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FILE TITLE: AFRICA	SERIES FOREIGN POLICY
	PART 3
PART BEGINS 12 APRIL 2002 / PART ENDS 20 MAY 2002	CAB ONE

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Labour Administration

Part closed

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PART

CLOSED

DATE CLOSED	20 MAY 2002

Series : **FOREIGN POLICY**

File Title : **AFRICA**

Part : **3**

Date	From	To	Subject	Class	Secret
16/04/2002	Sherpa/Germany	Sherpa/Canada	Building a new partnership for Africa's Development	U	
17/04/2002	PPS	Sherpa/Canada	Africa Action Plan	U	
22/04/2002		US /HMA	Global Coalition for Africa issues of relevance for G8 leaders	C	
25/04/2002	SS/DFID	SS/DTI	Draft Mandate for Negotiating Economic Partnership Agreements (E	C	
26/04/2002	FST	SS/DTI	Draft Mandate for Negotiating Economic Partnership Agreements (E	U	
26/04/2002	FA/APS	PM	Africa	C	
29/04/2002	FA/APS	DFID	Prime Minister's Breakfast on Africa, 23 May	U	
30/04/2002	SS/DEFRA	SS/DTI	Draft Mandate for Negotiating Economic Partnership Agreements (E	C	
02/05/2002	DFID	FA/APS	Prime Minister's Breakfast on Africa, 23 May	U	
03/05/2002	FA/APS	PM	Africa Breakfast	U	
07/05/2002	Cab Off	FA/APS	Nigeria and other African issues	R	
08/05/2002	FCO	FA/APS	Second Africa Europe Summit, Lisbon, 4-5 April 2003	R	
08/05/2002	FA/APS	PPS	G8 Africa Plan	U	
10/05/2002	FA/APS	PM	Getting A Good G8 Africa Package	R	
10/05/2002	SS/DFID	Oman/Ambo	G8 Development Agenda: Kananaskis and Beyond	U	
10/05/2002	DTI	FA/APS	Follow up to meeting on Friday	U	
15/05/2002	FCO	PPS	Draft Africa action plan from US	C	
15/05/2002			G8 Action plan for Africa - notes on possible deliverables	C	
16/05/2002		PM	Letter from Niall FitzGerald, Unilever to PM - NEPAD and the G8	U	
17/05/2002		FA/APS	From NEPAD - Africa economic summit	C	
17/05/2002	FA/APS	DFID	G8/Africa Meeting	U	
20/05/2002	SS/DTI	PM	G8 Africa Plan : Pushing the Trade Issue	U	
20/05/2002	MS/FCO	PM	G8 Africa action Plan	C	

cc JJH
AW
DM

10 DOWNING STREET

Duff Weeks
for filing pls
CJ

PM

In case you have time to read tonight.

V. depressing meeting at Valerie Amos level.

There is no appetite for anything collectively agreed. We have a small opening of conflict still.

CJ

Foreign &
Commonwealth
Office

London SW1A 2AH

From The Parliamentary Under Secretary of State

Restricted

From: Valerie Amos
Date: 20 May 2002

Prime Minister

G8 AFRICA ACTION PLAN

1. We are coming to the final stages of preparation on the G8 Africa Plan. Despite my efforts (and excellent cross Whitehall work to produce an ambitious set of ideas that the UK could sign up too), G8 Personal Representatives in Maputo last week made little progress on agreeing a common set of deliverables. A strong political statement welcoming NEPAD and a weak set of general commitments is all that most of my colleagues want. Everyone around the table (except the Canadians and ourselves) is being very cautious. Most have plans for their leader to follow Prime Minister Chretien's example and announce something bilaterally for Africa immediately after the summit. This is just the sort of "Christmas Tree" approach that we had hoped to avoid.

2. As the attached note explains, I did manage to block a consensus on not having <u>any</u> major deliverables at all. At a Personal Representatives level, we have one last chance to propose some concrete deliverables, with a deadline of 24 May. On development aid, the US cannot agree to commit half of their new Monterrey resources to Africa, but it might be possible to agree this at the Summit. There was a strong feeling from my US colleague that if this was proposed and agreed by other G8 leaders, President Bush would agree. I met firm resistance to the inclusion of any new initiatives on debt. It might be better to return to this issue after the G7 Finance ministers have met.

ie FRIDAY

3. If we manage to get our suggestions into the draft, we then have to work very hard to keep them in the plan. Canada wants the Africa Plan finalised at the next meeting of Personal Representatives (2-4 June). This is not in our interests. Few of my colleagues have a political understanding of what Heads of Government require. Many have very limited negotiating positions. I therefore recommend that we consider the best ways in which to influence other leaders to agree to a more ambitious agenda. You may wish to write to all your G8 colleagues before 2 June urging a combined effort around our set of deliverables. Your meeting tomorrow will be a further opportunity to discuss how best to use your influence to raise the sights of our G8 partners.

4. Maputo was also our last meeting with NePAD counterparts. They have produced a very good set of proposals. I was asked by Bob Fowler to brief them on the G8 plan and did so on the basis of the lowest common denominator Canadian drafts. The sense of disappointment was palpable.

5. I am copying this note to the Jack Straw, Gordon Brown and Clare Short.

Valerie Amos

VALERIE AMOS

MAPUTO G8 AFRICA REPRESENTATIVES MEETING 16-18 MAY

1. This note records discussion among G8 representatives on 16 and 18 May which was designed to "define the fence" within which the plan would be drafted.

Shape of the Africa Action Plan

2. The Plan will open with a political statement, based on the Canadian ""Manquier" draft, not on the US/Edson re-draft. It will be much shorter, aiming for 2 pages. It must stress that this is a response to NePAD and explain what is going to be different. Key elements will be the concept of a partnership based on mutual commitments and the notion of enhanced partnerships to reward good performers. It will be in language that high school students can understand.

3. The second part will be a set of generic commitments, again based on the existing Canadian draft. (At present a consensus document containing few clear deliverables.). Some specific "red lines" were recorded. The US cannot accept a 50+% target of Monterrey funds going to Africa; Japan cannot accept commitments to increase ODA or geographical allocation of their funds; Germany does not want the Action Plan to centre so heavily on ODA and cannot make additional commitments at present. The US wants more emphasis on the private sector. Our suggestion to include debt was resisted on the grounds that was being dealt with in other institutions. Our offer to provide more specific proposals on conflict was accepted.

4. Fowler put forward for discussion a notional third element of the action plan consisting of a small number of major deliverables (specific announcements) that the G8 agreed on together. These would be agreed complementary actions, but delivered by each of the G8 nationally. The specific example Fowler suggested was to agree a collective target of nurses to be trained to deal with HIV/AIDS. This found no support around the table and Fowler suggested that since no one seemed ready to embark on joined up action it would be best to abandon having any "major deliverables" in the Action Plan. At our request he agreed to keep the idea of a third section open and awaits suggestions. These must be

"concrete" or they will be relegated to section two. (Note: all but UK would be content not to have any common G8 deliverables.)

5. The fourth element will be individual commitments. Canada will announce plans to spend all of its C$500m Trust Fund on activities linked to the various themes of the Action Plan. Fowler again asked whether any other leaders would have bi-lateral announcements to make.

Timetable

6. Fowler is open to any further contributions (not re-writes of existing drafts) by a deadline of 6pm on 24 May. He has undertaken to circulate a re-draft on 29 May. The Canadians see the meeting at Kananaskis 2-4 June as a drafting meeting to finalise the Africa plan. Canada contines to resist our suggestion of including points in square brackets for decision by Heads. Fowler clearly does not want any big new issues to be introduced at the summit because of time constraints.

Follow up to the Action Plan

7. There was considerable discussion of how the G8 Action Plan would be followed up. The US is opposed to a continuing role for Africa Personal Representatives. All agreed that the system could not continue in its present form but acknowledged the genuine pressure from the African side for some kind of follow through by the G8. This was complicated by proposals for wider involvement with other donors in either the SPA or the OECD. It was agreed that, at the summit, the decisions on follow through would be entrusted to France as the next G8 chair. (Camdessus can be expected to have a continuing role.)

Next Steps for UK action

8. A small number of proposals for major deliverables for common G8 action to be submitted to the Canadians before the 24 May deadline as a basis for the notional part 3 of the Plan (para 4 above). These will need to be framed to take account of the limits defined by other G8 Personal representatives if they are to survive the Kananskis drafting process. (There may be possibilities to stengthen them at the summit itself.)

9. Additional drafting suggestions to strengthen the longer commitments paper to be submitted in the same deadline.

for re

EMAILED

MATRIX

Received already by Pat? No Yes

PRIME MINISTER

cc: AW JOM SW

G8 AFRICA PLAN: PUSHING THE TRADE AGENDA

I want to endorse the proposal that Clare Short has put to you for a letter to other G8 Heads on this important aspect of the overall Africa agenda in the weeks before Kananaskis. Realistically we should not expect to get all we are asking for. But if we can engineer even some movement in our less willing counterparts to open up their own markets more to African products that will help counteract some of the unfortunate illiberal trade signals e.g. the US Farm Act, of recent weeks.

I understand that you are meeting the Chancellor, Foreign Secretary and the Secretary of State for International Development on 21st May to consider what more we should do to try to obtain better outcomes for Africa from the G8 summit in Kananskis next month. Clare has written to you to suggest you urge other Heads to commit to tariff and quota free access to their own markets to those African countries who complete their free-trade agreements with neighbours as many are in a slow process of doing.

In economic terms this offers them the carrot of faster and easier access to developed country markets if they press on with reducing what are generally very high tariff barriers between themselves. This acts as a real break on the growth of South/South trade which can be a springboard for them in developing the wide range of skills and experience they need to export successfully to G8 and other developed markets.

With France, Germany and Italy, this approach will strongly re-enforce the messages we are giving about as liberal as possible EU mandate for the forthcoming Cotonou Economic Partnership Agreements' negotiations with the African, Caribbean and Pacific (ACP) countries. The EU is seeking to agree this mandate at the GAC the week before Kananaskis. France, Germany and Italy seem content to accept an inexplicit mandate which could mean many years after the 2008 date for the EPAs coming in to force before ACP countries could expect total tariff and quota free access to the EU's markets. After the success of the EU's Everything But Arms initiative last year, which gave tariff and quota-free access to all goods from the LDCs (many of whom are in Africa), we must use the Cotonou negotiations as the next lever to encourage trade growth and hence poverty reduction.

Canada, the US and Japan will take much persuading to move towards Clare's proposal, but your pressure may help push them faster towards delivering on their existing commitment in last years UN LDC III Conference to match EBA. We judge that the proposal can be made compatible with all of our multilateral obligations in the WTO - what is needed is the political will to act.

CM5059

dti

Department of Trade and Industry

I am copying this letter to Jack Straw, Gordon Brown, Clare Short, Margaret Beckett, Liz Symons and Valerie Amos.

P H

20 **May 2002**

DEPARTMENT OF TRADE AND INDUSTRY

CM5059

dti

Department of Trade and Industry

By fax 20/5 file. cc AW AM WH.

10 DOWNING STREET
LONDON SW1A 2AA

From the Senior Policy Adviser

17 May 2002

Dear Anna,

Please find attached the agenda and annexes for the G8/Africa meeting with the Prime Minister at 0900am on Tuesday 21 May.

I am copying this letter to Simon MacDonald (FCO), Mark Bowman (HMT) and Tom Fletcher (FCO).

Yours ever,

LIZ LLOYD

Anna Bewes
DFID

Agenda for meeting on G8/Africa

1. What specific ideas for the Africa Action Plan should we promote?
- see attached list of top runners [DFID co-ordinating - Annex A]

2. UK announcements at Kananaskis
- referring to the above

3. Tactics/lobbying strategy
- see attached grid of Africa related events/opportunities [Annex B]

ANNEX A

List of Key Deliverables

Conflict

All individual G8 countries will work together to support (including with financial assistance) the development and deployment of African peace keeping and peace-building capacity, including at regional level. The aim is to elaborate a joint plan for this work by 2003; and, ensure that by 2010 African regional organisations and armed forces are able to intervene effectively to prevent and resolve violent conflicts on the continent.

All individual G8 countries commit themselves to: provide additional support to efforts to bring peace to the DRC and Sudan within the next year; assist with programmes of disarmament, demobilisation and reintegration; and to draw up an action plan on how they will contribute to efforts to rebuild the Great Lakes and Sudan when peace comes.

Trade

On trade, it is important that Africa should secure rapid benefits from the opening of markets under the WTO Round that began in Doha. But in addition, we all recognise that Africa can help itself by reducing its own trade barriers. NEPAD commits Africans to accelerating regional economic integration, though this process is currently hampered, in part, by the complicated structure of trade preferences that different African countries enjoy. In order to accelerate this integration, I propose that G8 members should make the following pledge: any African free trade area containing three or more African countries will be given immediate, tariff-free and quota-free access for all goods and services to the markets of the EU, North America and Japan.

Education

In order to realise the international commitment made at the Dakar Education Summit that no country seriously committed to achieving universal primary completion should fail to do so through a lack of resources, the G8 will:

- Commit to provide resources to fast track immediately eight to ten African countries that have credible plans to achieve universal primary completion, and are themselves committing additional resources to achieve these plans. This could amount to an additional contribution from the international community of $100m - $200m in the first year, rising steadily thereafter.

- The G8 will ask the World Bank to report annually on progress towards achieving universal primary completion. We will help other African countries to join the fast track process and will give particular attention to those countries where there are large numbers of children out of school, and those recovering from conflict.

Health

The impact of existing commitments will be limited unless we strengthen basic and equitable health systems across Africa. Current spending in Africa on health, including both national and donor resources, amounts to less than $10 per person per year. To reach the Millennium Development Goals for HIV, Communicable Diseases, Maternal and Child Mortality requires resources in the order of $35 per capita. Therefore where comprehensive national AIDS strategies and political commitment to establishing basic health systems to respond to HIV and other major diseases are in place, the G8 will:

- Support African governments' increased commitment to finance and building basic health systems through the provision of sufficient additional resources to meet the MDGs.

- Work with African governments and the international system to further develop and put in place national systems for measuring, monitoring and evaluating the effectiveness of health systems.

- On an annual basis ask WHO and the World Bank to report back to the G8.

We will provide additional resources of about £275 million over the next four years to eradicate polio. We will ensure that essential medicines are provided at affordable prices to those African countries which put in place policies to prevent the re-importation of differentially priced products, and that these prices will not be used to set the price of the same products in our own markets.

Development

We aim to spend at least half the additional resources pledge at Monterrey to help African countries genuinely committed to poverty reduction, good governance and economic reform progress towards the Millennium Development Goals. We will make our assistance more effective by providing predictable resources in support of nationally owned Poverty Reduction Strategies, coordinating and harmonising our assistance, and reducing transaction costs. We will be accountable for these commitments and a report on progress will be made to the next Summit.

Governance

We will take firm action to curb corruption and money laundering, and will return assets stolen from African countries. We will work with African countries to enshrine the commitment in an effective and comprehensive UN Convention on Bribery. We will also provide support for Action Plans drawn up by African countries to implement the Political, Economic and Corporate Governance codes.

Debt

On debt, we must ensure that we meet our commitments to ensure that countries exit HIPC with a sustainable level of debt, which will require topping up of debt relief for many countries beyond the assumptions made at Decision Point, and additional resources for the HIPC Trust Fund. But I believe we must go further. Our ultimate goal is that all countries should have sufficient resources to meet the Millennium Development Goals. For those countries that have successfully completed the HIPC process, and which demonstrate continuing commitment to poverty eradication, sound governance and financial management, we should put in place a mechanism to ensure that debt servicing costs do not pre-empt an excessive amount of their fiscal resources. This will mean giving additional debt relief, or other financing, to countries which meet the criteria but where the fiscal burden of debt servicing remains high even after Completion Point.

The additional debt relief which goes beyond that committed at Cologne for the enhanced HIPC initiative is an important first step towards ensuring that post-HIPC countries have more resources to finance their poverty reduction strategies. To ensure that the benefit of this extra commitment reaches the intended recipients, we should agree that these resources will be excluded when calculating topping-up at Completion Point. Moreover, we call on all G7 countries and other members of the Paris Club follow the lead of Canada, Italy, the US and ourselves and provide 100% debt relief on all historic ODA and non-ODA debt owed by HIPCs.

ANNEX B

G8/AFRICA: CALENDAR FOR G8 CONTACTS IN MAY

United States

7-8 May	**Foreign Secretary** to visit Atlanta and Washington. Meetings with Dick Cheney, Colin Powell, Condi Rice, George Tenet.
8-10 May	Chancellor of the Exchequer, New York, Washington
8-10 May	UNGASS (Special Session on children and education). UK representation: Chancellor; SoS DFID (tbc)
13-16	British American Parliamentary Group. (Washington DC)
15-16 May	OECD Ministerial (Paris). UK representatives: SoS DFID (tbc), Baroness Symons (DTI), Mr Boateng (HMT). US representatives: Natsios (USAID), Zelleck (Trade).
30 May	**Baroness Amos** to visit Washington (tbc)

Canada

14 May	Chretien meeting with the Prime Minster (London)
14 May	Foreign Secretary meeting with Bill Graham (margins of NATO Foreign Ministers meeting, Reykjavik – tbc)

Japan

8-10 May	UNGASS (Special Session on children and education). UK representation: Chancellor; SoS DFID (tbc)
15-16 May	OECD Ministerial (Paris) UK representatives: SoS DFID (tbc), Baroness Symons (DTI), Mr Boateng (HMT).
17-23 May	Mr Morley (DEFRA)
22-23 May	**DPM** visit to Japan (WSSD business).
28-29 May	**SoS Defence** visit to Japan.
30 May	Duke of York visit to Japan (trade envoy).

France

(5 May Interim government to be formed. 9 June first round legislative elections. 16 June, second round legislative elections. New government will only be formed after that.)

7 May	Africa Director talks
13 May	Foreign Secretary GAC meeting (Brussels)
15 May	Prime Minister's dinner for new French President
15-16 May	OECD Ministerial (Paris) UK representatives: SoS DFID (tbc), Baroness Symons (DTI), Mr Boateng (HMT).
10 June	Foreign Secretary GAC meeting (Luxembourg)
21-22 June	Prime Minister, Seville European Council

Germany

7-8 May	**DTI Minister**, Brian Wilson. Berlin
12 May	Prime Minster meeting with Schroeder in Berlin
13 May	Foreign Secretary GAC meeting (Brussels)
22-23 May	UK/German Senior Official talks at Chevening (M. Arthur)
27 May	**Foreign Secretary** visiting Berlin (speech at Auswartiges Amt)
15-16 May	OECD Ministerial (Paris). UK representatives: SoS DFID (tbc), Baroness Symons (DTI), Mr Boateng (HMT). German Development Minister expected.
10 June	Foreign Secretary GAC meeting (Luxembourg)
21-22 June	Prime Minister, Seville European Council.

Italy

Tbc	Marcello Ricoveri, invite to London
13 May	Foreign Secretary GAC meeting (Brussels)
15-16 May	OECD Ministerial (Paris) UK representatives: SoS DFID (tbc), Baroness Symons (DTI), Mr Boateng (HMT).
10 June	Foreign Secretary GAC meeting (Luxembourg)
21-22 June	Prime Minister, Seville European Council.

Russia

28-29	FCO Director, Africa to Moscow.

European Commission

8 May	Africa Director meeting with Prodi's cabinet (tbc)

Contact opportunties with Africans

8-10 May	UNGASS (Special Session on children and education).
15	DPM to South Africa
15-16 May	OECD Ministerial (Paris)
27 May	Africa Development Bank NePAD symposium (Addis Ababa)
28-30 May	Africa Development Bank Annual Meeting (Addis Ababa)
10-13 June	World Food Summit (Rome)

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G8/AFRICA CALENDAR: JUNE 2002

June	1,2	3	4	5	6	7	8, 9	10	11	12	13	14	15,16	17	18	19	20	21	22,23	24	25	26-27
Bilateral																						
Africa	2-4: Personal Representatives in Kananaskis																					
G8			Sherpas and Finance Sous Sherpas Kananaskis							Foreign Ministers, Whistler		14-15: Finance Ministers, Halifax										G8 Summit in Kananaskis
Multilateral								GAC in L'bourg										European Council, Seville (21-22)				
								World Food Summit, Rome														

G8/AFRICA CALENDAR: MAY 2002

May	7	8	9	10	11,12	13	14	15	16	17	18,19	20	21	22	23	24	25,26	27	28	29	30	31
Bilateral	Foreign Secretary in US				PM and Schroeder in Berlin	British American Parliamentary Group meeting, Washington				Morley (DEFRA) in Japan								Foreign Sec in Berlin			Bns Amos: Washington	
		Chancellor in New York and Washington				Foreign Sec at GAC	PM/ Chretien London	DPM in S. Africa						DPM in Japan:WSSD					Defence Sec in Japan			
	UK/French Director talks						Foreign Sec and B Graham							UK/German senior official talks at Chevening							Duke of York: Japan	
	Brian Wilson, DTI Minister, in Berlin																		Russia/UK talks in Moscow			
		Prodi?						PM dinner for French Pres.														
Africa									Personal Reps meet in Maputo									Africa D'ment Bank, NePAD Addis	Africa Development Bank annual meeting, Addis Ababa			
G8																						
Multilateral		World Summit for Children, New York				GAC in Brussels		OECD Ministerial, Paris														
							NATO Foreign Ministers															

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NEPAD

WORLD ECONOMIC FORUM

COMMITTED TO IMPROVING THE STATE OF THE WORLD

AFRICA ECONOMIC SUMMIT 2002

DURBAN, SOUTH AFRICA 5-7 JUNE

LL

cc AW
DMOIr

Mrs. Liz Lloyd
Special Adviser for Foreign Affairs
Office of the Prime Minister of the United Kingdom
London
United Kingdom

16 May, 2002 /sbe

Dear Mrs. Lloyd,

We are very happy that you will participate in the Africa Economic Summit in Durban from 5 to 7 June.

The New Partnership for Africa's Development (NEPAD) is gaining international recognition and we are very much looking forward to discussing the various elements and components that need to be put in place to make NEPAD a success. We do believe that we can play a key role in that regard, in particular by engaging the business community more thoroughly in the process.

One specific contribution we would like to make to achieve our goal is to produce a meaningful Report – the "Africa Agenda Monitor" – that captures the intense debates we will witness at the Africa Summit. In the past we have offered pre-eminent personalities or experts the opportunity to contribute to our Reports as Summit Rapporteurs who reflect on the Summits' debates in written form.

We would like to offer you the role of Summit Rapporteur for the Africa Economic Summit this year. Up to six Summit Rapporteurs will synthesize the key conclusions of the Summit in articles approximating 4,000 words. We would be delighted if you agreed to serve as the Rapporteur on aspects pertaining to **An International Policy Framework for Making NEPAD a Success.**

We would be very happy to work out the details of this assignment with you or a contact person assigned by you. The deadline for submitting the article would be 19 June.

Were you to accept this task, we would invite you and the other Rapporteurs to a private brainstorming discussion in Durban, attended by the most eminent participants of our Africa Summit, which will provide you with additional insights and conclusions derived from the Summit's debates.

My colleague Sven Behrendt will be in touch with you to discuss any additional questions you might have about this project.

Yours sincerely,

Frédéric Sicre
Managing Director
World Economic Forum

Haiko Alfeld
Director, Africa
World Economic Forum

World Economic Forum, 91-93 route de la Capite, CH-1223 Cologny/Geneva, Switzerland
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8 cc JRO

Unilever

R 16/5

LL

cc AW

JJH

PCU

Niall W A FitzGerald, KBE
Chairman

The Rt Hon Tony Blair MP
Prime Minister
10 Downing Street
London
SW1A 2AA

16 May 2002

Dear Tony,

NEPAD and the G8

Many thanks for the invitation to attend your Africa breakfast next Thursday. Unfortunately, I must be in Rotterdam that day for a longstanding Unilever meeting but would like to feed in some thoughts by way of this letter. A copy goes to your Special Representative on the G8/NEPAD process, Valerie Amos.

When NEPAD was launched last year, we both gave it our full support and described it as an opportunity that Africa must not miss. Your visit to West Africa in February was important in keeping international attention focused on the continent and I now hope that the G8 and African countries will maintain momentum through adoption of a concrete Action Plan at Kananaskis next month. This seems to me vital if we are to avoid the charge by African sceptics that the process has run into the sand like previous efforts.

While I have also taken opportunities this year to get the same messages across - most notably in co-chairing the WEF in New York and this week at the OECD Forum in Paris - I sense that few others in the Private Sector feel any real sense of engagement in the process. This needs to be tackled rapidly, in my view, given the pivotal role that the business community will be expected to play as the driver of economic growth in Africa. This message also came out clearly in the Abuja communiqué following the recent CBC Commonwealth-Africa Investment Forum.

Against this background, let me set out briefly five points I would have made at the breakfast:

- First, to help address this last point, I have written to Thabo Mbeki suggesting that he strengthen the NEPAD secretariat by adding a business sector person with responsibility for creating a greater sense of partnership and consultation between Governments and the Private Sector. There is a limited amount that can be achieved between now and Kananaskis, but progress on this front will be essential before the ICC meeting in Yaounde at the end of October.

/...

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Unilever PLC Registered in London number 41424 Registered office Port Sunlight Wirral Merseyside CH62 4UJ

16 May 2002

The Rt Hon Tony Blair MP

- Secondly, to help counter the sceptics, Government should work with some key companies in the UK to develop a presentational strategy and a series of core messages designed to highlight the positive in Africa in the run up to the G8. Unilever, for example, is increasing its investment in Nigeria and planning to double its turnover on that continent over the next five years. We see opportunities despite all the difficulties, but that doesn't mean that Africa doesn't have a huge mountain to climb if it is to attract its fair share of FDI. I will be bringing out some of this in a piece for the FT shortly.

- Thirdly, multinationals operating in Africa have much to offer in terms of capacity building among indigenous SMEs, particularly those enterprises linked to our supply chains. We should also be using our in-country resources to help African Government officials gain a better understanding of the barriers to business growth and the conditions necessary to encourage business to flourish. Linked to this, Unilever is currently looking to establish a pilot project, with other companies, which would bring such officials into our operating companies for a period of a year or so. We would also teach the basics of good management practice and provide them with the work skills sadly lacking in most African Ministries.

- Fourthly, more G8 – and business - leaders need to follow your example and recognise publicly the negative impact that OECD agricultural support policies and tariff/non-tariff barriers are having on the African economy and the continent's development. We are all aware of the key projections – a potential $150bn per annum increase in developing country income if protectionist measures are reduced by 50% - but there is precious little evidence on the part of Europe or the US that such arguments are being given sufficient weight at present. Indeed, much to the contrary.

- So, lastly, I hope that you will seek to persuade your G8 colleagues in the run up to Kananaskis that a G8 Action Plan would not be complete without a parallel call on OECD countries to ensure that all trade and agriculture-related policies are assessed for their impact on Africa. This point was made strongly in the report from your own Africa Partnership Team in 2000, and I know that Clare Short has consistently pushed the need for greater trade and development coherence in OECD work.

I hope that some of this is helpful in advance of your meeting. I would, of course, be happy to talk further with you or Valerie Amos in the run up to Kananaskis, if this would be useful.

With kind regards

Niall FitzGerald KBE

cc: The Baroness Amos
Mr Jonathan Powell

~~Phone subject~~

Foreign and Commonwealth Office

Fax Cover Sheet

Economic Summits and Institutions Section

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(F)

MATRIX

cc: LL
AW

To..... : **Jeremy Heywood, No 10**

Cc..... : **PS Baroness Amos**
Sally Healy
Michael Arthur
Graham Stegmann, DFID
Liz Lloyd, No 10

From..... : Richard Lindsay

Date..... : 15 May 2002

Pages to follow..... : 8

I attach comments on the draft Africa Action plan from the US -

The tone of these comments from the US are not surprising, but submission of US revised drafts of G8 papers at the eleventh hour before meetings is now becoming a common occurrence.

This Sherpa letter just before the APR meeting will not go down well with Fowler who has hitherto tried to keep the two processes separate.

Signed:.....

