



## **RESPONSIBLE LEADERSHIP FOR A SUSTAINABLE FUTURE**

1. We, the Leaders of the Group of Eight meeting in L'Aquila, express our heartfelt solidarity to the people of Abruzzo affected by the tragic earthquake which struck the region on 6<sup>th</sup> April 2009, and to all those around the world who have been touched by natural disasters.
2. We are determined to ensure sustainable growth and to tackle the interlinked challenges of the economic crisis, poverty and climate change. These challenges require immediate action and long term vision.
3. Guided by our common values, we will address global issues and promote a world economy that is open, innovative, sustainable and fair. To this end, effective and responsible leadership is required. We are determined to fully take on our responsibilities, and are committed to implementing our decisions, and to adopting a full and comprehensive accountability mechanism by 2010 to monitor progress and strengthen the effectiveness of our actions.
4. We remain focused on the economic and financial crisis and its human and social consequences. We will continue to work together to restore confidence and set growth on a more robust, green, inclusive and sustainable path. This will include strengthening standards of integrity, propriety and transparency for economic activities.
5. We intend to secure our present and future prosperity by taking the lead in the fight against climate change. We are committed to reaching a global, ambitious and comprehensive agreement in Copenhagen. In this respect, we call upon other industrialised countries and emerging economies to actively engage, consistently with the principle of common but differentiated responsibilities and respective capabilities.
6. We renew all our commitments towards the poor, especially in Africa. We are determined to undertake measures to mitigate the impact of the crisis on developing countries, and to continue to support their efforts to achieve the Millennium Development Goals.



## WORLD ECONOMY

### **Economic and financial crisis: the way to recovery**

7. The world economy is experiencing the most severe economic and financial disturbances in decades. After several years of very high global growth, we have been facing challenging economic conditions, characterised by financial turmoil, widespread recession, intense deleveraging, an abrupt decline in international trade and growing unemployment and social suffering. While there are signs of stabilization, including a recovery of stock markets, a decline in interest rate spreads, improved business and consumer confidence, the situation remains uncertain and significant risks remain to economic and financial stability.

8. We strongly reaffirm commitments undertaken at the London Summit to take all necessary steps to support demand, restore growth and maintain financial stability, including strengthening financial regulation and International Financial Institutions (IFIs) and maintaining open markets worldwide. We will continue to implement swiftly these decisions and call on all countries to act decisively to reinforce the international economic and financial system, and to work cooperatively and responsibly with regard to the impact on other countries.

9. We have taken stock of progress made to date to restore confidence, stabilise the financial sector and provide stimulus to boost growth and create jobs. Despite the current difficult conditions, we will continue to address global challenges, including fighting poverty and climate change, with the aim of establishing a more balanced and sustainable growth path, underpinned by sound fundamentals and social inclusion.

10. The current financial and economic crisis has reinforced the need generally for cooperation among key economies. The Heiligendamm Dialogue Process (HDP), a topic-driven dialogue of the G8 with major emerging economies – China, India, Brazil, Mexico and South Africa – established in 2007, has helped to fulfil this role by serving as a platform to develop common understanding and shared responsibility in responding to the challenges of the world economy concerning investment, innovation, development and energy efficiency, which will be important for global economic growth going forward. The dialogue has helped to gain a shared understanding of these global challenges in order to find appropriate responses. We endorse the results achieved until now and call for an extension of this dialogue among equals.

### **Economic stimulus and financial stabilisation**

11. Since the beginning of the crisis we have taken an unprecedented and concerted action to ensure recovery and repair our financial systems. We have



coordinated our efforts with partners at various levels in response to a crisis that has affected every corner of the world. We have taken forceful and coordinated action to provide stimulus to economic growth. We have also acted to restore confidence by providing comprehensive support to our financial systems. While these necessary measures have an impact in the short term on our public finances, we commit to ensure fiscal sustainability in the medium term.

12. We note some signs of stabilisation in our economies and we believe that the turnaround will be reinforced as our measures reach their full effect on economic activity and contribute to improving confidence and expectations. However the economic situation remains uncertain and significant risks remain to economic and financial stability. We will take, individually and collectively, the necessary steps to return the global economy to a strong, stable and sustainable growth path, including continuing to provide macroeconomic stimulus consistent with price stability and medium-term fiscal sustainability, and addressing liquidity and capital needs of banks and taking all necessary actions to ensure the soundness of systemically important institutions.

13. We agreed on the need to prepare appropriate strategies for unwinding the extraordinary policy measures taken to respond to the crisis once the recovery is assured. These “exit strategies” will vary from country to country depending on domestic economic conditions and public finances, and must ensure a sustainable recovery over the long term. We welcome the analytical work of the IMF which will assist us with this process.

### **Repairing the financial system**

14. Repairing the financial sector, including stabilising financial markets and normalising banking activity, is an urgent priority to ensure lasting economic recovery. We are implementing swiftly the commitments made at the London Summit and call on others to join our efforts to ensure global financial stability and an international level playing field.

15. Besides ensuring access to liquidity, it is crucial to deal decisively with distressed assets and to recapitalize viable financial institutions. We recognise the importance of further international cooperation in dealing with impaired assets, based on common principles and on an objective and transparent valuation of these assets, and in assessing the adequacy of banking capital and reserves, where necessary. Strong coordination on the principles underlying public capital injections, their conditions, and incentives to private interventions is also relevant. We ask the Financial Stability Board (FSB) to continue monitoring developments in financial systems and to help promote a coordinated approach, consistent with avoiding distorting competition and regulatory arbitrage.



## **Further efforts in international tax and prudential cooperation and in combating illicit financing**

16. In this difficult time, the protection of our tax base and the efforts to combat tax fraud and tax evasion are all the more important, especially given the extraordinary fiscal measures adopted to stabilise the world economy and the need to ensure that economic activity is conducted in a fair and transparent manner. We are making progress in promoting tax information exchange and transparency across the globe, which is helping to widen the acceptance of internationally agreed standards on the exchange of tax information and increase the number of bilateral agreements signed by several jurisdictions. But there is no space for complacency: all jurisdictions must now quickly implement their commitments. We cannot continue to tolerate large amounts of capital hidden to evade taxation.

17. Echoing the call of the G-20, an appropriate follow up framework is needed to fully benefit from this renewed emphasis on tax information exchange and transparency:

- a. the OECD Global Forum on Transparency and Exchange of Information must implement a peer-review process that assesses implementation of international standards by all jurisdictions and provides an objective and credible basis for further action;
- b. since all countries monitored so far by the Global Forum have committed to implement international standards on exchange of tax information, efforts should now concentrate on implementing actual information exchange and increasing the number, quality and relevance of the agreements that adhere to these standards;
- c. participation to the Global Forum should be expanded;
- d. recognising the particularly damaging effects of tax evasion for developing countries, concrete progress needs to be made towards enabling developing countries to benefit from the new co-operative tax environment, including through enhanced participation in the Global Forum and the consideration of a multilateral approach for exchange of information;
- e. criteria used to define jurisdictions which have not yet substantially implemented internationally agreed standards on tax information exchange and transparency should be revised as part of the peer review assessment process to ensure an effective implementation of international standards; and
- f. a toolbox of effective countermeasures for countries to consider for use against countries that do not meet international standards in relation to tax transparency should be discussed and agreed.

We ask the OECD to swiftly address these challenges, propose further steps and report by the time of the next G20 Finance Ministers' meeting.



18. We call on all jurisdictions to adhere to international standards in the prudential, tax and Anti-Money Laundering and Combating Financing of Terrorism (AML-CFT) areas. To this end, we call on the appropriate bodies to conduct and strengthen objective peer-reviews, based on existing processes, including through the Financial Sector Assessment Program (FSAP) process.

19. We are pleased with the progress being made by the Financial Action Task Force (FATF) in improving the standards for combating money laundering and the financing of terrorism and by the OECD on international standards of transparency.

20. The fight against non-cooperative jurisdictions should also encompass anti money laundering and terrorism financing, as well as in the area of prudential regulations. We call on the Financial Stability Board (FSB) to assess jurisdictions against international supervisory and prudential standards. The FATF and FSB should report back by September on their progress in identifying uncooperative jurisdictions.

21. We note that several countries are implementing voluntary compliance strategies in order to repatriate assets held in non-cooperative jurisdictions, and the need is felt to define a discussion framework for interested countries.

## **A common framework for balanced and sustainable-growth**

22. Going forward, we need a strategy to comprehensively address long-term issues and lead the global economy to stable, balanced and sustainable growth. Achieving economic and social stability as a global public good requires better governance. Regulatory reform will reduce room for excessive leveraging and risk taking and promote sound capitalisation of financial institutions. Common principles and standards on propriety, integrity and transparency governing the conduct of international business and finance help promote a healthy and sustainable economic system. The social dimension of growth is also crucial in this effort, through the promotion of employment opportunities, the creation and updating of skills and the protection of the weakest through appropriate social safety nets and income support.

23. Stable and sustained long-term growth will require a smooth unwinding of the existing imbalances in current accounts. We recognise the importance of working together to ensure the necessary adjustments in line with the multilaterally agreed strategies, which include supporting strong internal demand in surplus countries and increasing savings rates in deficit countries through appropriate macroeconomic and structural policies. New sources of growth will have to be supported by investments in infrastructure, innovation and education to facilitate productivity growth, while ensuring sustainable use of resources in a greener economy, within a context of open markets. Greater macroeconomic policy coordination will also be needed to help ensure that the burden of adjustment is fairly shared.



## **Financial and regulatory reform**

24. We strongly support the work undertaken at the Washington and London Summits for the reform of financial regulation, IFIs and the FSB. We are fully committed to implement these decisions in a timely manner and we urge other partners to join our efforts.

25. We emphasize the need for an enhanced global framework for financial regulation and supervision, promoting consistency between accounting and prudential standards and setting up adequate tools to address procyclicality, as well as ensuring a comprehensive oversight of all systemically significant entities and activities. We commit to vigorously pursue the work necessary to ensure global financial stability and an international level playing field, including on compensation structures, definition of capital and the appropriate incentives for risk management of securitisation, accounting and prudential standards, regulation and oversight of systemically important hedge funds, standardisation and resilience of OTC derivative markets, establishment of central clearing counterparties for these products, and regulation and transparency of credit rating agencies.

