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DFID’s Performance in 2008-09 and the 2009 White Paper

Fourth Report of Session 2009–10

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Oral and written evidence

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International Development Committee

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Witnesses

Tuesday 24 November 2009

Ms Nemat (Minouche) Shafik, Permanent Secretary, Mr Mark Lowcock,
Director General, Country Programmes, Mr Andrew Steer, Director General,
Policy and Research, and Mr Richard Calvert, Director General, Corporate
Performance, Department for International Development

Wednesday 25 November 2009

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Taken before the International Development Committee
on Tuesday 24 November 2009

Members present
John Battle
Mr Nigel Evans
Malcolm Bruce, in the Chair
Mr Mark Lancaster
Andrew Stunell

Witnesses: Ms Nemat (Minouche) Shafik, Permanent Secretary, Mr Mark Lowcock, Director General, Country Programmes, Mr Andrew Steer, Director General, Policy and Research, and Mr Richard Calvert, Director General, Corporate Performance, Department for International Development, gave evidence.

Q1 Chairman: Good morning and thank you very much for coming in on this, our annual session relating to the Annual Report. I wonder if you could introduce your team for the record.

Ms Shafik: I would be happy to. On my right is Andrew Steer, who is our Director General for Policy and who led the work on the White Paper. Mark Lowcock, I think, is familiar to the Committee; he is the Director General for Country Programmes and runs the bilateral aid programme. Richard Calvert is the newest member of the Board; he is Director General for Corporate Performance and he has recently come back to DFID.

Q2 Chairman: Obviously, since the last Report, the Department has published its White Paper, refocusing its strategy particularly on fragile states. I think it is fair to say that there has been a fairly good welcome to that and people appreciate where the Department is coming from, but, on a practical basis, what effect will this have on the way the Annual Report is produced because clearly, if a new strategy has been identified, then one presumably would wish to reflect in an annual report how that is being implemented and delivered?

Ms Shafik: Yes. The White Paper will be reflected in future annual reports, but we have chosen to embed the commitments that we have made in the White Paper in our divisional performance frameworks and into our normal reporting channels, so the commitments that we deliver in the White Paper will be reported within this framework in the future and will be intrinsic in everything that we do.

Q3 Chairman: So you will be changing your performance indicators to reflect that?

Ms Shafik: That is correct.

Q4 Chairman: If you take climate change, for example, when we ask DFID officials about climate change, they say, “Oh, yes, yes, it’s part of the programme”, but, when we say specifically, “What are you doing that is proactively building climate change into the development strategy?”, if I am honest, I am not sure that we always get a clear answer, so do you feel that you are going to be able to do that in the future?

Ms Shafik: Yes, we will. What we have done is we have actually developed quite a detailed reporting mechanism for each of the “we wills” that we have committed to in the White Paper and we are now tracking 160 commitments that we have made with an individual deadline on each one of those in terms of making sure that we deliver on every one of those commitments. Climate change is, arguably, one of the toughest for us because it is not just delivering a set of commitments like the Climate Investment Fund, which we have set up jointly with the World Bank and other donors to begin to show that adaptation and mitigation finance is feasible through the multilaterals, but it also requires us to change the way we do business in DFID by climate-proofing all of the development interventions that we invest in. Andrew Steer has been leading that work of thinking about how to inject climate into the DNA of DFID and perhaps he would say a couple of words about that.

Mr Steer: I think it is necessary for us still to climb up the curve quite a bit on climate change. I think we are proud of what we have done in the last couple of years, but, looking forward, it is no longer possible to be a serious development agency and not take this very, very seriously indeed, so we had a change programme which is above and beyond the individual deliveries and there are climate change champions throughout the organisation. We meet regularly, we try to hold each other accountable and we are trying to raise the sort of technical knowledge and influencing skills associated with that.

Q5 Chairman: The other thing is that you said that you were going to put 5% of the budget into strengthening accountability.

Ms Shafik: Yes.

Q6 Chairman: How did you calculate that figure, what was the basis of coming to that figure, and how does that compare with what you are currently doing and what effect does making that commitment have?

Ms Shafik: Well, that commitment came out of a criticism of DFID which came out of the evaluation of budget support, which was done by many donors a couple of years ago which said that, in some ways, by doing budget support, we had become too close to governments, that we sort of had lost contact with
the need to hold governments firmly to account. The 5% number, there is nothing magic about that, it is a target that we set because we thought that was a realistic number in terms of what we should be doing and it would cover things like strengthening parliaments, strengthening the role of civil society and the media and other accountability institutions, like national audit offices around the world. In addition to that 5%, we have of course launched the Governance and Transparency Fund, which is supporting 38 projects to enhance governance and transparency across the world, and a large part of that is focused on parliamentary strengthening.

Mark, do you want to say something a bit more about the country work that we are doing there?

Mr Lowcock: Yes. I think that in some countries we are currently a bit above 5% and in others we are a bit below. Just to give some examples of the sorts of things that Minouche has been talking about, we have been doing a lot of work with the Parliament in Tanzania, providing additional assistance both to the Speaker, who is an opposition Member of Parliament, and to the Chairman of the Public Accounts Committee—

Q7 Chairman: We visited Tanzania and we met him.

Mr Lowcock: Interestingly, when I had a conversation with the Speaker and the Chair of the PAC earlier this year, one of the things they said to me was that they value the fact that we do a lot through the budget in Tanzania because that reinforces their role in holding the executive to account on the budget. Equally, in Tanzania we do a lot to try to strengthen the voice of civil society organisations to lobby on issues in particular, so we finance the Friends of Education in Tanzania which brings together actually 26,000, I think, people who finance the Friends of Education in Tanzania which together actually 26,000. I think, people who are trying to improve their local school and to bring forward both individual messages about their school, but also then collective messages to the executive, and we are financing a growing number of women’s organisations to try to improve the way in which the executive responds to the needs of women and girls in Tanzania. Those kinds of examples we have in other places as well, but the precise things we do obviously vary from country to country.

Q8 Chairman: So that might feature in future reports?

Mr Lowcock: Yes, absolutely.

Ms Shațk: Yes, definitely.

Q9 John Battle: Just to explore the shift in emphasis in the White Paper to fragile states, but also there has been a budget shift to the fragile states already in some ways, I just want to try and tease out the government expenditure on fragile states so far because I think the question that you answered for the Committee for this financial year is suggesting the disbursement of 50% of country programme funding on fragile states. Can you tell us how much in total did DFID spend on fragile states in the financial year 2008–09 and what is the forecast for 2009/10, and then what proportion of the total aid programme do those numbers actually represent so that I can get some indication of the size of the shift that has been?

Ms Shațk: The amount we spent last year was about £1.2 billion on the fragile states which was about 50% of our bilateral programme, and our commitment in the White Paper is to continue that share of 50% going forward on a growing baseline. This is an evolutionary policy because, as you well know, we think fragile states are under-aided to the tune of about 43% relative to what they should get, given the need and levels of poverty.

Q10 John Battle: To the tune of?

Ms Shațk: The estimate is about 43% under-aided, so we feel that we need to fill some of that gap. Mark, do you want to say a little more about how you see that going forward?

Mr Lowcock: Well, in terms of some of the specific things that we will do next year, to come on to the other part of your question, Mr Battle, the Africa budget, where most of our fragile states work is at the moment, next year will be £1.75 billion compared to about £1.5 billion this year. Almost all of the increment is going into fragile states and, in particular, four of the biggest fragile states, Nigeria, DRC, Sudan and Ethiopia. In South Asia, the growing parts of the programme there again are in fragile states, and Afghanistan obviously we have a very substantial commitment to and we have a fast growth, and possibly our fastest-growing programme currently in the world is the programme in South Sudan which As Minouche says, we have come from a position a few years ago where we were doing about 45% of a smaller programme in fragile states to one where we will get to about 55% of a bigger programme.

Q1 John Battle: But the implications of that are what? The Permanent Secretary says that, if there is an estimated underspend now and you are increasing the focus of the programme, then the pressure on staffing and resources, given the task in fragile states, will mean that you will get a massive back pressure in the Department on both budget and staffing, is that not right, and how would you balance then the need for the efficiency savings with the demands for working in not only a more complex environment, but one that is more costly in staff and resources? How are you balancing those factors in that shift?

Ms Shațk: In our decision-making about allocating our administration budget, we have tried very hard to protect the budgets of fragile states and the front line so, if you look at the proportion of our administration budget spent in fragile states, it has actually increased over this CSR period. We have tried to take the hits on the administration budget elsewhere, primarily in the back office through de-layering and other mechanisms because, you are quite right, the costs of operating are far, far higher and they are much more staff intensive, plus you often have additional security costs. Those costs vary enormously, so in places like Nigeria, the administration cost as a share of the programme is

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about 6.4%, whereas in Pakistan it is far less, it is about 2.6%, so it varies, and in Afghanistan it is quite high, it is 8.7% because of course you have got lots of additional security costs associated with operating there, so we acknowledge that it is more expensive, but we have tried very hard to protect those front-line resources because we think that the poverty benefits of operating there are really high.

Q12 John Battle: You have given us some indication of the DRC, Sudan, Ethiopia, Afghanistan, Pakistan, and we can all think of some places, but I sometimes think that the phrase or the expression “fragile states” is a bit of a holdall that we can put anything into. The World Bank has “insecure states” which clearly refers to governance and, when we are talking about climate change, they talk about “vulnerable states” as in Bangladesh. I just wondered, in terms of the complex definition of a fragile state, how will DFID ensure that engagement in a country and on the ground actually takes into account the different kinds of fragile states because I imagine that somewhere like Nepal and Bangladesh are very different from DRC, for example, which is very different again from Afghanistan? How are you doing that analysis?

Ms Shafik: That is very true. I often say that fragile states are a bit like unhappy families in Tolstoy’s Anna Karenina, that every one is unhappy in its own special way! That is very central to our strategy in fragile states, that there are unique causes of conflict and fragility and you have to understand those very well, which is why the White Paper commits us to doing much more sophisticated political analysis of understanding the sources of fragility and adapting our policy to the very different contexts. Maybe Mark might say a few words about how that plays out very differently in some of the range of countries that you identified.

Mr Lowcock: We have some common analytical tools which we try to deploy in every country to think about our future work programmes, so we have a country governance assessment and we have a conflict assessment. Those things actually came out of the 2006 White Paper, as you will recall, but the point that we have made in the 2009 White Paper is that we have gone a little way in terms of the journey on doing better in analysing how to operate effectively in fragile states, but we have quite a lot more to go, so that is why we have developed this four-part analytical framework looking at political settlements, with a stronger focus on security and justice as a programmatic sector, a stronger focus on basic services delivered to poor people through a conflict and then trying to keep, fourthly, in our minds the whole time what the underlying drivers of conflict are. Now, if you look across the range of our programmes in fragile states, what you will see is that in some places we have a lot on the basic service side, in some places we have more on the security and justice side and in some places we have more on jobs. We have just taken delivery of a first draft of a synthesis of our country programmes evaluations in about seven or eight fragile countries and one of the things that has told us is that we need to do better in striking the balance between building up the capability of the state and directly delivering services. Overall, we think that the DFID’s devolved model works well because it means we are close to the issues and that we have played a leadership role internationally in trying to get more attention to the fragile states, but that we need to work harder to get senior and experienced staff to work in these places and we need to try to generate a stronger impact from the multilaterals where the evaluation is a little bit critical of some of their performance and also our ability to get traction over that.

Q13 Chairman: Are you able to share that kind of information with us?

Mr Lowcock: We will publish the evaluation. I can run through a few more of the headlines, if that would be helpful.

Q14 Chairman: Or you could give us a note.

Mr Lowcock: Yes, absolutely.

Ms Shafik: I think the evaluation itself will be published in the New Year. It is still in draft form.

Mr Lowcock: It will.

Q15 Mr Lancaster: Chairman, we will come back to the multilaterals in a second. Whilst I do absolutely recognise that every fragile state is different and I would not want to focus entirely on Afghanistan, nonetheless it is an area that you have been operating in now for some time, so can I just ask you what lessons you feel you have learnt from operating in Afghanistan and, given that there have been some criticisms of DFID’s work in Afghanistan, what lessons do you feel can be learned when it comes to expanding the programme to other fragile states?

Ms Shafik: I will start and then I will let Mark elaborate a bit more. I think on Afghanistan what we have learnt is confirming that having a presence on the ground is key, and that continues to be a real strength for DFID. Secondly, I think the experience of working through the Afghan budget, through the Afghan Reconstruction Trust Fund, has been successful. It is not budget support in the sense that we know in Africa, but it enables us to channel significant resources through the Afghan budget. We are paying the salaries of over 160,000 teachers in Afghanistan and it has generated one of the few success stories we have got which is that we have six million kids into school, two million of whom are girls, and we have been able to do that through Afghans doing it themselves rather than running our own programmes, and I think that has been a successful experience. It took us a while to find a mechanism to get resources into Helmand effectively because the Afghan structures in Helmand were quite weak and we did not have a very good partner, to be honest, for a very long time. We are in a better place now where we have got an effective government in Helmand and we are actually able to spend quite a lot of money in Helmand now. If you look at total civilian spend, now we are spending...
40% of it in Helmand, so quite significant resources which are delivering real results in terms of roads, the recent successes in reducing opium cultivation and the wheat programme that we have supported to get fertiliser and wheat seed into the hands of farmers in Helmand which has contributed towards the significant reduction in opium. I think where we have had weak partners in the government we have struggled to find ways because we prefer to work through Afghan partners. Having said that, when you look at the alternatives of some other donors, particularly what the US have done, which is not to work through Afghan systems, to be candid, I do not think they have had any more success than we have had in terms of actually delivering outcomes on the ground.

**Mr Lowcock:** I think the biggest generic lesson is exactly the one that the Select Committee put in its Report at the beginning of last year, which is that we need to have a strong focus on Afghan-isation, on moving towards a position where the institutions of Afghanistan are able to do more of the job really in terms of service-delivery, but are also more accountable. It is another example of this dilemma that the evaluation exposed of the balance between direct service-delivery, which we can control ourselves which might be more effective in the short run in getting services to people, as opposed to something which over time is building up the capability of the state to do more of its own job, so that, as I say, from your Report last year, we think is the biggest lesson to hang on to. The two things this year that have been an important feature or the ones that the Secretary of State flagged in his speeches, firstly, in Washington in July and then in London earlier this month, and they are about jobs and security. We have provided loans to half a million Afghans to help them promote their businesses and we are trying to make a stronger programmatic impact on security and justice issues. I have to say, that is quite a challenge and we are not promising rapid success there.

**Q16 Mr Lancaster:** I do not disagree with the aspiration at all. I suppose I am a little bit concerned though about the delivery, and I declare my hand as someone who worked as a development officer in Afghanistan in 2006 as a Royal Engineer when, frankly, we saw almost no access on the ground from DFID staff. Now, progress has been made, but one of the current criticisms, which I know is going to come forward soon, is that, even under the current programme, there seems to be a lack through the PRT3 of the updating of progress on the various DFID programmes. I realise that there is a cross-departmental tension there, but there is criticism that actually, when it comes to the delivery on the ground in Helmand, we are not seeing very much from DFID at the moment at all, so, given that you probably accept to a degree that criticism, how does that bode for future expansions into other fragile states?

**Ms Shafik:** I do not know how recent that information is.

**Q17 Mr Lancaster:** About 10 days.

**Ms Shafik:** Because we are getting the reporting of quite a lot of progress in many areas in Helmand. It is not an easy place to deliver and we have had difficulty in the past, but I think that is no longer the case of getting people on the ground. The feedback we are getting from the PRT is that actually it is on a pretty positive trajectory.

**Q18 Mr Lancaster:** It is a conversation I would probably rather have away from the Committee, but I do have real concerns. If that model is being used when it comes to expansion to other fragile states, I am just curious as to how you intend to build on that model.

**Ms Shafik:** To be fair, Helmand is a rather extreme case in terms of active conflict in many ways as opposed to most of the fragile states where we are operating where it is not quite as difficult to get around and not quite as difficult to actually have programmes on the ground.

**Mr Lowcock:** I was last in Helmand in June and my own assessment then, which is consistent with our continuing assessment, is that things are better there now in terms of joined-up working across government and in terms of delivery of real things to the people of Helmand than they were some years ago. We have built nearly 2,000 wells in Helmand, we have enabled 60 kilometres of roads to be built, we have provided clean water for over 425,000 people, and Afghanistan has had its biggest ever harvest in the last year and that is largely down to the success of the wheat distribution programme which we financed. As I say, we are very conscious that there are massive challenges over jobs and security and we are equally conscious that we struggled at some points between 2003 and 2008, but our honest assessment is that things are better there now than they were at some points in the past, and that does reflect conversations we have with the military as well as with the FCO and our own assessment.

**Mr Lancaster:** Chairman, I do not want to dwell on Afghanistan and we should move forward, but on one point, yes, we have dug 2,000 wells, but we did so without doing a water survey, which means that we have actually lowered the water table, leaving the ancient karaz’s that take the water running off the hills in Helmand to run dry. That is hardly a badge of honour that we should be wearing, so I think there are lessons that need to be learned about how successfully we have delivered programmes in Helmand.

**Q19 Chairman:** Just to go back, when we produced our Report, the figure for Helmand was a lot less than the figure you have just given.

**Ms Shafik:** Yes.

**Q20 Chairman:** And you made a virtue of the fact that this was a whole of Afghanistan approach here, that this was creating development for the whole of Afghanistan, not just focusing on Helmand, so it
Q21 Chairman: Does that mean you are spending less outside Helmand?
Ms Shafik: No, we have not cut the national effort, but we have mobilised more resources to Helmand.

Q22 Chairman: So you have put more resources into Helmand additionally, but you have not cut them elsewhere in Afghanistan?
Ms Shafik: Exactly.

Q23 Mr Lancaster: As I say, I do not want to dwell on Afghanistan, I would like to move forward. The Public Accounts Committee have highlighted that many of your usual multilateral partners also struggle when it comes to staff and capability, yet this is one of the areas where you want to sort of increase your work in fragile states, so I am really wondering, given that concern, how we square your desire to do greater work with the multilaterals.

Ms Shafik: They do, and I think that just as we have learnt that, in order to operate effectively in fragile states, you need to bring defence, diplomacy and development in an integrated fashion, you have the same set of issues in a multilateral system. So in a UN context the need to integrate peace-keeping, state-building and long-term infrastructure and development together is a key issue, and it is why we have pushed very hard to get the approved management of UN support operations. We have also pressed the UN, the EU and the World Bank to agree a clear division of labour in fragile states rather than having them blurring the lines of accountability. We have also pressed them to push for further decentralisation of their own staff into fragile states, and again they have struggled in some cases to get the right people and the best people to work in some of these tough environments. We have increasingly made these types of requests and have made our own funding of those organisations conditional on progress in those areas, so, for example, in the replenishment of IDA in the World Bank, increasing decentralisation, particularly in fragile states, was a key performance criterion for our funding. Similarly, with the UN state-building and peace-keeping funds, we are again making it contingent on better performance on the ground. We are not there yet, but we certainly are aware of the issues, and we are pressing the multilaterals very hard to do better.

Q24 Mr Evans: Looking at the effectiveness of multilateral funding, I want to clearly divide this up into the two major ones, which is the European Commission and the United Nations. Looking at the Annual Report for 2008–09 on page 122, it talks about the indicator being the improved effectiveness of the European Commission and the current position was little or no improvement. Looking at page 15 of the statistics, it shows as well that the amount of money in 2007–08 was about £1 billion that they were getting from UK taxpayers and that is going up to almost £1.2 billion, and indeed will relentlessly go up in the way that the European Commission aid funding works. Can you tell us why you think the European Commission is so useless at spending all our money and would it not be better if DFID spent it all itself because, by the indicator, DFID is far more effective at spending the money? When we are looking at the people who are getting it, why is it that we are actually short-changing them by allowing this to continue?

Ms Shafik: I think we would have a slightly more nuanced view of the performance in the European Commission. I think we would make a big distinction between EDF, the European Development Fund, which we think actually performs rather well, and the rest of European aid, which mainly focuses on the neighbourhood and middle-income countries in the neighbourhood. The EDF, in contrast, actually focuses much more on low-income countries and, if you look at the recent OECD peer review of European aid, they point out that EDF has improved enormously on donor co-ordination, on being more predictable, on being more decentralised, getting more people on the ground, on using results-based evaluation and on their portfolio performance, and they have also done a very good job of getting more social protection into the poorest countries during this economic crisis which was quite key for providing a safety net, so EDF has improved considerably. I think the rest of European aid, which does focus more on middle-income countries in the European neighbourhood, is more politically driven and less poverty-focused with much less supervision on the ground to make sure that programmes are effective, and we have a more negative assessment of the performance of that part of the aid. As you probably know, that bit of the European budget is an assessed contribution over which we have very little choice over the amount. The EDF, on the other hand, do have a choice, and I think that is why we have been able to drive much better performance with the EDF.

Q25 Mr Evans: So you say that he who pays the piper normally can dictate how the tune is played, and in this case that is not the way it happens at all because the money is taken from us, and you think that if it was up to the United Kingdom to have more control over its own budget then, perhaps, you would have more influence over improving the efficiency of how that money is spent in neighbourhood and middle income countries?
Ms Shafik: Yes. I do not think we have no influence, because we have some say, but, clearly, we have much more say where we have more discretion.

Q26 Mr Evans: It is not good is it? Do you hope to make any influence? I am sure you are working with a number of other donor countries who look aghast at the way that this money is misspent—or not well spent. Are you not able to give some leverage upon it so that it is better spent?

Ms Shafik: We have quite a few levers, actually. We monitor the performance of the Commission through our country offices in the countries we operate in; we monitor its performance through our representation in UKREP in Brussels and we also assess the EU as part of what is called the MOPAN process, whereby about a dozen donors get together and assess the performance of key providers. Actually, if you look at the MOPAN outcomes, the EU does not do too badly; it has actually seen quite a lot of progress and is certainly in the top quartile of donors out there. So it is not perfect but it is not as bad as it could be.

Q27 Mr Evans: Looking at the United Nations, I can see that clearly they have this United Nations Delivering as One programme. Is the European Commission delivering as one?

Ms Shafik: I think that is a work in progress, would be my answer. To be honest, a lot of it will depend on what comes out of Lisbon, and the Lisbon Treaty, and what development architecture in Europe looks like after Lisbon.

Q28 Mr Evans: I was going to ask you about that as well, actually. I do not know if you want to say anything about how you believe Lisbon is going to impact on it, other than, perhaps, giving more powers to the European Commission to be able to be more effective in aid?

Ms Shafik: We think that a strong Development Commissioner with a clear mandate to deliver development effectively with control over development policy programming and implementation would result in the best and most effective use of European aid.

Q29 Mr Evans: I read a press release that Gareth Thomas put out on 22 October—so it was not so long ago—when he was looking at the United Nations delivery programmes, and he said that in the past, in any one developing country, the United Nations has had different offices for each agency working there. Some countries have had more than 20 different UN agencies working with them. That is just staggering—to think that there is this huge bureaucracy, that money will perhaps be going into some areas and not going into others because everybody thought somebody else was doing it. This is where I am a bit concerned about why we are waiting—I think it is 2007 that this programme came about—and whether the European Commission is missing a trick; that if they have got a lot of agencies working there in different fields there is a lot of money, basically, going on bureaucracy which simply is not getting through to the front line.

Ms Shafik: In the European case they do not have an issue of many multiple agencies, so they do not have that problem, and their administration cost as a share of total spend is actually quite low—it is on the lower end of most development agencies. The UN, I think, is a different story. As you know, we have pushed very hard on the One UN agenda and we have put our money behind it. We have made it clear that we want to see one UN programme, one UN budget, one clear leader and one office, so that it is coherent. In the countries which are the leading pilot countries for the One UN we have said that we will only put our money through that channel; we will no longer fund little bits and pieces for different UN agencies. In addition, we now have five UN agencies on performance contracts, so we say to them: ‘‘We will give you core funding but, actually, the incremental funding will be dependent on you delivering against an agreed set of performance benchmarks, and so we now have UNDP, UNICEF, UNHCR, WHO and the World Food Programme on these performance contracts, and we have just done our first assessment of them and about half of them got their performance tranche and about half of them did not.’’ So it was quite clear that performance was consequent. We have now applied that also to the Global Fund, so we are trying to be quite tough in raising the bar on performance. We ourselves are concentrating on money in the UN system in a handful of agencies. We gave about £750 million last year to the UN; 76% of that goes to those five agencies on performance contracts. So we are focusing on the better performers and then raising the bar on performance every year.

Q30 Mr Evans: Looking at the number of countries that are involved in the Delivering as One, it started off as eight and I think a further six were adopted. Where are we now on that? Surely the aim must be that all funding delivery is done via the United Nations Delivering as One?

Ms Shafik: That is, ultimately, our objective and I think they are on programme; I think they are now up to roughly about 40 countries that are supposed to be moving on that path, but we have to keep pushing because there are huge, as you can imagine, forces of inertia against that strategy.

Q31 Mr Evans: The major funders will be the ones that will make the change. Are we liaising with a number of other countries who also give huge sums of money to the United Nations in ensuring that they snap out of this lethargic inertia which, quite frankly, could be costing lives?

Ms Shafik: Yes, we are working with others. For example, with the performance contracts with the five major agencies, we now have several other...
donors making their funding contingent against those performance criteria, which obviously increases the leverage considerably.

Q32 Andrew Stunell: Perhaps I could take us on from those specific institutions to the international financial institutions where there seems to be a rather similar range of issues about effectiveness. It is fairly clear that the Paris Declaration targets are not going to be met. Do you think those are going to be renewed? What is going to be the monitoring system post-2010?

Ms Shafik: I think performance against the Paris targets has been very mixed in terms of the different agencies. I think DFID and the World Bank have actually done pretty well in terms of meeting the Paris targets and we are on track to meet most of them by 2010. The EU has had a decent performance, but if you look at the African Development Bank and most of the UN agencies they have not met the Paris targets, and the ones where we have had the most difficulty is around predictability and mutual accountability. On some of the other targets there has been a bit more progress. I think there will have to be an assessment of performance in 2010 and I think the international system will have to come together and agree on what to do next. At the moment, there has been no agreement yet as to what targets will prevail after 2010.

Q33 Andrew Stunell: I was a bit surprised that you actually recorded all of this as being an improvement, bearing in mind that each one, when you look at them, is not an improvement. Can you say something about how you actually evaluate how they are performing and how DFID intends to engage with that in the future?

Ms Shafik: There has been improvement of many agencies and people are on the right trajectory, so the reason it is an improvement is because there is a positive trajectory, but they have not necessarily met the target.

Q34 Andrew Stunell: If there has been no change the trajectory must be rather shallow.