THE WHITE HOUSE

WASHINGTON

May 14, 2002

Dear Bob:

I am writing to comment on the updated draft G-8 Africa Action Plan that we received recently. We appreciate all the hard work that went into the latest draft. We do, however, have a number of fundamental problems with the latest "political statement" draft:

- **The draft does not give enough emphasis to economic growth as a criteria for enhanced partnerships:** The draft Action Plan links enhanced partnerships largely to political and economic governance (paras. 13 and 14, among others). But better governance alone is not enough to defeat poverty and generate economic growth. Action is needed to attract private investment (domestic and foreign) and promote business and agricultural development. Thus, in establishing enhanced partnerships, the Action Plan should note the importance of countries pursuing pro-growth economic policies (e.g., cutting red tape, lowering trade barriers, privatizing state enterprises, securing property rights, etc).

- **We should be clear that determinations of which countries merit enhanced partnerships will be made by individual G-8 countries, not as a group:** The draft Action Plan creates the impression that we will collectively identify those countries that merit enhanced assistance. More specifically, the language refers to "partnership" in the singular (paras. 11, 13, 16, 23) and calls for specific "collective" commitments as well as "coordinated and mutually-reinforcing actions" (para. 20). While we are certainly attempting to knit together a common conceptual approach, the decisions on which countries merit enhanced partnerships should remain with individual G-8 countries. U.S. decisions will, for instance, be made based on criteria developed as part of our Millennium Challenge Account (MCA) initiative. The report should make clear that "partnerships" will be established by each of us individually, and that the Africa Plan does not contemplate a single G-8 list of enhanced partner countries.

- **The draft inappropriately attempts to set the level of bilateral aid:** The draft Action Plan asserts that there is now $10 billion in new annual development assistance, and it wrongly proposes that we commit $5 billion to Africa. The Action Plan should not prejudge the allocation of these bilateral resources or, more generally, the level or vehicle for assistance from donor countries. U.S. aid allocations could meet, or even exceed, the proposed target. Whether or not they do so, however, will be determined by our MCA criteria and individual country policies and performance.

- **The report incorrectly implies that the results of the African Peer Review Mechanism will determine our aid allocations:** By asserting that determination of enhanced partnerships will be "guided by" the African Peer Review mechanism (para. 17), we create an expectation that our assistance decisions will track Peer Review findings. However, the Peer Review mechanism has not even been finalized, and there is certainly no track record. While we cannot overemphasize the importance of a strong peer review mechanism, we should not tie our assistance decisions solely to this mechanism.

- **The report's language should not correlate joint initiatives with costs:** According to the latest draft, G-8 action will entail "joint initiatives, where the costs involved ... militate in favor of acting together." This language suggests we might agree to focus on certain very expensive projects as a way of signaling our support to Africa. We believe that, with respect to initiatives, we should in most cases agree on the key priorities that are urgently needed in Africa, but be free to address those priorities through bilateral channels. It may be that, in some instances, it makes sense for us to plan and implement these steps jointly, but the benefits of coordination and the outcome – not costs – should be the drivers of joint action.

- **The report creates a new and unnecessary layer of G-8 bureaucracy:** The latest draft not only calls for APRs to continue to meet for another year, but also creates a new bureaucratic layer of "Africa Sous Sherpas." We feel this process is better served by relying on traditional Sherpa channels. Once the work of developing an action plan is complete, the APRs' task will have ended. The G-8 should fall back on existing channels – particularly the Foreign Affairs Sous Sherpa (FASS) process – to monitor implementation and report to Sherpas. While we may need to call *ad hoc* meetings of experts on particular questions, the work should be carried forward through the FASS and Sherpa processes, thus maintaining our commitment to keep the G-8 streamlined and flexible.

We have "redlined" the latest "political statement" draft to reflect the above concerns, as well as a number of other important, individualized concerns on the tone of the document.

With respect to the "Commitments" papers (short and long), these papers contain far too much detail, and we need to take a hard look at what should remain to ensure that we neither over promise nor fail to signal appropriate support for sound NePAD efforts. Moreover, we see no need for the two versions; we should focus solely on the shorter one.

I am enclosing our revised draft "political statement" and am sending copies to G-8 colleagues. We hope that when the Africa Personal Representatives meet in Maputo, they will work from this revision to achieve a result that can be supported by us all.

Sincerely,

Gary R. Edson
Deputy Assistant to the President
for International Economic Affairs
and Deputy National Security Advisor

Enclosure

The Honorable Robert R. Fowler
Personal Representative of the
Prime Minister for the G-8 Summit
Department of Foreign Affairs and International Trade
Ottawa

DRAFT (VERSION 1.20) – ~~7~~14 MAY 2002

Manquier: Draft Introduction

[concept]

~~1.~~1. We, the Heads of State and Government of eight major industrialised democracies and the Representatives of the European Union, welcome ~~the invitation offered~~ initiative taken by African Leaders to construct a new partnership between the countries of Africa and our own based on mutually-reinforcing commitments and mutual respect. ~~We accept that invitation and commit ourselves to support the visionary African initiative in which the invitation was contained: the *New Partnership for Africa's Development* (NEPAD) which has been endorsed by the 53 Member States of the Organization of African Unity.~~ Working together we have a historic opportunity to make progress, to leave a lasting legacy for future generations. We must be ambitious about what can be achieved. We want a step change to develop an enhanced partnership that will deliver results, tangible improvements to the lives of poor people. It is an investment in our common future.

~~1.~~2. Alone among the continents, Africa is becoming poorer. Half its population lives on ~~1.~~ less than US$1.00 per day. Alone among the continents, life-span in Africa is becoming shorter. Life expectancy at birth in Africa is [sixteen] years less than in the next-lowest region – and, largely as a result of HIV/AIDS, is [three] years less than it was [ten] years ago. ~~The *New Partnership for Africa's Development* offers a comprehensive response to the crisis confronting the 800 million people who live in Africa. If fully implemented, NEPAD will help prevent Africa from becoming further marginalized from the rest of the world, provide a solid foundation for Africa's prosperity, and help ensure the well-being of its people.~~ Time and again, progress in Africa has been undermined or destroyed by conflict, insecurity, or poor political or economic governance. There is no prospect of significant resource mobilization in support of Africa, unless – as NEPAD promises – these realities are addressed.

3. The *New Partnership for Africa's Development* is, first and foremost, a pledge by African Leaders to the people of Africa. If realized, NEPAD's vision will help prevent Africa from becoming further marginalized from the rest of the world, provide a solid foundation for Africa's prosperity, and help ensure the well-being of its people. ~~It provides a framework for achieving poverty reduction in Africa, for advancing core human development goals, and for establishing peace and promoting security throughout the continent. Through NEPAD, African Leaders undertake joint responsibility to strengthen peace and security, promote and protect democracy and human rights, restore macroeconomic stability, revitalise and extend the provision of educational and health services – including, in particular, for HIV/AIDS, malaria, tuberculosis and other communicable diseases – and promote the role of women in the social, economic and political lives of African countries, among other measures.~~ African Leaders have involved themselves directly in the creation and the implementation of the *New Partnership for Africa's Development* and have formally undertaken to hold each other accountable in terms of the agreements contained within it. ~~We both welcome and commend this bold commitment by Africa's Leaders and undertake to complement and support their efforts.~~ NEPAD recognises that the prime responsibility for Africa's future lies with Africa itself, and that a new outlook will require hard choices, a very strong commitment to reform and sustained political leadership. We are ready to respond.

[NEPAD's strategy]

~~1.~~4. In the NEPAD, Africa's Leaders clearly set out a collective view that engendering peace, security, democracy, good governance, human rights, investments in human capital, ~~and~~ sound economic management and an attractive climate for investment and entrepreneurship are necessary "[pre]conditions" for sustainable development and for the attainment of NEPAD's goals and objectives. ~~We fully concur with this assessment. Time and again, progress in Africa has been undermined or destroyed by conflict, insecurity, or poor political or economic governance. There is no prospect of significant resource mobilization in support of Africa, unless – as NEPAD promises – these realities are addressed.~~

~~1.~~5. Governance and a commitment to conflict prevention are necessary, but they alone are ~~1.~~ not sufficient for Africa's economic recovery. NEPAD also seeks to achieve and sustain an average Gross Domestic Product (GDP) growth rate of above 7 per cent per annum for the next 15 years in order to generate the means to finance the attainment of the plan's economic, social, and political objectives. NEPAD targets ~~potential income and resources from~~ significantly increased levels of foreign direct investment in Africa; ~~potential income and resources from~~ increased trade ~~if there is better market access for~~ of African products, particularly within Africa itself, and greater capacity and opportunity for the export of African goods; ~~and potential resources from~~ further debt relief, ~~from~~ increased domestic savings and productivity, and ~~from~~ enhanced Official Development Assistance (ODA).

6. The *New Partnership for Africa's Development* identifies Africa's five sub-regions as principal building-blocks for Africa. It is both on a sub-regional and continental basis that the development of infrastructure and the delivery of essential public goods and services is envisaged. And it is through the development of Africa's sub-regional and regional institutions and the promotion of regional integration, economic and political, that the objectives of the NEPAD will take hold.

~~{difficulties}~~

~~7. The obstacles to be overcome through the implementation of the New Partnership for Africa's Development remain formidable. But unless these obstacles are overcome, Africa will fail to achieve tangible improvements to the lives of its people—especially men and women living in poverty.~~

~~8. Some of these obstacles relate to and reflect the tremendous depth and scope of the problems which African countries and African peoples now confront—problems of conflict; problems of disease, poverty and education; problems of inadequate infrastructure, including in the area of information and communications technology; problems of economic paralysis and even collapse. The HIV/AIDS pandemic, in particular, places entire societies and social structures at risk. The global economic slowdown and the sharp decrease in the price of some commodities has added to the difficulties faced by African countries.~~

~~9. Some of these obstacles reflect the necessarily long-term nature of many of the changes that some African Leaders seek to bring about—changes such as strengthening democratic accountability and democratic institutions; inculcating a culture of protection and promotion of human rights; promoting gender equality and the role of women in all aspects of society; advancing regional and sub-regional economic integration; or preventing conflict and building and consolidating peace.~~

~~9. Some of these obstacles derive from the tremendous diversity of Africa itself, a diversity that encompasses widely differing needs, capacities, and commitments. Africa is far from monolithic, and any plan for Africa's development must be flexible and responsive enough to encompass this diversity.~~

[new partnership]

~~9.~~7. In support of the *New Partnership for Africa's Development*, we ~~reaffirm our willingness to be~~ will engaged with Africa in a new type of partnership, based on mutually-reinforcing commitments and mutual respect, and centered on results. Wwe reaffirm our willingness to help strengthen Africa's regional and sub-regional institutions with a view towards more effectively supporting regional initiatives and regional integration.

~~9.~~8. The *New Partnership for Africa's Development* must also be embraced and implemented by the people of ~~9.~~ Africa if its vision of people-centred development is to be achieved. eEffective, mutually reinforcing efforts will be needed by African governments at all levels, in greater concert with African civil society and African entrepreneurs. We undertake to support African efforts to encourage public discussion of, and engagement in, the NEPAD across Africa. ~~Engaging African societies in their entirety is necessary if the NEPAD plan of action is to succeed. We strongly support the identification of the promotion of the role of women in all activities as one of two long-term objectives of the *New Partnership*. Only when substantial progress towards this objective has been realized and greater gender equality achieved can the broader objectives of the NEPAD—increasing growth and reducing poverty—be effectively and lastingly attained. Equally, the *New Partnership* must engage children and~~

~~youth, who account for [half] the population of African societies, and must serve to strengthen efforts to promote and protect human rights, in order to ensure that all the people of Africa are able to contribute to their societies' development. We will support efforts to encourage inclusiveness in Africa.~~

~~13~~9. While our commitment to the human needs of all Africans is not conditional, we commit ourselves to each establishing an ~~privileged and~~ enhanced partnership with those countries that ~~are~~have chosen to demonstrate~~bly~~ a political and financial committ~~ed~~ment to good governance, sound investments in their people and pro-growth economic policies that will cut red tape, lower trade barriers, privatize state enterprises, and expand property rights and unleash productive investment ~~the *New Partnership for Africa's Development* in all its aspects – including its Peace and Security, Democracy and Political Initiative, and Economic and Corporate Governance Initiatives. In line with this new spirit of partnership, we will concentrate our assistance in countries where governments are putting in place the policies necessary to achieve the vision, goals and objectives of the *New Partnership for Africa's Development*~~. We will no longer continually reinforce abject failure, but where countries are willing to ~~take~~ make the often difficult political and economic ~~decisions~~ choices necessary to give effect to the principles of NEPAD, we will offer them strong and enhanced support.

14~~0~~. We take this approach for reasons that are both principled and practical. As a matter of principle, our commitment to respond to situations of humanitarian need is universal and is independent of particular regimes; so too is our desire to help address the core issues of human dignity and development. The Development Goals contained in the Millennium Declaration adopted at the United Nations General Assembly in September 2000, provide a framework for such assistance. But we are also convinced that Official Development Assistance will have little lasting impact, and productive private-sector ~~foreign~~ investment will remain elusive in countries where peace and security are absent, responsible and accountable government lacking, basic human rights are not respected, or economic growth policies and open markets are undermined ~~governance is corrupt~~. Public support in our own countries for Official Development Assistance cannot and should not be sustained where such aid is directed towards regimes that ~~do~~ choose not to respect global standards of democracy, human rights and good governance. It ~~is also clear that it will not be possible to maintain public support for~~ Ceont-inued or increased Official Development Assistance depends on ~~in the absence of evidence~~ that aid works to improve lives and grow economies.

~~15. Commitment to the NEPAD compact is what we seek to help reinforce and support. The countries of Africa are not equally placed in their ability to give early effect to the New Partnership for Africa's Development. Where countries are demonstrably committed to implementing NEPAD in all its aspects, they should not be allowed to fail for lack of engagement on the part of the international community, regardless of their current level of economic development or the sophistication of their infrastructure.~~

~~16.~~11. Increasingly, and progressively, enhanced partnerships to support sound approaches will define ~~the parameters of~~ our engagement in Africa's development. Thi~~ese~~ enhanced partnerships will include, but not be limited to, the following elements:

- Technical Assistance: the offer of intensive capacity-building ~~to enhanced-partner countries~~ in areas of political, economic and administrative governance, in trade, and in crucial sectors such as agriculture, education and health, in order to improve individual African countries' ability to support human development, to attract productive investment ~~that is of benefit to society~~, and to improve ability to participate effectively ~~and forcefully~~ in trade negotiations and benefit from expanded market access both in Africa and abroad;

- Resources: the provision of increased~~, longer-term and predictable~~ levels of Official Development Assistance to enhanced-partner countries to make possible the ~~more~~ effective implementation of the NEPAD and to ~~the~~ accelerated attainment of the Development Goals contained in the Millennium Declaration~~Development Goals~~;

Dialogue: ~~the opening of a~~ sustained dialogue ~~with enhanced-partner countries~~ on the implementation of

the NEPAD and on related cooperation among development partners ~~to that end, including on the respective responsibilities and obligations of development assistance donors and enhanced partner recipients; and~~.

~~Reform of Development Assistance: the introduction of standardized and simplified administrative and reporting requirements for official development assistance received by enhanced partner countries.~~

~~17.~~12. In establishing each of our ~~determining~~ enhanced partnerships, we will ~~be guided by~~develop clear frameworks with ~~for~~ African partners based on transparent criteria which reflect both commitment and performance. This will complement Africa's own ~~African~~ peer-review
~~17.~~arrangements and the resulting ~~determination of the extent to which~~ assessment of countries~~y are demonstrably capable of and unequivocally~~ committed~~ment to the implementation of the NEPAD in all its aspects. We welcome the adoption on June 11 by the NEPAD Heads of State and Government Implementation Committee of the governance and peer-review arrangements ~~contained in ...~~, and we look forward to their implementation~~learning of the results of those peer-review processes~~. Also, the Poverty Reduction Strategy papers produced by African nations will remain a critical input for decisions on the substance of assistance. Our governments remain accountable to our citizens for the expenditure of their resources. We individually will ~~undertake to~~ review the status of our ~~qualification for~~ enhanced partnerships on an ongoing basis, in consultation with our African partners as well as with other donors. We will ~~and to~~ extend and expand such partnerships where ~~it is~~ they are warranted. We will reduce and revoke them ~~it~~ where ~~it is~~ they are not.

~~17. We also commit to working closely with transitional partnership countries; those that do not quite qualify for enhanced partnership but which nevertheless are clearly committed to the implementation of the NEPAD and to overcoming the remaining obstacles to their economic development, including by improving political and economic governance, investing in human development, and promoting opportunities for private-sector-led growth.~~

[deliverables]

~~17.~~13. The NEPAD's vision of mutually-reinforcing actions and reciprocal commitments ~~obligations~~ on the ~~17.~~ part of development partners found much resonance in the Monterrey Consensus adopted at the International Conference on Financing for Development held in Monterrey, Mexico, on 21 and 22 March 2002. ~~That vision contributed directly to the decisions by G8 partners, among others, to make substantial new commitments of official development assistance at Monterrey – over US$10 billion per year globally. Today we further commit to using no less than half the new resources committed at Monterrey to support development efforts in Africa, in furtherance of the objectives of the *New Partnership for Africa's Development*.~~

The Monterrey meeting, the Rome Food Summit, this G8 Summit at Kananaskis and the World Summit on Sustainable Development to be held in Johannesburg in August and September, jointly constitute a unique opportunity to revitalize ~~achieve~~ progress towards the eradication of extreme poverty, the attainment of sustainable economic growth and the promotion of sustainable development. ~~We recommit ourselves, individually and collectively, to these goals and to ensuring that the positive momentum achieved at Monterrey is maintained.~~ As G8 partners, we will undertake ~~coordinated and~~ mutually-reinforcing actions~~, including joint initiatives, in support of the attainment of~~ to help ensure that Africa achieves these goals ~~in Africa~~.

~~17.~~14. Our commitment to the establishment of a new partnership with Africa and to our ~~17.~~support of the *New Partnership* process is for the long-term. ~~The adoption of this Action Plan represents a first step in defining that partnership, and the action elements attached to this Plan constitute an initial tranche of commitments and undertakings. Other elements of our Africa Action Plan will evolve over time, in consultation with our African partners and in response to the discharge of reciprocal obligations, including those contained in the issue-specific implementation plans for the *New Partnership for Africa's Development*.~~

~~17.The focus of o~~Our Action Plan ~~is co-ordinated and mutually reinforcing actions to promote peace and security, strengthen institutions and governance, nurture human development, and foster economic growth. These actions~~ will include joint initiatives, where the ~~costs involved or the~~ need for co-ordination

militate in favour of acting together~~. They include~~, as well as~~,~~ actions taken in a national capacity within the ~~policy~~ framework established by this Action Plan.

~~17.~~15. Our underlying objectives in this partnership are :

- to help strengthen peace and security in Africa;
- to ~~assist recovery~~ improve health in Africa, especially in the context of the HIV/AIDS pandemic and other communicable diseases, including malaria and tuberculosis, which ~~are~~ place~~ing the continent's~~ Africa's future at risk;
- to engender ~~courage inclusiveness in Africa, including with regard to~~ democratization, and the promotion and protection of human rights for all Africans ~~and supporting the role of women~~;
- to build capacity in Africa, especially with regard to the political, economic and administrative aspects of governance;
- to expand knowledge, especially basic education, and ~~bridge the digital divide~~expand digital opportunities;
- to promote economic growth through investment and trade which stand to provide a flow of resources much greater than the total current aid to Africa; through public-private partnerships for the development of key infrastructure; and through the development of vital economic sectors such as agriculture and water.

~~24. These actions are intended to complement our existing commitments and initiatives – for example, to ensure effective debt relief for Highly Indebted Poor Countries; to maximize Digital Opportunities; and to achieve the Education for All goals. We will ensure that our policies and actions reflect our commitment to support the *New Partnership for Africa's Development* – for example, by expanding market access and, building on the Monterrey Consensus, making Official Development Assistance more effective.~~

~~24.~~16. We warmly invite other countries~~, including other highly industrialized countries,~~ to ~~24.~~ join us in giving effect to this Action Plan and to the new partnerships that underli~~es~~y it. We also encourage South-South cooperation and collaboration with international institutions and with civil society and the business community in support of the *New Partnership for Africa's Development*.

~~24.~~17. We commit to working with our African partners to putting in place the structures necessary to ensure the effective ~~24.~~implementation of this Action Plan. We request our Sherpas, working through Foreign Affairs Sous Sherpas, ~~Personal Representatives for Africa to continue to meet for a further year, both amongst themselves and with the Personal Representatives of the members of the *New Partnership's* Heads of State and Government Implementation Committee,~~ to coordinate implementation, and we ask that they ~~submit a final written progress~~ report on progress in the implementation of this Action Plan~~, for consideration~~ at the G8 Summit to be held in France next year. ~~In addition, we undertake each to appoint an "Africa Sous Sherpa" to take forward the implementation process, reporting to our Personal Representatives for Africa until the next Summit and directly to our Personal Representatives for the G8 Summit thereafter.~~

File

Foreign Policy - Africa

G8 Action Plan for Africa – Notes on possible deliverables

OBJECTIVE: Reduced conflict in Africa

G8 countries will:

1. US, France, Sweden, Netherlands, Belgium and UK have pledged support to the Multi Donor Trust Fund.

2. There is an in-principle agreement between UK, US, and France to coordinate efforts on building African peace support operations. Germany, Canada and UK have, or are likely to, pledge support for KAIPTC.

3. Likely to be supported by Canada, US, Germany and France

OBJECTIVE: Improved development assistance and debt relief

G8 countries will:

4. Mutual accountability

4a Mutual accountability is a term increasingly used by G8 members but is rarely, if ever, defined. There is likely to be a range of views within the G8 about what donors should be accountable for, and the extent to which they should be subject to independent review. Both Japan and Germany have expressed reservations about the Canadian proposal to request the DAC to establish an Enhanced Partnership Forum which would take this forward.

Essential that the concept of a 'Compact' or 'Charter' (original NEPAD wording) is taken forward somewhere in order to entrench action on Africa in the international system beyond the G8. DAC has advantages of: being identified in NEPAD text as interlocutor; high political visibility; remit beyond aid issues. SPA, on the other hand: has an explicit Africa focus; includes the IFIs; has better operational/policy mix; and is less bureaucratic.

Read across to G7 Finance Sous Sherpas discussions where Treasury pushing Chancellor's proposal for 'Global Compact'.

5. Increasing aid and its impact

5a Additional $12bn pledged by EU and US annually by 2006 in run up to Monterrey. DAC estimate an increase by 2006 of over $11bn for the G8 alone, with US ($5bn), Italy ($3bn) and Germany ($2bn) offsetting declining Japanese ODA (- $2bn). However, even if Africa receives half of the G8 increase (over $5bn), the real level of ODA to Sub-Saharan Africa will only return to the levels of the mid 1990s. This will only be sufficient to support countries achieving the MDGs if a minority meet the test of good performance and the additional resources are focused on them.

This formulation has the advantage of not exposing Japan and Russia who

are unable to commit to providing additional resources. Not clear how EC, Germany, France and Italy will react but reservations amongst most donors about 'input' targets/commitments. US should support (bilateral discussions indicate they expect more than half of MCA funds to go to Africa).

Subject to agreement in SR 2002 context, possibility that UK could announce £1bn programme for Africa (£350m higher than current spend).

5c The 2001 DAC Recommendation on Untying committed DAC members to untie financial aid to Least Developed Countries by January 2002. This excludes Low Income Countries such as Ghana and Kenya and aid such as food aid and technical assistance. There is strong opposition in the DAC from US and Japan to discussion of any further initiatives.

5d The US have been critical of long term commitments on the grounds that they lock donors into poor performance. This is not the case. The long-term commitment proposed is based on continued good performance in delivery of a credible poverty reduction strategy.

5e There are a number of initiatives to track performance by developing countries using the results to determine aid allocation – the US Millennium Challenge Account, IDA-13 and for the EC programme. A proliferation of externally set indicators will undermine a developing country's own framework for monitoring its poverty reduction strategy.

5f There is general agreement on the desirability of reducing transaction costs and the importance of Policy Reduction Strategies. There remains disagreement over the desirability of providing budget support – Japan and the US remain publicly opposed (though in private the US has not ruled out provision of some budget support through the MCA). France and Canada are moving towards acceptance in principle. Germany has accepted pooling of funds off-budget but remains unwilling to provide budget support.

5h This proposal enjoys the support of the Secretary of State but there is likely to be a lot of opposition from donors who have a poor record on selectivity (tilting resources towards poor countries with good policy environments). A weaker alternative would be to "Encourage the OECD DAC to assess how selectivity and delivery of aid can improve effectiveness."

6. Debt Relief

Discussions are ongoing within the financial sous-sherpa network (who lead on this). Debt is clearly an area of much importance for Africa on which progress should be made, however the key is to ensure that discussions tie in with those of the financial sous-sherpas.

It is unlikely that any of the other G8 will support any new meaningful debt actions, with the possible exception of Canada:

a. Italy the only possibility of supporting topping up – though by no means

certain.

b. No support likely
c. As for b. Japan in particular will have an issue over resources on this one
d. Possibility of Canadian support, though this is a political minefield. US may try to take us for a ride if we push this.
e. The Trust Fund is currently short by $700m, of which the majority is needed for the AfDB. The issue of resources here will be one that will probably ensure there is little support from anyone.
f. Hard for anyone to disagree with this (motherhood and apple pie).

OBJECTIVE: Increased African trade

G8 countries will:

7. On trade overall, it seems that G8 members acknowledge the difficulties that Africa is facing on increasing its share of world trade and that the G8 needs to do something about it but have varying perspectives on where the problems lie. The US, France and Italy (and to some extent Japan and Germany) place more emphasis on the supply side, citing AGOA and EBA as offering sufficient access to their markets. Their emphasis then is more technical assistance and investment and increasing regional trade. While this is important and we would agree, it is not sufficient. Therefore we would stress that an integrated approach of market opening, support for market entry (eg standards compliance) and increasing supply side capacity is needed.

a: US, France and Italy likely to question approach, as they feel enough has already been done to open markets through AGOA and EBA. However, difficult for countries to object to a study, particularly if we draw their attention to the practical difficulties African countries currently face in taking advantage of the different schemes.

Cost of study not likely to be large – up to $50,000, financial implications of potential recommendations more difficult to determine, particularly in terms of potential changes in tariff revenues in G8 countries.

b. Similar objections likely to be raised as for a. Agriculture sensitive for EU, US and Japan and textiles/leather for Canada. In addition all, with the possible exception of Canada, see commitments to tariff reductions for Africa or LDCs as giving away negotiating ground in the WTO (see also c. below).

Costs, in terms of tariff revenues forgone in G8 counties, WB estimates run to $5bn for total duty free access for EU, Canada, US and Japan. However, the actual cost is likely to be much less, both as the proposal is simply for a 25% cut in peaks and escalation and the figures are based on potential not actual exports.

c. This is also seen as going beyond agreed Doha language and therefore having little support. The Italians (who are potential allies on CAP reform) and the Canadian's may be more supportive. As agriculture is so sensitive for both G8 and Africa, it does represent an opportunity to demonstrate real political will to deliver the Doha agenda, particularly if Africa is to agree to negotiations on the 'new' issues (competition, investment and government procurement) at the 5th WTO Ministerial in autumn 2003.

In reducing levels of agricultural support G8 countries would actually gain financially, through reduced subsidy and export support payments.

d. This links into another G8 commitment at Genoa to help developing countries meet, particularly food safety, standards. The principle is unlikely to be objected to by any country but agreeing concrete actions is more difficult. The technical assistance requirements are potentially large in this technical area - WB, UNCTAD and UNIDO all currently have programmes. Including the impact on developing countries of regulatory changes in G8 countries could be very helpful in alerting them to changes and their likely impacts, but the differences in the regulatory process between G8 members may make a common approach difficult.

e. Japan is the only country to have raised objections, on the basis that all Asian LDCs should receive assistance first. However, we propose that G8 members would contribute the additional funds required for non-LDC African countries diagnostics (approx. $300,000 each) and then individual donors contribute to the IF Trust Fund to support delivery of the prioritised TA arising for each country. Germany is also currently not an IF donor.

f. This is unlikely to meet any opposition, as it is an endorsement of the agreed WTO approach.

