratic openings such as Indonesia and South Africa have a generation of leaders who negotiated this difficult transition and might be deployed to help. Other G20 countries with relatively gradual, peaceful transitions to democracy, such as Brazil, Argentina and Mexico, have valuable experiences to share as well.

- Be attentive to the opposition. The leaders who emerge from these societies include those who form new governments as well as the responsible opposition. Authoritarian regimes foster an expectation of “winners take all”, with the result that those who lose elections are tempted to take up arms, or to otherwise destabilise and delegitimise the new government. Responsible opposition leaders and parties are committed to competing for power according to the rule of law and demonstrate that commitment by eschewing violence. The international community, by reaching out to opposition leaders and parties, can avoid taking sides in the nascent democratic politics and also ensure that future alternation in power among new leaders occurs without a crisis.
- Set parameters for political change by engagement and insistence on the rule of law. The G8 and G20 have tremendous influence by virtue of being leaders in the global economy. This influence should be exerted on the side of adherence to human rights norms, democratic best practices for free and fair elections and transparency, and a non-violent contestation for power.

Firm stance

Parties that serve as fronts for militia groups must be excluded from international support unless they give up their arms. New governments that deploy the power of the state against the opposition or segments of the population must similarly immediately lose foreign support, including democracy assistance and development aid. Parties and individuals who seek to restore authoritarianism in one form or another must be treated as antidemocratic and denied international support as well. The firm stance of the G8 and G20 against violence as a means to achieve political ends will set the bounds of political contestation for power in countries where historical experience and tradition have not established such parameters, and will be necessary until democratic norms have taken root.

There is no consensus among either the G8 or the G20 members on the origins and the desirability of the protests in the Arab world. They are clearly divided on the appropriateness of intervention in Libya in particular. Going forward, however, they should seek a unified position on concrete steps to foster peace and stability in this region by establishing contact with the rising generation of leaders, helping them to obtain the skills of governing and improving their capacity to do so – including in opposition – and setting the outer bounds of legitimate contestation for power. A consensus on good government among the G8 leaders at Deauville, or later among the G20 leaders at the Cannes Summit, will promote the return of these countries to contributing to the global economy, and will benefit everyone. ♦

“Parties that serve as fronts for militia groups must be excluded from international support unless they give up their arms”

Global security and the Korean peninsula

With current problems in North Korea likely to threaten global security, the G8 and G20 need to take a stronger stance. They should go beyond ex post facto responses to diverse security threats and take the measures needed for prevention

By Lee Dong-hwi,
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of Korea

The most noticeable change observed during the G20 Seoul Summit in November 2010 was the clear shift in global economic and political power from advanced countries to newly emerging countries. This shift will, over the medium to long term, call for a realignment of the international order. Consequently, efforts to build a new form of global governance will be further accelerated.

As exemplified by the progress of the G20, the frequent emergence and deepening of global crises have gradually shed light on the complementary and converging relationship between universal multilateralism and the Gx formula. The general tendency now is to broaden the foundations of the Gx approach to legitimacy while preserving its efficiency.

Doing so will increase the impetus for creating a new global governance that more clearly establishes



Models of a North Korean Scud-B missile and South Korean Hawk surface-to-air missiles on display at the Korean War Memorial Museum in Seoul

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North Korea possibly believed that nuclear development would give it a military edge over the South

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correlations between the Gx system and a number of international institutions, such as the United Nations.

The dangers and opportunities that the Korean peninsula question involves are likely to pose major challenges to that new form of global governance.

First of all, a possible conflict on the Korean peninsula may lead to military and security perils that end up involving not only north-east Asian countries, but also major powers around the world because of the peninsula's geopolitical location, the heavy military confrontation along the demilitarised zone and North Korea's nuclear capability. Second, it will have ramifications for the economic security of some of the world's major economies, such as the United States, China, Japan, Russia and Korea, owing to their geo-economic interdependence. Third, the severe low-growth problems that have long plagued North Korea will trigger various issues of human security if there is a crisis on the Korean peninsula.

North Korea's ongoing nuclear development, a matter of key interest for the international community, has already touched off a few crises and will generate more. The first one occurred in the early 1990s, when North Korea raised the nuclear issue in the aftermath of the collapse of the Soviet Union. In the early 2000s, Pyongyang declared its possession of nuclear weapons, triggering the second nuclear crisis. It was the North's way of coping with the hardened foreign policy of the US in the wake of the 9/11 terrorist attacks. The uranium enrichment issue, which has resurfaced while the Six-Party Talks remain stalled, is paving the way for a third nuclear crisis.

The situation today is decidedly more complex. It is a departure from past cycles of North Korea causing trouble

and other countries seeking diplomatic solutions, with the primary examples being the Agreed Framework signed between the United States and North Korea in Geneva in 1994 and the Joint Six-Party Statement of 19 September 2005. There are several explanations for this new pattern. China's position as a new power is profoundly changing the international strategic environment. In addition, the health of Kim Jong-il is deteriorating. These circumstances alone render change in North Korea inevitable.

In addition, however, the two instances of North Korea's provocation of the South in 2010 – first in the sinking of the *Cheonan* in March and then the bombardment of Yeonpyeong in November – underline once again that a peaceful resolution of Korean peninsula issues is by no means an easy task. North Korea's actions may have been caused by overconfidence as a result of advances in its nuclear development programmes. They may have also been manifestations of restlessness to win the immediate attention of the international community.

