

Newsletter



g7+ Ministers meet with the IMF Managing Director in Washington

RECENT ACTIVITIES

Over the months of October and November significant international meetings were held with high-level g7+ participation.

The g7+ relationship with the World Bank and the IMF was strengthened through two meetings that took place in Washington DC on the 13th of October.

In the first the President of the World Bank, Jim Yong Kim met with a g7+ delegation including Ministers from Afghanistan, CAR, Guinea-Bissau, Haiti, Liberia, Somalia, South Sudan, Timor-Leste and Togo. The Prime Minister of Timor-Leste also attended.

This meeting marked the third time the current President has met with a g7+ delegation to discuss ongoing needs and better ways to partner for accelerated results. The President explained that a focus on Fragile States is a "cornerstone" of the Bank's new strategy and that the current IDA17 replenishment is set to provide more flexible resources to fragile and conflict-affected states. Plans are in place for allocation increases of up to 50% by 2017.

Prime Minister Xanana Gusmão of Timor-Leste welcomed the Bank's recognition that fragile states are the new front line of poverty reduction and said that the g7+ looks forward to working with the Bank as it reforms its policies, instruments and operations. He noted the progress in New Deal implementation in 2013 with 5 fragility assessments completed, the pledge of \$2.4 billion of assistance to Somalia on the back of its New Deal Compact and the coming impact of additional support to South Sudan that will be facilitated by its nearly completed Compact.

Minister Sabuni of South Sudan noted the determination of g7+ countries to achieve resilience and spoke of four main areas that the g7+ and the Bank could address: the use of country systems, capacity building, accelerating job creation and eligibility for the IDA17 Turnaround Fund. Other g7+ Ministers added their own country perspective and touched on subjects such as youth unemployment, an integrated jobs agenda and particular ways to "support and not substitute" country capacity.

Welcome!

When I do take a moment to catch my breath and reflect a little on 2013 I can certainly say it has been a remarkable year for the g7+. The New Deal Compacts in Africa, the progressive changes in the behaviour of our development partners, the space and respect being given to the g7+ by institutions such as the World Bank and the impact of the ideas and themes of the g7+ in the Panel Report on the Post-2015 Agenda – these are all a big deal for our "little" g7+.

Thank you to the Secretariat, focal points and Ministers that have worked so hard this year. No doubt 2014 will be both challenging and rewarding!

Emilia Pires

Chair of the g7+



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COUNTRY UPDATE - CHAD



In September this year it was a great pleasure for the Chair of the g7+ to visit Chad and to meet with the Prime Minister, the Minister of Economy and Planning, development partners and representatives of Chad's

civil society. This African country is home to some 11.5 million people who are progressively experiencing the impact of development with natural resource revenue assisting the nation to address many of its challenges.

In 2003 Chad became an oil-producing nation with crude oil quickly superseding the traditional cotton industry as the country's primary source of export earnings. Before this time the Chadian economy was predominantly agrarian, with GDP per capita estimated at around US\$ 220. By 2010, GDP

per capita had risen to about US\$ 674. The increase in revenues created by the on-set of oil led to an important increase in public spending in priority poverty reducing sectors as highlighted in the Government's Poverty Reduction Strategy Paper. Since 2007, 70% of the direct and indirect oil revenues have been allocated to priority sectors such as Health, Education, Rural Development, Infrastructures and Justice. As a result, the percentage of population living below the poverty line has fallen from 55% in 2002 to 42% in 2012. [continued page 2]

RECENT ACTIVITIES CONTINUED ...

The Bank continued to be receptive to the input of the g7+ and maintains its commitment to meet with the group every six months. On an ongoing basis it would like to work creatively with the group on issues such as fast tracking capacity building. The International Finance Corporation (IFC) has already responded to input from the last meeting with the g7+ and has developed a “FCS fast-tracked processing programme” – a new simplified facility that allows more risk-taking. The IFC is also actively recruiting more staff to work on fragile and conflict-affected states. The Bank’s Multilateral Investment Guarantee Agency (MIGA) noted that in the past 18 months \$770 million had gone to g7+ countries and asked for more support from the g7+ in thinking about how it can do more to help encourage investment in the g7+ countries.

The requests of the g7+ over the past two years for simplified procedures in the Bank, shortened turnaround times and a change in approach to risk, have certainly been heard and change is taking place.

The second high-level meeting was with Managing Director of the International Monetary Fund, Christine Lagarde. She began the meeting outlining what the group was doing for fragile and conflict-affected states and then noted that the IMF could do even more and that the meeting was a demonstration that the IMF was “paying attention.”

Contributions were then made by Prime Minister of Timor-Leste Xanana Gusmão, Chair of the g7+ Emilia Pires and Ministers from Somalia, CAR, Togo, Haiti, Guinea-Bissau and South Sudan.