26. We are fulfilling the commitments to provide resources to the International Monetary Fund (IMF) and for trade finance. We have led efforts to provide the IMF with the necessary resources to expand its lending capacity and urge other countries to participate. We are also exploring ways to substantially increase the IMF capacity for concessional lending and we encourage the Fund to explore the scope for increased concessionality to low-income countries. We remain committed to reforming the IMF to enable it to carry out its critical role in the modern global economy. We support the completion of the IMF quota review by January 2011 and the agreement on the second phase of voice and representation reform in the World Bank Group by the 2010 Spring Meetings. We welcome the actions being taken by the World Bank and other Multilateral Development Banks (MDBs) that highlight their important countercyclical role in responding to the global crisis. After comprehensively reviewing their capital positions, including a thorough resource demand analysis based on agreed medium to long-term strategies, we are prepared to consider additional financing needs. Additional elements to be considered include a clearer division of labor and collaboration among institutions, enhanced balance sheet flexibility, good governance, better risk management, effective use of aid, progress on promoting innovation, and an adequate focus on the world's poorest.

## **Common Principles and Standards**

27. For the market economy to generate sustained prosperity, fundamental norms of propriety, integrity and transparency in economic interactions must be respected. The magnitude and reach of the crisis has demonstrated the need for urgent action in this regard. Reform efforts must address these flaws in international economic and



financial systems with resolve. This will require promoting appropriate levels of transparency, strengthening regulatory and supervisory systems, better protecting investors, and strengthening business ethics. To address these issues we have agreed on the objectives of a strategy to create a comprehensive framework, “the Lecce Framework”, building on existing initiatives, to identify and fill regulatory gaps and foster the broad international consensus needed for rapid implementation. The Framework includes the areas of corporate governance, market integrity, financial regulation and supervision, tax cooperation, and transparency of macroeconomic policy and data. To ensure the effectiveness of the Lecce Framework, we will make every effort to pursue maximum country participation and swift and resolute implementation. We are committed to working with our international partners to make progress, with a view to reaching out to broader fora, including the G-20 and beyond.

28. We invite international organisations, in particular the World Bank, the International Monetary Fund (IMF), the World Trade Organisation (WTO), the International Labour Organisation (ILO) and the Organisation for Economic Cooperation and Development (OECD), to enhance their cooperation and to improve coherence.

## **Corruption**

29. In this context we are determined to strengthen action on corruption, which poses serious problems to the stability and security of societies, undermines the institutions and values of democracy and jeopardises sustainable development and economic prosperity. Reaffirming our previous commitments, we will intensify our efforts to effectively fight against corruption in all countries.

30. The ratification and implementation of international Conventions in this field is a fundamental signal in this direction. We call for the ratification of the United Nations Convention against Corruption (UNCAC) by all countries and a strong and consistent follow-up of the Bali Conference by ensuring effective implementation of UNCAC, including the development of an effective, transparent and inclusive review mechanism. We will promote adherence to and enforcement of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and support of its permanent monitoring mechanism. We will fully enforce our laws against bribery of foreign public officials and, consistent with national legal principles, will rigorously investigate and prosecute foreign bribery offences. We encourage other major economies to accede to the OECD Convention as soon as possible.

31. International cooperation against corruption should be enhanced in order to achieve effective results. We are therefore committed to update G8 anticorruption



initiatives and further support outreach activities and technical assistance to other countries.

32. We reiterate our previous commitments to deny safe havens to corrupt individuals and their illicitly acquired assets, and to prevent corrupt holders of public office from gaining access to the fruits of their illicit activities in our financial systems. We will strive to improve international legal cooperation in asset recovery investigations within the framework of the UNCAC, including by seeking ways to facilitate informal cooperation and supporting identification and dissemination of good practices. We will strengthen cooperation on asset recovery, including through the Stolen Asset Recovery initiative (StAR).

33. We encourage IFIs to adopt more transparent business practices, including through enhanced internal safeguards, and enhancement of measures to facilitate cooperation with national authorities in corruption cases.

34. We also welcome the update of the *Accountability Report: Implementation Review of G8 on Anti-Corruption Commitments* which was presented for the first time in Toyako. We envisage making it a permanent tool which sets examples on combating corruption and holds the G8 countries to the highest standards of transparency and accountability. To this end, we appreciate the assistance of the OECD in preparing our regular reports on anti-corruption commitments. Going forward, we invite our major partners to prepare similar reports on their anti-corruption commitments.

35. We continue to support the Extractive Industries Transparency Initiative (EITI) to improve governance and reduce corruption in the extractive sector. We will intensify efforts to promote validation by all implementing countries and all companies operating in those countries. We also strongly encourage EITI candidate countries to complete implementation within their agreed timeframe and call on other developing and emerging countries and their companies to adhere to the initiative.

## **Employment and social dimension**

36. We are committed to tackling the social dimension of the crisis, putting peoples' concerns first. The impact of the economic crisis on labour markets can undermine social stability. Therefore, good macroeconomic policies must be linked to employment and social policies that reduce unemployment, enable a quick re-entry into the labour market and prevent social exclusion. We support the conclusions of the G8 Social Summit in Rome and the London Jobs Conference to take further coherent actions to reduce the impact of the crisis on employment and maximise the potential for growth in jobs, in accordance with the following principles:

a) promotion of active labour market policies to reduce unemployment, enhance skills development and match jobs with labour market needs; maintain income support for the unemployed; sustain existing employment, including through partial

unemployment schemes combined with training provisions and temporary flexible work or other arrangements, such as employment subsidies, in order to prevent layoffs;

b) ensuring the sustainability and effectiveness of social protection systems as drivers of confidence and consequently of economic and employment recovery;

c) we invite international organisations, in particular the IMF, the OECD and the ILO, to take into account the labour and social impact of their advice and cooperation with governments.

37. Social and employment policies are a crucial pillar in the context of a new global framework. Measures should provide income relief for people and households and prevent long-term unemployment, with particular reference to the most vulnerable groups, taking into consideration gender issues. Advanced, emerging and developing countries as well as international institutions should work together to ensure employment oriented growth and promote social cohesion. Taking forward the ILO Decent Work Agenda, building on the ILO resolution on “Recovering from the crisis: A Global Jobs Pact”, is relevant to respond to the crisis at worldwide level and advance the social dimension of globalisation. Governments and enterprises should not use the crisis as an excuse to diminish compliance with worker rights or to diminish worker protections. We commit to promote employment and social protection on a global level and the observance of internationally recognised labour rights as reflected in the ILO declaration on Fundamental Principles and Rights and its follow-up. We also commit to address the human dimension of the crisis and to restore growth on a stronger footing.

38. We support the decisions taken in London regarding the reinforcement of resources for social protection for the poorest countries through voluntary and bilateral contributions, including to the World Bank’s Vulnerability Framework.

### **Green recovery**

39. The emergency response to the economic crisis should not overlook the opportunity to facilitate a global green recovery putting our economies on a path towards more sustainable and resilient growth. Our fiscal stimulus packages are increasingly investing in measures encouraging the creation of green jobs and low-carbon, energy efficient and sustainable growth. These include energy efficiency measures, investment in public transportation infrastructure, incentives for fuel-efficient vehicles, research in alternative sources of energy, support for renewable energy technologies, as well as in enhanced CO<sub>2</sub> reduction, recycling and disposal such as Carbon Capture and Storage. We remain committed to enhance the environmental dimension of budgetary measures and to reinforce efforts to promote clean energy and energy efficiency. Along with the ongoing WTO negotiations on the liberalization of environmental goods and services, we will intensify efforts to make progress on the reduction or elimination of trade barriers on a voluntary basis



on goods and services directly linked to addressing climate change, as agreed at the Toyako Summit. At the same time, we will ensure proper regulatory and other frameworks facilitating transition towards low-carbon and resource efficient growth. In this light, we call for a reduction of subsidies that artificially encourage carbon-intensive energy consumption.

### **Energy security, global energy markets and investment climate in the energy sector**

40. The current financial and economic crisis should not delay cost-effective investments or programmed energy projects that would create jobs, enhance energy security and help limit greenhouse gas emissions in the short and medium term. We urge all countries and the private sector to adopt a long-term view in planning their investments. We are committed to promoting economic recovery together with a significant change in investment patterns that will accelerate the transition towards low-carbon, energy efficient growth models. We especially encourage more rapid application of the many cost-effective technologies already available to improve the energy efficiency of power generation facilities, buildings, industry and transport. Accelerated investment in low-carbon technologies is needed to minimize the existing and potential carbon lock-in represented by capital stock in buildings, factories, vehicles and electric power generating facilities.

41. In this context, we reaffirm our strong commitment to implement the St Petersburg Principles on Global Energy Security in our countries and call on others to join us in this effort. We invite the major international energy organisations to review and update their programmes and promote them in light of the changing energy challenges.

42. Unpredictable energy markets and highly volatile prices put at risk the ability of the industry to plan and implement investments in new infrastructures, consistently with long term demand dynamics. It is in the interest of both producers and consumers to enhance transparency and to strengthen their dialogue towards reducing excessive volatility in the market. Fossil fuel producing, transit and consuming countries must work together to increase stability and predictability of supply and demand patterns and promote investments in the energy sector, including by supporting and developing further predictable legal and regulatory frameworks. We welcome the progress made and the follow up initiatives of the Jeddah and London Energy Meetings in identifying obstacles to efficient energy markets. We call for better coordination among the international institutions and for the acceleration and strengthening of the existing initiatives towards a more structured dialogue, based on the outcome of the London Energy Meeting, between producing, transit and consuming countries, focused on improving the investment climate, discussing ways to reduce excessive volatility of prices and promoting energy security. To this effect we support the important work undertaken by the International Energy Agency (IEA)



and the International Energy Forum (IEF), including the activities of the High Level Steering Group of the IEF. We ask experts within the IEF to assess different options to reduce excessive volatility in oil prices.