OBJECTIVE: Progress towards the Millennium Development Goals – Health, Education and ICT

G8 countries will:

8. Education

a. This should be the clear recommendation of the G8 Education Task Force. The need is greatest in Africa and the G8 response should reflect this. The next meeting of the Education Task Force will be on 14 – 15 May. The meeting will look at how to implement this recommendation in detail.

b. In discussions with a group led by the World Bank following the Development Committee meeting in April, the UK is seeking to establish criteria for fast-tracking a group of countries with large populations where need is greatest eg Ethiopia, Nigeria, rather than the strongest performers who are already receiving a lot of assistance, eg Uganda. If we succeed in steering the outcome in this direction then we will be looking to have strong G8 buy-in to this fast tracking proposal. If we do not succeed then we will not necessarily support the fast track proposal. The outcome is unlikely to be clear before mid-May.

9. Health Systems

Considerable progress made on disease-specific and global commitments to tackle health following G8 Summits at Okinawa and Genoa. Less progress however made on commitments to health system development. G8 leaders should now commit to supporting an enhanced nationally-led effort for putting in place comprehensive and equitable health systems in order to maximise progress to the MDG's and maximise the potential of increased access to commodities, and additional resources flowing

through existing global aid instruments.

Major advances in political and resource commitment over the past few years to prevent and control HIV/AIDS, along with 20 years of effort, will be rendered meaningless unless health systems are improved to deliver interventions and services.

The recent report of the Commission on Macroeconomics and Health estimates that the MDGs in health can be reached at a cost of only $30-40 per person per year. In many low-income countries where health spending is below $20 per person per year, this represents a significant increase. Some of this additional financing can come from developing country governments themselves through adequate prioritisation to strengthened health systems, but a significant amount will need to come from the donor community – particularly in Africa. The global donor requirement to create and sustain functioning health systems is estimated at $27 billion per year by 2007.

Canada, EC likely to support call for greater focus on this area. Germany, Italy, France, Japan, and US uncertain. However, US and Japan typically support more vertical approaches to health development; Italy similarly supports more NGO based approach.

UK has committed over £1 billion for health system strengthening since 1997.

10. Polio

Eradication is technically feasible and within reach (number of cases has already fallen by 95%). Developing countries committed. An additional $275 million (mainly for Africa) is needed over the next 4 years to achieve the high-profile goal of eradication and thereby boost progress toward the MDGs on child health and broader poverty reduction. Failing to find funds required would increase cost of eradication and undermine past progress. Timing politically significant – a polio-free Europe will be announced on June 21.

All G8 members are signatory to the 1998 Global Polio Eradication Declaration. Canada, Germany, Italy and the US all contribute, but could be persuaded to increase commitments (which should flow through WHO and be non-earmarked). France not currently a funder, but could be leveraged.

UK has been a major contributor – providing over £175m between 1995 and 2001. Late 2001 DFID Development Committee approved an additional £50m for polio eradication, but will not be possible to make contributions to this level without substantial increase in HPD Aid Framework.

11. Access to Medicines

US will be the strongest opponent of this for 2 reasons:

- US pharmaceutical industry (companies such as Merck) use global pricing for their products – ie one price across the world.
- In order to price differentially for low-income countries, there must be agreement not to internationally reference drugs prices. The nature of the US healthcare system however means that there is very large internal pressure to do this – even though ironically, internally US drugs are highest priced in the world.

For a differential pricing policy to be successful, it is essential that the US are on board – their pharmaceutical companies have rights to many of the malaria drugs and anti–retroviral drugs that are of particular importance to Africa.

Canada, France, Germany and Italy are all likely to be in favour. Japan's position not clear. Canada's pharmaceutical industry is not research and development based. The EC has been pushing this issue recently, and received no opposition. The EC is looking at putting regulations in place quite soon – the timing of any announcement may well fit in very suitably with the G8 Summit (we await formal confirmation).

Resources – not so much of an issue – it is more a case of regulation. The G8 could in the first instance set up a dialogue with their pharmaceutical industries (we are already in discussion with UK companies – in particular GSK and Astra Zeneca).

12. Global Fund to fight AIDS, TB and Malaria

US, Japan likely to resist because of problems with budgeting domestically (but US supportive in principle). France, Germany unknown. Italy, Canada and EC likely to be supportive. (Note UK has made longest-term commitment over 5 years – though not the largest). All are committed in principle to make continued longer-term commitments if the Global Fund demonstrates that it is having a significant impact. It is not helpful to talk about absolute resource requirements at present, rather to aim for a sustained, incremental increase in resources for the Global Fund.

13. ICT

a. To be effective, CATIA will require £8.8million from the UK. The US, Canada and Sweden are already committed in principle to supporting this programme.)

OBJECTIVE: Improved governance

G8 countries will:

14.

In G8 countries:

a/b: The G8 countries are likely to support the idea of working more closely with their business sectors to tackle corruption and this will require each country to devote resources to this. The OECD has a unit which is responsible for monitoring compliance with the Convention and for raising awareness but more resources are needed. The resource requirement is likely to be modest (circa £0.6m over 3 years) but it would be an important signal of support for implementing the Convention.

c: Germany and Japan are reluctant to commit to return stolen assets even where this is subject to appropriate legal processes being followed. The UK is out in front on this - the US and Canada are supportive.

In Africa:

d: DFID is already supporting the East and Southern Africa Money Laundering Group at a cost of US$300,000 over three years. Supporting efforts in Western Africa would require at least as much and possibly more given the scale of the problems.

e: Discussions are at an early stage and only UK, US and Canada attended the first meeting with the World Bank and IMF. Other G8 members especially Japan, France, Italy and Germany should be encouraged to take part.

15.

a: Increased support for Governance activities is likely to be needed through existing bilateral channels but the level of resources required is difficult to estimate as it depends on demand.

b: The existing Financial Sector Reform and Strengthening Initiative is budgeted at US$45m most of which is provided by DFID (US$29m). Canada and the Swiss have contributed US$7.5m and 8m each respectively and other G8 members could be encouraged to contribute at this level.

c: The World Bank Public Expenditure Financial Accountability Initiative is likely to need more resources to support its work in African countries and it would be useful to encourage wider G8 involvement.

The IMF Africa Regional Technical Assistance Centres will start with two pilots in East and Western Africa at a total cost of US$27m. DFID has agreed to provide up to £1m (US$1.4m) and more support is needed to ensure they are fully funded. Germany and Italy are contributing £1m each, and France £0.7m, the Dutch are also interested. Canada is worried about possible duplication with other activities eg by the ACBF (African Capacity Building Foundation) – see below.

16.

a The ACBF supports capacity building in African Governments. At the recent pledging session in London it failed to secure the levels of funding required to fully implement its medium term strategic plan over 2002-06. We should urge those G8 countries which have failed to offer any support (Italy and Germany) to do so at a significant level say US$5-10m. The US has only offered US$0.5m. The UK has pledged up to £9m (US$12.6m).

b There is growing interest in African led lesson learning and networks and the G8 should support efforts by African regional organisations to develop these. Examples include networks on PRSPs led by ECA and a network on public service reform led by the Tanzanians.

17.

a The NEPAD peer review mechanisms would benefit by drawing lessons from the OECD experience . Financing will be required to establish links and exchange of information and personnel between the Secretariats of the two organisations. There have also been suggestions that NEPAD may seek donor finance to help implement the peer review mechanism.

b ECA is preparing 14 country level Governance assessments. It is planned that this work will continue into a second phase. An additional US$1.5m is required to complete this.

c There needs to be some basis for discussing the approach and sharing the results of the peer reviews. The G8 should be ready to support this but there are no specific proposals as yet.

18.

The African Charter cannot become fully effective until it is ratified by the required number of African countries. The African Commission on Human Rights has been established but it would benefit from start up support to fully develop its capability.

OBJECTIVE: Increased economic growth and private sector investment

G8 countries will:

19.

a. This will probably be supported by all countries. On PPPs, emphasis could be given to the Emerging Africa Infrastructure Fund (EAIF), which has been launched with an initial capital base of $300m ($100m from DFID). Technical assistance on economic liberalisation and regulation are essential to ensure proper planning and institutional arrangements, to protect the interests of the labour force and to provide opportunities for the domestic private sector.

b. The UK (and EU) is a strong supporter of the commitment in the Doha Declaration to negotiate a multilateral investment agreement in the WTO. The US at times appears more lukewarm, perhaps concerned that any agreement acceptable to all WTO members might weaken the 'higher standard' provisions it has negotiated under its own bilateral investment treaties (which also provide market access rights for their investors).

c. The major international agreements on bribery and corruption are within the OECD – namely, the Guidelines for Multinational Enterprises, and the Convention on Bribery of Foreign Public Officials. These have both been ratified by the majority, if not all, OECD members. The issue therefore is one of enforcement and monitoring.

d.

- Promoting the international adoption of financial standards on financial supervision, transparency and integrity is key to reducing financial instability both domestically and globally.
- Developing countries require considerable and coordinated support to implement financial standards that were formulated in the light of good practice in advanced financial systems. The UK with Switzerland, Canada the World Bank and the IMF have launched the FIRST initiative, which will deliver technical assistance to developing countries to adopt financial standards. We call upon other G8 countries to join this new initiative.
- Surveillance by the International Monetary Fund and the World Bank, including the Financial Sector Assessment Program (FSAP), Reports on

Standards and Codes (ROSCs) and Article IV assessments have an important role to play in identifying financial sector vulnerabilities. Continued efforts to strengthen surveillance to make it more effective, transparent and accountable are welcome as are measures to improve coordination between national financial sector regulators. The G8 must lead by example, by volunteering for and publishing ROSC/ FSAP assessments, while at the same time ensuring that the experiences and circumstances of poor developing countries are adequately captured in programs and fora.

- We welcome recent proposals from the IMF to improve the framework for sovereign debt restructuring and urge the G8 to take concrete steps to facilitate this process, including through the use of collective action clauses in their debt issues.

OBJECTIVE: African Agriculture

G8 countries will:

20.

a. This would require additional funds and is a new initiative but would likely attract interest from other G8 members in financing and have a good political profile. Not likely to occur as a bilateral or donor initiative but could help African development – would need to focus on south – south as well as northern markets. DFID / FCO / DTI joint leads.

b. This is an ongoing initiative due for discussion at EU level on 16th May. It dovetails well with US WSSD initiative to make all their satellite data free and complements it (EU has radar data while US does not). Costs could be met from EC funds or split by bilaterals – likely to be relatively small. Again not likely to come from bilateral funds but potentially very useful in drought and agriculture planning.

c. This could build on an ongoing US initiative that is already developing these centres – we have yet to raise it with them though – it is a chance to help evaluate the potential for regional markets in agricultural produce.

d. UK is already committed to CGIAR (Consultative Group on International Agriculture Research) reform and it is very important this proceeds rapidly as the system is in a poor state. RLD can provide details of our existing commitments

e. If this is approved for design and proves a workable concept it is a very relevant initiative

1) DR
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1 It was good to see you and Liz Lloyd for lunch on Friday. A few quick follow-ups.

(i) I attach the chart showing the various African regional and sub-regional groupings that I mentioned to you. Asterisked countries are not in the ACP. It demonstrates clearly the complexity of negotiating the EPAs on a regional basis under Cotonou. However there is little alternative as a key factor of Cotonou is to promote free trade, as much within regional groupings as between them and the EU.

(ii) I also attach the Executive Summary of the DfID's consultant's report on the Development Box that I mentioned. India are the main proponent of this concept. Of the suggestions in paragraph 20 as a result of an inter-Departmental meeting last week, DfID agreed to do follow-up work on the S&DT Safeguard Instrument in particular. We saw little problem with the idea of slower reductions in bound tariffs on food security crops and other items. But we saw little prospect of the four other items (all originally suggested by India back in 1999 pre-Seattle) being of real assistance to the poorest countries or indeed feasible to work out in practical terms. Lines to take are being developed on these various aspects of the Development Box. I will ensure you are sent a copy once they are finalised and agreed in the next couple of weeks.

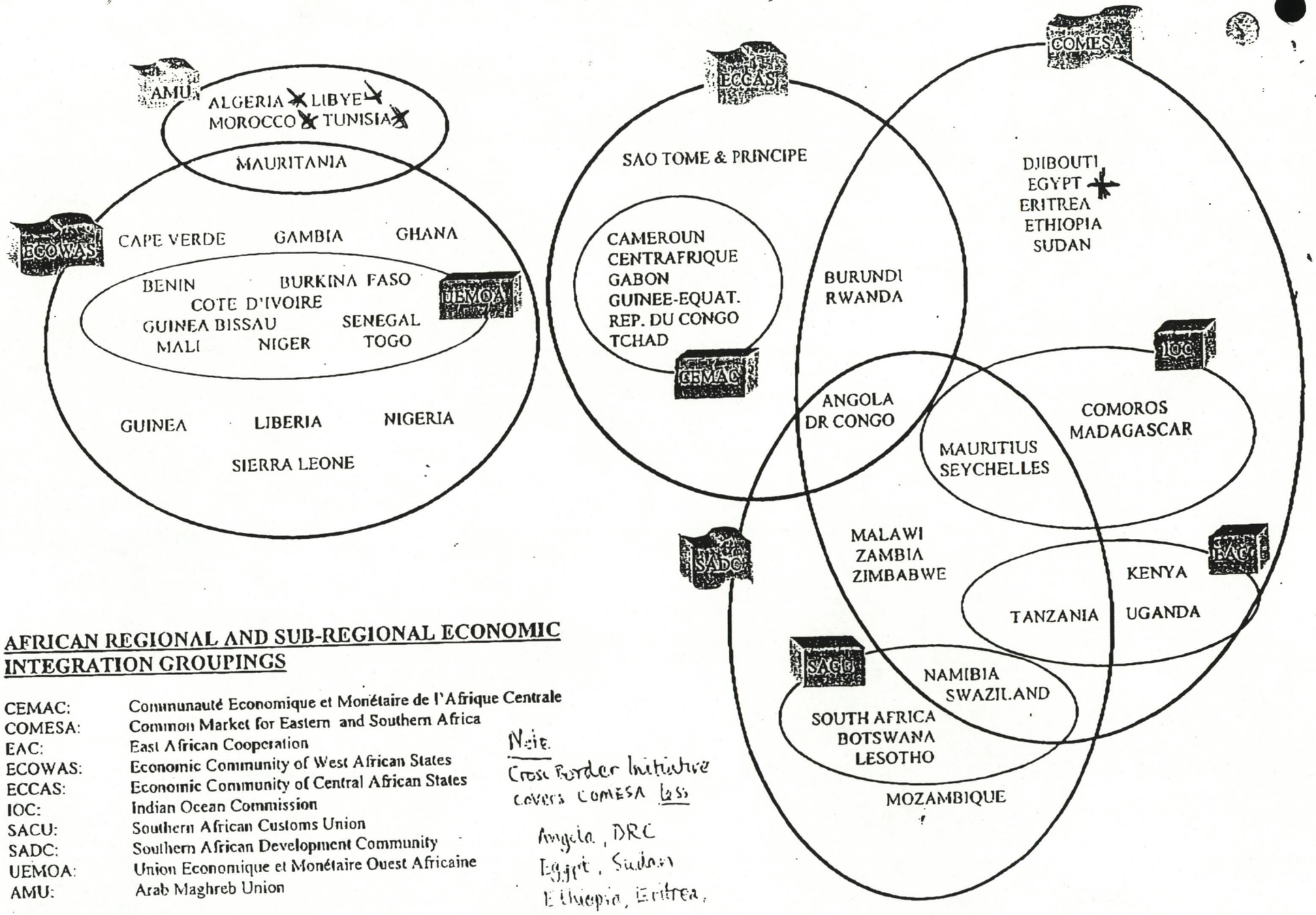
(iii) my stream of consciousness notes on the sugar seminar the industry arranged recently for Whitehall Departments in the Cotonou context.

(iv) my colleagues in the EWT Communications Unit, who are masterminding the preparations for the June 19th trade lobby of Parliament, will ensure that you are kept informed of what is going on.

5 If you would find anything else helpful, let me know. I am copying this to Simon Stevens (DfID) and to John Forrest and Ramil Burden here.

R Fiorina

for **DR ELAINE M DRAGE**
Director, Trade and Development



AFRICAN REGIONAL AND SUB-REGIONAL ECONOMIC INTEGRATION GROUPINGS

CEMAC:	Communauté Economique et Monétaire de l'Afrique Centrale
COMESA:	Common Market for Eastern and Southern Africa
EAC:	East African Cooperation
ECOWAS:	Economic Community of West African States
ECCAS:	Economic Community of Central African States
IOC:	Indian Ocean Commission
SACU:	Southern African Customs Union
SADC:	Southern African Development Community
UEMOA:	Union Economique et Monétaire Ouest Africaine
AMU:	Arab Maghreb Union

Note.
Cross Border Initiative covers COMESA less
Angola, DRC
Egypt, Sudan
Ethiopia, Eritrea,
Djibouti

OXFORD POLICY MANAGEMENT

DEVELOPMENT BOX PROPOSALS AND THEIR POTENTIAL EFFECT ON DEVELOPING COUNTRIES

Volume 1: Main Report

TIM RUFFER
With Stephen Jones and Stephen Akroyd

APRIL 2002

ABBREVIATIONS

AoA	WTO Agreement on Agriculture
AFTA	ASEAN Free Trade Area
AMS	Aggregate Measurement of Support
CAFOD	Catholic Agency for Overseas Development
CoA	WTO Committee on Agriculture
DB	Development Box
DFID	UK Department for International Development
EC	European Communities
FAO	Food and Agriculture Organisation of the United Nations
GATT	General Agreement on Tariffs and Trade
ICTSD	International Centre for Trade and Sustainable Development
LDC	Least Developed Country, UN Classification
LI/RP	Low Income Resource Poor
LIFDC	Low-Income Food-Deficit Country
NFIDC	Net Food Importing Developing Country
NTCs	Non Trade Concerns
QR	Quantitative Restriction
S&DT	Special and Differential Treatment
SDR	Special Drawing Rights
SIDS	Small Island Developing States
SSG	Special Safeguard
TRQ	Tariff Rate Quota
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organisation

EXECUTIVE SUMMARY

Introduction

1. This study assesses the proposals for the creation of a Development Box (DB) in a revised WTO Agreement on Agriculture (AoA). As well as the DB proposals, it considers most of the Special and Differential Treatment (S&DT) measures proposed in the course of the ongoing WTO agriculture negotiations, and as such does not focus exclusively on the DB proposals. This is because the DB proposals are not sufficiently separate to warrant distinction from many of the other S&DT proposals.

2. As countries develop, governments have shifted policies away from taxing agriculture towards a policy framework whereby agriculture is subsidised and protected. For the majority of developing countries, agriculture holds a special importance in terms of its contribution to the livelihoods of the poor. Governments therefore often use various instruments of support and protection to the agriculture sector. Under existing WTO disciplines, the variety of policies open to some countries that provide such support may be compromised. The proponents of the instruments considered in the study argue that they would provide developing countries with greater flexibility to support their agriculture sectors in favour of rural development, food security and poverty alleviation.

The Proposals

3. Proponents of the DB consider that within the AoA, five areas should be promoted, or at least not constrained. These are:

(1) To protect and enhance domestic food production, particularly in key staples.
(2) To sustain and enhance the employment, food security and livelihood opportunities of the rural poor.
(3) To allow flexibility to support small farmers.
(4) To protect poor farmers from the dumping subsidised imports and from damaging fluctuations in import prices and quantities.
(5) To promote improved in-country movement and international sales of surplus production.

4. ***Proponents of the DB argue that it is justified because of:***

- The special importance of agriculture in developing countries.
- The unique characteristics of agriculture in developing countries.
- The view that developing countries need to protect and enhance domestic food production.
- The presence of distorted world markets and the assertion that, as a result, developing countries need to protect domestic agriculture against these distortions.
- The perception that the AoA inherently discriminates against developing countries.
- The view that the market based model that advocates the liberalisation of international trade is inappropriate to developing countries.

5. ***The proposed DB instruments*** are described as "specific provisions which are at

best minimally trade distorting and yet are able to provide developing countries with the flexibility they need to pursue policies aimed at reducing poverty and achieving sustainable development" (WTO 2002d). They would only be available to developing countries. The instruments cover the three 'pillars' of the AoA, namely domestic support, market access and export subsidies.

Constraints under the AoA

6. The common constraints on agriculture policy flexibility in developing countries are:

- **Conditionalities** relating to economic policy agreements with international financial institutions, particularly the IMF and World Bank.
- **Financial constraints.**
- **Bilateral and regional trade agreements.**

7. Cases where the AoA has imposed limits on the policy options available to developing countries are far less common. This means that the gains that would be realised from successfully negotiating some of the flexibilities that are being sought would be limited.

8. However there are some quite specific areas where WTO rules could impose constraints. These are most likely to apply to rapidly growing developing countries that wish to protect their agriculture sectors as comparative advantage shifts moves away from agriculture and in a scenario where much more vigorous reductions in levels of support and protection are agreed under a new AoA. Relating to **domestic support**, these include:

(1) Instances where non-product-specific support exceeds 10% of the total value of agricultural production.
(2) Instances where inflation and exchange rate fluctuations erode the real value of maximum support commitments.
(3) Instances where Green Box measures have an appreciable impact on levels of production, and therefore do not comply with the general requirement of the Green Box (i.e. that they have at most a minimal effect on trade or production).

9. For **market access** provisions, most developing countries do not have access to safeguard mechanisms under the existing AoA. Only in exceptional circumstances do bound tariff rates impose a constraint on countries' border policies though, in the absence of a safeguard mechanism, they may be constrained from raising tariffs in reaction to a sudden fall in world prices of certain agricultural commodities where the 'water' between bound and applied tariffs is small.

10. Relating to **export measures**, there may be constraints on the use of government instruments used to encourage the export of surpluses to stabilise domestic prices. Depending on disciplines on export restraints agreed during the current WTO agriculture negotiations, developing countries may be constrained by a future AoA from stockpiling

commodities during international price slumps where this requires the use of export restraints.

Impact of the Proposed Measures

11. Administrative and fiscal constraints mean that developing country governments are often unable to use an optimal policy mix to support the rural poor and often opt for second best measures. These often include the use of border measures to protect farmers from international competition. However it may not always be in the long term interests of developing countries to pursue policies that attempt to protect uncompetitive subsistence production.

12. Each policy that could potentially be affected a future AoA would have varying implications for the food security and livelihoods of different groups within a country. In considering the effect of the DB instruments, it is important to remember that it is highly improbable that any country will use all the flexibilities that are being proposed. It is more likely that each will be used by a select number of countries under certain specific circumstances. Nearly every form of support and protection to the agriculture sector will benefit some groups and harm others. Given the diversity of livelihoods sources in developing countries, the net impact on poverty in any one country will depend on that the nature of poverty there.

13. The predominant source of future growth in the consumption and trade of agricultural goods will be developing countries and many developing countries have a strong dependence on South-South trade. There are therefore concerns that measures that increase the trade barriers to developing country markets, such as those proposed in the DB, could impede the dynamic potential of markets in the South. However most of the DB proposals suggest increased market access flexibilities for a limited number of 'food security crops'. If these are defined as cereal crops, which normally include a country's predominant staple food, increased trade barriers for these crops are unlikely to have a major impact on South-South trade in the aggregate because cereals account for less than 10% of developing country agricultural exports. However this ignores certain examples where intra-developing country trade in cereals is of greater importance and so the disruptive impact of the proposed instruments may be larger.

14. The current proposals on S&DT and the DB need further refinement as they are currently very broad and inconsistent. Furthermore, developing countries must be realistic about the resources that they possess to use the policy flexibilities that they are seeking in the negotiations. It is important to come up with a set of specifically targeted instruments that will be of real use in meeting the stated objectives of the DB and that do not compromise the ongoing process of reform to agricultural trade in agriculture. The process of refining the proposals for negotiating purposes could be significantly enhanced with combined sector and economy-wide quantitative analysis of the process of agricultural trade reform.

Targeting the Instruments

15. The instruments within a DB could be targeted in terms of crops, people or

countries. In **targeting crops**, most of the DB proposals suggest that measures should focus on 'food security crops'. These are considered to be crops which are either staple foods in the country concerned or which are the main sources of livelihood for low-income and resource-poor farmers. In defining this, countries could either provide a list of such crops in their schedules that comply with a certain definition which would be open to review by WTO members. Alternatively, an objective criteria could be defined which might simply be 'all cereals'.

16. Targeting policies at specific groups of **people** would ensure that the flexibilities provided reach the intended beneficiaries and not rich farmers and agribusiness. The common term used for such beneficiaries is 'low-income and resource-poor' (LI/RP) farmers. The use of this term is generally unique to the WTO. It is used in the existing AoA. It is difficult to conceive of a rigid definition for this group that would apply across all countries. One possibility would be an indicator relating to landholding that is reported in members' schedules and open to challenge if other members felt that it was not compliant with a stated definition of a LI/RP farmer. An alternative definition would be farmers involved in subsistence production with no commercial surplus, although there is a danger that the presence of flexibilities that are specifically targeted at such a group might create conditions that would encourage those farmers to remain in subsistence production. Furthermore, the number of farmers who engage solely in subsistence production in developing countries is extremely small and declining. Even if it were possible to define LI/RP farmers, it would be difficult to design effective measures that specifically targeted these groups.

17. Targeting the measures at food insecure **countries** would make it more likely that the WTO membership would agree to increased flexibilities as proposed under the DB. However it is the richer, more rapidly growing countries that would most be able to use the flexibilities that might be provided under a DB. There is a wide variety of indicators that could be used to define food insecure countries. These include GNP per capita, the contribution of agriculture to GDP, calories or protein per capita, the FAO classification of Low-Income Food-Deficit Countries and the ratio of total exports to food imports. Each indicator provides a different list of food insecure countries.

18. Overall it is apparent that efforts to target S&DT provisions at specific countries or people would be either difficult or inappropriate. However there seems to be some justification for the targeting of S&DT measures at "food security crops", so long as an acceptable definition is agreed.

S&DT Measures Proposed in the Study

19. In deciding on S&DT measures, it is important to try to conceive of instruments that are, wherever possible, minimally trade distorting, that are targeted and specifically formulated, that are not overly prescriptive over the agricultural policies that developing country governments are able to pursue and that take account of the limited institutional resources available for policy implementation present in may developing countries.

20. The study proposes a series of new S&DT instruments that should be provided in a new AoA in addition to maintaining many of those provided for in the existing AoA. They should be made available to all developing country members. They include:

- An **S&DT safeguard instrument** for food security crops that can be invoked when imports are priced below a specified trigger or in the case of a surge in the volume of imports above a predetermined trigger.

- **The rate of bound tariff reductions on food security crops** should be slower than for other products.

- Consideration of the possibility of **offsetting negative product-specific support against positive non-product specific support** within certain limits to enable governments to offset the negative discrimination against agriculture caused by fixing food prices at artificially low levels. However it may be difficult to design such an instrument that works on a product specific basis.

- **Safeguarding from challenge support conforming to specific Green Box requirements.**

- **Allowing countries to take account of currency fluctuations and inflation in their calculation of domestic support.**

- **Allowing for the short-term stockpiling of commodities by developing countries during times of low world prices.**

21. Overall there is clear justification for a series of S&DT measures to be included in a new AoA, as outlined above. Whether or not the S&DT measures that are finally agreed are classified within a DB will be of little practical consequence in terms of the final framework of the AoA. However proponents of such S&DT measures would argue that use of the DB term increases the political profile of the proposals in the negotiations and therefore makes it more likely that they will be agreed.

To:

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From:

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8 May 2002

SUGAR REGIME AND COTONOU

1 I attended a useful day long seminar organised by the sugar industry for various officials around Whitehall. This focused on the CAP regime, the Sugar Protocol and the forthcoming EPA negotiations under Cotonou. I have circulated separately to you and copy recipients the papers which give the slides etc. from the day.

2 Key points I drew from it were:

- The US Farm Bill looks to introduce supply controls on sugar imports for the first time as US sugar production moves towards surplus. Japan's internal sugar prices are even higher above world market prices than the EU.

- The world "market" price is considerably distorted by the relatively small proportion of total sugar production that is traded internationally and there is considerable speculation on the sugar futures market which further adds to price volatility. The industry were clear that the EU was not an out-lier in terms of production supports for sugar. Australia is the least protected market though they have some infrastructure support for irrigation. In Brazil 40% of its cane goes into ethanol production which is mixed with petrol (diesel is banned in Brazil) which the industry contends lowers the price of Brazilian sugar on the world market by at least $50 per tonne.

- Coincidentally the projected release date for the CAP mid-term review paper (18th June), coincides with the trade lobby's planned major lobby of Parliament.