Irrespective of the causes, North Korea's continued nuclear development and consecutive acts of provocation are probably driven by three policy calculations, all aimed at preserving the regime. First, the North Korean leadership likely concluded that military tension would strengthen its domestic control, a crucial element for retaining a political position that puts the military first. Second, the North possibly believed that nuclear development would give it a military edge over the South and thus help North Korea shape inter-Korean relations in a way that is advantageous to itself. Third, Pyongyang probably expected that a tighter grip on the domestic front and an advantage over the South would further solidify the power transition, which is progressing rapidly.

New realities, new challenges

As it pursues such policies, North Korea expects tacit approval from rising China, whose growing prominence has become even more undeniable since the global financial crisis of 2008. Yet military-first politics will continue to exacerbate North Korea's economic difficulties, and international criticism of the North's nuclear development will further isolate the country. To make matters worse, should the new and old factions start to part ways and fissures between the two sides deepen into conflict within North Korea once the transition of power reaches a certain point, China may no longer view North Korea as a strategic asset but, rather, as a strategic burden.

Should such a situation develop, and should worsening economic difficulties and possible nuclear proliferation combine with North Korea's inability to exercise political control, the country would face extreme uncertainty and fluidity. Accordingly, this situation will threaten the peace and stability not only of the Korean peninsula but of the whole region and, indeed, the world.

The G8 has served as a forum for gathering the political will of the world's leaders to seek peaceful resolutions of key conflicts around the world. Through the Global Partnership against Weapons and Materials of Mass Destruction, it has continued to reduce the dangers of nuclear proliferation and nuclear terrorism. In 2010, in particular, the G8 successfully sought an international consensus on the *Cheonan* incident by issuing a harsh statement denouncing the North. By doing so, the G8 reaffirmed the crucial role it plays in the security realm. The North Korean problem, which includes the nuclear issue, will very likely pose a global security challenge.

Hence, the various global governance mechanisms now being newly streamlined through both the G8 and the G20 should go beyond ex post facto responses to diverse security threats. They should take a step further and reinforce their role by taking the necessary measures for prevention. ♦



Tackling cocaine and corruption

Drug trafficking is one of the big activities of criminal groups and causes corruption and violence. Producer and transit countries face consumption problems, and these will be a target for the G8 leaders in Deauville



By Amandine Scherrer, associate researcher, Canada Research Chair in Security, Identity and Technology, University of Montreal

Cocaine packs being seized on the Bolivia-Colombia border



Transatlantic cocaine trafficking is one of the top security priorities of the 2011 G8 French presidency. Drug trafficking contributes to the destabilisation of states owing to the infiltration of laundered money into economies, the corruption it generates and the violence caused by rival criminal groups seeking to corner markets. Local consumption – in producer, transit and final destination countries – will likely be a subsequent target of the G8 leaders when they meet at Deauville.

According to the 2010 *World Drug Report* published by the United Nations Office on Drugs and Crimes (UNODC), new trends have emerged in the cocaine market. Despite having been a recreational drug for decades, and despite demand waning in its largest markets (mainly in the United Kingdom and North America), cocaine has gained popularity in an ever widening range of countries.

Other changes concern the diversification in producing countries (notably newcomers Brazil, Venezuela and Ecuador versus the traditional Columbia, Bolivia and Peru) and the routes used for trafficking (with West Africa a new key trans-shipment hub to Europe). Decades of criminological studies have shown that drug trafficking clearly constitutes one of the major activities of criminal groups and generates corruption, rivalry and competition and, often, violence.

Cocaine trafficking is certainly not a new security threat, as often suggested. The coca leaf has been chewed in Latin America for more than a thousand years. Cocaine trafficking dates back to the beginning of the 20th century, as a result of prohibition laws adopted at domestic and international levels. The Hague Convention of 1912 can be considered as the starting point of a global prohibition regime, followed by the UN conventions on narcotics (1961) and illicit trafficking in narcotics and psychotropic substances (1988). The 'war on drugs' launched by the United States during the 1970s and the '80s has expanded and intensified international activities in the field.

Best practices

As drug trafficking has become progressively associated with organised crime and money laundering, bodies such as UNODC, Interpol and the Financial Action Task Force have implemented various programmes and action plans. The multilateral adoption of best practices, guiding principles and recommendations have shaped the current anti-drugs regime. Thus, despite new trends, the markets and trafficking routes are well established and well investigated by law enforcement and custom agencies. But how well are international organisations responding?

The failure of the war on drugs and its echoes on the international stage have been widely documented. In particular, several inconsistencies and limits have been highlighted at the domestic level (the stigmatisation of ethnic minorities and their overrepresentation in prisons, the explosion in prisoner numbers) and abroad (the devastating effects the US anti-drug policy in Colombia or Panama). Most of the studies underline how this

“Cocaine has gained popularity in an ever-widening range of countries”

“The coca leaf has been chewed in Latin America for more than a thousand years”

so-called war has relegated certain population groups to the margins of US society, how it has been used to justify an aggressive foreign policy that disregards social, legal and political specificities, and how it has marginalised certain producing countries that cannot produce some of these substances legally within the international community. As pointed out by many experts, international prohibition regimes too often focus attention on the countries supplying the western markets with heroin, cocaine and marijuana, and carefully avoid discussing the causes of domestic drug use.