43. Besides stable and predictable regulatory frameworks, transparent and well-functioning energy markets are essential prerequisites for reducing investment risks and uncertainties both in producing and consuming countries. We therefore emphasise the need for timely and reliable data on demand, supply, stocks, spare capacity and investment plans. To this end, we continue to strongly support the Joint Oil Data Initiative (JODI), managed by the IEF, and call for all countries to cooperate in improving quality, completeness and timeliness of data. We also strongly support the IEF's work on initiating the collection of annual data on investment plans. We believe that greater transparency in gas markets is required. We therefore call upon the IEF to examine the possibility of extending JODI-type activities to natural gas.

44. We encourage international initiatives to improve market transparency and functioning and to address excessive price volatility in commodities markets. In particular, we welcome recommendations by the International Organization of Securities Commissions (IOSCO) on regulation and supervision of financial derivative markets, and underline the importance of accelerating their implementation by national authorities and further cooperation between them and ask all countries to implement IOSCO's recommendations. We ask the IOSCO Task Force on Commodity Markets to consider further possible specific improvements to the transparency and market supervision of oil futures markets and make specific recommendations.

## **Trade**

45. We reconfirm our commitment to keep markets open and free and to reject protectionism of any kind. In difficult times we must avoid past mistakes of protectionist policies, especially given the strong decline in world trade following the economic crisis. Recovery needs a strong international trade component to be viable and the relevant programmes must fully respect our obligations and commitments to non-discriminatory treatment under WTO and other international agreements. We will maximise efforts and steps to promote and facilitate trade and investment.

46. We stress the importance of fully adhering to the standstill commitment and the commitment to rectify protectionist measures adopted in London to avoid further deterioration of international trade, including refraining from taking decisions to increase tariffs above today's levels. We will refrain from raising new barriers to investment or to trade in goods and services, imposing new exports restrictions, or implementing World Trade Organisation (WTO) inconsistent measures to stimulate exports. We ask the WTO together with other international bodies, within their respective mandates, to continue to monitor the situation and to report publicly on the adherence to these commitments on a quarterly basis.



47. We will continue to ensure that our share of the pledge taken in the London Summit of \$250 billion of support for trade finance is promptly made available through our export credit agencies (ECAs) and investment agencies and through Multilateral Development Banks. We support coordination and cooperation in its implementation, and welcome exchange of information on the measures taken in this regard. Cooperation among ECAs, such as strengthening re-insurance schemes, is expected to play an important role to this end.

48. We commit to reach a rapid, ambitious, balanced and comprehensive conclusion of the Doha Development Agenda on the basis of progress already made, including with regard to modalities. We are engaged in a strengthened dialogue with our major partners to this end and look forward to discussing with them tomorrow.

## **Investment**

49. The current crisis has affected capital flows, including foreign direct investments (FDIs), which represent an important source of financing and a driver of economic growth and integration. We stress the positive role of long term investments. We will work to reverse the recent decline in FDI, by fostering an open, receptive climate for foreign investment, especially in emerging and in developing countries.

50. Aware of the global nature of the markets where our citizens and businesses operate, and of the interrelated effects of our actions, we fully stress our engagement against protectionist measures. In this light, we welcome OECD's efforts to monitor restrictions on investments and encourage the ongoing joint work of the OECD Freedom of Investment Roundtable (FOI RT) with the WTO, the United Nations Conference on Trade and Development (UNCTAD) and the IMF, in this area.

51. The interconnected nature of the crises we are facing and the contribution investment can make in tackling them – for example, by improving energy security, agricultural production, technology transfer and development opportunities - calls for an improved investment framework. Progress was made at the Toyako Summit on the basic principles contained in Bilateral Investment Treaties and Free Trade Agreements that set the stage for attracting investments. We now need to work with a wider group of countries toward principles and instruments suited to a global scenario, that foster predictability and stability of the investment framework and we stress the important contribution that the Heiligendamm Dialogue has made in this context to build common ground on the need for an open investment climate.

52. To this end, we commit to enhance cooperation with our major partners to agree upon shared principles which may serve as the basis for a more structured and wider process towards an agreed common multilateral framework in the long run creating a predictable and stable climate for investment. To this end, we commit to work with our HDP/HAP partners to produce in one year's time a report on progress made in order to evaluate possible common responses, including the feasibility of



launching a process with wide ownership, and with participation from relevant international organisations such as OECD, UNCTAD, the World Bank, and other major stakeholders.

53. Conscious of the complementary role played by governments and the private sector in reaching a sustainable growth, we call for enhanced efforts to avoid wider consequences of the financial crisis and to promote responsible business practices. To this end we promote the dissemination of internationally-recognised voluntary Corporate Social Responsibility (CSR) standards to raise awareness among our governments, citizens, companies and other stakeholders. We will further promote and foster Corporate Social Responsibility through encouragement of adherence to the existing relevant international instruments, in accordance with our Heiligendamm commitments. We also welcome the work of relevant international institutions (ILO, OECD, UN Global Compact) to incorporate CSR into business practices and encourage them to work together in a coherent way in order to achieve synergy effects with existing CSR instruments.

### **Innovation and Intellectual Property Rights**

54. Innovation and knowledge are key factors for supporting the recovery and putting the world economy on a more sustainable growth path. We intend to accelerate innovation in relation to long-term challenges and to encourage the development of new industries, companies and services that will be decisive to create new sources of growth. We are committed to implementing innovation policies in our countries, also through our stimulus packages. We aim to foster research, entrepreneurship, human capital and skills, green technologies and investment in infrastructure, including Information and Communication Technology (ICT) networks.

55. Innovation has also a major role in addressing global policy challenges, such as environment protection, health and poverty. Stronger international cooperation and more effective mechanisms for diffusion of innovation in all its forms are needed, both in, and between, developed and developing economies, including modernisation of public administration. In this framework, we acknowledge the contribution made by the OECD Innovation Strategy to the development of mechanisms for monitoring changes in the innovation process, its diffusion and its impacts and evaluating innovation policies.

56. We also recognize the important contribution that the Heiligendamm Dialogue has made to build common understanding on priorities of Partner countries, on the socio-economic aspects of intellectual property, and on ways to increase the efficiency of the international system to the benefit of all. The Dialogue has reinforced a common understanding with Partner countries that an enabling policy



and business environment where intellectual property rights (IPR) are respected is necessary to promote innovation, knowledge, entrepreneurship and creativity.

57. Innovation can be promoted via an effective Intellectual Property Rights system. The increasing use of IPR at the international level has made IP a key component in sectors as diverse as trade, industrial policy, public health, consumer safety, environment protection and the internet. We acknowledge the central role that the World Intellectual Property Organisation (WIPO) plays in fostering an integral vision and coherent development of the international IP system. We also reaffirm the importance of Patent Cooperation Treaty and global patent harmonisation such as Substantive Patent Law Treaty (SPLT) and acknowledge the expansion of international patent collaboration including work-sharing initiatives such as the Patent Prosecution Highway.

58. Counterfeiting and piracy continue to pose a threat to the global economy, public health and welfare. For this reason, we welcome the results of work carried out by our experts, as reflected in the G8 Intellectual Property Expert Group Report of Discussion. We stress the importance of enhanced, inclusive, ambitious international cooperation to tackle counterfeiting and piracy. The negotiations for the Anti-Counterfeiting Trade Agreement (ACTA), which the participants should seek to agree as soon as possible, represent an important opportunity to strengthen standards for enforcement of IPR. With the same aim, we will continue strengthening bilateral and multilateral cooperation among customs authorities through INFO IPR and information exchange considering the model arrangement and capacity building at the World Customs Organisation (WCO). Moreover, we encourage governments and businesses to participate in the ongoing work of the OECD as it examines further the economic impacts of counterfeiting and piracy in Phase III of its study.

59. Internet and the new technologies have created new opportunities and business models for the creation and widespread distribution of digital content that fosters increased knowledge, science, education and free speech. At the same time, these technologies can provide a mechanism for digital piracy. For this reason we consider it important to deepen our understanding of the impact of the Internet and the new technologies on the worldwide diffusion of digital piracy and counterfeit goods, as a component of strategies aimed at ensuring that ICT fully serves the goal of fostering innovation and creating sustainable economic growth and prosperity.



## **Sustainable use of natural resources: climate change, clean energy and technology**

60. The interlinked challenges of climate change, energy security and the sustainable and efficient use of natural resources are amongst the most important issues to be tackled in the strategic perspective of ensuring global sustainability. A shift towards green growth will provide an important contribution to the economic and financial crisis recovery. We must seize the opportunity to build on synergies between actions to combat climate change and economic recovery initiatives, and encourage growth and sustainable development worldwide.

61. Science clearly shows that anthropogenic greenhouse gas emissions – mainly produced by the use of fossil fuels - are provoking dangerous climate change, putting at risk not only the environment and ecosystem services but the very basis of our present and future prosperity. The costs of inaction far outweigh the costs of moving towards low-carbon societies. At the same time, stable and secure energy availability is indispensable for social and economic development; it is essential to ensure global energy security and energy access in developing countries, particularly the most vulnerable. Immediate and resolute action is needed by all countries to build on existing and new technologies and to design and deliver innovative economic, environmental and energy policies.

62. We emphasise the paramount importance of technology development and diffusion on a global scale in meeting these challenges and accelerating the economic recovery, while moving towards a low-carbon society. It is indispensable to encourage efficient markets, competitive frameworks and consistent public policies, to enhance investments in energy efficiency, clean technologies and renewable energies, which will in turn create opportunities for businesses worldwide. We will take the lead in accelerating the transition towards a low-carbon economy based on green, sustainable growth, reflecting the need to lower dependence on traditional energy sources. We reiterate the commitment made at the London Summit to make the best possible use of our fiscal stimulus programmes, also in light of the deliberations of the G8 Environment Ministerial in Siracusa and the G8 Energy Ministerial in Rome, and will ensure that such packages will contribute substantially towards building new, cleaner economies that will create new jobs and bring about a green and sustainable recovery. We call upon other countries to join us in this endeavour.



## Climate change and environment

### Fighting climate change

63. This is a crucial year for taking rapid and effective global action to combat climate change. We welcome the decision taken within the UN Framework Convention on Climate Change (UNFCCC) in Poznan to enter full negotiating mode, in order to shape a global and comprehensive post-2012 agreement by the end of 2009 in Copenhagen, as mandated by the Bali Conference in 2007. We must seize this decisive opportunity to achieve a truly ambitious global consensus.

