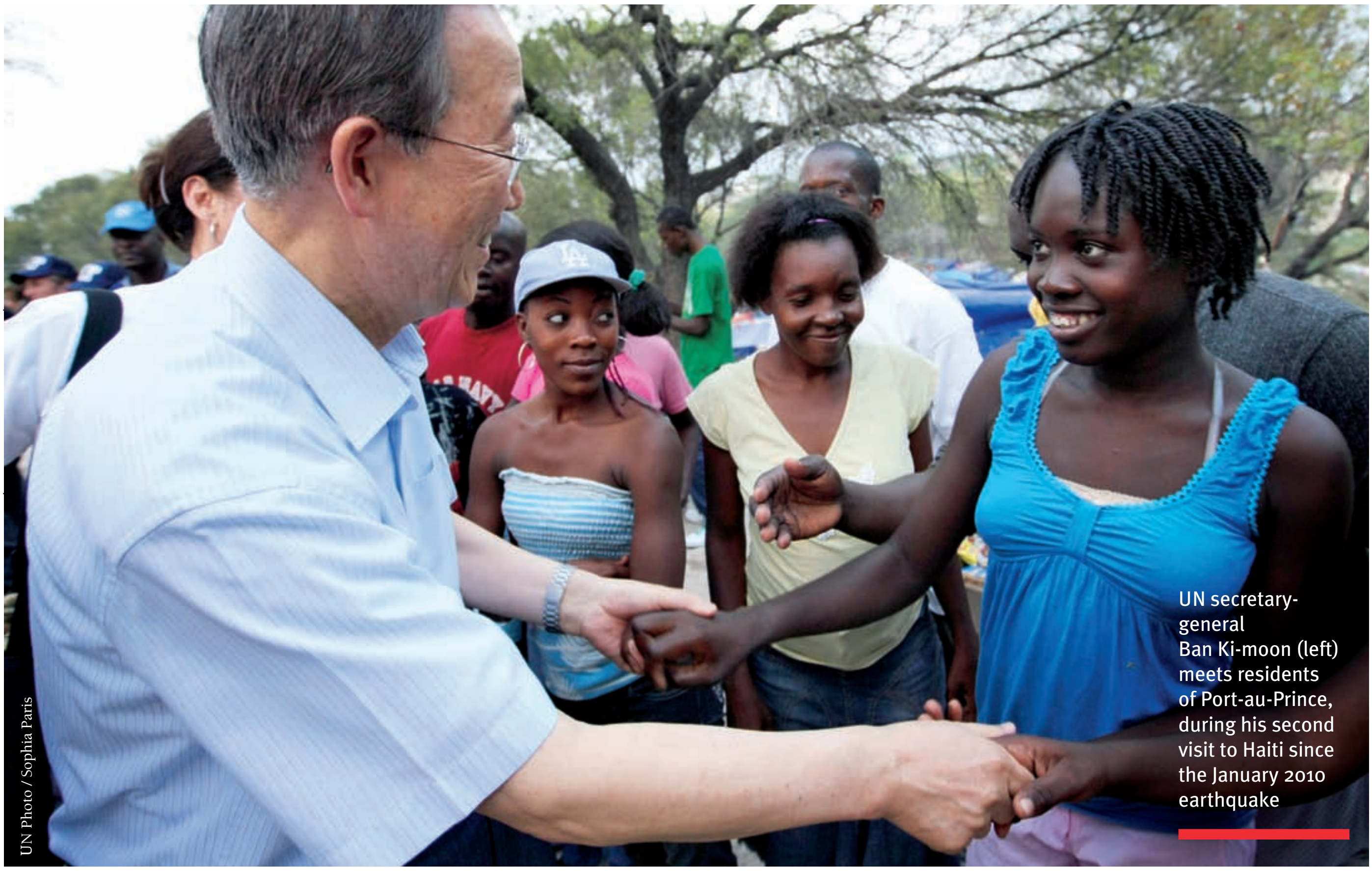


UN Photo / Sophia Paris

UN secretary-general Ban Ki-moon (left) meets residents of Port-au-Prince, during his second visit to Haiti since the January 2010 earthquake

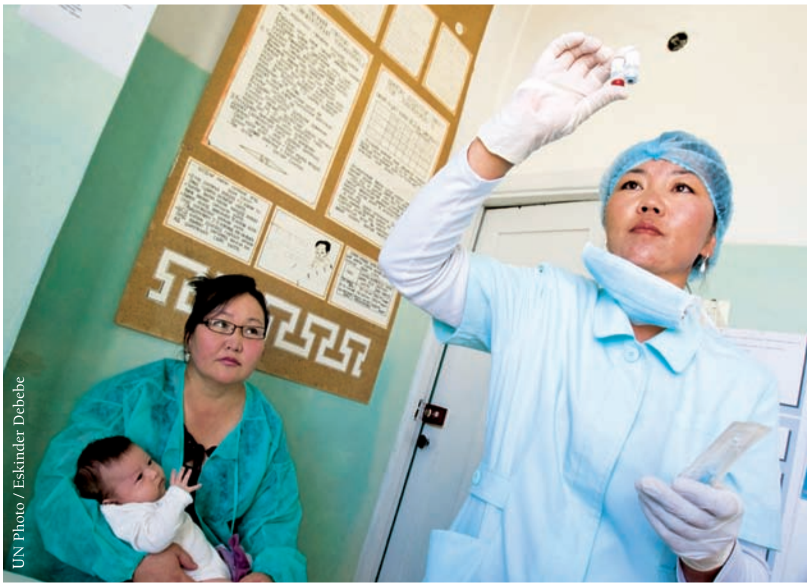
Keeping the promise of the Millennium Development Goals

A decade ago, world leaders pledged to tackle extreme poverty and to work tirelessly for a stable, just and secure world for all. Are we making progress?

By Ban Ki-moon, secretary general, United Nations

Ten years ago, the international community began a new century with a pact to tackle extreme poverty, promote human development and save the planet from environmental degradation, with a renewed focus on the priorities and needs of Africa. In agreeing on the Millennium Development Goals (MDGs), developed and developing countries alike recognised that it is unacceptable, in the 21st century, for children to die of preventable diseases, mothers to lose their lives in the process of giving birth and millions of people to be denied an education or a decent job to improve their standard of living. World leaders pledged to spare no effort in responding to the plight of the poor and vulnerable and in transforming this world into a safer, more equitable, more sustainable and prosperous place.

Amid the current global economic challenges, the promise of the MDGs is more important than ever. The MDGs have helped bring the human element to the fore – and given the world a common framework for progress. And indeed, there has been a remarkable worldwide mobilisation. Rarely have so many organisations – from the global to the grass roots – agreed on a shared agenda for change. Rarely have so many civil society activists, CEOs, philanthropists and political leaders found such common ground.



UN Photo / Eskinder Debebe

A woman and her child visit a family clinic in Khovd Province, Mongolia. UN agencies work closely with Mongolia's local hospitals to provide immunisation and healthcare for children

Five years from the target date of 2015, the world stands at a crossroads with enormous challenges ahead

We have made great strides toward the MDGs. But progress has been uneven, and is now facing headwinds due to a congruence of recent crises and natural disasters. Large disparities remain within countries, communities and even families. The global recession has made development more difficult, yet more urgent. Global markets remain volatile, the economic recovery is fragile and gains are not finding their way to the villages, streets and daily lives of far too many families. The food, energy and economic crises have pushed millions more into poverty. Hunger was on the rise even before these crises, and for the first time in history the number of undernourished people rose above 1 billion last year. Of all the MDGs, improvements in maternal health have been the slowest and proven particularly difficult. Disasters have also taken a toll, nowhere more notably than in Haiti. Climate change brings the risk of more severe and frequent droughts, declines in agricultural productivity and threats to political stability.

We must act now ...

With a decade of experience in hand, it is now time to translate hard-earned knowledge into bold new solutions. The G8/G20 meetings in June and the MDG summit at United Nations Headquarters in September provide unique opportunities to do so.

... by delivering on existing commitments

Achieving the MDGs is a joint responsibility, and everyone has a role to play: governments, civil society, the private sector, religious communties and multilateral institutions. Both developing and developed countries need to live up to their commitments, including on aid, debt relief, trade, prioritisation of the MDGs in policy frameworks and budgets, accountable and inclusive governance, and access to new technologies. We are falling short not because the goals are unreachable or because time is short, but because of inadequate resources and a lack of focus and accountability. Within the context of this year's G8 summit which has been declared an accountability summit, I can think of no better way to live up to that pledge than by delivering on earlier commitments both by developing and developed countries.

... by agreeing on a tangible strategy

Keeping the Promise, my report to the General Assembly, points the way toward reinvigorating efforts and strengthening the global partnership for development. It suggests ways to accelerate progress, including through South-South cooperation, innovative financing and investments in areas that have large multiplier effects, such as maternal and child health and the empowerment of women. The report is intended to provide a starting point for deliberations, culminating in agreement at the MDG summit, on an agenda for action from now until 2015 and beyond. That agenda should be specific, practical and results-oriented, with concrete steps and timelines. And it should provide for monitoring and mutual accountability for all development stakeholders – individuals and institutions alike.

> The agenda should be specific, practical and results-oriented, with concrete steps and timelines

... by capitalising on gains to date

With the right set of nationally driven policies, adequate investments and international support, countries can make remarkable progress. The success of partnerships, such as the Global Alliance for Vaccines and Immunization, UNITAID and the Global Fund to Fight AIDS, Tuberculosis and Malaria, has shown the importance of novel approaches and innovative financing mechanisms. Information and communication technologies have revolutionised development, especially in Africa. Some of the most impressive achievements have been attained by the poorest countries. For instance, school feeding programmes have encouraged more families to enroll their children, giving the young people a real chance to break the poverty trap. Improvements in health and sanitation have led to reductions in child mortality. Capacity improvements in key ministries and local authorities have helped progress across multiple MDGs.