In addition, organised criminal groups have shown their shortcomings. Linking the fight against the drug cartels and the consequences in the cocaine market can be counterproductive, says the *World Drug Report*, because “break-ups of big cocaine cartels may lead to the emergence of a larger number of smaller groups”.

Health-related issues

However, many studies have shown that treatment is an effective investment to reduce drug demand, including demand for cocaine. According to the same UNODC report, the significant decline in cocaine use in the United States over the past three decades can be connected to increased spending on prevention and treatment. Some of the highly criticised and polemical aspects of the anti-drug policies in the 1980s and the '90s have been balanced by programmes aimed at adopting an integrated strategy to counter the world drug problem, not only by tackling trafficking and its roots, but also by dealing with the demand side and its subsequent health-related issues.

In 2003, the last time France hosted the G8, the G8 sponsored the Paris Ministerial Conference on Drug Routes from Central Asia to Europe. More than 50 countries and international organisations subscribed to the principle of shared responsibility in the fight against opium and heroin trafficking from Afghanistan. What has become known as the Paris Pact has been since implemented by the UNODC. It promotes an exchange of information on opiate trafficking and the coordination of counter narcotics technical assistance, as well as specific programmes to reduce demand. Evaluating the successes or failures of the Paris Pact is complicated in such a short period of time, specifically given the current situation in Afghanistan.

According to the French authorities, the Deauville Summit is the occasion to replicate this Paris Pact initiative. The G8 brought together some 20 countries in North and South America, Africa and Europe that are regional drivers in combating cocaine trafficking at a ministerial meeting on 10 May. As acknowledged among the objectives of the French presidency, “the line between consumer, producer and transit countries is becoming blurred. Producer and transit countries are faced with consumption problems and consumer countries are starting to produce drugs.”

This starting point should generate fruitful debates and discussions over priorities and the balance to be adopted between repression and prevention, taking into account the consumption side of the market. ♦

Keeping the G8 relevant: from Muskoka to Deauville

The G8 summit remains a powerful platform for world leaders to speak out on key political and security issues, as well as mobilising political and financial support for fighting some of the world's most serious development issues, particularly in Africa



By Leonard Edwards,
former G8 sherpa
to the Canadian
prime minister

When the G8 leaders meet in Deauville, France, in May, they will face a world that has tested and challenged this group in recent years to prove its value as a relevant forum of international governance.

Long gone are the days when the G7 sat alone at the heights of economic power and took actions that were decisive in shaping the global economy. Many credible voices now take the view that the days of the G8 are over and its best course would be to quietly stay at home.

This need not, and should not, happen.

At the Muskoka Summit in 2010, chaired by Canadian prime minister Stephen Harper, G8 leaders deliberately left economic decision-making to the new permanent G20 forum that met in Toronto immediately afterwards. However, their work did feature other areas of achievement that provide ample evidence that the G8 is not only alive and well, but can also continue to provide value to its participants and contribute to a better global commons.

One such area is promoting development, particularly in Africa. In Muskoka, the G8 summit retained its now traditional meeting with African leaders representing the New Partnership for Africa's Development (NEPAD). Highly valued by Africans, this meeting coincided with the announcement of the summit's "signature initiative" on maternal, newborn and child health (MNCH). Here, G8 countries committed to provide at least \$5 billion in new funding and helped leverage a further \$2.3 billion from other governments and non-governmental partners, led by the Bill and Melinda Gates Foundation.

This "convening" and leveraging power is significant. From MNCH to the Global Fund to Fight AIDS, Tuberculosis and Malaria, to Education for All and beyond, the G8 has a remarkably strong record of mobilising political and financial support for fighting some of the world's most serious development issues, especially in Africa. This will certainly continue under the French chair in Deauville.

Monitoring performance

Also, the G8 has now strengthened its credibility through greater accountability. Rightly, critics have looked hard at the performance of G8 countries in meeting their development-related commitments, from the major ones that flowed from the Gleneagles Summit in 2005, including Canada's pledge to double assistance to Africa, to smaller, issue-specific undertakings. The lack of an internal accountability mechanism for tracking and reporting on commitments met, or not met, has undermined the G8's credibility and given an additional argument to those who are calling for its demise.

Based on a decision taken at the Italian-hosted L'Aquila Summit in 2009, the G8's first accountability report was prepared and issued under the auspices of the Canadian chair, just prior to the Muskoka Summit. It is a tough and self-critical account of both the successes and shortcomings in G8 performance in meeting past commitments in the area of development. Even the most demanding critics commended the G8 for its initiative and expressed the hope that future G8 presidencies would continue the practice.

Deauville will feature its own report, focusing specifically on how G8 countries have met their commitments in food security and health. It is hoped these annual reports, going forward from Muskoka and Deauville, will build the G8's credibility at the same time as they reassure its partners and publics that, for G8 countries and their leaders, promises made are promises kept.

The G8 also remains a powerful voice in speaking out on key political and security issues. This has been a central part of the G8's role over the years at its annual summits. Foreign ministers have also had a long history

of meetings and conference calls to discuss both chronic and urgent security issues.

