



House of Commons  
International Development  
Committee

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**Work of the  
Committee in 2007**

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**Third Report of Session 2007–08**

*Report, together with formal minutes*

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## International Development Committee

The International Development Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for International Development and its associated public bodies.

### Current membership

Malcolm Bruce MP (*Liberal Democrat, Gordon*) (Chairman)  
John Battle MP (*Labour, Leeds West*)  
Hugh Bayley MP (*Labour, City of York*)  
John Bercow MP (*Conservative, Buckingham*)  
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John Barrett (*Liberal Democrat, Edinburgh West*), Mr Quentin Davies MP (*Labour, Grantham and Stamford*) and Joan Ruddock MP (*Labour, Lewisham Deptford*) were also members of the Committee during 2007.

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at [www.parliament.uk/indcom](http://www.parliament.uk/indcom)

### Committee staff

The staff of the Committee are Carol Oxborough (Clerk), Matthew Hedges (Second Clerk), Anna Dickson (Committee Specialist), Chlöe Challender (Committee Specialist), Ian Hook (Committee Assistant), Jennifer Steele (Secretary), Alex Paterson (Media Officer) and James Bowman (Senior Office Clerk).

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# 1 Introduction

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1. This report reviews the International Development Committee's work during 2007 in relation to the objectives and core tasks established by the Liaison Committee. The core tasks and objectives are as follows:

- Inquiries into:
  - Government policy proposals
  - areas seen by the Committee as requiring examination because of deficiencies
  - departmental actions
  - associated public bodies
  - major appointments
  - implementation of legislation
  - major policy initiatives
- Examination of any draft legislation
- Examination of expenditure
- Examination of Public Service Agreements.

2. The format of the report is intended to show examples of the work which the Committee has undertaken in relation to the core tasks which are relevant to it. As we indicated in our annual report last year,<sup>1</sup> the core tasks do not apply equally to all committees and our Committee operates in a slightly different way from others. The Department for International Development (DFID), the Department whose area of work we monitor, generates little by way of legislation; it has no associated public bodies;<sup>2</sup> and the Secretary of State is rarely responsible for major public appointments. Much of the policy we examine is implemented jointly with other country and multilateral donors and often in conjunction with non-governmental organisations (NGOs), which are both national and international. We therefore seek to influence policy nationally and internationally, in addition to ensuring the accountability of the UK Government and we have adapted the core tasks to these particular circumstances.

## Highlights of the Committee's Work in 2007

3. DFID's programmes are targeted towards achievement of the internationally agreed Millennium Development Goals (MDGs) whose overriding aim is to halve the number of people living in poverty by 2015. Our inquiries therefore mainly focus on assessing the

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<sup>1</sup> Third Report, Session 2006-07, *Work of the Committee in 2005-06*, HC 228

<sup>2</sup> DFID does, however, have two associated non-departmental bodies (see paragraph 52) and DFID wholly owns CDC Group plc, the main arm for the Department's interventions in private sector development.

extent to which DFID's policies and activities are contributing towards reaching the MDGs. This year such inquiries have included: Sanitation and Water;<sup>3</sup> and Maternal Health.

4. We also examine DFID's programmes in specific countries to assess the extent to which these programmes have met DFID's stated aims. This year we have looked at DFID's programmes in the Occupied Palestinian Territories,<sup>4</sup> Vietnam<sup>5</sup> and Afghanistan; and at the work it is doing to assist Burmese refugees and internally displaced people in Burma.<sup>6</sup> We maintained our emphasis on the critical link between development and trade by examining developments in EU trade with developing countries; and the Government's support for fair trade.<sup>7</sup>

5. We have continued our practice of reporting on DFID's own Annual Report of its activities. This year we focused on examining whether DFID was using its increasing budget effectively and efficiently, and highlighted staff levels as a possible area of concern, as well as focusing on some specific policy areas, including gender and climate change, which we believe are central to DFID's work. We also had the opportunity this year to comment on the implications for DFID of the outcome of the Comprehensive Spending Review.<sup>8</sup>

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<sup>3</sup> Sixth Report, Session 2006-07, *Sanitation and Water*, HC 126

<sup>4</sup> Fourth Report, Session 2006-07, *Development Assistance and the Occupied Palestinian Territories*, HC 114

<sup>5</sup> Eighth Report, Session 2006-07, *DFID's Programme in Vietnam*, HC 732

<sup>6</sup> Tenth Report, Session 2006-07, *DFID Assistance to Burmese Internally Displaced People and Refugees on the Thai-Burma Border*, HC 645

<sup>7</sup> Fifth Report, Session 2006-07, *EU Development and Trade Issues: an update*, HC 271; Seventh Report, Session 2006-07, *Fair Trade and Development*, HC 356; Second Report, Session 2007-08, *Development and Trade: Cross-departmental Working*, HC 68

<sup>8</sup> First Report, Session 2007-08, *Department for International Development Annual Report 2007*, HC 64

## 2 Inquiries into Government Policy Proposals

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6. As in previous years, our activities in 2007 have sought to follow the objectives contained in DFID's Public Service Agreement (PSA). The PSA targets are largely based on the Millennium Development Goals, with the overall aim of poverty reduction.

### Trade

7. We have made it clear in the past that we believe that trade has the potential to make a significant contribution to poverty reduction. We conducted three inquiries into different aspects of trade during 2007. The first, on *EU Development and Trade issues: an update*<sup>9</sup> involved us taking evidence in Brussels in February from the Trade Commissioner, Peter Mandelson, and the Commission's Director-General for Development. We also had the opportunity to meet ambassadors and other representatives from a number of African, Caribbean and Pacific (ACP) countries involved in the negotiations on Economic Partnership Agreements (EPAs) with the EU.