To capitalize on gains to date and to address shortfalls, I would like to suggest the following as actions essential this year:

1. To ensure food security by delivering the promise of the L'Aquila Food Security Initiative, with well-aligned support for country-led investment plans;
2. To adopt the Joint Action Plan for Women's and Children's Health and step up efforts to empower women;
3. To fully replenish the Global Fund in order to meet projected needs over the next three years;
4. To provide the pledged 'fast start' funding for developing countries over the next three years to enhance their climate change mitigation and adaptation efforts.

In order to tackle the food, energy and economic crises, I have advanced the idea of a Global Green New Deal. It offers the opportunity to accelerate economic recovery while addressing the development, climate change and food security challenges. We must ensure the Global Green New Deal becomes a central plank of the broader countercyclical response to the crisis. This framework will help mobilise and re-focus the global economy toward investments in clean technologies, which should lead to the revival of growth that is both environmentally and socially sustainable.

Bridging the implementation gap

Achieving the MDGs is not only a practical necessity and a moral imperative; it is also entirely within our means. We have the resources and the knowledge. We just need leadership to direct them to the right places. Meeting the MDGs is everyone's business. If we fall short, the dangers facing our world will grow. Achieving the goals, on the other hand, will put us on a fast track to a world that is more stable, just and secure. I call on all member states of the United Nations – at this year's meetings of the G8/G20, at the MDG summit in September, every day and everywhere – to join this noble enterprise. ◆

Just 0.05%

A global Financial Transactions Tax of only 0.05% would:

- **Generate an estimated total revenue equivalent to 1% of global GDP**
- **Contribute to greater stability of the financial system by reducing speculation**

… and could right the wrongs caused by the financial crisis by dedicating funds to the world's poorest people who suffered most from a crisis they did not create.

By 2008 the total value of financial transactions had reached the equivalent of 74 times the nominal global gross domestic product - an increase of approximately 59% on 1990 figures. Such financial activities did not create sustainable jobs or food security. They created a growth bubble that burst and unleashed a financial crisis of immense proportions. Millions of women and men throughout the developing world have lost their jobs and homes, pushing them deeper into extreme poverty. People already suffering the increasingly severe impacts of the climate and food crises have seen their hopes for a dignified life, free from poverty, reduced even further.

As Catholic development agencies we call on the G20 to translate the sense of urgency that brought them together into concrete actions. We need to generate sufficient funds to alleviate the suffering of, and provide new hope to, those who are suffering the consequences of a problem they did not create.

By adopting a Financial Transactions Tax, which could ease the suffering of the world's poorest and contribute to the global common good, the leaders of the G20 countries would take a big step towards creating a fairer and more just world.

The world needs Just solutions to ensure our common future.

CIDSE
together for global justice
ensemble pour un monde de justice
juntos en pro de la justicia global

CIDSE is an international alliance of Catholic development agencies working together for global justice. 16 agencies from Europe & North America, inspired by shared Christian values, come together in the lay-led network to promote justice and solidarity. **www.cidse.org**

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Investing in girls and women is smart economics: no woman should die giving life

Maternal health programmes aren't just items of expenditure – they're investments that yield high returns

Today the world loses an estimated $15 billion in productivity every year because women and newborns die during pregnancy, delivery and after childbirth. With 99 percent of maternal deaths occurring in developing countries, maternal mortality represents one of the largest health inequities in the world. The good news is that we know how to address this health and human rights challenge. Maternal death is not a disease for which we need to find a cure. We know what works to save women's lives. In countries where women have access to reproductive health services – such as family planning, skilled attendance at birth and emergency obstetric and neonatal care – survival rates are high and maternal and newborn deaths are rare.

Enhanced reproductive health fosters women's empowerment and assures better health for women, translating into improved pregnancy outcomes, lower rates of sexually transmitted infections including HIV, reduced incidence of unwanted pregnancy and unsafe abortion, and broader individual, family and societal benefits. Good reproductive health enables couples and individuals to lead more productive lives, and in turn make greater contributions to their children's education and well-being, and household income, thus improving national economic growth.

One of the most dramatic transformations in the past 30 years has been women's growing role in the labor force. This was catalyzed by many factors, including the ability of women to control their fertility and shape their educational and employment experiences. Worldwide, the use of modern contraceptive methods spiked from 10 percent to 65 percent in the last 45 years. However, in less developed countries, an estimated 215 million women who want to delay or avoid pregnancy are unable to do so, resulting in unwanted pregnancies, desperation, and recourse to unsafe abortion. Worldwide, unsafe abortions cause 13 percent of all maternal deaths. Family planning alone could reduce maternal mortality by an estimated 25 to 40 percent.

With 2010 marking the start of the five-year countdown to 2015, which is the target date to reach the Millennium Development Goals (MDGs), many countries are far from achieving MDG 5 to improve maternal health. The goal calls for a drop in the maternal mortality ratio by three-quarters between 1990 and 2015 and universal access to reproductive health by 2015.

It is widely recognized that greater international support for reproductive health is essential to the success of initiatives to improve maternal and child health. While global development aid for health rose from $2.9 billion in 1995 to $14.1 billion in 2007, an encouraging five-fold increase in 12 years, aid for reproductive health did not keep pace, growing from $901 million in 1995 to only $1.9 billion in 2007.

Recent research by UNFPA and the Guttmacher Institute reveals that maternal deaths in developing countries could be slashed by 70 percent, and newborn deaths cut nearly in half, if the world doubled its investment in family planning and maternal and newborn health care from $12 billion to $24 billion a year. The report argues that combined investments in family planning and maternal and newborn services can achieve the same outcomes for $1.5 billion less than investing in maternal and newborn health services alone.

Investing in sexual and reproductive health is also strategic for curbing the HIV/AIDS epidemic. Today AIDS-related maternal deaths are rising in highly affected areas such as sub-Saharan

Africa. Globally, young women are 1.6 times more likely to be living with HIV than young men and there is a need to expand HIV prevention, including the prevention of mother to child transmission.

Making real progress on MDGs 4 and 5 requires strengthening health systems and also addressing the challenges of gender inequality, discrimination and violence. It is important to invest in the health and education of girls. Today in many parts of the world, girls continue to get married off too early and drop out of school. When girls become pregnant early in life, both they and their babies face increased risks to their lives. Pregnancy is a leading cause of death in 15- to 19-year-old girls worldwide. And stillbirth and newborn deaths are 50 percent more likely for mothers age 19 and under than for mothers who are 20 to 29 years old. The 600 million girls in the developing world represent a huge untapped potential. Whether they flourish with opportunities or languish in poverty can dramatically influence the direction of their countries' long-term development.

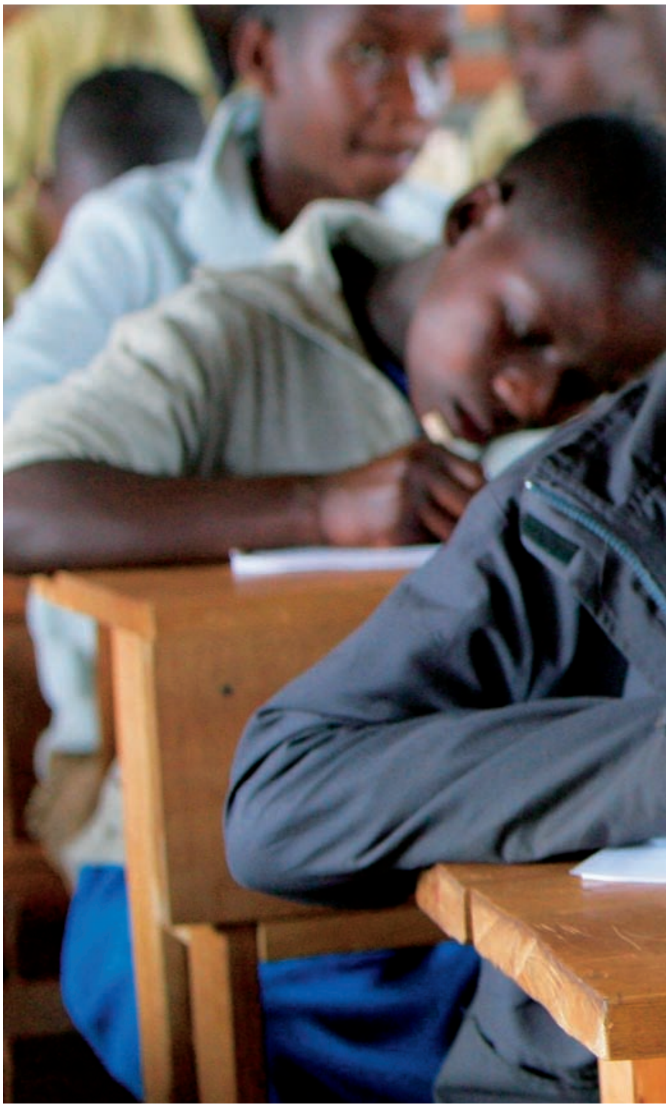
The G8/G20 Summit allows for some of the world's most influential economies to tackle crucial international development issues and rally the resources needed to address some of these pervasive challenges. UNFPA welcomes the initiative of Canada as host of the Summit to declare maternal and child health a development priority. Strong commitments to achieve universal access to reproductive health by 2015 will help ensure success for the joint action plan recently launched by UN Secretary-General Ban Ki-moon on women's and children's health. As countries and international organizations respond to the economic downturn, they must ensure continued provision of social protection and be vigilant that austerity measures do not reduce health and education budgets. The achievement of the MDGs requires political leadership and broad-based community mobilization. Sustained investments are crucial to guarantee that hard-won development gains are not eroded.

UNFPA is engaged in a number of strategic partnerships dedicated to improving global health and development coherence and effectiveness to achieve stronger results. We will continue to support countries and communities to advance reproductive health, women's empowerment and equal opportunity. Momentum is building and profound change is possible. When world leaders gather at September's MDG10 Summit, commitment and courage can transform these goals into reality. Let's move forward guided by the conviction that progress for women and girls is progress for all.

www.unfpa.org

UNFPA

The end of the Third World?