64. We reconfirm our strong commitment to the UNFCCC negotiations and to the successful conclusion of a global, wide-ranging and ambitious post-2012 agreement in Copenhagen, involving all countries, consistent with the principle of common but differentiated responsibilities and respective capabilities. In this context we also welcome the constructive contribution of the Major Economies Forum on Energy and Climate to support a successful outcome in Copenhagen. We call upon all Parties to the UNFCCC and to its Kyoto Protocol to ensure that the negotiations under both the Convention and the Protocol result in a coherent and environmentally effective global agreement.

65. We reaffirm the importance of the work of the Intergovernmental Panel on Climate Change (IPCC) and notably of its Fourth Assessment Report, which constitutes the most comprehensive assessment of the science. We recognise the broad scientific view that the increase in global average temperature above pre-industrial levels ought not to exceed 2°C. Because this global challenge can only be met by a global response, we reiterate our willingness to share with all countries the goal of achieving at least a 50% reduction of global emissions by 2050, recognising that this implies that global emissions need to peak as soon as possible and decline thereafter. As part of this, we also support a goal of developed countries reducing emissions of greenhouse gases in aggregate by 80% or more by 2050 compared to 1990 or more recent years. Consistent with this ambitious long-term objective, we will undertake robust aggregate and individual mid-term reductions, taking into account that baselines may vary and that efforts need to be comparable. Similarly, major emerging economies need to undertake quantifiable actions to collectively reduce emissions significantly below business-as-usual by a specified year.

66. We recognize that the accelerated phase-out of HCFCs mandated under the Montreal Protocol is leading to a rapid increase in the use of HFCs, many of which are very potent GHGs. Therefore we will work with our partners to ensure that HFC emissions reductions are achieved under the appropriate framework. We are also committed to taking rapid action to address other significant climate forcing agents, such as black carbon. These efforts, however, must not draw away attention from

ambitious and urgent cuts in emissions from other, more long-lasting, greenhouse gases, which should remain the priority.

### **Promoting the role of markets to reduce emissions**

67. We believe that efficient markets, including carbon markets, supported by stable and predictable regulatory frameworks, are central to achieving these objectives. A wide range of competitive instruments and mechanisms, such as emissions trading schemes and performance-based regulation, constitute some of the most flexible and cost-effective means to foster economically sound investments in energy efficiency, renewable energy, clean and innovative technologies. Other measures, including, where appropriate, incentives, fees, emission and other taxes, progressive reduction of fossil fuel subsidies, consumer labelling, innovative financing mechanisms and public-private partnerships, designed and applied consistently with our international obligations, can also be useful in the context of policies that promote green and sustainable development models and accelerate the transition towards a low carbon society.

68. The elimination or reduction of tariff and non-tariff barriers to trade in environmental goods and services is essential to promote the dissemination of cleaner low-carbon energy technologies and associated services worldwide. Efforts should be intensified to ensure a successful outcome of the ongoing WTO negotiations on the liberalisation of environmental goods and services. Carbon leakage is an important issue to tackle. It must be addressed in a WTO compatible way. We support the aim of a comprehensive global agreement at Copenhagen, which we believe to be the most appropriate way to deal with any carbon leakage issues that may arise.

69. We support flexible, economically sound market-based approaches to emission reductions. In particular, cap & trade schemes, where implemented, have proved largely successful and improved understanding of the potential advantages, critical issues and indicators. The use of market mechanisms, including those under the Kyoto Protocol, provides opportunities to reduce emissions cost-effectively, while facilitating technology diffusion, low-carbon development and the involvement of emerging and developing countries. With a view to building on these experiences and to facilitate action under the global post 2012 agreement, we commit to:

- a) further explore, taking into account national circumstances, the potential of carbon trading systems and their possible linkages;
- b) cooperate among us and with other countries to expand carbon markets to the extent possible and reduce costs and align emission allowance trading schemes, with a view to developing transparent carbon markets which would expand to involve emerging and developing countries, including on a sectoral basis;
- c) support the development, reform and enhancement of project, programmatic and policy-based offset mechanisms, including the Kyoto Protocol's Clean



Development Mechanism (CDM), in order to encourage their use, enhance their effectiveness and environmental integrity, and facilitate actions from developing countries under the global, post-2012 agreement;

d) work with others to further develop market mechanisms under the Copenhagen agreement to possibly include sectoral trading and sectoral crediting mechanisms, to enhance the participation of emerging economies and developing countries in the market ensuring environmental integrity.

70. The private sector will continue to be an essential player in the efforts to address climate change. To trigger a change in direction and mobilise investments we will engage the private sector more actively, in order to bring its expertise into the international framework and enhance information exchange and partnerships between Governments and businesses.

71. Sectoral approaches can be useful tools to facilitate progressive involvement by emerging economies and reinforce economy-wide mitigation policies of developed countries. Analysis has highlighted the potential to curtail emissions by focusing on specific sectors and we welcome the ongoing work of the International Energy Agency (IEA) and others in this respect.

72. Attention should also be devoted to sectors, such as international aviation and maritime transport, that represent a significant and growing source of emissions and are characterised by a predominantly international dimension. We will use our participation in ICAO, IMO and UNFCCC processes to reach an agreed outcome for the post-2012 period to rapidly advance towards accelerated emission reductions for the international aviation and maritime sectors.

### **Technology development and research**

73. The development and deployment of technologies and know-how in developed and developing countries will play a crucial role both in mitigation and adaptation to climate change and in moving towards low-carbon growth models. It is essential to substantially improve energy and resource efficiency in key sectors, as well as to develop and disseminate low-carbon technologies, in particular renewable energy. In this context, we stress the critical role of an efficient system of intellectual property rights (IPR) to foster innovation. Capitalizing on new technologies will require a major scientific effort and policy initiatives. Building on our existing commitments to urgently advance the development and deployment of clean energy technologies, consistent with existing international obligations, we will:

a) encourage and facilitate the development, deployment and diffusion, particularly through the engagement and leveraging of critical private sector investment, of advanced appropriate technologies in emerging and developing economies, which permit a technological leap and avoid lock-in;



- b) further promote international participation and cooperation in R&D activities and to this end we invite the IEA to further define its proposal for an international low-carbon energy technology platform;
- c) promote technology roadmaps, such as those being prepared by the IEA, to further the development and demonstration of innovative technologies;
- d) work with developing countries to build capacity to support the deployment, diffusion, demonstration and transfer of climate friendly technologies.

74. Recognising the importance of research and development, we committed in Toyako to increase investment in basic and applied clean technology research and development. We will intensify such efforts and explore options to enhance global technology cooperation. We ask our experts to assess progress in meeting these commitments, and report back by our meeting in Canada in 2010. We will promote further national and international fundamental research on the earth's climate. We believe that provisions on financing technology research, development, deployment and diffusion should form an integral part of the post-2012 agreement.

## Financing

75. Financing is central to achieving an agreement at Copenhagen and requires mobilisation of significant financial resources, both public and private. Given its capacity to innovate, the private sector should play a pivotal role in financing investments in new technologies. Public resources should therefore seek to leverage private-sector financing, to support research, development and demonstration of low carbon technologies in order to accelerate the development and deployment of early stage technologies, and to aid implementation of adaptation and mitigation strategies in developing countries. To promote concerted efforts on technology and financing, we:

- a) strive for greater predictability of international support and affirm our intention to contribute our fair share, in the context of an ambitious deal in Copenhagen;
- b) affirm that all countries, except Least Developed Countries (LDCs), should participate in the financial effort to tackle climate change, according to criteria to be agreed, and we support consideration of the proposal by Mexico;
- c) call for the elaboration and implementation of an effective financial arrangement to support the post-2012 regime. We underline that mobilizing financing for developing countries, through a broad range of financial sources, including financial assistance, is required for adaptation and mitigation, and to facilitate the transition to low-carbon economies. Financial support needs to be efficient, effective and equitable and therefore linked to results in terms of emission reductions and adaptation actions;
- d) will work to ensure that the governance of mechanisms disbursing funds is transparent, fair, effective, efficient, and of balanced representation among developed



and developing countries. We stress the importance of building on existing instruments and institutions, such as the Global Environment Facility (GEF), multilateral development banks, adaptation funds and bilateral assistance agencies and the Climate Investment Funds (Strategic Climate Fund and Clean Technology Fund);

e) promote public-private partnerships, in order to facilitate targeted and efficient investments in research, development, deployment and diffusion of clean technologies, while mobilising additional resources from the private sector.

## **Adaptation**

76. Recognising that even implementing ambitious mitigation steps will not avoid further climate impacts, we will define and implement effective adaptation and capacity building policies. We are deeply concerned about the consequences of climate change on development, ecosystem services, water and food security, agricultural output, forests, health and sanitation, particularly for LDCs and SIDS, but also for the poor and most vulnerable in all countries. We underline the possible security implications of the adverse impact of climate change and the potential for increased conflicts over scarcer resources. We will address these issues in a spirit of partnership between developed and developing countries and confirm our commitment to effectively address adaptation in the Copenhagen agreement. We will, in addition:

- a) mainstream effective adaptation strategies and risk assessments into international cooperation programmes and assist developing States in integrating adaptation efforts into national development plans and policies;
- b) significantly increase consideration of the role of ecosystems in adaptation measures, with a view to improving resilience of ecosystems, reducing vulnerability and underpinning new and sustainable growth models;
- c) strengthen knowledge networks for adaptation and support for research and capacity building related to vulnerability and impact assessments as well as planning and implementation of adaptation measures;
- d) address the need for financing for adaptation through appropriate bilateral and multilateral mechanisms.

## **Natural disasters**

77. To address the increased threats of natural disasters and extreme weather phenomena caused by climate change, such as increased flooding, storm surges, droughts and forest fires, we will act to improve risk preparedness, prevention, monitoring and response times, particularly in developing countries, by:

- a) defining common guidelines for disaster prevention and management to be used in developing national plans, in collaboration with the UN International Strategy



for Disaster Reduction (UNISDR) and the World Meteorological Organisation (WMO), building on the Hyogo Framework for Action and on national experiences, as well as improving management of risks, awareness raising and training of the population and civil protection real-time response, such as logistical support for emergency situations;

b) supporting the ongoing work on the development of the Global Earth Observation System of Systems (GEOSS).