8. In relation to EPAs we believed that the EU should not abuse its position of strength and should not force ACP states to make progress on the New (or Singapore) Issues or on regional integration at an impractical pace. The negotiations were already behind schedule in March and we said then that the EU needed to have contingency plans in place, including extension of the World Trade Organisation (WTO) waiver, should the negotiations not be concluded within the deadline. We returned to this subject in our report in November on *Development and Trade: Cross-Departmental Working*.<sup>10</sup> Little progress had been made in the intervening period and we concluded that time was rapidly running out. We noted that the European Commission had belatedly recognised the need for interim goods-only deals by the end of 2007 but that some ACP countries might simply not be in a position to reach even these by that deadline. We recommended that the Government endeavour to ensure that pro-development alternatives were available to countries that requested them.

9. Another common theme of these two reports was the Doha WTO talks. In March, when we first reported, the prospects of moving towards agreement seemed more likely. We welcomed the renewed effort the WTO membership, including the UK, was putting into securing a deal in the Doha Development Round but we emphasised that the likely window for a deal was just a few months. Our view was that transparent and inclusive negotiations, continued political will and flexibility in key dossiers such as agriculture would be decisive in securing a deal. However, by the time we returned to this subject in November, optimism had faded and we concluded that the Doha process should either be reinvigorated, with unilateral moves if necessary, or the negotiations should be brought to a close.

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<sup>9</sup> HC 271 (Session 2006-07)

<sup>10</sup> HC 68 (Session 2007-08)

10. Our report on *Cross-Departmental Working* also examined the process for and effects of the machinery of government changes which occurred in June when the new Prime Minister took office. We had written to Gordon Brown before he moved into No. 10 to recommend that the complement of ministers in the Department for International Development be increased from two to three. As well as a new Secretary of State for International Development (Douglas Alexander) being appointed in June, we were pleased that the Government reshuffle also saw DFID gaining two new ministerial posts and that one of these was a Trade Policy minister with joint responsibility in DFID and the new Department for Business, Enterprise and Regulatory Reform. We believed the changes to be broadly positive, and we welcomed the development emphasis, new lines of ministerial responsibility and cross-departmental structures which appeared to have the potential to improve trade and development policy coherence to the benefit of developing countries. On the other hand, we expressed reservations about the excessive complexity, unclear lines of accountability and new layers of bureaucracy which risked undermining any improved coherence resulting from the changes. We concluded that it remained unclear how the changes would be evaluated for their ability to deliver a trade policy which complements UK development objectives and ensures effective ‘joined-up Government’.

11. Our third inquiry into trade issues focused on fair trade,<sup>11</sup> which is seen by many as a key tool for development, helping poor producers to capture a larger share of the gains from trade and so lift them out of poverty. Consumer support for fair trade has grown significantly in recent years with a 40% average annual growth in sales of fair trade products; and the value of goods sold increasing from £196 million in 2005 to £284 million in 2006. Our inquiry investigated how donors, and particularly DFID, could most effectively support fair trade.

12. We concluded that, while fair trade is not a panacea for an international trading system which serves the interests of developing countries, it can deliver benefits in terms of access to and knowledge of international markets. We observed that the fair trade movement has made enormous progress in recent years, growing beyond expectations in terms of product coverage as well as increasing engagement of consumers, especially in the UK. But we believed that there was still room to grow and that fair trade could expand its activities, for example by developing standards for garment manufacturing. We also concluded that fair trade could have a deeper impact on poverty if it were to target more consciously the poorest of the poor. Such initiatives require investment and we recommended that, as the Government had declared its support for fair trade, and for working more closely with the private sector in development, it now needed to reassess how it could advance both these objectives most effectively.

## Multilateral aid agencies

13. DFID channels a sizeable proportion of its funding through multilateral bodies, one of the most significant of which is the World Bank. It has been our practice each autumn, to hold an evidence session following the Annual Meetings of the Boards of Governors of the World Bank Group and the International Monetary Fund (IMF) to assess the outcomes of these meetings. This year we decided to conduct a full inquiry into DFID’s relationship

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<sup>11</sup> HC 356 (Session 2006-07)

with the World Bank. The inquiry is due to conclude in January 2008 and the focus is on assessing the extent to which the World Bank's priorities are consistent with those of DFID in having poverty reduction as their main driver. A crucial element of the inquiry was our visit to Washington in November when we held meetings with a wide range of World Bank officials, including the recently appointed President, Robert Zoellick, and Executive Directors of donor and recipient countries. We also took the opportunity to meet Dominique Strauss-Kahn, Managing Director of the International Monetary Fund, and representatives of the US Treasury, the House of Representatives Committee on Financial Services, the Inter-American Development Bank and a range of "think tanks" and NGOs.

14. Another element in our work in monitoring the activities of the World Bank is our contribution to meetings of the Parliamentary Network of the World Bank (PNoWB). In March two members of the Committee participated in the PNoWB conference in Cape Town, South Africa. This was preceded by a one day workshop on increasing parliamentary scrutiny of Poverty Reduction Strategy Papers (PRSPs). The conference itself was attended by parliamentarians from both donor and recipient countries as well as the Managing Directors of the World Bank, the International Monetary Fund and the African Development Bank. The main item for discussion was how to strengthen the role of parliamentarians in scrutinising the Bank. In addition there were workshops on climate change, good governance and anti-corruption.



