



# Final Update on the U.S. G-8 Presidency

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December 31, 2012

## **INTRODUCTION**

On May 18-19, 2012, President Obama hosted the 38th annual G-8 Summit at Camp David. Though it was the largest gathering of Leaders ever to stay at the Presidential Retreat, it was also one of the most intimate G-8 Summits since the first meeting at Rambouillet in 1975.

The G-8 is at its most useful when it identifies issues of common concern on which Leaders can agree to take decisive action, together and separately, in service of common objectives. Despite changes in the global economy and the international economic architecture, the core insight that led to the first Summit remains as true as ever: when the G-8 governments agree on an issue, that agreement has enormous power to shape the world in which we live.

As a result, the overarching objective of the United States in 2012 was to bring the G-8 back to its roots in the spirit of Rambouillet: an intimate gathering of Leaders capable of taking action together on areas of common concern. This “back-to-basics,” action-oriented approach led to a number of significant accomplishments at the Summit and through the remainder of the U.S. G-8 Presidency. This report summarizes the outcomes of the G-8 Summit and the follow up by G-8 countries to implement the commitments by G-8 Leaders.

## **THE GLOBAL ECONOMY**

G-8 Leaders gathered at Camp David against the backdrop of heightened fear that the global economy could face another financial crisis, and at a time of unexpectedly weak recovery and still-high unemployment. After the fall of the Government in Greece and failure of one election to produce a governing coalition, markets were under severe stress. There was growing concern that Greece’s inability to meet its commitments could trigger a systemic crisis in the eurozone, with severe consequences for the rest of the global economy. In addition, there was a risk of a broader downward spiral.

At Camp David, Leaders reiterated the imperative of promoting growth and jobs; agreed on the importance of a strong and cohesive eurozone for global stability and recovery; and affirmed the importance of Greece remaining in the eurozone while respecting its commitments. They emphasized the importance of specific measures to strengthen the resilience of the eurozone and growth in Europe, and supported eurozone Leaders’ resolve to address the strains in the eurozone in a credible and timely manner that fosters confidence, stability, and growth.

Above all, Leaders recognized the imperative that all G-8 governments need to take actions to boost confidence and nurture recovery, including reforms to raise productivity, growth, and demand within a sustainable, credible, and non-inflationary macroeconomic framework.

## ENERGY AND CLIMATE CHANGE

### Strategic Priorities in Energy Security

In the face of increasingly volatile energy prices, G-8 Leaders agreed that the development of and universal access to environmentally safe, sustainable, secure, and affordable sources of energy is essential to global economic growth as well as overall efforts to address climate change. Accordingly, they agreed to advance energy security by focusing efforts on a number of critical priorities:

- **Pursue a Comprehensive Energy Strategy – Safely.** Leaders recognized the value of simultaneously pursuing a wide variety of energy sources in order to meet energy demands, acknowledging each nation’s different needs and different approaches. In pursuing an appropriate mix from all of the above, they recognized that different energy sources have different inherent risks and must be developed in a safe, efficient, and environmentally sustainable manner.
- **Respond to the Changing Fuel Mix and Infrastructure Needs.** In recent years, there have been significant changes in the patterns of production and consumption of energy, including a rapid increase in conventional and unconventional natural gas production, which requires new pipeline and transportation infrastructure to bring it to market and meet increasing demand.
- **Promote Sustainable Deployment of Renewables.** Leaders agreed to support efforts to improve the regulatory and incentive structures for the deployment of renewable sources of energy.
- **Enhance Preparedness for Oil and Gas Supply Disruptions.** Leaders agreed to ask the International Energy Agency (IEA) to analyze how changes in the global energy market are affecting the international community’s preparedness for disruptions in the supply of oil and gas, including the appropriate level, composition, and use of strategic stocks and how partner countries can coordinate collective responses to supply disruptions.