## **Forests and land degradation**

78. Aware that deforestation accounts for approximately 20% of annual CO<sub>2</sub> emissions, and that forests are an essential repository of biological diversity and key to the livelihoods and rights of many people, we remain engaged in seeking the reduction of emissions from deforestation and forest degradation and in further promoting sustainable forest management globally. We will:

a) support the development of positive incentives in particular for developing countries to promote emission reductions through actions to reduce deforestation and forest degradation. Considering that these measures will provide tangible results only in the medium term, it is also crucial to undertake early action initiatives to urgently tackle drivers of deforestation, and we will cooperate to identify innovative instruments in this respect, including through initiatives such as UN programme on Reducing Emissions from Deforestation and Forest Degradation, Forest Carbon Partnership Facility (FCPF) and the Informal Working Group on Interim Finance for Reducing Emissions from Deforestation and Forest Degradation (IWG-IFR);

b) continue to support efforts to reduce emissions from deforestation and forest degradation, including the role of conservation, sustainable management of forests and enhancement of forest carbon stocks, as set out in the Bali Action Plan. We continue to support REDD and will consider the inclusion of financial mechanisms within the future global agreement on climate change;

c) encourage cooperation and the use of synergies between the UNFCCC and other international forest-related processes, and promote national strategies developed in collaboration with relevant players, including governments, indigenous peoples and local communities, civil society groups and the private sector;

d) enhance cooperation with partner countries to combat illegal logging and trade in illegally-harvested timber, in accordance with our obligations under international agreements and building on our previous commitments and actions, including those under the Forest Law Enforcement and Governance (FLEG) processes. We reaffirm our intention to promote transparent timber markets and trade in legal and sustainably produced timber. In that regard, we will follow up, where appropriate, with concrete actions on the preliminary list of options presented in 2008 by the G8 Forest Experts Report on Illegal Logging;



e) reinforce international cooperation and information sharing for sustainable forest management, including use of forest resources, prevention and management of forest fires and monitoring of pests and diseases.

79. We are deeply concerned about desertification and land degradation in drylands, as both causes and consequences of climate change. Acknowledging the substantial impacts of these phenomena on human well-being, poverty, food security and the environment, we recognise the efforts of the UN Convention to Combat Desertification (UNCCD) and call upon the Parties and existing funding mechanisms to strengthen synergies among the Rio Conventions in the implementation of selected projects. Furthermore, we will work with developing country partners to integrate effective Sustainable Land Management (SLM) into relevant cooperation programmes and assist them in integrating SLM into national development plans policies and national climate change mitigation and adaptation strategies.

## **Biodiversity**

80. Recognising the intrinsic value of biodiversity and its essential contribution to economic and social well-being and the fundamental role of ecosystem services in poverty reduction, in the achievement of the Millennium Development Goals (MDGs), we:

- a) will reinforce our efforts to meet the 2010 Biodiversity Target to significantly reduce the current rate of biodiversity loss at the global, regional and national level;
- b) underline the necessity to establish a vision and an ambitious and achievable common framework for biodiversity beyond 2010, making use of the synergies between climate change and biodiversity policies. To this end, we endorse the “Carta di Siracusa” on Biodiversity as an effective means to promote a long-term strategy to enhance the conservation of biodiversity.

81. We also acknowledge that, despite international efforts to date, including within the framework of the Convention on Biological Diversity (CBD), the rate of biodiversity loss is increasing, exacerbated by climate change and impacts of human activities. In order to reduce the negative effects related to ecosystem degradation, including water and food scarcity and on carbon sinks and to strengthen the conservation and sustainable use of biological diversity, we will:

- a) strive to ensure that sustainable development policies take into account the benefits of ecosystem goods and services, integrating the conservation and sustainable use of biodiversity into all relevant sectors;
- b) work towards the completion of the negotiation on the international regime on access to and benefit sharing of genetic resources by 2010;
- c) strengthen and broaden international, regional, national and local activities to conserve biodiversity;



- d) continue to support the Potsdam Initiative launched in 2007 and in particular the ongoing global initiative, “The Economics of Ecosystems and Biodiversity”;
- e) further encourage the engagement of civil society, the business community and other relevant stakeholders for biodiversity conservation activities.

82. Recognising the need for robust scientific assessment, and in order to improve the science-policy interface for biodiversity and ecosystem services, we encourage the ongoing intergovernmental process under the United Nations Environment Programme (UNEP) on the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES), striving to complete this process at the earliest possible time.

### **Education for Sustainable Development**

83. We appreciate and encourage accelerating the ongoing international efforts, in particular by the UNESCO and other organizations, in promoting Education for Sustainable Development, as a life-long learning process enabling communities to find new solutions to emerging social, economic and environmental challenges.

### **Clean and accessible energy**

84. Together with climate change, long term sustainable development models for all countries must also address the fundamental issues of energy availability - particularly through clean energy - and energy poverty. Fostering investments in energy infrastructures, energy efficiency, diversification of the energy mix and technological innovation is key to ensuring secure, clean and affordable energy to long term world needs, while substantially curbing carbon emissions.

85. We will support and improve international predictable legal and regulatory frameworks as an essential prerequisite for well functioning energy markets and for reducing investment risks and uncertainties in producing, transit and consuming countries.

### **Energy efficiency, diversification of the energy mix and technology**

86. We recognise the need to scale up investments in energy infrastructures and technological innovation, and to adapt regulatory and institutional frameworks where necessary, to increase energy diversification and improve energy efficiency, as the most cost-effective means of reducing emissions and driving a green recovery while substantially improving energy security. We reaffirm the significance of energy saving and efficiency programmes. To this end we:



- a) commit to design and implement effective policies to improve energy efficiency in all the main sectors of our economies, and to actively promote conservation and energy efficiency among consumers;
- b) support the IEA's ongoing work on identification and dissemination of best practices, standards and recommendations for increasing energy efficiency.

87. We welcome the operational launch of the International Partnership for Energy Efficiency Cooperation (IPEEC), with a substantive agenda for promoting energy efficiency, and:

- a) look forward to activities as envisaged in the IPEEC work plan to help countries implement energy efficiency policies and to further information on a Global Energy Efficiency Action Initiative, taking into account the 25 recommendations of the IEA, and ask IPEEC to report back to the G8 Summit in France in 2011;
- b) ask IPEEC to incorporate the Sustainable Buildings Network, successfully developed as an important result under the energy pillar of the Heiligendamm Dialogue Process to exploit the potential of energy efficiency in residential, commercial and industrial buildings, and with a view to present its findings to the G8 Summit in France in 2011.

88. A comprehensive strategy to ensure sustainable development and long-term energy security must envisage a portfolio of different energy sources. In the context of diversification of the energy mix, renewable energies will play an essential role, as these meet the dual challenge of reducing emissions and lowering fossil-fuel consumption and dependence. We will:

- a) improve policy and regulatory frameworks in order to boost investments in renewable energies, and promote their deployment and diffusion also in emerging and developing countries;
- b) continue to support international cooperation and partnerships on renewable energies. We note with interest the launch of the International Renewable Energy Agency (IRENA) which we invite to cooperate with other international organisations to actively promote the deployment of renewable energies;
- c) promote research and development of and investment in smart grids, as a means to accelerate efficient and secure integration of renewable energy sources and distributed generation into the electricity system and enhance energy efficiency;
- d) support regional initiatives aiming at promoting renewable energy and low carbon technologies, such as the Mediterranean Solar Plan and the Asia-Pacific Partnership on Clean Development and Climate;
- e) considering the importance of further developing sustainable bioenergies and alternative fuels we welcome the work of the Global Bioenergy Partnership (GBEP) in developing a common methodological framework to measure greenhouse gas emissions from biofuels and invite GBEP to accelerate its work in developing



science-based benchmarks and indicators for sustainable biofuel production and to boost technological cooperation and innovation in bioenergy.

89. We witness that a growing number of countries have expressed interest in nuclear power programmes as a means to address climate change and energy security concerns. In the opinion of these countries, nuclear energy can play an essential role, as it meets the dual challenge of reducing greenhouse gas emissions and lowering fossil-fuel consumption. We reaffirm that the fundamental prerequisite for the peaceful use of nuclear energy is the international commitment to safeguards/non proliferation, safety and security (3S). In close collaboration with the International Atomic Energy Agency (IAEA), we will continue to promote the development and implementation of robust international treaties, standards, recommendations, and monitoring procedures both at international and national levels. In this context, we promote international collaboration at all levels, including cost-benefit analysis, research, infrastructure and human resources development, plant construction, operation, decommissioning and waste management, in order to ensure the highest technically available safety and security standards and accelerate further development and deployment of innovative technologies. We stress the key role played by the IAEA in promoting the highest standards of non proliferation, safety and security. We call on all countries interested in the civil use of nuclear energy to engage in constructive international cooperation.

90. Considering the above mentioned challenges, the G8 Nuclear Safety and Security Group (NSSG) will continue in its work to consider nuclear safety and security issues. We welcome the initiative launched by the NSSG on nuclear safety and security Education and Training, aimed at building capacity in countries embarking on or expanding nuclear programmes.

91. We are aware that despite effective diversification strategies, fossil fuels will continue to be an essential component of the energy mix in many countries, at least in the medium term. The development and deployment of innovative technologies such as Carbon Capture and Storage (CCS) is therefore expected to contribute substantially to reducing emissions. Reaffirming the commitment made in Toyako for the launch of 20 large-scale Carbon Capture and Storage demonstration projects globally by 2010, we will:

- a) accelerate the design of policies, regulatory frameworks and incentive schemes focused on the development and deployment of CCS technology;
  - b) encourage greater involvement of developing countries by promoting collaboration and knowledge diffusion, also through IEA regional roundtables;
  - c) work to identify sources of financing for CCS demonstration projects;
  - d) invite the IEA, together with the Carbon Sequestration Leadership Forum (CSLF), to report on and further develop technology roadmaps and to work with the private sector to accelerate the construction and operation of demonstration projects.
- To this end, we welcome the work on criteria by the IEA to facilitate tracking of



global progress on these projects in view of an update to be presented at our Summit in 2010;

e) following the launch of the Global Carbon Capture and Storage Institute (GCCSI) we invite it to actively cooperate with the ongoing activities of the IEA and the CSLF to ensure that these efforts are mutually reinforcing;

f) identify investment needs and overcome obstacles, including the potential development of innovative partnerships with multilateral financial institutions.