### 3 Inquiries into areas seen by the Committee as requiring examination because of deficiencies

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#### Sanitation and Water

15. At the end of 2006 we began our inquiry into *Sanitation and Water*. We believed this was a vital inquiry for us to undertake as, without urgent action, the world risks missing not just the Millennium Development Goal (MDG) targets to halve the number of people without access to sanitation and water, but all eight Goals, because sanitation and water are at the heart of development. Almost one in two people in the developing world lacks access to sanitation. This gets far less attention than water in DFID's policies and we were shocked to learn that, on current trends, the MDG sanitation target will not be met until 2076. DFID spends a large amount of money on sanitation and water: it has doubled its aid to Africa for this purpose, and will double it again to £200 million a year by 2010–11. We wished to examine whether this was money well-spent.

16. As part of the inquiry we visited Ethiopia. We saw a country with a desperate need—Ethiopia has almost the lowest sanitation coverage in the world and is one of the most off-track African countries in meeting the MDG targets on sanitation and water. But there is also huge potential: the country has abundant water resources, only a tiny proportion of which are being used. We met a range of key players in Addis Adaba, including Prime Minister Meles Zenawi, a number of other ministers and officials and a range of donor partners. We visited the slum areas in the capital to see urban sanitation and water provision before travelling into remote rural areas to see provision at community level where we discussed with local people what their needs were and how they were being met. The visit also enabled us to see how DFID's new funding arrangements for Ethiopia, which we examined in our report on *DFID's Departmental Report 2006*, were working in practice.<sup>12</sup>

17. We called our report *Sanitation and Water* in a deliberate move to counter the trend of sanitation being the poor relation of water issues. We believe that the failure to make progress on providing proper sanitation in the developing world is a hidden international scandal that is killing millions of children every year. We said that DFID should become a global champion for sanitation and that new approaches and new staffing configurations were needed to tackle the entrenched stigma and poor understanding that keep demand for sanitation low and disease levels high.

18. We concluded that there are as many solutions to water supply as there are problems: DFID's ultimate goal must be supporting governments to find locally appropriate solutions and ending the fundamental inequality that the poor pay the most for their water. This would involve a package of measures including strengthening public utilities, boosting governance and the crucial task of building local capacity to expand and maintain access to clean water. Climate change, economic and population growth and urbanisation are

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<sup>12</sup> First Report, Session 2006-07, *DFID Departmental Report 2006*, HC 71, paragraphs 35-47

increasingly putting decisions about how water resources are allocated and managed into sharp focus. We recommended that DFID scale up its work on water resources management. Central to the efficiency of DFID's investments will be: the effective deployment of DFID's own advisory capacity; reforms to multilateral aid mechanisms; the ability to work at the interface between the key basic social services of health, education, sanitation and water; and efforts to build capacity at local level to target and spend DFID funds effectively.

## Burma

19. We decided to examine DFID's assistance to internally displaced people (IDPs) in Burma and to refugees on the Thai-Burma border because, despite the desperate deprivation in which many people in the country live, Burma receives the lowest level of aid of all least-developed countries. We wished to investigate the channels the UK was using for its funding to Burma and whether these should change, and to assess whether the overall amount the UK provided in aid should be increased. We decided not to visit Burma itself because we were concerned that such a visit would be too tightly controlled by the regime to make it worthwhile. We did, however, visit refugee camps on the Thai-Burma border, where around 150,000 people live in camps with thousands more unregistered refugees living in the border areas.

20. Our report acknowledged that funding aid work in Burma is fraught with difficulties, but that aid could be effectively targeted and used, and constraints addressed, if there was sufficient commitment by donors. We acknowledged that DFID had quadrupled its budget for Burma over the last six years, from £2.3 million to £8.8 million, and recommended that it should quadruple its overall aid budget to Burma again by 2013. We pointed out that, as one of only four donors with a staffed office in Burma, DFID is in a leading position to assist Burmese IDPs and refugees. We believed that DFID's support to community-based organisations was particularly important in developing locally 'owned' responses to displacement, and that this should be increased.

21. Just as we began our inquiry, DFID announced a change of policy in relation to cross-border assistance to Burma.<sup>13</sup> This entailed removing the restriction on the use of its funds for assistance to refugees on the Thai-Burma border, so that they could be used for either cross-border or refugee assistance, as need and funding dictated. However, we pointed out in our report that, as the change of policy was not accompanied by any additional funding, it might be perceived as an empty gesture. We therefore recommended that the UK's expansion of aid for Burma should include specific funding for cross-border assistance. We acknowledged that providing aid in this way was far from ideal in terms of neutrality or safety, but believed it was the only way to reach very vulnerable IDPs located throughout Burma's conflict border zones, including those areas that border Thailand.

22. We were shocked to learn upon arriving in Thailand for our visit that DFID had decided completely to relocate the management of its Burma programme from Bangkok to Rangoon. The DFID South-East Asia office in Bangkok was scheduled to close and it was planned that the number of staff in Burma would increase from three to 10 by May 2008.

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<sup>13</sup> Written Ministerial Statement, HC Deb 5 March 2007, col 117WS

Although we welcomed the increase in staffing in Burma, we believed that DFID's plans fully to relocate management of its Burma programme from Bangkok to Rangoon would impair its work. We recommended that, in order to work independently of the Burmese regime, to fulfil a co-ordination role, to support non-governmental organisations (NGOs) based in Thailand and to engage with cross-border and refugee assistance on the Thai-Burma border, at least two senior, full-time members of DFID staff should be retained within the Bangkok Embassy. We regret that the Government did not accept this recommendation:<sup>14</sup> we intend to monitor the impact of this relocation on the delivery of aid.