Pursuant to the priorities identified by G-8 Leaders, the United States asked the IEA to undertake the followings actions:

- Prepare a report on likely future scenarios for the global energy balance and the infrastructure requirements created by the changing energy mix;
- Develop a set of recommendations and proposals for implementation based on the IEA’s analytical reports, *The Golden Age of Gas* and *The Golden Rules for the Golden Age of Gas*;

- In cooperation with the International Renewable Energy Agency, synthesize recent analysis on renewable energy development and deployment in G-8 countries; and
- Prepare a report, developed in coordination with other international institutions, on the appropriate level and composition of strategic stocks (e.g., crude oil versus petroleum products) to mitigate the economic impacts of potential supply disruptions.

In December, the United States, in conjunction with the IEA, convened the first-ever discussion of G-8 Sherpas and the Governing Board of the IEA to discuss the issues identified by Leaders at Camp David. In key areas, including work on the infrastructure needed in response to changing dynamics in global energy production and consumption, the G-8 and IEA set clear targets for additional work under the U.K. leadership of the G-8 in 2013. In addition, the meeting identified gaps in the international architecture that supports the global energy system, including the composition and use of strategic stocks to respond to potential price and supply dislocations which will require additional work in the coming year.

### **Clean Energy Development, Energy Efficiency, and Climate Change**

In addition to agreeing on a set of strategic priorities for energy security, G-8 Leaders identified a set of actions related to the importance of clean energy development, energy efficiency, and climate change that they would take immediately.

#### **Super-efficient Equipment and Appliances Deployment (SEAD) Initiative**

G-8 Leaders committed to build on the efforts of the SEAD initiative to recognize comparable and transparent test procedures for energy efficiency in appliances and other consumer products. This allows manufacturers to test products once and sell them globally. In September, SEAD participants, including many members of the G-8, launched a project to establish a means for multilateral government support of the international standard-setting process that will accelerate the recognition and adoption of consistent and comparable metrics, test procedures, and performance classes. Additional projects are underway to define comparable test procedures for the power consumed by commercial refrigerators, distribution transformers, and network-connected devices in standby mode. In November, SEAD co-hosted a joint workshop with the IEA to further work in these and related areas.

#### **Power Sector Initiative**

At Camp David, the G-8 committed to support clean energy and energy efficiency by enhancing the power sector's regulatory and operating systems through initiatives under the Clean Energy Ministerial. We have since launched the Public-Private Leadership Forum under the 21st Century Power Partnership to coordinate activities with private sector stakeholders, including utilities, system operators, technology suppliers, investors, project developers, and financial services firms. As part of this effort in October, we convened a meeting of government participants and private sector partners at the Global Green Growth Forum in Copenhagen.

## **Formation of the Joint Organizations Data Initiative – Gas**

At Camp David, the G-8 committed to facilitate free trade in energy as a means to enhance economic security and decrease price volatility. To further this effort, the United States has asked the International Energy Forum to accelerate the establishment of a full-fledged joint organizations initiative on gas, which will encourage consumer and producer countries to enhance the transparency of gas markets.

## **Reducing Short-Lived Climate Pollutants**

At Camp David, each G-8 member committed to join the Climate and Clean Air Coalition (CCAC) to reduce short-lived climate pollutants. All G-8 countries are now either CCAC members or have applied to join CCAC, and all participated in the July Working Group meeting in Paris. In addition, a number of G-8 countries are actively engaged in – and, in some cases, co-leading – initiatives focused on the oil and gas sector, agriculture, municipal solid waste, and finance. Several countries also have either pledged to provide or have delivered funding. Following through on these commitments will reduce short-lived pollutants – chiefly methane, black carbon, and hydrofluorocarbons – which will help to combat climate change, improve health, and increase agricultural productivity.

The United States, on behalf of the G-8, also requested that the World Bank prepare a report on ways to integrate reduction of short-lived climate pollutants into its activities, a complete draft of which will be shared with G-8 countries in December 2012. In September, the World Bank prepared a concept note for the report and shared it with the United States. In addition, the World Bank is preparing to convene experts for a series of meetings beginning this month to evaluate new approaches to financing projects to reduce methane, including pay-for-performance mechanisms.