This does not mean that there are not differences of view, or that success follows every G8 statement and intervention. Sometimes just talking through differences within the G8 has huge value.

Usually, leaders and ministers do agree on joint actions and statements that can help manage crises, lessen tensions and find solutions. This complements and often facilitates the roles of the United Nations Security Council and other bodies.

However, the G8 has done and can do more. Leaders can use their annual summits to look beyond the urgent to consider issues of emerging importance to peace and stability at a strategic level. The Global Partnership Against the Spread of Weapons and Materials of Mass Destruction in 2002 was an outstanding example of what can be achieved when this is done.

That is what happened in Muskoka. Stephen Harper invited three leaders from the Americas to join G8 and African leaders for an exchange on the deeply worrying growth in the transatlantic drug trade, the spreading influence of criminal gangs and the drug economy into Africa, and the resulting increased threats to political and social stability. The French presidency can move this year's discussion beyond analysis to strategies for action in this area, and perhaps open a dialogue on another area of growing concern.

Whatever the subject, it is this capacity for strategic exchange and frank conversation in an informal environment, without speaking notes and formal interventions, that sets the G8 apart from most other plurilateral summits, including the new G20, so far. The value of this cannot be underestimated, particularly to the participants themselves.

In Deauville, G8 leaders will probably again set aside time to discuss a few critical matters that preoccupy them as leaders – from their perspectives on the struggling world economy to pressing global issues to the current challenges of global governance.

The G8 has evolved over time from its roots as an economic summit, to engage on broader global issues such as energy and the environment, human rights and pressing security matters. Its agenda is now evolving again to respect the emergence of the G20.

In Muskoka, the G8 also featured a simpler format; a shorter meeting with a more-focused agenda. Ministerial and other meetings not directly relevant to the work of leaders were cut back to a minimum. This 'back-to-basics' approach, efficient and results-oriented, maximising the effective use of leaders' limited time, is being continued under the French chair at Deauville.

At a time of change and challenge in global governance, the G8 can, and should, remain an institution of ongoing value to its membership and, through focused contributions on its evolving core agenda, to the international community more broadly.

Under French leadership, the 2011 Deauville Summit will do its part. ♦

“ The G8 is not only alive and well, but can also continue to contribute to a better global commons ”

The 2010 Muskoka Summit saw G8 members commit additional funding to African nations

Torchlight on Africa: letting us see the invisible

Economies in Africa are expected to grow fast. But there are 300 million going hungry and many in dehumanising poverty, so it is important that the G8 and its African guests make their commitments count



By Njongonkulu Ndungane, former Archbishop of Cape Town, president and founder, African Monitor

To discuss African accountability, one must know what Africa is. At the risk of oversimplification, Africa can be categorised as both modern and traditional-cum-transitional. In the main, the international community's interaction with Africa is with the modern – the Africa that emulates western development models, organises through modern institutions and espouses the principles of liberal democracy, open competition and transparency. This Africa is occupied by the elite and the middle class and is integrated well into the global economy. It is very small, but it counts. When it is doing well, the economy is said to be strong.

The other Africa is actively engaged with its communities and decision-making institutions at the local level. It is primarily involved in smallholder farming or informal activities and is essentially rural or peri-urban, but includes the urban working class. This is known as the grassroots. It is large, resourceful, creative and resilient. It buttresses what appears as growth in Africa's formal economy, although it does not count in official statistical terms. It reproduces labour, provides security through social networks and feeds the urban centres.

African Monitor has a vision of a continent rapidly realising its development potential, where people lead dignified lives in a just society in which basic needs are met. African Monitor assesses the delivery of commitments and their impact on the grassroots. Africans expect their economies to grow, and to grow fast. But they also expect that a simple life of dignity – not necessarily opulence – should be guaranteed for all. Indeed, this is understood to be broad-based and inclusive economic growth. African Monitor has thus adopted the theme for the next three to five years of “Unlocking the African Moment”. It seeks to intensify the torchlight shone on the grassroots and their lived realities and resourcefulness. It also seeks to amplify

African voices in the corridors of power, primarily on the continent but also elsewhere among those who influence Africa's development policy. African Monitor combines traditional means with new technologies that make the invisible visible.

How well has the G8 kept its commitments to Africa?

The G8 Africa Action Plan was developed in 2002 in response to Africa's formulation of the New Partnership for Africa's Development (NEPAD). NEPAD is a collective pledge to place the continent on a higher path of economic growth and social development. The G8 partnership is based on mutual accountability.

In 2005, the G8 committed to double aid to Africa by 2010. It is on course to deliver 61 per cent of its promises. Official development assistance has steadily increased, reaching \$120 billion in 2009. Between 2004 and 2010, this increase reached a historic \$13.7 billion, the largest amount on record over a six-year period. The UK is likely to deliver an ambitious commitment, while the United States, Canada and Japan will meet or surpass relatively modest commitments. France and Germany are on course to deliver a quarter of their ambitious commitments. Italy is the only G7 country to cut development assistance from 2004 levels. In fact, Italy is responsible for one-third of the G8's overall shortfall – a shortfall that represents lost opportunities for many.

How do these commitments affect the lives of the people on the ground?

