

Development in a Downturn

When historians look back at 2008, from the perspective of development, developing countries and poor people, they will find a hugely significant and turbulent year. Although there were economic clouds on the horizon as 2008 began, much of the development agenda was making positive progress, and doing so notably under Japanese G8 leadership.

The G8 Hokkaido Summit reaffirmed our collective commitments to reach the Millennium Development Goals, to deliver what we promised previously on development including on education, HIV/AIDS. In that respect the Japanese and UK Presidencies of the G8 (2005) can be seen as an example of excellent complementarity. Further Japan held the extremely successful TICAD event and the world took note that Japan was once again at the forefront on development.

As we entered the autumn, there was further good progress on development with the outcomes of the Accra High Level Forum on Aid Effectiveness. In that place we made meaningful but very stretching commitments to deepen our efforts to make aid more effective. In doing so we brought much greater involvement of the partner recipient countries to the negotiating table, and we consolidated efforts made in the past. None of us will find implementing the agreement easy but that is why it was right to make such an agreement. The collective wisdom of a group of friends such as members of the OECD-DAC and our collective will and pressure to do better will keep us on track.

Later in September the UN Secretary General hosted his High Level meeting which became known as the MDG High Level event. The world hailed the Millennium Development Goals when they were signed by world leaders in 2000 and if anything the 2008 event was even more significant. For the MDG event consolidated the pro-development consensus and brought in faith leaders, civil society and business. It showed that all recognised that we were working for a collective and interdependent future. And let us not forget the significance of pledges of development assistance that totalled over \$16bn US.

In late November the UN held the Doha Financing For Development Conference, and it was there that real discussion of the early impacts of the financial crisis began. For as this crisis started, it was thought of as a banking crisis. But the reality has become so

much more. And now our language has changed to talk of a global economic crisis.

It is the second wave effects that are producing the devastating effects for the poor with every source of financing for developing countries under threat.

As during the Asian financial crisis, there is now a real risk of long-term damage to development progress around the world. The World Bank estimated that the food and fuel crises pushed up to 150 million people into poverty. We do not yet know how many are being affected by the economic crisis but many children will suffer permanent damage as a result of malnutrition.

At the London Summit on 2 April, the world's major economies will need to act to restore confidence, start to rebuild the major institutions such as the World Bank, IMF and address the development needs of the poorest.