## **FOOD SECURITY AND NUTRITION**

At Camp David, G-8 Leaders recognized the importance of Food Security and launched the New Alliance for Food Security and Nutrition in partnership with developing countries to drive sustained and inclusive agricultural growth. The G-8 countries agreed to continue to work on food security and nutrition with the World Bank, the African Development Bank, the United Nations World Food Program, the International Fund for Agricultural Development, and the Food and Agriculture Organization and other interested partners. We also welcomed the successful conclusion of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests in the context of National Food Security. We support the broad-based consultation process and pilot use of the Principles of Responsible Agricultural Investment.

### **The New Alliance for Food Security and Nutrition**

At Camp David, G-8 Leaders committed to launch a New Alliance for Food Security and Nutrition to accelerate the flow of private capital to African agriculture, take to scale new

technologies and other innovations that can increase sustainable agricultural productivity, and reduce the risk of food insecurity borne by vulnerable economies and communities. Leaders committed that the New Alliance will lift 50 million people out of poverty over the next decade and be guided by a collective commitment to: invest in credible, comprehensive, and country-owned plans; develop new tools to mobilize private capital; spur and scale innovation; manage risk and improve nutritional outcomes; and engage and leverage the capacity of private sector partners – from women, smallholder farmers, and entrepreneurs to domestic and international companies.

We have made substantial progress since Camp David with the robust engagement of the G-8 and our partners. Ghana, Tanzania and Ethiopia are using the New Alliance to drive domestic reform efforts and to forge serious work among diverse ministries. For instance, Tanzania has increased public expenditure for agriculture to 9.3 percent of its budget and, by the end of 2013, plans to reach the target of 10 percent as agreed by African leaders. Tanzania has also publicly repudiated export bans. Ethiopia and Ghana are making similarly strong reforms and policy choices. At the U.N. General Assembly (UNGA) in New York, the New Alliance announced the addition of three new members – Burkina Faso, Cote d’Ivoire, and Mozambique – whose membership was made possible because of hard work by France, the European Union, and Japan in taking the lead role in negotiating and supporting the country frameworks. We expect further expansion of the New Alliance and new country-cooperation frameworks in 2013.

### **Private Sector Commitments**

The launch of the New Alliance at Camp David has focused attention on food security not only by donor countries and their partners in Africa, but by the private sector and nongovernmental organizations as well. Since Camp David, the private sector has committed \$3.5 billion in investments in agriculture to New Alliance countries. Private sector participants include Cargill, DuPont, Rabobank, Syngenta, and Unilever, which are already engaging with the New Alliance countries, shaping their investment plans to benefit smallholder farmers, and defining the next steps in their investment process. Civil society is also actively involved. InterAction, an alliance of nearly 200 U.S.-based nongovernmental organizations, has also pledged over \$1 billion over the next 3 years to improve food security and nutrition.

### **Global Agriculture and Food Security Program (GAFSP) Commitments**

The G-8 has followed through with its support for the GAFSP at the World Bank, with several members of the G-8, including Canada, Japan, the United Kingdom, and the United States announcing new pledges in 2012. To leverage further funding for this effective multilateral institution, the United States has pledged \$1 for every \$2 committed by other donors up to a total U.S. commitment of \$475 million. In addition to the larger public sector window, on October 31 GAFSP’s Private Sector Window launched a second call for proposals to help small and medium-sized agribusiness enterprises and smallholder farmers in low-income countries gain better access to financing.

## **Agriculture Fast Track Fund**

At Camp David, Leaders agreed to establish an Agriculture Fast Track Fund to develop a pipeline for bankable agricultural infrastructure projects. The Fast Track, to be housed at the African Development Bank, will increase the number of investment-ready agriculture infrastructure projects by defraying front-end project development costs and risks (financing feasibility studies, market analyses, and other project development activities) that commercial developers, development finance institutions, and private sector actors are unwilling to shoulder alone. The United States has doubled its initial contribution to the fund to \$4 million to develop and capitalize this essential facility.