Ms Shafik: For some agencies the trajectory is shallow; for a large number particularly the UN ones, it is quite shallow. In terms of how we monitor, all agencies have to report regularly each year on how they are performing against the Paris targets and that is a public process, so we ourselves are reporting on our own performance, as do other agencies.

Q35 Andrew Stunell: Do you take that report on face value or does DFID look behind that and say: “Actually, that trajectory report is like this but it may be more like this or maybe like that.”

Ms Shafik: We use, obviously, our positions on the boards of some of these institutions, like the international financial institutions, to review progress, and to press for further progress and to probe on the numbers to make sure of that progress. For example, we have been having quite a robust debate with the World Bank on whether they are actually making enough progress on decentralisation and getting more capacity and delegation in the field. That goes beyond the narrow discussion of meeting a target but actually asking are they meeting the spirit of the target whereby you have more capacity on the ground to engage with partners in the field.

Q36 Andrew Stunell: Do you make that a performance indicator for them in terms of your support for their projects?

Ms Shafik: Yes. For example, in the case of the World Bank it is a performance indicator in the IDA replenishment, which we fund, and so those discussions as to whether they have met that are a key part of the discussion on whether we would continue to give large contributions to IDA.

Q37 Chairman: When we started out on this process of looking at your annual report and the traffic lights related to the MDGs, we had a discussion that while the MDGs are global, DFID is one player. Where is the connection, and how can you evaluate what you are doing and the impact it is having on that? What do you feel you have put in place to measure that effectiveness and to be able to say that as a result of our engagement, whether it is across sectors or by country, we can show that specific outcomes have happened? Just looking at some of the answers you gave us on skilled birth attendants, you say how many more births are taking place with attendants but it does not say in your answer what effect it has on maternal mortality, which of course is an MDG. Are you better able to make that connection, and if so how?

Ms Shafik: I am going to ask Richard to say something in a moment but I think we have made progress on that. On the new format for our annual report this year, I am particularly proud of the fact that for the first time we have been able to actually show results of things that DFID has achieved in the last year for the first time, so half a billion condoms, seven million bed nets, training of health professionals, and so on, and that is a result of work we have been doing to make sure that we use the same indicators to measure the outcomes from all of our investments, both multilateral and bilateral. So the numbers you see here—say the seven million bed nets—will be seven million bed nets distributed through our country programmes but also through our investments in the Global Fund and the World Bank and others.

Q38 Chairman: So, on that one, the logical thing to follow through is to say what was the incidence of malaria in the year after the distribution of bed nets.

Ms Shafik: Exactly. On that, in the case of bed nets, for example, we know that based on studies that have been done on the impact of bed nets on malaria deaths we have saved 80,000 lives as a result of those seven million bed nets. Similarly, we vaccinated three million children against measles, which we know prevented 30,000 deaths. Some of those bits of analysis are extrapolations from research, which is
Quite a legitimate way of doing it, but it is something that we continue to try and improve on, and I will ask Richard to say something about how we are working harder to try and more clearly attribute the outcomes from DFID investments.

Mr Calvert: I think, as Minouche says, the challenge has been how to bridge the gap between what we do to manage and score our individual projects and programmes on the one hand and the high level MDGs on the other, and the high level performance framework has been at this global level. By doing that it has enabled us to focus on the key MDGs which are off track. The thing we have put in place to try and bridge that is exactly as Minouche describes; it is the setting of intermediate indicators which will help to get from the country level to the global level. There will never be a simple way of being able to attribute specific outcomes just to what DFID is achieving; we have to accept that there will always be an element of wider attribution, particularly where we are working alongside other donors and governments. If we look at the overall picture on measuring impact and effectiveness, there are a number of other areas where we have tried to step up what we are doing, some of them internal and some through the independent evaluation work that we are funding. So within the Department we have set up the work we do to make sure that all our interventions have clearer outputs specified at the start and clearer measurements specified at the start.

We have invested quite a lot of effort in making sure that country teams have the right skills and the right tools to do that. We have moved to setting up results frameworks for each country programme which makes us focus more clearly on what exactly each country team is achieving. Outside that, through the independent evaluation work, we ensure that all our PSA7 target countries have full independent impact evaluation every four to five years (we are doing four to five of those reviews each year), and that is a chance for a team who are, obviously, not directly involved in programme management to step back and take a longer term look at what we are achieving.

Mr Lowcock: Can I add another thing that we have invested in over the last 12 months? We have done two major reviews of our portfolios in the education sector and in the health sector, where we have tried to aggregate, particularly at the outcome level, what we have achieved. For example, in the education sector we are currently financing five million girls and boys to go through basic education in developing countries—which is slightly more than there are in primary school in this country. It costs us £60 a year to keep a girl or boy in basic education in a developing country.

Q39 Chairman: Is this through either budget support or direct?

Mr Lowcock: Through a combination. A budget support example is that in Tanzania a quarter of a million of the girls and boys in school are there because of the attribution that we put on our budget support. One of the things we have done with those portfolio reviews is to identify how we can improve value for money. For example, one thing we found in the education portfolio review is that where the government in Kenya or Uganda has a programme to purchase textbooks, on average it is paying $3 or $4 for those textbooks. Where, on the other hand, the government in Nigeria or Pakistan is doing that, they are paying, on average, $7 per textbook. There might be some good reasons for that differential—for example, maybe they are produced in local languages, maybe they are more curriculum-specific; maybe the quality is higher—but may be there are some bad reasons as well. The point of portfolio reviews is to identify the scope we have to improve value for money and improve contribution on the MDGs.

Q40 Chairman: I think that is helpful, but I can give a couple of examples. In Afghanistan the good news story was there were six million kids in school and two million were girls, but that has been the same figure for the last two or three years. Why has that not improved? Indeed, how can you find out (we might want to come back to that on staffing)? How do you know the effect of funding? To take your Tanzanian example, you give them money but are you actually spot-checking and visiting; are you able to really satisfy yourself that not only are you making a difference but the programme is really delivering? As I say, I would have thought we would have heard something different out of Afghanistan by now.

Mr Lowcock: Maybe I can say a little bit on the Tanzania case, and also on Afghanistan, if you would like me to. We can send you a note on Tanzania. At the beginning of this decade there were four million girls and boys in primary schooling in Tanzania; there are now about eight million. 90% of the eligible cohort is in school. Of course, being in school is one thing; completing is different. The completion rate has doubled. Of course, primary school is just one thing; it is all very well to get to the end of primary school but what have you learnt by the time you leave? Actually, the pass rate of exams increased five-fold. Okay, primary school does not completely prepare you for life. Do people go on to secondary school? Actually, the pass rate of exams increased five-fold. Okay, primary school does not completely prepare you for life. Do people go on to secondary school? Actually, the secondary enrolment ratio has gone from 6% to 20%. So we do track the outcomes all the way through the system. In the case of Tanzania, this has been achieved partly through aid, which has increased as a share of GDP, but, also, because the Government of Tanzania has increased from 11% to 18% the share of national income it is collecting in tax, so it is financing more of its own development, without increasing the tax rates, actually, just better administration of the tax regime. So we do think we have good data which is well proven on progress in that case. In Afghanistan the main cost of education is teachers. The main thing we finance through our contribution—about £60 million a year—to the Afghan Reconstruction Trust Fund is public servants. The majority of those
public servants—more than 160,000 of them—are teachers. We asked ourselves the question: how do we know those teachers are in school and that the payroll is clean, and so on. Of course, that is a challenge in some parts of Afghanistan, and we have independent auditors (an international firm of auditors) who, on behalf of the international community, wander round double-checking and triple-checking that. There is a long way to go, as you say. We have been at between six and seven million girls and boys at school in Afghanistan for a little while now, and there are clearly significant numbers who are not; there is also a massive issue on the quality of education of those who are in school. So we are very alive to the forward challenge as well as the progress that has been made, and we try to focus most of our attention on the remaining problem while, at the same time, generating information on the success that has been achieved.

Q41 Andrew Stunell: How much flexibility is there in real life? If you find a programme or a country investment is really not delivering, there are two options: there is the “system working well so send more money” approach or, alternatively, “This is not going anywhere, we will have to pull out”. Just tell us about what the mechanisms are for taking yes/no decisions.

Ms Shafik: We actively manage our portfolio (and Mark can say a bit more about this), but every programme that we have we assess on a one-to-five scale every year. One means it is meeting all of its objectives; five means it is meeting none of its objectives. Mark gets a quarterly report on the portfolio quality every quarter; he reviews that regularly with his managers and heads of programme in country offices. We have taken quite an aggressive stance over the last couple of years about what to do with poorly performing projects. So if your project is scoring four or five for six months you are basically sent off to restructure and do something about it. If, after six more months, you cannot restructure and start to deliver better results we have been quite actively managing those projects out of the portfolio and just saying: “Look, if it is not working we can use the resources somewhere else; let’s call it a day and move on”, and accept that sometimes we do not deliver all our objectives, but better to catch it early and move the resources than to let them languish for many, many years on the books.

Q42 Andrew Stunell: Could you give us an example or two?

Mr Lowcock: Every year we review the extent to which each of the currently 875 major investments we have are achieving their objectives. I think in almost all cases there will be a redesign because, to some degree, there will be scope for improvement or there will be new problems identified, or there will be other issues that arise which require course correction, if you like, as you go through. As Minouche says, we have a growing number of cases where we have either closed a project or we have completely redesigned it. An illustration of that is four years ago we had 1,030 of these major programmes; now we have, as I say, 875. A lot of those are not the kind of things we would settle for in natural life but early closure. Probably, in the past, we were not fast enough on our feet to close things when they were not going well enough; there is obviously a balance to be struck because we are trying to do different things in different places and you will often struggle early on in a project, but we probably let things go on too long in some cases, and then we have tried to get better at dealing with that. In almost all of our country programmes we have had cases where we started something and did not pursue it, or we dramatically redesigned it.

Q43 Andrew Stunell: So more strategic level decisions about whole country programmes. If you are trying to reach an MDG, the cost-effectiveness of spending £200 million here compared to £200 million there—what is the process of evaluation?

Ms Shafik: As part of our business planning process we go to ministers quite early on with what we call issues of choices papers, where we say to ministers: “Here are the big issues in this country and here are the choices as to where we can intervene”, and in most of the countries we work in the needs are vast and our resources are limited, so we could focus on education or we could focus on health or we could do water, and that set of choices is taken by ministers, informed by that analysis we have prepared. In an ideal world we would have economic rates of return, social rates of return, calculated for every single possible investment that we could make and then we would choose the highest return investments in poverty reduction that we could. In practice, it is not quite so straightforward and obviously there has to be some judgment, but that judgment is informed with whatever evidence we can mobilise based on what the needs are and what the costs of different interventions are. Andrew chairs the Committee that reviews these country programmes.

Mr Steer: Just a point at a more strategic level, looking at the portfolio. I think in every single sector we could tell you how the kinds of interventions today are different from what they were five years ago because of a learning. We have to be very careful not to pull out of a sector. That is exactly what the development community did when it became too difficult in agriculture about 15 years ago, when rates of return in rural development projects were really not very good, and the share of donor money going to agriculture and rural development fell from 13% down to 1%, and we now have a big problem because of that. Much smarter would have been to say the problem is just as important as ever it was but we had better learn what we did wrong. So I think what we need to be able to articulate is how the kinds of interventions we are doing today—whether in social protection or urban development or education or health—are different from what they were, not: “This is too difficult; we are failing, therefore we are going to pull out of this sector”.

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Q44 Andrew Stunell: Choices about: “This is not delivering”. How does the decision get taken whether to increase the input to make it deliver or to pull out and say: “Actually, that’s a dead horse”? Ms Shafik: The person who manages each project or programme has to make an assessment against an agreed set of targets which every programme has to meet. That is quantified; there is a baseline in every programme now agreed: “This is where we started; these are the objectives, in year one you have to have achieved X, Y and Z, and in year two you have to achieve”, and so on. Each project officer has to assess whether they have met those objectives or not and give it a score. Then that would go to their manager and then decisions would have to be made about the portfolio quality. The managers themselves have to meet targets for improving portfolio quality. At the moment, about three-quarters of DFID’s projects meet all or most of their objectives. If that number starts to slip too low in certain parts of the business—Mark would be on the case of the manager responsible and saying: “Your portfolio quality is deteriorating, which are your problem projects?”—we, as the board, get lists of about—it varies over time—10 to 15 programmes in a portfolio that are not delivering in any quarter, and the people who are running those projects are scrutinised and managed more intensely to make sure that something is done.

Mr Steer: Just looking across countries, we have a development committee that I chair, and the job of the security manager and then decisions would have to be made about the portfolio quality. The managers themselves have to meet targets for improving portfolio quality. At the moment, about three-quarters of DFID’s projects meet all or most of their objectives. If that number starts to slip too low in certain parts of the business—Mark would be on the case of the manager responsible and saying: “Your portfolio quality is deteriorating, which are your problem projects?”—we, as the board, get lists of about—it varies over time—10 to 15 programmes in a portfolio that are not delivering in any quarter, and the people who are running those projects are scrutinised and managed more intensely to make sure that something is done.

Q45 Mr Lancaster: Can I take you back (we mentioned it in passing) to risk management and tackling fraud. In particular, the National Audit Office has concerns about the fact that the Department may be exposed to significant risk. In particular, could you respond to the 2009 Capability Review finding that risk management away from the centre, in country offices, was seen to be inconsistent? Do you feel that, perhaps, this is a direct result of staff cuts in countries? Ms Shafik: I will let Richard say something about corporate risk, and Mark say something about country risk. We operate in a very risky business and we are very aware of risk in everything we do. We manage risk in our portfolio in the way we have just described, which is that we look at which bits of the portfolio are performing badly and we try to manage them out poorly performing programmes. We also manage quite a lot of security risk in our organisation, and Mark chairs the security committee which is actively looking at where we face risk to our staff in security terms in different parts of the world. We also, obviously, operate in climates which have high levels of fiduciary risk. We manage that in many different ways, and Richard will say something about that, but one of the most important things we manage it is in the choice of instruments we use in different contexts. So in countries where we have very little confidence in their ability to account for money, where we have serious fears around corruption, and we are not necessarily convinced that the government’s policy and intentions are aligned with ours, we are very reluctant to put our money through their systems, and we make those judgments in the governance assessments that we make. So just to take an extreme example, in Zimbabwe we do not put money through the government systems because we are not very confident in them. In other countries, say Ghana, for example, where we have much more confidence, or even Ethiopia where, actually, levels of corruption are quite low, and where the audit office works reasonably well, by African standards, we put more money in because we have more confidence in putting money through their systems. So the choice of what we do in each country is a key way of managing risk more widely in our programme. Richard, do you want to say something more specific?

Mr Calvert: As you say, Minouche, we think of risk probably at three levels. There is a set of generic risks that runs across everything we do. Some of those are about the high level outcomes we are trying to achieve, so at the moment managing the global economic downturn is a key risk running across what the Department is doing. Equally, it picks up fiduciary risk, again as Minouche has said, so across all our programmes we would say that managing funds well and showing they are well used is a key and we have to have some mechanisms in place across the whole Department. We have fiduciary risk assessments, we have stepped up audit and we have stepped up evaluation work. So there is a set of risks that we think about there, and I think those are reasonably solid. Equally, we have a set of risks that are essentially around people and security, which again we take very seriously. The area that we are doing some further work on, and justifies some further work, is this piece in the middle, which is how do we think about risk within the portfolio—within the portfolio of a particular country but also for example across a sectoral portfolio. The point that has been picked up by the NAO and others is that we have not always thought consistently about that, so we have not always had a consistent view across the organisation on what is the balance of risk and return and particularly how do we think about that risk and return equation across the portfolio. Mark mentioned a few minutes ago the portfolio reviews we have done of health and education, and that has given us a good way of starting to think across country programmes about what are we trying to achieve across all our health work; what are the elements of that that are high risk and low risk; where can we get better value for money; and what lessons can we learn? We are complementing that with a piece of work which is looking specifically at riskiness within portfolios so we are looking at how do we think about that risk and return equation
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across portfolios. It is something which justifies further work. We are doing quite a lot of work on it and I should think over the coming months there will be more we can say about how we then translate that into a set of management tools in the Department.

Q46 Mr Lancaster: Can you say a few words particularly on fraud. Moving forward, you intend to move into fragile states working with third parties. How are you going to manage that when it comes to fraud? If you look at the figures, levels of detected fraud seem surprisingly low, for example. Are you concerned about that? Does that mean that we simply have not got a high level of fraud or are we just not detecting it?

Ms Shafik: We have actually made a bigger investment in fraud and audit over the last couple of years. That is another area of the budget that we have tried to protect because we knew that, going into fragile states and riskier environments, we would need more resources for that, so we are looking more, not looking less, for worries around fraud. We are finding more cases. If you look at our reporting on fraud, there are a growing number of cases but the amounts are still really quite small, so there is nothing so far that has caused us to consider any big systemic risks on fraud, but it is something we are always watching and always aware of. I think the biggest thing, in addition to this investment we are making in more capacity, more auditors, more people monitoring, the fraud hotline and all those sorts of things, is just making sure that we have a culture where people will speak up if they are worried about something. In fact, most frauds we find out because a member of staff or someone we work with has brought it to our attention. That is a key piece of mitigation that I think we are also putting an emphasis on.

Mr Calvert: I think the other thing to say is that we have stepped up the work we do on anti-corruption activities within countries as well. That is an important complement to the direct fraud work that we do within the Department. We look very hard at whether the fraud is directly against DFID funds. I am sure Mark could say more. We have also stepped up the work we do in terms of overall country budgets and corruption activities within partners.

Ms Shafik: We are also stepping up work in the UK. As you are probably aware, we have given £6 million to the Met and the Crown Prosecution Service to prosecute cases of stolen assets and we have actually had some successes. We have already recovered £20 million of stolen assets. We have about £120 million that has been frozen. We have had our first successful prosecution for foreign bribery, so we are tackling the fraud issue at both ends of the spectrum and making it quite clear that we have an appetite to prosecute when we find cases.

Q47 John Battle: Could I turn back to the overall budget and the Comprehensive Spending Review back in 2007. All departments then were put under pressure of value for money and DFID had to adjust to that and put programmes and plans forward. I want to tease out the impact of your efforts in that respect because you have suggested there will be £110 million worth of the savings generated by shifting more resources to countries where UK aid will have the greatest impact. Does that mean shifting resources to countries with good governance?

Ms Shafik: It is a combination of countries with good governance and lots of poverty. As you probably know, we have closed offices in many middle-income countries over the CSR period, in about 12 countries, mainly in Eastern Europe and Latin America, where we felt they no longer needed aid from us because they had other resources that they could use to finance their own development. It is more around need rather than governance, although that does feature.

Q48 John Battle: I am slightly anxious sometimes in Britain as well the way that inner city regeneration work programmes work—we go to the areas that can manage it rather than those that cannot so we end up with deep pockets of poverty, not least in my neighbourhood, because the resources never got down to tackling the challenges in the way that they should. I would be worried if you were cherry-picking, to deliberately use an emotive term, the good governance countries. How is that to be reconciled with the focus on fragile states where the poorest of the poor might be?

Mr Lowcock: I think the main criticism that we hear more often is that we are going too far into the non-cherry type territory. In my list earlier—Nigeria, Ethiopia, Sudan, DRC—are difficult and fragile places and the reason that we have gone in there is because there are very large numbers of people in very extreme poverty. You know the case of Nigeria very well. We are about to reply to the Select Committee’s report on Nigeria. There are 70 million people in northern Nigeria, with the worst human development indicators of any non-conflict zone in the world, and very, very few international development organisations, partly because of Nigeria’s history and reputation and partly because it is a difficult place in which to operate. The main worry we have is not whether we are focusing too much on the better performing countries but how to manage the risks in the other ones.

Q49 John Battle: That is where you say you are making your budget savings. What you are saying is that you are going to save £110 million in the overall budget by shifting resources to countries where UK aid will have the greatest impact. If that is the good governance countries that is the easier bit to do. Where there is good governance you can work with the government, you can do budget support, you can get numbers and figures to prove that the aid is effective. In the fragile states, where I do support you and I want you to be, where it is much more difficult, how can you then generate those £110 million savings because it is going to cost you more?

Mr Lowcock: It is because relative to other places they are under-aided so the marginal impact of aid in those kind of places is higher than it would be in better performing countries. That is how we generate the efficiency calculation.
Ms Shafik: I think the misunderstanding is when we say we are moving resources to where they could be better used, we do not mean the good governance/ easy budgets countries. We actually mean the fragile states, so that is why Mark is implying that we are accused of self-flagellating a bit.

Q50 John Battle: I think what I am trying to tease out is I am looking for the strategy not to develop into the UK development strategy, as it might be described although it does not really exist, where we can go into the areas we can easily handle with the big projects and it never reaches the poor in our neighbourhoods. That is why I want to make sure that your budget savings are completely compatible with the prime objective of getting to the poorest people in the poorest countries, which is where DFID is ground-breaking in its approach to development and should stick with it. They are reconciled, are they?

Mr Lowcock: Yes, that is exactly what we are doing.

Ms Shafik: But it does mean we are squeezing other programmes in other bits of the office.

John Battle: And you set that out whether it is the back office or whether it is the focus on central communications, and I do not need to go into that. It is just that particular point I wanted to be clear on.

Q51 Chairman: Can I briefly explore how the exchange rate fluctuations affect you. Obviously there was a point earlier in the year where they were pretty sharp and the pound collapsed very suddenly and by a big amount. What was highlighted then, and the figure I have is £110 million, is that you had to cover the exchange rate gap on the European Commission contribution. On the other hand, you say you have an unrealised exchange rate gain of £760 million so where are you, I suppose is the point?

Mr Calvert: We also made some adjustments in year 2008–09 it was £3 million more than it would have been had we used the exchange rate at the beginning of the year. Similarly, this year the foreign exchange purchases for local offices were £2.1 million more expensive than had we fixed the exchange rate in April 2008. Of course this varies by country. We operate in so many places. We have lost 23% on the dollar and the Vietnamese dong but we have gained 26% on the Congolese franc and 11% on the Zambian kwacha.

Q52 Chairman: That is fine for you but it is not necessarily fine for the other side.

Ms Shafik: Exactly and I will come to that. In terms of our partner countries, when the exchange rate fell we did look systematically across them and ask ourselves how much are they suffering as a result of the value of our aid falling. Fortunately, the vast majority of our partners have a diversified set of donors so the fact that our aid was worth less was offset by the fact that their European aid was worth more. The only exception I recall when we did that review was Sierra Leone which was more dependent on UK aid than other countries, but for most countries the effect of the exchange rate was sort of neutral, to be honest. In terms of our own costs, we manage the exchange rate movements through our contingency reserve and up until now that has been sufficient. The Board has discussed this several times, along with the chairman of our audit committee, as to whether we should look at hedging, and up until now we have been able to manage it within our contingency reserve. The amounts of our admin budget affected are quite small. If you look at the amount of foreign exchange we had to purchase for administration costs in our local offices, in 2008–09 it was £3 million more than it would have been had we used the exchange rate at the beginning of the year. On the admin budget we think we can continue to manage it in the way that we have so far. Where I think we will change is on the programme side and the EDF contribution is a big one and it is vulnerable and, subject to a check on where we think the currency markets are in the spring, we are thinking that we will probably forward buy some euros for the EDF contributions next year.

Q53 Chairman: From the table in your Annual Report, I guess there is a whole dissertation to be written on exactly why there are variations between sterling and these currencies. Afghanistan seems to be performing better than the UK according to this. Specifically, Afghanistan, Malawi, Yemen and Bangladesh on your table are the ones that are still around the 20% mark. Have those particular countries led you to have to do something specific?

Ms Shafik: We have in some cases had to make economies where the value of sterling is less. Malawi is an example of that. Because of that Richard may want to say something about what we are thinking of doing going forward.

Mr Calvert: We also made some adjustments in year so last year we put an extra £3.5 million into compensation for the impact of exchange rate adjustments on admin budgets so we did manage to respond to some of that fluctuation during the year. Hedging is all about buying some short-term certainty. It does not necessarily buy you a better deal in the long term. It is something that we have been cautious about stepping into, particularly given the basket of currencies we use on the admin budget. On the admin budget we think we can continue to manage it in the way that we have so far. Where I think we will change is on the programme side and the EDF contribution is a big one and it is vulnerable and, subject to a check on where we think the currency markets are in the spring, we are thinking that we will probably forward buy some euros for the EDF contributions next year.

Q54 Chairman: Where do you make dollar contributions?
Ms Shafik: We do not. We have some operating costs in dollars but we do not make any contributions in dollars.

Q55 Chairman: Obviously it affects your overall purchase and also your international ratings in terms of what the UK delivers in aid, and I notice we have fallen behind a little bit compared with Germany and France, whereas when the pound was strong we were ahead of them. Maybe that pecking order does not matter but has it meant that we have delivered less actual development aid?

Ms Shafik: Well, in those countries where the exchange rate moved against us clearly the value of our contribution was less, so in those countries that you identify, for example, the value of the aid we give was 20% less. In terms of total development effort, that also means that the value the European aid programme gave was worth 20% more, so in terms of the total development outcome I would not say that it was less but our own share of it was certainly less in some places.

Mr Lowcock: It is clearly the case that especially in 2008 the terms of trade moved against a number of developing countries. The oil importers and the fertiliser importers took a big hit, and that was partly about exchange rate changes as well as about price effects, so there is absolutely an impact on many of the countries in which we work of these kinds of movements, and that was part of what motivated the G20 package of support focused on the low-income countries and also partly what has motivated the thinking we have done about where to deploy our growing programmes especially in Africa and South Asia.

Q56 Mr Evans: To carry on with the administration points including staffing costs, the ambition seems to be that the Department wishes to reduce administration costs by 2011 by £8.9 million. Could you just explain to the Committee how you intend to do that?

Ms Shafik: Sure. Our strategy for meeting that efficiency objective is first and foremost to try and protect the front-line as much as we can and to continue to protect those bits of administration spend like audit and evaluation which ensure the quality and fiduciary soundness of what we do. We are planning to make savings in corporate areas, and Richard may say a bit more about that, particularly on HR, finance and comms. We are looking very actively at de-layering the organisation. We have already managed a 20% reduction in the number of reporting officers by flattening out some of the reporting chains in the organisation. We are looking at better procurement and trying to make some savings around procurement and stronger cash management in our multilateral partners. We will look at closing more country offices in the period ahead if we can. We are reviewing things like allowances and we are also being more creative about the delivery mechanisms, so if I may give an example that Andrew has led on, in the White Paper we have a strong commitment to try and do more work on growth. We could have hired 100 more economists in DFID to do that but instead of doing that we set up an International Growth Centre which is a partnership between Oxford, the London School of Economics and the global development networks in a series of organisations in the developing world, which will provide world-class advice on growth to some of our key partners. It will not be inside of DFID but it is in effect a delivery mechanism for one of our White Paper commitments to up our game on growth in some of our key partner countries. That is another mechanism whereby the pressure on admin costs has made us look at alternative ways of achieving some of our policy objectives.