The economic and political dynamics of the world are changing, bringing an end to the 'Third World' and giving developing countries a new voice. What is needed to ensure modern and effective multilateralism?

By Robert B. Zoellick, president, World Bank Group

"The G20 should operate as a steering group across a network of countries and international institutions"

The Muskoka G8 and Toronto G20 summits come at a time of far-reaching change in the global economy. For decades, students of security and international politics have debated the emergence of a multi-polar system. It is time to recognise the new economic parallel.

If 1989 saw the end of the 'Second World' with communism's demise, then 2009 saw the end of what was known as the 'Third World': the world is now in a new, fast-evolving multi-polar world economy – where north and south, east and west are now points on a compass, not economic destinies.

Poverty remains and must be addressed. Failed states remain and must be addressed. Global challenges are intensifying and must be addressed. But the manner in which to address these issues is shifting. The outdated categorisations of First and Third Worlds, donor and supplicant, leader and led, no longer fit.

The modern G20 was born out of crisis. It showed its potential by acting quickly to shore up confidence. The danger now is that as the fear of the crisis recedes, so too will the willingness to cooperate. Already, gravitational forces are pulling a world of nation-states back to the pursuit of narrower interests.

This would be a mistake. Economic and political tectonic plates are shifting. The world can shift with them, or it can continue to see a new world through the prism of the old. We must recognise new realities. And act on them.

Today, the strains in multilateralism are evident. The Doha round of trade negotiations at the World Trade Organization (WTO) and the climate change talks in Copenhagen reveal how hard it is to share mutual benefits and responsibilities between developed and developing countries. And this will be the case for a host of other looming challenges: water, diseases, migration, demographics and fragile and post-conflict states.

It is no longer possible to solve big international issues without developing country buy-in. But this new forum of the G20 ought not to impose a new, inflexible hierarchy. Instead, the G20 should operate as a steering group across a network of countries and international institutions. It should recognise the interconnections among issues and foster points of mutual interest. This system cannot be hierarchical, and it should not be bureaucratic. It must also prove effective by getting things done.

But modernising multilateralism is not all about developed countries learning to adapt to the needs of rising powers. With power comes responsibility. Developing countries need to acknowledge that they are now part of the global architecture and have an interest in healthy multilateralism.

The world cannot afford geopolitics as usual. A new geopolitics of a multi-polar economy needs to share responsibility while recognising different perspectives and circumstances, so as to build mutual interests.

For example, with regard to financial reform, better financial regulation is, of course, required. But it may bring unintended consequences such as financial protectionism. Regulations agreed to in Brussels, London, Paris or Washington might work for big banks but could choke off economic opportunity and growth in developing countries. Wall Street has exposed the dangers of financial recklessness, and the world must take heed and serious actions. But financial innovation, when used and supervised prudently, has brought efficiency gains and protected against risk, including for development. A developed country populist prism can undercut opportunities for billions.

Another case is climate change. It can be linked to development and win support from developing countries for low carbon growth – but not if it is imposed as a straitjacket. Developing countries need support and finance to invest in cleaner growth paths. There are 1.6 billion people in the world without access to electricity. While the world must

take care of the environment, African children must not be consigned to doing their homework by candlelight, and African workers must not be denied manufacturing jobs. The challenge is to support transitions to cleaner energy without sacrificing access, productivity and growth that can pull hundreds of millions out of poverty.

As for crisis response, with a world in transition, there is a danger that developed countries will focus on summits for financial systems or concentrate on the mismanagement of developed countries. Developing countries need summits for the poor. Hearing the developing country perspective is no longer just a matter of charity or solidarity: it is self-interest. These developing countries are now sources of growth and importers of capital goods and developed countries' services. Developing countries do not just want to discuss high debt in developed countries; they want to focus on productive investments in infrastructure and early childhood development. They want to free markets to create jobs, higher productivity and growth.

This new world requires multilateral institutions that are fast, flexible and accountable, that can give voice to the voiceless with resources at the ready. The World Bank Group is reforming to help play this role. This is why its shareholding countries gave a strong vote of confidence in the World Bank Group at the spring meetings in April by increasing capital by $86 billion. Just as important, shareholders have shown how developed and developing countries can join together to share responsibilities

It is crucial that while the world concentrates on taking care of the environment, developing countries are not left behind; investment in education, for example, is a priority

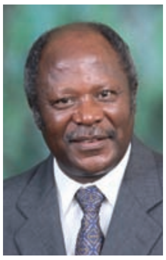
in pursuit of mutual interests: developing countries will provide more than half of the additional financial resources through price increases and complete use of their investments in World Bank shares. The historic package of reforms also included a shift in voting power to developing countries, giving them more than a 47 per cent share, as well as backing a strategy for the post-crisis period and programme of reforms to modernise the World Bank. These changes are crucial for its effectiveness and legitimacy and to make modernised multilateralism work in this new multi-polar global economy.

In this economy, most governmental authority will still reside with nation-states. But many decisions and sources of influence flow around, through and beyond governments. Modern multilateralism must bring in new players, build cooperation among actors old and new, and harness global and regional institutions to help address threats and seize opportunities that surpass the capacities of individual states.

Modern multilateralism will not be a hierarchical system, but will look more like the global sprawl of the internet, interconnecting more and more countries, companies, individuals and non-governmental organisations through a flexible network. Legitimate and effective multilateral institutions, such as the World Bank Group, can form an interconnecting tissue, reaching across the skeletal architecture of this dynamic, multi-polar system. We must all support the rise of multiple poles of growth that can benefit all. ◆


growing prosperity

We will achieve a food secure Africa when we unlock the full potential of Africa's smallholder farmers



By Dr. Namanga Ngongi, President, Alliance for a Green Revolution in Africa

Agriculture is Africa's lifeline. Three-quarters of our people farm and roughly 40 percent of our GDP comes from agriculture. Smallholder farmers, the majority of whom are women, produce most of Africa's food. Most farm to survive, with minimal resources and little support.

Lacking good seed and healthy soils, African agriculture has fallen far behind that of every other continent except Antarctica. Africa's farmlands yield one-quarter of the global average.

But the agricultural system can not only be fixed, it can become a model of efficiency, high productivity, and sustainability.

Millions of smallholder farmers in Africa are poised to deliver long-term solutions to chronic hunger and poverty across the region. We have the land, the labor, the experience and the will to grow the food that Africa needs to end the undernourishment that affects more than one in three people.

But to realize that potential, an African Green Revolution must catalyze change across the agricultural system that enables smallholder farmers to significantly boost their yields and income. This can be done by focusing our investments in smallholder farmers, through integrated programs in the areas of seeds, soils, market access, policy and innovative financing. Together, these innovations across the entire value chain will trigger sustainable change. There is no one single solution but rather many small interventions identified and implemented by working on the ground with farmers.

As a first step, we must rapidly increase the availability of high-quality, locally-adapted seed, at prices farmers can afford. AGRA is doing this through investments in farmer-participatory crop breeding, training the next generation of African crop scientists and providing start-up capital for establishment or expansion of African seed enterprises.

What is needed is the development of cost-effective regional fertilizer procurement facilities and national fertilizer production and distribution, as well as promoting methods of enriching the soil through biological nitrogen fixation (fertilizer trees, grain legume rotations) and organic matter.

Once improved seed and fertilizers are available, they must get these into farmer's hands by expanding national networks of rural farm input retailers. At the village level, rural traders in farm inputs, or agro-dealers, are uniquely situated to reach millions of farmers with seed, fertilizers, and other farm inputs, we well as the knowledge of how to use them effectively, thus supplementing the work of public extension services. In just four countries – Malawi, Tanzania, Kenya, and Zambia – 9,200 agro-dealers have been trained and certified. In 2008 alone, these agro-dealers sold more than $45 million in inputs to farmers.

Once farmers increase their yield and produce a surplus, they need access to local and national markets. So we must invest in improving farmers' access to market information and training them in how markets function. Through support to a non-profit business and economic development organization, 12,000 banana growers in Uganda – more than one-third of them women – have increased their farm gate prices by 30 percent simply by being empowered with market knowledge.

Agricultural policies across Africa must support women farmers, who are the backbone of Africa's rural economies. Policies must ensure land security for women, and enhance their access to financing, extension services and education. In addition, policy support means strengthening farmers' associations and civil society organizations that benefit smallholder farmers.

When farmers have access to credit, to good seeds, to sustainable farming practices, to sound management of land and water resources, and to markets, they will fully derive the benefits of their labor.

As we work with farmers to put the pieces together, and work with governments to develop coherent policies – affecting agriculture, trade, the environment and gender issues – we are seeing Africa's Green Revolution take hold. It is led by the new African farmer, not a lifelong recipient of aid, but an investor and a strategic thinker, in charge of her own resources, and leading Africa on a new path to prosperity.

Elizabethi Justin, a young Tanzanian woman, captures this spirit. She operates three agro-dealer shops, which supply hundreds of remote farmers with affordable, high quality seeds and fertilizers. She secured a low-interest loan from the National Microfinance Bank for eight million Tanzanian shillings. With access to capital, Elizabethi is a successful business woman.

Her success is part of Africa's green revolution.

Implementing the type of comprehensive changes necessary to multiply these success stories will require massive investments in Africa. Estimates are that Africa will need $32 billion to $39 billion annually to realize the full economic potential of its farm sector, not including the cost of climate change adaptation.

While this investment is massive, it is achievable. Between African governments and increased investments by the global community, including bilateral and multilateral partners, foundations, and especially the private sector, we can unlock the continent's agricultural potential.

Agriculture is the roadmap for moving tens of millions of Africans out of poverty.