The g7+ Chair noted that countries do not always know what the IMF can do for them and what facilities are available. She welcomed the appointment of a Fragile States Focal Point and expressed the group’s desire to work with the focal point to improve understanding and access.

A meeting was proposed for April 2014 where in a half day seminar the Fund can further explain its available support and the g7+ can further explain their needs.

The Managing Director closed the meeting looking forward to ongoing engagement and expressing a willingness to “continue to review our support”.

Other meetings in October 2013 included the 7th Seoul ODA International Conference held in Korea where Senior Policy Specialist of

the g7+ Secretariat Habib Ur Rehman Mayar made a presentation on “Peace and Stability in Fragile States: g7+ Perspective”, and the 3rd meeting of the IDA17 Replenishment which took place on the 14th and 15th of October in Washington DC with the g7+ participating as observer.



Rounding out the two months, on the 27th and 28th of November was the 5th Technical Meeting of the g7+ convened in Kinshasa, DRC. Participants shared their experiences on the implementation of New Deal Compacts, were updated on the monitoring of the FOCUS and TRUST components of the New Deal, discussed g7+ Governance, heard presentations on the Role of the DRC Parliament in New Deal Implementation and g7+ Natural Resource Profiles and engaged in forward planning for 2014.

On 29th of November, still in Kinshasa, the International Dialogue on Peacebuilding and Statebuilding (IDPS) held its Steering Group to update participants and also finalise the IDPS Work Plan for 2014.

Country initiatives ongoing throughout the months of October and November included the finalisation of the South Sudan New Deal Compact due to be signed and launched in the first quarter of 2014.



COUNTRY UPDATE - CHAD CONTINUED ...

With the discovery of oil Chad put in place a mechanism to manage oil revenues, supervised by the Council of Control and Supervision of Oil Revenues composed of representatives from Government, Civil Society and Parliament.

Along with other g7+ countries such as Timor-Leste, the challenge for Chad is to develop a diverse and sustainable non-oil economy that will see the economy continue to grow as natural resource income declines.

New Deal Implementation

The 3 main development partners in Chad are the EU, the Islamic Development Bank and the African Development Bank, which jointly represent half of the development contributions in the country. Other important partners are the USA, France and the World Bank. Most of the donors present in Chad are not yet committed to implementing the New Deal principles. Many are focused on humanitarian assistance. Nevertheless, UNDP, France and the African Development Bank have committed to supporting the government for the New Deal implementation.

In Chad it is the Ministry of Economy, Planning and International Cooperation that provides the interface between Chad and the Development Partners. A framework was set up in 2011 to have periodic consultation between the Government and its partners to ensure the implementation of development projects and programs financed with external aid. The Minister of Economy, Planning and International Cooperation and the Resident Representative of the African Development Bank are the co-chairs of this forum. [\[continued page 3\]](#)



COUNTRY UPDATE - CHAD CONTINUED ...

Recent News

The visit of a delegation of the g7+ in September this year was to raise awareness about the New Deal and foster high-level support to push for a greater New Deal implementation in the country. The New Deal implementation is mainly done through Chad's National Development Plan 2013-2015, which is aligned with the New Deal principles and 5 of the 8 objectives are correlated to the New Deal.

On 17 October 2013, the Development Partners and Government met to consider resource mobilization for the implementation of the National Development Plan. France and UNDP made a call to all development partners to help Chad along this road. A New Deal committee, supported by France and UNDP, was set up and an Action Plan for 2014 was prepared. ●

g7+ Chair meets Chad's Prime Minister



MEET THE MINISTER

In busy days including his involvement in the development of South Sudan's New Deal Compact and the financial management of the world's newest nation, the g7+ media team was pleased to interview the Minister of Finance of South Sudan H.E. Aggrey Tisa Sabuni. The compact, which has involved an extraordinary period of consultation in the process of its development, was originally scheduled for official launch in December, but has been postponed for now with the event expected in the first quarter of 2014.

g7+ Media: Since independence in July of 2011 how do you think the Republic of South Sudan has progressed?

Minister Sabuni: South Sudan is the world's youngest nation. We have the world's newest currency, newest government and society. As often in life, beginnings are difficult, and we continue to work hard to establish fully fledged government institutions, crucial public services and infrastructure. In all this work we are making progress.

g7+ Media: What are the most urgent goals of government at this time?

Minister Sabuni: The priorities of the government are improving health, education and other social services, especially in rural areas, developing infrastructure such as roads, water and power and promoting agriculture.

In the Ministry of Finance we are also focusing on deepening non-oil revenue collection and in the medium term diversifying the economy. This means tapping into the potential of our fisheries, forestry and animal wealth and facilitating the growth of our private sector.

g7+ Media: How is the International Community interacting with the Government of South Sudan? Do you feel they are supportive of the country owned and led development advocated by the New Deal?