3 There was an interesting presentation by Mr Holme a sugar trader on the structure of the world markets (75% cane, 25% beet). Beet production has declined in the last decade as Eastern European support regimes for beet have gone. The other key feature is the inexorable rise of Brazil as a producer and exporter to 19.20 metric tons in 2001/2 cf 7.2 metric tons in 1989. (The EU produces about 16.39 metric tons.) Exports total around 18% of world production. The EU's ACP preferential sugar is less than 5% of total world exports. Both the US and the EU have preferential tariff quotas for imports of sugar bound under the WTO. No one really knows how much sugar is smuggled. World deficit areas for sugar in North Africa, the Middle East and the old COMICOM countries. Russia is the biggest importer.

4 The futures market in London is for white sugar (i.e. refined) while that in New York is for raw sugar. The world "market" price is currently around 6.5 cents per pound for sugar.

5 I had not realised how crucial currency factors were to the world market. Sugar is denominated in dollars therefore sugar exporters obtain much greater returns as their currencies devalue against the dollar e.g. since 1997 Brazil has had a currency bonus of 118% from devaluation, which has pushed production up along with export earnings. So we need to be aware of any argument, that, by arguing for a reduction in EU prices we will necessarily disadvantage ACP and EBA suppliers. Any price reduction could be negated by a strengthening dollar against the ecu.

6 There were considerable uncertainties about any reform for CAP. Sugar is key to arable rotation in many EU Member States. But unlike other arable crops it is not funded by direct payments to the farmers additional to the price per ton.

7 Jean Claude Tyack (the Mauritian representative here who we met some months ago) spoke about the SPS and its erosion by the EBA. The current SPS regime (2001-06) has resulted in lower quantities guaranteed for ACP suppliers (218 as opposed to 300 thousand metric tons pa), but at a higher price 95% rather than the previous 85% of the internal EU guaranteed price. There was much discussion about the Sugar Protocol (No 22 of the UK Accession Treaty) which was based on the previous Commonwealth Sugar Agreement. (I have separately written to DEFRA and others in Whitehall about the need for a legal study of the Sugar Protocol.) He noted that many sugar suppliers were better off at a world market price of 6.5cents a dollar than at the 10.5 cents a dollar price from 1997. The devaluation against the dollar was a key benefit. These fluctuations in the world market price did not reflect therefore the relative efficiency/inefficiency of sugar producers.

8 From Simon Harris there was a plea that as the CAP sugar regime ran smoothly (the UK is the EU's second largest importer) we should do nothing to disturb it. He noted that, if the Doha Round paralleled the Uruguay Round, it might lead to tariff reductions of 20% and lowering of export subsidies by 36%. (In questioning I suggested that for most developing countries these would not be maximum but minimum figures if the DDA was to deliver.) He believes that enlargement would not necessarily mean a change in the CAP sugar regime and wanted to ensure that any mechanism that was required to deliver on the Doha mandate would not upset the existing systemic EU arrangements. DEFRA noted that sugar was not formally included as part of the CAP mid term review.

9 Tyack noted that Cotonou Article 36(4) provides for a review of the Sugar Protocol compatible with WTO rules. The ACPs were keen to ensure that their benefits were safeguarded, particularly its legal status. He stressed that for Mauritius 25% of their exports were in sugar and 300,000 were employed in the industry. Sugar was a stabilising force in the economy, cane was environmentally friendly and they were producing increasing amounts of biogas from sugar cane to add energy to the public grid. So ACP nations were helping the EU on multi-functionality. He argued that Cotonou did not have to mean a free trade agreement. What were we going to do about the Dominican Republic? Or Cuba? Removing the Sugar Protocol would not promote unity or solidarity.

10 What it boils down to was that those who currently benefit from the Sugar Protocol did not want it changed because any change means erosion of their preferential

position, as EBA has already meant. They do accept the need to reform and change, but want time to adjust in what is a highly managed world market.

11 Fiji. He noted that cane was highly resistant to hurricanes and that since 1998 they have had an industry strategic plan. The government owned 68% of the Fiji Sugar Corporation (the only refinery) which had four mills in Fiji. Small farmers produced the cane who had a contract of supply to the mills. Producing about 3.79 million tons in 2000. Sugar provided 25% of Fiji foreign exchange export earnings and 6.8% of the GDP. About 10% of the population were linked directly or indirectly to sugar. Fiji was a high cost low volume producer so they needed to continue the present arrangements. A restructuring was planned by the end of 2004, but still assumes the maintenance of substantial preferential arrangements.

12 Guyana. Dr Matheson noted that their planning was still based on the assumption of some preferential arrangements. Again about 10% of the labour force and 16% of GDP rested on sugar. It supported the whole of the rural administration and was an environmentally friendly product. They had had a huge production increase in the 1990s and intended to continue growing. They needed to reduce the current unit cost of production from about 18 cents per pound down to about 11 cents, as compared with the world traded price of about 6.5 cents at present. They were working to improve the sugar quality, develop local and regional markets and develop value added products e.g. organic and special sugars with new packaging. They were prepared to adjust to the trends within the EU and the FTAA. Exchange rate are having a substantial impact also. It was clear that they were well ahead of the Fijians in terms of their proactive forward planning. They recognise the need for reform on sustainability, but still wanted the continuation of preferential access to the EU market and minimal change to the nature of the regime.

13 Tanzania (the only LDC). Before 1998 they had had poor conditions with an under capitalised industry and little investment. They needed a stable market so intend to "do it by tariff protection". They were producing at about 18 cents per pound. The government has privatised the four main sugar producing groups, but retained a 25% stake in each. There was an investment plan for $115m over the first five years. ED & F Mann had an interest as an investor in the main Kilomboro Group. This was seen as a model for rural amenity development in East Africa with an investment of $28m in the two mills. Production had increased from 28 to 98,000 tons. They had done things like building a bridge on the road between the mills, improving water and sanitation and providing schools. Sugar was the largest single employer in Tanzania with about 100,000 directly dependent on it. They were increasingly moving to an outgrower scheme with some 6,000 small suppliers growing 1.5m tons of cane rather than based on big estates. They were working to develop training schemes for small farmers. (Can we use this sort of thing with DfID funding it as a transfer of technology example?) But they need tariff protection to exist because they had few economies of scale. They currently got about $400 per ton as 85% of the EU $500 per ton price.

14 Mauritius. Again wanted guaranteed markets mostly to the EU. They could not deliver economies of scale on a small island. Sugar was better than other industries as the income flowed back into rural development, unlike tourism where it was less clear where the revenue went (often off the island). 70% of sugar receipts were local, it provided 15% of employment and 7-8% of GDP. The small farmers own 20% of the milling company which provided social services and care. Productivity was increasing and Mauritius has the largest quota of the EU suppliers. There had been 15 year EU price freeze compounded by the weakness of the Euro (it had fallen 25% against the dollar since 1997). This of course increases their receipts by 25% because of dollar

denomination. They were concerned about the EBA's impact on SPF quotas. They also faced the abolition of US tariff rate quotas since the Mexicans will get free access under NAFTA from 2008.

15 Their strategic plan was to get production costs down to 11-12 cents per pound and to reduce the number of mills from 14 to 7. They wanted to raise the percentage of biogass from 27to 45% of grid power, produce more special sugars (already big) and to reduce the labour force through voluntary retirement (expensive). Politicians have made courageous decisions about laying off 8,000 workers who have been given plots of land and two months salary per year of employment. Land is also being re-zoned to encourage different sorts of development. They would never be able to compete with the Brazils and Thailands of this world.

16 Helen Kirkman (NFU) spoke about beet sugar in the UK. There was six factories processing about 9m tons of sugar beet to produce 1.3m tons of sugar, about 50% of the UK market. This was one of the most efficient productions in Europe. The yield had doubled between the 1970s and the 1990s. They were investing about £2m pa in R&D along with initiatives with British Sugar the monopoly processor. Sugar was environmentally friendly and they were participating in an NFU study regime required under the plans for reforming the regime. They were using 40% less fertilizer and pesticides than some years ago. It was a crucial crop in crop rotation, support 8,000 workers directly and about 15,000 indirectly. They were identifying the reform options and analysing the impact.

17 Patricia Jamieson spoke about cane refining and the need to link politics and commercial aspects. We were treated to a long history of the Sugar Protocol and its preceding agreement back to the 1930s as part of Tate and Lyle's 100 year old history. Tate and Lyle were dependent on access to raw material and so they were in the hands of the government even though a private firm. There was a crucial balance between volume and margins. The protocol allowed any type of sugar to go to any EU Member State. Since accession the UK's six refineries have been painfully slimmed to one in London (the largest in the world at Canning Town). Prior to accession UK sugar had been one third beet and two thirds cane, now it was about half and half. The volume and the margins were both proscribed by EU legislation. (Other cane refiners in the EU are Portugal (2 refineries); France (2 refineries) and Finland.) The six together process the raw sugar of the SPS plus 10,000 tons a year that India gets under a long-standing preferential arrangements. Finland was obliged to import 82,000 tons a year (from Brazil, Cuba and El Salvador) which had been consolidated into EU commitments. The SPS was the bottom figure for complex sugar balance sheet for the EU. The protocol sugar of 1.3m tons was bound and was broken down by supplier countries. Neither the EBA quota for the SPS quota were divided by country, it was left up to the suppliers to divide it between themselves. (For the figures see the pack.) The complex differences between cane and beet sugar had been recognised in 1986 when the raw sugar suppliers had got a margin aid scheme to compensate them for the relatively greater efficiency of the beet refining scheme. This margin aid was £18 per ton. There were also considerable long-standing political assurances about maintaining the balance between beet and cane.

18 A number of points came up in the question and answer session throughout the afternoon. I queried what would be the result on the world market price were there to be no export subsidies on EU sugar exports? Simon Harris saw only a slow reduction in EU exports which would have little effect upon the world price because of the continuing growth of other suppliers, in part because of their continuing currency depreciation against the dollar. For most suppliers it was the raw price on the New York futures

market was critical, whereas a reduction in EU exports (as refined white sugar) would primarily affect the white sugar price.

19 I queried why it had been asserted that cane needed a larger margin. I was told the cane refiners needed margin aid (£18 per tonne) in order to bring the end price down since the refiners have to pay a higher price for raw under the terms of the Sugar Protocol. This was needed to make them competitive to beet.

20 There was considerable concern about imports of West Balkan sugar, for which a concession was given last year. There is also considerable concern about smuggling from the West Balkans. (Some will use this to argue against extending EBA.) DEFRA asserted the Sugar Protocol would need revisiting towards the end of this decade anyway because of increasing problems with obtaining the Cotonou waiver.

21 On the world market, if the price of white sugar rises, some processers will switch from producing raw by "tolling" i.e. importing raw sugar, refining it and exporting it when the right margins are there. Thailand can do this for $60-70 per tonne while the US needs $100+ per tonne differential to make this worthwhile.

22 What would be the effect of enlargement? If the sugar quotas given to the applicant states are no higher than their consumption plus their existing external commitments, there should be no immediate effect upon the sugar regime (except presumably the internal EU budget cost). Sugar is to be looked at, though not a formal part of the Mid-Term Review, early in 2003 so it ties in with the necessary decisions for modalities of the agriculture part of the WTO Round. There is also the possibility (likelihood?) of slippage in the Mid-Term Review because of the French's national concerns.

23 EBA countries have different capacities to expand. Sudan can do so easily and rapidly. Their currency per lb is stable against the US dollar and they are able to produce at about 6.5 cents now. There was some concern over what the position was in Southern Africa (not ACP), but some felt that because of EPA it would in effect need to be. The physical environment was right in South Africa for it to grow much more sugar.

24 For Mozambique, they were not planning to invest or expand their production under EBA until they knew what the situation would be post 2006 i.e. the end of the present sugar regime term. DEFRA raised the question of sanitary standards which needed to be raised in many supplier countries. The UK is the most sophisticated EU market for white and we operated "just in time" delivery systems. There were considerable uncertainties about what the effect might be on ACP countries of any cuts in the EU internal price. They would not necessarily lose if the Euro were to appreciate against the dollar. They wailed the uncertainty of uncontrolled imports (though of course every other product has to live with that). There were fears that EBA could de-stabilise the market and it would not take a lot to do so.

25 The problem for the Caribbean is that their inputs are dollar denominated, but they are paid in Euros which have depreciated by 25% against the dollar over the last five years making them even more uncompetitive. Mr Tyack for Mauritius expanded on their existing ideas for EPAs, hoping for negotiations to abolish quotas immediately but leave tariffs for later negotiation. I noted that one of the purposes of Cotonou was to try and push for growth in regional trade within Africa, thus allowing markets and consumption to grow. CARICOM has a particular problem since four of them are middle-income developing countries, while all the small islands see themselves as LDCs and are so defined within CARICOM (NB this probably explains why within the WTO

context the small island economics keep trying to present themselves as equivalent to LDCs i.e. wanting a similar level of concessions.

26 Many concluded that there was a mismatch between the actual text of the Cotonou Agreement itself and the formal negotiating mandate for EPA. (This is something we need to look at and consider for ourselves.)

27 All in all in was an extremely interesting and informative day. We need to do follow-up on:

(i) the coherence between the Cotonou Agreement and EPA mandate;

(ii) the actual legal status of this Sugar Protocol and the EU's ability to amend it (I will write to DEFRA); and

(iii) having our arguments ready for if the FCO's Caribbean Department argue that EBA has not helped Africa and therefore trying to undermine similar lines under Cotonou's EPA.

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From the Secretary of State

The Rt Hon Tony Blair MP
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10 Downing Street
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Ans JJH
cc: LL
DA

10 May 2002

Dear Prime Minister

G8 DEVELOPMENT AGENDA: KANANASKIS AND BEYOND

A substantive and worthwhile package can be unveiled by the UK at the coming G8 Summit. This will need extra resources. Need more work with international partners to persuade other G8 countries to commit to specific measures in the Africa package. You should take this up with Chrétien and other G8 leaders between now and Kananaskis.

What can we say at Kananaskis?

Kananaskis could mark a real step forward in a shared G8 approach to international development in three crucial areas: Africa, Education and – in preparation for Johannesburg – Sustainable Development. There is an opportunity to make real progress.

G8 Action Plan for Africa

The shape of the G8 Action Plan for Africa is beginning to become clear. The Canadians have this week circulated a first draft, which consists of a "vision" paper proposing a new partnership between the rich countries and African countries to address the challenges together, along with a table of "deliverables". Unfortunately, the vision statement is too long and wordy, and the deliverables too general to bind G8 countries to specific new policies. The Canadians are primarily concerned with reaching an agreement – preferably before the Summit itself – and this is leading them to make proposals which are the lowest common denominator.

Valerie Amos and I believe that we should instead be seeking a more ambitious set of proposals, which will be possible only by agreeing that not every country in the G8 will be able to sign up to participating in every one of them. This would create pressure on all G8 members to raise their game, and match each other's commitments.

\ I attach a proposed set of deliverables

I attach a proposed set of deliverables which the UK can advocate in the run-up to the Summit. These have been agreed across Whitehall. They have not been invented for the sake of having something to announce. They take forward some of the work we have been doing up to now. If we could reach agreement on these, the G8 leaders would commit themselves to specific measures which would help to deliver:

- peaceful resolution of the conflicts across Africa; these conflicts are estimated to reduce growth in every country in Africa by 2% a year, making it much less likely that Africa can achieve the 7% a year needed to reach the Millennium Development Goals;

- a new aid relationship, increasing both the quantity and quality of aid; based on a partnership involving mutual commitments;

- new trading opportunities to enable Africans to make a living in the global economy;

- measures to ensure that countries leave the HIPC process with sustainable levels of debt;

- a guarantee that no child will be denied education because of lack of resources;

- a major effort to tackle communicable diseases, including the final eradication of polio.

Measures to achieve these goals can, for the most part, be offered as a menu, to which countries (not just in the G8) can choose to commit themselves. It should be possible to get these included in the final text. But some of them, particularly on improving aid effectiveness and opening our markets to African exports, require more concerted action by the G8, and present a more difficult negotiating challenge.

In order to get a serious Action Plan for Africa, we will need to galvanise the Canadians and others to accept that we cannot simply agree on the lowest common denominator. We will also have to convince them that there will probably be some issues that cannot be dealt with by officials in advance but should be resolved by the Heads themselves at the Summit. This will give us our best chance of using the Summit to secure political support for a far-reaching agenda. This is the key point you should impress on Chrétien next week: we will provide briefs for your meetings with him and with Schroeder.

Whatever the final shape of the Action Plan, these deliverables also represent an example of what the UK could do to increase our support for Africa, but this assumes further resources from the Spending Round. The Canadians intend to announce a package of measures, probably within a day of the Summit, financed by the C$500m that they have already announced. We, and other G8 countries should follow suit. Obviously this is dependent on agreement between you and Gordon.

G8 Education

The G8 Task Force has its final meeting next week. We have - I hope - been successful in discouraging others from looking for an "initiative" to announce. International

\ Development has been littered with

Development has been littered with initiatives which simply repackage existing work for the sake of announcements. Quite frankly, the main reason for lack of progress has been lack of the political will in many developing countries to give real priority to basic education, matched, I am sorry to say, by the lack of attention of too many of our G8 partners to basic education - as opposed to higher education - in their aid programmes. Where, as in Uganda, there is real political commitment and broad donor support, rapid progress has been made.

The key outcome we want at Kananaskis on education is G8 commitment to give real priority to support for basic education, to do so in joined-up and flexible ways, and to make a reality of the IMF/World Bank Development Committee decision which Gordon and I supported last month to "fast track" countries where accelerated progress is possible. I am particularly keen to see serious attention to large African countries such as Ethiopia, to francophone Africa, where the overall position is well behind most Anglophone countries, and to Pakistan and India. These ideas have received a good deal of agreement. Nigeria is a special challenge. It contains 1 in 5 of all Africans, with masses of children out of school. I think we should plan a push on Nigeria immediately after their elections. Countries in conflict, where the needs are huge but the policy environment poor, are a further serious challenge we need to address. I hope you will be able to give strong personal support for these messages.

WSSD

Kananaskis can also help position us for a constructive outcome at WSSD in Johannesburg. John has sent you a set of possible ideas which I hope we can discuss shortly.

A key issue on which I would like to see real progress is bringing closer together the "green" agenda and the development agenda. If we could persuade Northern environmental activists to shift their rhetoric from its often anti-development cast (anti-globalisation and narrowly conservationist in tone) into the language of shaping global forces in the interests of the poor in a sustainable planet, we would achieve a real breakthrough. This needs to be matched by proper attention to sustainability within development programmes, on which my Department has been doing some important work. If we could get some of this thinking into Kananaskis, this would be a good start. A high profile speech by you between Kananaskis and Johannesburg would be even better.

As to the more specific initiatives, clearly some have significant resource implications, which we need to discuss. We should use existing channels rather than set up yet more special funding vehicles, and there is good scope for this. One key issue on which you could play a vital role is how to deliver the 50% increase in the Global Environment Facility for which we have argued, but which the US – despite Monterrey – still seems to be opposing. To turn up in Johannesburg with no worthwhile increase in this fundamental product of Rio would put the G8 in a very difficult position.

Monterrey and Resources

The Financing For Development conference in Monterrey was a success in securing commitments for extra spending on ODA from the US and from EU Member States. The Americans are now grappling with how they will allocate and use the extra resources

\ (rising to $5 billion a year).

(rising to $5 billion a year). The EU Member States need to work out how to make good their collective commitment to reach 0.39% of GNI (about $7 billion a year); and then they in turn will have to decide how to use this extra money.

Used well, these extra resources could make a significant difference, particularly in Africa where the need is greatest. We must ensure that they are not dissipated in a series of one-off initiatives or in the establishment of unnecessary new international institutions. We increasingly know how to make aid effective. Our goal – particularly in the run-up to the G8 Summit in Kananaskis – must be to ensure that these resources are used to give new momentum to the systematic poverty reduction we are pursuing.

Conclusion

None of these issues – Africa, Education or WSSD – is solely about resources. But none can be cracked without resources. Monterrey was a success in securing new commitments from the US and EU Member States. But there is a lot of work to be done to turn these into reality. Meanwhile the competing pressures I face are considerable. You should be aware that, on present plans, our bilateral aid programme to Africa, for example, will fall a little next financial year rather than rise, and that I have no extra resources to contribute in the short term to "fast-tracking" basic education. The Spending Review outcome is therefore crucial, and there are severe limits on what we can say ahead of it.

For example, I would very much like to see us raise annual spending levels in Africa from around £650m now to £1 billion by the end of the new Spending Round (2005/6). I hope you will be able to announce our commitment of £1 billion a year for Africa, but this depends on the outcome of the Spending Review.

I am copying this to Gordon Brown, Jack Straw, John Prescott, Margaret Beckett, and Valerie Amos and Sir Richard Wilson.

Yours sincerely

pp CLARE SHORT
(Agreed by the Secretary of State
and signed in her absence)

G8 Action Plan for Africa – possible deliverables

OBJECTIVE: Reduced conflict in Africa

G8 countries will:

1. Work together to secure peace in the Great Lakes, Sudan and Angola by raising the profile of these conflicts and galvanising international efforts.

Specifically by:

a. Pledging support for the peace processes in the Great Lakes, Angola and Sudan including confidence and peace building measures, mediation, peace support operations, demobilisation, disarmament and reintegration programmes, and security sector transformation;

A commitment along these lines appears in the Canadian draft (1.1) with omission of Angola (at US behest). The Japanese had favoured a focus on Angola and Madgascar.

b. Post conflict reconstruction and support rapid progress towards HIPC relief for Sudan and DRC (when peace comes);

c. Support for demobilisation, disarmament and reintegration programmes for former combatants – including women and children – in the Great Lakes and Angola, through the World Bank led Multi Donor Trust Fund - in coordination with specialist UN agencies, International Financial Institutions, state and non-state actors.

2. Work together to ensure that, by 2010, African regional organisations and armed forces are able to intervene effectively in conflicts on the continent and, to achieve this goal, elaborate a joint plan before 2003 which will include co-ordinated support for:

a. Implementation of the programme for enhancing UN Peace Support Operations;

b. Training African peace support forces including the development of 'Regional Centres of Excellence' for military and civilian aspects of conflict prevention and peace support, such as the Kofi Annan International Peace Training Centre;

c. Logistics, including airlift and finance for the costs of deployment;

d. Security sector reform;

e. Joint training exercises to test the inter-operability between African troop contributors

The Canadian draft makes a very general reference to building African conflict resolution capacity (1.2). In addition to UK, France and US, support for this can be expected from Canada, Germany and Japan.

3. Institute effective international controls on arms exports and on non-productive export credits by:

a. taking a lead in developing and adopting common guidelines to regulate the supply of arms to countries in conflict zones in Africa; supporting African efforts to reduce the availability of weapons and combating illicit trafficking; lobbying for the implementation of the arms embargo on Somalia.

Included in Canadian draft (1.3). Likely to be supported by Canada, US, Germany, Japan, and France.

OBJECTIVE: Improved development assistance and debt relief

G8 countries will:

4. A partnership based on mutual obligations

The concept is touched upon in the Canadian draft political statement prefacing the Action Plan, but not elaborated. US and Japan have difficulties with some aspects of the concept.

a. Invite the Strategic Partnership for Africa or OECD DAC to agree a Compact with NEPAD setting out the nature of the development partnership and establishing an independent mechanism for assessing donor and recipient country performance. The Compact would incorporate many of the commitments set out below.

5. Increasing aid and its impact

a. Subject to good performance and capacity, aim to spend at least half of the additional resources pledged at Monterrey [by G8 countries] on Africa and ensure that no country genuinely committed to poverty reduction, good governance and economic reform will be denied the chance to achieve the Millennium Development Goals through lack of finance.

Canadian draft includes pledge of at least half Monterrey resources (11.1). The European Commission had earlier commented that the second half of this statement would be difficult to operationalise.

b. Significantly increase spending to meet the MDGs in countries committed to poverty elimination and acting on NEPAD principles (enhanced partnership).

Concept of enhanced partnership lightly sketched in draft political statement

c. Work through the OECD DAC to untie all aid to [low income] countries in Africa by 2006.

Loosely phrased in Canadian draft (11.1) without any timeframe

d. Coordinate provision of resources on a more predictable, long-term basis with transparent mechanisms for variations in flows and recognising that recipient governments are first and foremost accountable to their own citizens.

Some of this wording appears in the draft political statement in the context of enhanced partnership. Japan will not agree language on multi-year commitments.

e. Respect the primacy of country-led Poverty Reduction Strategies [and work towards the adoption of common country performance assessment frameworks based on targets set therein.]

No specific references to PRSs in the Canadian draft

f. Reduce transaction costs in delivering aid, and strengthen government systems and processes, by harmonising around Poverty Reduction

Strategies and priorities, country systems and budget cycles, and monitoring processes; where adequate controls are in place, this will mean providing resources increasingly through programmatic and budget support.

No specific references to budget support in Canadian draft. Japan has expressed strong reservations on harmonisation of aid procedures

g. Standardise and simplify administrative and reporting requirements in line with current best practice and the work of the OECD Task Force on Donor Harmonisation.

Weaker Canadian wording – "supporting the efforts of the DAC towards harmonisation on aid" at 11.1

h. Encourage the OECD DAC to develop an index [*fallback:* measures] of aid effectiveness to assess and compare the impact of bilateral and multilateral donors.

i. Help reform and strengthen Africa's regional institutions to deliver NEPAD, in particular the African Development Bank, the African Union and the UN ECA.

j. Take steps to increase developing country 'voice' and effectiveness in the international financial institutions, including through capacity building for the two sub-Saharan African delegations.

5. <u>Debt Relief</u>

Canadian draft left open for inclusion of recommendations to emerge from the G7 sous Sherpa meeting.

a. Ensure that no HIPC country leaves the HIPC process with an unsustainable level of debt, by topping up HIPC assistance at Completion Point where necessary,

b. In future, take into account future projections of export earnings and revenues to ensure that every country has continuing debt sustainability;

c. In addition, G8 countries will provide 100% relief on all pre-cut off and post-cut off bilateral ODA and non-ODA loans to HIPC countries, to provide a safety margin below the threshold, and will ensure that this is fully additional to the topping up provided at Completion Point

d. A debt sustainability test should be used as a rationale for decision to allocate IDA grants for post-Completion Point countries, to improve prospects for avoiding excessive indebtedness in future;

e. Make contributions towards the write-off of debt owed by HIPCs to the African Development Bank by making contributions to the HIPC Trust Fund; the Trust Fund is currently short by $700m, of which the majority is needed for the AfDB;

f. G8 countries step up support for debt capacity building to ensure that all countries can meet their target of producing annual Debt Sustainability Analyses.

OBJECTIVE: Increased African trade
G8 countries will:

Language on trade in the Canadian draft (6.1, 6.2) is brief and not very specific

7.

a. **Simplify and harmonise the preferential market access schemes for African/LDC countries**. To facilitate this we will commission an in-depth comparative study of the plethora of schemes and undertake to act on its recommendations. The study would:

- Identify the best features of each scheme from Africa's point of view
- Look at ways of simplifying each scheme
- Look at ways of increasing Africa's take-up of each scheme
- Make recommendations of where schemes could learn from each other to enable Africa's trade (and thereby development) to improve

Suggested in general terms in Canadian draft (6.1)

b. Commit to a **25% reduction in both tariff peaks and escalation on goods of particular interest to Africa by 2005**, possibly including cocoa, coffee, cotton, leather, oil seeds and meat.

EC, Japan and Germany all insist this should be negotiated through Doha.

c. **Make specific commitments as agreed in general terms in Doha to reduce the negative impact of agricultural subsidies** by reducing the overall level of support and switching to "non-trade distorting" support.

EC, Japan and Germany refuse to go beyond Doha language. Canadian draft contains German compromise language to "respond to African concerns" (6.1)

d. Ensure that their **product standards do not act as trade barriers to African exports** and that African nations can engage in the relevant international standard setting systems.

In Canadian draft but in terms of building African capacity to respond to market opportunities (6.2) Germany had suggested language similar to ours in earlier drafts.

e. Support the **opening of the Integrated Framework to cover non-LDC African countries** and provide the resources to meet their requests for assistance under it.

Not in Canadian draft – Japan rejected earlier references to this idea.

f. **Enhance international cooperation to fight anti-competitive practices that restrict investment and growth in Africa**, through supporting the negotiation of a multilateral agreement on competition the WTO.