AGRA is an African led and African based organization working in partnership with governments, agricultural research organizations, farmers, private sector, civil society and other rural development stakeholders to significantly and sustainably improve the productivity and incomes of resource poor farmers in Africa. AGRA's programs in seeds, soils, markets policy and innovative finance work to bring about transformational change along the agricultural value chain.

Funded initially by the Rockefeller Foundation and the Bill and Melinda Gates Foundation, AGRA is chaired by Kofi Annan and has offices in Nairobi, Kenya and Accra, Ghana.

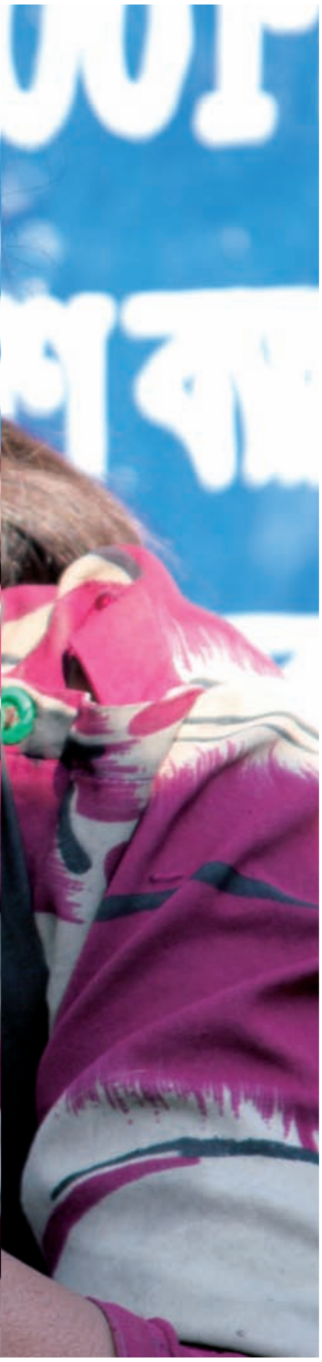
For more information, please visit: www.agra-alliance.org

The private sector and inclusive business models

What can the private sector do to help the 4 billion people around the world living in poverty today? The International Finance Corporation believes that working with the poor through inclusive business models is a starting point

The Manila Water Company – privatised with help from the IFC – pipes clean water to 1.6 million poor people at a fraction of the cost

By Lars H. Thunell, executive vice-president and CEO, International Finance Corporation



People should have the opportunity to escape poverty and improve their lives.

This is the vision of the International Finance Corporation (IFC), a member of the World Bank Group. Increasingly, it is met by supporting clients that are investing in inclusive business models – offering basic goods, services and livelihoods to the poor in financially sustainable, scalable ways. The private sector can play a pivotal role in meeting these people's needs.

Landmark research by the World Resources Institute and the IFC has shown that approximately 4 billion people, approximately two thirds of the world's population, live on less than the equivalent of $3,000 per year in local purchasing power. Beyond low incomes, they have significant unmet needs, depend on informal or subsistence livelihoods and pay a 'poverty penalty' – higher prices for basic goods and services, often of lower quality, than wealthier people pay.

At the same time, the working poor are creative and resourceful economic agents with an appetite for change. Pioneering companies are finding ways to tap into this potential, integrating low-income producers and consumers into their value chains. By using inclusive business models, local companies are investing in supply and distribution chains that provide better income opportunities and more goods and services for the poor. These are core activities for these companies. They are designed to scale up and reach commercial viability within a determined time frame. This is an important role for the private sector: to be able to invest in business models that include the poor as full economic partners.

The IFC's clients are at the forefront of this movement.

Real-life examples

There are many recent examples of the way this work is being done, and the impact it is having on people's lives. Let me provide some, drawn from each of the regions in which the IFC works.

In South Asia, since the IFC financed the entry of Idea Cellular, a local mobile phone provider in India's poorest state, Bihar, in 2008, the company has attracted 2.4 million paying customers in that state alone. But a large, untapped market remains among the rural poor. Supported by the IFC's Dutch donor partner, a proven model is being applied that helps Idea find village entrepreneurs who sell shared phone access by the minute, improving rural communications and increasing their incomes by 25 per cent in the process.

> "The working poor are creative and resourceful economic agents with an appetite for change"

In the region of East Asia and the Pacific, Manila Water Company is a successful, respected Philippine company. It provides clean water to 1.6 million poor people, many of whom never had household connections before. Privatised with the IFC's help in 1997 and receiving its financing and advisory services since then, Manila Water serves the city's east zone, selling 99 per cent of households in the area with 24-hour, clean, affordable water. The poorest now pay just P70 ($1.50) per month – well within their reach, and a tiny fraction of the P3,000 ($65) per month they once paid. They have experienced a dramatic drop in waterborne diseases such as diarrhoea.

In Africa, Coca-Cola SABCO is one of the continent's largest soft-drink bottlers, operating in 12 countries from its base in South Africa and working diligently to bring its products to hard-to-reach markets. In Ethiopia, Tanzania and other countries of East Africa, its dominant distribution model involves working with small-scale, independently owned distribution companies that use push-carts and bicycles to take its products to places that trucks cannot go. In Tanzania, there are more than 400 such businesses – many owned and operated by women – accounting for 93 per cent of Coca-Cola SABCO's local sales. This system has created more than 12,000 jobs and $500 million in revenue annually in East Africa. Roughly 50,000 dependents rely on the income these distributors generate.

In Latin America and the Caribbean, education and job skills are often the key to higher incomes. In Colombia, the IFC is financing the expansion of an innovative private educational institution, Uniminuto, that has attracted 35,000 paying students of all ages, nearly half from the country's lowest income groups. Most are the first members of their families to receive higher education. The IFC's $8 million, peso-linked loan will help Uniminuto reach 45,000 students by 2011.

In Europe and Central Asia, in Tajikistan, a large majority of people earn their living from cotton – the crop they call 'white gold'. But the sector has undergone steady decline, leaving it indebted and inefficient. A lack of competition in marketing and limited access to finance from local banks have left cotton farming barely viable for many smallholders. With support from Canada, the IFC helped its clients Tojiksodirot Bank and First Microfinance Bank introduce a new form of cotton lending. Between them they lent nearly $5 million to local small-scale farmers. More than 96 per cent of loans have been repaid – much higher than average repayment rates for the industry – raising confidence in this new commercial product that does much to increase rural incomes.

In the Middle East and North Africa, the IFC helped found Afghanistan's First Microfinance Bank in 2004, providing its sponsors at the Aga Khan Agency for Microfinance with the capital and advisory services needed to get started. Today, it is the country's most successful commercial microlender, bringing modern banking to more than 85,000 low-income people nationwide. To widen the impact, the IFC last year began helping the bank develop low-income housing finance products. It now has a well-performing $3.1 million housing finance portfolio, allowing nearly 2,000 people to improve their living conditions with monthly payments of less than $100.

Challenges ahead

Building on these pioneering efforts – and the development imperative – the IFC's challenge now is to greatly increase the number of financially sustainable, inclusive business models operating at scale.

The IFC is approaching this challenge with integrated investment and advisory services, as well as proactive efforts to document and share what it learns. Recognising that its vision will require the combined effort of many partners, the IFC is also working to build a network of corporations, financial institutions, donors, service providers and others interested in making the process of starting and scaling inclusive business models easier. It invites those interested to join its efforts.

With investment and advisory services, a global/local presence and convening power spanning business, government and civil society, the IFC will continue to drive action toward a world in which millions of people have improved access to goods, services and livelihoods through inclusive business. ◆

The greening of Azerbaijan

Sustainable finance means a sustainable future

2010 is a banner year for sustainable development in Azerbaijan. The President designated 2010 the Year of the Ecology as a central component of economic diversification and to accelerate non-oil sector investment and new industries to benefit the economy and country as a whole. It is a turning point and enormous opportunity for government-business partnership as well as global collaboration.

Azerbaijan fared comparatively well during the financial crisis maintaining 9.3 percent GDP growth in 2009 and prudential policies that maintained liquidity. Post-crisis, GDP will slow this year to around 3 percent, however non-oil sector growth is set to resume at 4.2 percent for 2010 and targeting new export strategies. Non-oil sector development includes sustainable practices applied across industry sectors, from new waste processing plants, new Caspian Oil & Gas port facilities to energy grid efficiency.

Recently, Azerbaijan's Cabinet of Ministers adopted critical next steps to prepare the legal environment for regulation of renewable and alternative energy development including permits to govern hydropower, geothermal, wind, solar and biomass facilities. The recent gathering of the CIS Power Council in Russia of CIS energy ministers, large energy companies and power firms of the broader region, will enhance regional coordination and parallel development of renewable energy use and sector construction.

Caspian energy corridor developments, particularly in Kazakhstan, mean that Baku's status as a trusted pipeline transit hub and reliable partner make it the strategic center of economic stability and energy infrastructure for the region. With over 164 years in the oil business – Baku had 3000 wells by 1900 – and a finite oil boom looming over the next decade, leaders are sanguine about the necessity to manage margins and chart sustainable strategies for growth. We want a future that transforms the world's first oil capital into a greener, cleaner city on the Caspian Sea for the long-term.

For over a decade, IBA has invested in sustainable development finance with excellent results and honorable ROI, ranging from agriculture, windfarms, biofuels, solar pilots to ecological rehabilitation. Baku is one of the windiest cities on earth. EMEA Finance recently honored IBA and Société Générale windfarms as the "Best Sustainable Deal of the Year" award for the region. IBA's prior introduction of the first drip irrigation and sustainable water use practices has helped spark a quiet revolution in regional agriculture, where half of the country's labor is employed, and a candidacy for an FT Sustainable Banking award. We have applied global know-how to local best assets, a simple but effective model.