### **Combating energy poverty**

92. Access to modern energy services is essential for human and social development, and for the achievement of the MDGs. Energy access and availability are tightly interlinked with the improvement of living conditions, both in rural and urban areas, providing for cleaner water, more effective sanitation and health services, better education systems and other essential services. Moreover, energy input for productive uses is crucial for job creation and income generation.

93. Noting that energy poverty remains widespread in many areas, most notably in Africa and Asia, we support the launch, together with interested countries, of the Expert-Level Working Group on Energy Poverty following the proposal made at the G8 Energy Ministers Meeting in Rome, and encourage it to submit a report before the 2010 Muskoka Summit. We are committed to take swift, resolute action, with developing country governments, international financial institutions, local communities and the private sector. Building upon previous commitments, we will:

a) promote the development of transparent national policies able to effectively use public resources and attract and stimulate private sector investments in rural electrification and the deployment of renewable energy systems and alternative cooking technologies and fuels;

b) encourage active involvement of local communities in rural electrification programmes, through the deployment of appropriate technologies and the development of skills and capabilities in cooperation with the private sector;

c) ensure that work to improve energy access contributes to put developing countries on the path to low-carbon development, by reducing high carbon lock-in, as well as supporting exploitation of new technologies, improved energy security and off-grid access in remote areas;

d) enhance capacity building initiatives, aimed at increasing energy efficiency, diffusion of renewable energies and efficient use of natural resources;

e) enhance capacity building initiatives for the sustainable development and deployment of oil, natural gas and electricity regional energy networks;

f) stimulate the mobilisation of increased financing for energy access, including through the improvement of investment conditions.



## **Development and Africa: promoting sustainable and inclusive globalization**

### **Responsible Leadership for Sustainable development**

94. In an increasingly interdependent world, all countries share common interest and responsibility in addressing the challenges of growth and sustainable development. Over recent years we have put these challenges at the forefront of our Summits, launching ambitious initiatives centered around the internationally agreed development goals, focusing on the Millennium Development Goals (MDGs), and achieving important results.

95. At a time of global economic crisis we are determined to assist developing countries in coping with the impact of the crisis, which is having a disproportionate impact on the vulnerable in the poorest countries, and to work with them to achieve sustainable development, food security, good governance, peace and security, in order to promote access to economic and social opportunities for all and improve human security.

96. Economic development and environmental protection are mutually reinforcing. Lasting progress in eradicating poverty can only be achieved if economic growth and climate change, through an ambitious agreement at Copenhagen, are addressed jointly. We are committed to enhancing our collaboration with partner countries in integrating low-carbon growth strategies and effective adaptation measures into their national development plans.

97. We are determined to exercise and share leadership to promote development through an inclusive approach to globalization. We call upon major economies, developing countries, international institutions and other global actors to work together with us to identify and implement collective and individual responses and produce concrete results in the fight against poverty.

98. To improve transparency and effectiveness we decide to strengthen our accountability with respect to G8 individual and collective commitments with regard to development and development-related goals. We have asked our experts to provide a preliminary report, attached as an annex, reviewing our achievements up to now. Furthermore, we have tasked a senior level working group to devise, in cooperation with relevant international organizations, a broader, comprehensive and consistent methodology for reporting with a focus on our activities in development and development-related areas and with attention to results. A report will be delivered in 2010 at the Muskoka Summit in Canada. We also ask for an international assessment, in 2010, on what is needed in order to achieve the MDGs.



## **A renewed commitment to development: assisting developing countries in coping with the crisis**

99. Growth and employment in developing countries are seriously threatened, jeopardizing progress achieved towards internationally agreed development goals, including the MDGs. The global economic slowdown has significantly reduced export revenues, private capital flows and remittances to developing countries. Declining government revenues and lower availability of external financing have also forced many governments in developing countries to consider cuts in vital investments and social safety net spending. This combination of external and fiscal pressure could generate macroeconomic and social instability with lasting effects on present and future generations. We must act now to prevent the economic crisis from turning into a deeper social crisis. We note the potential of an effective UN Global Impact and Vulnerability Alert System (GIVAS). We have therefore resolved to act with major emerging economies, developing countries and other relevant players to create the conditions for bolstering world trade and investment, placing world growth on a more solid path and minimizing the impact of the crisis on vulnerable populations.

100. We reconfirm our resolve to implement the Monterrey Consensus and the Doha Declaration on Financing for Development. In particular, despite the severe impact of the crisis on our economies, we reiterate the importance of fulfilling our commitments to increase aid made at Gleneagles, and reaffirmed at Heiligendamm and Toyako. For Africa, this will include increasing, together with other donors ODA by US\$ 25 billion a year by 2010, compared to 2004. The OECD-DAC estimated that the combined commitments of G8 and other donors would increase overall ODA by around \$50 billion a year by 2010 compared to 2004. We will continue to provide debt relief according to the Enhanced HIPC initiative, the Multilateral Debt Relief Initiative and the Paris Club's Evian Approach.

101. At the London Summit we have agreed a substantial increase of resources available through the International Financial Institutions (IFIs) for crisis support and sustaining growth. As G8 we remain firmly committed to the London decisions and their thorough and timely implementation. In addition, we will consider ways to improve developing country governments and private sectors' access to credit, explore enhanced approaches to sovereign debt restructuring based on existing frameworks and principles and encourage lenders and borrowers to pursue sustainable lending practices. We encourage non-DAC countries with high foreign exchange reserves to enhance development-friendly investment. We ask the International Financial Institutions to work with partner countries to strengthen capacities for debt management and improve monitoring instruments for promoting long-term debt sustainability.



102. The financial crisis makes it doubly important that we improve the effectiveness of our aid. We are firmly committed to implement the Paris Declaration and the Accra Agenda for Action (AAA), to ensure development effectiveness. Building on the results of the 2008 OECD Survey, we will accelerate implementation of our aid effectiveness commitments, with a strong focus on in-country implementation, to be reviewed at the 2011 Fourth High Level Forum on Aid Effectiveness. We stand ready to work with partner countries, non-DAC donors and providers of South-South cooperation to improve development results.

103. We encourage developing countries to continue implementing strategies that support inclusive and equitable growth and to further their efforts to provide regulatory frameworks which favour the development of sound and inclusive financial markets, private sector investment and employment. We encourage and support social protection mechanisms and safety nets to address the vulnerability of those who are hardest hit by the crisis. Where appropriate, we may use a counter-cyclical approach that allows for giving short term support to the most vulnerable people. We will also consider whether it is necessary to review priorities in our country aid programs, in the light of the current crisis.

104. We commend the IFIs swift response to the crisis and urge them to continue to coordinate their actions and expand financial support for developing countries, also considering accelerated disbursement of already approved funds and review of existing instruments. Therefore, we welcome the World Bank's establishment of the Vulnerability Framework.

105. We welcome the report of our Africa Personal Representatives on measures to strengthen the G8-Africa partnership and support the reform process of the Africa Partnership Forum.

106. We welcome the productive work of the Heiligendamm Process Working Group on Development and Africa, which has contributed to build a common understanding of development principles and we look forward to further explore and implement common effective approaches that will best benefit the needs of developing countries.

### **Building on Monterrey and Doha: a 'whole of country' approach to development.**

107. National governments have the primary responsibility for ensuring development, by engaging with their parliaments, local authorities, civil society organizations and citizens in shaping appropriate policies, mobilizing domestic resources and promoting their efficient and sustainable use. Yet a renewed commitment to fight poverty requires increasing efforts by public and private actors, from developed countries, emerging economies and developing countries. We will continue to support partner countries' efforts to increase domestic revenues through



modernized tax and customs regulations, improved revenue collection capacities and effective fight against tax evasion, illegal financial flows and corruption. We will enhance cooperation on financial transparency and tax information exchange.

108. Building on the Monterrey Consensus, as reaffirmed in the Doha Conference on Financing for Development, we will promote a comprehensive, “whole of country” approach to development. We will ensure stronger synergies across all relevant policies and foster the conditions for all actors in our country system – central and local governments, private sector, philanthropy and civil society – to contribute effectively to partner countries’ development. We will work with partner countries to maximize the impact of investment, trade, debt relief and sustainable debt financing, microfinance, remittances, domestic resources of partner countries, as well as development assistance, with a view to diversifying the mix of available financial resources and gradually reducing aid-dependency. We call on the international community to consider, where appropriate, broadening innovative financing initiatives on a voluntary basis and note the work of the Leading Group on Innovative Financing for Development. We will also explore the potential of new innovative financing mechanisms, including new forms of voluntary contributions by citizens and corporations.

109. Building on this “whole of country” approach, we will explore the feasibility and the relevance of a new assessment tool designed to fully comprehend the various contributions to the sustainable development of partner countries. Such a tool, taking into account a wide range of factors such as government aid and non-aid policies, private sector and civil society efforts, could also provide operational guidance on how to foster the contributions of our country systems to development and maximize their impact. In this respect, it could also constitute the basis for enhanced dialogue between G8 and partner countries on how to improve respective policies. We ask the OECD to elaborate further on this issue and report to our next Summit in 2010.

### **Strengthening G8 and global initiatives to achieve the MDGs**

110. We are aware of our responsibility in pushing forward the achievement of the MDGs, particularly in Africa. The interrelated nature of these Goals calls for comprehensive, coordinated and complementary development policies. These policies will be inspired by the principles of sustainability, inclusiveness and gender equality as well as by the five pillars of the Paris Declaration: ownership, alignment, harmonization, results-based management and accountability. We will promote gender equality as a key issue for aid effectiveness and to reduce poverty. We will frame our initiatives within partnerships involving all relevant stakeholders at global, regional and national level. In line with the AAA, where possible we will build upon existing partnerships and ensure that these are effective and inclusive, promote better coordination and division of labour, reduce fragmentation of aid, be aligned to partner countries’ priorities and strengthen these countries’ systems, with particular



attention to specific objectives and instruments for fragile and post-conflict environments.