In early 2013, the first projects supported by the Fast Track will serve to demonstrate the concept and viability of the Fund. From there, the Fast Track will ramp up its operations and begin making regular disbursements toward the development of agriculture infrastructure projects in New Alliance countries, and eventually beyond.

## **Scaling Seeds and Other Technologies Partnership**

At Camp David, the New Alliance agreed to establish the Scaling Seeds and Other Technologies Partnership. The Partnership will be undertaken by the Alliance for a Green Revolution in Africa (AGRA) in collaboration with the Consultative Group of International Agricultural Research Centers and the Forum for Agricultural Research in Africa. The United States is providing start-up funding, and other G-8 countries have offered tentative funding commitments. The Scaling Seeds and Other Technologies Partnership will work with New Alliance countries to significantly increase the adoption of improved seed varieties, fertilizer, and other technologies to improve smallholder yields, household nutrition, and resilience to climate change. During 2012, AGRA and its collaborators undertook background work with the six New Alliance countries to start this initiative. This included synthesizing available evidence on best-bet technologies and adoption levels to help countries establish credible 10-year yield targets for priority commodities and developing roadmaps for public and private sector actions necessary to relieve constraints to the adoption of specific technologies. The Partnership will be fully operational in early 2013.

## **Making the New Alliance Accountable**

The New Alliance will put in place systems to ensure follow-through on the important commitments our leaders made this year – toward raising 50 million people out of poverty over 10 years. We have a strong track record on accountability for the L’Aquila Food Security Initiative (AFSI). Not only have AFSI donors as a group fulfilled our collective pledge to commit \$22 billion over 3 years for global food security, but every donor has committed to funding at or above its individual pledge, and more than half of the AFSI donors have already fully disbursed their pledges.

The G-8 committed to creating a Leadership Council, which will report to the G-8 and African Union on progress toward achieving the commitments under the New Alliance, including commitments made by the private sector. The first Leadership Council meeting was held at UNGA, with broad participation from the G-8, African leaders, and private sector leaders.

## **AFGHANISTAN**

At Camp David, the G-8 Leaders agreed on an approach to civilian assistance for Afghanistan which set the stage and created momentum for a successful Tokyo Donor Conference in July. This included generating long-term support for civilian assistance from the international community through the “transformation decade” (2014-2024); agreeing to a strategy for Afghanistan’s sustainable economic growth; and defining and emphasizing the importance of mutual accountability, while providing for a biennial process to review progress made against benchmarks. Donors committed to provide \$16 billion toward meeting Afghanistan’s fiscal gap, as estimated by the World Bank and the International Monetary Fund (IMF), through 2015 and to provide funding at or near the level of the past decade through 2017.

Since the conference, Afghanistan’s Ministry of Finance (MOF) has developed a concept paper and a draft action plan to implement the Tokyo Mutual Accountability Framework (TMAF). The MOF’s paper establishes new coordination mechanisms between the Afghan government and international community. Relevant ministers and international community ambassadors will comprise a steering committee focused on TMAF implementation at the policy and political level. Representatives from the Afghan government, the international community, civil society, and the private sector will form a technical committee to oversee the technical aspects of TMAF implementation and advise the steering committee. Inspired by the Tokyo Conference, President Karzai issued a Presidential Decree to reduce corruption and stimulate reforms government-wide. The Decree is largely in line with the Tokyo Framework, but additional specific actions and enforcement measures will be required.

## **DEAUVILLE PARTNERSHIP WITH ARAB COUNTRIES IN TRANSITION**

At Camp David, G-8 Leaders recognized the important progress toward political and economic transformation across the Middle East and North Africa and committed to maintaining their support through the Deauville Partnership with Arab Countries in Transition, with actions in four key priority areas: stabilization (of transition economies); job creation (to realize the ambitions of citizens hungry for greater opportunity); participation (through the reform of economic governance); and integration (of trade and investment within the region and with the G-8).