IBA has been privileged to stand on the shoulders of giants in efforts to enhance the flow of knowledge and capital to Baku and in investment successes that are helping to forge a clearer path toward sustainable finance as one of the most dynamic emerging markets. Strategic partnerships with the Carbon War Room, and its braintrust of global experts, the World Economic Forum's Global Growth Community and other global business leaders are helping to inform our vision for the future. We applaud the Sustainability Report of the Royal Bank of Scotland which offers a thoughtful blueprint for practical application of the IFC's Equator Principles for global and emerging market banks alike.

Azerbaijan has the potential to become a net regional energy exporter, with vast renewable resources. As Azerbaijan's National Development Bank, IBA looks to sustainable finance practices to help make the nation's unique location and diverse resources not only a hub but a corridor of economic growth.

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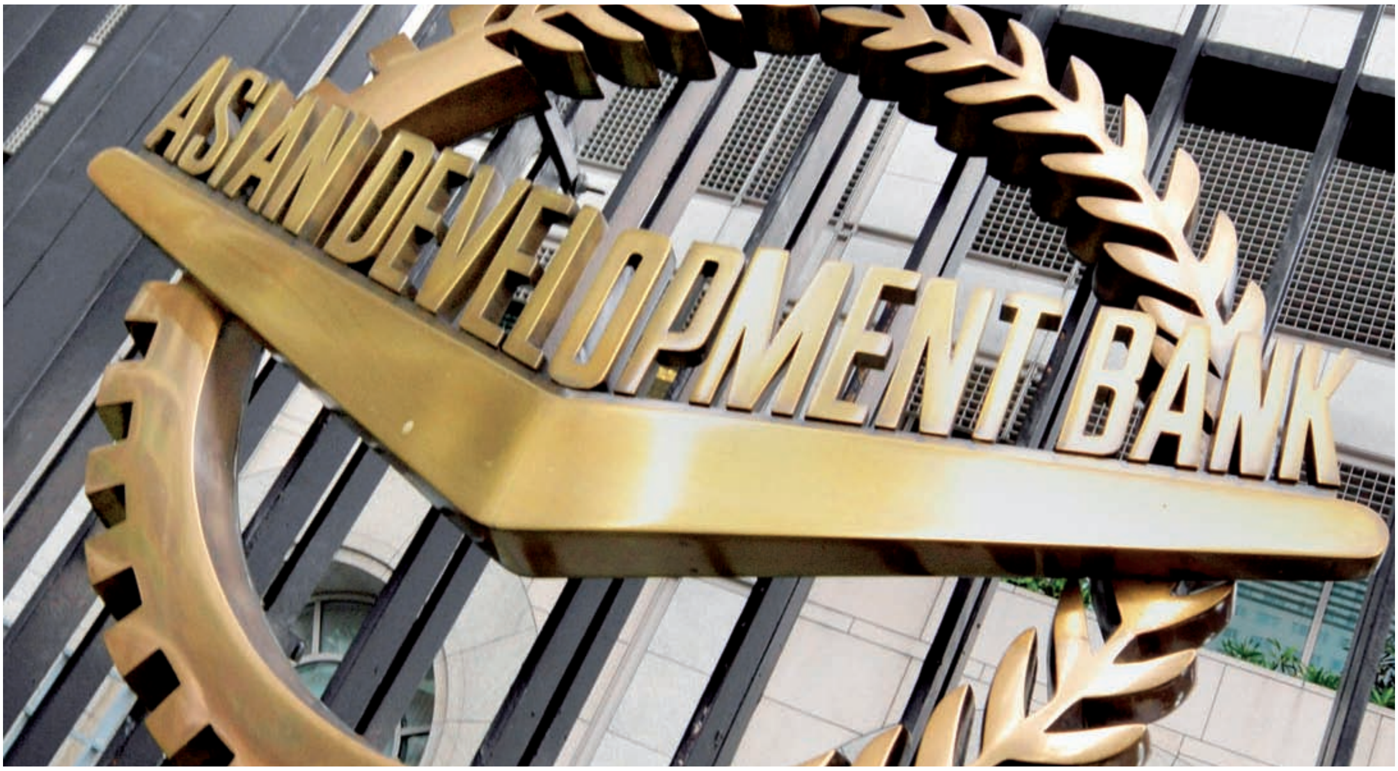


Modernising the Asian Development Bank

Just as much of Asia and the Pacific were being lifted out of poverty, the global economic crisis struck. Despite this huge setback, the downturn appears to be coming to an end in the region, thanks to its dynamic and resilient economies

By Haruhiko Kuroda, president, Asian Development Bank

The global economic crisis has not spared Asia and the Pacific. Efforts to cut poverty and improve the lives of hundreds of millions of its citizens have come under severe pressure over the past two years.

After a lengthy period of impressive growth, the region saw demand for its exports slump in 2008 and 2009 in the wake of a sharp drop in global trade. The result was a widespread closure of factories, lost jobs and disrupted supply chains. Regional growth fell from the decade's peak of 9.5 per cent in 2007 to little more than 5 per cent in 2009.

The impact has been especially severe on the poor and the vulnerable. Even before the global crisis, about two-thirds of the world's poor lived in the region, with about one of every two individuals (54 per cent of the region's total population, or 1.8 billion people) surviving on less than $2 a day. Based on current projections by the Asian Development Bank (ADB), as many as 54 million additional people in the region have remained in the ranks of the extreme poor (living on less than a $1.25 a day), people who would otherwise have been lifted out of poverty had the crisis not occurred.

But 2010 is not a year for despair. As a result of strong national and regional efforts, the global downturn may be coming to an end. With its dynamic and resilient economies, developing Asia is expected to lead the recovery, with aggregate growth projected to rebound to above 7 per cent in 2010.

As the region assumes a larger role in the world's recovery, it must also assume its responsibility for other pressing global problems, such as climate change, which has emerged as a critical development challenge.

Regional cooperation and integration are also increasingly important to enable economies to diversify their sources of growth and to provide much-needed regional public goods. Infrastructure gaps remain huge in Asia. They will need to be addressed to sustain the region's growth rebound.

> Within the Strategy 2020 framework, the ADB is focusing its attention on fewer sectors in order to prioritise its work and to achieve better results on the ground

The reform path

Over the past three years the ADB has been carrying out far-reaching organisational reforms to strengthen its operations, in order to become more effective in assisting its developing country members. As the dramatic global economic events linked to the financial and economic crisis have unfolded, these reforms have helped the ADB to respond quickly to its clients' needs.

With the adoption of Strategy 2020, a long-term strategic framework to guide operations until 2020, the timely completion of its fifth general capital increase and the successful replenishment of the Asian Development Fund – its concessional financing window – the ADB is well positioned to play an expanded role in the region's future development.

These initiatives have helped to scale up assistance significantly to meet the growing development challenges faced by the region. Total ADB operations increased from $5.5 billion in 2004 to $11.3 billion in 2008 and $16.1 billion in 2009. In 2010, the projected level of the ADB operations is expected to rise to about $17 billion.

This increase in assistance is complemented by a greater emphasis on improved portfolio management and better project implementation. Within the Strategy 2020 framework, the ADB is focusing its attention on fewer sectors in order to prioritise its work and to achieve better results on the ground.

Focus on results

Along with growing its resource base, the ADB has sought to strengthen its effectiveness, results orientation and accountability as a development agency.

In September 2008, it became the first multilateral development bank to adopt a corporate-wide results framework. The framework, which incorporates quantified baselines and targets, is enabling the ADB to measure its progress against its Strategy 2020 goals.

It is a key management tool for strengthening the ADB's development effectiveness, and for promoting ongoing organisational and institutional improvements. The ADB's progress in achieving these desired results is assessed annually and reported in the annual Development Effectiveness Review. Corrective measures are taken in response to the assessments.

As a follow-up to the ADB's commitment to enhance the independence and effectiveness of its evaluation work, with a view to improving the development results of its assistance, the Operations Evaluation Department became the Independent Evaluation Department in January 2009.

Strengthening internal control systems

A number of other internal reforms have been carried out to enhance risk management and transparency.

Risk management has been strengthened, with the Risk Management Unit upgraded to the Office of Risk Management in October 2009, to bring the ADB's risk management function into line with best practices and to boost its effectiveness.

The ADB also separated the Integrity Division from the Office of the Auditor General in October 2009 and established the Office of Anticorruption and Integrity, to ensure independence and impartiality in the conduct of investigations. As part of overall efforts to encourage the reporting of integrity violations and misconduct, in December 2009 the ADB introduced new provisions for whistleblower and witness protection.

Better business practices

To improve its responsiveness and service delivery to developing country members and to increase internal efficiency, the ADB has undertaken several measures. It is offering a new array of financial services and has streamlined its business processes. In 2008, for example, it mainstreamed its multi-tranche financing facility, enabling it to provide assistance programmatically and facilitate long-term partnerships with clients in a way that reduces some of the repetitive project preparation tasks associated with traditional financing. Efforts are continuing to update the ADB's menu of financing instruments and to explore the possibility of introducing new ones.

> Alongside business process improvements, the ADB has been strengthening its use of information technology

New streamlined business processes for country programme strategies and loan delivery took effect in January 2010. They have resulted in several important changes in the way the ADB conducts business. This includes more concise and streamlined documentation for product delivery and stronger quality assurance processes.

Alongside business process improvements, the ADB has been strengthening its use of information technology. A new initiative has been launched to upgrade the information technology system, especially for preparing country partnership strategies and projects and portfolio management. Through this initiative, the ADB can provide up-to-date project information more quickly throughout the project cycle.

Externally, the implementation of the ADB's policy of resident missions has enhanced its responsiveness to clients, improved the effectiveness of operations and strengthened country coordination. Over time, the ADB's resident missions have grown substantially in size, staff and responsibilities. It will further enhance the role of resident missions in the coming years and increase their staff strength correspondingly.

