



## High Level Meeting on Africa's Development Needs: State of Implementation of Various Commitments, Challenges and the Way Forward'

22 September 2008

### Summary Report Side Events

**Title:** The MDG Africa Steering Group and the Gleneagles Scenario Approach to Scaling Up ODA

**Date and Venue:** Monday 22 September, Conference Room 8, Basement Level 1  
UN General Assembly Building

**Organizers:** UNDP, with the Republic of Bénin, the Republic of Rwanda, the EC, IMF, World Bank, the Africa Progress Panel, the Earth Institute and Oxfam

**Chair(s):** Moderator: Prof. Jeffrey Sachs, UN Special Advisor on the MDGs  
Keynote speaker: Hon. Mrs. Rosemary Museminali, Minister of Foreign Affairs and Cooperation, Rwanda  
Keynote speaker: Hon. Mr. Roger Dovonou, Minister of Agriculture, Livestock and Fisheries, Bénin  
Keynote speaker: Mr. Dieudonné Dahoun, Director of Development Policy, Ministry of Development, Bénin  
Host: Mr. Moustapha Soumaré, Acting UNDP Asst. Administrator and Director, Regional Bureau of Africa  
Focal points: Boubou Camara and Brett House, UNDP

#### 1. Introduction (Background and Context)

**Incomplete fulfillment of donor commitments to scale up ODA has become a limiting constraint on the MDGs and the MDG Africa Steering Group has proposed the Gleneagles Scenarios as means of resolving this impasse.** In 2005, the G8 committed at its Gleneagles Summit to more than double official development assistance (ODA) to Africa with an additional US\$25 billion per annum (in 2004 real terms) by 2010. At end-2007, OECD/DAC figures indicate that only about one-third of this increase in ODA has been programmed. In the context of strong macroeconomic fundamentals, including substantial mobilization of domestic resources; improved governance; well-designed and consultative Poverty Reduction Strategy Papers (PRSPs); and an international consensus behind key priorities for poverty reduction, the lack of adequate external financing appears to be the key constraint on the achievement of the MDGs in Africa—a constraint that must be resolved.

**The 2005 Gleneagles commitment to more than double annual ODA to Africa translates into flows in 2010 of about US\$85 per capita per year in 2004 terms, or about US\$105 per capita in nominal 2007 terms.** The 2005 Gleneagles G8 Summit committed to increase ODA to Africa by US\$25 billion in 2004 dollars by 2010 (to total some US\$62 billion at average 2007 prices and exchange rates), and global

ODA by US\$50 billion in 2004 dollars over the same period.<sup>1</sup> These annual flows translate into US\$85 per capita in real terms or US\$105 per capita in 2007 nominal terms.<sup>2</sup> For the purposes of this exercise and to maintain the most conservative stance possible, the lower US\$85 per capita target is used as the target for the Gleneagles Scenarios in deference to the fact that paragraph 27 of the Gleneagles communiqué does not *explicitly* lay out the commitment to scale up ODA in real terms (though the commitment cannot be understood otherwise).

**At present, the OECD/DAC estimates that only about a third of the planned scaling up under the Gleneagles commitment has been programmed.** The world is seriously off-track in its efforts to meet this commitment by 2010 despite the reaffirmation of this commitment at the 2008 G8 Hokkaido summit. ODA remains unpredictable from year to year, which seriously impedes the multi-year planning needed to build the health, education and social systems necessary to achieve the MDGs. Urgent action is necessary.

**The Gleneagles Scenarios posits a situation in which donors actually follow through on their commitments and considers the implications at the country level of scaled-up development expenditure.** The Scenarios consist of three major components:

- *Review of a country's medium-term expenditure framework (MTEF)* to 2010 to identify the annual profile of current and anticipated spending in MDG-related sectors and the extent to which domestic and external financing covers these needs. Where detailed data are not available, AfDB, IMF, World Bank, and UN Country Teams have worked with Governments to prepare estimates and projections;
- *A possible profile for scaling up country-level ODA to Gleneagles levels by 2010*, accompanied by an alternative 'Gleneagles' MTEF, tied to specific projects and programmes, drawn from the existing PRSP or national development strategy, and linked to clear expectations about the likely results of additional spending; and
- *An IMF-endorsed macroeconomic analysis of the scaled-up MTEF* to ensure that the additional financing can be absorbed and spent in a manner consistent with macroeconomic stability, growth and poverty reduction. These analyses are in-line with the assessments of alternative scaling-up scenarios called for by the IMF Independent Evaluation Office and endorsed by the IMF Executive Board in 2007.