23. Our report received extensive press coverage when it was published in July. We were extremely distressed, as so many people were, to witness the further deterioration of the situation in Burma in September following the regime's brutal suppression of protests by monks and others. The Government responded to our report on 15 October and, although it acknowledged that overall aid levels to Burma should increase, no specific commitment was given.<sup>15</sup> However, on 30 October, DFID announced in a press release that aid to Burma would be doubled from the current £9 million to £18 million by 2010.<sup>16</sup> Whilst we wholeheartedly welcome this increase, we regard it as rather dismissive on the part of the Government that no mention was made in the announcement of our contribution to the debate about aid to Burma and our specific recommendation on funding. We took the opportunity of a debate on our report in Westminster Hall on 6 December to make this point to the DFID Minister.<sup>17</sup> We believe parliamentary processes would be strengthened, and the Government's own standing enhanced, if it gave due acknowledgement to select committees for their contribution to policy-making when it is appropriate.

## Maternal Health

24. In the autumn we began an inquiry into maternal health. Improving maternal health is the fifth Millennium Development Goal with the target of reducing the maternal mortality rate by three-quarters by 2015. Half a million women die each year from pregnancy-related causes. Most lives could be saved with simple interventions, such as the presence of skilled birth attendants. Progress towards meeting the MDG has been very slow and indeed in some African countries maternal deaths are increasing due to HIV prevalence, conflict and weak health systems. However, some Asian countries have made rapid improvements, demonstrating the importance of finding the right policies and conditions to make progress. Maternal health is closely related to other key development factors including poverty, infant mortality, population growth and the status of women.

25. We have heard oral evidence from a wide range of NGOs and other witnesses in the course of the inquiry. We timed our first evidence session to coincide with a major international conference on maternal health in London in October and were fortunate to

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<sup>14</sup> See Eleventh Special Report of Session 2006-07, *DFID Assistance to Burmese IDPs and Refugees on the Thai-Border Border: Responses to the Committee's Tenth Report of Session 2006-07*, HC 1070, pp 10-11, Government response to recommendations 8, 11, 24 and 32.

<sup>15</sup> HC 1070 (Session 2006-07), pp 2-3, Government response to recommendations 5 and 7

<sup>16</sup> "UK will double aid to fight poverty in Burma", DFID Press Release, 30 October 2007

<sup>17</sup> HC Deb 6 December 2007, cols 321-352WH

be able to use this opportunity to hear evidence from leading UN officials, including the Executive Director of the UN Population Fund, Thoraya Ahmed Obaid. Our evidence-taking concluded in December with Baroness Vadera, the Parliamentary Under-Secretary of State for International Development.

26. This year we also combined our work on HIV/AIDS with our inquiry into maternal health. HIV and maternal health are closely linked: HIV positive women are four times more likely to die in pregnancy or childbirth than women without HIV; HIV positive women face higher risk from infectious diseases including TB and malaria; less than 10% of pregnant women with HIV are estimated to be receiving anti-retroviral therapy; and in 2005 more than half a million children were newly infected with HIV, mainly through mother-to-child transmission. Integrating responses to maternal health and HIV is therefore crucial but at the moment funding and policy strategies for the two issues are often entirely separate.

27. We expect to report early in 2008. Without prejudging the recommendations we will make, it is already clear to us that there has been a failure of international advocacy and political will regarding maternal health. We believe DFID will need to continue to play a leading global role—despite its headcount restrictions—in pushing this neglected Millennium Development Goal far higher up the global agenda.

## 4 Inquiries into Departmental actions

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### Afghanistan

28. We began an inquiry into Afghanistan in the autumn of 2007. Afghanistan is off-track on all the Millennium Development Goals, including poverty reduction. Increasing insecurity, particularly in the south, is exacerbating the situation. We visited Afghanistan at the end of October, spending seven days in the country. In addition to meeting a wide range of key players in Kabul, including President Karzai, we split into two groups to visit Helmand province in the South and Balkh province in the North. We were able to see a number of development projects in communities both in the capital and in the provinces and to talk to local people about development and how they saw the future of Afghanistan. We were pleased, on our return to the UK, to have the opportunity to meet, jointly with our colleagues on the Defence Committee, a group of members of the Afghan National Assembly.

29. We had intended to take evidence from the Secretary of State for International Development early in December. However, the Prime Minister announced in the debate on the Queen's Speech at the beginning of November that he planned to make a statement on Afghanistan before Christmas.<sup>18</sup> This meant that our oral evidence session had to be postponed until early in the new year. We therefore took the slightly unusual step of writing to the Secretary of State to highlight the issues which had struck us during our visit as key to the UK's policy on development in Afghanistan. These included: women's rights; donor co-ordination and interaction with the Government of Afghanistan; counter-narcotics; security, particularly the role of the Afghan National Army and Afghan National Police; justice reform; and civil-military relations. The letter was made public in a press release.<sup>19</sup>

30. We hope to publish our report in February and we cannot prejudge its conclusions. But we have already made it clear that we believe that it is right for the UK to be involved in Afghanistan and that this should be a long-term commitment.

### Development Assistance and the Occupied Palestinian Territories

31. The aim of our inquiry was to assess what had happened in the Occupied Palestinian Territories since 2004 when our predecessors reported on the development situation there, particularly in the context of the Hamas election victory in January 2006. Our conclusion was that, at the beginning of 2007, the situation politically, economically and socially, was worse than it was in 2004 and that the international community was in danger of preventing the creation of a viable Palestinian state.