Workforce change

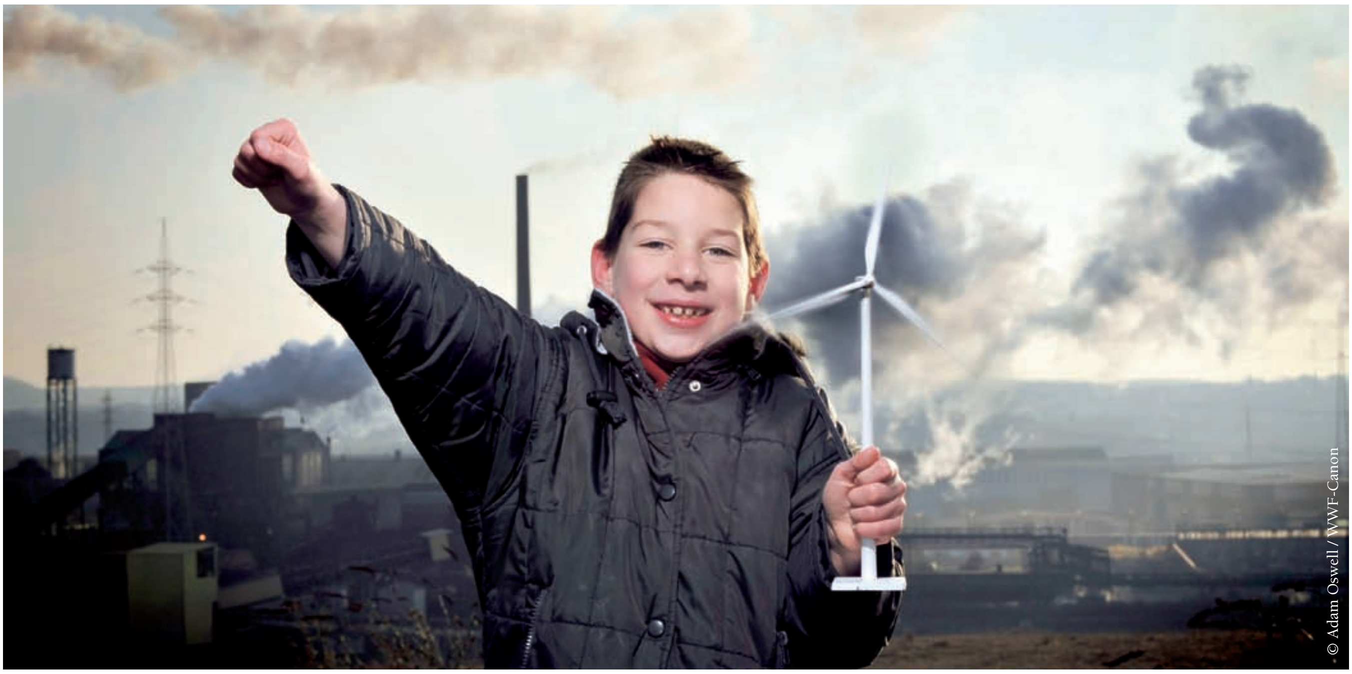
Stronger human resource management has been another feature of the ADB's reform programme.

Following a comprehensive review of its previous human resources strategy (2005-07) and a 2008 staff engagement survey, the ADB developed a detailed, time-bound Human Resources Action Plan in early 2009. The plan resulted in the development of a new personnel strategy – Our People Strategy – which serves as the basis for recruiting, retaining and developing staff and improving the workplace environment for the successful implementation of Strategy 2020.

To enable it to carry out its development mandate effectively, the ADB expects to recruit a significant number of new staff from 2010 to 2012.

Conclusion

Change is a constant for all organisations. Going forward, the ADB will continue to review and adjust its policies, procedures and structure to ensure that it is using its resources efficiently and delivering the desired results. As new challenges emerge in the future, the ADB remains committed to becoming an even more relevant, responsive and results-oriented partner for economic growth and poverty reduction in the region. ◆



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Back on the table? Climate change at the G8 and G20 Summits

The UN climate change conference in Copenhagen in December 2009 involved 120 Heads of State – an unprecedented level of political engagement in a UN meeting held outside of the UN Headquarters in New York. This shows that tackling climate change is recognized as one of the most pressing and multi-faceted challenges we face – it requires agreement of every country and cuts across virtually every geopolitical issue from energy security to food security, from human health to historical responsibility.

The Copenhagen summit failed to deliver the comprehensive, science-based and equitable ‘global deal’ millions of people around the world called for. Yet we must not drop the ball on climate change, and other international meetings can help achieve progress that can in turn generate momentum towards agreeing a new treaty.

Putting climate change back on the table

Canada hosts the G8 and G20 Summits in June and is responsible for injecting new momentum towards a climate change agreement. Global warming is not new to the agendas of such meetings; it was the G8 who, in 1979, committed unilaterally to reduce $C0_2$ emissions in the atmosphere and in 2009 they agreed to limit global temperature rise to below the 2°C threshold. The G20 meeting in September in Pittsburgh in 2009 committed to phase out subsidies for coal and oil.

This shows that meetings outside of the UN processes can provide clear political signals to tackle climate change, and thereby build trust in the multilateral UN process.

Great expectations – close the gap

A major gap exists between the Copenhagen Accord’s aspiration of limiting global temperature rise to below 2°C and the greenhouse gas reduction pledges. Even if all countries achieve emission reductions at the upper end of the commitment ranges, analysis suggests we face warming of 3.5-4°C, with devastating impacts on people and communities, species and habitats.

There is a pressing need for the G8 countries – the richest in the world, with the greatest historical responsibility for causing climate change – to show leadership by agreeing to increase their emission reduction targets in line with the levels recommended by scientists.

In addition, countries can help close the gap by providing climate financing required to enable the poorest and most vulnerable countries to adapt to climate change, as promised in the Copenhagen Accord. G20 countries must make a political commitment to identify the sources and mechanisms for long-term climate financing in time for the UNFCCC meeting to be held in Cancun, Mexico this December.

Each G20 country is due to deliver plans and time-lines showing how they will phase out their subsidies to energy sources including coal and oil. WWF expects to see movement forward, which would lower emissions of greenhouse gases and allow us to transition to clean, renewable energy sources as part of the transition to low-carbon economies, providing economic stimulus and green jobs in the process.

www.panda.org/climate

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Building capacity for transformative change

ACBF Executive Secretary, Dr Frannie Léautier

Africa's development achievements in the years following independence are visible, but varied. Prior to the recent global economic crisis, real GDP growth in Africa was above 5% - and with broad macro-economic stability. The overall prospects for sustainable poverty reduction seemed good. However, the financial crisis, while not impacting Africa to the extent initially envisaged, negated some of the significant gains made in the last decade. The crisis also highlighted specific demands for capacity development, such as the skills to manage reserves and spending programs, but also those related to sustaining reforms in complex global and national environment.

The African Capacity Building Foundation (ACBF), with its mission to build human and institutional capacity for sustainable growth and poverty reduction in Africa, recognised the challenges presented by this crisis and the important role to be played by capacity building in helping countries to respond in the future. ACBF's emerging strategy is also derived from the Foundation's experiences in the past.

Over the last two decades, ACBF has focused on building sustainable, effective institutions and policies to deliver development results for poverty reduction. ACBF's successes are attributable to the Foundation's approach; primarily its ownership, flexibility and innovation. As a catalyst and strategic development partner, ACBF has worked in fragile states, such as Rwanda and Liberia for example, to respond to the urgent needs of such societies, by identifying and filling gaps within the current capacities of local and international actors. At present, ACBF supports 24 of the 29 countries classified as being fragile or post-conflict states. In reformer states such as Burkina Faso and Tanzania, the ACBF has played a critical role in supporting country-level dialogue between the public and private sector, as well as supporting the professionalization of the voices of civil society, among others. The Foundation also transcends political barriers, which are often a key factor affecting the development process on the continent. Support to national and sub-regional parliaments is a key example of how the Foundation helps to build the capacity of dynamic oversight entities. As an institution responding to country demands, ACBF scales up its activities via partnerships, strategic alliances and coordination activities. Putting in place an innovative approach to capacity development, ACBF has drawn lessons from experiences across sectors and themes and also across various levels of engagement. Lessons learned from more than 15 years of support in the creation of Think Tanks and Policy Units in countries such as Kenya, Uganda, Mali, Senegal – and Zimbabwe, have allowed the Foundation to embed effective approaches to capacity development in its other interventions, as well as supporting the creation of similar policy hubs in other countries.

In addition, ACBF prides itself in its **leadership** as the foremost, apolitical, institution in Africa, where people go to for ideas on capacity development. ACBF is connected to the key institutions that deliver capacity results on the continent, and funds creative trials on ways to build capacity. **Partnerships** are also key to the Foundation's success and ACBF operates as a credible, value-adding resource to capacity development institutions. **Excellence** is another guiding principle, where ACBF is recognized as an organization that has contextual knowledge about Africa, has the capability to coordinate the actions of others in capacity development and is joined-up with strategic institutions at the regional and sub-regional level. ACBF is known by key stakeholders and seen as a major source of support for getting things done. ACBF is also the only foundation in Africa that focuses on "human and institutional capacities" on a regional level.

Looking ahead, in 2011 ACBF will celebrate 20 years of capacity development in Africa. The 20th Anniversary is an opportunity to review the past and build on lessons learned. The Foundation will use this milestone to reposition itself and address the ongoing and pressing capacity challenges facing the continent. High level forums, lectures and learning events will be held throughout the year, culminating in the launch of the inaugural *African Capacity Indicators Flagship* report on February 8 2011. Now working in 44 countries, the Foundation will seek to learn lessons from past experiences, consolidate the gains from efforts at sector and country level, and seek opportunities for scaling up results through smart program designs and effective partnerships. In particular, ACBF will continue to support strategic interventions, using them as opportunities for transformational change.