**Panelists and participants in the side event were unanimous in their call for donors to meet their ODA commitments to Africa.** This side event reviewed the MDG Africa Steering Group's recommendations for accelerated sector-by-sector achievement of the MDGs in Africa and the Steering Group's work on Gleneagles Scenarios to help facilitate scaled-up ODA to Africa in support of the implementation of these recommendations. It also considered bilateral initiatives to make ODA more predictable and effective, as well as perspectives from civil society.

## **2. Organization (Chair, Panelists, Presenters and Participants)**

### **Opening remarks:**

Dr. Asha-Rose Migiro, Deputy Secretary-General of the United Nations

### **Keynote speakers:**

Hon. Mrs. Rosemary Museminali, Minister of Foreign Affairs and Cooperation, Rwanda

Hon. Mr. Roger Dovonou, Minister of Agriculture, Livestock and Fisheries, Bénin

Mr. Dieudonné Dahoun, Director of Development Policy, Ministry of Development, Bénin

### **Panelists and discussants:**

Rt. Hon. Lord Mark Malloch Brown, Min. of State for Africa, Asia and UN, United Kingdom

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<sup>1</sup> 'G8 Gleneagles 2005 Communiqué—Africa', G8 (2005), para. 27.

<sup>2</sup> Per capita numbers are relevant here since they allow us to relate ODA flows to specific basic interventions needed across an entire populace to achieve the MDGs.

Dr. Donald Kaberuka, President, African Development Bank  
Dr. Obiageli Ezekwesili, Vice-President, Africa Region, World Bank  
Mr. Bernard Petit, Deputy Director General, Development Directorate, European Commission  
Dr. Calvin McDonald, Division Chief, African Department, IMF  
Mr. Bob Geldof, Africa Progress Panel  
Mr. Takumo Yamada, Advocacy Manager, Oxfam

**Moderator:**

Prof. Jeffrey Sachs, UN Special Advisor on the MDGs

**Participants (not exhaustive):**

Amb. Cheick Sidi Diarra, Special Advisor on Africa, United Nations  
Amb. Olukorede Willoughby, Acting Executive Head and Deputy Chief Executive, NEPAD Secretariat  
Amb. Patrick Hayford, Director, Office of the Special Advisor on Africa, United Nations  
Delegates of Member States  
Senior management and staff of UN and other multilateral institutions, agencies, programmes, funds and associations.  
Representatives of civil society organizations

**3. Summary Discussions**

Asha-Rose Migiro, UN Deputy Secretary-General, underscored that the MDG Africa Steering Group's recommendations and the Gleneagles Scenarios are practical, evidence-based open-source frameworks that need to be adopted, financed and implemented expeditiously.

Jeffrey Sachs, UN Secretary-General's Special Advisor on the MDGs, urged the G8 to fulfill their pledge of more than doubling aid for Africa in real terms by 2010, suggesting that although the funds needed exist and are well within existing budgets and aid commitments, the political will to provide them is lacking.

Obiageli Ezekwesili, Vice-President, Africa Region, World Bank, said the Gleneagles scenarios underpin country ownership by identifying programmes in current Poverty Reduction Strategy Papers that have not been fully financed, or could be scaled up with additional financing.

Moustapha Soumaré, Acting UNDP Assistant Administrator and Director, Regional Bureau of Africa, and host of the event, said the MDG Africa Steering and Working Groups have been instrumental in identifying what needs to be done to achieve the MDGs in Africa, he noted that UNDP's contribution to their work through the provision of a secretariat, and he explained that UNDP is scaling up its efforts to build implementation capacity in Africa.

The keynote speakers from Bénin and Rwanda, in reviewing their work on Gleneagles Scenarios, outlined the progress that can be achieved with adequate financial and technical support from the international community and highlighted the severe financing constraints that they face in their pursuit of the MDGs.

Roger Dovonou, Minister of Agriculture, Livestock and Fisheries, Bénin, thanked UNDP for the partnership forged with the Béninois Government during the preparation of Bénin's Gleneagles Scenario and underscored his government's determination to do its part to meet the MDGs. He invited Mr. Dahoun to present the key elements of Bénin's Gleneagles Scenario.