The Partnership brings together Middle East and North African countries in transition, regional partner countries, G-8 members, international financial institutions (IFIs) and international organizations. It is uniquely placed to promote regional stabilization, job creation, regional integration, trade, and investment to build sustainable and inclusive growth, and support democratic consolidation. The Partnership actively supports entrepreneurship, including women in business, and the development of small- and medium-sized enterprises, which are key to addressing unemployment.

On April 11-12, Sherpas and trade officials met in Jordan to launch the trade, investment, and integration pillar of the Deauville Partnership with Arab Countries in Transition. On September 28, at the request of G-8 Leaders, Foreign Ministers of the Partnership met on the margins of UNGA to review ongoing progress, affirm multilateral commitment to the democratic



and economic transitions, and support reform actions being taken by the transition countries. On April 20, the Finance Ministers and regional and international financial institutions of the Partnership met in Washington and, again on October 12, in Tokyo, on the margins of the World Bank and IMF annual meetings, to advance our shared objective of sustainable, inclusive, and growing economies in the region.

### **Stabilization through the Partnership**

In response to transition countries' requests, G-8 members have provided support and assistance to promote economic stabilization necessary to pursue reforms. Through the Deauville Partnership, G-8 countries have assisted transition countries in the region to stabilize their economies and pursue country-owned plans by supporting external financing through the IMF and bilateral assistance, as appropriate, to promote an economic environment conducive to strong, sound, and sustainable economic growth.

### **Stabilization Commitments**

In August, the IMF, on behalf of its shareholders including the members of the Partnership, approved a \$2.1 billion Stand-by Agreement for Jordan and a \$6.2 billion Precautionary and Liquidity Line for Morocco, in support of those countries' economic programs. In April, the IMF approved a \$100 million concessional loan to Yemen under the Rapid Credit Facility. Discussions with Egypt on a program are also underway. IMF arrangements provide a macroeconomic framework to support additional bilateral and multilateral assistance, help Partnership countries fill near-term financing gaps, and guard against downside risks. In addition, new Partnership strategies were launched between the World Bank Group and Jordan, Egypt, Yemen and Tunisia, and the Partnership strategy with Morocco was updated. These strategies provide for a wide range of financing, technical cooperation, and analytical work to support countries in their transition.

### **Capital Markets Access Initiative**

At Camp David, the G-8 committed to launch a Capital Markets Access Initiative to provide credit enhancements to help transition countries regain access to international capital markets and spur economic growth and job creation. This initiative was conceived at a meeting of Finance Ministers in April and launched in October. Numerous key steps have already been taken to restore market access to Partnership countries, including:

- In July, the United States guaranteed the repayment of principal and interest on a \$485 million, 7-year sovereign bond to Tunisia, at a subsidized rate of 1.69 percent. This issuance marked Tunisia's first sovereign debt issuance since 2007.
- In December, Japan guaranteed the partial repayment of principal and interest on a ¥25 billion, 10-year sovereign bond to Tunisia, at a discounted rate of 1.10 percent. The guarantee, provided by the Japan Bank for International Cooperation is part of a facility that has been made available to the other transition countries in the Partnership.

- The Islamic Development Bank, through its credit and political risk insurance arm, is planning to launch a new sukuk (Islamic bond) guarantee product in 2013, which could enable countries in transition to raise financing for infrastructure investment and other developmental projects from international financial markets.
- The IFIs, led by the Arab Monetary Fund and the European Bank for Reconstruction and Development (EBRD), launched joint needs assessments for local capital market development in the Partnership countries. The development of domestic capital markets will be crucial to providing sustainable finance to the public and private sector. Assessments have been completed in Jordan and Tunisia, and reports for Morocco and Egypt are scheduled to be completed by early 2013.

### **Job Creation through the Partnership**

Transition countries have requested support in promoting job creation and allowing their economies to benefit all citizens. In response, G-8 members have taken steps to establish and target funding toward job creation in partner countries through a few major programs.