Building capacity in Rwanda: ACBF's strategic intervention for transformational change

ACBF was one of the first international organisations to assist the Government of Rwanda after the genocide of 1994 that decimated more than 800,000 people. At that time, the Rwandan Ministry of Economic Planning and Finance (MINECOFIN) faced major problems in capacity-building and retention of staff. The country had inherited a workforce with a low-skill base and the existing training institutions had achieved limited impact due to the inadequacy of qualified teachers, especially at higher education level, and an ill-suited curriculum for the real needs of the economy. Moreover, a major constraint in Rwanda was the lack of a human resource development planning capability.

The ACBF funded a study in 2000, which, for the first time, helped to assess the country's capacity needs in economic and financial management. This study proposed the establishment of the Human Resource Development Agency (HRDA).

As part of a collaborative donor assistance framework, ACBF took the lead in assisting MINECOFIN to prepare a pilot human resource development strategy. The thrust of ACBF's support was to create a critical mass of skilled staff in economic and financial management for the Ministry, as well as strengthening the institutional capacity for training, policy analysis and human resource development.

ACBF's Executive Board approved funding of US$3,000,000 specifically to support the Capacity Building Program in Public Financial Management in Rwanda. Key beneficiaries of this program are MINECOFIN, the National University of Rwanda (NUR), the School of Finance and Banking (SFB) and the Rwanda Institute of Policy Analysis and Research (RIPAR). HRDA was envisioned to be Rwanda's focal agency for capacity building activities, with responsibility for implementing the program. As a result of ACBF's support, HRDA was established. The institution later became the Human Resource and Institutional Capacity Development Agency (HIDA) and was recently transformed into the Public Sector Capacity Building Secretariat (PSCBS), fully embedded within the Ministry of Public Service and Labor.

With ACBF's intervention, the Government of Rwanda has a better sense of the overall requirements for developing and delivering capacity in the area of economics and financial management. The ACBF grant supported the training of some 270 public sector officials, providing institutional support for the beneficiaries that allowed them to remain networked and effective in their jobs.

Given the enormous challenges facing the country and recognizing that capacity-building interventions had to be long-term and multisectoral, the Government of Rwanda requested continuing support from ACBF and other donors, including the World Bank, to develop an overall framework for capacity building. This set out a vision, strategy and plan to link the Poverty Reduction Strategy Paper (PRSP) with other institutional reforms. Thus, Rwanda's Multisectoral Capacity Building Programme was developed in May 2007. ACBF made a contribution of US$4,000,000 to support the Government's development efforts by creating a high-performing and efficient public sector, capable of managing the country's transition towards a service-oriented economy.

Key beneficiaries of this funding are the Rwanda Institute of Public Administration and Management (RIAM), the National University of Rwanda (NUR), the School of Finance and Banking (SFB), the Rwanda Institute of Policy Analysis and research (RIPAR), the Rwanda National Parliament and the *Conseil de Concertation des Organizations d'Appui des Initiatives de Base* (CCOAIB), which is the umbrella organization for Rwanda's civil society. Under this program, HIDA, which focused on coordinating the training of 270 public sector managers and Members of Parliament, as well as developing the skills of trainers in key training institutions, took a leadership role. This achievement was part and parcel of the Government's development plan to strengthen institutional and human capacities for effective delivery and monitoring, under the Economic Development and Poverty Reduction Strategy (EDPRS).

To complement ACBF's support for non-state actors, the Foundation also supported the Rwanda Private Sector through the approval of a US$1,700,000 grant to implement the Rwanda Private Sector Capacity Building Project. The Project took off in late 2008 and it has strengthened the capability of Rwanda's Private Sector Federation to continue playing a key role in advocacy and awareness – creation of private sector issues, providing capacity building opportunities to different business groups, including women.

In total, the African Capacity Building Foundation's partnership with the Government of Rwanda has benefited the people of Rwanda, since it started at a time when the country desperately needed to build the capacity destroyed during the genocide.

Through a total of US$8,500,000 invested since early 2000, ACBF has been a strategic ally for the Government, facilitating the emergence of a country-wide capacity building framework, which has resulted in the development and implementation of comprehensive and coordinated projects and programs that have had a positive impact on the delivery and monitoring of Rwanda's national development strategy.

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Reforming financial systems and institutions: modernising the African Development Bank

The global financial crisis significantly undermined growth levels in Africa. The African Development Bank has responded to the crisis while maintaining its focus on Africa's needs, such as infrastructure, governance, education and health

By Donald Kaberuka, president, African Development Bank

As signs of recovery emerge in the global economy, the focus of both the G8 and G20 has turned to timely exit from the extraordinary stimulus packages and how best to promote sustainable growth. Attention is also being given to improvements in financial regulation and supervision and ways to avoid a recurrence of the financial crisis. What are the implications for Africa, the challenges ahead and the role of the African Development Bank (AfDB)?

The impact of the financial crisis on Africa

The financial crisis significantly undermined growth and set back efforts to reduce poverty. Following a decade of sustained growth in Africa, the average rate dropped from 5.4 per cent in 2008 to 2 per cent in 2009 (1.1 per cent for sub-Saharan Africa). Despite some signs of a global recovery, the economic outlook remains weak, with 2010 growth rates estimated at 4.1 per cent for Africa as a whole – well below pre-crisis levels.

For global growth to be sustained, it must be balanced and shared. The task is to make sure Africa is not left behind, that Africa can participate fully in international discussions and that its interests are taken into account. Africa can make a significant contribution to global growth and recovery as an additional pole of growth. The crisis has shown that the reforms undertaken, and the sound macroeconomic policies now in place in many African countries, have provided a degree of resilience.

Key challenges facing Africa

Several African countries have made major progress. However, the continent still faces considerable development challenges. Areas of key concern include inadequate infrastructure at national and regional levels constraining competitiveness and investment, fragmented economies, weak governance systems and institutions, insufficient health services and low skills base, unemployment (due to a growing young population), gender inequality, food insecurity and the effects of climate change.

"Africa can make a significant contribution to global growth and recovery as an additional pole of growth"

These challenges have retarded growth and poverty reduction efforts. Poor infrastructure in sub-Saharan Africa cuts national economic growth by 2 percentage points each year and reduces business productivity by as much as 40 per cent. Africa's small and fragmented economies limit economic growth, private sector development and economic diversification. Africa makes a minimal contribution to global warming yet climate change is already imposing a heavy burden on African countries. In the short term, the cost of adapting to warmer climates and unpredictable weather, according to the Grantham Research Institute and the International Institute for Environment and Development, is estimated to reach approximately $19 billion per year by 2015 and rise thereafter.

The role of the African Development Bank

The AfDB massively stepped up its work in response to changed demands from its members during the financial crisis. It is increasingly a lender of choice. It has frontloaded its commitments, introduced new instruments and restructured its portfolio. It has thus provided the countercyclical response demanded by the G20. As a result it consumed its resources more quickly than planned, and these must now be replenished. At the same time the AfDB has maintained its focus on selected

Above: Donald Kaberuka, president, African Development Bank, speaks during the session 'Rethinking Africa's Growth Strategy' at the Congress Centre at the Annual Meeting 2010 of the World Economic Forum in Davos, Switzerland

strategic priorities, consistent with Africa's needs. These are infrastructure, economic governance, higher and technical education, private sector development, fragile states and regional integration. In so doing the AfDB contributes to broader objectives, for instance providing clinics, clean water and sanitation, which contribute to improved health outcomes. Supporting the construction of rural roads that link farmers to markets, providing rural energy and irrigation and improving access to credit help the private sector, improve agricultural productivity and food security. Throughout the AfDB's work, attention is paid to gender equality and improving the position of women.

Africa faces a massive infrastructure deficit. Therefore, infrastructure, which is vital to Africa's competitiveness, is at the heart of the AfDB's operations. In 2008, infrastructure (energy, transport, and water and sanitation) constituted 44.5 per cent of AfDB financing. Infrastructure is also intricately linked to private sector development — the key driver for growth.

The AfDB has tripled its private sector lending from less than $310 million in 2004 to $1.6 billion in 2008-09. Of all the AfDB's private sector operations 60 per cent are in low-income countries. AfDB funding leverages co-financing from the private sector and from other institutions; demand massively exceeds the resources available to the AfDB.