32. Following the formation of the Hamas-led government in 2006, the Government of Israel began withholding tax and customs revenues which it collects on behalf of the Palestinian Authority. At the same time, the Quartet, composed of the EU, the UN, Russia

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<sup>18</sup> The statement was made on 12 December, see HC Deb, 12 December 2007, cols 303-321

<sup>19</sup> International Development Committee Announcement 20 November 2007 available on the Committee's website at [www.parliament.uk/indcom](http://www.parliament.uk/indcom)

and the USA, declared that they could not work with the Hamas-led government unless it met three conditions: to renounce violence, to recognise Israel and to adhere to previous agreements. In the absence of this, many donors, including the UK, took the decision to stop all direct assistance to the Palestinian Authority.

33. We found that the combined effect of the withholding of revenues and budget support was to place the Palestinian Authority under severe fiscal pressure. It had also increased poverty and hardship amongst most Palestinians. In an attempt to mitigate the worst effects of the situation, the European Union created a Temporary International Mechanism as a means of funding the continuation of essential services. Our assessment was that the Temporary International Mechanism was a timely response to the crisis but that it was insufficient to cope with it.

34. Our conclusion was that increasing donor assistance was not the answer to the problems facing the Palestinians given that the OPTs were already the largest per capita recipients of aid in the world. But under conditions of occupation their development prospects were being eroded, largely by the actions of the Government of Israel. These actions, which included the expansion of settlements on occupied territory and the accompanying security infrastructure, were justified by Israel on the grounds of security. We accepted that every state has a duty to protect its citizens and that Israel has genuine security concerns. However, we questioned the proportionality of many of the measures it takes, their human cost and their effectiveness in achieving the long-term peace and security that the peoples of Israel and Palestine deserve.

35. Our view was that the first step towards improving the development prospects for the Palestinians should be the implementation of the Agreement on Movement and Access signed in November 2005 and that, in addition, Israel should also stop withholding revenues due to the Palestinian Authority. Whilst we understood the reasons for the international community's policy of isolating a democratically elected government we doubted whether it was the most effective response.

36. The report was debated in Westminster Hall on 5 July 2007. Two members of the Committee visited Sweden in June to discuss the report's findings with Swedish parliamentarians and this meeting was the lead item on Swedish television news that day. We have continued to follow developments in the region closely. We held informal meetings with the Head of Mission of the EU Co-ordinating Office for Palestinian Police Support in March and with John Ging, Director of Operations of the UN Relief and Works Agency in Gaza in November.

## Vietnam

37. We welcomed the opportunity, when we travelled to Vietnam in May, to observe a DFID country programme which was working extremely well. The Department's budget in Vietnam has more than tripled in the last five years. While this is a sharp increase, we believe that it is a worthwhile investment: UK development assistance to Vietnam is having a positive impact there and has helped to lift millions of people in Vietnam out of poverty.

38. Vietnam has achieved remarkable economic development in recent years and has a good track record on reducing poverty. Much of DFID's programme in Vietnam is delivered through a grant to the Government's budget. We concluded that this was an effective way to support Vietnam's ownership of its poverty reduction strategy. It also allows DFID to influence government policy in line with its own strategic objectives on poverty reduction. But we cautioned DFID against relying too heavily on this mechanism and recommended that it actively and systematically consider other options, such as funding civil society, where these are equally or more effective. A strong civil society needs to be developed so that it can fulfil an essential role in the next phase of Vietnam's development.

39. Vietnam is likely to graduate from low- to middle-income country status in 2010. This will mean a decline in aid receipts. Challenges will, however, remain and we believed DFID should continue to have a role in addressing these. We pointed out that the development relationship with Vietnam will need to change—moving away from large grants and towards providing more advice. DFID has a good record in Vietnam of doing innovative work which informs research-based policy advice to the Government, and we concluded that this should be central to its new relationship with Vietnam.

40. Governance is rightly a priority for DFID's future programme in Vietnam and we highlighted that the challenges here are significant. We recommended that DFID should also prioritise work supporting the creation of a responsive and sustainable social security system and the off-track Millennium Development Goal targets on HIV/AIDS and sanitation. We also recommended that the gender dimensions of DFID's work in Vietnam should be re-examined to ensure that women's empowerment was supported at the local and project level as well as at the policy level.

## Peace Process in Northern Uganda

41. As a follow up to our 2006 report on *Conflict and Development*<sup>20</sup> we decided to carry out a short inquiry into the Prospects for Sustainable Peace in Northern Uganda.<sup>21</sup> Since our visit in 2005, the Juba peace talks had begun between the Government of Uganda and the Lord's Resistance Army (LRA). These talks were progressing well but concerns had been raised about the possible incompatibility of peace talks with the outstanding arrest warrants issued by the International Criminal Court for the leadership of the LRA. We found that there was no inherent contradiction between these two processes—in fact the arrest warrants may have helped to bring the LRA to the negotiating table.

42. The Government of Uganda has created a Peace, Recovery and Development Plan for the north. We supported this initiative but emphasised the need to ensure that there was proper consultation with local people and that the Plan was sufficiently resourced. Our report argued that sustainable peace for Uganda would only be possible if the economic devastation caused by the 25-year conflict was reversed.