#### **EBRD Investments**

In line with the Camp David agreement to expand the mandate of the EBRD, changes to the EBRD charter to launch “special fund” have been ratified by the EBRD membership and projects are underway. In August, EBRD shareholders accepted amendments to Article 18 of its charter, allowing it to activate its “special fund” for investment, enabling it to invest up to \$1.3 billion in Egypt, Jordan, Morocco, and Tunisia, which the EBRD Board has begun to vote on. This action helps create jobs and support private sector development, while applying the EBRD’s substantial expertise to the region. The EBRD is increasing its investments and will have a capacity of up to \$3.4 billion per year in the region. Libya is also eligible to become a beneficiary of EBRD investments, and we have encouraged Libya to further engage in the relevant discussions with the Bank.

#### **Transition Fund**

In order to complement existing bilateral tools, the Partnership created a new Transition Fund that will provide grants for technical assistance to help transition countries undertake policy reforms to build more inclusive and transparent economies, boost trade and integration of the region, and enhance the environment for private sector growth. On October 12, the Partnership launched the Fund with support from the World Bank, which serves as Trustee and coordination body of the Transition Fund. In keeping with the multilateral nature of the Partnership, the Transition Fund will leverage and complement support from other partners, including bilateral donors, regional and international organizations, and other stakeholders. On December 11, the Transition Fund steering committee approved the first project, which will support water management in Jordan by establishing tariff-setting framework based on market prices and setting procedures for transparent monitoring and bill collection.

The United States, United Kingdom, Saudi Arabia, Kuwait, Russia, Qatar, Canada, Japan, and France have announced their combined contributions of \$165 million toward a goal of \$250 million. The Partnership will work to fill the remaining funding gap.

### **Small and Medium Enterprise (SME) Action Plans**

Pursuant to suggestions in the Camp David Declaration, this year the G-8 developed country-specific action plans with detailed recommendations for SME reforms in each transition country. By working with each government individually, we were able to ensure appropriate buy-in for the reforms, establish a framework for our engagement, and generate momentum for progress.

With the assistance of multilateral institutions, the Partnership is reviewing legal, regulatory, and administrative practices to foster the establishment and growth of small and medium-sized businesses in transition countries. All parties recognize that governments can improve the business climate for SMEs by: streamlining registration and permitting procedures; increasing competition; advancing rule of law; reducing corruption; improving banking and other financial services, including access to existing credit institutions; improving the tax environment; and promoting cross-border trade. Improved practices will contribute to higher and more inclusive economic growth, more jobs, and a more vibrant civil society.

Following a meeting of the Partnership in Rome on July 18, transition countries worked with the Organization for Economic Cooperation and Development (OECD) and the EBRD to develop country-specific concept notes for near-term policy measures to improve the regulatory environment and foster SME growth, improve job creation, and increase economic development in their countries. On November 1, Egypt, Tunisia, Libya, Morocco, and Jordan presented their country-specific, near-term SME plans at a meeting at the EBRD headquarters in London. Yemen has also developed a similar plan. The action plans divide near-term policies for SME facilitation into six categories: (1) strengthening access to finance and guarantee mechanisms for SMEs; (2) reducing the administrative burden and simplifying the regulatory environment for SMEs; (3) facilitating public contracting, public-private partnerships, and procurement for SMEs; (4) improving entrepreneurship policies, including women's entrepreneurship; (5) expanding the capacity of SMEs to integrate in global value chains; and (6) building capacity in best practices in SME management.

Partners will continue to collaborate, in particular with multilateral institutions, to provide expertise and technical assistance in support of reforms. Given challenges related to regulatory reforms and access to finance, multilateral institutions will be instrumental in assisting countries to strengthen institutional coordination for SME policy to give current and prospective business owners and entrepreneurs a stable operating environment, useful advice, and solid financial footing to start up, grow, and sustain their businesses. In addition, a \$1.2 billion regional fund for SMEs administered by the Arab Fund for Economic and Social Development is active, with major donations from Kuwait and Saudi Arabia.

## **Participation and Governance through the Partnership**

In response to demand from transition countries, the Partnership has taken concrete steps to advance reforms that promote transparency, accountability, and good governance to reinforce robust and sustainable economic growth.