Is contained in (longer) Canadian draft (9.5)

OBJECTIVE: Progress towards the Millennium Development Goals – Health, Education and ICT

G8 countries will:

8. Education

a. Commit to substantial increases in bilateral and multilateral financing for basic education in Africa in support of good country led processes and plans.

b. Ensure funding is available for those countries with credible plans to achieve universal primary completion, including fast tracking in certain cases.

Proposals elaborated in Canadian draft (3.1 – 3.3) include suggestions for teacher training, promoting education for women and enhancing African research capacity.

9. Health systems (incorporating Canadian suggested HIV initiative)

Acknowledge that final gap and biggest obstacle in tackling HIV (and other communicable diseases and maternal mortality) is poor health systems:

a. Commit to supporting a step change in efforts to build universal and equitable health systems across Africa, working with international and developing country partners including NGOs and civil society.

Canadian draft (4.5) includes stress on maternal mortality, work with IFIs and access to potable water.

The Canadian draft has additional (though unfocused) tirets on HIV/AIDS (4.2) and health research (4.3) that are picked up by this systems approach..

10. Polio

a. Commit additional G8 resources to WHO's final push to eradicate polio.

Canadian draft (4.3) includes river blindness and other diseases and supports the route of public private partnerships.

11. Access to Medicines

Ensure essential medicines are provided to the world's poor at affordable prices, on a sustainable, predictable basis through mechanisms and policies that support differential pricing. Specifically we recommend:

a. Put in place policies that prevent the re-importation of differentially priced products (DPPs) into higher priced markets, in exchange for greater application of differential pricing by pharmaceutical companies;

b. Where DPP agreements for poor countries exist the price of these medicines will not be used as a reference or in negotiations to set the price of that same medicine in their own market – known as "international price referencing".

Features in Canadian draft (4.1) but without specific actions. US is keen on

education, as is Japan. Japan has registered difficulty with wording such as "commit resources" given the decline in their ODA.

12. Global Fund to fight AIDS, TB and Malaria

Sustain support for the Global Fund through a long-term financial commitment (for at least 5 years). Ensure that the Fund improves and learns from its experience.

Canadian wording similar to this (4.1). Japan is hesitant about additional commitments until the Fund has an established track record.

13. ICT

Ensure that poor people in Africa are able to gain maximum benefit from opportunities offered by ICT.

Canadian draft elaborates some ideas (5.1-5.2) drawing on Dot Force aand with cross cutting references to health and education

OBJECTIVE: Improved governance

G8 countries will:

14. Take firmer action to curb corruption and money laundering and to return proceeds of crime to African countries from where they were stolen by :

In G8 countries:

a. Pushing a vigorous and high profile campaign with the private sector to encourage adoption of codes for business practices and trade with Africa and by pursuing bribery cases as required by the OECD Convention on the bribery of foreign public officials.

b. Financing the OECD to monitor implementation of the OECD Convention and to encourage compliance.

c. Committing to return assets stolen from African countries and increasing assistance to African countries wishing to investigate such cases.

All three of these proposals are contained in the Canadian draft (2.2) but with much weaker language. In earlier exchanges Germany had strongly supported action points in this area.

In Africa:

d. Providing start up resources and technical assistance to the emerging sub regional anti money laundering groups especially in West Africa where progress has stalled.

Not in Canadian draft

e. Endorse and support World Bank/IMF efforts to develop a more coherent system for providing technical assistance on anti money

laundering to African countries

Germany suggested support for an UN Convention against Transnational Organised Crime. This appears in the longer Canadian draft (2.1)

15. Increase financial support and provision of expertise to assist African countries improve Governance and build institutional capacity through:

a. Helping African countries to implement institutional reform programmes and action plans for capacity building particularly in the areas identified by NEPAD: parliamentary oversight, participatory decision making, the civil service, judiciary and measures for combating corruption.

b. Increasing contributions to the Financial Sector Reform and Strengthening Initiative currently supported by the World Bank, IMF, UK, Canada and Switzerland which was announced at the Spring meetings. This will help implement financial codes and standards in low and middle-income countries in Africa and elsewhere in the world.

c. Expanding support for implementing internationally agreed codes and standards on economic governance in other areas especially including public expenditure management. To this end provide financial support for the World Bank Public Expenditure Financial Accountability Initiative and to the IMF African Regional Technical Assistance Centres initiative.

Canadian draft includes general support for political, economic and corporate governance (2.1) but it is mostly capacity building and no reference is made to the Initiatives mentioned in b. and c.

16. **Increase support to African regional organisations to spread best practice and help implement capacity building through** :

a. Stronger commitment and additional financial support to the African Capacity Building Foundation.

b. Financing African led research, knowledge generation and lesson learning networks through the Economic Commission for Africa and sub regional organisations such as SADC and ECOWAS.

Elements of 16a are in the Canadian draft at 2.1

17. Promote exchange of experience in the assessment and monitoring of Governance and the implementation of peer reviews by:

a. Providing financial support to the OECD to develop links with the NEPAD Secretariat and to support activities designed to share best practice on peer review.

b. Providing financial support and technical assistance to the Economic Commission for Africa to further develop and implement their approach to country level Governance assessments.

c. Developing a forum for joint discussions on Governance criteria and indicators for measurement of progress.

Canadian draft (2.6) contains similar ideas for 17a and 17b but nothing on forums for joint discussion on governance criteria.

18. Provide technical and financial support for implementation of the African Charter on Human Rights and the work of the African Commission

Elaborated in 2.4 of Canadian draft.

There are additional points on governance including support for parliaments and civil society and the promotion of gender equality.

OBJECTIVE: Increased economic growth and private sector investment

G8 countries will:

19.

a. Provide technical expertise on public/private partnerships, economic liberalisation and regulation.

Canadian draft at 6.4.

b. Enhance international cooperation to promote greater private investment and growth in Africa, through supporting the negotiation of a multilateral agreement on investment in the WTO.

Canadian draft touches on this (6.3) but there may be reserves from Japan.

c. Implement international agreements to reduce bribery and corruption by multilateral companies, and support efforts to improve cross-border corporate accountability, and monitor implementation of internationally agreed standards of best corporate practice.

Not in shorter Canadian draft but passing references included in longer action points at 9.3.

d. Increase international coordination to support and regulate international capital flows to ensure they work effectively in order to prevent financial crises, and provide technical assistance to implement standards and codes.

Not included in Canadian draft. There are additional points on credit facilities (a French favourite) and sovereign credit ratings (a US favourite) at 6.3.

OBJECTIVE: Support for African Agriculture and Hunger Reduction

G8 countries will:

20. Recognise that a revitalisation of agriculture is a necessary but not sufficient condition for the reduction of poverty and hunger. There are many hungry people in some food secure countries where the poor cannot access food. Food security requires a supportive domestic policy environment and investments in areas such as education, health and social protection, as well as in improved governance, peace and democracy. The G8 will support agricultural investment and research that is targeted to reduce poverty and hunger.

a. Support and assist in the preparation of African agricultural trade fairs to showcase and identify investment and market opportunities in OECD and non-OECD markets.

b. Commit to supporting the proposed EU African Monitoring for Environment and Security project that will make European remote sensing data available for climate prediction, NR and agricultural planning in Africa.

c. Enhance role for regional competitiveness centres to look at the development of regional markets and implications for African countries in terms of food security, government revenues and growth potential.

d. Commit to provide CGIAR Agricultural Research centre funding if there is serious moves to reform and support that reform.

e. Consider proceeding with the design of an international mechanism to promote public private partnerships around agricultural technology in Africa and research into new technology (the Rural Enterprise Technology Fund).

Proposal in the Canadian draft (7.1 – 7.2) are all different. They include seeking to reverse the decline in ODA for agriculture, strengthening research, improving productivity and food security. Germany has continuing reservations about the inclusion of agriculture elements in the Action Plan. The US is keen.

From: Liz Lloyd
Date: 10 May 2002

PRIME MINISTER

cc: All FEA
Jeremy Heywood

GETTING A GOOD G8 AFRICA PACKAGE

Clare has written you a very good letter with the UK list of "deliverables" that we would want to see. It is well worth you reading this. We are going to have to use all No10 resources to get a good package.

In particular it would be useful if all of us could go beyond the headlines of aid, trade, conflict and debt to specific deliverables with key counterparts. For the next 6 weeks we need to integrate this script into all our conversations.

An aide memoir on our policy objectives is attached for those who don't want to read the full 6 pages.

Where are the key players and what lobbying do we need to do in the next weeks?

Canada

Chretien really wants a package for Kananaskis, but we fear that he may settle for a lower common denominator to get it. We think that the Action Plan should include areas where all of the G8 can agree and also a menu of areas where a smaller group can go further. For instance the UK, Germany and Italy might be able to commit more on debt than others. And we hope that by leaving in the more ambitious areas we can shame others into joining us in the final days.

Linked to this is a tactical timing question. Chretien wants to wrap up the Africa Action Plan by the beginning of June without any opportunity for proper discussion by Heads. We think this underplays the role you might be able to play in ratcheting up commitments by others at the summit.

Chretien has a fund of $500m and he will announce the allocation of it after the summit. We need to think how our Spending Review timing links into this. There is an outstanding issue about how the summit is followed up, whether by Valerie's group for another year or some kind of Sherpa system.

So our key script with Canada is:-

- Want to ensure the Action plan contains specific commitments we can deliver not just general promises. Concerned that the first draft articulates the lowest common denominator
- understand your officials want text agreed before the Summit. But we need political discussion by Heads, and to take account of the African presentation. Therefore I would rather keep the more ambitious ideas in the draft – if necessary in square brackets.
- To make a difference we need serious and challenging political commitments backed by clear deliverables. Recognise that not all G8 countries can deliver on every point; but should have menu of actions to which countries can commit themselves; this will challenge us all to raise our game
- On education, we have opportunity to agree the fast-tracking of at least 10 countries to ensure that children in those countries all get primary schooling. Hugely symbolic and a very practical deliverable.
- on trade, we should give political commitment to an outcome from Doha that opens our markets to African exports
- on debt, we must ensure that HIPC countries end up with sustainable debt levels; and attracted to using IDA grants to achieve sustainability;

Germany

Schroeder is one of the least engaged leaders. He will need some successes ahead of his elections without increasing aid. He is keen on deeper debt relief (against the advice of his finance Ministry). We need to link his plans on debt relief for HIPCs into the current Clare/Gordon plan to use IDA grants to give money to countries to pay off their debts (thus satisfying the US at the same time). It would be helpful if he could work with us on access to medicines by persuading the German pharamceuticals to do what ours are doing.

Our core script with Germany is:-

- Conflict; want to work together to ensure that by 2010, African regional organisations and armed forces are able to intervene effectively in conflicts on the continent. *[Including the development of "Regional Centres of Excellence" for military and civilian aspects of conflict prevention, like the Kofi Annan International Peace Training Centre in Ghana..]*
- Trade; we need to get good language on trade which commits us to using the Doha round to get better access for African goods, especially agriculture, to G8 markets. Of course the actual negotiations will happen in the future.

[Including committing to a 25% reduction in tariff peaks and escalation on good so particular interest to Africa by 2005.]

- Education; we need to make real our commitment that no child will be denied education for lack of resources. By the end of June we should be in a position to fast-track at least 10 countries to implement this promise.
- Debt. Agree that need to keep debt on the table. We must ensure that HIPC countries end up with sustainable debt levels; and we are attracted to using IDA grants to achieve this sustainability.
- Access to medicines at a fair price for poor people. Can the UK and German work together on this? It would make a real difference to tackling HIV/AIDS.

France

Is a bit of a blank sheet at the moment. We are pretty sure that Chirac won't want to be outshone by others in the final package. Camdessus (as we are) remains keen on ensuring that there is a mechanism for G8 countries to be held to their commitments and NEPAD countries to theirs in a true spirit of partnership. (The term mutual accountability turns the US right off).

Movement on trade and aid effectiveness would be most welcome. But it may be easier to focus on our conflict objectives.

Italy

Berlusconi's personal rep told me that they would only decide their position on aid and their final offer 3 or 4 days before the summit. However, at official level they are reluctant to take a position on trade, despite Berulsconi's own views. Depending on which speech you take, Berlusconi has committed to raise Italian aid levels to 0.7% or 1% of GDP (or avoid the EU commitment to 0.39%!). So we should press them on channelling aid in the right direction, and press forward on trade.

Japan

The Japanese representative is very reluctant to make progress in any area. Their budget prevents progress on aid and debt and trade is a no-go area.

We need to engage Koizumi and others close to him. It might be an idea for you to call him at some point.

US

The US machinery is still settling down to decide how it is going to spend its Millenium Challenge Account money (the extra $10bn). They want to select a limited number of countries and then get others to join them. We (and Bob/Bono) are not convinced that they have yet found the right formula. We need to influence them to spend this in the most effective way possible. Backing the World Bank's education plan to fast-track a number of countries is one way.

Their new Farm Bill takes their agricultural policy in the wrong direction entirely. But we should keep trade on their agenda. It should be more straight forward to work with them on conflict and developing peacekeeping capacity

Aide Memoir on Key UK Objectives

Conflict

- Work together to secure peace in the Great Lakes, Sudan and Angola.
- Work together to ensure that by 2010, African regional organisations and armed forces are able to intervene effectively in conflicts on the continent and, to achieve this goal, elaborate a joint plan before 2003 to do this.
- Institute effective international controls on arms exports and on non-productive export credits

Aid - increase quality and quantity

- Spend at least half of the additional resources pledged at Monterrey on Africa
- Increase spending to meet the MDGs in countries committed to poverty elimination and acting on NEPAD principles
- Untie all aid to low income countries by 2006

Debt Relief

- Ensure that no HIPC countries leaves the HIPC process with an unsustainable level of debt, by topping up at completion point where necessary
- A debt sustainability test should be used as a rational for decision to allocate IDA grants for post-Completion Point countries

Trade

- Simplify and harmonise the preferential market access scheme for African/LDC countries through a new study.
- Commit to a 25% reduction in both tariff peaks and escalation on goods on particular interest to Africa by 2005
- Make specific commitments as agreed in general terms in Doha to reduce the negative impact of agricultural subsidies

Education

- Ensure funding is available for those countries with credible plans to achieve universal primary completion, including fast-tracking

Polio

- Commit additional G8 resources to WHO's final push to eradicate polio

Access to Medicines

- Ensure essential medicines are provided to the world's poor at affordable prices through policies which support differential pricing.

1. SR
2. file

File
Added to DCO In Box

From: Liz Lloyd
Date: 8 May 2002

JEREMY HEYWOOD

cc: Anna Wechsberg
David Manning
Stephen Wall

G8 AFRICA PLAN

For Info, if you have time to read

Attached are a copy of the latest Canadian draft and the UK's latest position paper.

Stephen - you might like to just look through the UK's trade proposals. Perhaps we can use the PM's meeting with Schroeder to raise a couple? He will have to contribute something, and it is unlikely to be aid increases.

Jeremy/Anna/David
I suggest you read the UK list of "deliverables" first. I think these are much improved. Clare Short is about to write to the PM with them, linking them to her CSR bid. I had hoped DFID would disaggregate their bid further into specific components (eg education, top performers, failing states), but they are very reluctant to do this. On aid we are still slightly hampered by a reluctance to enunciate the UK's own criteria for aid allocation (I understand there is a internal DFID review on going on this which will not be ready in time). Despite this, there are enough ideas in the paper - on education (up to $2bn) and HIPC (about $700m) in particular for some concrete progress to be made. The trade specifics, are good now, although others are very reluctant to pursue them. On conflict, it still falls short of what the PM would like on peacekeeping. CO have had another go, but I'm not sure what more we can do. David, perhaps we can have a word on this.

The Canadian paper is not as ambitious or specific. I will make sure the PM has advice on which specifics to raise with the Chretien next week, given that we should probably push only 3 or 4.

Signed : Liz Lloyd
08/05/2002

UK Proposals for G8 Africa Plan

[A]

G8 Action Plan for Africa – possible deliverables

OBJECTIVE: Reduced conflict in Africa

G8 countries will:

1. Work together to secure peace in the Great Lakes, Sudan and Angola by raising the profile of these conflicts and galvanising international efforts. Specifically by:

a. Pledging support for various aspects of the peace processes in the Great Lakes, Angola and Sudan including confidence and peace building measures, mediation, peace support operations, demobilisation, disarmament and reintegration programmes, and security sector transformation;
b. Assisting with post conflict reconstruction and support rapid progress towards HIPC relief for Sudan and DRC (when peace comes);
c. Committing support for demobilisation, disarmament and reintegration programmes for former combatants – including women and children – in the Great Lakes and Angola, through the World Bank led Multi Donor Trust Fund - in coordination with specialist UN agencies, International Financial Institutions, state and non-state actors.

2. Work together to ensure that, by 2010, African regional organisations and armed forces are able to intervene effectively in conflicts on the continent and, to achieve this goal, elaborate a joint plan before 2003 which will include co-ordinated support for:

a. Implementation of the programme for enhancing UN Peace Support Operations;
b. Training African peace support forces including the development of 'Regional Centres of Excellence' for military and civilian aspects of conflict prevention and peace support, such as the Kofi Annan International Peace Training Centre;
c. Logistics, including airlift and finance for the costs of deployment;
d. Security sector reform;
e. Joint training exercises to test the inter-operability between African troop contributors

3. Institute effective international controls on arms exports and on non-productive export credits by: taking a lead in developing and adopting common guidelines to regulate the supply of arms to countries in conflict zones in Africa; supporting African efforts to reduce the availability of weapons and combating illicit trafficking; lobbying for the implementation of the arms embargo on Somalia.

OBJECTIVE: Improved development assistance and debt relief

G8 countries will:

4. Mutual accountability

a. Invite the Strategic Partnership for Africa or OECD DAC to agree a Compact with NEPAD setting out the nature of the development partnership and establishing an independent mechanism for assessing donor and recipient

country performance. The Compact would incorporate many of the commitments set out below.

5. Increasing aid and its impact

a. Subject to good performance and capacity, aim to spend at least half of the additional resources pledged at Monterrey [by G8 countries] on Africa and ensure that no country genuinely committed to poverty reduction, good governance and economic reform will be denied the chance to achieve the Millennium Development Goals through lack of finance.

b. Significantly increase spending to meet the MDGs in countries committed to poverty elimination and acting on NEPAD principles (enhanced partnership). Continue to provide assistance to other countries (transitional partnership) but at lower levels and with a greater proportion for capacity building, humanitarian purposes and delivered through non-government channels.

c. Provide resources on a more predictable, long-term basis with transparent mechanisms for variations in flows and recognising that recipient governments are first and foremost accountable to their own citizens.

d. Actively and collectively promote greater donor coordination in allocating resources at both the regional level (through the Strategic Partnership for Africa) and at the national level (behind credible country-led Poverty Reduction Strategies).

e. Respect the primacy of country-led Poverty Reduction Strategies [and work towards the adoption of common country performance assessment frameworks based on targets set therein.]

f. Reduce transaction costs in delivering aid, and strengthen government systems and processes, by harmonising around Poverty Reduction Strategies and priorities, country systems and budget cycles, and monitoring processes; where adequate controls are in place, this will mean providing resources increasingly through programmatic and budget support.

g. Standardise and simplify administrative and reporting requirements in line with current best practice and the work of the OECD Task Force on Donor Harmonisation.

h. Work through the OECD DAC to untie all aid to [low income] countries in Africa by 2006.

i. Encourage the OECD DAC to develop an index [*fallback:* measures] of aid effectiveness to assess and compare the impact of bilateral and multilateral donors.

j. Help reform and strengthen Africa's regional institutions to deliver NEPAD, in particular the African Development Bank, the African Union and the UN ECA.

k. Take steps to increase developing country 'voice' and effectiveness in the international financial institutions, including through capacity building for the two sub-Saharan African delegations.

6. Debt Relief

a. Ensure that no HIPC country leaves the HIPC process with an unsustainable level of debt, by topping up HIPC assistance at Completion Point where necessary.

b. In future, take into account future projections of export earnings and revenues to ensure that every country has continuing debt sustainability;

c. In addition to the above, G8 countries will provide 100% relief on all pre-cut off and post-cut off bilateral ODA and non-ODA loans to HIPC countries, to provide a safety margin below the threshold, and will ensure that this is fully additional to the topping up provided at Completion Point *[nb Britain already does this]*

d. A debt sustainability test should be used as a rationale for decision to allocate IDA grants for post-Completion Point countries, to improve prospects for avoiding excessive indebtedness in future;

e. Ensure the that the write-off of debt owed by HIPCs to the African Development Bank is fully funded, by making contributions to the HIPC Trust Fund; the Trust Fund is currently short by $700m, of which the majority is needed for the AfDB;

f. Work to tackle conflict in Africa so that HIPC-eligible countries such as DRC and Sudan can move into position to begin the debt relief process.

g. G8 countries step up support for debt capacity building to ensure that all countries can meet their target of producing annual Debt Sustainability Analyses.

OBJECTIVE: Increased African trade

G8 countries will:

7

a. **Simplify and harmonise the preferential market access schemes for African/LDC countries**. To facilitate this we will commission an in-depth comparative study of the plethora of schemes and undertake to act on its recommendations. The study would:

b. Identify the best features of each scheme from Africa's point of view
Look at ways of simplifying each scheme
Look at ways of increasing Africa's take-up of each scheme
Make recommendations of where schemes could learn from each other to enable Africa's trade (and thereby development) to improve

c. Commit to a **25% reduction in both tariff peaks and escalation on goods of particular interest to Africa by 2005**, possibly including cocoa, coffee, cotton, leather, oil seeds and meat.

d. **Make specific commitments as agreed in general terms in Doha to reduce the negative impact of agricultural subsidies** by reducing the overall level of support and switching to "non-trade distorting" support.

e. Commit to ensure that their **product standards do not act as trade barriers to African exports** and that African nations can engage in the relevant international standard setting systems.

f. Support the **opening of the Integrated Framework to cover non-LDC African countries** and provide the resources to meet their requests for assistance under it.

g. **Enhance international cooperation to fight anti-competitive practices that restrict investment and growth in Africa**, through supporting the negotiation of a multilateral agreement on competition the WTO.

OBJECTIVE: Progress towards the Millennium Development Goals – Health, Education and ICT

G8 countries will:

8. Education

a. Commit to substantial increases in bilateral and multilateral financing for basic education in Africa in support of good country led processes and plans. *[The World Bank estimates that external assistance to SSA will need to increase seven fold. This is $2.1 billion pa on average until 2015.]*

b. Ensure funding is available for those countries with credible plans to achieve universal primary completion, including fast tracking in certain cases. *[Ethiopia at $213 m is the country with the largest requirement. The average for a group of SSA countries is likely to be less than $100 m each pa]*

9. Access to Medicines

Provide essential medicines at affordable prices, on a sustainable, predictable basis through mechanisms and policies that support differential pricing. Specifically we recommend:

a. Commitment to put in place policies that prevent the re-importation of differentially priced products (DPPs) into higher priced markets, in exchange for greater application of differential pricing by pharmaceutical companies;
b. Commitment that where DPP agreements for poor countries exist the price of these medicines will not be used as a reference or in negotiations to set the price of that same medicine in their own market – known as "international price referencing".

10. Global Fund to fight AIDS, TB and Malaria

a. Commit to sustaining support for the Global Fund to ensure it is a success. This means a long term commitment financially (for at least 5 years) and support to ensure that the Fund evolves a learning organisation that learns from its experience. It is estimated that commitments to date ($700 million per annum) are roughly ten percent of what is required.

11. Polio

a. Support fully WHO led efforts to the global eradication of polio.

12. Health systems

a. Work with international agency and developing country partners to assess progress to build universal and equitable health systems in Africa.

b. Having identified where progress needs to be faster, the G8 now commits itself to work with international agencies and developing country partners to build universal and equitable health systems across Africa.

13. ICT

a. Ensure that poor people in Africa are able to gain maximum benefit from opportunities offered by ICT.
[The UK will work towards this through programmes such as CATIA (Catalysing Access to ICTs in Africa) and Imfundo.]

OBJECTIVE: Improved governance

G8 countries will:

14. Take firmer action to curb corruption and money laundering and to return proceeds of crime to African countries from where they were stolen by :

In G8 countries:

a. Pushing a vigorous and high profile campaign with the private sector to encourage adoption of codes and standards for business practices and trade with Africa and by pursuing bribery cases as required by the OECD Convention on the bribery of foreign public officials.

b. Financing the OECD to monitor implementation of the OECD Convention and to encourage compliance.

c. [Providing more resources to enable the Egmont Group (around 50 members of which UK, USA, France, Italy, Germany and Japan are G8) to intensify scrutiny of financial flows from Africa to developed country financial institutions and by investigating cases of money laundering more rigorously within each G8 country.]

d. Committing to return assets stolen from African countries and increasing assistance to African countries wishing to investigate such cases.

In Africa:

e. Providing start up resources and technical assistance to the emerging sub regional anti money laundering groups especially in West Africa where progress has stalled.

[f. Endorse and support World Bank/IMF efforts to develop a more coherent system for providing technical assistance on anti money laundering to African countries]

15. G8 to increase financial support and provision of expertise to assist African countries improve Governance and build institutional capacity through:

a. Helping African countries to implement institutional reform programmes and action plans for capacity building particularly in the areas identified by NEPAD: parliamentary oversight, participatory decision making, the civil service, judiciary and measures for combating corruption.

b. Increasing contributions to the Financial Sector Reform and Strengthening Initiative currently supported by the World Bank, IMF, UK, Canada and Switzerland which was announced at the Spring meetings. This will help implement financial codes and standards in low and middle-income countries in Africa and elsewhere in the world.

c. Expanding support for implementing internationally agreed codes and standards on economic governance in other areas especially including public expenditure management. To this end provide financial support for the World Bank Public Expenditure Financial Accountability Initiative (supported by the UK, the EC and the Swiss only), and to the IMF African Regional Technical Assistance Centres initiative.

16. **G8 to increase support to African regional organisations to spread best practice and help implement capacity building through** :

a. Stronger commitment and additional financial support to the African Capacity Building Foundation. Most G8 countries including the UK have made new pledges but the Italians and Germans have not and the level of US support is limited.

b. Financing African led research, knowledge generation and lesson learning networks through the Economic Commission for Africa and sub regional organisations such as SADC and ECOWAS.

17. G8 to promote exchange of experience in areas such as the assessing and monitoring of Governance and the implementation of peer reviews by:

a. Providing financial support to the OECD to develop links with the NEPAD Secretariat and to support activities designed to share best practice on peer review.

b. Providing financial support and technical assistance to the Economic Commission for Africa to further develop and implement their the approach to country level Governance assessments.

c. Developing a forum for joint discussions on Governance criteria and indicators for measurement of progress.

18. Provide technical and financial support for implementation of the African Charter on Human Rights and the work of the African Commission

OBJECTIVE: Increased economic growth and private sector investment

G8 countries will:

19.

a. Provide technical expertise on public/private partnerships, economic liberalisation and regulation.

b. Promote foreign investment by providing investment guarantees against non-commercial risk (such as MIGA)

c. Implement international agreements to reduce bribery and corruption by multilateral companies, and support efforts to improve cross-border corporate accountability, and monitor implementation of internationally agreed standards of best corporate practice.

d. Increase international coordination to support and regulate international capital flows to ensure they work effectively in order to prevent financial crises, and provide technical assistance to implement standards and codes.

OBJECTIVE: African Agriculture

G8 countries will:

20.

a. Support and assist in the preparation of African agricultural trade fairs to showcase and identify investment and market opportunities in OECD and non-OECD markets.

b. Commit to supporting the proposed EU African Monitoring for Environment and Security project that will make European remote sensing data available for climate prediction, NR and agricultural planning in Africa.

c. Enhance role for regional competitiveness centres to look at the development of regional markets and implications for African countries in terms of food security, government revenues and growth potential.

d. Commit to provide CGIAR Agricultural Research centre funding if there is serious moves to reform and support that reform.

e. Consider proceeding with the design of an international mechanism to promote public private partnerships around agricultural technology in Africa and research into new technology (the Rural Enterprise Technology Fund).

f. Provide immediate support to deal with current food shortages in central and southern Africa, and to the development of food security.