Although many people remain trapped by dehumanising poverty, the timely delivery of development support has lifted millions out of poverty even as a number of African governments have demonstrated progress in governance and economic performance. For example, 43 million additional children have been enabled to

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Africans expect that at the minimum a simple life of dignity – not necessarily opulence – should be guaranteed

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attend school (compared to 1990 levels), although the financing gap to attain education for all by 2015 remains \$16 billion annually.

The G8 has significantly increased aid to improve access to clean water and sanitation, providing 75 per cent of the overall commitment by the Development Assistance Committee of the Organisation for Economic Co-operation and Development. In ten years, the Ethiopian population with access to clean water has tripled from below 20 per cent in 2000 to 68.5 per cent in 2010, benefiting around 22.5 million people since 2005 at a cost of \$745 million, most of it in aid.

The G8 is on track to deliver \$60 billion committed to health by 2012. In Ethiopia, Burkina Faso, Rwanda, Mozambique, Mali and Tanzania, the link between donors meeting their promises and governments delivering on commitments is particularly strong.

African Monitor has found that aid – and other development resources – seldom reaches the most needy countries and people. The policy changes necessary to make trade work better for Africa are rarely delivered. African women – particularly smallholder farmers – still get a raw deal, remaining the “voiceless pillars of agriculture”. As the guardians of food security, producing nearly 90 per cent of the continent’s food, women should control resources such as land and have easier access to inputs such as improved seed, credit and technologies. Such changes would help women remove the shackles of poverty themselves, bypassing traditional means of production.

Of all the G8 commitments, the promise of the 2009 L’Aquila Food Security Initiative to mobilise \$20 billion over three years speaks directly to these smallholders, women and families. It is hard to contemplate what would happen if this service to humanity were withheld. The strategies to unlock all this potential must be fast-tracked.

Fairtrade farmers in the cotton-growing region of Kita, Mali. Much of grassroots Africa is primarily involved in smallholder farming

“Vague commitments with built-in double counting and unnecessary disbursement delays negate the impact of aid”

The African moment: its strongest and weakest links

According to the 2010 Ibrahim Index of African Governance, Africa showed progress in almost all sectors, driven by gains in human and economic development. As a result there is optimism about a breakthrough in African development – the African Moment – thanks to years of reform, a reassessment of Africa’s risk, and strong macroeconomic fundamentals. However, this progress has been diminished by what the report describes as “democratic recession”: continued personalised rule, excessive centralisation of power and corruption.

Prospects for economic growth and political stability have been severely undermined. Disparities were most common in participation, human rights and sustainable economic opportunities. This disconnect between political and economic rights was particularly pronounced in Algeria, Morocco, Egypt, Sudan, Equatorial Guinea, Swaziland, Eritrea, Tunisia and Libya, some of which are experiencing unprecedented youth-inspired protests, demonstrating that a citizenry not listened to eventually rebels. Political rights must move in tandem with economic rights, and economic rights must extend to all.

How can the G8-African partnership best be enhanced?

Through the G8 Africa Action Plan, the G8 must remain focused on Africa’s development and leverage it in the momentum of the G20. A balance must be struck between supporting the Africa ‘on the official radar’ and the Africa that falls ‘below the radar’. The discussion of agriculture must consider stabilising agricultural commodity prices, and also honour and enhance the L’Aquila promise and draw on the resourcefulness and resilience of African women in defeating the odds.

Illicit financial outflows – which, with the assistance of the African elite, take what is already secured and returns it to the rich – should also receive priority attention. This figure reportedly reached \$96 billion in 2008 – an amount that could have brought immense benefit to Africa.

The G8 should ensure that any new commitments are SMART (specific, measurable, attainable, realistic and time-bound) and synchronised with those made elsewhere (such as the G20, the International Monetary Fund and the World Bank). Doing so would limit duplication and reduce transaction costs. Where possible, to circumvent uncertainties in global financial markets, resources should be front-loaded. Vague commitments with built-in double counting and disbursement delays negate the impact of aid.

Finally, the G8 and its African guests must look out for the message from outside the meeting. At every summit, there is always a parallel one organised by protesters, in which I have often participated. It is a stark reminder that the lives of the bottom billion, including Africa’s hungry 300 million, count. France, where the industrial revolution began, must begin to change the status quo. ♦

Keeping promises: how big a difference did last year's summit make?

The 2010 Muskoka Accountability Report ushered in a new era of candid self-assessment. So, with domestic political pressures and conflicting international demands, can the G8 live up to its priority commitments?

By Ella Kokotsis,
G8 Research Group,
and Netila Demneri,
G8 and G20
Research Groups

Each annual G8 summit produces written and public communiqués and declarations that bind leaders to hard commitments on a breadth of policy issues. Whether those leaders comply with their G8 commitments generates much debate in political, academic, media and policy circles. Summit sceptics routinely question the ability and capacity of the G8 to keep its promises under conditions of ongoing domestic political constraint and conflicting international demands.

For those around the world engaged in the exercise of tracking and assessing the G8's performance, the release of the first full and comprehensive G8 accountability report at the 2010 Muskoka Summit was a highly anticipated and much-welcomed event. The G8 has produced more modest assessments in the past, with a 2007 review of the implementation of anti-corruption commitments and a 2009 *LAquila Preliminary Accountability Report* on food security, water, health and education. However, the *Muskoka Accountability Report* was the product of the first comprehensive accountability mechanism created by the G8 and supported by a senior-level working group, with a consistent methodology for reporting on key commitments. In delivering the report as promised, the leaders expressed their commitment to implementing their decisions and strengthening the effectiveness of their actions.