### **Asset Recovery Action Plan**

As outlined in the Camp David Declaration, this year the G-8 called for an Arab Forum on Asset Recovery to focus attention on an issue of enormous significance to transition countries and create momentum across the region for greater progress and enhanced transparency on issues ranging from reducing barriers to identifying and recovering expropriated assets of former regimes. The Partnership launched the Forum in conjunction with the World Bank in Doha, Qatar, on September 11-13. Over 200 senior officials and experts from 36 countries, including all Partnership members, attended the meeting in Doha to inaugurate the Forum. Bilateral case meetings held among expert practitioners from transition countries and financial center countries significantly advanced cooperation. The Partnership approved a coordinated plan, the Asset Recovery Action Plan, for follow up capacity-building efforts to assist Egypt, Tunisia, Libya, and Yemen with specialized technical assistance to further their asset recovery efforts.

The Forum will serve as a coordinating framework for follow up on the Action Plan, providing a network of expertise to facilitate stolen asset recovery. Canada, France, Germany, Italy, Japan, Switzerland, the United Kingdom, and the United States each published guides on their asset recovery regimes to ensure transparency of their asset recovery process. Qatar is also working to develop an asset recovery guide. At Camp David, Russia committed, and is working, to complete the legal framework that will permit compilation of such a guide. The United States provided \$1 million to the World Bank to support training, mentoring, and other follow-up. The Partnership will continue to advance the Action Plan in 2013, particularly through efforts to facilitate cooperation leading to effective recovery, pursuing legal and institutional reforms, and adopting and enforcing international frameworks.

### **Open Government Partnership**

At Camp David, the G-8 committed to assist each transition country with progress toward membership in the Open Government Partnership, which aims to secure concrete commitments from participant governments to promote participation and transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance. Transition countries are working, with the support of the OECD, toward meeting eligibility for participation in the Open Government Partnership. Jordan is already a participant and is implementing a National Open Government Partnership Action Plan. Tunisia pledged to join the Open Government Partnership, and preparatory work is underway in support of Morocco's participation; both are on track to join in 2013. The Deauville Partnership will continue to fulfill the action plan on open governance in 2013, particularly on achieving Open Government Partnership eligibility, strengthening national statistics systems, and building upon best practices in economic governance.

## **Financial Sector Advisory Corps**

At Camp David, the G-8 committed to create Financial Sector Advisory Corps, consisting of volunteer experts from the public and private sectors. G-8 members have worked to facilitate the technical requests for assistance with the transition countries, and the United States contributed \$1 million toward the new Financial Services Advisory Corps. These funds will help public officials in transition countries improve public financial management and public procurement so that public resources are better protected from fraud. Italy, in conjunction with the OECD, is developing plans for long-distance learning and training through the Middle East and North Africa (MENA)-OECD Governance Center in Caserta, Italy, which will also focus on public procurement. The newly established MENA-OECD Public Procurement Network is expected to facilitate the compliance of transition countries' public procurement systems with OECD principles. Additionally, regional programs, such as those implemented by the U.N. Development Programme, have been developed to share good practices and build capacity to undertake anticorruption reforms. These programs will be developed with the support and participation of Partnership members and within the framework of the OECD.

## **Governance Leadership Training**

Deauville Partnership members are developing professional exchanges for leaders in transitioning countries, including members of legislative bodies, judicial officials, municipal and regional government officials, and labor unions. In September, the United States welcomed legislative leaders from the Egypt, Jordan, Libya, Morocco, and Tunisia to Harvard University for an academic training program similar to that provided to new members of the Congress, and to Washington to discuss the legislative craft with members of the U.S. House of Representatives. Additionally in 2012, Italy conducted exchanges for transition country members of parliament, including a program in October for the Moroccan Legislative Assembly, and for municipal leaders from across the Partnership. The Euro-Arab network of judiciary training, co-chaired by France and Jordan, has started a series of conferences on legal issues in the MENA countries, and France has established an extensive network of partnerships with cities in the MENA region through the Cités Unies France. In Germany, the Bundestag launched a scholarship program for young Arab leaders to understand the German parliamentary system, and the German Federal Ministry of Justice is partnering with ministries, judges, and bar associations in Tunisia and Egypt to bring legal experts to Germany. Similarly, in the United Kingdom, the Westminster Foundation for Democracy has planned exchanges and training with members of the National Assembly in Tunisia, the Moroccan Parliament, and legislative experts in Egypt.