<sup>20</sup> Sixth Report of Session 2005-06, *Conflict and Development: Peacebuilding and Post-conflict Reconstruction*, HC 923

<sup>21</sup> Ninth Report of Session 2006-07, *Prospects for Sustainable Peace in Northern Uganda*, HC 853

## 5 Examination of Expenditure and Public Service Agreements

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43. We have continued our practice of conducting an inquiry into DFID's own Annual Report.<sup>22</sup> In this year's report, we reiterated the concerns we have expressed in previous years about the extent to which DFID is able to spend its funding effectively and efficiently. DFID's budget is increasing every year towards the goal of the UK spending 0.7% of Gross National Income on development by 2013. The Comprehensive Spending Review settlement for 2008–11, which we also examined in this year's inquiry, continues this trend. However, at the same time DFID is required to reduce its administrative costs to meet Government efficiency targets and this essentially means reducing the number of staff it employs.

44. Our report accepted that DFID cannot be exempt from Government efficiency targets but we pointed out that the Department has already significantly reduced its headcount. Further staff cuts are coming at a time when the Department is increasingly focusing on the poorest countries, which are often fragile states. These are countries where development assistance is needed most and where the potential for poverty reduction, which is DFID's overarching aim, is greatest. However, working in such environments is much more resource-intensive, in terms of both money and people, and therefore expensive. We concluded that DFID will need to make some difficult decisions about where its future priorities lie—a conclusion which had also been drawn in the Capability Review of the Department by the Cabinet Office in March.<sup>23</sup>

45. DFID's Public Service Agreement targets for 2005–08 are specifically linked to progress towards the Millennium Development Goals. We have commented in previous reports on the difficulty this presents in measuring DFID's effectiveness in that the MDGs are internationally agreed goals which are implemented by numerous bilateral and multilateral donors. It is therefore not possible to disaggregate DFID's own contribution in assessing whether progress has been made on a particular MDG, for example reducing infant mortality. DFID itself acknowledges that this is a problem.

46. As part of the 2007 Comprehensive Spending Review, new PSAs were agreed for all government departments for the 2008–11 Spending Review period. DFID is the lead department for PSA 29 which is: *to reduce poverty in poorer countries through quicker progress towards the MDGs*. It is supported in this by three other departments: the Department for Environment, Food and Rural Affairs, the Foreign and Commonwealth Office and the Treasury. DFID is also a contributor to four other new PSAs for which other departments have lead responsibility.<sup>24</sup>

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<sup>22</sup> HC 64 (Session 2007-08)

<sup>23</sup> *Capability Review of the Department for International Development*, Cabinet Office, March 2007 and *Civil Service Capability Review, Tranche 3: Findings and Common Themes; Civil Service – strengths and challenges*, March 2007

<sup>24</sup> PSA 3: controlled and fair migration; PSA 25: alcohol and drugs; PSA 27: climate change; PSA 30: conflict impact



47. DFID will focus on 22 countries to monitor progress on PSA 29 during the 2008–11 Spending Review period. The Delivery Agreement for the new PSA is still linked directly to the eight Millennium Development Goals but specific indicators have been set for each one. For example, MDG 6 is to combat HIV and AIDS, malaria and other diseases; the indicator DFID has set is HIV prevalence among people aged 15–49. We concluded that the new Delivery Agreement should make the assessment of DFID’s performance more meaningful but that we would be closely monitoring how this worked out in practice in our future examination of DFID Annual Reports and Autumn Performance Reports.

48. In addition to examining the PSAs as part of our regular assessment of DFID’s Annual Reports, many of our topical inquiries also form part of this examination because of the direct link between the MDGs and DFID’s PSA targets. In assessing DFID’s contribution to such fundamental development issues as sanitation and water and maternal health, we are examining the UK’s contribution to progress towards the relevant MDG, and therefore making a judgement on how well DFID is performing in relation to a particular PSA target. This will continue to be an essential element of our work.

49. We expedited publication of our report on the DFID Annual Report 2007 so that it could inform the first of the new annual debates on International Development on the floor of the House on 15 November.<sup>25</sup> Our report was widely referred to during the debate by backbench and frontbench speakers.

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<sup>25</sup> HC Deb 15 November 2007, cols 869-928

## 6 Other areas of activity

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### Major appointments

50. We have not had the occasion to interview any new appointees to major posts in the last year. As DFID has a very small number of associated bodies, the Secretary of State makes very few major appointments. However, DFID's Permanent Secretary, Sir Suma Chakrabarti, left his post in December 2007. We look forward to an early opportunity to take evidence from his successor when he or she is in post. The Department has also recently established a new body, the Independent Advisory Committee on Development Impact (IACDI) and, as we said in our report on DFID's Annual Report 2007, we intend to hold an evidence session with its Chairman early in 2008 to discuss IACDI's priorities and work programme.

### Associated public bodies

51. DFID has two associated Non-Departmental Public Bodies: the Commonwealth Scholarship Commission in the UK and the Crown Agents Holding and Realisation Board.<sup>26</sup> DFID also wholly owns CDC Group plc which is the main arm for the Department's interventions in private sector development. We have not undertaken inquiries into these bodies during the period covered by this Report.

### Examination of draft legislation

52. The Department has not produced draft legislation.

### Quadripartite Committee

53. We continued our contribution to the 'Quadripartite' Committee, together with members of the Defence, Foreign Affairs and Trade and Industry Committees. This Committee carries out detailed scrutiny of the Government's controls on exports of equipment and technology with a military application. This year the Committee examined the Department for Trade and Industry's (now the Department for Business, Enterprise and Regulatory Reform's) 2007 Review of Government Strategic Exports Legislation.