Driving the release of the report was the prevailing consensus among the leaders that the G8 must demonstrate leadership and effectiveness to retain its continued credibility and legitimacy as an effective centre of global governance. Assessing progress in implementing commitments therefore keeps the leaders on track while remaining committed to transparency and open reporting.

With almost a year gone since the release of the G8 accountability report, the eve of the 2011 Deauville Summit, hosted by France, offers an excellent moment to reflect on the Muskoka G8 to see if the Canadian-hosted 2010 summit made a difference. If so, did the release of the G8's first Accountability Report play a role?

The 2010 *Final Compliance Report*, published by the G8 Research Group at Trinity College and the Munk School of Global Affairs at the University of Toronto, assesses how well and to what extent the G8 has lived

up to 18 priority commitments made at Muskoka (the full report is available at www.g8.utoronto.ca/compliance). Unlike the *Muskoka Accountability Report*, the G8 Research Group's report assigns scores to the G8 members individually and to the G8's performance on specific issues on the agenda.

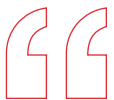
Living up to commitments

The results of the report indicate that the G8 have lived up to their priority commitments about 71 per cent of the time – lower than the score achieved in 2009 but higher than in 2008. Canada is leading its G8 partners in first place, followed by Germany, the United States and Russia (a considerable step up from Russia's traditional lower-end ranking). France, the United Kingdom and the European Union share third place, followed by Japan and then Italy.

On the Muskoka Summit's signature initiative on maternal, newborn and child health – a cornerstone of the *Muskoka Accountability Report* – Canada leads its G8 partners with \$284 million in contributions to date. Despite Canada's lead, its G8 partners have fallen behind, with Germany the only other country to honour this pledge. With US allocations at less than half its promised \$1.3 billion, and little progress made by France, Japan, Russia and the UK, the G8 will need to more than quintuple its funding by the end of 2011 to meet this key summit target from a year ago.

Official development assistance (ODA) – another key component of the *Muskoka Accountability Report* – yielded above-average compliance scores at 84 per cent, with the G8 committing to increase ODA levels and enhance aid effectiveness through more inclusive partnerships and better transparency mechanisms. Climate change, on the other hand, with its integral connection to the development agenda, failed to produce concrete results by the G8 on both members' pledges to undertake robust individual mid-term emissions reductions and efforts to implement all provisions of the stalled Copenhagen Accord, including those on reporting and verification.

On the political security front, areas of traditional high summit compliance including regional security issues (Afghanistan and civilian security systems), non-proliferation and terrorism (enhancing security and capacity building), the G8 once again fared well,



The leaders expressed their commitment to implementing all their various decisions and strengthening the effectiveness of their actions





averaging between 84 per cent and 100 per cent across these issues. Commitments to reduce trade barriers and strengthen or create new trade agreements, however, scored below the overall compliance average, at only 61 per cent.

Impact of the first report

Being the first of its kind, the 2010 *Muskoka Accountability Report* represents a clear departure from previous G8 documents that focused primarily on identifying and reporting on G8 inputs – such as resources allocated, programmes developed and working groups established.

The *Muskoka Accountability Report* showed a clear recognition on the part of the G8 that leadership begins with promises being kept, that regular, clear and transparent reporting is an important first step in this process, and that the need for an ongoing accountability working group is essential in ensuring that this work stays on track. Publicly holding themselves to account in such a manner places added pressure on the G8 leaders to comply with their global commitments across a number of policy areas. This form of self-reporting and accountability has a positive impact.

“ Official development assistance yielded above-average compliance scores at 84 per cent ”

To stay on track for Deauville and beyond, the G8 should continue to improve the way it develops, implements, monitors and reports on its commitments by making promises that are clear, transparent, measurable and time-bound. By continuing to provide a candid self-assessment on its accomplishments, the G8 can enhance its credibility as the centre of effective global governance by shaping and influencing the policy direction of the world's most pressing political, security and development issues. ♦

Faith forum calls for inspired leadership

Deep concern for all the peoples of the world, and for the earth itself, brings faith leaders together in a yearly global summit in order to draw up a consensus statement that they can then present to the G8 and G20 political leadership

By the Reverend Doctor Karen Hamilton, chair, 2010 InterFaith Partnership, general secretary, Canadian Council of Churches

The year 2010 was 'A Time for Inspired Leadership and Action'. The 2010 annual InterFaith Leaders Summit took place from 21 to 23 June at the University of Winnipeg in Canada – the sixth such meeting in the ongoing continuum of yearly, global gatherings of faith leaders from the G8 and G20 regions of the world, held in the country hosting the G8.

Usually convening in the days directly before the G8 summit, the InterFaith Leaders Summit provides an opportunity for deep discussion and debate on the significant issues facing the world and its peoples. The global faith leaders arrive at a consensus statement that is then presented to the G8/G20 political leadership. The statement of the 2010 InterFaith Leaders Summit, 'A Time For Inspired Leadership and Action', focused on three areas: the need to address poverty, including the dire lack of progress on the Millennium Development Goals (MDGs); the need to care for the earth; and the need to invest in peace.