## **Integration through the Partnership**

G-8 countries support increased trade and investment within the G-8 and with partner countries and have taken steps to facilitate this integration, including accepting new partner countries, lowering trade barriers, and developing initiatives that support trade facilitation.

## **Yemen Joins Deauville Partnership**

Yemen has requested and been accepted as a transition country in the Deauville Partnership. This was especially important to key regional partners, including Saudi Arabia, and represents a sign that many in the region think that – while there is always room for improvement – the Partnership is working. The members of the Partnership welcomed the inclusion of Yemen as a transition country and will work to support Yemen’s democratic transition.

## **Trade and Investment**

On April 5, the Partnership released a report analyzing trade and investment across the Partnership. The report, prepared in coordination with the Marseille Center for Mediterranean Integration, the World Bank, and the Islamic Development Bank, charts a path to greater economic integration to support robust growth and job creation. The report outlines the responsibilities of both member and partner countries for economic growth for the Arab people and suggests commitments the main Deauville partners could make in six areas with high immediate potential for job creation: agriculture, manufacturing, services, energy, migration, and intra-Arab integration.

At Camp David, the G-8 agreed that the Partnership should focus on the integration of partner countries within the region as well as with the G-8 as an engine of growth and job creation. We agreed on the importance of reducing barriers to trade within the region and with G-8 countries. We also agreed on the need to better utilize and maximize the benefits of existing arrangements between countries in the region and the G-8, including through trade facilitation, upgrading trade infrastructure, adopting good regulatory practices, and enhancing the competitiveness of manufacturing and services of Partnership countries.

## **New Bilateral and Regional Trade Initiatives**

In the spirit of new trade and investment, G-8 countries have launched bilateral and regional trade initiatives to expand market access, lower barriers to trade, and promote increased trade between transition countries and the G-8. Under the U.S.-MENA Trade and Investment Partnership initiative, the United States has been pursuing investment, information and communication technology, and trade facilitation agreements with the transition countries. We signed three agreements with Morocco and two with Jordan, and are working toward agreements with Egypt, Tunisia, and Libya. The European Union has an ongoing trade and investment partnership with the countries in the Southern Mediterranean and is laying the groundwork for negotiations toward deep and comprehensive Free Trade Agreements (FTAs) with the countries in the MENA region. Canada completed an FTA with Jordan and has ongoing FTA negotiations with Morocco. Russia is working to expand trade and investment through the Russia-Arab Cooperation Forum and bilateral Intergovernmental Commissions, and Japan has pursued investment agreements with Partnership countries and the Japan-Arab Economic Forum. A number of the G-8 countries have sponsored trade missions and investment conferences with the countries in the region to encourage the private sector to further develop their relationships.

## **International Financial Institution Coordination Platform**

The IFI Coordination Platform, launched in September 2011, has allowed regional and international financial institutions to combine efforts on financial assistance and projects. The African Development Bank served as the Secretariat of the Coordination Platform for most of 2012 and deepened IFI support for private sector development in the Partnership countries, with a focus on small and medium enterprise development. The Islamic Development Bank, which took over the Secretariat in September 2012, will continue to expand the joint work of the IFIs and work to enhance the Deauville Partnership's ongoing accountability and transparency efforts.

## **CONCLUSION**

The G-8 can be a vital part of the international architecture and a key mechanism for leading nations to address global issues, particularly if it stays focused on areas where it has a unique role to play. We are pleased with the progress made in 2012 along those lines and look forward to working as constructive partners under the United Kingdom's G-8 Presidency in 2013, and beyond.