54. We found the Review to have been a constructive process that has addressed many of the issues which we had raised over several years. But the challenge of increased globalisation of the defence industry, the fast pace of technological development, changing proliferation patterns and the threat from terrorists mean that any gaps in the legislation could have serious consequences for the UK. We called on the Government to use the Review to plug the holes in the controls on arms exported from the UK and to keep a tight grip on those trafficking and brokering arms between countries outside the UK. We identified two shortcomings of the Review. First, it ignored the fact that strategic export controls rely on Government-wide cooperation and communication. The Consultation

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<sup>26</sup> DFID announced in a Written Ministerial Statement on 7 January 2008 that it will wind up the Board by 31 March 2008: see HC Deb 7 January 2008, col 2WS

Document does not mention HM Revenue & Customs, which enforces strategic export controls. Second, it ignored the EU dimension: other EU States face exactly the same problems as the UK in administering an export control regime, a significant part of which is derived from EU legislation.

55. The Quadripartite Committee also concluded that the Government had continued to show skill in promoting the International Arms Trade Treaty and, significantly, to press for a comprehensive treaty including both military and dual-use goods and technology. We emphasised that the next year would be crucial for the treaty when the governmental experts start work on the details. We hoped to see significant progress by the time of the Quadripartite's next report.

### Conferences of Development Committee Chairmen

56. Our Chairman attended conferences of chairmen of foreign affairs, development and co-operation committees of EU countries in Berlin and Lisbon in 2007 organised by the German and Portuguese EU presidencies. These conferences offer a valuable opportunity to discuss our work with our European counterparts. The Chairman also attended a seminar on the EU-Africa Strategy and participated in the European Development Days conference in Lisbon in November.

### Visit to Scotland

57. In June we were able to take the opportunity of visiting the Department for International Development's offices in East Kilbride—a visit originally planned for 2006 but which had to be postponed due to urgent business in the House. We met a large number of DFID staff and were briefed on their activities including those of the UN and Commonwealth Department and the Evaluation Group. We also used our time in Scotland to meet Linda Fabiani, Minister for Europe, External Affairs and Culture in the Scottish Executive, the European and External Relations Committee of the Scottish Parliament and a group of Scottish development non-governmental organisations. We plan to build on our links with the Scottish Parliament Committee and we hope that they will be able to visit us in London in 2008.

### Informal meetings and seminars

58. The Committee has continued its practice of holding informal seminars as an integral part of medium- and large-scale inquiries. These 'teach-ins', held before evidence sessions are commenced, provide an opportunity for us to discuss with experts the key areas we should consider in the course of our inquiries. This year we held seminars on: maternal health; Afghanistan; Burma; and Vietnam. At the beginning of the year we held a seminar on China and this will now develop into a full inquiry in 2008. We also held an informal briefing with National Audit Office staff in July which contributed towards our work on the DFID Annual Report 2007.

59. We continued our practice of regular meetings with the UK Permanent Representative to the UN. We met Sir Emyr Jones Parry at the end of 2006 and again in July, jointly with other committees, specifically to discuss climate change. We were fortunate to be able to meet Sir Emyr's successor, Sir John Sawers, in July, just before he took up his new post and

discussed a wide range of development issues with him. Other key informal meetings were held with the then Managing Director of the International Monetary Fund in May, jointly with our Treasury Committee colleagues; and with the Russian Deputy Finance Minister in June.

60. In preparation for our inquiry into the peace process in Northern Uganda, before taking formal evidence from Ministers, we held a very interesting and informative informal meeting with a group of Ugandan representatives involved in the peace negotiations, including Rwot David Arcana, the Paramount Chief of the Acholi tribe and Rebecca Amuge Otengo a member of the Ugandan parliament who represents a constituency in the north of the country.

61. We have been fortunate, in addition to formal evidence sessions, to have informal meetings with the Secretary of State for International Development, which enable us to discuss a wide range of general development issues in a relaxed atmosphere. We met the former Secretary of State Hilary Benn in June. We hope to continue this valuable practice with his successor.

### **Witness feedback**

62. We sent witness feedback forms to all witnesses who appeared before the Committee this year. Not many witnesses commented on their experience of giving evidence (16%; or 23% excluding Government witnesses). Those who did express their views were universally positive; the only caveat was that one witness would have liked more time to put over his points.

# ANNEX

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**Table 1: Subjects covered by the International Development Committee in 2007**

<b>Subject</b>	<b>Evidence sessions in 2007</b>	<b>Outcome</b>
Development Assistance and the Occupied Palestinian Territories	0	Report, January 2007
EU Development and Trade Policies: An update	1	Report, March 2007
Sanitation and Water	2	Report, April 2007
Fair Trade and Development	4	Report, June 2007
DFID's Programme in Vietnam	2	Report, July 2007
Prospects for Sustainable Peace in Uganda	1	Report, July 2007
DFID Assistance to Burmese Internally Displaced People and Refugees on the Thai-Burma Border	3	Report, July 2007
Strategic Export Controls: 2007 Review [Quadripartite Committee]	2	Report, August 2007
Department for International Development Annual Report 2007	1	Report, November 2007
Development and Trade: Cross-departmental Working	2	Report, December 2007
Maternal Health	5	Report to be published
DFID and the World Bank	2	Report to be published
Development Assistance in Insecure Environments: Afghanistan	2	Report to be published