Minister Sabuni: We are making some progress. For example the Local Governance

and Service Delivery Project, which is now starting on a pilot basis, is the first donor-funded project to be implemented through government systems. In this project in partnership with the World Bank development credits are channeled through Government financial systems to support small-scale infrastructure projects identified by communities themselves. This project will also finance institutional strengthening and capacity building of local governments.

We expect this project and others like it to attract more funding over the coming years as we develop government capacity, build confidence among donors to support the use of government systems and show tangible results of LGSDP on ground.

Another important pillar of our engagement with the international community, which adds to our credibility, is our relationship with the International Monetary Fund. My ministry has been leading negotiations of an IMF staff monitored programme.

g7+ Media: South Sudan was involved with the g7+ even before independence on a regional basis. Already you have completed a Fragility Assessment and are finalising a New Deal Compact. How do you feel the g7+ and the New Deal have helped South Sudan?

Minister Sabuni: Yes the region of Southern Sudan was represented there at the 2010 meetings in Dili, Timor-Leste, when the group was formalised. We noticed the similarity of the stories of nations such as Timor-Leste, with our own story.

We participated in the development of the New Deal because we saw the need for a new development relationship, country owned and led, that had at its core peacebuilding and statebuilding.

The solidarity and support of the group along with the good tools coming out of the New Deal like the Fragility Assessment and Compact are helping to establish a better pathway for us towards resilience and development.

g7+ Media: Can you tell us a little about the South Sudan New Deal Compact and how it will assist South Sudan?

Minister Sabuni: The South Sudan New Deal Compact will be an important step to guide our relationships with development partners and improve effectiveness.

We decided in April this year at the South Sudan Economic Partners Forum in Washington that it would be important to develop a South Sudan New Deal Compact, defining a better partnership for tackling fragility. We wanted to create an organizing framework to improve aid effectiveness and focus Government and donor resources on urgent peacebuilding and statebuilding priorities.

Rather than being written by a small team of advisors, we decided that its design would be led by Government based on broad consultation with the states.

The compact will lead to more certainty for business.

Our compact consultations lead us to 10 Peacebuilding and Statebuilding Benchmarks and 5 Aid Effectiveness Benchmarks that commitments from the Government and donors should cover.

I believe that the Compact will send a signal of Government resolve and donor commitment to overcome fragility in South Sudan for the benefit of our people. [\[continued page 4\]](#)



MEET THE MINISTER CONTINUED ...

g7+ Media: How long have you been Minister of Finance and what kinds of activities were you undertaking in the years before your appointment?

Minister Sabuni: I have been the Minister of Finance since August this year. Before this I was an advisor on economic affairs to President Kiir and before that I served as Under Secretary to the Ministry of Finance.

g7+ Media: How will South Sudan look in 10 years time?

Minister Sabuni: Economically I see a country that has a diverse economy with strong performance in sectors such as fisheries, forestry and agriculture and I see good base for non-oil revenue and institutions that are well established and resilient.

I see a country that is peaceful, resilient and progressing.

g7+ Media: You are clearly a very busy man serving your country. If you ever have a day off how do you like to enjoy it?

Minister Sabuni: Since assuming office in August, dealing with the budget, making reforms to improve domestic revenue and working the New Deal Compact there have not been many! Perhaps you should come back and ask me in a few years time!

g7+ Media: Do you have any final words for the g7+ family and supporters?

Minister Sabuni: South Sudan is proud to be a member of the g7+ family and to support and be supported by the solidarity of member countries. We press on and hope to share good news with you in the first quarter of 2014 on the progress of our South Sudan New Deal Compact. ●



Consultations in Wau for the South Sudan New Deal Compact

Links



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CALENDAR

25 November: G20 Leadership Training Program in Seoul, g7+ Secretariat participation

27-28 November: g7+ Technical Meeting in Kinshasa, DRC, including launch of the Fragility Spectrum Note.

29 November: International Dialogue on Peacebuilding and Statebuilding (IDPS) Steering Committee Meeting, Kinshasa, DRC

2 December: Launch of the Independent Evaluation Group's evaluation of "World Bank Group Assistance to Low-Income Fragile and Conflict-Affected States", Nairobi, Kenya.

3 December: Launch of the South Sudan Compact, Juba, South Sudan,

4-5 December: World Bank Country Directors and Country Managers Meeting (New Deal is on the agenda), Nairobi, Kenya.

16-17 December: IDA 17 replenishment final Meeting in Moscow, g7+ attending as observer.

January: 5th meeting of the Steering Committee of the Global Partnership, Abuja, Nigeria (TBC)

15-17 January: INCAF Directors Level Meeting, New York, USA

March (TBC): g7+ Ministerial Meeting in Guinea-Bissau

11-13 April: World Bank/IMF Spring Meetings, Washington DC, USA

15-16 April: Global Partnership Ministerial Meeting, Mexico

April/May (TBC): g7+ Technical Meeting in Dili

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