Q57 Mr Evans: You said Richard may want to say something.

Mr Calvert: I could say some more about the corporate side. As Minouche says, it is about overall protecting the front-line but then looking really hard at where are the costs that we have perhaps taken for granted over the years. For example, we are subletting part of our office in Palace Street, generating a million to a million and a quarter pounds of income annually on that, and there may be scope for us to do more there; I think there probably is. Within some of the corporate areas, traditionally, we have relied on quite a high level of manual processing of activities, and as with lots of departments and other organisations we are moving to more automation. In the procurement area just a few weeks ago we completed a restructuring of the procurement work which has been enabled by the fact that we invested in our ARIES system two or three years ago and that has meant things that we had people doing we have now got systems supporting us on. In the HR area our ratio of HR staff to total staff is very high, even by government standards, and there is clearly more we can do there to streamline the processes.

Q58 Mr Evans: How many jobs are going to go in HR?

Mr Calvert: If you look at the ratio at the moment, we have something like 1:25 HR staff to total staff. I do not know where exactly we will get to but the sort of target ratios we would look at would see that moving significantly. Within government the targets are going to be something like 1:60 or 1:70. I am not sure within DFID we will ever get to that because the nature of running the kind of network we do means that we are not employing very large numbers of people in essentially identical role and posts, but we can make some further movement there. Across all the corporate areas I think it is a question of us looking harder. Are we getting the most out of the money we have spent on systems in the last few years, which is quite a big investment? Can we streamline our processes? We are also looking at location and accommodation efficiencies. All these in themselves are not huge amounts but they add up.

Q59 Mr Evans: They add up to £8.9 million. You mentioned allowances as well. What sort of allowances are you looking at?
Mr Calvert: We are looking across the whole set of allowances. This is essentially for staff overseas who are receiving allowances for cost of living, for travel, for accommodation and for working in difficult environments. What we need to do is to ensure that we do not disincentivise staff from going to work in exactly the kind of places where we are increasingly working. On the other hand, we have not looked hard at the allowance package for a number of years, so it is quite a good time, given the changing balance of posts, to look at that and see whether there are things we can do to make sure that allowances are targeted so that (a) they compensate people for genuine costs but (b) they incentivise the right kind of moves.

Q60 Mr Evans: I think a number of people were surprised the other day to read that bonuses at the rate of £45 million were being paid to staff at the Department of Defence. Do you also pay bonuses as well in your Department?

Mr Calvert: We do. Within both the Senior Civil Service and within the other staff pay arrangements we do have an element of performance-related pay. On the Senior Civil Service we follow the standard model across government. Within the Department we have a small element of performance-related pay.

Q61 Mr Evans: What is the global figure, do you think? If the Ministry of Defence is £45 million, yours clearly will be a lot less.

Mr Calvert: To be honest, I think I would have to come back to you on that rather than give you a figure that is wrong. We can do that.

Q62 Mr Evans: How many within your staff for instance earn over £100,000?

Ms Shafik: Staff in DFID earning over £100,000?

Q63 Mr Evans: Yes, within the total?

Ms Shafik: It would be under 10.

Mr Calvert: It would be single figures, yes.

Q64 Mr Evans: As far as the general cut in the expenditure is concerned, you are giving a guarantee that with the cut in the costs of £8.9 million that none of that will be reflected in the delivery of service that you are providing? Will anybody be able to notice that they are not getting the same service any longer because of these cuts in 2011 when they are fully delivered?

Ms Shafik: The nature of the services we deliver will be different, so it will not be comparing like for like. I cannot say that we will be doing exactly the same things. Will we still be delivering an excellent development programme? Yes. If we had more staff, could we do more and better? Yes. However, we will not compromise on areas like fiduciary risk, evaluation and presence in fragile states and we will protect the things that are most important. Clearly there are some things we will not be able to do that we might have done otherwise.

Q65 Mr Evans: Could you also list the top five bonuses that were paid as well. I think people would be very interested to see if bonuses are playing a disproportionate amount in activity because clearly this is hugely sensitive now. Finally, as far as the skills gap that you are able to ascertain within your own Department, how are you able to ensure that that skills gap will still be met whilst you are cutting back on staffing costs?

Ms Shafik: We are in the process right now of doing a workforce planning exercise to try and identify what are the key skills we need going forward and what are the skills we need fewer of. Just as a simple example, we clearly need more people with climate change skills going forward in order to deliver our commitments. We need much fewer people doing HR transactions so we have got a strategy for reducing numbers of people doing HR transactions and upskilling and training some of our current people and doing some recruitment for people with climate change skill. Of course that varies by business unit so we are in the process right now of aggregating that story of what skills each business unit says it will need going forward and then reconciling that with our recruitment and training strategy as well as our exit strategy.

Mr Steer: We have 12 what we call heads of profession and they oversee the technical cadres throughout the organisation around the world, and it is their job to assess needs and also the quality and the changing needs and the increasing qualities, so they are very important in that. Issues of fragile states, yes, there is a set of skills that we need to continue to acquire if we are going to grow the programme there, for example, and climate change, and so on. So somewhat fewer of certain skills and somewhat more of others, but I think it is the job of these heads of profession to work with the HR department and the line managers to make sure that there is a coherent picture going forward.

Q66 Chairman: Before Mark Lancaster comes in on fragile states I have a couple of questions but can I ask one small point: where are you between Palace Street and East Kilbride? What is the split now? Are you transferring more to East Kilbride?

Ms Shafik: We currently have about 750 staff in Palace Street and about 500 in East Kilbride and the Board will be reviewing a proposal this week to move more jobs up to East Kilbride. We have committed to moving at least 50 more jobs up to East Kilbride.

Q67 Chairman: That will be a transfer from Palace Street?

Ms Shafik: That is correct.

John Battle: It might be a small point but the implications are that the job is done there and there is going to be a relation to the centre as well and travelling up and down on the train line might cost more than actually moving people there. I say that as somebody who lives in Leeds and has to get up and down to London on an expensive train line!

Chairman: They need the jobs in Scotland, John!
Q68 John Battle: They need the jobs in Scotland but if they are only there one day a week and four days they are only there one day a week, it makes a nonsense of it. I am being abusive about it but it is an issue.

Ms Shafik: You are absolutely right and we have to look very carefully at those numbers in making that judgment. Richard, do you want to talk through those numbers because we have looked at that.

Mr Calvert: We have to work out a clear business case. The cost of the office in Scotland is much, much cheaper than the office in London. Essentially we think roughly it costs about a third as much to employ a member of staff in Scotland compared to London, so it is quite a big differential, although we do have to weigh up the travelling time within that, but so long as the posts can be largely done in Scotland, which a lot of our work can, with video conferencing and occasional travel—

Q69 John Battle: So you are not calling everybody back to London regularly and undermining the costs of the cheaper rent?

Mr Calvert: No.

Q70 Chairman: The last time we asked you this, you actually said—and I will pick out the quote you just made—“we could do more and better with more staff”. I think the Committee might well want to home in on that, but last time you said you were “coping but struggling” with the staff strengths. Wherever we go it is raised with us and you would say, “Well, they would say that wouldn’t they?” People are saying, “We cannot get out of the capital city and do the kind of work we want to do because we just do not have enough people to do it.” We have had evidence from other organisations, for example when we were taking evidence for our HIV/AIDS report which we have just cleared today. A number of organisations said that they saw that staffing constraints meant that DFID does not do the job as well as they think it should do. Has that fact been reported back to you? Do you accept what people are saying to us that staff shortages are adversely affecting the delivery of your objectives?

Ms Shafik: I think I would probably still say we are coping but struggling. I think we have coped pretty well actually and we are on track to meet the efficiency targets that the Treasury has set for us. There is a good discipline to those efficiency targets. One has to be honest. If we were in the private sector, market forces would be forcing us to be more efficient every day. In the public sector we need a periodic jolt from the Treasury to force us to look at things like whether our HR ratios are as good as they should be and are we being as efficient on the IT side as we can be. I think we have coped reasonably well and I do not think we have compromised the quality of the aid programme at all. Could we do more if we had more staff? Definitely, there are all sorts of things and opportunities that arise that if we had more people we could say, “Yes, let’s throw a couple of people at that issue,” and really have a big role. Some of that would be on aid administration but also some of it would be on the bigger influencing agenda that has become a big part of who we are. We do see some of the strain on our staff. Some of our staff surveys show that people feel they are overloaded. Having said that, our staff, as you probably know when you have visited our offices overseas, are incredibly committed.

Q71 Chairman: And nor do they spend the whole time we are with them moaning about it; they get on with it. They quite often say to us as a Committee, “Your visit has given us an opportunity to actually get to places which we should really get to more often but your coming here has focused us on doing that,” which is in itself revealing. There are two issues which arise from the comparison we got from DAC about what kind of staff you have and how you deploy them and not the absolute numbers. By field staff I think you mean people not in UK and the figure for the UK is that the percentage of staff in the field according to the DAC figure for June 2009 is 39% against a DAC average of 51%, with Portugal at the low end and Germany at the high end. That is qualified by a difference between your figures and DAC’s where DAC have 443 and your Annual Report shows 759, the difference between March and June. That is quite a big discrepancy. Can you explain that specifically and can you then indicate whether or not the argument might be that you have too many people in Palace Street and East Kilbride and not enough people in country?

Ms Shafik: I think the main difference in those benchmarks is that many of the other organisations they are comparing us to do not do what we do so a lot of the comparators are just aid agencies. They do not have responsibility for the multilaterals which in many of our comparator countries is the responsibility of the treasury or a ministry of economy or a separate development ministry which is different than the organisation administering aid. DFID has a greater responsibility for a larger share of the ODA than most of our comparator organisations, which is why the headquarters numbers look higher.

Q72 Chairman: Certainly if you compare the UK with Germany they are 9,500 compared to 443 so it is a different operation.

Ms Shafik: Exactly and the German model is very different. They have a technical assistance body, a ministry and then a development delivery organisation, so they have far more people in headquarters than we would have. I do not think the balance is wrong between country office and headquarters, although clearly part of our strategy for East Kilbride is to have fewer people doing transaction or corporate work and more people doing senior level policy work and analytical work, so we will see higher grade staff over time in DFID as part of a way to cop with this with more of the routine tasks either automated or contracted out. I think that is a key part of our strategy going forward.

10 Official Development Assistance
Chairman: Obviously you have got a strategy of moving into fragile states which has a lot of implications, and Mark Lancaster will pursue that.

Q73 Mr Lancaster: Before I do ask that question can I just clarify how you classify field staff? I guess as a soldier I would classify it slightly differently. To use an extreme example, would we really classify an executive director of the World Bank as field staff in the same way as somebody working in the PRT in Helmand?

Ms Shafik: They would all be classified as overseas staff.

Q74 Mr Lancaster: Overseas staff or field staff? This is what I am trying to get at.

Mr Lowcock: Field staff is not normally a term we use very much. The vast number of staff who work for DFID in other countries are in developing countries. It is single figures or a few tens who are in multilateral organisations, so we have between 400 and 440—

Q75 Chairman: Sorry, Mark, I am not trying to distract you but I did not get your reply to a question which is relevant to that, the 443 against the 759; how do you get that difference?

Mr Lowcock: That bears on Mr Lancaster’s question as well. The 443 number is the number of UK home civil servants who work for DFID overseas, the vast majority of them in our offices in developing countries.

Ms Shafik: And just to clarify, the head representative to the World Bank for example is not on the staff any more. They are seconded to the World Bank so they would not count in that number.

Mr Lowcock: In addition to that, we have about 750 staff of the Department who are hired in the country in which we work, many of them professional people, some of them supervising UK-based staff. To be honest with you, I do not know what that other DAC number is.

Chairman: Rather than pursue it now, I just wonder if you might give us a note because there is a clear discrepancy between what you just said. I do not think we should waste time on it now but I think it would be helpful if you gave us a note showing how this figure arose.11 Carry on, Mark.

Q76 Mr Lancaster: I am only asking because by putting everything together clearly it does mask it. However, I will pursue my question about our representative from the World Bank. Does that mean that Mr Steer’s salary is paid by the World Bank? Does that mean that he is not on our staff; he is on World Bank staff?

Ms Shafik: He is on secondment so we reimburse.

Q77 Mr Lancaster: So you are a member of DFID even though your salary is paid by the World Bank?

Mr Steer: Yes, my loyalties lie 100% here.

Q78 Mr Lancaster: But it does not work in reverse?

Ms Shafik: No, because she is not a staff member of the World Bank. She is representing the UK on the Board of the World Bank, but she appears on their payroll.

Q79 Mr Lancaster: We are running down a rabbit hole but it seems slightly odd, if you do not mind me saying so. Why do you think you will be able to share with us the Department’s review of its staffing in fragile states, as a starter for ten?

Ms Shafik: By review of staffing in its fragile states, what do you mean?

Q80 Mr Lancaster: Concerns over finding members of staff who are prepared to go and work in fragile states, numbers, how you are going to line up with the White Paper?

Ms Shafik: We have done a review of staffing in fragile states which has identified a series of recommendations on how we can accelerate deployment of people to fragile states.

Q81 Mr Lancaster: Can you share some of those ideas with us?

Ms Shafik: Now?

Q82 Mr Lancaster: Just briefly and I think it will spark a million more questions.

Ms Shafik: The main conclusion of that report was, and Mark may want to chip in, that management signals were key. We had to be able to tell people that if you go to a fragile state it would be good for your career. I think that is something that we have tried very hard to do, including by making it clear that a lot of the people who work for us most closely with the senior team and with ministers are people who used to work in fragile states. I hope that is a career-enhancing incentive! Secondly, there are some elements of the package that were reviewed and recommendations made in terms of the incentive package, the ability to get out periodically, particularly for those people working in fragile states where they are home bound for large chunks of the time. I think there were also some issues around Whitehall working and getting people better at Whitehall working, and that would be a key factor in deployment to fragile states where that is an important skill set. Those were the main recommendations.

Q83 Mr Lancaster: Have those recommendations now filtered through to staff and as a result of those recommendations how have the applications changed for positions in fragile states? Has it worked?

Ms Shafik: As an example, we are fully staffed in Iraq and Afghanistan. All our posts are filled now. We do not have any problem. We used to run quite large vacancies. I should say that there are two sources of tension in our staffing in our fragile states. One is demographic. In many fragile states there are no schools for your children so the people we have
a hard time recruiting are the specialist advisers, the technical experts. It is quite easy for us to get people who are relatively early in their career and relatively older in their career because they do not have children, but a lot of the advisory cadre, the government specialists, the economists and the health specialists tend to be middle-aged and their family circumstances make it quite difficult, so we do have a problem recruiting specialist technical staff but the generalist administrative staff we do not have such a problem with.

Mr Lowcock: Currently about a quarter of our UK-based staff who are serving overseas are in places where they either cannot have their kids with them or cannot have either their kids or their partner. For lots of people that is a significant disincentive. Secondly, as Minouche says, we have been relatively successful in Iraq and Afghanistan in filling all of the posts we need to fill. There are some places where we are still struggling. We are still struggling to fill posts in Pakistan at the moment, for example in the area of economics and governance. We are struggling a little bit in Yemen and we are struggling a little bit in Kenya on some specific skills. What we are finding is that we need to adjust the incentives in order to get the right mix and quality of staff. It is one of the biggest challenges we face.

Ms Shafik: I might add just one more thing. You are probably aware of the Stabilisation Unit’s efforts to build up a cadre of 1,000 civilians who are deployable in some of the most difficult environments. We are on track to meet that commitment by the end of the year. That has had a huge impact in improving the quality of people we have been able to deploy in conflict zones. In the early days when we did not have that 1,000 deployable cadre it was fairly ad hoc and we had to do the best we could in terms of recruiting people. Now we have not just a database but 1,000 people who have been interviewed and screened and had proper training in terms of what to do in dangerous environments. When you visit places like the Helmand PRT or DRC or other places we are able to deploy a cadre of people who have served in Bosnia, in Kosovo, in DRC and in Afghanistan and they are on their second tour in Iraq and so on, who have experience of working in these environments as well as having the technical skills that are needed for the job. I think that has been a big help.

Q84 Mr Lancaster: That is good to hear but of course there is a subtle difference between theoretically fulfilling these posts in Afghanistan where you can tick your box in Palace Street and in practice the amount people do in posts. I suppose I speak as somebody who has served in these places. As a soldier, you could be doing a six-month tour and in the middle you have two weeks off. Of course, the terms and conditions for DFID staff are entirely different, where I think it is six weeks on and two weeks off, which means in practice that many of these posts are actually unoccupied on the ground for large periods of time, resulting in a complete lack of continuity and frustration when it comes to delivering the comprehensive approach from other agencies, because at least one time in four they ring somebody up they are either not there or they are having to double hat somebody else’s job who is not there. The reality of delivery on the ground means that these posts are not filled for much of the time. It is one thing to say you have somebody in post; it is another thing to say that in practice they are actually doing their job on a daily basis. Have you had to find a compromise by not changing those terms and conditions which in reality means they are not doing their job on the ground very effectively in order to get the notional fulfilment of the post, or am I being a bit harsh?

Ms Shafik: You are being a bit harsh. I have had this exact conversation in the Helmand PRT and we have very open discussions between military and civilians. The difference is soldiers are running a sprint, civilians are running a marathon. The soldiers go for six months.

Q85 Mr Lancaster: Some go for a year.

Ms Shafik: But most go for six months and then they have 18 months back in the UK doing training and other things, but really that is also downtime to manage the stresses of what they have had to do. Civilians are there for at least one year and preferably for two and we have increasingly got people staying for two years. If you are going to stay for two years without a partner, without your children, you cannot expect people to serve that long, so we think it is a better model to have your civilians there for a longer time period and manage the risks. What we have realised is if you are going to run a six weeks on/two weeks off work programme you have to have 15% more staff to manage the two weeks off.

Q86 Mr Lancaster: That is my next point.

Ms Shafik: We have learned that and we have now built some spare capacity into our staffing in order to try and manage that. You are right, it is not ideal, but I think if we want civilians to be there for the long term—and development is a long-term business—that is a better model for us than any other.

Q87 Mr Lancaster: I think that is a perfectly reasonable answer and I am delighted that it has been brought in because I do not ask the question as somebody who would be jealous of the working arrangements of DFID. I ask the question as somebody who has seen the practical implications of picking up a phone and nobody being there, especially when time is of the essence, when the whole process grinds to a halt because you cannot get hold of anybody. My simple maths—and I am about to make a fool of myself here—shows that two weeks off every six weeks is not 15% extra staff.

Ms Shafik: It is 20%.

Mr Lancaster: Anyway, it sounds like you have not got enough people.

Chairman: That is the crunch here, is it not? If you are going to put more people into fragile states and you have these perfectly proper human resource management issues, I think the simple question I am
asking is can you do all you are doing with the staffing constraints that you have? The Committee is highly dubious, I have to say.

Q88 Mr Lancaster: I am keen for you to respond.  
Ms Shafik: As I said, if we had more staff we could do more, but can we do a good job with the staff we have? I think we can.

Q89 Chairman: Mr Lancaster is identifying some of the consequences of that situation. Back to you, Mark.
Ms Shafik: The civilian cadre, the additional 1,000 capacity, do not count against our staffing numbers and so our ability to pull in other people to help, and, as I am sure you have seen in the PRT, there are lots of DFID staff there but there are also lots of people drawn from the civilian cadre so we can find other ways of making sure we have people on the ground who can do the job.

Q90 Mr Lancaster: Finally perhaps a slightly easier question, can you run through for the Committee the “internal pool and cluster approach” when it comes to staffing?
Ms Shafik: The internal pool and cluster approach?  
Mr Lowcock: I think this is the system we abolished last year for posting our staff.

Q91 Mr Lancaster: And its impact really, how the change of system has impacted on you.  
Ms Shafik: I think the change in the system has made it much easier and quicker to deploy people into fragile states. We used to have a cluster system whereby all DFID posts were posted twice a year, so all the jobs were posted, people applied, and it was a co-ordinated market. In practice, however, it introduced huge rigidities, especially for posts like Afghanistan where jobs would come up very quickly and we needed higher turnover. We now have a much more active on-line market where jobs are posted when they are needed and so people can apply at any time, jobs can be filled whenever they are available but all jobs also have an end date so if there is some job you are very keen on, you know that the current incumbent will have to vacate that job in spring of 2010. We try and put as much information into the labour market as we can and it has made our internal labour market much more responsive and quicker, so I think it has helped.  
Chairman: We have just a couple more questions related to procurement and the CDC. John Battle?

Q92 John Battle: The Office of Government Commerce’s programme was called the Procurement Capabilities Review and I think DFID were joined in on that, as it were, and it seems that your direct procurement is only referred to as £330 million but in effect you let go of £4.7 billion through third parties. I wondered whether that definition of procurement gave you a bit of a let-out clause really, particularly in relation to multilateral procurement because you hand money over and you do not need to bother about it and if they get it wrong it is not your problem.

Ms Shafik: That review was an interesting process for us because we had taken a fairly traditional view of what procurement was and had focused on our £330 million being done properly and being compliant with EC rules, and so on. I think what the Office of Government Commerce challenged us with was saying you should be thinking about all your investments as procurement. You are procuring services from the World Bank, you are procuring services from the UN, you are procuring services from the Government of Tanzania, in which case everything we do is kind of procurement. To be honest, I think it took us a while to get used to that idea. We have now embraced it and they just completed our mid-year review as to whether we have responded to the recommendations, and I think they think we have embraced it wholeheartedly. For the first time now we have a senior external procurement person who we have hired in Abercrombie, whom Richard manages, and maybe Richard you would want to say a bit about the programme you have been doing in procurement.

Mr Calvert: I think the review showed up that our ambition was a bit too limited in this area. It was not that we had not ever thought about procurement outside the direct £330 million but we had not thought about it strategically enough. Although most of this was before I joined the Department, again we agreed a commercial strategy around a year ago which looked at the whole picture. We recruited someone who has come in with really good experience of running a proper commercial procurement operation as head of the function. He has just completed a restructuring of the function. We have got some new staff come in, a number of staff leaving, and that is all built around giving ourselves capacity not just to do the direct stuff but to work with country programmes and multilateral agencies and to take a wider view of what we are trying to achieve. Mark talked about some of the work on portfolio reviews earlier. That shows the way our thinking is starting to change. We are actually looking at the cost-effectiveness of individual things.

Q93 John Battle: If you were simply analysing value for money in buying in furniture and goods and services for office equipment, I would have been a bit worried. It should also include whether it is research you contract out or indeed mechanisms for ensuring that funding partnerships with NGOs are under the regime. Are they under the procurement regime now because that might help them as well? I am not being vicious about it but it could be good for both parties to do that assessment.

Mr Calvert: Essentially we have opened up the whole programme spend to scrutiny under this strategy.

Q94 John Battle: And you have a head of procurement now. Has that made a difference?
Mr Calvert: It has.

Q95 John Battle: What difference has it made then and what differences has he introduced as well as opening up the equation?

Mr Calvert: The difference is that it has brought in someone who has got a background in procurement over the last 15 to 20 years outside the public sector, who is used to not just buying the bits but thinking about how does procurement contribute to the overall organisational strategy. He has experience of taking us into what is not rocket science but things like proper category management of our procurement and joining up the information. It was not that we had not thought ever that we needed to do some of these things. One of the key benefits of the ARIES system, with which you are familiar, was to give us proper procurement information across the whole programme on what we are buying because prior to that we did not have the systems in place to enable us to get a clear view across the whole programme of how much we were spending through a single supplier and what we were spending on the same category of activity. So it is a combination of a new person with new ideas and good experience plus the system enabling him to have some better tools to work with.

Q96 John Battle: And back-ups. I believe personally that accountancy is a crucial skill in all this business and is often undervalued. Has the head of procurement got staff back-up even with the squeeze on staff to be able to do the job, because it may be employing a few people as accountants to help back up their procurement would enable you to manage the whole programme better? Has that happened?

Mr Calvert: He has brought in a few key people as part of his team. Also we did have quite a lot of people within the Department who were fully qualified in procurement and experienced, so it has been a mix of the two.

Q97 John Battle: I am increasingly confident in your answers as to what you are doing at the head office, whether it is in Scotland or here, but in country the ability in the offices of in-country staff, are they trained in being able to assess their procurement? Do they have accountancy skills in there or not, because I would think there could be a gap there on the ground?

Mr Calvert: I think that is absolutely right. Traditionally, we have had people in country offices who were part qualified as local contracting officers so they were qualified to do basic local procurement. The challenge as part of the strategy is do we have people managing the programmes who can think more strategically about the overall value and commercial approach. The answer is it is work in progress at the moment. It is one of the things the strategy says we need to get to grips with. The guy who we have heading procurement has started working with two or three country offices in particular to see how that might work, and I think there will be more to say over the next year or so on that.

Q98 Andrew Stunell: I wanted to ask a question about CDC but before that could I ask a wild card question. Whenever we visit a country we always get told by the country managers how valuable they think the process of our visit has been. We only get to three or four or five country programmes a year so my question is: do you have an internal select committee which in effect goes around and puts country managers through the same process?

Ms Shafik: I think you are looking at it. We ourselves have a regular programme of visits to country offices around the world and we try and cover as wide a range as we possibly can to try and make sure that most countries are visited. I think Mark is the biggest visitor because of his portfolio but all of us try and do our bit. We have then we also have the non-executive visiting pretty regularly. Our target is to try and make sure that every office is visited by one of us at least every couple of years.

Q99 Chairman: Can I come in behind that because another useful thing that happens is we get a very good country brief on what we are spending, where we are spending it, how we are doing. However, it is simply produced for us and it could be posted on the website, it seems to me, because it is the kind of information that ought to be. Is there not more that could be done about that? It seems that we turn up and they marshal information and we get a presentation and it is fantastic but it should not be dependent on us turning up; it must be there and it should be in the public domain so that even local MPs in the countries can get access to it.

Ms Shafik: I think the teams are quite good at recycling briefs. I certainly know when I have visited a country office they have said, “Thank goodness, we will just rehash the IDC brief for you,” so I think they are pretty economical. They do not necessarily put it on the web but we do now have something on the web on each of our country programmes which tries to have updated information. I think they are pretty good. It is part of the tight staffing; they economise on their work if they can and recycle some of the stuff.

Q100 Andrew Stunell: Perhaps if I move to the CDC. Can you describe to us how DFID keeps a grip on what CDC does and whether you believe you have got that grip?

Ms Shafik: As you know, the recent NAO report on CDC recommended a tighter regime of oversight of CDC, and I will let Mark say something about how we are putting that into practice because he leads for us on CDC.