**Table 2: Visits by the International Development Committee in 2007**

<b>Location</b>	<b>Purpose of visit</b>
Ethiopia	Inquiry into Sanitation and Water
Vietnam and Thailand	Inquiries into Vietnam: DFID's Country Programme and DFID Assistance to Burmese Internally Displaced People and Refugees on the Thai Burma border
Afghanistan	Inquiry into Development Assistance in Insecure Environments: Afghanistan
Washington	Inquiry into DFID and the World Bank
Brussels, Belgium	Inquiry into EU Development and Trade Policy: an update
Edinburgh and East Kilbride, Scotland	To visit Scottish Executive, EU and External Relations Committee of the Scottish Parliament, NGOs and DFID Headquarters
<b>Visits in a representative capacity:</b>	
Cape Town, South Africa	Annual meeting of the Parliamentary Network of the World Bank (delegation—2 Members)
Berlin, Germany	Conference of EU Foreign Affairs and Development Committee Chairs (delegation—1 Member)
Sweden	Invitation by Swedish Parliament to discuss the Committee's Report on Development Assistance and the Occupied Palestinian Territories (delegation—2 Members)
Lisbon, Portugal	Conference of EU Foreign Affairs and Development Committee Chairs (delegation—1 Member)
Lisbon, Portugal	European Development Days/AWEPA Conference (delegation—1 Member)

**Table 3: Liaison Committee criteria relevant to 2007 inquiries**

	Government and European Commission policy proposals	Examination of deficiencies	Departmental actions	Associated public bodies	Implementation of legislation	Expenditure	Evidence from Minister	Public Service Agreements
Development Assistance and the Occupied Palestinian Territories		√	√			√	√	
EU Development and Trade Policies: An update	√		√					
Sanitation and Water		√	√			√	√	√
Fair Trade and Development			√			√	√	
DFID's Programme in Vietnam			√			√	√	
Prospects for Sustainable Peace in Uganda			√				√	
DFID Assistance to Burmese Internally Displaced People and Refugees on the Thai-Burma Border		√	√			√	√	
Strategic Export Controls: 2007 Review [Quadripartite Committee]		√	√		√		√	
Department for International Development Annual Report 2007		√	√			√	√	√
Development and Trade: Cross-departmental Working	√	√	√				√	
Maternal Health		√	√			√	√	√
DFID and the World Bank			√			√		
Development Assistance in Insecure Environments: Afghanistan		√	√			√		

**Table 4: Witness feedback**

<b>RECORD OF RESPONSES TO WITNESS FEEDBACK FORM</b>			
Year: 2007			
Response rate: 16 per cent (17 responses from 104 witnesses); 23 per cent not including Ministers and Departmental officials (of the 104 witnesses, 31 were Ministers of officials from DFID or another Government Department)			
QUESTION	ANSWER %	COMMENTS	ACTIONS
1. Practical advice and guidance	Yes: 100	None	None
	No: nil		
2. Guidance on nature of questions	Yes: 100	None	None
	No: nil		
3. Physical facilities and assistance	Yes: 100	None	None
	No: nil		
4. Opportunity to convey views	Yes: 94	One witness commented that they wished there had been more time available to them in which to expand on their answers.	Witnesses are usually given about an hour in which to answer questions from the Committee. If this time is insufficient, they are encouraged to submit supplementary written evidence.
	No: 6		
5. Other: One witness commented on the unreliability of webcasting. Whether this was a result of problems with ParliamentLive or the individual's own internet connection was unclear.			
Any additional questions on conduct of hearing:			
Most responses made a comment about how well-informed Committee members were on the subject of the inquiry.			



# Formal Minutes

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**Thursday 17 January 2008**

Members present:

Mr Malcolm Bruce, in the Chair

John Battle

Hugh Bayley

Richard Burden

James Duddridge

Ann McKechin

Mr Marsha Singh

Sir Robert Smith

Draft Report (*Work of the Committee in 2007*), proposed by the Chairman, brought up and read.

*Ordered*, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 62 read and agreed to.

Annex agreed to.

*Resolved*, That the Report be the Third Report of the Committee to the House.

*Ordered*, That the Chairman make the Report to the House.

[Adjourned till this day at 2.00 pm]

## List of Reports from the Committee during the current Parliament

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The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2007-08

First Report	DFID Departmental Report 2007	HC 64
Second Report	Development and Trade: Cross-departmental Working	HC 68

### Session 2006-07

First Report	DFID Departmental Report 2006	HC 71 (HC 328)
Second Report	HIV/AIDS: Marginalised groups and emerging epidemics	HC 46-I&II (HC 329)
Third Report	Work of the Committee in 2005-06	HC 228
Fourth Report	Development Assistance and the Occupied Palestinian Territories	HC 114-I&II (HC 430)
Fifth Report	EU Development and Trade Policies: An update	HC 271 (HC 622)
Sixth Report	Sanitation and Water	HC 126-I&II (HC 854)
Seventh report	Fair Trade and Development	HC 356-I&II (HC 1047)
Eighth report	Department for International Development's Programme in Vietnam	HC 732 (1062)
Ninth report	Prospects for sustainable peace in Uganda	HC 853 (HC1063)
Tenth report	DFID Assistance to Burmese Internally Displaced People and Refugees on the Thai-Burma Border	HC 645-I&II (HC 1070)

### Session 2005-06

First Report	Delivering the Goods: HIV/AIDS and the Provision of Anti-Retrovirals	HC 708-I&II (HC 922)
Second Report	Darfur: The killing continues	HC 657 (HC 1017)
Third Report	The WTO Hong Kong Ministerial and the Doha Development Agenda	HC 730-I&II (HC 1425)
Fourth Report	Private Sector Development	HC 921-I&II (HC 1629)
Fifth Report	Strategic Export Controls: Annual Report for 2004, Quarterly Reports for 2005, Licensing Policy and Parliamentary Scrutiny	HC 873 (Cm 6954)
Sixth Report	Conflict and Development: Peacebuilding and post-conflict reconstruction	HC 923 (HC 172)
Seventh Report	Humanitarian response to natural disasters	HC 1188 (HC 229)