Canadian Africa Plan

[B]

Canadian Draft

DRAFT (VERSION 1.0) – 7 MAY 2002

Manquier: Draft Introduction

[concept]

1. We, the Heads of State and Government of eight major industrialised democracies and the Representatives of the European Union, welcome the invitation offered by African Leaders to construct a new partnership between the countries of Africa and our own based on mutually-reinforcing commitments and mutual respect. We accept that invitation and commit ourselves to support the visionary African initiative in which the invitation was contained: the *New Partnership for Africa's Development* (NEPAD) which has been endorsed by the 53 Member States of the Organization of African Unity.

1. Alone among the continents, Africa is becoming poorer. Half its population lives on less than US$1.00 per day. Alone among the continents, life-span in Africa is becoming shorter. Life expectancy at birth in Africa is [sixteen] years less than in the next-lowest region – and, largely as a result of HIV/AIDS, is [three] years less than it was [ten] years ago. The *New Partnership for Africa's Development* offers a comprehensive response to the crisis confronting the 800 million people who live in Africa. If fully implemented, NEPAD will help prevent Africa from becoming further marginalized from the rest of the world, provide a solid foundation for Africa's prosperity, and help ensure the well-being of its people.

1. The *New Partnership for Africa's Development* is, first and foremost, a pledge by African Leaders to the people of Africa. It provides a framework for achieving poverty reduction in Africa, for advancing core human development goals, and for establishing peace and promoting security throughout the continent. Through NEPAD, African Leaders undertake joint responsibility to strengthen peace and security, promote and protect democracy and human rights, restore macroeconomic stability, revitalise and extend the provision of educational and health services – including, in particular, for HIV/AIDS, malaria, tuberculosis and other communicable diseases – and promote the role of women in the social, economic and political lives of African countries, among other measures. African Leaders have involved themselves directly in the creation and the implementation of the *New Partnership for Africa's Development* and have formally undertaken to hold each other accountable in terms of the agreements contained within it. We both welcome and commend this bold commitment by Africa's Leaders and undertake to complement and support their efforts.

[strategy]

1. In the NEPAD, Africa's Leaders clearly set out a collective view that peace, security, democracy, good governance, human rights and sound economic management are necessary "[pre]conditions" for sustainable development and for the attainment of NEPAD's goals and objectives. We fully concur with this assessment. Time and again, progress in Africa has been undermined or destroyed by conflict, insecurity, or poor political or economic governance. There is no prospect of significant resource mobilization in support of Africa, unless – as NEPAD promises – these realities are addressed.

1. Governance and a commitment to conflict prevention are necessary, but they alone are

not sufficient for Africa's economic recovery. NEPAD also seeks to achieve and sustain an average Gross Domestic Product (GDP) growth rate of above 7 per cent per annum for the next 15 years in order to generate the means to finance the attainment of the plan's economic, social, and political objectives. NEPAD targets potential income and resources from significantly increased levels of foreign direct investment in Africa; potential income and resources from increased trade if there is better market access for African products and greater opportunity for the export of African goods; and potential resources from further debt relief, from increased domestic savings, and from enhanced Official Development Assistance (ODA).

6. The *New Partnership for Africa's Development* identifies Africa's five sub-regions as principal building-blocks for Africa. It is both on a sub-regional and continental basis that the development of infrastructure and the delivery of essential public goods is envisaged. And it is through the development of Africa's sub-regional and regional institutions and the promotion of regional integration, economic and political, that the objectives of the NEPAD will take hold.

[difficulties]

7. The obstacles to be overcome through the implementation of the New Partnership for Africa's Development remain formidable. But unless these obstacles are overcome, Africa will fail to achieve tangible improvements to the lives of its people – especially men and women living in poverty.

8. Some of these obstacles relate to and reflect the tremendous depth and scope of the problems which African countries and African peoples now confront – problems of conflict; problems of disease, poverty and education; problems of inadequate infrastructure, including in the area of information and communications technology; problems of economic paralysis and even collapse. The HIV/AIDS pandemic, in particular, places entire societies and social structures at risk. The global economic slowdown and the sharp decrease in the price of some commodities has added to the difficulties faced by African countries.

9. Some of these obstacles reflect the necessarily long-term nature of many of the changes that some African Leaders seek to bring about – changes such as strengthening democratic accountability and democratic institutions; inculcating a culture of protection and promotion of human rights; promoting gender equality and the role of women in all aspects of society; advancing regional and sub-regional economic integration; or preventing conflict and building and consolidating peace.

9. Some of these obstacles derive from the tremendous diversity of Africa itself, a diversity that encompasses widely differing needs, capacities, and commitments. Africa is far from monolithic, and any plan for Africa's development must be flexible and responsive enough to encompass this diversity.

[new partnership]

9. In support of the *New Partnership for Africa's Development*, we reaffirm our willingness to be engaged with Africa in a new type of partnership, based on mutually-reinforcing

commitments and mutual respect, and we reaffirm our willingness to help strengthen Africa's regional and sub-regional institutions with a view towards more effectively supporting regional initiatives and regional integration.

9. The *New Partnership for Africa's Development* must also be embraced by the people of Africa if its vision of people-centred development is to be achieved. We undertake to support African efforts to encourage public discussion of, and engagement in, the NEPAD across Africa. Engaging African societies in their entirety is necessary if the NEPAD plan of action is to succeed. We strongly support the identification of the promotion of the role of women in all activities as one of two long-term objectives of the *New Partnership*. Only when substantial progress towards this objective has been realized and greater gender equality achieved can the broader objectives of the NEPAD – increasing growth and reducing poverty – be effectively and lastingly attained. Equally, the *New Partnership* must engage children and youth, who account for [half] the population of African societies, and must serve to strengthen efforts to promote and protect human rights, in order to ensure that all the people of Africa are able to contribute to their societies' development. We will support efforts to encourage inclusiveness in Africa.

13. While our commitment to the human needs of all Africans is not conditional, we commit ourselves to establishing a privileged and enhanced partnership with those countries that are demonstrably committed to the implementation of the *New Partnership for Africa's Development* in all its aspects – including its Peace and Security, Democracy and Political Initiative, and Economic and Corporate Governance Initiatives. In line with this new spirit of partnership, we will concentrate our assistance in countries where governments are putting in place the policies necessary to achieve the vision, goals and objectives of the *New Partnership for Africa's Development*. We will no longer continually reinforce abject failure, but where countries are willing to take the political and economic decisions necessary to give effect to NEPAD, we will offer them strong and enhanced support.

14. We take this approach for reasons that are both principled and practical. As a matter of principle, our commitment to respond to situations of humanitarian need is universal and is independent of particular regimes; so too is our desire to help address the core issues of human dignity and development. The Development Goals contained in the Millennium Declaration adopted at the United Nations General Assembly in September 2000, provide a framework for such assistance. But we are also convinced that Official Development Assistance will have little lasting impact, and private-sector foreign investment will remain elusive in countries where peace and security are absent, responsible and accountable government lacking, basic human rights are not respected, or economic governance is corrupt. Public support in our own countries for Official Development Assistance cannot and should not be sustained where such aid is directed towards regimes that do not respect global standards of democracy, human rights and good governance. It is also clear that it will not be possible to maintain public support for continued or increased Official Development Assistance in the absence of evidence that aid works.

15. Commitment to the NEPAD compact is what we seek to help reinforce and support. The countries of Africa are not equally placed in their ability to give early effect to the New Partnership for Africa's Development. Where countries are demonstrably committed to implementing NEPAD in all its aspects, they should not be allowed to fail for lack of

engagement on the part of the international community, regardless of their current level of economic development or the sophistication of their infrastructure.

16. Increasingly, and progressively, enhanced partnerships will define the parameters of our engagement in Africa's development. This partnership will include, but not be limited to, the following elements: need?

- Technical Assistance: the offer of intensive capacity-building to enhanced-partner countries in areas of political, economic and administrative governance, in trade, and in crucial sectors such as agriculture, education and health, in order to improve individual African countries' ability to support human development, to attract investment that is of benefit to society, and to improve ability to participate effectively and forcefully in trade negotiations and benefit from expanded market access both in Africa and abroad;

- Resources: the provision of increased, longer-term and predictable levels of Official Development Assistance to enhanced-partner countries to make possible the more effective implementation of the NEPAD and the accelerated attainment of the Millennium Development Goals;

- Dialogue: the opening of a sustained dialogue with enhanced-partner countries on the implementation of the NEPAD and on cooperation among development partners to that end, including on the respective responsibilities and obligations of development-assistance donors and enhanced-partner recipients; and,

- Reform of Development Assistance: the introduction of standardized and simplified administrative and reporting requirements for official development assistance received by enhanced-partner countries.

17. In determining enhanced partnerships we will be guided by African peer-review arrangements and the resulting determination of the extent to which countries are demonstrably capable of and unequivocally committed to the implementation of the NEPAD in all its aspects. We welcome the adoption on June 11 by the NEPAD Heads of State and Government Implementation Committee of the governance and peer-review arrangements contained in ..., and we look forward to learning of the results of those peer-review processes. Our governments remain accountable to our citizens for the expenditure of their resources. We undertake to review qualification for enhanced partnership on an ongoing basis, in consultation with our African partners as well as with other donors, and to extend such partnership where it is warranted and revoke it where it is not.

17. We also commit to working closely with transitional-partnership countries: those that do not quite qualify for enhanced partnership but which nevertheless are clearly committed to the implementation of the NEPAD and to overcoming the remaining obstacles to their economic development, including by improving political and economic governance, investing in human development, and promoting opportunities for private-sector-led growth.

[deliverables]

17. The NEPAD's vision of mutually-reinforcing actions and reciprocal obligations on the part of development partners found much resonance in the Monterrey Consensus adopted at the International Conference on Financing for Development held in Monterrey, Mexico, on 21 and 22 March 2002. That vision contributed directly to the decisions by G8 partners, among others, to make substantial new commitments of official development assistance at Monterrey – over US$10 billion per year globally. Today we further commit to using no less than half the new resources committed at Monterrey to support development efforts in Africa, in furtherance of the objectives of the *New Partnership for Africa's Development.*

17. The Monterrey meeting, this G8 Summit at Kananaskis and the World Summit on Sustainable Development to be held in Johannesburg in August and September, jointly constitute a unique opportunity to achieve progress towards the eradication of extreme poverty, the attainment of sustainable economic growth and the promotion of sustainable development. We recommit ourselves, individually and collectively, to these goals and to ensuring that the positive momentum achieved at Monterrey is maintained. As G8 partners, we will undertake coordinated and mutually-reinforcing actions, including joint initiatives, in support of the attainment of these goals in Africa.

17. Our commitment to the establishment of a new partnership with Africa and to our support of the *New Partnership* process is for the long-term. The adoption of this Action Plan represents a first step in defining that partnership, and the action-elements attached to this Plan constitute an initial tranche of commitments and undertakings. Other elements of our Africa Action Plan will evolve over time, in consultation with our African partners and in response to the discharge of reciprocal obligations, including those contained in the issue-specific implementation plans for the *New Partnership for Africa's Development.*

17. The focus of our Action Plan is co-ordinated and mutually reinforcing actions to promote peace and security, strengthen institutions and governance, nurture human development, and foster economic growth. These actions include joint initiatives, where the costs involved or the need for co-ordination militate in favour of acting together. They include, as well, actions taken in a national capacity within the policy framework established by this Action Plan.

17. Our underlying objectives in this partnership are :

- to help strengthen peace and security in Africa;
- to assist recovery in Africa, especially in the context of the HIV/AIDS pandemic and other communicable diseases, including malaria and tuberculosis, which are placing the continent's Africa's future at risk;
- to encourage inclusiveness in Africa, including with regard to democratization, the promotion and protection of human rights and supporting the role of women;

- to build capacity in Africa, especially with regard to the political, economic and administrative aspects of governance;

- to expand knowledge, especially basic education, and bridge the digital divide;

- to promote economic growth through investment and trade which stand to provide a flow of resources much greater than the total current aid to Africa; through public-private partnerships for the development of key infrastructure; and through the development of vital economic sectors such as agriculture and water.

24. These actions are intended to complement our existing commitments and initiatives – for example, to ensure effective debt relief for Highly Indebted Poor Countries; to maximize Digital Opportunities; and to achieve the Education for All goals. We will ensure that our policies and actions reflect our commitment to support the *New Partnership for Africa's Development* – for example, by expanding market access and, building on the Monterrey Consensus, making Official Development Assistance more effective.

24. We warmly invite other countries, including other highly industrialized countries, to join us in giving effect to this Action Plan and to the new partnership that underlies it. We also encourage South-South cooperation and collaboration with international institutions and with civil society in support of the *New Partnership for Africa's Development.*

24. We commit to putting in place the structures necessary to ensure the effective implementation of this Action Plan. We request our Personal Representatives for Africa to continue to meet for a further year, both amongst themselves and with the Personal Representatives of the members of the *New Partnership*'s Heads of State and Government Implementation Committee, to coordinate implementation, and we ask that they submit a final written progress report on progress in the implementation of this Action Plan, for consideration at the G8 Summit to be held in France next year. In addition, we undertake each to appoint an "Africa Sous-Sherpa" to take forward the implementation process, reporting to our Personal Representatives for Africa until the next Summit and directly to our Personal Representatives for the G8 Summit thereafter.

DRAFT (VERSION 1.1 long) - 7 MAY 2002

Draft Manquier Commitments

Promote Peace and Security

1.1 **Commit to support African efforts to broker solutions to armed conflicts**

Commit to engage politically and diplomatically to support African efforts to resolve the principal armed conflicts in Africa

DRC
Africa
Role

Commit to acting quickly, and to coordinating more closely, in support of conflict prevention, peacekeeping and post-conflict reconstruction

G8 members of the Security Council should set realistic and clear mandates for peace operations, insist on appropriate robust rules of engagement, and, where appropriate, ensure strong police/law-enforcement participation

1.2 **Commit to providing technical and financial assistance to the African Union and sub-regional organizations to enhance African capacity to prevent, manage and resolve armed conflict, to protect and assist war-affected populations including refugees and the internally displaced and respond to humanitarian crises, to deploy effective peacekeeping and peace-building operations, and to ensure effective civil-military cooperation in Africa**

• Blair
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Support improved cooperation between that Africa Union and the United Nations, including the Security Council

Provide technical and financial support to facilitate the effective implementation in Africa of Security Council resolutions regarding the Protection of Civilians in Armed Conflict, Women and Peace and Security, Children and Armed Conflict, and HIV/AIDS as a challenge to international peace and security. Encourage their full implementation, including with regard to the full and equal participation by women in decision-making regarding conflict resolution and peace processes

1.3 **Commit to supporting African initiatives to combat the spread of illicit weapons, including trans-border initiatives; commit to developing and adopting common guidelines to regulate the supply of arms from G8 countries to countries in conflict in Africa; commit also to working with non-G8 countries and international organizations to eliminate the flow of illicit weapons to Africa.**

Commit to excluding arms transactions from all future trade preference arrangements for Africa

- Commit to enhancing export controls and related measures relating to small arms, to assisting African governments in putting in place effect controls and arrangements for their implementation and monitoring, and to supporting the implementation of African initiatives to control the flow of illicit weapons and of the UN Programme of Action that emerged from the 2001 UN Conference on the Illicit Trade in Small Arms and Light Weapons in All its Aspects

- Commit to supporting practical programmes to reduce the number of weapons in circulation, including by supporting efforts to collect and destroy weapons, and associated awareness-raising capaigns

- Support African efforts to eliminate and remove antipersonnel mines

1.4 **Commit to working with African governments and civil society to address the linkage between armed conflict and natural resource exploitation, including mineral resources, petroleum and timber. Initiatives will be aimed at increased transparency, including in accounting arrangements, and at the promotion of the principles of corporate social responsibility among those involved in importing or exporting Africa's natural resources.**

- Reaffirm support for the efforts of the Kimberley Process toward the development and implementation of an international certification scheme for rough diamonds aimed at curbing the trade in "conflict diamonds"

- Support the development of confidence-building arrangements for the sharing of natural resources – for example, trans-border river-basin initiatives aimed at limiting environmentally-related causes of armed conflict

- Reaffirm commitment to more effective monitoring and implementation of targeted sanctions of the Security Council relating to Africa

- Support the implementation of the DAC Guidelines, the OECD Guidelines for Multinational Enterprises, the UN Global Compact and other voluntary initiatives

1.5 **Commit to providing support to societies emerging from or seeking to prevent armed conflicts and for the consolidation of peace and to supporting African-led reconciliation initiatives**

- Establish a peace consolidation network through which donors, international financial institutions, UN specialized agencies and other relevant international organizations can coordinate their efforts in support of countries emerging from armed conflict, including efforts to ensure the effective disarmament, demobilisation and reintegration of former combatants, including children, with attention to gender-specific needs; the promotion and protection of human rights; and the collection and destruction of small arms

Undertake to consider providing additional assistance for African countries hosting large, protracted refugee populations and who are providing protection and assistance to those refugees, including by integrating them into national development plans

Strengthen Institutions and Governance

2.1 **Strengthen capacity for political governance, including in the five priority areas identified in the NEPAD: (supporting) administrative and civil services, strengthening parliamentary oversight, promoting participatory decision-making, adopting effective measures to combat corruption and embezzlement, and undertaking judicial reforms**

Administrative and Civil Services: support international organizations in expanding regionally-oriented governance-related technical assistance and capacity-building programmes in Africa; provide "enhanced partnership" countries with technical assistance from within the public services and governmental institutions of developed-country partners; provide financial support to non-governmental, not-for-profit sources of capacity-building expertise in both Africa and abroad

Strengthening Parliamentary Oversight: provide financial and technical assistance to support the involvement of African parliamentarians in all aspects of the NEPAD process; engage parliamentarians and research institutions in both G8 countries and Africa in developing best practices for parliamentary oversight

Promoting Participatory Decision-Making: encourage and support the involvement of civil society in all aspects of the NEPAD process, including implementation; support capacity-building for managing and monitoring elections; support the key role of the media in promoting public policy dialogue, including during election campaigns; support national efforts to increase public participation in the development and implementation of national poverty reduction strategies; support efforts to include women's equitable representation in the decision-making process; support the development of fora that give children and youth a voice in their own development

Adopting Effective Measures to Combat Corruption and Embezzlement: strengthen the implementation of the OECD Convention on Bribery; undertake to intensify efforts to allow for the return of the proceeds of crime; task the OECD to set up an Anti-Bribery and Corruption Initiative for Africa within its Regional Anti-Corruption Network; welcome and support the work of the UN Ad Hoc Committee for Negotiation of a Convention Against Corruption; advocate the accelerated ratification of the UN Convention on Transnational Organized Crime; task G8 experts to recommend further steps to address corruption and related issues such as the freezing of illegal assets; support measures to increase

transparency around the development and enforcement of regulations governing natural resource exploration, exploitation and taxation

- Undertaking Judicial Reforms: provide financial and technical assistance to develop access to and gender-sensitive capacity in the judicial sector; support capacity-building in the public security sphere including the judiciary, police and prisons

2.2 **Strengthen capacity for economic and corporate governance including promoting sound macro-economic and public financial management and accountability, protecting the integrity of monetary and financial systems, strengthening accounting and auditing systems, and developing an effective corporate governance framework**

2.3. **Support African countries in increasing access to, and making the best use of, Information and Communications Technologies in support of governance**

[*recommendations regarding ICT would be informed by the DOT Force reports*]

- Encourage the DOT Force International e-Development Resource Network to focus on Africa, and support other DOT Force initiatives that can help bridge the digital divide, building wherever possible on African initiatives already underway

- Support the development of national e-strategies and e-governance initiatives that are aligned with national poverty-reduction plans

2.4 **Support African efforts to protect human rights**

- Provide technical and financial support for the work of the African Commission on Human and People's Rights and to develop capacity regionally and sub-regionally for the protection and promotion of human rights, including the establishment and strengthening of national human rights institutions; call for the early ratification of the Protocol establishing an African Court on Human and People's Rights and provide support for its establishment and operation; extend support to the Additional Protocol on women's rights and the Special Rapporteur on Women's Rights

- Provide support for the implementation of other international human rights obligations undertaken by African governments

- Support the signing and ratification of the Transnational Organized Crime Convention (TOC) and its Protocols (Protocol to Prevent, Supress and Punish Trafficking in Persons, Especially Women and Children, and Protocol Against the Smuggling of Migrants by Land, Sea and Air), and provide assistance to achieve the goals outlined therein

2.5 **Support African efforts to promote gender equality and the empowerment of women**

✎ Support the promotion of gender equality in Africa through the equitable participation of African women in the implementation of the NEPAD and in the political decision-making process more widely, and the application of gender main-streaming in all policies and programmes in accordance with commitments in the Beijing Platform for Action and the CEDAW

2.6 **Support African peer-review arrangements**

✎ Provide technical and financial assistance for the African Peer-Review Mechanism Secretariat; encourage OECD-ECA cooperation in the design and management of peer review arrangements

Nurture Human Development

Education

N.B. Education commitments are to be informed by the recommendations of the G8 Task Force on Education

3.1 **Encourage and support the development and implementation by African countries of national educational plans that reflect the Dakar goals on Education for All; encourage support for those plans by the international community**

✎ Provide education-related ODA to support credible national educational plans aimed at achieving universal primary education and equality of access for boys and girls; provide additional such support to "enhanced partnership" countries; encourage IFIs to increase spending on basic education

[*amend in light of the G8 Task Force report*]

3.2 **Support African countries in improving the quality of education in Africa at all levels and the sustainability of educational systems**

✎ Support capacity-building in the educational sector through technical assistance and technology-transfer – for example, by helping education ministries develop their capacity for planning, especially in countries with high incidence rates of HIV/AIDS or gender imbalances

✎ Support the development of infrastructure for teacher training

- Support the expansion of distance education initiatives across all sectors of education

[*amend in light of the G8 Task Force report*]

Higher Education and Advanced Research

4.1 **Support efforts to enhance Africa's research and higher education capacity**

- Support the development of research centres and the establishment of chairs of excellence in areas integral to NEPAD, including in agriculture, health and water resource management

- Encourage research partnerships between G8/donor research institutions and African institutions of learning, including technology-based (i.e. virtual) collaborative research programs

- Provide financial and technical support to assist in reforming the national research sectors in enhanced-partnership countries and to build national and regional innovation systems

- Encourage the equitable participation of women in higher education

HIV/AIDS

5.1 **Continue to support the Global Fund to Fight AIDS, Tuberculosis and Malaria**

5.2 **Commit to help Africa combat the effects of HIV/AIDS**, through:

- Supporting the development, adoption and implementation of comprehensive, gender-sensitive, multi-sectoral HIV/AIDS programs for prevention and care

- Supporting initiatives to improve technical capacity, including disease surveillance

- Supporting efforts to develop strong partnerships with the private sector

- Supporting programmes that help children infected and affected by HIV/AIDS, including children orphaned by AIDS, with attention to the specific needs of girls and boys

- Supporting programmes that improve HIV/AIDS prevention, treatment and care

- Support efforts that integrate approaches that address both HIV/AIDS and tuberculosis

Health

6.1 **Support African efforts to build effective disease interventions and secure and sustainable health systems**

- Provide support for credible plans for health-system development; provide additional such support for "enhanced-partnership" countries; and work with international financial institutions to increase health-related spending where appropriate

- Support African countries in helping to provide more effective, and cost-effective, health interventions to the most vulnerable sectors of society

- Support partnerships between the non-governmental and private sectors in supporting Africa's health improvement goals

- Provide assistance to strengthen the capacity of the public sector to monitor quality of health services offered by both public and private providers

- Provide assistance for the recruiting and training of health professionals in countries with high incidence rates of HIV/AIDS

- Support efforts to improve sanitation and access to potable water

- Support African governments and civil society in placing greater priority on reducing maternal mortality and morbidity

6.2 **Encourage the provision of essential medications at affordable prices**

6.3 **Accelerate the eradication in Africa of polio, river-blindness and other diseases, including through support of relevant public-private partnerships and immunization programmes**

- Support efforts to eradicate polio in Africa by 2005

- Support efforts to eradicate river-blindness and other neglected diseases in Africa

6.4 **Support health research on diseases prevalent in Africa**

- Increase international efforts to narrow the health research gap

- Expand virtual health research networks to focus on African health issues and include researchers based in Africa

Knowledge and Development Through Information and Communications Technologies

7.1 **Support African countries in increasing access to, and making the best use of, Information and Communications Technologies in support of education and health**

- Support the expansion of African initiatives to increase connectivity among African schools (e.g. SchoolNet Africa) and to develop schools as community hubs for access to information and communications technologies, with particular attention to equitable access by women and girls

- Support gender-sensitive ICT content-development for primary and secondary schools

- Support the development and use of information and communications technology capacity within the health sector to address health issues including HIV/AIDS and other communicable diseases

Basic Human Needs

8.1 **Support African efforts to improve water resource management, especially in water-scarce regions**

- Support African efforts to develop institutional and legal frameworks for the management of shared water systems

- Support the development of policies and mechanisms to ensure the sustainable and efficient use of water resources and protection of aquatic ecosystems

- Support information management for water planning and use

Foster Economic Growth

9.1 **Help Africa attract investment, both from within Africa and from abroad**

- Support African initiatives aimed at improving the investment climate

- Support efforts to make existing investment-support mechanisms (development finance institutions and export credit and risk-guarantee agencies) more effective

- Support African initiatives aimed at fostering efficient and sustainable domestic savings and financing structures, including micro-credit facilities -- with particular attention given to credit and business support services meeting the needs of poor women and men

- Provide enhanced-partner countries with technical assistance to strengthen the financial sector and establish the conditions necessary to attract investment

9.2 **Assist African governments gain access to private capital markets, including on a sub-regional basis**

- Assist African governments to obtain sovereign credit ratings

9.3 **Promote business-government dialogue on investment and on strengthening the private sector**

- Support the creation of a NEPAD-related forum for dialogue between the private sector and African governments on steps to be taken to attract investment and on the investment needs of African countries; encourage closer cooperation between corporate councils for Africa in G8 and other donor countries; encourage socially- and environmentally-responsible investment in Africa through initiatives such as promoting the UN Global Compact and the OECD Guidelines for Multinational Enterprises

9.4 **Provide enhanced market access for African products**

- Commit to the objective of duty-free and quota-free market access for essentially all products originating from LDCs and in particular from African LDCs; further improve and expand market access for products from African countries through multi- and bilateral measures; ensure flexible rules-of-origin provisions in order to facilitate access of African exports

- To this end, commission an in-depth comparative study of existing preferential access initiatives to simplify the schemes and increase African participation

- Seek to respond to African concerns regarding the negative impact of trade-distorting agricultural subsidies

9.5 **Increase support for trade-related technical assistance and trade capacity-building in Africa**

- Support international organizations in establishing and expanding sub-regionally-oriented trade-related technical assistance programmes in Africa

- Strengthen regional centres for trade-policy capacity-building and trade-

related technical assistance and, where appropriate, establish new such centres; integrate trade policy training within higher education institutions, where possible; support bilaterally and through the appropriate international organizations the establishment and expansion of country-specific and regional trade-related technical assistance programmes in Africa

- Provide "enhanced partnership" countries and selected regional and sub-regional organizations with privileged technical assistance from within the public services and governmental institutions of developed-country partners to participate more effectively in multilateral trade negotiations

- Provide increased trade-related capacity-building to enhanced-partner countries, in order to improve their ability to respond to, and benefit from, expanded marked access both in Africa and abroad.

- Provide technical assistance to African countries to implement international agreements, such as the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, and to meet international standards for food and food products such as those in *Codex Alimentarius*, in order to improve their inspection and regulatory systems, and to be able to meet product and health standards in export markets.