### *Promoting Global Food Security*

111. Agriculture and food security should be placed at the core of the international agenda. We welcome the Final Declaration of the G8 Ministers of Agriculture who recently met in Treviso, and commit to continue working with partner countries and international and regional organizations to foster the conditions for ensuring sustainable access to sufficient, affordable and safe food to everyone. The economic crisis dramatically changed the scenario we faced when we last convened in Toyako. Although global commodity and food prices significantly decreased in many regions, they remain high compared with historical levels. As a consequence of spikes in food prices, the number of people suffering from hunger increased by 100 million up to 1 billion and could significantly worsen as the global economic crisis unfolds. Lower incomes and higher unemployment reduce the purchasing power of the poor, worsening their access to food. The climate change impact on agriculture and decreasing availability of water could aggravate the already critical situation of food security, requiring broader adaptation and mitigation efforts.

112. In Toyako we agreed to undertake all possible measures to ensure global food security, highlighting that the G8 had committed over US\$ 10 billion since January 2008 for short, medium and long-term purposes, to support food aid, nutrition interventions, social protection activities and agricultural output increase. The monitoring report by our experts confirms that from January 2008 to July 2009 US\$ 13 billion have been disbursed and that substantial additional commitments have been undertaken since the Toyako Summit.

113. With a view to ensuring a more food secure world, we commit to:

- a) stimulate sustainable growth of world food production, by promoting increased investment in agriculture, including through development assistance, and with particular attention to small-hold farmers; promote well-functioning and transparent international, national and local markets as a means to reduce the volatility of prices and combat speculation; work with governments and regional organizations to strengthen national agricultural research systems; increase investment and access to scientific knowledge and technology, also by strengthening the role of the Consultative Group for International Agricultural Research (CGIAR); encourage appropriate land and natural resource management, the protection of biodiversity and the adaptation to climate change.
- b) noting a growing trend of international agricultural investment, including land leasing and purchases in developing countries, we will work with partner countries and international organizations to develop a joint proposal on principles and best practices for international agricultural investment.



c) foster a more efficient and coherent international agricultural and food security architecture by: advancing the reforms of the FAO, the Committee on World Food Security and other specialized agencies and their cooperation at global, regional and country level; enhancing food aid effectiveness; continuing to explore various options on a coordinated approach to stock management; advancing trade negotiations to achieve a balanced, comprehensive and ambitious conclusion of the Doha Round.

d) support country-led and regional processes, such as the Comprehensive Africa Agriculture Development Programme (CAADP), to promote sustainable agriculture, the development of local markets and rural non-farm economies, as well as to strengthen early warning systems, social protection mechanisms and safety nets for vulnerable population groups.

114. We will keep supporting an integrated approach to achieve global food security, respond to emergencies and prevent future crises, building on the UN Comprehensive Framework for Action (CFA). Pursuant to our Toyako commitments, we welcome the progress achieved so far, in close cooperation with the UN High Level Task Force on Global Food Security Crisis (HLTF), towards establishing the Global Partnership for Agriculture and Food Security (GPAFS). We also welcome the results of the recent meetings of our Agriculture Ministers and Development Ministers on this process. We call upon all stakeholders to join the Partnership and we pledge to advance, by the end of 2009, in the implementation of the Global Partnership for Agriculture and Food Security.

115. In line with our comprehensive approach to development and building on existing UN and other international and regional institutions, the GPAFS should address food security by promoting sustainable agricultural development, taking account of climate impacts, and building resilient societies. The GPAFS should generate political momentum for a comprehensive, inclusive, action-oriented and effective response to food insecurity at national, regional and global levels. It should enable all relevant stakeholders (e.g. consumers and producers, smallholders and women farmers, civil society, private sector and academia) to share best practices, coordinate actions and improve resource management.

### ***Promoting sustainable access to Water and Sanitation***

116. Many developing countries, particularly in Africa and Asia-Pacific, are still far from achieving sustainable access to water and sanitation and integrated water resource management, indispensable for sustainable development. We are determined to generate political momentum at international, regional and national levels for the internationally agreed goals, including the MDGs and their targets on safe water and basic sanitation. Climate change will have significant impacts on water resources management and service provision. We will accordingly strengthen our efforts to support improved water management to build resilience and drive adaptation, and



against desertification, support disaster risk reduction and enhance science-based information provision, data collection and analysis.

117. We welcome the G8 water experts' report on the implementation of the Evian Water Action Plan. Despite clear advances, much needs to be done. While recognizing that water and sanitation challenges require leadership, investments, and action by governments, civil society and private sector in developing countries, we will strengthen our support to partners on the basis of their commitments, to improve resource management, governance, and sustainable financing.

118. Together with African partners we will launch a strengthened Africa-G8 water and sanitation partnership based on mutual accountability and shared responsibility, to implement respective commitments on water and sanitation and respond to the reciprocal call for improving joint work made at the 2008 G8 and AU Summits. Within the framework of this partnership, building on successful initiatives, we will support African partners to implement their commitments to: prioritize water and sanitation within national development plans; develop resource mobilisation strategies, including national budget allocations and sustainable cost recovery policies; involve all relevant stakeholders and promote programs to strengthen the capacity of local actors and the monitoring of progress. G8 efforts will include: supporting country-level coordination processes led by national governments towards aid effectiveness; strengthening the capacity of local actors and institutions, including regional organizations such as the AU and AMCOW; reinforcing complementarities and synergies with existing multilateral and regional initiatives. We will continue working with African partners at all levels, with a view to achieve tangible progress in the advancement of the partnership by the end of 2009.

119. For the Asia-Pacific region, we will continue implementing the Evian Plan of Action with a particular focus on integrated water resource management and work on key regional issues such as climate change adaptation and transboundary river basin management.

### ***Promoting Global Health***

120. Since the Okinawa and Genoa Summits, with the launching of the Global Fund to Fight AIDS, Tuberculosis and Malaria, we have played a critical role in supporting progress towards health-related MDGs. We have made progress towards universal access to HIV/AIDS prevention, treatment, care and support; Malaria; Tuberculosis; Polio and child mortality rates. Despite these efforts, progress towards health-related MDGs, especially for child mortality and maternal health is still off-track particularly in Sub-Saharan Africa. In addition, the health situation is further aggravated by the burden of non-communicable diseases.

121. In the current global financial crisis we reaffirm our commitment to address the health needs of the most vulnerable, especially women and children. In this regard,



we encourage the WHO, World Bank and other partners to monitor the impact of the crisis on health and advise on actions to be taken at country and global level. In order to advance the goal of universal access to health services, especially primary health care, it is essential to strengthen health systems through health workforce improvements, encompassing both health professionals and community health workers, information and health financing systems including social health protection, paying particular attention to the most vulnerable. We reaffirm our commitment to address the scarcity of health workers in developing countries, especially in Africa and we note the 2008 Kampala Declaration and the Agenda for Global Actions launched by the Global Health Workforce Alliance. We encourage the WHO to develop by 2010 the Code of Practice on the International Recruitment of Health Personnel. We will also begin to address substantial gaps in knowledge about how to manage, organize and deliver health care in Sub-Saharan Africa through a variety of strategies, including by developing networks of researchers and by working with our African partners to establish a consortium of interdisciplinary centres of health innovation. As an enabling first step in developing the consortium, we will convene a planning meeting in late 2009 with African partners to establish a roadmap. We will work with partner countries and international institutions to promote well-functioning information systems. We also encourage multilateral institutions – including WHO, World Bank, GFATM, GAVI, UNITAID and UN Organizations – to continue to support health system strengthening. We encourage them to further improve coordination with plans and processes in partner countries and international health partnerships.

122. We promote a comprehensive and integrated approach to the achievement of the health-related MDGs, also maximizing synergies between global health initiatives and health systems. We will accelerate progress on combating child mortality, including through intensifying support for immunization and micronutrient supplementation, and on maternal health, including through sexual and reproductive health care and services and voluntary family planning . We warmly support building a global consensus on maternal, newborn and child health as a way to accelerate progress on the Millennium Development Goals for both maternal and child health, through (i) political and community leadership and engagement; (ii) a quality package of evidence-based interventions through effective health systems; (iii) the removal of barriers to access for all women and children, free at the point of use where countries chose to provide it; (iv) skilled health workers; (v) accountability for results. We encourage the work of the WHO, WB, UNICEF and UNFPA are doing to renew international efforts on maternal and child health. We will implement further efforts towards universal access to HIV/AIDS prevention, treatment, care and support by 2010, with particular focus on prevention and integration of services for HIV/TB. We will combine this with actions to: combat TB and Malaria; address the spread of Neglected Tropical Diseases and work towards completing the task of polio eradication; improve monitoring of emerging infectious diseases. In this regard, we



stress the importance of addressing gender inequality. We commend the strong African leadership in addressing health challenges and welcome the launch of the African Leaders Malaria Alliance on the occasion of the 64th UNGA in September 2009.

123. We also recognize the need to strengthen the link between health sector and other policies by promoting the strategic approach of “health as an outcome of all policies”. We aim at addressing the key determinants of health through mutually reinforcing policies across sectors such as poverty reduction, food and nutrition, water supply and sanitation, education, gender equality, employment, housing, justice, environment and science and technology. We commit to counter any form of stigma, discrimination and human rights violation and to promote the rights of persons with disabilities and the elimination of travel restrictions on people living with HIV/AIDS.

124. We invite partner countries to increase and effectively use their domestic financing for health in line with the principles of the Rome, Paris and Accra Declarations. We recognize the critical role and contribution of the Global Fund, WHO and the World Bank. We encourage them to assist, together with other relevant actors in the design of comprehensive, robust and well-costed country-led strategies and plans, building on experience such as the International Health Partnership (IHP+) and other initiatives including Providing for Health. We acknowledge the work of the Leading Group on Innovative Financing for Development and the report of the High Level Taskforce on Innovative International Financing for Health Systems, which present a set of options from which countries and stakeholders can choose on a voluntary basis to mobilize resources to strengthen health systems. A number of G8 countries are considering and taking forward specific Leading Group and Task Force recommendations.