Mr Lowcock: We set the policies for CDC. We tell them the places they can invest and the standards to which they have to invest. We appoint the chairman. A year ago today roughly the new chairman took office. We also have a significant voice in the appointment of other non-executive directors and there is a process to identify two new non-executive directors at the moment in which we are strongly involved. Minouche and I have a quarterly meeting with the whole board. We also have a quarterly meeting with the non-executives which gives us a
chance to have off-line discussions, if you like, about how the non-executives view the performance of the executive. That continuous dialogue with CDC on how they are getting on delivering their business plan. One of the things that the NAO and PAC said to us was that we need to systemise all of those sorts of engagement. In the first part of this year I signed with the chairman of CDC a memorandum which sets in place all those arrangements, what we will do when, and how therefore we will capture the overall relationship.

Q101 Andrew Stunell: Okay so they produce an annual report, which is probably more of a hagiography than a report. How do you think the assessment of the development aspects is really captured? Apparently they did not do anything wrong at all.
Mr Lowcock: I think that is a little bit unfair, if I may say so, on the report. One of the other things we have asked them to do is to put in place a much more structured approach to environmental, social and governance safeguards, and in the development impact report I think they have been quite open on some of the problems. Just to give one example they invest in a company which supplies security services to businesses in Nigeria. Basically it drives cash around between banks and business. The CDC have acknowledged that there were two people who worked for that company who were killed in the course of their duties last year and CDC have had a series of follow-ups to check whether that business is doing all it can to look after its employees. To give another example, one of CDC’s fund managers invested in a business in India which in the first week they found were paying some of their staff below the minimum wage, and CDC caused that problem to be solved within the first week.
Ms Shafik: They have also invested in things where they have not made money, although thankfully they have invested in more things where they have made money so their financial position is quite good. However, they have made some bad investments and you would expect that in the sort of highly risky business they are in.

Q102 Andrew Stunell: Do you think you have a good assessment of whether the investments they are making are producing development impacts? There is a difference between investing in a developing country and producing development impacts?
Ms Shafik: Absolutely, and that is why for the first time we have pressed them to produce this development impact report. To be honest, we were quite pleased with it. For starters, it is important to say that the work of the International Finance Corporation at the World Bank, which is a kind of CDC equivalent, has looked at thousands of projects around the world and found that there is an 85% correlation between profitability and good development impact. As someone once said to me, no company that has gone bust has ever had good development impact. It is a bit of an obvious point but actually the expert evidence is supportive of that.

I believe that the development impact report shows that the CDC has created a million jobs and tax payments by CDC companies is over $250 million.

Mr Lowcock: It was $2 billion last year that CDC-invested-in-companies paid in tax to the authorities in the countries in which they work. I think there was clearly a gap before the requirement was in place to have the annual development impact report. They have done one and, as Minouche says, we were quite pleased with it. We did not think it was perfect. It is a goal for CDC to be a leader on environmental, social and governance issues and certainly, as the shareholders, making sure that is the case is a big priority for us.

Q103 Mr Lancaster: Given your acceptance that CDC have had some problems in some of their investments—and I am sorry to return to this because I have been impressed—is it right the chief executive or the chairman was paid nearly a million pounds last year? What say do you have on that salary? It does seem pretty enormous.
Ms Shafik: Three-quarters of that is performance-based and based on the long-term performance of the portfolio.

Q104 Mr Lancaster: You said some of the problem is that they have not always made consistent investments, so if you have got a problem with investments and it is performance-based, and he is still paid a million pounds, what would it have been? How do we get here?
Mr Lowcock: It is not the case that in 2008 he was paid a million pounds. In the previous year, when the company made 600 million in profit, the total remuneration of the chief executive was 970,000.

Q105 Mr Lancaster: Sorry, I was 30,000 out.
Mr Lowcock: That was a year in which they had made 600 million in profit which had been returned to the taxpayers. One thing we did when we restructured CDC in 2003, which was after a period in which the company had lost hundreds and hundreds of millions of pounds by making bad investments and there was no incentive for the executive to generate a financial return, the Government deliberately put in place a performance-related pay scheme. The truth is the company turning its assets from £1.2 billion in 2003 to £2.7 billion at the end of 2007 was beyond the wildest expectations that we had when we restructured them, but that was why the chief executive’s remuneration was as it was. Last year they did much less well and his remuneration was correspondingly substantially lower. We do think that the performance element has been an important reason for the much better performance of the company over the last several years and obviously our Secretary of State, together with Treasury ministers, set the remuneration policy. One thing that they have decided to retain is that performance element.

Q106 Mr Lancaster: How much was he paid last year?
Mr Lowcock: I would need to check. It was about £550,000.

Q107 Chairman: Andrew Stunell described the CDC’s annual report as a hagiography; I would not like to say the Department’s report is, but it is very upbeat and very positive. The final question is what do you see as the role of the report? In all seriousness, do you not think you should put into it some of your failures or reassessments which actually say, “Look, this is what we set out to do. Of course these are all our successes but actually this did not work and we had to change it . . .” or whatever? Whilst this is still a useful document, a good reference, and we will certainly go back to it, as I say it could perhaps be a little more balanced. What is your evaluation of it?

Ms Shafik: I think we welcome feedback from the Committee because you are obviously our primary audience for this. This is a new format this year, we have merged the resource accounts with the Annual Report to try and streamline our reporting to the Committee but also split it into two volumes where this is, sort of, intended to be a more accessible version, focused on what the Department delivered, and the results and the more detailed accounts are in the second volume. We would be interested in hearing whether you found that a useful format. We would be happy to look at including more of our failures and some of the lessons we have learned in future reports, if you think that would be helpful.

Q108 Chairman: We are constantly monitoring and evaluating the Department, and it is no secret the Committee thinks it is a first-class Department and does a very good job. Nevertheless, our job is to keep you under pressure, under scrutiny and hopefully help you to do an even better job. Sometimes actually an acknowledgement, not for us but a general interaction, which says, “This is difficult, this is challenging”, yet the report does not really reflect that, it only reflects the positives. It is understandable, that is what company reports tend to do but they cannot disguise the facts if they have made a loss or did not deliver. That is the kind of thing we are looking for, more evaluation of the connection between the spend and the outcomes and an acknowledgement in the process that sometimes you have to change tack for a variety of reasons.

Ms Shafik: We would be happy to do that. What we are aspiring to do, and this report is a first step, is turn this much more into a report around results and increasingly, I hope, about value for money. So being able to tell the Committee, “We have delivered these results and it cost us that much” and having it be a more helpful accountability document for you. I think that is really the next stage of our own work on value for money and evaluation.

Chairman: Thank you very much indeed. It has been, as always, an interesting and mutually constructive exchange. We know at least the ammunition we can throw at your Secretary of State tomorrow! Thank you very much indeed.
Wednesday 25 November 2009

Members present
Malcolm Bruce, in the Chair
John Battle
Richard Burden
Mr Nigel Evans
Mr Mark Hendrick
Mr Mark Lancaster
Mr Virendra Sharma
Andrew Stunell

Witnesses: Rt Hon Douglas Alexander MP, Secretary of State for International Development, Mr Andrew Steer, Director General for Policy and Research, and Mr Martin Dinham, Director General, International, DFID, gave evidence.

Q109 Chairman: Good afternoon, Secretary of State. Thank you very much for coming in. Although I do not think any of you require introduction, perhaps for the record you could introduce your team.
Mr Alexander: Of course. Martin Dinham, the Director General, International, on one side and Andrew Steer, responsible for pretty much everything in research and policy.

Q110 Chairman: Obviously this is primarily focused on the Annual Report and the White Paper and questions arise for both. In the Queen’s Speech, the Queen told us that you were bringing forward a Bill to pass legislation that the British Government should be obliged to raise spending money on aid to the poorest countries to 0.7% of our national income. All parties are publicly signed up for this. You shake your head. There is an opportunity to respond when you come back, but can you perhaps explain why you are introducing this Bill, whether you actually intend to have it passed before the date of an election, whenever that may be, and what it is designed to do? What is the point of the Bill?
Mr Alexander: Firstly, let me clarify your point in terms of the public position of the other parties that I am aware of. One of your colleagues, the shadow Liberal Democrat spokesman, has written to me in recent days confirming his support for the legislation and the support of the Liberal Democrats. Alas, that support has as yet not been forthcoming from the principal opposition party, the Conservative Party. Indeed, I shared a platform in recent days with Andrew Mitchell, the shadow international development spokesman, and repeatedly afforded Andrew the opportunity to commit the Conservative Party to back this legislation but the silence spoke volumes. Let us see whether in time, as in so many other areas, the Conservative Party comes to follow where the Labour Party has led. As yet, no commitment has been made by the Conservative Party. In terms of the timetable and the way forward, as you know, the Gracious Address reflected the remarks that were made by the Prime Minister at the Labour Party conference where he stated his desire for this legislation. The fact that it was literally a matter of weeks from that statement being issued in September by the Prime Minister to its inclusion in the Gracious Address reflects, I believe, the clear sense of priority that we attach to this legislation. The aim is to publish a draft Bill shortly after the New Year for pre-legislative scrutiny. We are still awaiting final decisions with familiar and normal discussions underway as to what would be the appropriate forum for that scrutiny to be handled in, but I understand that this Committee has indicated a willingness to participate in that process, which of course I welcome. In terms of the purpose of the legislation, I think it will have the effect of both reflecting the seriousness of intent and the seriousness of commitment of the British Government, not simply for the first time to reach the goal—obviously 0.7% GNI expenditure by 2013—but the Gracious Address was carefully worded to reflect that as an on-going commitment from 2013. It is an opportunity to place in the laws of the land the solemn promise that we have made as a Government and we believe there is widespread support for honouring that commitment on an on-going basis. There are issues which are presently under discussion with our colleagues across government in terms of how this legislation will sit alongside other commitments. For example, the Fiscal Responsibility Act, which is also anticipated, but I am confident that these are issues that can be overcome and that we should hit that timetable of being able to publish a draft Bill very early in the New Year to afford then an appropriate period for scrutiny.

Q111 Chairman: It is a well-known article of the British Constitution that one Parliament cannot bind its successors. In that sense, I am sure that the Government is fully aware of that, but is it an attempt to try and make it difficult for a government in future to fall back on a commitment on the grounds that they would presumably have to amend legislation or repeal it? Will it actually try to set out a specific timetable or a commitment to say that each year for example that must be adhered to? I am not asking you to give us the text of the Bill.
Mr Alexander: I think there are useful precedents in terms of the reporting that is now obligatory under previous legislation that has been passed in terms of reporting to Parliament on progress that has been made. It comes as no surprise that we have no intention of relinquishing government any time soon and in that sense we see this as being an on-going commitment of this Government. I think your point is well taken that it would require a conscious
decision for any subsequent Government to amend that legislation. My sincere hope would be that that would cause any Government of any political hue to reflect carefully as to whether we should be breaking the promises that we have made and that we believe are sufficiently important to be written into the legislation of our country.

Chairman: I am not sure I can press you any further in the sense that we will see the Bill in the New Year, other than to put on formal record that this Committee certainly would wish to be a central part of the pre-legislative process and we think it would be appropriate for the Committee to do so. I just put that on the record formally. Unless any colleagues want to comment on what has been said, I will ask Virendra Sharma to ask his question.

Q112 Mr Sharma: The Annual Report reconfirms DFID's commitment that we will disburse 0.56% of GNI as aid by 2010 and 0.7% by 2013, but how can we be confident that this will happen when the percentage between 2006 and 2007 fell and remains lower in 2008 than in both 2005 and 2006?

Mr Alexander: If you look at the trend over recent years in relation to the GNI, it has been upwards and therefore I am confident that we are on track to meet the 2013 deadline. It is right to acknowledge that within that upward trajectory there has been movement, depending on particular transactions in particular years. In particular, my recollection is in the year that you spoke of there was a particular debt write-off in the preceding year, I think for Nigeria, which accounted for a spike and then some decline on the way back up. In that sense, partly on the basis of the resources that have been committed as part of this Comprehensive Spending Review, I am confident that we remain on track to meet the commitments that we have made.

Q113 Mr Sharma: You said in response to a recommendation we made earlier in the year that milestones can be useful in monitoring progress towards commitments on expenditure. Will your draft legislation propose the setting of annual milestones?

Mr Alexander: The language that was used in the Gracious Address did not refer to the period prior to 2013 but from 2013. The language that was used by Her Majesty stated that draft legislation will come in 2013 but from 2013. The language that was used by the Cabinet Secretary to anticipate the period following the commitments that we have made. We were keen in the legislation to anticipate the period following the achievement of that target from 2013 onwards, which was the language that was carefully drafted for the Gracious Address.

Q114 Mr Sharma: Do you plan to set out milestones for annual expenditure towards meeting the 0.7% target before the new legislation is enacted?

Mr Alexander: We work on a tri-annual basis, on the basis of the Comprehensive Spending Reviews and in that sense the numbers have been published during this spending review period. There will then in due course be a further period covered by a further Comprehensive Spending Review and that will get us certainly very close to 2013. I would not expect that there will be a different approach adopted by the Department for International Development to the general expenditure framework that is set out for the whole of the Government, but I have to say that both on the basis of our track record and our contemporary commitment I am confident that, notwithstanding those broad obligations across Whitehall, we are on track to meet those commitments. I would not have concerns in that regard.

Q115 Chairman: I assume we are talking about DAC definitions of ODA?1

Mr Alexander: When I talk about ODA, it is on the basis of the OECD DAC categorisations.

Q116 Mr Lancaster: Can we turn to ODA contributions from other government departments? The 2009 Budget acknowledged that contributions to ODA were going to be higher than expected from other government departments, so could you perhaps put some meat on those bones and outline in which areas you expect non-DFID ODA to be spent and by which departments?

Mr Alexander: Historically it has been the case, even before the establishment of DFID in 1997, that a number of government departments had ODA scorable expenditure. In that sense there is nothing new or particularly innovative in the fact that other government departments have expenditure that is appropriately categorised, both in our response to the DAC and in turn by DAC, as being ODA scorable. The one substantive change that has taken place which was reflected I think in the White Paper was perhaps a more significant ODA contribution from the new Climate Change Ministry, given the funds that we put into the strategic climate fund, what was originally an £800 million contribution, the Environmental Transformation Fund. Beyond the CIP,2 what was originally the Environmental Transformation Fund, we are talking more limited sums of money. There is some conflict and stabilisation aid funding, through both the FCO and working with the Ministry of Defence. There are the Chevening Scholarships which account for, if I recollect, about £15 million. The broad parameters are, if I recollect, that about 85% of ODA scorable money passes through DFID, about 15% through other government departments, but the biggest single lump is the strategic climate funds which Andrew might say a word about.

Mr Steer: It is an £800 million programme. 50% is on DEFRA’s budget. 50% is on DFID’s budget. We make the decisions jointly about spending.

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1 The Development Assistance Committee of the OECD definition of Official Development Assistance
2 Climate Investment Funds
Mr Alexander: I have just found those Chevening figures. It is £19 million not £15 million that is the Chevening Scholarships.

Q117 Mr Lancaster: Given that the 15% that is not spent by the Department is not covered by the Act, how are you going to ensure that 15% is spent on development projects or appropriate projects? 
Mr Alexander: Because the responsibility rests with OECD DAC in terms of what is ODA scorables, the categories of expenditure are set internationally and in that sense it is up to each government, including the British Government, to account for whether that money can fall within the category set by OECD.

Q118 Chairman: What you are saying is that is a broader DAC definition rather than the International Development Act? 
Mr Alexander: We have always been clear that ODA is a creature, if you like, of the OECD DAC and in that sense that is not a change in policy. It has been the case that the GNI proportion is worked out in relation to the OECD DAC categorisation.

Q119 Chairman: I am not trying to be mischievous but, to push a little bit harder, if more of the budget was going through multilateral organisations then—I appreciate it is a rising budget—it effectively dilutes the impact of the anti-poverty priority of the Act because it means a smaller proportion is subject to the Act.

Mr Alexander: Implicit in your question would be the question that money spent through the multilaterals is not targeted towards poverty reduction.

Q120 Chairman: No. Just to be clear, the Act specifically states that 90% of bilateral aid will go to low income countries. It is that specific point. That is not the case in relation to the money that goes to multilaterals. It has to conform to the international ODA definition but not the International Development Act. I am not trying to be mischievous; I am just trying to get clarification.

Mr Alexander: I appreciate that, but I would say two things in response. One is: even if we continue to work to a 90/10 split in bilateral funding, we have made a conscious choice in the White Paper to try and ensure that we better shape and influence the multilateral system. It is not that we are looking for a reason to avoid a 90/10 split that we are putting more money into multilaterals. It is a conscious policy decision to say: how can we influence major global institutions like the World Bank and others. Also I would argue that we are having real success in terms of using the exemplar of our 90/10 split in our bilateral programme to influence the approaches that are being taken by others. I know that there was some discussion before the Committee yesterday in relation to the European Commission and EDF funding. That is an example where I welcome the fact that the proportion of money that is being spent in low income countries is rising. Similarly, we are working hard with the Bank and with others to ensure that there is a very clear focus on those countries that most require those resources. In that sense I think it would be the wrong response to say we are going to constrain, as you say, against a rising budget line, a willingness where we judge it appropriate to put money into the multilateral system in order to be caught by the International Development Act. I think actually the right response is to say: how do we take the experience that we have learned from the bilateral programme and seek to cascade that learning and that example out into the multilateral system.

Chairman: I think it reinforces the role of this Committee, not only in holding your Department to account but constantly holding the multilaterals to account, who have such a substantial proportion of the aid budget.

Q121 Andrew Stunell: There are a number of other major ODA contributors and some of them have become wobbly. Let us say Italy, France or Ireland. Can you say something about what you are doing to encourage G8 partners to honour their Gleneagles commitments, particularly in relation of course to Africa?

Mr Alexander: The dilemma that we often face in discussions such as this is that some see the metric of our commitment to influence others as being the volume of our public criticism of them. As a fellow politician, you will appreciate that that is not always the most effective way to influence partners to engage in activities that otherwise they might not engage in. Whether it is as recently as last week—I will ask Martin to say a word or two about the General Affairs Council of the European Union (GAERC)—or whether it is the action that we took at the G20, whether it is the action that we took at the United Nations high level meeting as recently as September. I think even those countries that find themselves on the other end of the telephone or the other end of discussions would concede we are fairly relentless in our encouragement of partners to meet the promises that they have made. The final point I would make before I would ask Martin to take you through two or three of those specific case studies. I think the credibility in making that case is contingent on us meeting our own promises. That is why it is for us so fundamental, both in terms of the legislative commitment we have now made but also the commitments that we are under at the moment, that we are in a position to try and advocate effectively for other countries to meet their Gleneagles commitments, because if we were not in as strong a position ourselves I think our words would ring rather more hollow.

Mr Dinham: On the General Affairs Development Council last week, we were instrumental both before the meeting, in the margins of the meeting and during the meeting itself in arguing very strongly that EU members should keep to their commitments which for the older Europe members, as it were, is 0.51% and, for newer members, 0.12%; and to their commitments to 0.7% by 2015. We were also instrumental, working with the Presidency, to
establish a very strong statement by the Presidency at the end of that GAERC on the importance of those commitments and what we need to do to achieve those. That includes a proposal that EU leaders should each year, in the spring of each year, look at progress on those targets to make sure that there is the highest political pressure behind them to actually reach them in view of the importance of reaching them by 2015. I would just add on the G8 that we have also been instrumental in the proposal for an accountability framework which would hold all members of the G8 to account, both individually but also collectively, for the various commitments that they have made, both on ODA volumes but also in relationship to thematic issues, such as what we are doing on health and education and so on. These are two areas where we have been really pushing very hard to keep people to the commitments they have made. **Mr Alexander:** I think it is fair to say in both of those examples, which are just the most recent examples in relation to the accountability framework, had it not been for British pressure, albeit exerted behind the scenes in the days immediately preceding the summit, the summit would simply not have produced the initiative on food security which the Americans were promoting. We simply would not have seen the accountability framework being delivered. Similarly in terms of the General Affairs Council I myself was engaged in discussions in the days immediately preceding the General Affairs Council with Bert Koenders, my opposite number in the Netherlands, and with Gunilla Carlsson, holding the Presidency at the moment for Sweden. I think it would be fair to say that anticipating the meeting there was not universal support for the position that Britain was advocating in saying we need clear language upholding the support for the position that Britain was advocating in relationship to thematic issues, such as what we are doing on health and education and so on. These are two areas where we have been really pushing very hard to keep people to the commitments they have made.

**Q122 Andrew Stunell:** Can you say something more about the G8 and the implementation of the accountability framework? Where have we actually got to, following on from that agreement? **Mr Dinham:** There was a commitment at the last G8 summit that the results on the accountability framework which were delivered last year would be built on and worked on and a more detailed accountability framework would be delivered for the summit this year. There is work going on through the year to ensure that that is kept up to date with more detail and more strength behind it. Another proposal alongside that which is kind of similar and related was the MDG needs assessment which we got onto the table at the last summit, which is doing the same thing, indicating what is needed both by G8 and other countries to deliver the MDGs. The assessment will be delivered in time for the next G8 summit in the middle of next year.

**Q123 Andrew Stunell:** We should be able to see some outcome at that point?

**Mr Dinham:** That is right. The idea is you set the proposal and then you give a date for when it is going to be followed up, so there is an accountability process built into that.

**Mr Alexander:** As Martin says, we were working towards twin tracks in a sense. It was a significant prize to secure a degree of transparency in terms of progress made in relation to ODA commitments. We also judged however that it was worth pushing the boat out, if you like, to try and get an assessment on the MDGs because that also provides a degree of transparency to say, “Actually, even if these commitments are made, let us be clear as to what is required internationally if we are to achieve the MDGs.” In that sense again, the pursuit of that proposal was not without scepticism or in some cases resistance but nonetheless we judged that it was a significant prize to try and secure.

**Q124 Chairman:** We are just under two weeks away from the Copenhagen conference. The assessment of where that is going seems to be up and down. I was attending a legislators’ conference about a month ago in Copenhagen which was convened by the Prime Minister of Denmark who at that point seemed to be playing down the likelihood of any fixed agreement. We now have notification of 60 heads of state going and suggestions that something might come out of it. What is your assessment of the situation right now? I suppose what we are talking about is what is the best and worst outcome one could expect. Presumably not a complete text that everybody will sign up to, but some practical progress. What is the assessment?

**Mr Alexander:** I am not sure if this is a manifestation of coincidence but within a few minutes of me arriving in this committee room President Obama confirmed he is going to be travelling to Copenhagen himself.

**Q125 Chairman:** I think en route to collecting his Nobel Prize in the process. **Mr Alexander:** I am not sure whether this was to assist me in answering this question, but it helps nonetheless. You are right. There are now more than 60 heads of government who have said they will attend and President Obama within the last hour has made a public statement confirming that he will attend. Our objectives are what they have always been, which are to have a fair, effective and ambitious outcome. In essence that comes down to two or arguably three key issues, the first issue being what is the appropriate distribution of emissions cuts to keep us within the scientific. That is within a two degree temperature rise. Essentially, that turns on the balance of responsibilities between a historic responsibility largely following on developed countries as a result of present levels of emissions, whereby the historic responsibility is clear, but on the other hand a recognition that, looking forward, the significant rises in emissions anticipated in the years ahead are predominantly from developing countries. Therefore, that balance is going to be one of the central issues for negotiation. Related to that issue is the second main pillar of negotiations, which is the
One of the encouraging things is that some of the middle-income countries are now coming out with explicit offers with regard to how they will reduce their carbon emissions below business as usual. Some of them are coming out with two numbers. One, what we will promise to do, and then a more ambitious number which we do not promise to do. That is of course where the issue of finance will then come in. The issue of adaptation finance is obviously very central to Africa. There is a huge degree of debate going on within Africa right now. People like Prime Minister Meles are clearly putting in a serious demand for adaptation finance that is above what seems to be on the table so far. As you know, within the $100 billion that the Secretary of State mentioned, the discussion is around maybe $30 billion would be appropriate for adaptation, but that is not a firm figure.

Q126 Chairman: Does the Copenhagen process run the same danger as the Doha process, in a sense that nothing is agreed until everything is agreed and everybody has to agree? You give a very fair analysis as far as I can see, Secretary of State, of where we are at. The American President has a problem of Congressional approval which he therefore has to cope with. The Chinese are unlikely to sign up to something that puts them at a disadvantage in relation to the United States. On the other end of the scale, as we found out in Bangladesh and in Africa, countries are saying, “You caused the problem. Unless you come up with the money, we are not interested in the emissions, trying to get them to sign anything or nothing, because we are not causing the problem. If you want us to agree to those things, then we need the money.” That seems a heck of a big ask to get out of the next three weeks.

Mr Alexander: Doha is very instructive and it informs my own thinking about the prospects for the deal in Copenhagen in part because I, along with my ministerial colleague Gareth Thomas, bear the scars of those eight days in Geneva the year before last, where there was a great weight of expectation and effectively as an international community we failed to find that common ground and to reach agreement. What lessons do I draw? Firstly, even the WTO with a really outstanding Secretary General in Pascal Lamay and a tried and tested architecture of negotiation did not manage to pull off a big win for multilateralism in Geneva. In that sense, candidly, we are using a much less tested architecture for negotiations involving often very complicated negotiations between climate change ministries, energy ministries, finance ministries, development ministries, even within individual countries. It is a tough set of negotiations. Few of us when we arrived in Geneva the year before last would have anticipated that ultimately special safeguard mechanisms and sectorals would be the two issues on which apparently those trade negotiations founded. In reality, what happened, I judge, in Geneva was best articulated by the then European Trade Commissioner, now my Cabinet colleague, Peter Mandelson, when in the European Council of Ministers meeting immediately after the failure of the talks he said, “What we have witnessed here in Geneva was a coalition of the unwilling.” It was a typically insightful phrase because in truth by that stage the politics in China, in India and in the United
States did not work for a deal. In that sense it seems to me there is a prior question. The political downside of the American US Trade Representative going back to the Chinese minister or indeed Kamal Nath in India going back and saying, “Alas, I was not willing to compromise the subsistence farmers of India. Alas, I was not willing to yield to Chinese demands. I was willing to stand up to the United States” were not aligned in a way that guaranteed that a deal would be done. One of the lessons I therefore draw out of the trade negotiations which is very opposite for Copenhagen is: can you answer the prior question that there is a political willingness to find agreement? That is why I genuinely take encouragement from the fact that President Obama has said he is going to attend. I sense from my own discussions with the Indians and from my colleague Ed’s discussions with the Chinese that, at least in those three very large and significant contributors to the negotiations, there is a genuine willingness to reach an agreement. Whether that agreement will be acceptable to our friends and colleagues in Africa is another issue. It is not that there will not be difficult negotiations but my instinct is that there is a prior willingness to try and find that political agreement.