- Provide technical assistance to help African countries engage in the relevant international standard-setting systems

- Enhance international cooperation to fight anti-competitive practices and other obstacles that restrict trade, investment and growth in Africa, through supporting the negotiation of multilateral agreements on competition, trade facilitation, investment and government procurement in the WTO

9.6 **Support African efforts to promote intra-African trade and to advance regional economic integration**

- Support international organizations in establishing and expanding sub-regionally-oriented technical assistance programmes to foster intra-African trade and sub-regional trade with other developing countries

- Encourage the elimination of internal barriers to trade within Africa, including the reduction of both tariff and non-tariff barriers, and the lowering of trade barriers to imports from the rest of the world

- Support bilaterally and through international organizations, regional economic integration

- Encourage the participation of women, including African women's business associations, in trade policy development and discussions, and in new

trade-related organizations

9.7 **Support cooperative, sub-regional Public-Private Partnerships in key infrastructure and economic-growth sectors, e.g. provision of energy, or undertaking land surveys to make possible the collateralization of land**

9.8 **Support entrepreneurship and human resource development of African women and men in Information and Communications Technologies**

- Involve the private sector in G8 countries in nurturing ICT entrepreneurship and human resource development in Africa, including through mentoring

- Support African initiatives to develop ICT entrepreneurship and human resource development

Fostering Economic Growth: Supporting the Development of the Agricultural Sector

10.1 **Work with African countries to promote property rights and to enhance access to finance**

- Provide support to develop the transferability and collateralization of land/property through improved gender-sensitive legal, institutional and market infrastructure

- Support the development of micro- and rural-lending institutions and the development of national and regional finance networks for small and medium-size enterprise

10.2 **Work with African countries to improve productivity and food security through agricultural technology improvement and dissemination, including that related to forestry and fisheries**

- Enhance African access to agricultural technologies and strengthen agricultural research in Africa and research into more efficient use of water, including specific initiatives undertaken through the Consultative Group on International Agricultural Research (CGIAR); work with international community to promote the reform and financing of international institutions and research organizations that promote agricultural development in Africa and meet African priorities; accord special attention to promoting capacities for gender-sensitive agricultural policy development and research, enhancing professional opportunities for women in research and extension, and dissemination of practical research and technology products to women farmers

- Expand efforts to fortify foods with micronutrients by improving fortification technologies, establishing food safety and quality control standards

for production and distribution, and helping countries develop legislation and enforcement procedures

- Seek to reverse the decline in Official Development Assistance for agriculture, rural development and food security where there are coherent development strategies reflected in Government budget priorities

- Encourage partnerships in agriculture and water research extension to develop, adapt and adopt appropriate technologies for low-income resource-poor farmers to increase agricultural productivity and improve their ability to market agricultural, fish and food products

10.3 **Provide targeted support for women in the agricultural sector, especially small-scale farmers, including enhanced access to and control over credit and other financial services, land, training and technical assistance**

Additional Issues – Placement to be Confirmed

ODA

11.1 **Improve ODA effectiveness**

- Reduce transaction costs in delivering aid, and strengthen government systems and processes, by harmonizing around country poverty reduction strategies and priorities, country systems and budget cycles, and monitoring processes

- Make efforts to improve the transparency and predictability of aid, and assess the move towards a common pool approach to reduce the cost of delivering aid

- Improve the effectiveness of ODA through aid untying

- Strengthen measures to ensure that export credit support to low-income countries is not used for unproductive purposes

- Support the efforts of OECD/DAC, in close cooperation with other international organization, to pursue its work toward increased harmonization

Debt

12.1 *insert paragraph(s) drawing on the recommendations on debt relief that will be contained in the G7 Finance Sous-Sherpas' forthcoming report, due this month*

8 May 2002

Foreign &
Commonwealth
Office

London SW1A 2AH

MATRIX

SC:LL
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DM
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MR

Dear Anna,

Second Africa Europe Summit, Lisbon, 4-5 April 2003

The first Africa-Europe Summit took place in Egypt in April 2000 and agreed the Cairo Declaration and a Plan of Action. The Summit established a regular Africa-Europe Dialogue (or "Cairo Process") at senior official and ministerial level which has focussed on eight priority themes: regional economic co-operation and integration; HIV/AIDS and other communicable diseases; food security; conflict prevention and resolution; environment including drought and desertification; return of cultural property; debt; and human rights and democracy (including trafficking in human beings).

Greece (who will have the EU Presidency in the first half of 2003) and Portugal have proposed that the second Summit take place from 4-5 April 2003 in Lisbon. The Presidency wants to put these dates to the African side at the next meeting of senior officials in Rabat on 27-28 May.

We believe there is a strong case for the Prime Minister's participation to attend. The Cairo Process is not perfect. The structures and format established at Cairo have allowed the African side to press for outcomes on a range of subjects, some of which (eg debt and cultural property) can only be dealt with in other fora. However, the EU continues to seek ways to build on areas of agreement (eg discussions on regional economic co-operation and conflict resolution), and the dialogue remains an important expression of the EU's commitment to its relationship with Africa. The Summit will provide an opportunity for the EU to engage collectively with African leaders on issues of common interest. The last ministerial meeting in Brussels included exchanges on the Great Lakes, NEPAD, the Africa Union and terrorism.

Given the UK's prominent role on African issues within the EU and the Prime Minister's personal commitment to Africa, we hope the Summit can be pencilled into his diary. The Prime Minister did not attend the Cairo Summit because of the pressure of other business. He was the only EU Head of State or Government not to go.

We will, of course, submit nearer the time with a firm recommendation on whether the Prime Minister should attend (taking into account, in particular, progress made at the 28 November ministerial meeting in Ouagadougou). But it would be helpful to know by 23 May whether there are any obvious conflicting demands on the Prime Minister's diary on the dates proposed for the Summit.

I am copying this letter to Anna Bewes.

Yours ever,

Patrick

(Patrick Davies)
Private Secretary

Ms Anna Wechsberg
10 Downing Street

MATRIX

ANNA WECHSBERG

NIGERIA AND OTHER AFRICAN ISSUES

Thank you for your letter of 29 April. We met with Mark Lyall-Grant, FCO, Barrie Ireton, DFID, Jonathan Ockenden HMT and Ken Kehoe from the Assessments Staff to discuss your letter but ranged over several other African issues to.

2. We agreed:

- That the FCO would draft a short paper on tactics for handling Nigeria under NEPAD. The paper will be cleared with other Departments and should get to you by 17 May. For the longer term we will need a strategy for promoting reform in Nigeria after 2003 elections. The FCO have already done some work on this.

- While there were obvious advantages in a joint UK/South Africa initiative on Angola, Angola's general reluctance to permit outside influence, and in particular from South Africa, means that the short term options are not obvious. We agreed that Mark Lyall-Grant would discuss with Ann Grant. There will be an opportunity to discuss Angola at the DOP(A) Ministerial meeting on 22 May, and whether the options for an Africa conflict initiative at the G8 summit.

- You need a note for the Prime Minister ahead of the Sierra Leone elections on 14 May. There will be JIC paper later this week and a telegram from Freetown which will set the scene. Our view remains that the Sierra Leone elections will not be

perfect but nor will they be as deeply flawed as we have seen recently in other parts of Africa.

– It was extremely unsatisfactory for President Mugabe to pursue policies which prevented Zimbabwean farmers planting at the same time as seeking food aid. However, holding back humanitarian assistance in the hope that Mugabe might be persuaded to change his policies on economy and land was not a satisfactory option either. We should encourage the countries in the region, particularly South Africa to tell Mugabe that he should be helping his own people first. FCO and DFID will coordinate a line.

3. I am copying this minute to those who attended the meeting and to David Manning.

JIM DRUMMOND

7 May 2002

From: Liz Lloyd
Date: 3 May 2002

PRIME MINISTER

cc: Laura Hester
Anna Wechsberg
David Manning
Jeremy Heywood
Robert Hill

AFRICA BREAKFAST

Just to let you know that we are planning to invite the following to your breakfast on 23rd May. We haven't invited Bob or Bono - we can if you feel strongly about it. I don't unless they would feel hard about being left out.

We also have Tony Baldry MP down at this stage?

Should Valerie or someone do a presentation on NEPAD to kick it off?

1. Salil Shetty - Director Action Aid
2. Barbara Stocking - Director Oxfam
3. Richard Bennett - Gen Sec BOND
4. Daleep Mukarji - Christian Aid
5. Julian Filochowski - Cafod
6. Mike Aaronson - Save the Children Fund
7. Niall Fitzgerald - Unilever
8. John Browne - BP (or other energy person)
9. David Hampshire - Dir Africa, Guinness
10. Chief Emaka Anayakou - Former Commonwealth Secretary General
11. Alex de Waal - academic and Justice Africa
12. Paul Collier - World Bank
13. Simon Maxwell - ODI
14. Michael Holman - both journalist turned book writer
15. Dr Ato Quayson - African Studies Centre, Cambridge Uni
16. Vernon Ellis - Director Accenture
17. Hugh Bayley MP
18. Tony Baldry MP

19. Tony Blair
20. Gordon Brown
21. Clare Short
22. Valerie Amos

LJ

file recd by fax

DFID Department for International Development

1 Palace Street, London SW1E 5HE

Telephone: 020 7023 0419
E-mail: PrivateSecretary@dfid.gov.uk

From the Private Secretary

Anna Wechsberg
10 Downing Street
London SW1A 2AA

2 May 2002

cc DM
Press
KK.

Dear Anna

PRIME MINISTER'S BREAKFAST ON AFRICA, 23 MAY

Thank you for your letter of 29 April. I attach a provisional guest list for the breakfast which covers the range of individuals you proposed and should generate a lively discussion.

We will provide briefing by noon on Friday 17 May.

I am copying this letter to Patrick Davies and Tom Fletcher (FCO) and Jim Drummond (Cabinet Office).

Yours
Anna.

Anna Bewes
Private Secretary

Provisional Guest List

Principal (15)

NGOS

Salil Shetty	Director, Action Aid (or Lindle Stein, International Director). Current chair of the BOAG group (SCF, Christina Aid, CAFOD and Oxfam)
Barbara Stocking	Director, Oxfam (or Justin Forsyth, Head of Policy)
Richard Bennett	General Secretary of BOND
Alex de Waal	Justice Africa

Business

Niall Fitzgerald	Unilever
David Hampshire	Managing Director Africa, Guiness
Vernon Ellis	Director, Accenture UK
David Montgomery	Africa Lakes Corporation

Academics/think tanks

Simon Maxwell	Director, Overseas Development Institute (or Tony Killick, Senior Research Associate)
Marcel Fafchamps	Economist, Centre for the Study of African Economies, University of Oxford
Dr Ato Quayson	African Studies Centre, University of Cambridge
Prof Christopher Clapham	University of Lancaster

Individuals

Chief Emaka Anayakou	Former Commonwealth Secretary General
Tim Lankester	Master, Corpus Christi, University of Oxford
Michael Holman	Formerly of the Financial Times

Reserves (10)

NGOS

Mike Aaronson	Director, Save the Children UK
Daleep Mukarji	Director, Christian Aid
Julian Filochowski	Director, CAFOD (or Beverley Jones, International Director)

Business

Peter Pooley	Chairman, British African Business Association
Bob Lewis	Senior Manager, CISCO
Mohan Kaul	Commonwealth Business Corporation
Miles Morland	Blakeney Management

Academics/think tanks

Victor Bulmer-Thomas	Director, RIIA (Chatham House)
Patrick Smith	Editor, Africa Confidential
David Simon	Royal Holloway

8

DFID Department for International Development

1 Palace Street, London SW1E 5HE

Telephone: 020 7023 0419
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MATRIX

From the Private Secretary

Anna Wechsberg
10 Downing Street
London SW1A 2AA

AW / c LL
DM
KK
Press
Events.

2. May 2002

Dear Anna

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Anna Bewes
Private Secretary

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David Simon	Royal Holloway

Department for
**Environment, Food
& Rural Affairs**

AW
cc DM
LL
JJM
GN
OJ

Nobel House
17 Smith Square
London SW1P 3JR

From the Secretary of State
The Rt Hon Patricia Hewitt MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 Victoria Street
London
SW1H 0ET

30 April 2002.

Dear Patricia,

DRAFT MANDATE FOR NEGOTIATING ECONOMIC PARTNERSHIP AGREEMENTS (EPAs) WITH THE AFRICAN, CARIBBEAN AND PACIFIC (ACP) COUNTRIES

Thank you for sending me a copy of your letter of 15 April to Jack Straw concerning our proposed negotiating position in respect of the EU Commission's draft mandate for negotiating EPAs with the ACP countries.

I share your disappointment that the Commission proposal does not not provide a concrete starting point. However, I agree that there remains everything to play for and I fully endorse your line that we should press for substantial improvements in market access at an early stage. This is essential if we are to convince the ACPs and others of our genuine determination to meet the objectives of the Doha Development Agenda. Your recognition that there will be difficult and sensitive sectors such as sugar is an appropriate one. It is clear that in this sector there will be winners as well as losers, particularly amongst those currently enjoying the benefits of the sugar protocol, and it will be important to ensure that the development of EPAs is underpinned by the assistance of transitional measures, including for our traditional Caribbean suppliers.

You also draw attention to the impact on our own domestic sugar beet industry, this is an area we will need to watch closely.

A copy of this letter goes to the Prime Minister, members of EP Committee, Sir Richard Wilson, Sir Stephen Wall and Sir Nigel Sheinwald.

Regards

Margaret

MARGARET BECKETT

FILE

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

29 April 2002

Dear Anna

PRIME MINISTER'S BREAKFAST ON AFRICA, 23 MAY

In preparation for the G8 Summit, the Prime Minister would like to have a breakfast meeting with key people outside Government who have an interest in Africa, so that he can brief them on our emerging thinking and discuss next steps.

The Prime Minister proposes to hold the breakfast at No10 on 23 May. We envisage inviting the NGO leaders he met here before his trip to Africa, as well as a handful of academics, business leaders with interests in Africa and serious writers on Africa. Your Secretary of State and Valerie Amos are of course invited.

Total numbers will be limited to around 20, which will mean limiting outside guests to around 15. We would be grateful for suggestions for 15 names, plus 10 reserves, by noon on Thursday 2nd May, so that invitations can issue before the weekend. The logistical side will be dealt with here by Laura Hester. We will also require briefing for the Prime Minister for the breakfast by noon on Friday 17th May.

I am copying this to Patrick Davies and Tom Fletcher (FCO), and Jim Drummond (Cabinet Office).

Yours sincerely

Anna Wechsberg

ANNA WECHSBERG

Anna Bewes
DFID

From: Anna Wechsberg
Date: 26 April 2002

PRIME MINISTER

cc: Liz Lloyd o/r
Jeremy Heywood
David Manning
Andrew Adonis

AFRICA

You have an internal on Africa on Tuesday, with Liz and Valerie. Katie is fixing a follow-on meeting later in May with Valerie, Clare, Gordon and Jack.

Attached is the note Liz did for you earlier this month, plus a letter from Valerie to the Canadians with our proposal for what the G8 Action Plan on Africa might look like. The tables at the back set out possible specific deliverables, some of which will be easier to achieve than others.

Issues you might want to focus on on Tuesday:

- How easy will it be to get others to sign up to our proposed Action Plan? Which are the most promising/difficult areas? We need to decide whether we want only those deliverables which all the G8 can sign up to, or whether we're happy to include things which some but not all the G8 can agree.

- Selectivity. The draft Action Plan proposes an "incentive framework for African countries based on transparent criteria reflecting both need and performance". Need to decide if you think what is proposed is tough enough. The bottom line is the difference it makes in practice to the distribution of G8 aid in Africa.

- Progress on the African side – Valerie can give us her assessment. We need to decide how much more we could/should do between now and June to ensure the Africans come up with something really convincing at Kananaskis. (The ECA-sponsored work on economic governance is already good; but the political peer review proposals look less robust).

- Bringing Clare and Gordon in in support. The Canadians are planning to announce some bilateral initiatives at Kananaskis. We should look at what the UK could do bilaterally (eg Clare's £1billion for Africa).

Anna.

ANNA WECHSBERG

1. AW
2. LL

PM

You need a meeting with CS, VA, JS & GB in the next few weeks to map out an engagement strategy. We are a long way from the G8 agreement on how to select the countries that should benefit; & the CS is a long way from being prepared to change the way the UK aid programme is structured to reflect the G8 priorities. I need an internal on this first. 9/5

From: Liz Lloyd
Date: 2 April 2002

PRIME MINISTER

cc: Anna Wechsberg
Jeremy Heywood
David Manning
Stephen Wall

AFRICA, BUSH AND FORWARD PLAN

This note takes you through the state of play and offers proposals for you to raise with President Bush.

State of Play - G8

The prospects for a successful G8 summit are better than they have been for the last 9 months. All G8 countries have made commitments to increase aid and have recognised the importance of trade to developing countries. The task now is to make these general principles concrete and focussed on Africa. That said, there are still real difficulties ahead which will need your personal intervention.

Aid

The backdrop has changed markedly from 3 weeks ago. All G8 countries have made in principle commitments to increase aid. In theory this should add up to an extra $12bn a year in 2006. *The question now is how this will be spent, and which countries it will go to.*

Jeremy and I are attracted to linking the G8 Africa plan to the work of the World Bank on education to meet the Millenium Development Goal of all children getting basic education. This is simple to understand, gets money to the right place and should also force donors to co-ordinate more closely. The Bank figures show that if African countries follow best practice for domestic education spending (i.e.

reallocate $7-8billion of their own spending towards primary education) then the financing gap for external donors is only $2.1 billion a year for Africa.

Each country has to have a "credible" domestic plan. The criteria for this have already been worked on and are broadly acceptable to all the G8 (eg 50% of education spending has to be for primary education). It would be relatively straightforward to match the already ear-marked funds from G8 countries to filling this gap. **For 15 countries this would come to only about $1.1 billion per annum.**

This could be the first step before extending it to other MDGs, like the one on health. This is not the model of financing that DFID would naturally prefer so we may have to persuade them.

The US are working on a set of criteria for disbursing their new $5 billion Challenge Account under three headings: good governance, investment in health and education and economic policy reform "**ruling justly, investing in their people, and encouraging economic freedom".** They seem to want to focus in on a limited number of countries (perhaps as few as 6 or 7). And they also seem to want to spend a large proportion on agriculture. But the details are not yet worked out. There is an opportunity for us to work with them on this, to focus money on the poorest counties and to work with other donors to reduce transaction costs. Suma Chakrabarti is going out to the US in a couple of weeks and could take forward detailed discussions. Anna and a DFID/HMT team could go out before that if necessary.

Trade

Market access: All G8 countries give some kind of preferential access to African imports. The US gives preferential access to about 35 African countries under their African Growth and Opportunity Act (although this falls short of full duty and quota free access). It appears to be quite successful, although 90% of duty-free African exports to the US are oil related. The 35 countries have all been selected because they meet certain eligibility criteria on open trade policies so there is an element of reciprocity.

The EU gives fully open access to all 34 African Least Developed Countries (LDCs) under Everything but Arms (EBA), although in practice some of the technical rules eg on proving the origin of the goods, can act as a barrier to take up. The EU also provides 95% open access to South Africa, and special arrangements for North Africa. The remaining 15 African countries get some preferential access under the "Cotonu Agreement" and there is a big debate raging in the Commission about how much more they will get in the next 10 years in return for acting as regional blocs (here there will be an element of reciprocity). We think it should be all duty and quota free for all African countries, but DEFRA are worried about the impact on sugar producers in the UK and in the Caribbean.

Many of the G8 are reluctant to put trade on the table arguing that the G8 is not the right forum to discus this. For the EU trade is a Commission competence, so there is a limit to what we can sign up to unilaterally. France and Italy are particularly nervous. However, the Canadians are likely to make a specific commitment to extend market access as are the Japanese. We need to work hard with EU colleagues, particularly France. The simplest commitment would be for the EU countries to extend "Everything but Arms" to all African countries under Cotonu framework. And for the US and others to move towards full duty and quota free

access. But is we do that, the question will be what, if anything, we should ask for in return - eg commitments to liberalise telecomms markets or regional integration.

Agriculture is another touchstone issue. Agriculture accounts for 40% of exports from sub-saharan Africa (SSA). Total OECD agricultural subsidies amounted to over $360 billion in 1999. This is the same as sub-saharan Africa's GDP and ten times total aid to Africa. The EU is committed to CAP reform, but under pressure to give direct payments to candidate countries as part of enlargement. Under the recently published US Farm Bill, they might increase support by over $2 billion a year. The result could be increases in the short term at the very time we need to be dramatically reducing subsidies. It will be easier for G8 countries to move on this together.

Tariff Peaks and Tariff Escalation. Although primary agricultural products are often duty free, finished products attract much higher duties. There are examples of very high peaks too e.g. the US 350% on tobacco and 164 % on peanuts. The highest Japanese tariff is on rice and can be as high as 900%. The EU's import protection for sugar varies with the world price and is currently around 200%. We should aim for a commitment to reduce tariff peaks.

Technical rules. AGOA and EBA have different rules - eg rules of origin. A very simple but effective step would be to harmonise them. A more difficult area is sanitary and phyto-sanitary standards.

Conflict

It is looking increasingly unlikely that there will be an agreed plan for African peacekeeping. Clare's priority is to focus on DRC, Sudan and now Angola. The

NEPAD side (see below) have also not put this on their priority list despite some intensive work by DFID officials with the South Africans.

Mutual accountability

The OECD have been commissioned by Valerie's group to provide some ideas on how to put mutual accountability into practice. They will report back in the next few weeks.

State of Play - Africa

The conclusions of the Abuja Meeting of the Implementation Committee on 24th March were strongest on economic governance and peer review and weaker on conflict. This should give us enough to work with at the G8. South Africa takes over as head of the AU in July, which provide an opportunity for a stage two push after the G8. Bush may be suspicious about the role of the AU which the US sees as a Libya inspired creation. In the second phase we should focus on regional structures (ECOWAS, SADC etc) - both for regional trade integration and as a platform for tackling conflict.

Governance - political and economic

The Abuja meeting did agree to the ECA codes and standards on economic governance with an independent monitoring element then a process of peer-review at Finance Minister level.

They also agreed on a process of peer review based in the African Union of political governance, with country reports on a three year cycle. They want the "reward" to be "immediately apparent by way of material support in the form of increased market access, debt relief, increased flow of investment and of ODA. Conversely the penalties for bad leadership should be readily apparent".

The real difference between the conception of the NEPAD side and the G8 side is that NEPAD want to be inclusive with various shades of grey and the G8 want to be highly selective - ie choose 8-12 countries to favour.

The signs from the meeting are that Mbeki, Obasanjo and Meles (Ethiopia) stuck to their guns and prevented the others watering down the peer review mechanism.

Conflict

Despite good work by DFID on this, the South Africans never really engaged with the peacekeeping agenda, preferring to focus on early warning systems and other preventative measures. In addition the African Union wanted to keep control of this part of the agenda and role it into their structures. This means that there is very little of substance which we can work with on peacekeeping capacity before July.

Aid/resources

Some, particularly Zuma of South Africa like to repeat their assessment that implementing NEPAD will require an additional $64 billion. Obasanjo is still arguing that this is the route to debt relief for Obasanjo, despite the fact that Nigeria has withdrawn from the IMF programme and is about to agree a budget which is well above what is necessary. Interestingly the African have started to lobby for the creation of extra Special Drawing Rights (SDR). But there will still be a big job to manage expectations. The sooner that we start to talk publicly about focussing on education the sooner this can happen.

Final Package - resources

There are a number of options here for the final package on resources.

1) Fund basic education for all for approx 15 countries at approx $1.1billion (or all Africa for $2.1 billion)

Pro: clear, money goes to the right place, forces donor co-ordination

Anti: not all reformers have big education spending gaps eg Ghana

2) Focus on approx 10 reformers and fund education, health and other gaps. Ideally the NEPAD side would allow these countries to self-select through adherence to their codes and standards. But this is unlikely so the G8 would have to. We think the US want to use their new Challenge Account to define criteria in this way.

Pro: shows clearly we back reformers, money goes to productive areas, reduce transaction costs for recipients

Anti: Out of the key NEPAD members Senegal is the only country likely to qualify, South Africa and Nigeria would be out on a limb. Selecting only 10 would be hard.

3) Let each G8 country do what it likes based on principle of backing reformers with specific amounts allocated to Africa - eg £1billion from the UK, $1billion from Italy etc.

Pro: Easier to negotiate

Anti: poor incentive for reformers, no co-ordination between donors, risk of money not going to the right places.

We would advise going with the first option at this stage. Do you agree? It would be useful to test the water with Bush and Schroeder on this.

Bob Geldof

You asked how far we were away from meeting his ambitions.

Subject	Bob Geldof Position	UK/G8 position
Debt	Change the measure from debt service to export ratio currently set at 150% to qualify for debt relief to a new measure of debt service never being more than 5% of fiscal revenue.	The existing measure of 150% debt service to export ration was agreed with difficulty. The current priority is to look at what happens at completion point whether we can give more then. This will be discussed further in the next few weeks in the IMF and WB. There is no discernable appetite in the G8 for more debt relief.
Aid	Fund the gaps in healthcare and education for African countries so that all children have access to basic education and all have better access to healthcare.	The UK is working on the education idea. The US are working up 12 or so criteria that would guide the disbursement of their new Millenium Challenge Account. Others have not yet focussed on where additional money would go.
Trade	Duty and quota free access for all African goods to G8 markets with no exceptions.	UK would like to see the best of EBA and AGOA applied to all ACP countries. France, Germany and Italy are indicating this is too difficult. Delivering much of this will depend on you ability to persuade others it is important, including within the UK on CAP reform where we are unlikely to have a good story to tell by end June.

Points to raise with the President

The most important messages are:-

1) The US announcement on aid is great. But we need to pin it down to specifics quickly. And we'll get most out of it if we co-ordinate. We need to avoid the situation where the Tanzanian Finance Minister spends 40% of his time meeting donors who each have separate plans. **Financing the basic education of all children is a simple goal with profound implications and is easily achieved providing we make the criteria realistic (at between $1-2billion per annum for most of Africa).**

2) The US want to work up criteria to guide the disbursement of their funds. We fear these might be too mechanistic and counter to what the rest of the international community is doing, thus increasing costs for recipient countries. **We need to work on common criteria that back reformers**. The UK only backs the poorest countries and those with good governance systems in place. And we hold back aid when things go wrong. For instance we are holding back $10million in Uganda because of their defence activities. US wants to back reformers too. We can swap experts to agree a set of criteria which we and other donors use.

3) **Trade access and agricultural reform must be part of the agenda.** African leaders ask for reductions in agricultural subsidies by the G8 more often than aid. The US has AGOA and the EU EBA. Both have strong points, but we can go further. Moving on this might help the US with steel. And we need early and substantial reductions in the scale and complexity of tariff escalation and tariff peaks and duties.

4) **Security and conflict**. We are disappointed that the African side have not come up with plan on improving African peacekeeping. But should still focus on DRC, Sudan and Angola.

I agree.

19 April 2002

The Honourable Robert R. Fowler
Personal Representative of the Prime Minister for the G8 Summit and
Personal Representative for Africa
Department of Foreign Affairs and International Trade
Ottawa

As agreed in Dakar, I attach a contribution to the draft Action Plan based around the ideas we developed together in our last session. It is not intended to be a comprehensive draft, simply one that sets out our ideas on the themes that the UK regards as most important.

In terms of priorities, we are convinced that Africa can only achieve development if it achieves peace and security. Conflict remains, therefore, at the top of our list. The Prime Minister wants G8 leaders to make a strong political commitment to support African peace processes. The three great conflicts of the continent, Angola, Sudan and DRC, are all evolving rapidly and positively just now. Precisely what should be said at Kananaskis will have to be drafted in light of events. But it would be a missed opportunity if our leaders did not make a clear political commitment to help resolve these conflicts at the Summit.

Trade is our second priority and was, as you know, a major theme of my Prime Minister's Africa visit in January. At the very least, we need forward language on trade, going beyond Doha if possible. We have sent out our suggestions on trade which have been prepared with expert input across Whitehall. We want to move beyond questions of access to recognise the negative effects of tariff regimes and trade distorting subsidies on Africa's prospects for growth.. I know this will be a difficult issue for some of our colleagues. I also know that we in the UK will be heavily criticised by our NGOs if the G8 Action Plan leaves trade in the "too difficult" pile. And rightly so.

Our third priority is aid harmonisation. This has acquired much greater significance post Monterrey . I share your hope that the G8 Plan can offer a new framework for development co-operation with Africa. It is especially important that such a framework is based on the best possible development experience and practice so that

the new funds available have the maximum impact. We would, of course, want to centre this around the proven principles of country based poverty reduction strategies.

I should also mention debt. We are increasingly worried about post HIPC debt sustainability. Without wishing to upset our existing consensus on debt, I would like to suggest we have another look at this in the light of the outcome of the World Bank Spring meetings.

Our annex of possible deliverables is set out as a menu of actions. Some of these are issues of policy coherence on which we will need G8 consensus. But I suggest we frame the other actions in such a way that individual countries can opt into them rather than jointly commit to all of them. This should take us to the highest common factor and maximise what can be achieved in the G8 Plan. You will be seeing Graham Stegmann, the DFID Africa Director who acts as my Whitehall co-ordinator, next Tuesday. He would be happy to discuss it further.