At its first meeting in Canada, the 2010 summit brought together 80 senior faith leaders and 13 inspiring youth – Aboriginal, Baha'i, Buddhist, Christian, Hindu, Jewish, Muslim, Shinto, Sikh – and represented well over 800 million of the world's people from more than 20 countries. Senior faith leaders and experts gave keynote addresses on global poverty, climate change, and peace and security. The delegates engaged each other with respect, commitment and passion for the plight of the earth and its most vulnerable, and with the goal of speaking and acting together for the sake of a future that enables all people to thrive.

This summit was consistent with past summits, with its broad representation of delegates both geographically and in terms of faith diversity. There was significant representation of Canada's aboriginal communities. It was marked by the broadness of its reach as it used technology to stream events live online and to maintain the website (www.faithchallengeg8.com) in both French and English. Media coverage of the summit – national and international, French and English – was extensive. The innovative involvement of youth of faith with expertise in, and commitment to, the issues such as the MDGs was crucial. The statement 'A Time for Inspired Leadership and Action' – available on the website – was formally received by a senior minister of the Canadian government as the government hosting the G8 and G20 meetings.

As the G8 and G20 countries and the world prepare for the 2011 G8 summit in Deauville and the G20 summit in Cannes later in the year, global faith leaders remain consistent and persistent. While there is much ongoing discussion and debate on the relative roles of

both the G8 and the G20 and their membership and their effectiveness, the faith leaders continue to focus on the dire state of extreme poverty in the world. They are particularly concerned by the appalling lack of progress on the MDGs and press for all necessary steps to be taken – always including themselves as vital and committed participants in that process.

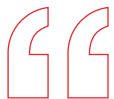
As their statement indicates, they call for inspired leadership in wealthy countries to "invest 0.7% of Gross National Income in development assistance in a transparent and accountable manner; cancel debts of poor countries without regressive conditions; halt capital flight from poor countries to wealthy countries; hinder the free flow of speculative money, maintain business and labour ethics, foster conditions for the development of small business, ensure workers earn living wages and receive decent treatment; and make poverty reduction a priority in trade and international financial negotiations".

Addressing inequality and poverty

Global faith leaders ask all countries – their own and all the rest on the planet – to "educate girl children to high-school level as one of the most effective development interventions; practice good governance; combat corruption; and put in place poverty reduction policies that ensure everyone has access to basic rights such as nutritious food, safe water, healthcare, education and economic opportunity".

These leaders, who represent the vast majority of the world's peoples, remain concerned about the care of the earth – which is the one and only home of humanity. "Wealthier countries must come to a more profound understanding of the interdependence of life and take the courageous steps needed to care for the planet," they say. "In the realm of climate change, concrete plans must be implemented to ensure global average temperatures do not exceed a 2°C increase from pre-industrial levels. In developing countries, the challenge is complex since growth, poverty reduction and environmental stewardship must journey together. This requires innovative leadership in these countries, along with increased collaboration between rich and poor countries, to protect agricultural lands from tourism and industrial developments, and support climate change adaptation and mitigation."

The faith leaders are aware that military power and economic strength constitute the basis on which countries are included in the G8 and G20, and that the voices of the other 172 members of the United Nations are thus excluded – and also of the prevalence of violence in the world in this century and in this past year. So they



The delegates engaged each other with respect, commitment and passion for the plight of the earth and its most vulnerable





continue to call on all appropriate bodies “to halt the arms race, make new and greater investments in supporting a culture of peace, strengthen the rule of law, stop ethnic cleansing and the suppression of minorities, build peace through negotiation, mediation, and humanitarian support to peace processes, including the control and reduction of small arms that every year are the cause of over 300,000 deaths globally”.

The statement also says: “We call on states with nuclear weapons to make immediate and substantial cuts in the number of nuclear weapons and to cease the practice of having nuclear weapons on hair-trigger alert.

Canada’s aboriginal communities were well represented at last year’s summit, where delegates spanned a broad range of faiths

Let these be the initial steps in a defined process leading to the complete and permanent elimination of nuclear weapons. We call for the establishment of transparent and effective dialogue mechanisms between international organisations and faith communities that takes advantage of the peacemaking potential of religion.”

In this spirit of consistency and persistency, in this spirit of commitment and passion, in this spirit of deep and active concern for all peoples of the world and indeed for the Earth itself, the faith leaders of the globe are meeting in Bordeaux, France, on 23 and 24 May 2011. It continues to be time for inspired leadership and action. ♦



CANADA

Stephen Harper



Stephen Harper was elected prime minister of Canada in January 2006, assuming office from Paul Martin in February with a minority government. Harper ran for re-election in 2008 and again on 2 May 2011, when he returned to the House of Commons with a majority. Before running for politics he served as a policy advisor for the Reform Party. He was first elected as a member of parliament in 1993. He served as leader of the opposition for several years before becoming prime minister. Harper was born in Toronto, Ontario, on 30 April 1959. He studied at the University of Toronto and the University of Calgary, earning his master's degree in economics in 1991. He and his wife, Laureen, have two children. This will be the sixth G8 summit that Harper has attended.
Sherpa: Gérald Cossette