Dieudonné Dahoun, Director of Development Policy, Ministry of Development, presented the initial findings of Bénin's Gleneagles Scenario, calling for ODA to be increased so that critical unfinanced projects and programmes can be implemented.

Rosemary Museminali, Minister of Foreign Affairs and Cooperation, Rwanda, noted that while the country is unlikely to achieve the targets for eradicating extreme poverty and hunger or maternal mortality, all other targets are attainable. She explained that Rwanda had recently eliminated the gender disparity in government. She explained that after having gone through the HIPC completion point, the country is bound by strict debt-sustainability criteria that prevent it from borrowing needed funds to achieve the MDGs. These constraints must be relaxed if donors do not provide grants.

Calvin McDonald, Division Chief, African Department, International Monetary Fund (IMF), highlighted the IMF's assessment of the macroeconomic implications of scaled-up aid to Bénin, Niger, and Togo, and said the effects of increased ODA could be managed and would have a positive impact on GDP growth. He called for more ODA to be delivered as grants.

Lord Mark Malloch Brown, Minister of State for Africa, Asia & UN, UK, said the meeting's "call to arms" is vital for reminding people of their international commitments made at Gleneagles. He underscored the need to bring new participants into the discussions on ODA.

Takumo Yamada, Policy Director, Oxfam, highlighted the need for donors to provide long-term, predictable aid, and said there needs to be clear timetables for delivery on existing commitments before the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, in Doha, Qatar, in November 2008.

Bernard Petit, European Commission, called for implementation of the EC's MDG Contract that includes a six-year budget commitment to ensure predictable financing. He welcomed the Gleneagles Scenario's focus on identifying and building absorptive capacity so that aid can be spent effectively.

Mr. Bob Geldof, Africa Progress Panel, said people must consider a situation in which the G8 may not meet its Gleneagles commitments, and that this provides the impetus for new actors to step in, such as Brazil, China, the Middle East and Gulf States.

Donald Kaberuka, African Development Bank, told the meeting that he hoped the financial crisis does not lead to a reduced effort for the developing countries. The ODA commitments are modest and realistic. They need to be fulfilled

The MDG Africa Steering Group has estimated that achievement of the MDGs in Africa will require US\$72 billion per year in external financing. This is a significant amount, but it is inline with existing commitments and aid flows. If one combines the Gleneagles commitment for Africa, valued at a total US\$62 billion in 2007 terms, plus existing ODA flows from non-OECD/DAC donors and private foundations, Africa's MDG external financing needs are covered. And for perspective, US\$72 billion looks affordable when compared with expenditures in other sectors. For perspective, the Stockholm International Peace Research Institute (SIPRI) estimates that the world spent US\$1.2 trillion on its militaries in 2006. OECD governments spent an estimated US\$267 billion on agricultural subsidies last year. Finally, Wall Street bonuses totaled more than US\$33 billion in 2007.

#### **4. Conclusions, Recommendations and Follow-up Actions**

- The side event's speakers made clear that external financing is the limiting factor on achievement of the MDGs in Africa and sought commitments to implement the recommendations of the MDG Africa Steering Group's recommendations.
- Participants called for work on the Gleneagles Scenarios to be extended to any country that requests it in order to mobilize resources at the country level. Gleneagles Scenarios were recognized as a useful contribution to donor roundtables and consultative group meetings.
- Panelists also emphasized that ODA commitments should be treated as binding contracts since the unpredictable delivery of aid creates major problems for African governments.
- The macroeconomic implications of increased ODA flows can be managed, but that to ensure debt sustainability is maintained, the bulk of ODA flows should be provided as grants.
- In a similar vein, it was noted that the financing needs of countries that have passed through the HIPC completion point—as well as countries that were not included in the HIPC Initiative—need to be addressed. Despite strong macroeconomic performance and exemplary World Bank Country Policy and Institutional Assessments (CPIA) that permit some of the highest possible debt ceilings, some countries have found that their hands are bound from borrowing adequately to finance attainment of the MDGs.
- Consistent with the design of the Gleneagles Scenarios, Africa's development partners can usefully put an emphasis on practical efforts to build absorptive capacity through support for project development, procurement and human-resource management.

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**Annexes: Programme, Keynote presentations by Bénin and Rwanda**