The other lesson that I draw from the WTO experience in Geneva however is that literally these negotiations are too important to be left to the negotiators. If they arrive in Copenhagen with a mandate to continue to negotiate, they will be negotiating a year this Christmas, never mind this Christmas. In that sense again, partly on the basis of our own experience of the G20 in April where the Prime Minister relentlessly worked the phones with international leaders in the weeks and months preceding the April summit, there is no substitute for very high level, political engagement in the Copenhagen process right now. That is why the role that our own Prime Minister, President Obama and others are playing is going to be absolutely instrumental because there is a prior question, which is: is there a political will for agreement? There is then the ability for that political will not to be imperilled by over-zealous negotiating on areas of detail which could mean that the good agreement becomes the enemy of the perfect agreement.

Q127 Mr Hendrick: On the point you made about getting the big players to get to an agreement, are you aware of any bilateral discussions for example between the US and China or are any bilateral discussions going to take place that actually could make Copenhagen that much easier in terms of getting a deal? As you say, if you sat down today, it might take another year. Has this work been going on between the big players as it is coming to an end with Copenhagen? How far down the track are they?

Mr Alexander: There is a huge amount of that work that is underway. President Obama himself has just very recently visited China. This was one of the key issues that was under discussion. That is evidence of the continuing level of contact that there is at a very high level on these negotiations. Will it be enough? The honest answer is I do not know. There are some very tough negotiations still to be taken forward, but I take the fact that President Obama has made a judgment to travel to Copenhagen as a positive sign. I hope he is more successful than in securing the Olympics for Chicago.

Q128 John Battle: There was a rather good debate yesterday on Copenhagen. I thought it reflected well on the House and all parties. I thought at least the British position, Government and Opposition, in relation to Copenhagen was quite strong. Things are moving and there is still some movement, but I really want to focus not on what can or cannot be achieved at Copenhagen. I want to look at what we are doing and the funding from our Government, including DFID, on climate change. Regardless of Copenhagen, this issue is not going to go away. We have still to take action. At the present time, the costs of adaptation for the poor countries alone massively overwhelm the ODA flows. For example, the estimates of 120 to 160 or 170 billion dollars by 2030 for adaptation to climate change. Some of our Committee were recently in Bangladesh where the Chars Islands, as they are called, are being overwhelmed by the tide coming in now. What I learned from that experience is that it is not just the water coming in, but you can grow rice in water. If it is salt water, you have a hell of a problem because desalination becomes a major, major challenge. Some 13 million people in Bangladesh now are under pressure and might have to be moved somewhere. By 2030 it could be 35 million people. How do we address that? One of the things that was in the White Paper was this paragraph: “The UK will also increase its poverty related expenditure on climate change, recognising that part of the climate financing gap could legitimately come from official development assistance.” I just want to say to you I feel slightly that that could be interpreted ambivalently. We can use the development budget to do climate change now. I am looking to you to see if you can give me assurances that DFID is not going to use that money and say, “Well, we can do climate change now because that is the hot topic”, and the poor pay a price by losing out on the other funds. How much does DFID currently spend in terms of its percentage? How does that compare with other donors? Is it 8%? Is it 3%? How did you arrive at that 10%? You say a bit later in the paragraph you want the money for climate change to be limited to 10% of ODA and you want other countries to limit theirs to 10%. Can you talk me around that and say what is the thinking behind it, because your Department has a great track record on pro-poverty policies. I do not want them to be undermined by switching the budget to climate change. They need it but not at the expense of the poverty reduction strategy.

Mr Alexander: I hope I can offer you exactly the assurance you are looking for. Firstly, we look forward with interest to the report of the Committee on Bangladesh. I myself travelled to the Chars in September with Ed Miliband. We were in Bangladesh and then travelled on to India. The objective of us travelling together was to seek to communicate a clear conviction that we both hold that the challenges of poverty reduction and dealing
with dangerous climate change are now intertwined and indeed indivisible. You simply cannot travel in the developing world, as I have done over many months now, and discuss the issue of climate change, which is undoubtedly of growing concern because it is in so many parts of the developing world not a future threat but a contemporary crisis, the cruelllest irony being that these communities and populations who are least responsible for the emissions that are causing dangerous climate change are being hit first and being hit hardest; and you cannot have those conversations without repeatedly having exactly the anxiety you articulated played back to you, which is people saying, “Listen, we recognise the need for additional funds to allow us to adapt to climate change that is already happening and to allow us to secure a low-carbon development path for our growth.” If you take the example of India, I sat with Rahul Ghandi, a leader of the Congress Party, and with others. It is simply impossible to convince those politicians, and perfectly reasonably so, that the cost of environmental sustainability for our planet should be borne by the 400 million Indians without accounting for the fact that if the wrong deal was agreed, you would deny the legitimate aspirations to a life lived out of poverty. In that sense, I promise you I understand the point you are making and I believe we have already categorically addressed it.

The way we have sought to address it is to say we have made a judgment. I was having this conversation with Andrew earlier. I will ask him to embellish the account that I am able to offer to you of the rationale for 10% of this particular figure. 10% reflects the fact that there are a number of our programmes already where it would be the judgment of Job to try and say, “This is exclusively poverty reduction” or, “This is exclusively climate adaptation”. Indeed, I would argue that the Chars livelihood programme that you witnessed and I witnessed is probably an exemplar of that. Similarly the kind of work we are doing in terms of the livelihood and forestry programme in Nepal, another example of where I would argue uncontroversially there are very clear poverty reduction benefits and climate benefits to that same pot of money. If you travel in the developing world, their great fear is that the developed world will trumpet a deal in Copenhagen and simply wholesale rebadge money that is needed to secure the MDGs as climate finance. The finance ministries will sigh a sigh of relief. The world caravan will move on and children will find themselves without classrooms, without inoculations or without anti-malarial bed nets. That is why we need a judgment in terms of the Prime Minister’s speech which he made in June that not only would we put on the table the $100 billion by 2020, our estimate of the figures that are necessary—and again I will ask Andrew to account for the difference in some of the figures that you quoted, because as you recognised in your question many of the other projections actually go to 2030 rather than to 2020 when we are saying 100 billion—but nonetheless we were clear that, unless there was also a guarantee given that we judged 10% was the limit of the ODA DAC scorable contribution to the public financing element of that $100 billion global package that would be required for adaptation, then it would be, as you say, a great fear and a legitimate concern that there would simply be wholesale rebadging of those resources. I can speak for the Government and say categorically that the Prime Minister reiterated that position back in June in the speech that he made. I have articulated that on a number of occasions. Again, I have to say it is an instance where there is not cross-party consensus in the House. Repeatedly the Conservative Party have been given the opportunity to affirm that they also hold to that principle that only 10% of ODA should be allowable in terms of calculations of climate finance but again, under consistent pressuring from myself and from others as recently as Andrew Mitchell’s visit to the Overseas Development Institute on Monday, that promise and that undertaking has not been forthcoming. The argument that is being advanced is to say we cannot make that commitment ahead of Copenhagen. I have to say I struggle to see any principled reason why that commitment cannot be given, regardless of the impact of 10% on the final result. Maybe it means in terms of 10% both reflecting the bottom up and the top down rationale for that figure and also the various estimates that existed, Andrew, you could be helpful?

Mr Steer: We have been struggling, as have others, to try and understand why estimates vary so greatly on adaptation. We have been financing quite a bit of work ourselves on that. Estimates range from low to extremely high. In a nutshell, at the risk of slight over-exaggeration, those that are very high assume that people keep doing basically exactly what they are doing now, the same economic activities, the same patterns of life and so on. Adaptation has to be very precise around current patterns of work, current structures of the economy and so on. Those that are very low assume a great deal of flexibility in terms of the structure of the economy adjusting and some, which we would not subscribe to, even accept the fact that people will move location. Then, your costs of adaptation come much lower. What we are trying to do is get the right kind of sensible number. We are going to have to be flexible in terms of what the financing needs are. As the Secretary of State was saying, in UNFCCC4 for example, the total costs they have estimated are $120 to $160-odd billion per year overall adaptation and mitigation for the year 2030. The World Bank last year came up with again 2030 numbers that again were quite high, almost $200 billion up to more than $600 billion, so quite large variations and they explained why. Bringing it back to 2020, we do not know what the sum of money is. The $30 billion is at least a sensible starting number. In terms of what we are doing ourselves, you may have seen the press today and yesterday about the commitments that were made in Bonn in 2001 to finance a certain amount each year. Our side of the obligation—I would be happy to give you the numbers—has been more than delivered. Specifically, our obligation was to deliver about $244

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Q129 John Battle: You have given us the figures and the numbers but what percentage now is spent on climate change?

Mr Steer: If next year for example were to be £400 million, our total spend next year will be £7 billion, so it is less than the 10%, but not much less, so probably about 6% next year.

Q130 Mr Hendrick: Mr Steer has taken the wind a little bit out of my sails because he has obviously partly answered the question that I was going to ask about the disbursement of funds, pledged funds in particular. As you know, $283 million was pledged to the UNFCCC and, as we understand it at the moment, only $133 million has been received and $32 million disbursed. As you know the BBC today has reported that the 20 industrialised countries, including the UK—but obviously you have made the point that the UK has more than paid its way on this—have pledged $410 million per year from 2005 to 2008 under the Bonn Declaration. Nevertheless, Mr Ban-Ki Moon is saying that there is an issue of trust here, to quote him. There is the spectre that the poor countries might not sign up to a new agreement unless they are convinced that the promises will be kept and also that mechanisms are put in place to ensure that other countries pay up like the UK is paying up. What can we do to ensure that those mechanisms are put in place to make sure everybody keeps to their commitments?

Mr Alexander: It rather echoes our more general discussion about ODA commitments in the sense that the first thing we need to do is to keep doing the right thing, because it gives us the credibility to encourage others. In that sense, it is not simply as Andrew said that we have spent £120 million in the period 2005 to 2008, but it is likely that that will more than double this in the following period to 2012. In that sense, the upward trajectory that Andrew described is entirely accurate. It also makes the case for why, even at this late hour ahead of Copenhagen, we want to see a legally binding treaty. That is not guaranteed. It is far from guaranteed, but I think it is understandable, given past experiences, that the international community and poor countries in particular will be looking for as great a degree of certainty as possible in terms of the post-Copenhagen implementation of any agreement reached in Copenhagen. You could say if we get a strong political commitment emerging out of Copenhagen there will then be time to translate the high level political commitment into the practical realities of the governance structure involving UNFCCC or others to the mechanism by which there will be a degree of accountability in terms of what is anticipated in terms of national compacts with plans being offered up, approved and funding being provided. We have consciously taken a maximalist position in relation to Copenhagen for some time in arguing not just for a fair, effective and ambitious outcome, but a legally binding agreement to try and address exactly the concerns that my sense is the Secretary General was giving expression to when he quoted the particular figures in relation to the Bonn agreement in 2001. Perhaps, with your indulgence Chairman, I would just add one further point in relation to Bangladesh because I know it is on the Committee’s mind. When I was in Bangladesh, not most recently as I was in September but on a previous visit—I am sure you probably met Chris Austin, our head of office, out there—after what was a very instructive and constructive visit that I paid, the challenge I really set to Chris was to say, “Listen if we had had this conversation 10 years ago in Dar es Salaam, as DFID was beginning to establish policy leadership with the use of the instrument of budget support, and we had in part developed policy leadership globally around our expertise in the use of budget support over those years, the opportunity for Bangladesh is in many ways to be as instrumental as the equivalent operation in Tanzania would have been 10 years previously, which is it is easy with respect to the Secretary of State to sit at committees like this and say as you have tried to do in the past, say, ‘We mainstream our programming on climate change and everything we do reflects the importance of climate change.’” We, like every other bilateral aid agency, need to continue to work at how to deliver that in as effective a way and with as much impact as possible. In that sense, that is why the Chars livelihood programme I think is an area of real focus for Chris and for his team, because actually, as you know, Bangladesh is on the front line of dangerous climate change. If we are going to prove those genuine interactions between poverty reduction and climate change, it is going to happen in a country like Bangladesh. In that sense, while you are right to say there needs to be a constraint on the wholesale rebadging—and I completely share both that sentiment and that commitment—I do think that does not give us a pass from doing the important and difficult policy innovation work of saying that if the Bangladesh Government do come to us, as they...
have, with a revealed preference and say, “Listen, we want help with climate change in our endeavour to deal with poverty reduction”, what expertise can we bring to the table in terms of how that money can be spent effectively. I think that is a challenge which we are embracing—and we sought to reflect that in the White Paper—but actually it is a degree of policy work that is not going to be exclusive to DFID. There is going to be a whole range of international actors working on these issues more in the years ahead.

Q131 John Battle: If I were the delegate of Bangladesh at Copenhagen though, I might point out that with my population of millions I make a 0.03% contribution to carbon emissions, which is the lowest in the world per population. They need more assistance rather than less.

Mr Alexander: That is in part why, when I met Sheikh Hasina, the Prime Minister, I actively encouraged her to travel to Copenhagen and make exactly the points that need to be addressed.

Q132 Richard Burden: Staying on the issue of climate change, could we just spend a little bit of time looking at the role of the World Bank in this? Andrew, I think you were mentioning a figure of £400 million. You mentioned including the Environmental Transformation Fund. Could you perhaps just start off by laying out for us how much of DFID expenditure goes to the World Bank and also that is in terms of proportion disbursed via the World Bank on climate change?

Mr Alexander: £6.5 billion is the figure globally around the CIFs, of which we are making a contribution of £800 million. I would ask Andrew to speak about that and then we can come back to the more general issue in terms of funding for the Bank.

Q133 Richard Burden: As a proportion of DFID expenditure, that would be roughly—?

Mr Steer: As a share of DFID spending on climate change, less than half. I would have to get you the detailed numbers but let us say, if £400 million was the total, I would say 170/180 would be what we would put through the Climate Investment Funds which are then implemented by regional banks and the World Bank. They are implemented by governments but they are channelled through these international financial institutions.

Q134 Richard Burden: Looking to the future, would you say that balance staying roughly constant or would you see the World Bank moving much more to becoming the primary mechanism for disbursing climate change funding? There has been talk occasionally in the past of seeing the World Bank as an environment bank. That is something we as a Committee would have something to say on. How do you see the World Bank?

Mr Alexander: It is difficult to give a definitive answer ahead of Copenhagen in the sense that there are some who will go to Copenhagen arguing that there should be a central role for the Bank. There are some who are deeply concerned at the prospect of the Bank having a central role on any climate financing post-Copenhagen. Our position, I hope, is both pragmatic and reasonable, which is to say we recognise the legitimacy of the UNFCCC process and the primacy of the UNFCCC process in this whole area of policy making. Indeed, there were some concerns expressed in relation to the strategic climate funds which we were, I hope, genuinely able to allay on the basis of misunderstandings as to what would be the role of the Bank and ultimately what was our vision of the Bank’s role in the future, given the concerns that both NGOs and some governments have expressed in terms of the environmental track record of the Bank in the past. In terms of Copenhagen, which will be key in determining this whole issue of new and additional funding for climate finance, we are clear that we see the UNFCCC as being the lead. There are some who argue that sitting underneath the authority of the UNFCCC there should be a number of different windows through which money could legitimately flow, whether that is the GEF, whether that is the adaptation fund, whether that is a fund held by the World Bank. That I understand is very much going to be part of the discussions around governance which, if we get far enough in Copenhagen, will inevitably come onto the table but at the moment are sitting some way behind the issue of emissions and climate finance. In that sense, without having an answer to that question as to how important a role will the World Bank have in disbursing funds agreed under a compact arrangement with the UNFCCC, I cannot give you a definitive answer. I can tell you that, in terms of our bilateral programmes, as I reflected in the conversation I had with Chris in Dhaka, we do not see this as being that the multilaterals will deal with climate change and we will simply deal with poverty reduction. We are saying where there is a genuine interface, as in Nepal, as in Bangladesh, we should be looking at how our programmes can yield the maximum impact both in terms of climate impacts as well as on poverty reduction.

Q135 Richard Burden: That is very helpful. You mention there the worries that some would have about the World Bank assuming too big a role in being a major mechanism for disbursement of climate change funding. Key within those people who would be uncertain when they express choices are the NGOs. They have provided evidence to us saying that. During the visit to Bangladesh similar worries were expressed then. How far do you think those worries are valid? You say that, as far as the UK is concerned, you would sit somewhere between doing it all through the World Bank and those who would say that is a really dangerous way to go. How far do you think the concerns of the NGOs go?

Mr Alexander: I have already mentioned Peter Mandelson once in this discussion but I would probably keep to the third way on this one. I am neither an apologist for the Bank nor an unconstructed critic who fails to recognise that the

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Bank does some good things. Perhaps at the cost of popularity with some of the NGOs, I have been unrelenting in challenging everybody to produce evidence to substantiate their point of view—the Bank, in their defence of their conduct—and as recently as the annual meetings in Istanbul I was very forceful in my advocacy of a process of reform within the Bank but, at the same time when Bob Zoellick, the President of the Bank, was here in the UK I know as well as meeting this Committee I afforded him the opportunity to meet with a number of NGO policy leads and gave them the opportunity to ask the searching questions. I think one of the difficulties is that the Bank casts a long shadow and in that sense, whether it is discussions around conditionality, forced privatisation or Washington consensus, the risk is that at times legacy thinking on all sides gets in the way of a constructive dialogue. That is not to say that the Bank is beyond improvement. Quite the reverse. On the issue of climate finance, I think there is some confusion as to what could be the role of the Bank in any post-Copenhagen world in the sense that it seems to me sensible to say, “If we recognise the legitimacy and authority of the UNFCCC whereby all countries are represented, there is a degree of equity which many NGOs in many countries rightly want in terms of climate negotiations”. How do we displace something as basic as an exchequer function with really very significant sums of money? If we are talking US$100 billion by 2020, that is, if I recollect, broadly comparable to the total global aid flows at the moment. In that sense it is not an unreasonable question to say if you have the legitimacy of the UNFCCC, if they are the body that can authorise and accept national plans being offered up as part of the national compact, then given that they are very significant new and additional sources of public money potentially flowing, we should look at whichever institution can discharge that exchequer function and accounting function in an effective way. For all of its critics amongst the NGO community, the Bank has quite a strong claim to being a body that is able to deliver robust systems of financial management.

**Q136 Richard Burden: **That is helpful. One of the sources of unease—and there is a number of sources of unease—that NGOs have about the World Bank would be the balance between using concessionary loans around climate change finance and money given in grants. Would you expect the proportions that are there at the moment to stay roughly constant or is that also “how long is a piece of string?”

**Mr Alexander: **His answer once again risks making himself unpopular with the NGOs! One of my frustrations in this conversation with the NGOs about this is if they actually take the trouble to read the Bali Action Plan it anticipated concessionary lending and, in that sense, I struggle to see why that is a terrible bad thing done by the World Bank when it was a UN process in Bali that actually raised the prospect of concessionary funding being used in terms of climate finance. I understand people have concerns, not least in terms of issues of debt sustainability looking to the future, but on the other hand I would rather get beyond an instinctive neurotic approach to lending and say what are the debt sustainability criteria that are being applied, what did the Bali Action Plan agree with widespread participation and, if those conditions are met, then I think it is a conversion that countries are well able to participate in themselves.

**Mr Steer: **All financial institutions, whether it is the World Bank or a regional bank or any financial institution, would be delighted to make grants. It is who provides the money that decides whether it is a loan or whether it is a grant, so to the extent in the post-Copenhagen agreement it is grants that are provided, any financial institution that is chosen will do as it is instructed. If the instruction is to pass it on as grants it would be passed on as grants. The decision is at a different point, if you like, than in the institution itself.

**Q137 Richard Burden:** Just a couple more questions to finish off on this, specifically about the Environmental Transformation Fund. Could you clarify how that fits with the 10% figure for climate; is it included within it or would it be on top of it or what?

**Mr Steer:** Of course the Environmental Transformation Fund is a three-year fund. It will disappear, if you like. The 10% was a 10% sort of bound that would be something that is on-going into the future. The idea was that you want to do exactly as Mr Battle was saying and you want to make absolutely sure that you are not siphoning off money that was going to provide immunisations and so on for climate change, so the 10% is to bound that. The 10% does not exist at the moment. Currently if somebody were to ask us how much the British Government is providing for climate change, we would include the ETF.

**Q138 Richard Burden:** A last question on the ETF is in October you said it was probably a bit early to evaluate the use of ETF spending but spending was progressing well. How close are we to looking at the effectiveness of the ETF and what measures will you be using to evaluate it?

**Mr Alexander:** Andrew lives and breathes this stuff but let me add one or two points from my point of view. Firstly, we can already judge the effectiveness of the ETF in the sense we have taken £800 million and turned it into $6.5 billion, in the sense that we have managed to persuade others to come on board in exactly the kind of example of multilateralism that I should probably have thought of earlier in saying that if you are intelligent in how you use national resource you can extend influence through the multilateral system. Secondly, we are also at a stage now where countries are developing their own national plans which the CIF will fund, and in that sense there are quite advanced discussions underway at the moment. As I say, Andrew, you are our resident expert on the CIF.
Mr Steer: We have now agreed a results framework that lays out exactly what is expected and that will be monitored. The first annual statement of achievements will be out in December of this year, next month, so that will be the first step. It would be possible shortly thereafter to analyse the effectiveness mainly based on the process so far. In terms of the quality of the delivery on the ground, that will take another year or two before you start to really see that in implementation.

Q139 Richard Burden: Would your results framework encompass that?
Mr Steer: Definitely, yes, it is central. Of the different funds, for example—

Q140 Richard Burden: Would it be possible to let us have an idea about what that results framework is?
Mr Steer: Yes.
Mr Alexander: Basically the first annual report draft is in preparation at the moment and we should be able to let you have that first annual report in a relatively quick period. What seems implicit in your question is the same question I have been asking Andrew and the team which is how can we actually move this forward rapidly. I have had quite convincing arguments put to me in terms of, in part, the sheer complexity of some of the projects and the scale of some of the projects that are now in contemplation. We are moving at a fairly rapid clip. Whether it is solar power in north Africa potentially providing power sources to Europe, these are seriously big projects that are now being contemplated in part because we have been able to take that downpayment of £800 million and look at it now in a much broader multilateral context

Mr Steer: I think it is the only place in the world today where sitting around the table are serious officials from China, India, Brazil, Mexico and several other emerging and developing countries, together with the United States, the United Kingdom, Japan and the other major donors, discussing a low carbon plan for Mexico, say, or for Egypt. That is already happening. It is happening at each meeting. In terms of the assessment, we could already start assessing that process, which is actually very interesting but, as you say, much, much more important will be a year and a half from now when we can start seeing whether the criteria, for example in the Clean Technology Fund which was reduced carbon at a very cost-efficient rate, do it in a way that is truly transformational, with serious criteria as to what transformational means, the ability to scale up and to bring down costs and so on, and do it in a way with a legitimate governance participatory process. That will be 18 months from now before we can really dig deep on that.

Q141 Mr Evans: Apologies for not being here for your opening remarks, Secretary of State. Looking at climate change and the phenomenal figures that we hear bandied about to tackle this particular issue, what role do you see for your Department in having an impact on technology transfer? Getting stuck in with industry in this country, which is involved in industry in developing countries, we would be appalled if there were firms here that because they are not allowed child labour here were exporting it abroad, or indeed because sweat shops were not allowed here they were exporting sweat shops to Bangladesh, or because they were not allowed pollution here they were exporting the pollution to other countries; simply because if they are not allowed it here they should not be allowed it there. Clearly there is technology transfer where they partner with industry within developing countries, and I include China amongst that. Do you see yourself having a role on that or would you partner with Peter Mandelson and other ministers in trying to have an impact on industry here in transferring some of the technology that they have got here out to the developing world?

Mr Alexander: Often the constraints on technology transfer can be more than simply the capacity to promote it to the developing world, in the sense that when I was in India with my colleague Ed Miliband, technology transfer and technology diffusion was one of the central issues. The whole intellectual property regime was an issue that was fairly regularly being raised by Indian interlocutors and in that sense it would seem to me that one of the issues that will be on the table as soon as Copenhagen will be this issue of technology transfer. There is no doubt that there is a huge appetite for technology at the right price in the developing world and in that sense “at the right price” contains both issues of intellectual property and issues of funding. We have some expertise and have developed some expertise, which I will maybe ask Andrew to say a word about, in relation to advanced market commitments and the capacity to use public money effectively to be able to stimulate the production of goods at the right price. I would add two other points. China and India are not waiting for the UK in this in the sense that when you visit India now they share with you with their own thinking around, for example, solar power and renewables. The scale of their ambition is comfortably in excess of any other country in the world in terms of their set targets now for the proportion of power to be generated from renewables, for example. Similarly, China is already the largest manufacturer of renewables anywhere in the world. In that sense it seems to me that there are issues of common concern and direct relevance both to India and to China and to other parts of the developing world. There is also a much broader public policy issue, which is where will the British economy be able to make the greatest contribution to the potential for new wealth that climate adaptation creates within the whole economy, and how do we find our place within that global value chain. We would all anticipate, I am sure, that is not going to be at the lower added value, low technology end of the value chain; it is going to be in science and research in the high-skilled high wage end of it. As I say, I came away quite humbled by the scale of ambition that I encountered and they were not saying, “Please can you give us money,” they were saying, “We need assistance in terms of ensuring that Copenhagen allows for the genuine diffusion of the technologies that we believe we could use.”
Mr Steer: I think there is a big win here if it is done carefully. There is a good analogy with drug development for tropical countries. 15 years ago there were no new drugs being developed by the private sector for what we call now “neglected” tropical diseases. Now there are 35 being developed, some of them about to come on to the market. The reason is because of clever public/private linkages, where for example the Gates Foundation, Rockefeller, ourselves have worked with private drug companies to help push the drugs through the system and now we are also pulling the drugs out from the system through these advanced market commitments where drug companies were not willing to make long-term investments because they did not know there would be a market in poor countries. We are thinking about the same idea for clean technology in developing countries, so we are having a technical conference here in January that will explore exactly that. In the White Paper we are also suggesting that in three countries we will set up what we call technology centres. It is not so much to generate brand new technology because, as the Secretary of State says, that is being done in a very sophisticated manner; it is to adapt that technology for on-the-ground development in low income-countries primarily. Third, we are setting up what we call a Climate Change Network which will provide for 40 countries technical advice and research on both policies and technologies.

Q142 Andrew Stunell: The White Paper says that half of the financing gap for meeting climate change will come from the carbon market. I am not quite clear whether that is half of the $100 billion or whether the $100 billion is a half and the carbon market is the other half but, either way, it is a very, very big sum that is coming from the carbon market. How do you assess that figure and how do you see it actually being delivered?