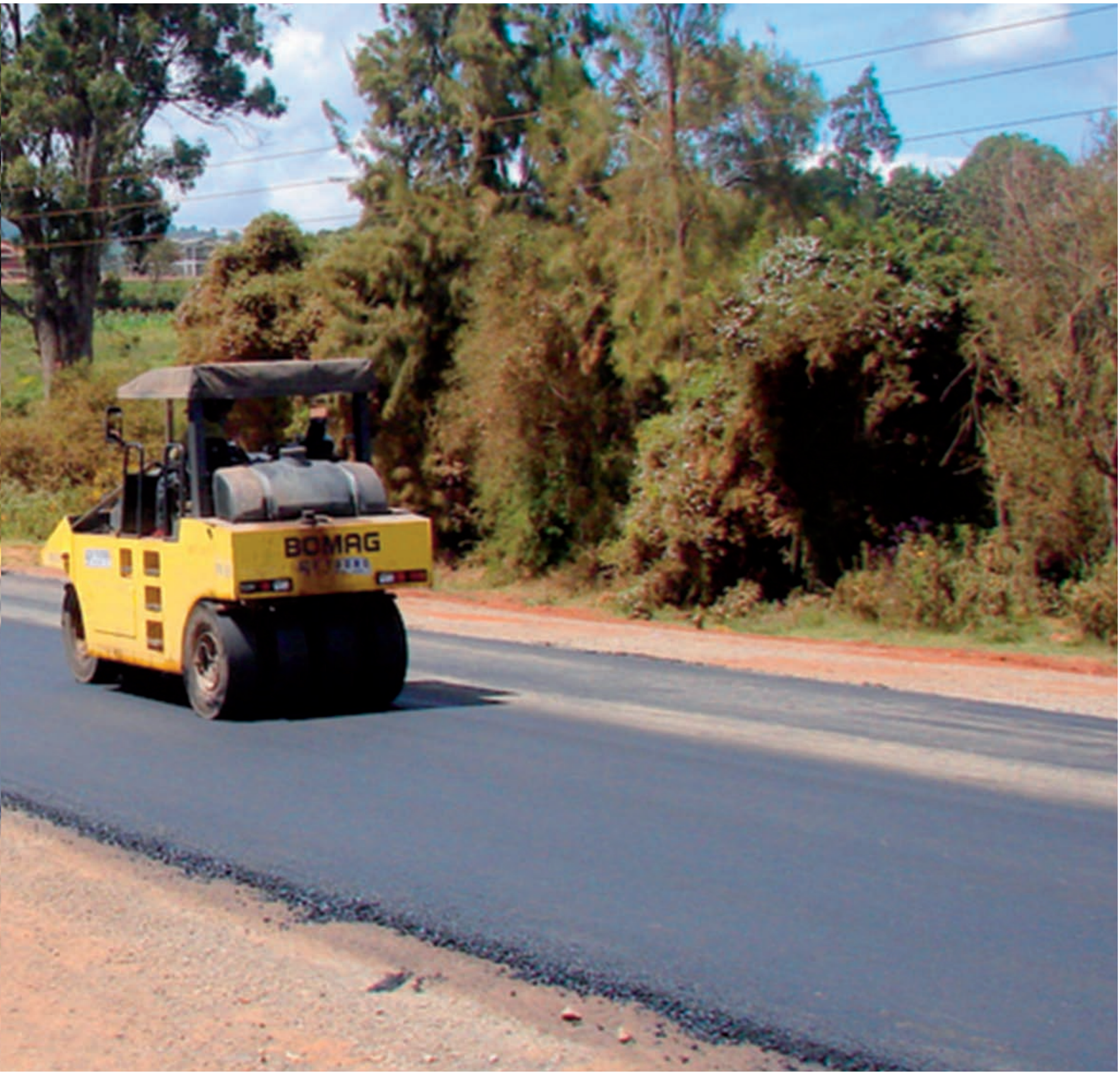
A $164 million road project, which runs between Arusha and Namanga in northern Tanzania, and Namanga to Athi River in Kenya. The AfDB provided $93 million for part of the road in Kenya

Regional economic integration is central to expanding African markets, promoting intra-African trade and linking to global markets. The AfDB is uniquely well placed to facilitate crossborder dialogue and has been mandated by the African Union to lead regional economic integration. The AfDB has invested about $9 billion since the beginning of this decade in regional integration efforts, making it the largest financier on the continent in this domain.

Africa has a number of fragile states, many post-conflict. Fragile states have spillover effects on their neighbourhood. The AfDB's regional integration and fragile state strategies are thus intricately interwoven. They work to stabilise economies and to contribute to poverty reduction through rebuilding fractured institutions and infrastructure, capacity building and arrears clearance.

Climate change represents a growing challenge. Substantial and sustained additional funding is required. However, this funding should not come at the expense of development. For Africa, adaptation is inextricably linked to development, to combating the effects of changes and to building climate resilience. Africa's lakes and forests represent a regional and global public good, second only to the Amazon. They require investment in them in order to preserve them and prevent deforestation and degradation. Africa has an opportunity to purse a low-carbon growth path, particularly as it provides greater access to energy. African countries have asked that the bulk of new resources for this purpose be channelled through the AfDB – which is ready to take on this role.

Providing knowledge management and advice is an increasing component of the AfDB's work. That includes working with the Committee of African Finance Ministers and Central Bank Governors mandated to assess the impact of the recent financial crisis, to provide advice to



heads of government and to ensure African perspectives are included in G20 discussions.

The AfDB has been implementing a comprehensive institutional reform programme in order to improve institutional efficiency, enhance the quality of operations and increase focus on results. These reforms have enhanced its capacity to deliver, as evidenced by the speed and volume of the response to the economic crisis in 2009. The AfDB has also enhanced its integration of public and private institutions through its work in infrastructure and fragile states. Furthermore, it continues to work in partnership with other institutions to ensure that key development challenges in Africa are addressed, and to maximise the comparative advantage of each institution.

Africa's call to the G20 and G8

Africa has to be part of a global solution. It has a positive contribution to make. The momentum of growth can be recaptured. Africa is becoming more self-reliant but still faces structural impediments. With sustained investments and partnerships these can be overcome. Africa is not looking for a new round of donor commitments. Rather, it wants to see full implementation of previous G20 and G8 commitments, as well as those made most recently at the United Nations climate change convention in Copenhagen. It also wants secure and predictable flows to supplement domestic resources and to allow forward planning with confidence. For the African Development Bank itself that means adequate replenishment of the African Development Fund, which lends to poorer countries, and a general capital increase that provides a sustainable level of sovereign and non-sovereign lending more commensurate with the level of demand. In short, the AfDB calls for investment in an African institution to help promote African opportunities. ◆

Toward a G20 agenda for global development

A more representative group of leaders than the G8, the G20 reflects the new, global economic balance. But it must work fairly to effectively achieve its global goals

By James D. Wolfensohn, chair and CEO, Wolfensohn & Company, former president, World Bank

As the leaders of the world's major economies prepare to meet in Toronto, I am reminded of my own travels to such summits in years past. As president of the World Bank, I joined the 1996 G7 meeting in Lyon, France, when French president Jacques Chirac began the tradition of inviting the heads of international organisations to participate. Through my annual trips to these meetings over the following nine years, I watched this group become more inclusive – expanding to become the G8 in 1997, and extending invitations to an ever-growing number of developing countries from 2000 onward – and using its position to advance progress on global poverty reduction. As an advocate for the developing world, eager to raise the profile of international development in global discussions, I welcomed this engagement and, in my own modest capacity, assisted in bringing it about.

The 2005 G8 summit marked the apogee of the group's efforts on development. There, in Gleneagles, Scotland, ambitious goals were agreed to increase levels of foreign aid, secure broader and deeper debt relief, and finalise the Doha round of trade negotiations. While progress on these objectives has not been uniform and some targets

will be missed, significant achievements have been made. Traditional aid flows are expected to have risen 36 per cent between 2004 and 2010, representing the largest ever increase over such a period.

Despite this progress, it was already clear in 2005 that the G8 was in need of reform. The rise of emerging economies, led by Brazil, India and China, demonstrated that the G8 no longer held the reins to the global economy as securely as it had throughout the second half of the 20th century. The G8's desire to build a global compact with the developing world was undermined by the reality that its own organisation failed to reflect the new global economic balance. The invitation of select developing countries to attend G8 meetings was a step in the right direction, but only highlighted the need for more permanent and far-reaching reform.

The global financial crisis served as a catalyst for precisely such a change by forcing the elevation of the G20. The G20 is, by definition, a more representative and inclusive group than its older and smaller cousin, the G8. While initially the G20 was preoccupied with addressing the financial crisis, more recently it has expressed interest in broadening its mandate to incorporate international development.

Given the breadth of issues encapsulated under the development umbrella, where should the G20 direct its focus?

First, the G20 must continue to prioritise restoring global growth and ensuring global macroeconomic stability. Global growth is integral to development: the world's developing countries need a robust and stable global economy in order to sell their exports abroad, attract foreign direct investment and ensure predictable prices in key commodity markets. While a focus on consolidating the global recovery may appear an act of self-interest on behalf of the world's leading economies, a strong international economy is truly a global public good, benefiting all countries, rich and poor alike.

Leaders of the G20 gather around the meeting table for the first plenary session of the summit in Pittsburgh, 2009

"The G20 must continue to prioritise restoring global growth and ensuring global macroeconomic stability"

Second, the G20 must look beyond foreign assistance and embrace a broader development policy toolset. While aid is perhaps the most visible policy used to advance development, it is hardly the only one, nor is it even the most important. The trade, investment, migration, environment, security and regulatory policies of the world's major economies all influence poor countries, and can either help or hinder development. While recognising that all countries face competing priorities and domestic political constraints, G20 members should work to align these various policies in support of economic development in the world's poorest countries.

Third, the G20 should narrow its efforts on development to issues where it, and only it, can make a difference, which is to say on challenges that demand effective global collective action. The G20 is a unique body bringing together all of the world's systemically significant economies. Its comparative advantage rests on its ability to muster political support at the highest level from all of the world's major powers. Issues of importance to development that require collective action include maintaining an open environment for trade, reducing global greenhouse gas emissions, preventing international money laundering and increasing the international mobility of labour. Some of the previous priorities of the G8's development agenda – such as securing pledges to contribute greater foreign aid – will likely be best left to other forums.

While these three principles point the way toward a favourable new approach for the global development agenda, it remains to be seen whether the G20 will succeed in delivering on development. As with any new institution, the G20's performance in its first few years will play a large part in shaping its long-term standing. Establishing its reputation and credibility, not only among the development community and the developing world, but also among its very members, will enable it to fulfil its role more effectively in the future. This means setting realistic objectives, demonstrating commitment in achieving those goals, and being honest and disciplined in monitoring its own performance.

An early test of the G20's credibility will be whether it succeeds in leading a push for substantive governance reforms at international financial institutions (IFIs), notably the World Bank and the International Monetary Fund. For a body that emerged in direct response to the new global economic balance, it is inconceivable that the G20 could continue to work in close connection with the IFIs – a partnership necessary to achieve tangible results – so long as the organisational structures of the latter remain woefully out of date. Moreover, G20 members cannot be expected to take a serious stake in the development of other countries until they are each represented fairly in these development-focused institutions.

Just as important, the G20 must learn to approach development issues with humility and respect, searching out ways to enfranchise the world's poorest and most vulnerable people, and ensuring its development efforts respond to recipients' needs.

In the 14 years since I first attended a G7 meeting, the number of people living in extreme poverty in the world has fallen by more than 300 million. Yet many more remain. As the G20 takes over as the premier forum for international economic policy making, it is my sincere hope that it can build not only a more stable global economy, but also a world that is more equitable, balanced and free of poverty. ◆