FRANCE

Nicolas Sarkozy



Nicolas Sarkozy became president of France in 2007, taking over from Jacques Chirac, who had held the position since 1995. Sarkozy worked as a lawyer while he pursued politics. From 1983 to 2002, he was mayor of Neuilly-sur-Seine. He has been president of the Union pour un Mouvement Populaire since 2004. During his time in parliament he has held several cabinet portfolios, including minister of state of the economy, finance and industry, minister of the budget and minister of the interior. Sarkozy was born in Paris on 28 January 1955 and received his law degree from the Université de Paris in 1978. He is married to Carla Bruni and has three children from two previous marriages. This will be the fifth G8 summit that Sarkozy has attended, and his first as host.
Sherpa: Jean-David Levitte



GERMANY

Angela Merkel



Angela Merkel became chancellor of Germany in 2005, replacing Gerhard Schröder, who had been in power since 1998. Before entering politics she worked as a researcher and physicist. She was first elected to the Bundestag in 1990 and has held the cabinet portfolios for women and youth, environment, nature conservation and nuclear safety. She was born in Hamburg on 17 July 1956 and received her doctorate in physics from the University of Leipzig in 1978. She is married to Joachim Sauer and has no children. This will be the sixth G8 summit that Merkel has attended.

Sherpa: Uwe Corsepius

ITALY

Silvio Berlusconi



Silvio Berlusconi became prime minister of Italy for the third time after winning the 2008 election. Before entering politics, he started his career as a building contractor. In 1980, he established Canale 5, the first private national television network in Italy. He also became a leading Italian publisher with Mondadori. In 1994 he resigned from Gruppo Fininvest in order to establish the political movement Forza Italia. In the same year, he became president of the Council of Ministers for the first time. In 2001 he became prime minister again – an office he held until 2006. Born in Milan on 29 September 1936, he received his law degree from the University of Milan. He is married to Veronica Lario and has five children. This will be the tenth G8 summit that Berlusconi has attended.

Sherpa: Bruno Archi



JAPAN

Naota Kan



Naota Kan became prime minister of Japan on 8 June 2010, replacing Yukio Hatoyama, who had held the position since September 2009. Kan was first elected to the House of Representatives in 1980. He has served as minister of health and welfare, minister of state for science and technology, deputy prime minister and minister of finance. Kan was born in Ube City, Yamaguichi Prefecture, on 10 October 1946. He graduated from the Tokyo Institute of Technology in 1970 and opened a patent office in 1974. He is married and has two children. This will be the second G8 summit that Kan has attended.

Sherpa: Shinichi Nishimaya

RUSSIA

Dmitry Medvedev



Dmitry Medvedev became president of Russia in 2008, after winning the presidential election and replacing Vladimir Putin, whose term in office had expired. Before entering politics, Medvedev worked as a legal expert and lawyer. He was officially endorsed as a presidential candidate in December 2007 by United Russia, Russia's largest political party. Medvedev served as deputy prime minister from 2005 to 2008. He was born in Leningrad – now St Petersburg – on 14 September 1965. He earned a degree in law in 1987 and a doctorate in private law in 1990 from Leningrad State University. He is married to Svetlana Medvedeva and they have one child. This will be the fourth G8 summit that Medvedev has attended.

Sherpa: Arkady Dvorkovich



UNITED KINGDOM

David Cameron



David Cameron became prime minister of the United Kingdom of Great Britain and Northern Ireland on 11 May 2010. He was first elected to parliament in 2001 as representative for Witney. Before becoming a politician he worked for the Conservative Research Department, and served as a political strategist and advisor to the Conservative Party. He has served as the leader of the Conservative Party since December 2005. Born in London, England, on 9 October 1966, he received his bachelor's degree in philosophy, politics and economics at the University of Oxford. He is married to Samantha Sheffield and has two children. This will be Cameron's second G8 summit.

Sherpa: Jonathan Cunliffe

UNITED STATES OF AMERICA

Barack Obama



Barack Obama became president of the United States in January 2009, replacing George W Bush, who had held the presidency since 2002. In 2005 Obama was elected to the Senate, having previously worked as a community organiser, a civil rights lawyer and a state legislator for Illinois. He was born on 4 August 1961 in Honolulu, Hawaii, to a Kenyan father and American mother. He received a bachelor's degree from Columbia University in 1983 and a law degree from Harvard University in 1991. He is married to Michelle Obama and they have two children. This will be the third G8 summit that Obama has attended.

Sherpa: Michael Froman

EUROPEAN UNION

Herman Van Rompuy



Herman Van Rompuy was elected the first full-time president of the European Council on 19 November 2010. He was previously prime minister of Belgium from 2008 to 2009. Before entering politics, he was a lecturer. Born in Etterbeek, Belgium, on 31 October 1947, he holds a bachelor's degree in philosophy and a master's in applied economics from Katholieke Universiteit Leuven. He is married to Geertrui Windels and has four children. This will be the second G8 summit that Van Rompuy has attended.

José Manuel Barroso



José Manuel Barroso became president of the European Commission in November 2004. Previously, he was prime minister of Portugal from 2002 to 2004. Before entering politics, he was an academic. He studied law at the University of Lisbon, holds a master's degree in economics and social sciences from the University of Geneva, and received his doctorate from Georgetown University in 1998. He is married to Maria Margarida Pinto Ribeiro de Sousa Uva and has three children. This is Barroso's seventh G8 summit.

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