Mr Alexander: There are carbon markets which are under development at the moment, and the general expectation is that Copenhagen will provide a means by which those can both be broadened and deepened in terms of their operation. There is a great deal of technical work that is being done by our colleagues in the Treasury and in DECC and elsewhere within government, and indeed a lot of independent research, in terms of the capacity for the carbon market to generate, as you say, very significant sums of money into the future. In essence, the effectiveness of carbon markets is driven by the emission caps that are set, and in particular that the developed countries adopt. In that sense the financial yield that will be secured cannot be differentiated from the negotiations that are being taken forward. However, there was modelling done in terms of the figures that were produced. We therefore see that there are great benefits as the science dictates that tighter caps are set coming out of Copenhagen. In that sense there is quite extensive evidence both within government and beyond government in terms of the potential for the carbon markets to be a much bigger player in terms of financing in the future.

Q143 Andrew Stunell: Is that half of the $100 billion?

Mr Alexander: Yes.

Q144 Andrew Stunell: I see, fine. There is a lot of scepticism, one might say cynicism, about whether carbon markets will deliver and the first generation has had some rather problematic outcomes. How satisfied are you that Copenhagen, or indeed any other international conference, can deliver the sort of framework which will have the integrity that is needed?

Mr Alexander: I partly draw on my experiences as a former Transport Secretary where the Emissions Trading System had its critics within Europe but nonetheless it proved to be a mechanism which I think is capable of reform and improvement. In that sense it is right to recognise whether the Clean Development Mechanism or other initiatives that have been taken forward at the moment have the disadvantage of not being joined up and, like any process, it is subject to improvement by experience. In that sense I would err on the side of confidence that in time the carbon markets can not simply make a material contribution towards dealing with climate change but also provide the resources that are necessary for adaptation. There is a great deal more work to be done and Copenhagen will be the beginning of that journey rather than the last word.

Q145 Andrew Stunell: Are the Norwegian proposals a step in the right direction? What is the departmental view on that?

Mr Alexander: It has informed our thinking in terms of the $100 billion figure. The Norwegian notion that there could essentially be a precept in terms of the trading that takes place is one very constructive contribution to explain how you could deliver that scale of financing out of the carbon markets, yes.

Q146 Mr Evans: Can we turn to the impact or effect of population growth on climate change. Secretary of State, could you state whether you think this is an important contributor and something that should be addressed?

Mr Alexander: I think one has to have a sense of relative importance. Again, I will turn to Andrew in a moment to give you the exact figures, but if you judge that global population is anticipated to rise up to 9.2 billion people by 2050, of course we are going to be living on a planet where there are more mouths to feed and more productive agricultural land required to be able to sustain a population at a higher level. On the other hand, as John Battle pointed out to us earlier, if you look at the emissions per capita in a country like Uganda and compare it with the United States or the United Kingdom, then I think you would be hard-pressed to make the case that the biggest challenge facing us is to stem population rise in the developing world, as distinct from having effective cuts in per capita emissions in the developed world, because actually when you are at 20 tonnes per US citizen, we are in a very, very different position.
Q147 Mr Evans: Before Andrew comes in, could I just relate what the UN Population Fund report *The State of the World Population* 2009 stated. It says that population control could be a more effective means of cutting emissions than investing in clean energy. The world’s population is estimated to grow to 10.5 billion by 2050 from 6.8 billion today. They say that reducing this total by one billion would save as much carbon dioxide as constructing two million giant wind turbines. If you could actually do both then clearly that would have a much greater impact.

**Mr Alexander:** If you or your colleagues in your party would like to advance that as a negotiating strategy at Copenhagen to persuade Sheikh Hasina or others that their primary responsibility is to reduce their own populations and then the developed world will follow by cutting emissions, I wish you good luck, but I am not sure that that is actually a realistic prospect for securing global agreement on the timescale that we require. In the Department for International Development we have done a great deal of work with a number of countries on reproductive health over a number of years, and in that sense there are very clear correlations between improvements and development and relative decline in birth rates within those countries. We do that as part of our day job. It is important work to be undertaken, but I struggle to see, notwithstanding the research that you quote, that it would be a meaningful basis for negotiations when the world comes together in a fortnight’s time in Copenhagen.

Q148 Mr Evans: From the response you have just given, do I assume therefore that population is simply not being advanced at all by DFID as part of our negotiations?

**Mr Alexander:** As I say, the issue of population and its relationship to development is fundamental to DFID’s mission, and in that sense it has shaped and affected work that we have done for many years. To the extent that we contribute to discussions across government we reflect the breadth of the work that we take forward, including on the issue of reproductive health. On the other hand, it is going to be a negotiating strategy of the United Kingdom Government that we demand a reduction in population from the developing world as the price for emission reductions from the developed world in a fortnight’s time? It is no revelation to say that is not going to be the first requirement that Gordon Brown or Ed Miliband is going to articulate when they come off the plane. If you are saying you are not doing it at Copenhagen, are you doing it outside of Copenhagen then? Clearly looking at a report from *The Economist*, which was talking about the fact that in most developing countries the population rates have been falling fast in any event, and they refer in the developing world to Bangladesh, where it has fallen from six children per mum to three, and that has happened over a relatively short space of time whereas in the United Kingdom that similar fall took 130 years to bring about. Then it says that rising populations in the areas that are most vulnerable to climate change and will exacerbate the key impacts of climate change: water shortages, mass migration and declining food yields, so all of this is important.

**Mr Alexander:** I could not agree more and that is why I am intrigued as to why somebody as knowledgeable as a member of this Committee would question whether we are doing this anywhere else. I could take you to the schools where we are educating young girls, I could quote you, if I was not constrained by Presbyterian reserve, the number of condoms that we are paying for every day that are used around the world. I could remind you that the first major announcement I made on this issue was £100 million for reproductive health at a time which the US Administration took a very different view in terms of reproductive health services in the developing world. DFID has policy form on all of these issues in both areas directly related to health and also areas directly related to education, because the emerging evidence is very clear that if you educate a young girl she will marry later, have fewer children, be more likely to be employed in the formal economy and take better care of herself in terms of health outputs. It also has form in terms of raising these issues on a regular basis with countries and governments around the world. I took the opportunity to discuss this issue at length with the Indian Government, a government which, much as I admire them and work closely in partnership with them, are often quite sensitive to issues being raised which they regard as being issues primarily of domestic concern. In that sense it is absolutely fundamental to the work that DFID does that we look at this issue of population. I am afraid there is not a single silver bullet to address the issue, but in
terms of the sophistication that we bring to this issue we raise it through policy advocacy, we raise it through our commitment on health, in a whole range of different ways.

**Q151 Mr Evans:** We are talking about climate change now as one of the vitally important aspects that is going to affect the world in the future and in the near future. If the world population does grow as fast as we have said by 2050 clearly this is a crisis also. Do you believe that this ought therefore to be approached with the same sort of urgency that we are approaching climate change?

**Mr Alexander:** In terms of the urgency and immediacy of climate change, I would struggle to say that population growth holds out as absolute a prospect for planetary destruction as rising temperatures, so I think I am probably in disagreement with you on that. In terms of the urgency of addressing the challenge of a rising world population, I would certainly agree with you. That is why I would commend to you the speech that I made last year to the World Food Summit where again DFID took policy leadership on the issue of agricultural research, because whether it is the headline announcement that we made there or the initiative that Bob Zoellick, the President of the World Bank, and Gordon Brown led in terms of innovative funding, we are not going to be able to solve this problem in 10 years, it is a problem that we are going to have to deal with for the whole generation.

**Q152 John Battle:** Could I switch to what might be called new mechanisms for raising development funding whether it is for ODA or for climate change and adaptation and that is the idea of a tax on global financial transactions. It used to be called the Tobin tax. As someone who has put down parliamentary questions and had debates and EDMs on it over the last ten years, to be told it would be too complicated, we cannot go alone being one country or the whole financial system will migrate, I was a bit bemused and surprised—and pleasantly surprised—that the Prime Minister raised it at the G20 as a good idea. Could you give us a clue as to how you think we are up to on it and whether it will be of any assistance to your budgets or indeed the international budgets for both aid and climate change and adaptation?

**Mr Alexander:** Candidly, I think there is a political and a policy answer to that. I think politically it is right to acknowledge that there are certain circumstances when more space opens up for progressive change. That can be as a consequence of a crisis or by policy leadership. A parallel example that I would cite would be the issue of tax havens. You have probably similarly signed EDMs and asked challenging questions of me and of others on the issue of tax havens over many years, and you will have had a fairly standard reply saying the Treasury is in the lead on this matter and it is a serious issue but there needs to be multi-lateral support. I think you could reasonably argue that we have made more progress in the last seven or eight months on tax havens than the international community could have done in the previous seven or eight years, and that is because the global financial crisis exposed the existence of the shadow banking system in all of its many manifestations, one of which was a degree of opacity and a lack of transparency that everybody recognised had contributed to the crisis. What then happened was there was a willingness on the part of the British Government, ahead of the G20 summit in London, to try and grasp that nettle and to see if we could drive forward the issue of transparency, the OECD “white list” and all of the information exchange mechanisms that would be a means to deal with tax havens effectively. Similarly, as some of the responses in St Andrews indicated, there are many still to be convinced as to the merits of saying that there should be a tax of this sort. But welcome the fact that that policy space has opened up. I welcome the remarks that the Prime Minister has made. In terms of the specific remarks that were made in St Andrews, it was not a classic Tobin tax to be hypothecated for development. In fact, it was raised in the context of the issue of the banks meeting their responsibilities to the public who had funded them. Traditionally, the British Treasury has not been the greatest advocate or the greatest fan of hypothecated forms of taxation generally, as the exchequer function likes the discretion to be able to allocate income against expenditure. In that sense I did see the Prime Minister’s statement in St Andrews as being an exciting opportunity rather than yet an achievement. It is the beginning of that debate and that policy discussion. In terms of its impact on development, there is other work that is already underway, for example the initiative that Bob Zoellick, the President of the World Bank, and Gordon Brown led in terms of innovative funding.
for health, where others have advocated a range of different mechanisms that could be used, and there is considerable evidence that being taken inward most, and even as recently as the last few weeks Stephen Timms, my colleague in the Treasury, has been attending discussions that have been taking place in Paris about the use of innovative financing mechanisms. I do not think we are at a point of conclusion but there is more energy in this area on this agenda than there has been for many years.

Chairman: You have announced a stronger focus on fragile states and we have a few questions on that. Richard Burden?

Q153 Richard Burden: Whilst the focus on this chimes with a lot of what we have been saying in recent years in terms of seeing peace, security and justice as being pretty basic services, if there is going to be an extra focus on that, with very substantial amounts of new bilateral funding of up to 50% focusing on fragile states, put bluntly, what are we going to be spending less on?

Mr Alexander: There are two answers to that. One is to say of course we have, as the earlier questions anticipated, a rising budget line and in that sense we are in a position to be able to do more in the future, but it does oblige us continually to discipline ourselves in terms of which countries we are working in and what that focus should be. We have also reduced and are reducing the number of countries in which we are working—and I am sure Martin has the detail of that—but we are in a position where we do not move out of countries. We quite regularly move out of countries as they graduate to middle-income status, and in that sense we are constantly looking at our portfolio to make judgments in terms of where we can have the biggest impact.

Q154 Richard Burden: Taking into account your point about a rising budget, generally where the reduction would be is in terms of numbers of countries rather than the range of activities within countries?

Mr Alexander: It is interesting, one of the discussions I had with the Africa heads of office at the time of the launch of the White Paper was to persuade them that as Secretary of State I did not really want them to send me submissions that felt obliged to have a little bit about conflict resolution, a little bit about climate change, a little bit about economic growth and a little bit about working with the multilateral system. I said you should regard this as country heads as being a menu rather than a menu fixe, if you like, but they should not feel an obligation to try and do everything, and in that sense the real thinking behind the new commitment to fragile states in part reflects the work of this Committee, in part reflects other research like Paul Collier’s which evidences the coincidence of conflict and state fragility with poverty, and a certain determination on our part that somebody needs to do this. Actually while we would not claim yet to have all the answers of working in conflict-affected and fragile states, we do recognise that as an international community we need to do this better in the future, and if DFID, with all of its strengths, its depth of understanding and the quality of its staff, is not prepared to engage in some of these, frankly, very tough environments, then the risk is that everybody will choose to continue to work in the much more benign environments where you can meet your Paris Principles but effectively write off a billion plus people to lives lived not just immiserated by conflict but also by poverty.

Mr Dinham: A couple of points on the question of numbers of countries. Just looking in perspective, we will have cut by a third the number of countries in which we operate since 1997 and in the three years up to 2010–11 we will have withdrawn bilateral funding from about ten countries—Armenia, Moldova, Ukraine, the Gambia, Nicaragua and countries like that. On the staffing level, obviously for working in fragile states we need to have a level of expertise because it can be quite labour-intensive and there are some really tricky issues, and so we are looking at the overall balance of our staff and trying to maintain or, in some cases, increase the numbers of staff in fragile states. We are looking at, for example, the number of staff in our corporate services to see where we can make that leaner so that frees up some resources for working in the fragile states. It is looking to make the most effective use of the staff that we have.

Q155 Mr Lancaster: How meaningful is your commitment to spend 50% of new bilateral funding expenditure in fragile states given that there seems to be no agreed definition of what a fragile state is? There is a certain amount of wriggle room there where definitions could be changed. Perhaps the Secretary of State would like to set in stone what he considers a fragile state to be.

Mr Alexander: I suppose if I had to offer a working definition before this Committee just now I would probably say countries where the government cannot or will not deliver core functions of the state for the majority of its people. In that sense, internally, we have an operating list in terms of countries that we regard as fragile. We do not tend to publicise that list for very understandable reasons; that it would not necessarily enhance our diplomatic relations or our working relationships with all of the countries, but in that sense I do not think it is particularly difficult to recognise the attributes of state fragility when you encounter them in country.

Q156 Mr Lancaster: I accept that but of course cynics would say—certainly not me, Secretary of State—that by not publishing the list (and I understand why not) there is a degree of wriggle room here where you can effectively change which states are currently considered to be fragile to enable you to meet this target.

Mr Alexander: Why would we want to do that?

Q157 Mr Lancaster: I am simply responding to some criticisms that have been raised about the Department, and there are concerns.
Mr Alexander: By who?

Q158 Mr Lancaster: Well, that is fascinating. If you read some of the submissions that have been made, people are concerned. All we are trying to do is to tie you down to ensure that this commitment is met.

Mr Alexander: Well, I understand Mark Lowcock was before the Committee yesterday, one of our very esteemed officials, and he set out for you four of the key fragile states where there is a great deal of work underway and indeed significant resources are being committed. In that sense I do not think there is anything particularly controversial about the countries in which we are called on to work. It seems to me to be a bigger and more substantive issue not to suggest malfeasance in definition but to be honest as to the motivation, and I have sought to say that the emergence of evidence over many years of the coincidence of poverty and conflict, the sense that unless we as an international community do better at dealing with the consequences of state fragility, then actually not just would that represent a moral failure to those many millions of people condemned to lives diminished by poverty but actually, in an era of inter-dependence of the consequences of state fragility in apparently remote countries can be visited on countries on the other side of the world. In that sense it seems to me both morally right and strategically wise as an international community to better understand these challenges and to commit to undertaking that work. We would probably be more vulnerable to the kind of criticism you suggest if we were ignoring this challenge rather than being honest about it.

Q159 Mr Lancaster: Let us move on to the commitment in the White Paper to develop joint strategies with the FCO and the MoD in fragile states. Of course the Stabilisation Unit has been set up to do some of this work. The Stabilisation Unit has come under some criticism. People, perhaps rightly or wrongly, have said that it has effectively had its wings clipped by the three departments who unless we as an international community do better at dealing with the consequences of state fragility in apparently remote countries can be visited on countries on the other side of the world.

Mr Alexander: Firstly, I would draw a pretty clear distinction between the joint working anticipated in the White Paper and the important, but quite distinctive, role that the Stabilisation Unit plays. I would not anticipate that the Stabilisation Unit would be the principal driver of the work that we are doing in a number of different countries where there is a logic to working collaboratively and closely with our colleagues in the MoD and the FCO, for example the kind of work that we are taking forward in the DRC. I have visited Kinshasa myself and seen that and that seems to be an area where there is quite effective joint working underway at the moment, but it is an area where we need to cascade and share that kind of learning elsewhere. In terms of the Stabilisation Unit, again I am intrigued by the line of questioning you are offering because it is a not a description I recognise either from my own point of view or from my colleague Bob Ainsworth’s in the MoD or David Miliband’s in the Foreign Office. In what sense would we have an interest in seeing a unit which we have jointly supported and jointly encouraged as being a threat rather than an instrument for the advancement of the Government’s policy?

Q160 Mr Lancaster: I am simply relaying some of the concerns that have been expressed, Secretary of State. If you dismiss them, that is fine. I am simply asking you whether or not you would like to see that unit empowered, and I am assuming from your answers that you would not.

Mr Alexander: You would be entirely wrong to draw that conclusion. I have offered you the opportunity to provide any evidence that any of the three departments involved in the Stabilisation Unit has done anything other than support the Unit. If you have evidence that you would like to bring either before the Committee or to provide to me, I am very happy to look at it.

Q161 Mr Lancaster: When it comes to joint working then, if we look for example at the latest revision of the Helmand Roadmap, which is obviously one of the key documents which defines how the three departments work together, that is currently under its third revision at the moment. Can the Secretary of State tell the Committee what sort of terms of reference he suggested for that latest review, given the joint working nature of it?

Mr Alexander: I will set out for you that what we are comfortable to place in the public domain is the position that we are taking forward.

Q162 Mr Lancaster: Sorry, so what were the terms of reference?

Mr Alexander: Sorry?

Q163 Mr Lancaster: I am simply asking you when it came to the joint working, when it came to the latest revision of the Helmand Roadmap, which is ongoing at the moment, and we were talking about joint working so we are talking about three departments coming together to set the terms of reference for that latest Roadmap, which is key to working together in Helmand, what input you had on that and what the terms of reference were that you suggested?

Mr Alexander: I think the last meeting I had with my colleagues in the Foreign Office and the Ministry of Defence was within the last seven days. I next have a video conference with my Foreign Office colleagues in Kabul, during which we will address this issue, tomorrow morning. In that sense, that is evidence of the fact we are working on these issues all the time. It is also fair to recognise however that it would not be entirely appropriate in a public hearing such as this to set out every aspect of the revisions to the Helmand Roadmap we are taking forward, in that, not least given your own experience, you will be aware that even the discussions in this Committee are not limited to this room or to this country but others have access to them as well.
Q164 Mr Lancaster: Okay. We are short of time so perhaps I can ask a question which the Secretary of State may be more comfortable with. Can you perhaps tell us some of the lessons you think we have taken out of this comprehensive approach in Afghanistan which could be applied elsewhere to other fragile states?

Mr Alexander: One of the difficulties, and your question reflects this, is that so central is the focus on Afghanistan, both in the Government’s work—my colleague, David Miliband, only yesterday was repeating in the House it is the central focus of his work—and it is a very significant part of my own work, that people elide the distinction between what are very distinctive circumstances in Afghanistan (with the commitment of 9,000 British armed forces, part of the 43-country coalition, and the very distinctive circumstances where there is an armed insurgency taking place across the south of the country and indeed in other parts of the country) with the broader issue of how the international community can work effectively both as a government and as part of the international community in circumstances of state fragility and conflict. In that sense, if you look at even the design of the White Paper I launched, I was determined to make sure there was a distinctive passage and section in the document which acknowledged the centrality of Afghanistan but did not suggest that Afghanistan is the model for every aspect of working with colleagues in Government and with other governments in circumstances which are profoundly different from the particular circumstances within Afghanistan. In that sense, I am happy to talk all afternoon about the work we are doing in Afghanistan if that would be of interest to the Committee, but I think it would be disingenuous to suggest that the lessons which can be drawn from Afghanistan are of universal application when in fact the circumstances in Afghanistan are a very particular reflection of the fact not least we have 9,000 of our brave armed servicemen serving there at the moment.

Mr Lancaster: I would like to talk about it all afternoon as well, Chairman, but I think we are short of time, so I had better allow you to move on.

Chairman: Thank you. You are, as we have already discussed, doing more through multi-lateral institutions, and I think Mr Sharma has some questions on that.

Q165 Mr Sharma: I am thinking of the World Bank. You have already set out a detailed agenda for the reform of the World Bank and also you are seeking substantial changes in the way the Bank operates. What is your timescale for these reforms and which of your proposed reforms has the highest priority?

Mr Alexander: In terms of the next stage for making progress, I would very much hope at the spring meetings of the World Bank we will be able to make some further progress. In terms of the key issues, one is the issue of governance, one is the issue of voice, and one is the issue of operational effectiveness. In that sense, we have always been clear in the strategy we have devised for the Bank that issues of effectiveness and legitimacy are linked. That is why one of the prizes we secured at the Istanbul meeting of the Bank earlier this year was to try and move towards a package emerging in the spring of next year rather than be in a position where the issue of voice was dealt with on one timescale, the issue of governance was dealt with on another timescale and the issue of operational effectiveness and internal management was dealt with on a different timescale. We would hope we could work with others to create the conditions—this is far from guaranteed—where a broader bargain could emerge whereby we could address a number of these issues simultaneously.

Q166 Mr Sharma: Thank you.

Mr Dinham: Sir, could I add that one of the other aspects which was discussed at the last G20 Summit, and also at the last Annual Meeting of the World Bank, was the setting up of a crisis response window for the International Development Association, IDA, so that it would be more rapid in its responses to the crisis and we have been making some good progress on that. At the meeting looking at the mid-term review of the current replenishment last week, it was agreed that a pilot permanent facility should be set up in January, subject to board discussion, with a view we hope to a permanent facility being set up by the end of 2010. That is good progress on a piece of very important new architecture which will make the World Bank more nimble and flexible in its response to crises.

Mr Sharma: Thank you.

Q167 Andrew Stunell: The September Report from the Global Impact and Vulnerability Alert System, yet another acronym, said that the impact of the global recession was only just really starting to hit the vulnerable in the Third World, in the developing world. Could you tell us what your current assessment of the situation is as far as this impact is concerned?

Mr Alexander: We would broadly echo the Global Impact and Vulnerability Alert System assessment, that in the developed world what started as a banking crisis and became a real economy crisis has almost had the reverse effect on the developing world, whereby the transmission mechanisms by which a crisis which started within the global financial core have now reached the developing world, taking a range of different forms, whether that is a reduction in commodity prices, the drying up of available credit, the drying up of trade financing, declining levels of remittances from people sending money back home. Through a various range of different transmission mechanisms, the consequences are now being felt and indeed the risk was that that would play itself back into the banking system. We have for some time kept a vulnerability matrix within our own Department in terms of looking at how we can within our own bilateral programme allocate resource against need, and in that sense we will look at each individual country on a case by case basis to make those judgments as to what is necessary. One particular area where we have put a strong emphasis on the
basis of good emerging evidence as to its effectiveness is social protection—front-loading money in relation to social protection—to avoid a situation whereby the level of impoverishment has become worse than it would otherwise be. The best number that we work with is somewhere between 90 and 100 million more people being forced into lives lived on less than $1.25 a day. That is drawn from World Bank numbers and that is a combined effect of the global food, the global financial and the global fuel crises.

Q168 Richard Burden: Could I ask you about the World Bank’s call for a Crisis Response Facility. As I understand it, the White Paper supports that call in principle, but if you would be able to just outline for us what the key elements of it would be and what it would actually offer to developing countries that is not available right now?

Mr Dinham: I think what we are keen to achieve is an IDA which is able to respond very quickly to a crisis when it emerges. That partly depends on the structure of the architecture. At the moment IDA allocations tend to be based on need and performance looking backwards rather than needs which are immediately occurring. What we are looking for—and that is what we have been pushing both through the G20 mechanisms and through the mechanisms of the Bank—is a facility which can respond in an agile way to a crisis when it happens. We have been pressing for, as I was saying a bit earlier, a facility to be set up. That has now been agreed in principle that a pilot should be set up by the beginning of next year, January 2010. Then as we go into the next IDA replenishment, for which the negotiations will be starting and going through the course of next year, we hope that one of the outcomes of that will be the setting up of this facility on a permanent basis. There is lots of discussion about how that will be funded. For example, it could be a combination of money provided by the World Bank, the IBRD,7 which in effect is softened by a commitment by bilateral donors to put in grant funds so that it becomes like IDA money when a crisis hits. We are on a good trajectory to achieving that facility. It will be something which developing countries, particularly the poorer countries, have said to us during consultations is a piece of the IDA architecture that they would really like to be reformed.

Q169 Richard Burden: How would the pilot be structured? What kind of pilot would it be?

Mr Dinham: The way the pilot is being funded is that money which is currently unallocated within the current IDA is being allocated to the pilot. I think it is a figure of about $1.3 billion and plus, from our point of view, £100 million of the £200 million which we have allocated for this process will be going into that pilot. In effect from January it will be ready-funded and then the permanent process, when we have an agreement with all shareholders on how the permanent funding will go, will be from the end of the year onwards.

Q170 Chairman: Secretary of State, you announced in the White Paper the new logo for UKaid which we saw in Bangladesh. There were five countries which included Afghanistan, Rwanda and I cannot remember what the other two were, where I understand you were rolling it out. Obviously we called for something of this kind and it would be interesting to know what the reaction has been to it. We have heard mixed reactions. Some people do not like having it at all but that was always their starting point. There are others who like the idea but do not necessarily like the actual logo. I have to say the Committee, having reflected on it, had some difficulty coming up with an alternative. I have to be honest about that. Could you give us an indication, first of all, of how it has gone so far, where you are taking it, and perhaps what it might cost to implement?

Mr Alexander: I can answer part of that question. In terms of countries, my recollection is there are five where we are piloting. If I recollect it correctly, the Middle East and the Palestinian Authority were very keen that we work with them on that, but I can confirm that to you. In terms of the design, it is impossible to design a logo that a committee of esteemed parliamentarians would not manage to improve in five different ways if there were five of them and 12 different ways if there were 12 of them. We faced some questioning when we talked to the NGOs about this saying why were we consciously mimicking USAID, and I explained to them the process by which we had got to the design. Some of the smartest minds in marketing and communications suggested to us that if we were keen to have a logo like UKaid, it was more likely to be recognised and accepted if you were trying to brand the Department for International Development, which carries with it certain associations as a government department, so that got us into the space of is it GBaid or is it UKaid or anything else? We got to a place where if it was British Aid people thought it was something to do with British Airways and if it was GBaid it was presumed to be something to do with the Olympics because we had just had Team GB doing well in the Olympics, so in that sense it was a conscious process of research that got to UKaid rather than an assumption that we need to start with UKaid and we were led by the evidence. I saw some figures which came across my desk either towards the end of last week or the beginning of this week which indicated the fact that there was actually a very high level of recognition when presented to the public. There was still, inevitably, very low recognition unprompted but if you say to people, “What is this?” it kind of passes the “it does what it says on the tin” test in the sense that people do regard it as being clearly something that the British Government is doing, not a new NGO or something. Secondly, they have an instinctive and intuitive sense as to what UKaid involves, and in that sense the research, which as I

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7 International Bank for Reconstruction and Development
say literally came to me earlier this week, was very positive in terms of public recognition within the UK. We had a video conference with the Africa heads of DFID offices just last week at which this issue was discussed, and we are in a process of dialogue with our country heads in terms of where it would be appropriate to take it next, because I think in some ways it is fairly straightforward to publicise our work within the UK, on our website and elsewhere. However, there are issues of sensitivity, though far from insuperable ones, which need to be thought about in terms of the use of the logo in country. In that sense we are very much engaged in a dialogue with country heads on that and on the basis of the pilots we look to be rolling that out. In terms of costs, I do not have any particular figures, although I think I answered a PQ in terms of how much the design work was that has been done on it, and if that is helpful we can certainly pass that on.