125. We reaffirm our existing commitments, including the US\$ 60 billion investment to fight infectious diseases and strengthen health system by 2012. Building on the decisions taken at St. Petersburg, Heiligendamm and Toyako, we have established a follow-up mechanism to monitor the progress of health commitments. We welcome the report submitted by our experts, highlighting progress and proposing further actions, and we commit to further improvements.

### *Advancing towards Education for All*

126. Investing in education and skills development is crucial for a sustainable recovery from the current economic crisis and for long term development. We reaffirm the right to education for all. We favour an integrated approach to education systems, prioritizing access to and completion of quality primary education and also addressing post-primary education, vocational training and skills development, and adult literacy, according to partner countries’ specific needs. We support efforts to include educational strategies within broader development policies, in the spirit of the



“Acting together” Oslo Declaration by emphasizing the principles of aid effectiveness and division of labour.

127. We remain committed to the goals of Education for All (EFA) and we welcome the progress made so far, but we recognize that decisive action is still needed. We reaffirm that no country seriously committed to EFA will be thwarted in the achievement of this goal by lack of resources. We continue to paying special attention to countries affected by conflict or crises, girls, children in rural areas, children with disabilities, working children and those living or affected by HIV/AIDS. In this perspective, governments should enhance the quality of education also through the recruitment, training, retention and better management of qualified teachers. We welcome major global campaigns to promote support for education, through international events, such as the FIFA World Cup in 2010. We welcome the creation of an international Task Force on “Teachers for EFA”, aiming to address the “teacher gap”.

128. We reiterate our support to the Education for All - Fast Track Initiative (EFA-FTI) as a good practice for aid effectiveness. We will continue to facilitate the implementation, within 2009, of the EFA/FTI’s reform process with specific attention on the most effective governance structures and financing mechanisms. This process will be based on the preliminary findings of the ongoing FTI evaluation. We, along with other donors, are committed to a unified approach, mobilizing predictable bilateral and multilateral resources in order to fulfil the financial shortfall estimated by the FTI at \$1.2 billion over the coming 18 months, and to close gaps in education data, policy and capacity to accelerate action on EFA. We welcome the report submitted by our experts concerning progress on our support to EFA-FTI which shows how education contributes to the whole MDG Agenda and is a key factor in poverty reduction. We welcome the holding of the next FTI meetings in Italy in autumn 2009.

### *Strengthening capacities and coordination mechanisms for peace and security in Africa*

129. Peace and security are prerequisites for sustainable development. Post-conflict developing countries face particular challenges in reaching the MDGs and need special assistance. We have assessed progress in the implementation of our existing commitments to strengthen peacekeeping and peace-building capacity in Africa. We will reinforce G8 programs, taking action to:

a) enhance coordination for peace support operations, recognizing the leading role of the UN, and in particular the UN Security Council. We will increase efforts to: coordinate material and logistical assistance, training, and planning activities; assess with partner countries the causes of conflict to produce clear and achievable mandates for peace operations and improve peace-building efforts; integrate civilian, police and military components. We will strengthen the role of the Africa Clearing



House by examining with the AU how a dedicated website and database on peace and security activities might be established with G8 support to provide for continuous information exchange and ensure better coordination, coherence and synergy amongst our initiatives. We task our experts to elaborate further specific proposals by the next Summit.

b) provide assistance, including financial, for African-led peace support operations, and work towards flexible and predictable funding. We commit to help strengthen the African Union and Regional Economic Communities' peacekeeping capabilities, including by assisting in the full operationalisation of the African Peace and Security Architecture (APSA) including the African Standby Force (ASF).

c) improve capacity building efforts and rapid deployment of capabilities, focusing on: civilian and police expertise, including justice mediation and reconciliation; humanitarian assistance; recovery and reconstruction. We will support training of trainers activities and centres of excellence in Africa, and assist in building international networks of training centres to achieve common quality standards. In the context of the APSA we have assessed the different initiatives which have been launched together with African partners, including the training priorities for the ASF. We commit to address those priorities, including on civilian and police components, complementing ongoing donor initiatives.

d) support maritime security capacity development in Africa. In this respect, we welcome and support the growing interest of the African Union and its member States in maritime security, which is a prerequisite for development and must be strengthened to improve Africa's trade and investment climate.

e) improve aid effectiveness in conflict and fragile environments. We are strongly committed to implement the Accra Agenda for Action provisions on adapting aid policies in fragile situations. Reaffirming the OECD-DAC Principles for Good International Engagement in Fragile States and Situations, we emphasize the need for assistance based on the principles of coherence, coordination and complementarity, as reflected in the "3C Roadmap" adopted at the 2009 Geneva Conference. We welcome the Conference's operational recommendations to implement these principles through whole of system and whole of government approaches to fragile and conflict situations.

f) enhance work with the UN System, International Financial Institutions and other donors, to build partnerships on peace and security. We welcome the efforts of the UN-AU High Level Panel in producing a report on the financing of AU-led peace support operations and commit to working with the UN and AU to address the issues raised, emphasizing the importance of regional dimensions, ownership and institutions for peace and security in Africa. We call upon major emerging economies and other actors such as the UN Peacebuilding Commission to develop a constructive dialogue to tackle together conflict and post-conflict situations.



g) encourage partner countries to take an integrated approach in developing their security systems, based on the principles of rule of law, good governance and human rights, and the strengthening of governmental capacity to improve the provision of safety, security and justice.

## **Strengthening governance and the private sector for economic growth**

### *Promoting effective governance*

130. Democratic, effective and participatory governance is crucial for economic growth and poverty eradication. Transparent and accountable policy frameworks, the responsible use of political power and the rule of law are essential determinants of sustainable development. We welcome and support the strong commitment of the African Union to improve governance, including through the NEPAD African Peer Review Mechanism. We encourage timely implementation of its country Plans of action.

131. We remain committed to support capacity enhancement programs for good governance, accountability and transparency measures in order to foster democratic ownership of development agendas. In particular:

a) Recalling the Okinawa Charter on the Global Information Society and the Genoa G8 Action Plan for Digital Divide, we support further initiatives to narrow the digital gap to underpin institution-building, the modernization of public services and the strengthening of legislative and democratic processes.

b) Recalling our Action Plan for Good Financial Governance in Africa, we welcome the launch in 2009 of the African Tax Administration Forum (ATAF) as an important initiative to improve capacities and mobilize and efficiently use domestic resources. We ask the African Development Bank, in cooperation with the OECD, to systematically monitor the interaction between aid flows, growth and domestic tax capacity development in Africa and to report back to our next Summit. We will also support capacity building for improved financial and legal systems, to provide for the necessary tax reforms and for better international cooperation in the fight against tax evasion. In this respect we encourage the OECD and other relevant organizations to expand their work on tax havens on issues relevant to developing countries.

c) Recognizing the key role of the extractive industries for the development and stability of many partner countries, we commend progress made by the Extractive Industries Transparency Initiative (EITI) and other initiatives such as the Forest Law Enforcement and Governance (FLEG) process for timber and the Kimberley certification process for rough diamonds. We reaffirm our commitment and support for the full implementation of these initiatives that can play a key role in increasing public revenues, and reducing corruption, conflict and violence fuelled by revenues from natural resources. We recommend the participation of further countries and companies in these initiatives. We strongly encourage EITI candidate countries to



complete their validation process within the agreed timeframe. In addition, we encourage all firms operating in the extractive sector and in weak governance zones to adopt international corporate social responsibility guidelines, such as the OECD Guidelines on Multinational Enterprises. In this respect, and with reference to the Great Lakes Region, we welcome the efforts of the International Conference on the Great Lakes Region to tackle illegal exploitation of natural resources and encourage the OECD, the United Nations and the Global Compact to work with the Conference and engage with key stakeholders to further develop practical guidance for business operating in countries with weak governance.

d) Recalling our recognition in the AAA of the crucial role of Civil Society Organizations (CSOs), we encourage governments to adopt legislation which is consistent with international laws and conventions, enabling civil society organizations, including the media, to exist and operate freely and effectively.

e) Given the importance of the fight against bribery and corruption for good governance, we urge all countries to adhere to the United Nations Convention Against Corruption (UNCAC).

### *Strengthening the private sector*

132. A healthy, vibrant and competitive private sector is crucial for promoting growth and poverty reduction. Sound macroeconomic and regulatory frameworks must be pursued, along with adequate infrastructure networks that can support regional integration. This is also the best incentive for attracting investment and strengthening trade. We commend the work of the Investment Climate Facility (ICF) for Africa as a model of African-led reform. We welcome progress made by the Infrastructure Consortium for Africa (ICA), the EU-Africa Infrastructure Trust Fund as well as bilateral financing initiatives. Functioning financial markets are a key to foster economic growth. We strongly encourage public-private partnerships and a wider use of risk-mitigation instruments that leverage resources toward improving access to credit in developing countries.

133. In line with our “whole of country” approach to development, and recalling the UN MDG Business Call to Action, we will favour the comprehensive engagement of our private sector and civil society in partnerships aimed at leveraging resources and expertise to strengthen productive and trade capacities in developing countries. Reaffirming our commitment to a swift, ambitious and balanced conclusion of the Doha Round and the importance of promoting meaningful market access, we note progress made towards achieving a collective effort on trade-related assistance of \$4 billion annually by 2010. In this respect, we welcome focus on results and effectiveness of aid for trade initiatives addressing supply-side constraints, especially the least developed countries, and strengthening regional integration, and encourage our developing country partners to integrate trade into their national development strategies.



134. Given the development impact of remittance flows, we will facilitate a more efficient transfer and improved use of remittances and enhance cooperation between national and international organizations, in order to implement the recommendations of the 2007 Berlin G8 Conference and of the Global Remittances Working Group established in 2009 and coordinated by the World Bank. We will aim to make financial services more accessible to migrants and to those who receive remittances in the developing world. We will work to achieve in particular the objective of a reduction of the global average costs of transferring remittances from the present 10% to 5% in 5 years through enhanced information, transparency, competition and cooperation with partners, generating a significant net increase in income for migrants and their families in the developing world.