I felt in Dakar that the fruits of our dialogue with NePAD leaders were becoming more apparent and I'm confident that we are deepening our understanding of what a new partnership could mean. I gather that this was also apparent during the Conference on Financing for NePAD, where President Wade told a Moroccan businessman who complained about the absence of project proposals that NePAD was not about a list of projects!

I look forward, as always, to our continuing discussion and to an excellent outcome in Kananaskis. I have not circulated the attached paper to colleagues but would be happy to do so if that would be helpful.

VALERIE AMOS

G8 ACTION PLAN FOR AFRICA

Concept

We share with NEPAD a common vision: to tackle the scourge of poverty in Africa, and to achieve the Millennium Development Goals. These targets were carefully chosen. They are achievable. But unless there are dramatic changes, sub-Saharan Africa will fail to meet them; in fact Africa is getting poorer and falling further behind. Africa represents therefore our greatest challenge. It cannot be business as usual. Additional efforts are needed from the whole international community. NEPAD recognises that the prime responsibility for Africa's future lies with Africa itself, and that a new outlook will require a very strong commitment to reform and sustained political leadership. We are ready to respond.

We have a common understanding of the issues that have to be addressed if Africa is to make progress. We must resolve the major conflicts in Africa which are degrading the prospects for the continent as a whole. We must help share the benefits of globalisation, so that Africa can benefit from the opportunities it offers. At present, Africa has less than 1% of world trade. Doubling that would provide a flow of resources equal to total aid to Africa. It will create the conditions to enable us to overcome deep-seated historical inequalities and to share capital, knowledge and technology.

Working together we have a historic opportunity to make progress, to leave a lasting legacy for future generations. We must be ambitious about what can be achieved. We want a step change to develop an enhanced partnership that will deliver results, tangible improvements to the lives of poor people. It is an investment in our common future.

Strategy for delivery

This will be a long-term process and needs to be sustained by political leadership on both sides, underpinned by increased and predictable flows of resources. Africa has committee itself to improve governance, to reform and to sound economic policies. It has to develop rapidly its own capacity.

Commitments are needed from the G8 as well as from Africa. We are willing to be held to account for meeting our commitments and what we achieve. We will support fully Africa's own efforts to resolve conflict. Conditions are ripe for early progress in the DRC, Angola and Sudan. With a concentrated international effort, reconciliation and reconstruction can build modern functioning states. Peace would transform the prospects in Africa.

We will ensure that we consider the impact on Africa when developing our own domestic and international policies. Relevant areas include trade and market access; agriculture and fishing policies; the provision of global public goods; corruption, bribery and money laundering; migration and the 'brain drain'; and arms proliferation and control.

In particular, the industrialised countries need to do more to open up to trade, and to encourage investment flows. Current trade rules create serious barriers to the processing and value-added that Africa needs to speed up economic growth. We must address the barriers we have created to African access to our markets. The World Trade Organisation meeting in Doha creates an agenda for change. NEPAD and the G8 must ensure that this agenda is delivered for Africa. At the same time Africa must do more to encourage trade within the continent. Trade and tariff barriers between African countries are too high, creating obstacles to regional integration, economic growth and inward investment.

We made commitments at Monterrey to increase development resources. We know that aid works. When it is provided in support of good policies, it

increases growth and reduces poverty. Effective aid complements and encourages private investment. It can help countries adjust to shocks. These additional resources will be targeted where they will produce results. We want Africa to claim its share. We will improve the effectiveness of our development assistance. No African country which is genuinely committed to economic development, poverty reduction and good governance, should be denied the chance to achieve progress in health and education, or towards the other MDGs through lack of finance.

We will establish a clear incentive framework for African partners based on transparent criteria which reflect both need and performance. This will complement Africa's own peer review process and implementation of economic and political governance codes to be adopted under NEPAD. We will harmonise our policies and procedures. We will provide our support based on share objectives and our results. We will align our efforts around African processes and strengthened country and government systems.

We will not add unnecessarily to the wide range of existing instruments. The action plan sets out the framework for delivery. Key decisions will be made at country level. Many of the actions will be undertaken by all G8 countries, some by those which have most to offer. We want more to move to a partnership with Africa countries in which predictable, sustained, untied development assistance supports nationally owned poverty reduction strategies. Strategies which are efficiently and effectively being implemented, which provides common benchmarks of progress, for reporting, monitoring and audit.

Where it is not possible to have such an enhanced relationship, we will ensure that the poor, who are already hit hard by poor governance, continue to receive appropriate help. In these cases, we will provide the bulk of assistance outside formal government systems with a focus on humanitarian aid, working with reformers, and supporting credible efforts to tackle HIV/AIDS and communicable diseases.

Challenges

Without serious action by African countries on governance, additional aid would not be effective. African countries must be able to show that their own resources, as well as the funds from donors, are properly used and are producing results in the fight against poverty. Equally, we will not use development assistance for political purposes, to promote our own trade interests, or to prop up corrupt regimes which care little for development.

Better targeting of aid will be controversial. But it is happening already: the World Bank and a number of bilateral donors already allocate more resources to better performing countries in Africa. The private sector decides where it will invest based on its assessment of the policies operated by the country. Countries' own citizens often send their savings abroad, rather than investing at home.

Increasing trade access within Africa and to industrialised markets could produce some short-term losses, but these are outweighed by the much greater economic benefits from increased openness to trade. We will help this adjustment. African countries need to be able to take advantage of increased trading opportunities. They need the necessary infrastructure: transport, financial, information and human resources. Many African countries currently lack the capacity to manage change and implementation. Immediate and coordinated efforts to build capacity are required, to create conditions which will keep African talent at home, and induce others to return.

Preventing and resolving violent conflict is a precondition for sustained development and poverty reduction. Clear political leadership is needed at country and regional level within Africa. The industrialised countries need to do more, individually or collectively to support African peace processes, peacekeeping and peacebuilding.

What Will G8 Deliver Now?

We will:

- Set out our commitments for public scrutiny and be judged by results.
- Encourage non-G8 industrialised countries to make similar commitments.
- Increase now development resources to Africa in support of credible national poverty reduction strategies.
- Provide where necessary additional assistance at HIPC completion point to ensure no African country leaves HIPC with unsustainable levels of debt.
- Provide additional resources to fast track African countries with credible plans to achieve universal primary completion.
- Increase contributions to the Global Fund on HIV/AIDS, malaria and TB and support health systems improvement to enhance African access.
- Increase financial support from private investment including through the Emerging Africa Infrastructure Facility.
- Put our weight behind the peace processes in DRC, Sudan, and Angola; provide financial support for disarmament, demobilisation and reintegration, and post conflict reconstruction.
- Help build Africa's own regional and sub-regional peace support and peace keeping capacity.

- Institute effective international controls on arms exports and unproductive export credits.

- Make our development assistance more effective by harmonising our policies and procedures on untying aid.

- Increase immediately support for capacity building in Africa.

- Take action to curb corruption, by implementing fully the OECD convention, helping develop a new UN instrument, helping identify and return proceeds of crime to the African countries from which they were stolen.

- Immediately review preferential market access schemes in order to coordinate our efforts around the best and identify any constraints to take up.

- Provide financial and technical support to African economic integration and the removal of barriers to inter-African trade. Reduce by 25% tariff peaks and tariff escalations on goods of particular interest to Africa by 2005.

- Reduce the distortions caused by G8 domestic agricultural policy and subsidy regimes.

- Review progress jointly with African countries and report to the next G8 summit.

G8 Action Plan for Africa – possible deliverables

OBJECTIVE: Reduced conflict in Africa

G8 countries will:

- Work with international partners to train African peace support forces including enhanced support for the development of 'Regional Centres of Excellence' for training in military and civilian aspects of conflict prevention and peace support.
- Work together to secure peace in the DRC, Sudan and Angola by raising profile of these conflicts and galvanising international efforts.
- Provide effective support for demobilisation, disarmament and reintegration programmes of former combatants – including women and children – in coordination with the specialist UN agencies, International Financial Institutions, state and non-state actors.
- Provide financial and other support to African efforts in peace support and peace building including assistance with capacity building of African regional and sub-regional organisations in conflict prevention and resolution.
- Provide support to those African countries providing support and protection to large numbers of refugees.
- Assist with post conflict reconstruction and support rapid progress towards HIPC relief for Sudan and DRC when peace comes.
- Develop and adopt common guidelines to regulate the supply of arms from G8 countries to countries of conflict in Africa, and support African efforts to combat the spread of illicit weapons.
- Institute effective international controls on non-productive export credits including significant progress towards developing an international instrument to control trade in small and light weapons by 2003 [biennial meeting of states under UN Programme of Action on SALW].
- Work with African governments and civil society to address exploitation of natural resources in conflict zones and concrete practical steps to implement the OECD Guidelines for Multinational Companies..

OBJECTIVE: Progress towards the Millennium Development Goals

G8 countries will:

- Ensure that no developing country genuinely committed to poverty reduction, good governance, investment in human capital, economic reform and private sector development, will be denied the chance to achieve the Millennium Development Goals through lack of finance.
- Make a clear commitment to a substantial increase in bilateral and multilateral

financing for education in support of country led processes and plans.

- Ensure funding is available for those countries with credible plans to achieve universal primary education, including fast-tracking in certain cases.

- Support health systems development that promotes equitable access for the poor.

- Encourage the provision of essential medicines at affordable prices

  - Commitment to put in place policies that prevent the reimportation of differentially priced products (DPPs)

  - Commitment not to internationally price reference DPPs

- Contribute to the Global Fund on HIV/AIDS, Malaria and TB and enhance access to the fund for those African countries committed to improving their health systems.

- Support efforts by African countries to achieve universal access to ICTs and expand ICT infrastructure.

OBJECTIVE: Improved development assistance and debt relief

G8 countries will:

- Substantially increase development assistance in order to provide the necessary finance to those countries in Africa who are good performers, committed to good governance, and pursuing sound economic policies, in order to achieve the Millennium Development Goals.

- Working to support of country-led Poverty Reduction Strategies, provide development assistance in ways which reduce the burden on African countries and develop government systems and help build African public sector capacity.

- Standardise and simplify administrative and reporting requirements.

- Provide predictable resources within multi-year commitments.

- Untie all aid.

- To ensure that no African countries leave the HIPC process with unsustainable levels of debt, the G8 will actively support additional HIPC assistance at Completion Point to bring debt stock back down to the threshold.

- To provide African countries with additional protection against the impact of future shocks that may occur after they exit the HIPC process, the G8 will provide 100% relief on all ODA and non-ODA loans, to reduce debt stocks to a level which gives a safety margin below the threshold.

OBJECTIVE: Increased African trade

G8 countries will:

- G8 countries commit to simplifying and harmonising the preferential market access schemes for African/LDC countries. To facilitate this we will commission an in-depth comparative study of the plethora of schemes and undertake to act on its recommendations. The study would:

  - Identify the best features of each scheme from Africa's point of view

  - Look at ways of simplifying each scheme

  - Look at ways of increasing Africa's take-up of each scheme

  - Make recommendations of where schemes could learn from each other to enable Africa's trade (and thereby development) to improve.

- G8 Countries commit to ensure that their product standards do not act as barriers to African Exports and that African nations can engage in the relevant international standard setting systems.

- G8 countries support the opening of the Integrated Framework to cover non-LDC African countries and provide the resources to meet their requests for assistance under it.

- Provide financial and technical support for African economic integration and the removal of barriers to intra-African trade.

- G8 countries commit to a 25% reduction in both tariff peaks and escalation on goods of particular interest to Africa by 2005, possibly including cocoa, coffee, cotton, leather, oil seeds and meat.

- G8 countries to go beyond Doha language by making specific commitment to reduce the negative impact of agricultural subsidies by some combination of:

  - Reducing the overall level of support

  - Switching to "non-trade distorting" support

- Enhance international cooperation to fight anti-competitive practices that restrict investment and growth in Africa, through supporting the negotiation of a multilateral agreement on competition the WTO.

OBJECTIVE: Improved governance and mutual accountability

G8 countries will:

Mutual Accountability

- Set out G8 commitments so they are open to public scrutiny, and report progress to National Parliaments.

- Encourage non-G8 industrialised countries to make similar commitments.

- Review jointly with African countries, progress by the next G8 summit.

- Set out mutual commitments in bilateral and multilateral agreements with African countries.

- Invite the DAC to consider options for reviewing and reporting progress on commitments by industrialised countries and African partners in conjunction with NEPAD.

Governance

- Provide financial support and expertise to assist African countries build the capacity to implement Governance codes and standards and action plans in areas identified by NEPAD. This includes public expenditure management, public service reform and judicial reform.

- Provide support to African regional organisations to spread best practice and help implement capacity building.

- Provide technical and financial support for implementation of the African Charter of Human Rights and the work of the African Commission.

- Promote exchange of experience in areas such as assessing and monitoring of Governance; peer review processes; aspects of Governance reform.

- Take action to curb corruption including the full implementation of the OECD Convention and the development of a new UN instrument on corruption. Also to introduce further measures to improve anti money laundering efforts and to allow return of proceeds of crime to African countries from which they were stolen

OBJECTIVE: Increased economic growth and private sector investment

G8 countries will:

- Provide technical expertise on public/private partnerships, economic liberalisation and regulation.

- Provide increased financial support for private investment including through the Emerging Africa Infrastructure Facility, and support to investment forums where appropriate.

- Implement international agreements to reduce bribery and corruption by multilateral companies, and support efforts to improve cross-border corporate accountability, and monitor implementation of internationally agreed standards of best corporate practice.

OBJECTIVE: African Agriculture

G8 countries will:

- Meet WTO commitments for agriculture and reduce the distortions caused by G8 domestic agricultural policy and subsidy regimes as described in the trade section of this Action Plan.

- Commit to reversing the decline in official development assistance for agriculture and rural development where there are coherent development strategies reflected in Government budget priorities.

- Work with the international community to promote the reform and financing of international institutions and research organisations that promote agricultural development in Africa and meet African priorities.

AW

cc LL
DM
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Treasury Chambers, Parliament Street, London, SW1P 3AG

The Rt Hon Patricia Hewitt
Secretary of State for Trade and Industry
Department for Trade and Industry
1 Victoria Street
London SW1H OET

26 **April 2002**

Dear Patricia,

DRAFT MANDATE FOR NEGOTIATING ECONOMIC PARTNERSHIP AGREEMENTS (EPAs) WITH THE AFRICAN, CARIBBEAN AND PACIFIC (ACP) COUNTRIES

Thank you for your letter of 15 April requesting agreement on a UK position for the European Commission's proposed mandate for the EPA negotiations between the EU and the ACPs.

I agree with your proposed policy that we should use the EPA negotiations to achieve our objective of early duty and quota-free market access for the ACPs. This objective is important as it could help lift tens of millions of poor Africans out of poverty, provide assurance of the EU's and the UK's pro-development trade policy and build developing countries' confidence in international trade and the new round.

For the EU discussions of the mandate, however, I would recommend that the UK adopts a more assertive strategy to ensure that it is not weakened any further. I recognise that in practice we have little chance of getting the Council to agree to a more liberal mandate – not least because it would require unanimity to overturn the Commission's proposal. Nevertheless, the UK should press for a more generous approach to counter protectionist member states' efforts to water down the mandate still further. And we should not be seen to take a line which is any less liberal than that taken by the most liberal member states. This would send an unfortunate signal to the ACPs about the UK's trade policy.

Therefore, the UK should continue to press for a mandate that commits the EU to immediate duty and quota-free access to the ACPs from 2008. Our fallback position should be to accept the current mandate ensuring that no changes are made to the draft which makes it any less beneficial to the ACPs.

The UK should also make clear that we want to ensure that cooperation on environment and labour issues does not lead to a sanctions-based approach to market access, and that the ACPs receive the technical assistance necessary to build effective negotiating positions for the EPA negotiations.

I am copying this to the Prime Minister, other members of EP, Sir Richard Wilson, Sir Steven Wall and Sir Nigel Sheinwald.

PAUL BOATENG

MATRIX

DFID Department for International Development

1 Palace Street, London SW1E 5HE

Telephone: 020 7023 0134
E-mail: c-short@dfid.gov.uk

From the Secretary of State

File

The Rt Hon Patricia Hewitt MP
Secretary of State for Trade and Industry
1 Victoria Street
London SW1H 0ET

AW

25 April 2002

SCU
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JPO

Dear Patricia,

DRAFT MANDATE FOR NEGOTIATING ECONOMIC PARTNERSHIP AGREEMENTS (EPAS) WITH THE AFRICAN CARIBBEAN AND PACIFIC (ACP) COUNTRIES

I refer to your letter to Jack Straw dated 15 April setting out the proposed UK approach to the negotiations of the EPA mandate.

The draft mandate is disappointing and I agree with you that a more liberal starting point would have been highly preferable. It is essential that the EU builds trust with the ACP and the mandate is an important signal of our intentions.

My comments relate to three main areas: market access, fiscal implications and implementation issues.

Market Access

We would like to see full duty and quota free market access to the EU for all ACP countries as the outcome of the EPA negotiations. There remains the possibility that the ACP may succeed in negotiating this, though this is far from certain given the way in which Lamy's initial proposal along those lines was received. We understand that there is little possibility of changing the mandate to be more liberal. However in terms of negotiating tactics, it might be beneficial to start from a robust position, stating that the mandate itself should ensure full market access for all ACP states. This will help ensure that the mandate is not weakened during the Council discussions, will maintain our credibility among other liberal member states and will strongly indicate our preference for full market access as the overall objective of the EPA negotiations.

We are concerned that the draft mandate expresses an intention to make improved market access to the EU conditional upon internal policies. We should clarify the meaning of this, but should make every effort to avoid the introduction of conditionality for market access.

It is also important that ACP countries do not become worse off in terms of market access under any successor arrangement to Lome. We believe that at a minimum the Cotonou language on a "safety net" should be inserted in the mandate, and that existing EBA access should not be removed from LDCs who join EPAs.

Fiscal Implications

The fiscal impact of EPAs is likely to be significant as many ACP countries rely heavily on customs revenue. While countries must make attempts to diversify revenue sources, the requirement for all ACP to abolish all charges having the equivalent effect to customs duties upon entry into force of EPAs is unacceptable. The ACP must have time to transform all duties into tariffs before the process of tariff reduction begins.

Implementation Issues

We must ensure that a sanctions based approach to labour and environment standards is not introduced into EPAs.

We welcome the recognition that differentiation between ACP states participating in EPAs will be necessary, but it appears that differentiation will only be applied to timescales of tariff reduction. It is important that differentiation should be applied to tariffs as well as rules. We must clarify the Commission's intentions and ensure that differentiation is applied broadly and on a case by case basis.

The implementation of EPAs will require significant allocation of resources in all ACP countries (eg for the up-grading of customs facilities). It is vital that trade related investments are coordinated with country development strategies.

The negotiation process will place great demands on scarce trade negotiating capacity in the ACP countries. The draft mandate allows three months for a first round of all-ACP negotiations. Regional level negotiations are to begin from January 2003. This language should be loosened to enable the negotiation process to be tailored to the ACP's preferred approach.

I attach other more detailed points in Annex 1 which we will pursue with your officials throughout the negotiating process.

I am copying this letter to the recipients of yours.

Yours

Clare

CLARE SHORT

Annex 1

Explanatory Memorandum

- Section 3 - Content of EPAs

The final sentence is open-ended, stating that the Parties may extend cooperation beyond the areas defined in Cotonou, if this maximises the benefits of EPAs. It should be clear that the issues should only be extended if the ACP are in agreement.

Negotiating Directives

- Section 3.2 - Liberalisation plans and schedules for ACP countries are to be attached to EPA agreements. Similar schedules for the EC must also be appended.
- Section 3.4 – the rules of origin should enable all-Africa cumulation.
- Section 6.2 – The legal framework for investment will be based on a number of principles including "stability". We would like the meaning of this clarified.
- Sections 8 and 10 – monitoring mechanisms include the establishment of a Joint EPA council for each EPA and Regional Preparatory Task Forces (composed of the EPA regional grouping and the EC). We must ensure that these structures minimise the burden on the ACP states.

Rec 30/4

Post-it® Fax Note 7671	Date 26/4	# of pages ▸ 3
To NAD	From PS/DMA	
Co./Dept. FCO	Co.	
Phone #	Phone #	
Fax #	Fax #	

GLOBAL COALITION

COALITION MONDIA

1. cc CN for info
2. fax to NAD.
Presumably No 10 are already aware of this letter, given that Clare Short is a signatory! But grateful if you could pass on to them + AD(E) + (S).
3. Back to me, pls.
KP 26/4

JJH
AW
LL

April 22, 2002

His Excellency
Sir Christopher Meyer
Embassy of the United Kingdom
3100 Massachusetts Avenue, NW
Washington, DC 20008

Mr. Ambassador,

In advance of the forthcoming G-8 Summit and in accordance with past practice, the Global Coalition for Africa (GCA) would like to bring issues of relevance to the attention of G-8 leaders.

I therefore have the pleasure to enclose a copy of a letter, signed by the Hon. Frene Ginwala, Speaker of the National Assembly, Parliament of South Africa, and by the Hon. Clare Short, Secretary of State for International Development of the United Kingdom, to H.E. Mr. Jean Chrétien, the current Chairperson of the G-8. I would be grateful if you could transmit the letter for the attention of H.E. Prime Minister Tony Blair.

Please accept, Mr. Ambassador, the assurances of my highest consideration.

Ahmedou Ould Abdallah
Executive Secretary

1919 Pennsylvania Avenue, N.W., Suite 550, Washington, D.C. 20006 Tel: 1 202 4584338 - Fax: 1 202 522 3259
http://www.gca-cma.org

GLOBAL COALITION FOR AFRICA

COALITION MONDIALE POUR L'AFRIQUE

H.E. Jean Chrétien
Prime Minister
Government of Canada
Ottawa
Canada

April 17, 2002

Mr. Prime Minister:

We write on behalf of the Global Coalition for Africa Co-Chairpersons to you and through you to your fellow heads of state and government as you prepare for the G-8 Summit in Kananaskis.

First, allow us to congratulate you on the exceptional attention this Summit is giving to Africa. Together with Africans and friends of Africa everywhere we are looking forward to the response of the G-8 to Africa's recent development initiative. Like others, the GCA Co-Chairpersons sincerely hope that this is the beginning of an invigorated and productive relationship in support of the goals African countries have set in the New Partnership for Africa's Development. The designation of personal representatives, and the intensive consultation and collaboration within the G-8 as well as with African leaders in the development of a G-8 action plan for Africa, are noteworthy and welcome steps. They signal recognition of the progress many African countries are making.

We encourage the Summit to formulate and endorse an action plan that is both specific and generous in support of NEPAD's overall objectives. We are confident that African leaders will take the initiative to bring about genuine and lasting change on the continent by adopting comprehensive development strategies as foreseen by NEPAD. For their part, the G-8 could demonstrate commitment to Africa's development and integration into the global economy through a phased increase in concessional assistance, removal of trade barriers, and reduction of agricultural subsidies. In particular, development assistance should be in line with the financing levels needed to achieve the growth and poverty reduction goals adopted by the international community, help to combat HIV/AIDS, invest in infrastructure, and build capacity in critical areas. Together with the measures African countries themselves are expected to take, especially in the area of governance, such actions will lay the basis for sustainable progress.

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There is universal recognition of the inter-dependence of peace, security and development. The majority of African countries are committed to political and economic reform and are implementing sound policies. However, continued violence in some countries has created negative perceptions of the entire continent and impeded its ability to attract the long-term productive investment needed to achieve economic growth and reduce poverty. In turn, deepening poverty could well provoke more violence, and serve as a breeding ground for terrorism.

We do not believe that conflict is either inevitable or insurmountable. Greater democratization, political inclusion and participation in governance, transparency and acceptance of the rule of law -- which provide channels for legitimate grievances to be voiced -- need to be promoted and supported. However, parties to conflict cannot be left to behave with impunity, oppressing citizens and destroying their livelihood. Determined action at the highest level on the part of African leaders and their partners, and where necessary the UN Security Council, is both a development imperative and a moral obligation.

The GCA Co-Chairpersons are also communicating with key African leaders and appealing to them to lead the way in developing effective conflict prevention mechanisms and in bringing Africa's more serious conflicts to an early end. We urge that the Kananaskis Summit consider specific actions to be taken by the G-8 in support of the initiatives being taken by their African counterparts to address the continent's more intractable conflicts, especially in the Democratic Republic of Congo and Sudan.

There is a window of opportunity, arising from the lead taken by African leaders, to build a true partnership based on mutual obligations and benefits, and the realization of the Millenium Development Goals.

For and on behalf of the GCA Co-Chairpersons,

Frene Ginwala
Speaker of Parliament
South Africa

Clare Short
Secretary of State for
International Development, UK

10 DOWNING STREET
LONDON SW1A 2AA

FAXED

From the Principal Private Secretary

17 April 2002

Dear Bob,

Following your meeting with Personal Representatives for Africa in Dakar last week, it is good to hear that we are making progress on the Africa Action Plan. We will be working hard over the next few weeks to contribute to that process.

I remain concerned that your proposed sequencing of the agenda at Kananaskis will leave Heads insufficient time to discuss the detail of the Africa Action Plan before the session with the NePAD Steering Group. If G8 Heads discussed the draft Action Plan on the first evening, there would then be an opportunity to make any amendments overnight before the discussions with the Africans mid morning the following day.

I am copying this to our G8 colleagues.

Yours, Jeremy

JEREMY HEYWOOD

Ambassador Bob Fowler

JH (F)
cc: AW
LL

Mr. Andrei Illarionov
Advisor to the President of the
Russian Federation
Kremlin
Moscow

Fax: 007 095 206 0683

Mr. Armando Varricchio
Adviser, Cabinet of President Prodi
European Commission
Rue de la Loi 200 (BREY 12/38)
1049 Brussels

Fax: 00 32 2296 0211

Dear Bob,

In the framework of the envisaged key challenge "Building a new partnership for Africa's Development" the enhanced HIPC-Initiative might be one topic to be dealt with at the upcoming G8 summit in Kananaskis. In this context, as I have already announced at our meeting on 27 and 28 March in Montebello, I would like to propose the following G7-Initiatives:

1. While substantial progress has been made in implementing the enhanced HIPC-Initiative, the principle of good governance has not yet been put into practice in all of the HIPC countries. Even in those countries which have achieved their decision point governance problems still occur. It seems to me that lack of good governance and especially corrupt practices constitute a central problem of debtor countries – not only HIPC countries – causing substantial loss of financial resources which could, *inter alia*, be spent for measures of poverty reduction and sustainable development or, for that matter, also for debt service.

   In this context, the G8 should welcome and support the work of the United Nations Ad Hoc Committee for the Negotiation of a Convention against Corruption. We should ask our experts in the G8 Lyon Group to co-ordinate a common position on the freezing of assets or funds of illicit origin and their possible repatriation.

2. A further initiative in the context of promotion of good governance should aim to reward those HIPC countries that have enforced the principles of good governance in an exceptionally commendable way, more than would have been necessary for achieving debt reduction under the HIPC initiative. Such a reward could be given through additional reduction of multilateral debt. A sum of up to one billion US $ could be put into the HIPC Trust Fund to finance this initiative and to strengthen the existing debt relief initiative.

3. Some NGOs have raised their concern over the future debt situation in HIPC countries and have criticised the debt sustainability analyses provided by IMF and World Bank. It is argued that the GDP and export growth forecasts for HIPC countries prepared by IMF and World Bank have been too optimistic. Consequently the NGOs hold the view that the debt sustainability analyses based on these projections are not realistic. When applying growth projections which NGOs think being realistic, medium and long term debt sustainability in many HIPC countries would rather not be fulfilled.

   In order to meet these concerns I would propose to create a "HIPC Civil Society Consultative Group" at the IMF and the World Bank which would consist of representatives of the civil society and of NGOs. The task of this group would be to give advice to the IFI's in the question of GDP and export growth projections for HIPCs and thus in the calculation of debt sustainability of these countries. It goes without saying that this advice would in no way impede the independence of the IFI's Executive Board's decisions.

I am copying this letter to our G8 colleagues.
I look forward to hearing your opinion on these proposals.

Best regards,

Nigel Tanke