Chairman: If you are able to do that that would be helpful. Can I ask you specifically a completely unrelated question to this but it has been going around just recently, which is about the situation relating to St Helena and the airport. Although this Committee has not taken a particular interest and we have not looked into it, I think individually a lot of us have been lobbied about it. It does appear to be a somewhat unclear situation and it might be helpful if you are able to let us know where we are at at the moment. Mark Lancaster, who I do not know if he is unique in the House of Commons but I suspect he might be, has actually visited St Helena, so I do not know whether he wants to come in at this point?

Q171 Mr Lancaster: I will let the Secretary of State speak and then I am sure I can ask him something, without wishing to annoy him again.

Mr Alexander: We are in a position where the public consultation has now concluded in terms of the options that have been considered. My recollection is that I or my colleague Michael Foster made a written ministerial statement at the conclusion of that public consultation, which was just a matter of weeks ago, and we would expect, on the basis of that, to consider specific propositions that were put to us and will bring forward the Government’s view in relation to the responses to the consultation in due course.

Q172 Chairman: I do not know whether it is appropriate but does this alternative business plan that people are putting forward have merit from your perspective?

Mr Alexander: Being candid, that is what we are looking at at the moment, in the sense we need to understand whether it is a serious proposition given that I understand—and no doubt other members of the Committee will take the opportunity to advocate the case—there is clearly a significant number of people on St Helena who would want the airport if an airport can be developed, and in that sense it seems to me that the responsible course is not simply to give consideration to the public consultation but also to better understand the detail of what is being proposed in terms of the new private consortium that has emerged, and that is where we are at the moment.

Q173 Mr Lancaster: I am grateful. I know the Secretary of State will appreciate the sense of frustration on the island. People feel very strongly that they were rather led down the garden path on this issue and then for a very late decision to change their mind. I remember when the consultation was announced the Government was very keen to say that they wanted to put the views of the islanders not necessarily first but certainly take consideration of them, and the Secretary of State will be aware that fewer than 1% of the respondents to the consultation agree with the Government’s position—fewer than 1%. I am simply going to ask to what level that figure has to fall before the Government is prepared to take their concerns seriously?

Mr Alexander: I can assure you that we take their concerns seriously, which is why we had the consultation, but this is not a decision that can be taken in isolation from broader considerations in relation to other calls on government resources, and that was reflected both at the initiation of the consultation and will be reflected in the judgment that ultimately we reach.

Q174 Mr Lancaster: Given that the Government are very keen to say that the islanders’ views would be taken into account, and indeed this is why we have spent this money on the consultation, and given that less than 1% support it, if you do not agree with the islanders, how are you going to square their concerns that, frankly, the whole consultation was something of a sham?

Mr Alexander: Ultimately, a judgment will be reached. I can give you the assurance that you are looking for that we are giving consideration to not simply the general views of the islanders, “Would you like an airport or would you not like an airport?” but one particular response to the consultation which suggested that there was an alternative basis on which an airport can be provided and financed than that which had been previously considered by the Government. I am not sure I can state it more clearly than that.

Q175 Chairman: Do you have a timetable at all?

Mr Alexander: I would hope that we would be able to make progress but in part what is in issue at this stage is what detail can be provided and what understanding can be gained in relation to this new consortium’s proposal. I am conscious that there is a desire for an expeditious decision. On the other hand, I am equally conscious that in light of concerns that the islanders have raised, we need to give serious consideration to all of the proposals that have been put to us. I think it would be the right course for us at this time to consider seriously a proposal that has been put to us.
Q176 Mr Evans: Is that six months?
Mr Alexander: I am not in a position—

Q177 Mr Evans: It could be longer than six months while you deliberate?
Mr Alexander: I am sorry, if you would allow me the courtesy of answering your question before you anticipate the answer I did not give you, then I will try my best! I am conscious that people are keen for a decision to be taken. My responsibility and the responsibility of my officials and the Department is to ensure that there is serious consideration given not simply to the individual views that have been expressed within the consultation but any specific proposals that have been tabled as part of the consultation, and that is exactly what we are doing.

Q178 Mr Lancaster: The Government made clear in the consultations that they would respond by the end of the year, ie 31 December, so are you now going back on that promise?
Mr Alexander: No, I am saying that we are giving serious consideration to the terms. I am standing by exactly what we said in our written ministerial statement, which is that the consultation period is concluded; we are now giving consideration to the findings of that consultation, not simply the point that you make in terms of the general views of the islanders, although I think there were some people who presently work on the boat who took a different view and were quite keen to see the tenure of boat extended, but in that sense there is no change in the timescale that I am announcing today and I stand by the position that I set out to Parliament.

Q179 Mr Lancaster: Sorry, I have to be clear on this. You have made a commitment in the consultation to respond by 31 December. Are you going to respond by 31 December or not?
Mr Alexander: I have made very clear there is no change in the timescale that I am announcing today at the Committee

Mr Lancaster: So yes?

Q180 Chairman: I must make it clear the Committee has not taken a view on this issue.
Mr Alexander: It sounds like it!
Chairman: No, the Committee has not taken a view. Members are entitled to their view but the Committee has not taken a view. On the other hand, it is an issue that I felt important to put on the record because individually a number of us have been quite heavily lobbied and it was an opportunity.
Mr Lancaster: I think that was a “Yes”, Chairman!
Chairman: Thank you very much to you and your colleagues for your co-operation as always. Our report will be published in due course and we will see you all again at some future occasion.
Ev 42  International Development Committee: Evidence

Written evidence

Written evidence submitted by Action for Global Health UK

BACKGROUND

1. Action for Global Health was established in October 2006, bringing together 15 non-governmental organisations (NGOs) based in five European countries—France, Germany, Italy, Spain and the United Kingdom—with a coordinating office in Brussels. It aims to monitor how the actions and policies of European governments affect health in developing countries, and to influence decision-makers to improve their practice, and support developing countries to achieve the health Millennium Development Goals (MDGs).

2. In the UK, Action for Global Health is represented by the International HIV/AIDS Alliance, Interact Worldwide and TB Alert, and since 2007 these organisations have been working with other UK-based development and health NGOs to share information and undertake joint advocacy under the auspices of Action for Global Health. This network contributed to the UK Department for International Development’s (DFID) consultation on the White Paper at the beginning of 2009.

3. We welcome the opportunity to contribute to this International Development Committee (IDC) inquiry on DFID’s Annual Report 2009 and the White Paper “Eliminating World Poverty: Building our Common Future”. This submission has been coordinated by the three core members of Action for Global Health (Interact Worldwide, the International HIV/AIDS Alliance, and TB Alert) and represents the shared views of all the health development organisations listed at the end. This submission responds in particular to chapters 1, 5, 6 and 7 of the DFID White Paper.

CHAPTER 1: POVERTY REDUCTION IN AN INTERDEPENDENT WORLD

4. We welcome the continuing commitment of the UK Government and DFID to supporting the achievement of the MDGs. Since the three health MDGs (MDG 4, 5 and 6) were agreed by the world’s governments in 2000,1 some progress has been made, for example in the prevention of malaria, but it’s not nearly enough. A woman still dies in childbirth every minute, a child born in a developing country is over 13 times more likely to die within their first five years than a child born in an industrialised country,2 and there are still more than 33 million people living with HIV or AIDS globally.3

5. The Government has played an important role in promoting the health MDGs. One example of this is DFID’s 2008 AIDS Strategy in which they committed to (1) meeting the rights and needs of those most affected, (2) supporting more effective and integrated service delivery (3) making the money work harder through an effective and coordinated response.4 This illustrates efforts made by DFID to invest in health through a more comprehensive approach.

6. In recognition of the fundamentally overlapping nature of the health MDGs (e.g. malaria accounts for 20% of childhood deaths in Africa,5 HIV positive women are four to five times more likely to die in childbirth6 and people who are HIV-positive and infected with TB are up to 50 times more likely to develop active TB in their lifetime who are HIV-negative,7 we believe that the goals must be addressed as a package and the efforts to meet them seen as a step towards achieving universal access to primary health care and the right to health.

7. We welcome the Government’s emphasis on ensuring equity, especially for the most vulnerable and marginalised groups, throughout their international development strategy.

We recommend that the IDC raise the following issue:

8. Indivisibility of health MDGs: DFID should make clear its commitment to addressing the health MDGs in an integrated and comprehensive way as these goals cannot be achieved in isolation.

CHAPTER 5: KEEPING OUR PROMISES IN A DOWNTURN

9. We welcome the inclusion of this chapter—“Keeping our Promises in a Downturn”—in the White Paper as evidence of the Government’s continuing commitment to the MDGs, especially those relevant to the health sector.

5 Roll Back Malaria Partnership, www.who.int/rbm
6 World Health Organization, www.who.int/whosis
10. We applaud the Government holding firm on its commitment to provide 0.7% of gross national income (GNI) to development assistance by 2013. We also welcome the Government’s announcement that they remain on track to deliver £9.1 billion of overseas development aid by 2010–11, which is in line with the European Union’s collective commitment. However, we would like DFID to further demonstrate its commitments to the health MDGs by showing leadership in filling the current financing gap that exists. DFID could help to ensure the achievement of the health MDGs through agreeing to allocate 0.1% of GNI as ODA for health, as proposed in the Commission on Macroeconomics and Health report released in 2001.\(^8\)

11. We welcome the Government’s commitment to spend £6 billion on health services and systems by 2015, announced at the launch of DFID’s revised strategy for tackling HIV/AIDS in 2008 and which takes DFID close to meeting the 0.1% of GNI for health target. However, we believe that DFID needs to deliver greater clarity on how this money will be spent, specifying in particular how investments in health systems will contribute to securing progress on all three of the health MDGs. Furthermore, this amount needs to be increased based on the final report of the High-Level Taskforce on Innovative International Financing for Health Systems which showed that an additional US$10 billion per year is needed to spend on health in poor countries.\(^9\) This is in addition to the budget shortfall of approximately US$4 billion for 2008–10 identified by the Global Fund to Fight AIDS, TB & Malaria.\(^10\)

12. The health MDGs need to be addressed as an indivisible unit. We recognise that there has been an under-investment in MDG 4 and 5 (child mortality and maternal health) but we still need to maintain a focus on MDG 6 (combating HIV/AIDS, malaria and other diseases) as it remains far from being achieved. Failure in achieving MDG 6 will also dramatically reduce the likelihood of achieving the other health MDGs.

13. Health system strengthening needs to be pursued in addition to other targeted activities and scaling up of services in order to meet the health MDGs before 2015. Moreover, there are many societal factors outside of the scope of health systems that can impact the achievement of the health MDGs. These include stigma and discrimination, education and gender empowerment. All have an indirect impact on health yet won’t be addressed just by strengthening health systems. The White Paper falls short in describing how DFID will contribute to these factors that occur outside of the health system, yet have a significant impact on a country’s ability to achieve the health MDGs.

14. Long-term predictable aid for health is vital to support countries to strengthen their health systems and sustain improvements, and is particularly crucial in a time of economic downturn. Insufficient numbers of trained and employed health workers,\(^11\) a lack of essential diagnostics, drugs and commodities and weak infrastructure are key obstacles to achieving all of the MDGs.

15. The Government should support national health plans and health system development, with a focus on building strong primary health care systems. In particular we encourage them to replicate their own long-term six year commitment made to Malawi and support recurrent costs essential to training, employing and retaining health workers and strengthening systems over the long-term.

16. As Co-Chair of the High-Level Task Force on Innovative International Financing for Health Systems, the UK must ensure its recommendations generate genuinely new resources for health while strengthening existing delivery mechanisms and avoiding further complication of the already intricate health aid architecture. A key mechanism that could contribute to this is the establishment of a currency transaction levy, which while being simple to implement, could generate up to US$60 billion per year for health and development.

17. The International Health Partnership and Related Initiatives (IHP + ) has carried out valuable work in highlighting the financing gaps in the health plans of signatory countries and there is now an urgent need to fill these and enable implementation. This must be achieved firstly through the meeting of ODA commitments and secondly through the use of innovative mechanisms to leverage additional needed funds. The White Paper could more explicitly illustrate which innovative financing mechanisms the UK Government would support to generate additional resources to support the achievement of the health MDGs.

We recommend that the IDC raise the following issues:

18. Financial openness: DFID should be more open about how the £6 billion to be spent on health services and systems will be allocated. DFID should make this information publicly available through its website thus allowing for more effective civil society monitoring of the use of these resources.

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\(^10\) Updated Demand Estimate 2008–2010; Global Fund to Fight AIDS, TB & Malaria; Caceres, Spain, 30 March-1 April 2009.

19. Health ODA: The UK Government should further demonstrate its commitments to the health MDGs by agreeing to allocate 0.1% of GNI as ODA for health, as proposed by the Commission on Macroeconomics and Health.

20. External factors: DFID should provide greater analysis on how it will contribute to addressing factors that occur outside of a country’s health system yet have a significant impact on a country’s ability to achieve the health MDGs.

21. Funding gap: The Government needs to explicitly state how it will contribute to fill the financing gaps that have been and will continue to be identified through the IHP+ country compacts. This must be achieved firstly through the meeting of ODA commitments and secondly through the use of innovative mechanisms to leverage additional needed funds.

CHAPTER 6: ACTING TOGETHER THROUGH THE INTERNATIONAL SYSTEM

22. We welcome the Government’s commitment to seek governance reform at the World Bank to give developing countries a stronger voice and to support the World Bank in transforming its health programmes. This should include the World Bank providing more predictable financing to governments for salaries and drugs.

23. The Government has committed to putting a higher proportion of new resources into multilateral organisations. The UK is increasingly disbursing health aid through the World Bank, a trend set to continue as they are the largest contributor to the latest International Development Association (IDA) replenishment. However, a recent evaluation of World Bank support since 1997 shows they have made little progress in improving the health of poor people, with monitoring and evaluation almost non-existent leading to “irrelevant objectives, inappropriate project designs, unrealistic targets and an inability to measure the effectiveness of interventions”.12 In contrast the Global Fund to Fight AIDS, TB & Malaria, which has demonstrated substantial impact on health outcomes and the ability to tackle systemic issues, faces a funding shortfall for 2009 and 2010 of between US$4 and 10 billion.

24. In the area of financial barriers to health care, the Government’s policy on supporting the abolishment of user fees is very welcome. However, a lack of coherence with the World Bank, seen to be pushing the commercialisation of health care, is of great concern particularly with the increasing use of the Bank to disburse resources.

25. Systemic blockages are contributing to the shortage of health funds at national and sub-national levels. These include restrictive IMF policies, weak tax collection systems and corruption, which all serve to limit the reach of health services and encourage the use of inequitable health financing mechanisms such as user fees.

26. IMF conditionality has specifically been responsible for limiting domestic social spending and consequently the training and employment of health workers needed to meet countries’ health needs. While policies have become less restrictive on paper there is evidence that conditions typically remain in reality. In the context of the economic crisis and the increase in IMF resources agreed by the G20 these policies have taken on an even greater importance. History demonstrates that heavily conditioned IMF lending in the Asian crisis of the late 1990s actually made things worse.

We recommend that the IDC raise the following issues:

27. Civil society engagement: DFID should explore how the Global Fund for AIDS, TB & Malaria’s principles of civil society engagement, transparency and performance-based financing can be applied in the Government’s support for the World Bank.

28. Multilateral agencies: The UK needs to ensure multilateral agencies used for disbursing government funds are coherent with UK policy on critical elements affecting access to health care, for example, gender, disability the rights of HIV positive people and the importance of addressing financial barriers.

29. IMF conditionality: The Government should use its position on the IMF board to push for reform of the organisation. This should include greater decision-making powers for developing countries and changes in practices around unnecessarily restrictive conditionality. In supporting developing countries to cope with the crisis the IMF must enable them to use more expansive counter-cyclical policies as are being implemented in Europe.

30. Healthcare free at the point of use: DFID should elaborate on how it will finance its plans to support healthcare free at the point of use. We are fully behind this policy but believe firmly that it requires careful planning, including supportive policies to address increased service utilisation and loss of revenue.

Chapter 7: Transforming our Impact and Ensuring Value for Money

31. We welcome the Government’s commitment to deliver on the pledges made in the Paris Declaration on Aid Effectiveness and reaffirmed in the Accra Agenda for Action. There is an urgent need for actors in global health to concretely demonstrate their development effectiveness: their accountability and impact on health outcomes.

32. The international aid architecture for health is complex and in need of reform. Over 70 global health partnerships exist, many working with overlapping priorities, and funds are delivered through bilateral, multilateral and vertical funds, with considerable duplication and waste. A study in Rwanda found administration accounted for 27% of total government and donor expenditure on health, due to the high costs of dealing with donor requests and “missions”.

33. The IHP+ has made a welcome attempt to coordinate the proliferation of donor initiatives in the health sector and implement the Paris Declaration Principles. However, further work is needed to increase the effectiveness of health aid and ensure the IHP+ initiates significant behaviour change amongst donors and at the country level.

We recommend that the IDC raise the following issues:

34. Democratic ownership: There needs to be a stronger focus on ensuring democratic ownership through supporting meaningful civil society engagement with IHP+ processes and a greater focus on managing for results. DFID should put a much greater emphasis on joint monitoring and evaluation to ensure they are contributing to demonstrable progress in improving health outcomes.

35. Mutual accountability: The UK Government should ensure accountability does not flow in one direction from recipients to donors and invest in mechanisms to ensure it is being held to account for its commitments and behaviour. Transparency and open consultation is needed to enable citizens and civil society to ensure both government and donor money is allocated where it is most needed.

This submission represents the views of the following organisations:

Cara International Consulting Ltd
Malaria Consortium
Marie Stopes International
Medecins du Monde UK
RESULTS UK
Women and Children First

Written evidence submitted by the All Party Parliamentary Group on AIDS


1. We note that there is a rather limited reference to HIV/AIDS. However we understand that the paper should be understood alongside other DFID policy documents rather than as a replacement to them, and that the Government has put forward a comprehensive account of its intentions on HIV through its document “Achieving Universal Access”.

2. We note that the White Paper re-affirms DFID’s existing commitments despite the financial crisis and welcome the Government’s leadership on this.

3. One of the Government’s existing commitments is to Universal Access to HIV, treatment, prevention, care and support by 2010. This commitment was made under UK leadership of the G8 at Gleneagles in 2005. It was an exceptional commitment, in that it moved from a G8 commitment to full adoption by the UN, in a matter of months. This reflects its exceptional international importance. It is highly unlikely that this target will be reached by 2010. Achieving it is a matter for the entire global community and not just for the British Government. However, given our initial leadership on the issue and the fact that the target was adopted thanks to the British Government, the APPG believes that the Government has a special stake in and

responsibility for, the issue. We believe allowing or attempting to drop the goal quietly and merge it into the 2015 Millennium Development Goal (which is wider, in that it calls for a reversal of the spread of AIDS) will undermine the value of future targets. It will also be a missed opportunity, because Universal Access is achievable before 2015.

4. In the spirit of keeping to our commitments we therefore call on the Government to support the convening of key states affected by HIV in early 2010, to determine how best accelerated progress can be made towards the Universal Access Goal.

September 2009

Written evidence submitted by BOND

1. Bond is the UK membership body for non-governmental organisations (NGOs) working in international development.

2. Bond was very active in the White Paper consultation process and coordinated a joint submission reflecting the key priorities of Bond members.14 We welcome that the IDC is doing this inquiry and would like to raise some issues and questions in relation to this new White Paper for your consideration.15

3. Bond welcomes the new DFID White Paper and is pleased to see that DFID has acted to include very many of the concerns of UK development NGOs and our partners. Many issues which BOND raised in the consultation process have been addressed. Yet, now the challenge is to actively include these commitments into DFID’s work and to link this new White Paper to previous strategies.

Questions:
— How is DFID planning to implement the commitments in the White Paper and how will it be ensured that this White Paper is actively linked to commitments made in previous White Papers in 1997, 2000 and 2005?
— How will the implementation of the White Paper be monitored?

PROMOTING ECONOMIC GROWTH

4. Bond welcomes that the White Paper explicitly acknowledges that the Washington Consensus has failed and that the IMF and World Bank need to move away from a one-size-fits-all approach to growth. DFID commits to support countries to “chart a higher and more resilient growth course” (2.87). The International Growth Centre now needs to take this challenge forward and support governments to build a pro poor growth agenda based on a fair distribution of wealth.

5. The stated refocus on support for infrastructure, agriculture and focus on food security is welcome but should not come at expense of other sectors. Health and education and other basic services need to remain equally important. Therefore, Bond members appreciate the commitment to “spend half of future UK direct support for developing countries on public services” (p 93).

6. The White Paper also acknowledges the key role of trade in development. It also calls for “a quick conclusion to the Doha trade talks” (p 28). Yet, the major concern by international civil society and developing countries of not pushing through any harmful trade deals is not addressed. While Bond welcomes the increased support for fair and ethical trade in the White Paper, we would like to highlight that the UK must also work towards negotiating a new international trade deal that puts the poorest first. A quick conclusion to Doha will not make the international trade system fairer.

7. Bond is encouraged that the White Paper promotes a greener growth model, and believes that DFID should become a stronger voice in government pushing for articulation, coherence and commitment to a “green” economic growth and prosperity model, building on the government’s low carbon agenda. It should push for reducing carbon dependency and environmental degradation respecting environmental limits and valuing nature’s true importance (ie for ecosystem services, intrinsic value, cultural value etc, not just for short-term gain).

Questions:
— How will DFID promote a more equal growth on country level? What changes will be made to existing projects and programmes?

15 This submission highlights key points from a summary and analysis of the White Paper which is published on the Bond website: http://www.bond.org.uk/pages/white-paper-2009.html
TACKLING CLIMATE CHANGE AND PROMOTING ENVIRONMENTAL SUSTAINABILITY

8. Bond welcomes that the White Paper clearly acknowledges the threats associated with climate change and commits to an “ambitious, comprehensive and equitable global deal on climate change” (p 50). It also sets out a commitment to strong domestic action, including urgent and stringent measures to reduce emissions, and five year commitment periods for emissions reductions. Bond stresses the utmost urgency of climate change and the need for the UK Government to take a leading role in the negotiations to ensure an effective deal in Copenhagen.

9. While promising to use up to 10% of UK ODA for climate change related development projects, the White Paper also commits the UK Government to provide new and additional resources for climate change. Yet, it is not clearly stated where this new money will be coming from and how it will be disbursed.

The White Paper highlights new resources for the Environmental Transformation Fund which is mainly channelled through the World Bank’s Climate Investment Funds (CIFs) and therefore threatens to compete with building a United Nations Framework Convention on Climate Change (UNFCCC) financing architecture. Any future role for the World Bank with regard to climate financing should be dependent upon appropriate institutional reform, a shift in the World Bank group investment portfolio to ensure it is supporting low carbon development and a fit with an overall financial governance system that ensure that all decisions on finance distribution (nationally, regionally, sectorally) are taken under auspices of the UNFCCC.

10. Bond acknowledges DFID has done much to promote climate change as a development issue. DFID can play an increasingly important role to further emphasise that climate change is already happening, that developing countries and poor people are disproportionately vulnerable, and that the poorest are being impacted first and worst.

11. DFID also needs to recognise that climate change plays out first through the natural environment and the ecosystem’s goods and services. The poorest rely first hand on natural resources, ecosystem services and biodiversity. It is vital that the close links and interdependence between climate change, people, poverty reduction, biodiversity and ecosystems are realised and integrated, using approaches that achieve mutually supportive outcomes.

12. Bond welcomes the White Paper commitment to “…seek new ways of raising finance to pay for forest management and reduce deforestation and degradation” (p 58). However, this needs to be given the priority and urgency it deserves, particularly the immediate need for interim financing for Reducing Emissions from Deforestation and Degradation (REDD) capacity building ahead of any 2012 commitment. As Lord Nick Stern has shown, conserving the remaining natural forests is one of the best ways to limit climate change, support sustainable development, and benefit the poor who rely on forest resources.16

13. DFID needs to recognise much more the links between critical development sectors and the environment, such as in agriculture. Food production systems and the environment are inter-dependent and key to attaining genuine food security. The recently published UN and World Bank sponsored IAASTD report (International Assessment of Agricultural Science & Technology for Development) which DFID is signatory to, has made it clear that conventional, industrial agricultural systems have degraded the environment to such an extent that “business as usual” is not an option.17 This model of agriculture is not sustainable and should clearly not be pushed upon developing countries.

14. Bond agrees that urgent action is needed on adaptation in vulnerable natural resource sectors and that DFID has a vital role to play in providing this. We particularly welcome DFID’s renewed commitment to address water resource management and trans boundary water issues. Integrated water resource management provides a fundamental basis for providing the long-term environmental security necessary for sustainable development and the provision of water and sanitation required to meet the MDGs.

Questions:

— How will DFID climate change related development projects funded through ODA be distinct from projects funded through new and additional climate finance? How will they be categorized?
— Is DFID planning to show financial leadership behind the UNFCCC to build the confidence of the G77/China group within the international negotiations and signal a strong message to the COP?

16 The report can be found at http://www.agassessment.org/.
— What percentage of DFID’s climate finance will be committed to the UNFCCC, and what percentage will be channelled through the World Bank?

— What is DFID doing to ensure that their emphasis on climate change is not at the expense of investments into other critical natural resources?

CONFLICT AND FRAGILE STATES

15. Bond welcomes the new emphasis on conflict and fragile states in this new White Paper including the commitment to increased spending of aid funding in fragile and conflict affected states. Bond also welcomes the promise of better alignment and coherence across UK Government responses to conflict. Many Bond members have for some time been raising concerns about the danger of diverting aid funds to serve military spending in conflict zones. Therefore, we support but will also closely monitor the planned UK cross government strategies for engagement in all fragile states.

16. The White Paper does acknowledge the complexity of the challenges in conflict and fragile states, but implementing this strengthened approach to conflict and fragile states will need more than extra money. As the Bond submission to the White Paper consultation pointed out, well-trained, committed staff in DFID remaining in post long enough to develop a thorough understanding of the issues and local context are vital for managing the challenges faced in fragile and conflict-affected environments.

Achieving lasting change in conflict environments will require long-term strategies and the UK to support the development of societal norms and values and set political change goals. And so it will need to evaluate impact over a timeframe measured in decades and across domestic political cycles, not only discrete project goals or other short-term impact assessments.

Questions:

— How is DFID planning to implement its new focus on fragile and conflict states? Will this new focus result in structural changes within DFID and specialised training for civil servants?

— How will DFID ensure that programmes in fragile and conflict states have a long term focus and respond to politically sensitive environments?

— How will be ensured that cross-governmental strategies promote policy coherence but do not divert the purpose of aid?

INTERNATIONAL INSTITUTIONS

17. Bond welcomes DFID’s commitment to strengthen its support for multilateral institutions. A new emphasis in the White Paper on promoting performance improvements of multilateral institutions such as UN agencies, the World Bank and the IMF can be very significant, but needs to be developed further. In particular, scrutiny of the performance of the World Bank needs to be given greater attention, as the White Paper makes UN funding conditional on its performance but fails to do so for the World Bank.

18. The White Paper also highlights that international institutions need to be more accountable and responsive as we highlighted in the Bond submission. With an increasing role for the World Bank and particularly the IMF as agreed at the London G20 Summit, it is very important to move forward on governance and conditionality reforms of these institutions. It is therefore disappointing that the White Paper is not clearer about the type of governance reforms DFID envisions for the IMF and World Bank and the need for parity of voice and vote between developed and developing countries.

19. DFID has called for the World Bank to increase its “clean energy” portfolio to 60% in the next three years. These reforms in the Bank’s portfolio are welcome; however there is a crucial need for clarity on what is considered “clean” by both DFID and the Bank. The World Bank needs to be greener and its role on health, social protection, gender equality and environment reviewed to see how it could best support development efforts of bilateral donors, civil society, the UN and others.

Questions:

— How is DFID planning to monitor the performances of multilateral institutions more closely?

EUROPEAN UNION

20. Bond welcomes the fact that the new White Paper recognises the importance of the EU as a development actor and commits to increase aid channelled through the European Commission (EC). The commitment to ensure that good progress in the performance of EC projects is maintained (6.26) is positive although it is not clarify how this will be carried out.

21. Bond welcomes the commitment to push for a single European Commissioner for development and humanitarian aid, with a strong voice within the Council of Commissioners and for a more efficient and coherent administrative structure dealing with all developing countries (6.29).
22. The White Paper states that “the UK will work to make poverty reduction a primary aim of the EU’s external policies” (6.23)—an important commitment to effectively promote policy coherence for development. This is a very positive statement, although it remains to be seen whether this is matched by active pressure on EU level to make external policies (trade, climate, peace and security) really coherent and supporting development policies.

23. The White Paper proposes to boost the role of the European Investment Bank (EIB) (6.27) in international development. This is worrying if the issues around transparency and accountability of the EIB are not tackled and it is particularly concerning that the White Paper does not mention the need to reform this Bank.

Questions:
— What monitoring mechanisms will DFID use to ensure that good progress in the performance of EC projects is maintained?
— How will DFID implement its commitment to Policy Coherence for Development at EU level and how is it planning to tackle controversial issues such as trade policies, climate policies, taxation where we can see several examples of incoherence?
— How will DFID promote much needed reforms of the European Investment Bank towards more accountability and transparency?

IMPROVING PERFORMANCE AND AID EFFECTIVENESS

24. The White Paper places a strong focus on aid effectiveness stressing that DFID takes its own effectiveness and the need to increase value for money seriously. Bond welcomes that long overdue commitments to increase transparency and provide greater support for accountability work in-country to complement the delivery of budget support were made. However, these commitments now need to be delivered on in the fullest possible sense.

25. The White Paper encouragingly confirmed international commitments made in the Paris Declaration and the Accra Agenda for Action. However, with the Paris Declaration reaching its target year and expiring in 2010 and signatories way behind in delivering on their promises around ownership, harmonisation and other areas, it was hoped that the White Paper would focus more on how the Paris targets are to be achieved and the principles that should be at the heart of a post-2010 agenda.

Questions:
— How will ensure that it reaches its Paris commitments by 2010 and what are DFID’s plans for a successor to the Paris declaration?

THE ROLE AND RESOURCING OF CIVIL SOCIETY IN INTERNATIONAL DEVELOPMENT

26. Bond welcomes the White Paper’s acknowledgement of the role that civil society, in both North and South, plays in development, and DFID’s commitment to significant increases in funding for both UK and Southern CSOs. This is demonstrated strongly in the doubling of non-humanitarian central funding for civil society to £300 million a year by 2013 (7.44), £50 million of which will be available by April 2010 (7.49). The recognition of CSOs’ roles as both campaigners and deliverers of development and humanitarian response (p 7) is encouraging, as is the acknowledgement that the expectations of the partnerships between DFID and CSOs must cut both ways (p 9), and the recognition of the “power and value of international voice and advocacy” (7.42). The extension of Partnership Programme Agreements (PPAs) to include Southern CSOs is particularly welcome.

27. The White Paper commits to strengthen existing partnerships with all facets of civil society in both the UK and the South, as well as more clearly defining the relationship between government and CSOs with a new “compact” (7.43). While welcome, consideration must include the degree to which such an approach has benefitted the UK domestic voluntary sector as well as the innovative ideas of civil society in the UK on this area and the leading edge practice where it exists across the world.

28. A renewed emphasis on performance assessments and proven impact, as well as a “clearer understanding of rights and responsibilities between DFID and civil society organisations” (7.47) must be practical and based on past experience of what works.

29. Bond welcomes DFID’s commitment to “help partner governments to improve the way in which they work with local and international civil society with support from the Charity Commission” (7.48). Good working relationships and enabling legislative and operational environments for a vibrant civil society are vital to ensure effective development.

More specific issues on aid effectiveness are raised in the submission to the IDC by the UK Aid Network.
Questions:

— Given the current economic climate, how will DFID ensure it disburses the increased funding for civil society in a timely fashion?

— How will DFID ensure it resources civil society’s role as campaigners and advocates sufficiently so that the voices of marginalised Southern communities are heard?

— How will DFID define its relationship with civil society in a new “compact” and how will it consult with key stakeholders on the parameters of this?

— How will DFID work together with civil society to ensure performance management demands take into account past learning and do not carry high costs for NGOs?

— How does DFID propose to work with partner governments in the South which restrict civil society’s ability to operate independently and freely?

5 October 2009

Written evidence submitted by the BOND Conflict Policy Group

The BOND Conflict Policy Group is made up of BOND members who have interest, experience and expertise working in conflict-affected countries. It is from this perspective that we write this letter, which should be seen as complementing members’ individual submissions to the International Development Committee’s inquiry into DFID’s July 2009 White Paper, Eliminating World Poverty: Building Our Common Future.

From the perspective of addressing violent conflict, there is a great deal to celebrate in DFID’s White Paper.

As well as highlighting the need for the UK to pay greater attention to “conflict-affected and fragile states”, the paper also recognises that the way the UK approaches development in these countries must itself be appropriate to the challenges they face.

And so it recognises that building responsive and accountable states is fundamental. It places a welcome emphasis on promoting fair and effective security and justice provision, supporting adaptation to climate change, targeting development assistance at the root causes of conflict and supporting peace processes.

The White Paper is also candid about some of the shortcomings of previous approaches to development in conflict and commits the UK to using more political analysis, incorporating peace and security considerations in its development partnerships, ensuring a joined up approach across Whitehall and leading reform of the international system.

All this is right for supporting countries to move permanently away from violence and towards broader, sustainable development. But the White Paper fails to recognise the full implications of its own policy direction.

The challenge for DFID—and indeed the rest of HMG—will now be how it puts into practice this fundamentally new approach to conflict-affected and fragile states. It will mean, for instance, finding new ways to train, support and encourage DFID staff to work “politically”, on issues that some may not have expertise or experience in, and in contexts with high levels of risk for personnel and their projects, and the UK’s reputation and relationships.

Achieving lasting change will require the UK to support the development of societal norms and values suitable to each country context and set appropriate political change goals. And so it will need to evaluate impact over a timeframe measured in decades and across domestic political cycles, not only discrete project goals or other short-term impact assessments.

The White Paper also emphasises the importance of accountability and state-citizen relations in promoting a holistic approach to state-building. We welcome this perspective, but it raises challenges in light of recent trends in DFID’s aid spending, which has shifted towards increased use of direct budgetary support and a focus on building central government institutions. Neither is the coherence between UK decisions to pursue direct budgetary support and respect of conflict sensitivity, human rights or good governance norms always clear.

And while enhanced policy coherence across Whitehall is desirable, it is not in of itself a policy goal: peace, security and development priorities in recipient countries should be seen as an essential component of, rather than a supplement to, the UK’s other foreign policy interests.

It will also be important to ensure that this more effective way of delivering long-term development assistance does not prevent the delivery of impartial and independent immediate assistance to meet humanitarian need arising from conflicts or natural disasters.
In summary, the approach to conflict-affected and fragile countries outlined by DFID’s White Paper is a welcome move in the right direction. But lying behind many of the commitments is a wealth of complexity that we urge the committee to draw out and examine in detail.

The members of the BOND Conflict Policy Group look forward to the IDC’s inquiry and would be happy to further clarify any of the issues raised in this letter.

Howard Mollet
Humanitarian Policy Advisor, CARE International UK; current Chair of BOND Conflict Policy Group

Robert Parker
Head of Policy and Advocacy, Saferworld

Dan Smith
Secretary General, International Alert

Ruchi Tripathi
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**Written evidence submitted by CARE International UK**

**CARE INTERNATIONAL UK POSITION ON DFID WHITE PAPER**

CARE International UK welcomes the DFID White Paper process and the opportunity to discuss the important issues raised. This submission responds to questions raised in Section 4 on fragile and conflict-affected countries of the Consultation Document, drawing on our policy-related research, programme quality and learning work on conflict and governance issues.

**4.1 What are the priority actions to address the causes of violent conflict and build capable, accountable and responsive states?**

**How can we better support the development of sustainable and enduring peace processes and inclusive political institutions?**

Consolidating peace processes through strengthening democratic politics

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**Box 1: CARE International concept of “Strategic Peacebuilding”**

Strategic peacebuilding:

- Is based on solid conflict analysis.
- Has a clear vision of the peace it seeks to construct.
- Seeks synergies with other peacebuilding interventions.
- Has a clearly articulated theory of change.
- Articulates the link between micro (project) and macro (context/conflict), and seek impacts at the macro level.

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CARE International UK advocates for “strategic peacebuilding”, based on solid conflict analysis and a clear vision of the peace it seeks to construct. Strategic peacebuilding emphasises the importance of connecting grassroots peacebuilding efforts (micro) with political efforts to negotiate and consolidate peace (macro).

Ensuring sustainable and enduring peace requires that the state is sufficiently capable of managing public affairs in a way that is effective, participatory, transparent, equitable and accountable, as well as being guided by agreed upon procedures and principles. To this end, we have witnessed the concept of “state-building” rising up the agenda of post conflict aid policy and CARE International UK welcomes the White Paper’s recognition of the potential role of the private sector and civil society in a holistic approach to state-building.

Peace processes require a political settlement, typically negotiated at the elite level, to be gradually extended outwards. For this reason, “state-building” efforts need to extend beyond a narrow focus on building central state institutions to encompass consolidating democratic politics and support for fostering state-society relations that contribute towards building a sustainable peace. Support to central government institutions, such as a trained and financed civil service, army and police force must be complemented by support for the growth of democratic politics. At the very core of this is fostering “negotiated development” ie empowering stakeholders (both state and citizens) to relate on more even terms, and to hold each other accountable (see Box 2). In addition, in many post-conflict contexts, the process of building capable, accountable and responsive states requires support to decentralisation processes that allow for more meaningful engagements between state bodies and communities.
Unsurprisingly, DFID has adopted a highly varied approach to supporting state-building efforts. While this has partly reflected the diversity of different country contexts, choices made by DFID have not always reflected the more holistic concept of state-building articulated in the White Paper consultation document. For example, in some contexts, such as Afghanistan, there is a perception that DFID policy has relied too much on central government structures and systems that have been unready to implement programmes on the ground. In contrast, CARE International’s experience in other countries, such as Sierra Leone and Angola, bares witness to the importance of DFID’s policy focus and funding in support of the “demand side” of good governance and accountability.

Box 2: CASE STUDY State-building from below in Angola
Angola’s political, social and economic challenges cannot be understood without recognising the legacy of three decades of civil war. A history of authoritarian, undemocratic and heavily centralised government resulted in a society torn by exclusion, neglect of human rights, and institutions with little capacities to perform key functions to realise the rights and needs of citizens. The current economic growth (27% per annum) is centred around the oil industry, allowing for potentially huge investments in social infrastructure and development. Efforts to make this wealth translate into poverty reduction and sustainable development have focused on bringing governance closer to the population, and enhancing citizens’ voices in decision-making. As a consequence, the Government of Angola has started to reform governance structures and NGOs have played a key role in these efforts.

It is in this context that CARE Angola developed the “Participatory Integrated Development Planning” programme (partly funded by DFID) for municipal administrations (PIDP). The PIDP seeks to facilitate inclusive, equitable and sustainable development planning. The PIDP has supported the creation of municipal forums by means of which municipal authorities prepare, in consultation with communities, CSOs and stakeholders, a long-term vision, goals and objectives, medium-term sectoral programmes and annual operation plans. These plans are then submitted to the provincial government for endorsement and subsequently to the Ministry of Finance for incorporation in the national investment programme and municipal development fund.

The PIDP process has been implemented in a number of municipalities, including Andulo, one of the most conflict-affected areas in the central highlands of Angola. The success of this initiative has led to the decision of central government to devolve budgetary responsibilities to this unit of government, using the oil windfalls, allocating six million US dollars to 68 municipalities and implementing the PIDP approach in these municipalities.

CARE UK calls on DFID to adopt a holistic concept of state building described in the Kinshasa Statement (see Box 3) in all post-conflict and fragile contexts in which it works. This includes strengthening both the supply and demand sides of governance, fostering “negotiated development” and, where appropriate, decentralisation processes.

Box 3: Donor and Partner Government Kinshasa Statement, July 2008
“State building is about strengthening state-society relations and working with all three branches of government (executive, judiciary, legislative) and civil society. State building takes place at all levels of government—from local to national.”

Funding State-Building
Debates over UK policy and funding for state-building in specific contexts reflect some of the wider tensions in the policy of other donors between the Paris Declaration, which emphasises alignment with national governments’ priorities and systems, and the Fragile States Principles, which recognises the need for a more politically-savvy and variegated approach informed by context analysis.

A premature reliance on developmental approaches to aid, such as direct budget support, risks “service gaps” emerging in regions or sectors that are beyond the government’s capacity to implement, or its political reach. Similarly, as discussed further below, civil society can also make important contributions to service delivery, and efforts to build government capacity in the post-conflict transition.

Drawing on experience in the National Solidarity Programme (see Box 4) and similar initiatives, DFID should engage its civil society partners in a collaborative process to develop lessons learned on civil society roles in government capacity-building during post-conflict recovery. In contrast to the research and reform efforts focused on the role of multilateral institutions in post-conflict recovery; learning from civil society experience remains relatively untapped. As such, DFID should engage with civil society on their programme quality and learning efforts to involve front-line civil society practitioners in identifying what works, and what does not work.
Box 4: CASE STUDY—National Solidarity Programme in Afghanistan

Donors regularly describe the “National Solidarity Programme” (NSP) as the flagship initiative to promote state-building in Afghanistan. DFID is a major funder for NSP; channelling its assistance through the World Bank, which is then passed onto the Ministry of Rural Rehabilitation and Development. This programme relies to a significant extent on the capacity of civil society implementing partners to facilitate linkages between communities and the central government, and provide support for small-scale projects to consolidate that link. Yet despite huge investments in technical assistance and training for the Afghan government, the NSP has faced significant and damaging delays in project implementation due to the weak capacity of central ministries to administer and disburse NSP funding to the community level. Government-aligned programmes, such as NSP, in a context of on-going insurgency can also lead to civil society implementing partners being targeted for attack by factions opposed to the central authorities.

DFID should engage its civil society partners in a collaborative process to develop learning on civil society experience in government alignment and capacity-building during the transitions from humanitarian to recovery and development funding in post-conflict recovery phases.

DFID policy should enable UK assistance to be channelled more deliberately through a mix of different aid modalities; investing in central government capacity-building while also maintaining and expanding delivery of basic services in areas beyond government capacity or political reach.

DFID policy needs to recognise and help mitigate the risks and challenges for civil society programmes in their relations with government and other local power-holders in dynamic contexts of post-conflict transition.

How can we harness the potential of the private sector and civil society?

What roles for civil society?

During periods of war, it is often informal, traditional and social institutions at the community level which have sustained service delivery and maintained some measure of legitimacy. In the aftermath of war, central government capacity to implement basic services is often weak. In such contexts, civil society can make important contributions to service delivery, and efforts to build government capacity in the post-conflict transition.

Civil society also has a crucial role to play in state-building and developing a culture of democratic politics. CARE International has experience of working to support processes through which citizens and authorities can begin to work together to identify issues, agree on mutual roles and responsibilities and set up systems to monitor progress. While there are issues of legitimacy that need to addressed, our experience has shown us that there is a role for international NGOs to facilitate state-citizen engagement.

Box 5: CASE STUDY—Establishing an enabling environment for pro-poor policy development and implementation in Sierra Leone

Sierra Leone is extremely poor and in 2007 it ranked last (177th) in the UN Human Development Index. At the end of the civil war, the Government of Sierra Leone, supported by international donors, embarked on two overarching and linked reforms processes, the PRSP and decentralisation. As part of these reforms, the GoSL was encouraged by its donors to commit to enhancing public participation in policy processes and the delivery and monitoring of its core programmes.

“Enhancing the Interaction and Interface between Civil Society and the State to Improve Poor People’s Lives” (ENCISS) is managed by CARE International and funded by DFID and has the objective of creating a bridge between large-scale, supply-side governance reform programmes and community-level awareness raising, conflict resolution and coalition building programmes.

While progress towards sustained peace has been made, the root causes of Sierra Leone’s armed conflict continues to haunt the country (eg unemployment of youth, lack of opportunities for youth and women to participate in decision making process, ethno-regional tensions etc). In response to these problems, ENCISS’ recent work has focused on creating more opportunities for constructive policy dialogue between citizens and the Government at national and district levels. Examples include: supporting the drafting and validation of the National Collaboration Strategy for State and Civil Society which aims to build a more positive and mutually reinforcing relationship; providing space for vibrant policy discourse at the national level (the National Development Dialogue); and bring together different stakeholders at the district level to for development planning processes (“Leh we tok” discussion groups).

ENCISS is an organisation that works in the dynamic spaces between citizens, organisations and the state to create an environment where positive changes which benefit poor people can be identified, used, protected and sustained.
DFID’s engagement with civil society

The roles set out above for civil society play are crucial yet national funding for civil society is unlikely in the post-conflict period and the political space may be constrained. DFID needs to provide continued support for civil society; both in terms of funding and for using its influence to create significant spaces for “negotiated development”.

Increasingly donors are setting up Local Funds (or Multi-Donor Support Funds) as a mechanism for supporting national civil society. Local Funds can be a way of supporting demand-side governance by providing grants and often capacity building to local civil society, thereby enhancing local actors’ ability to hold their government to account. However, research conducted by CARE International UK raise some important points for consideration, in particular the tension between the strategic objectives of donors around rights and governance and the desire to operate a demand-driven fund; the difficulties of engaging with non-traditional civil society through these types of demand driven mechanisms where capacity is often low presenting a high risk and transaction costs to the Fund; and more broadly on how to manage risk. Furthermore, the rules, expectations and pressures donors (and the managing agent) put on a Local Fund can affect the autonomy of decision making and the operations of recipients. While Local Funds are an effective way of delivering support to national civil society, DFID should be aware of the complexities of setting up Local Funds and ensure the design of these Funds effectively support the empowering of civil society to engage in policy and political processes.

4.2 Do we need ways of delivering assistance in fragile and conflict-affected countries?

How can basic services, like health and education, be delivered when states are weak or violence is ongoing, while doing no harm?

CARE International UK has significant experience in mainstreaming conflict sensitive approaches across CARE. We believe that these experiences can be of value to DFID in ensuring that basic service delivery can be delivered in situations of conflict while doing no harm.

From reviewing the use of a specific conflict sensitive approach—the “Do No Harm” methodology (developed by Collaborative for Development Action) in both CARE Sri Lanka and CARE Nepal, we identified that the exposure to Do No Harm can create a dramatic mindset change for staff—such that they start to think about their role in conflict settings in very new ways. However we also identified that, over time, concepts such as “Do No Harm” can become diluted and reduced. For instance people have expanded the term “harm” to mean any poor development practice. This risks an over-simplification of good conflict sensitive practice, and further that there can be confusion over what is meant by “doing no harm”. Keeping the understanding of conflict sensitivity alive is crucial to making sure basic services are delivered while doing no harm.

Through CARE Nepal, CARE UK has engaged with the Risk Management Office of Nepal—a collaboration between DFID and GTZ. Two striking elements of the RMO have helped make conflict sensitivity a reality for all projects linked to the RMO, notably that application of a conflict sensitive tool can be delivered in situations of conflict while doing no harm.

CARE UK recommends that DFID galvanise donors to collaborate in other conflict contexts in order to ensure that analysis of the conflict sensitivity of interventions is factored into all new funding, and that implementation of this commitment is resourced adequately. In particular that support is provided in human resources, and that project budgets and time lines allow for analysis and project review. These budgets and time lines would enable staff to keep the concept of conflict sensitivity “live” and ensure full conceptualisation and application.

4.4 How can we improve coordination of diplomatic, defence and development efforts to ensure the right conditions for poverty reduction in fragile and conflict-affected states?

How can UK efforts be strengthened?

Donor deliberations on aid effectiveness have become increasingly preoccupied with “whole-of-government approaches” to coordination between diplomatic, defence and development efforts. In the UK, these debates have focused on implementation of the “Comprehensive Approach” across relevant government departments; in particular the Department for International Development (DFID), Ministry of Defence (MOD), and the Foreign and Commonwealth Office (FCO).

Coherence of government policy is an obvious and legitimate objective. For this reason, efforts to promote the Comprehensive Approach have partly focused on narrow and technocratic debates about departmental territoriality and organisational culture in Whitehall. However, the Comprehensive Approach must also be understood in the broader context of shifts in civil-military relations and wider donor policy related to the “War on Terror”. Certain trends appear encouraging—at the level of rhetoric at least, if not implementation. Thus some variants of policy discourse on the Comprehensive Approach appear to recognise the need for civilian-led political and reconstruction strategies in post-conflict situations. “Lessons identified”, if not “lessons learned”, emerging from Iraq and Afghanistan have underlined the ineffective nature of short-termist and military-dominated approaches to stabilisation and reconstruction efforts in such contexts. However, for others, the Comprehensive Approach is merely a new label for old ways of working.
At field level, experience of military operations in Afghanistan suggest that international forces continue to assert a military pre-eminence in hostile environments in which they conduct combat operations. This partly reflects both the level of authority delegated to the force commander in-theatre, and the imbalanced spread of resources between military and civilian actors involved. CARE played a leading role in organising recent field research by the BAAG and ENNA networks on civil-military relations in Afghanistan.19 That research found that inappropriate associations between the military and some NGOs created security risks for the wider NGO community and local beneficiary populations. It also led to recommendations that military forces should stop instrumentalising NGOs to deliver on their short-term “hearts and minds” activities; and take greater steps to minimise risks incurred through their interactions with civilian agencies.

In the UK, some commentators have suggested that a Comprehensive Approach could imply that development and humanitarian policy become subordinated to UK national security or foreign policy imperatives. This has led some commentators to suggest that DFID should end in its current form as an independent Government department represented at Ministerial level in the Cabinet; and that it becomes incorporated as a sub-department within the Foreign and Commonwealth Office. This would represent a hugely controversial and counter-productive direction for UK policy and practice, reminiscent of changes in US foreign assistance policy under the Bush administration. Under the Bush administration, aid policy became explicitly framed within the US national security strategy. Between 2002 and 2005, total US assistance managed by the Department of Defence (DOD) went from 5.6% to 21.7%, while that managed by USAID fell from 50.2% to 38.8%.20 This militarisation of US foreign assistance policy is widely perceived as a significant factor in the increased targeting of US-based NGOs by armed groups involved in conflicts around the globe.

For the above reasons, CARE UK maintains serious concerns about potential consequences of the Comprehensive Approach for its operations, and the safety of our staff and beneficiaries. NGOs like CARE can only operate in conflict-affected countries on the basis of our acceptance and good relations amongst local populations; and respect of core humanitarian principles. An instrumentalist approach to “whole-of-government approaches” by donor governments would threaten the space for CARE and other aid agencies to deliver independent, neutral and impartial humanitarian assistance. For this reason, the UK Government should not seek to incorporate NGOs into a Comprehensive Approach framework. Instead, there should be an investment in NGO capacities and mechanisms to enable effective and appropriate NGO engagement in policy dialogue on issues related to the Comprehensive Approach; trainings and exercises with the military to sensitise them to humanitarian principles; and programmatic learning on effective NGO approaches to civil-military interaction at field level.

CARE UK calls on the UK Government to ensure that development of the Comprehensive Approach respects the distinct mandate and priorities of the Department for International Development (DFID); in particular in relation to humanitarian action. DFID should be maintained as a government department represented at cabinet-level by a Minister to ensure effective and appropriate coordination, as opposed to subordination, between aid policy and the other relevant line ministries.

CARE UK calls on the UK Government to invest in NGO capacities and mechanisms to enable effective and appropriate NGO engagement in policy dialogue, trainings and exercises and operational learning on civil-military affairs.

How can the international institutions be reformed?

While the Comprehensive Approach has been primarily an intra-governmental agenda, its implications for multilateral institutions are also evident. From CARE’s perspective, one of the most important challenges lies in strengthening the UN’s role in humanitarian coordination. The ability of humanitarian agencies to engage in policy dialogue or coordination with military or political actors depends on functioning humanitarian coordination structures. For this to work, these humanitarian coordination structures, whether UN or non-UN, must be experienced as legitimate from the perspective of operational agencies, such as CARE. At present, it is generally acknowledged that humanitarian leadership and coordination remains one of the most significant challenges in reform of the UN humanitarian system.

Current debates in the UN secretariat on the role of humanitarian coordination in relation to “integration” between political, military and aid strategies are preoccupied by models of “structural integration” versus “coherence and strategic partnership”. At present, UN Integrated Missions are headed by the UN Special Representative of the Secretary General (SRSG), who will often also hold the double-hatted role as Resident Coordinator and Humanitarian Coordinator. This arrangement integrates humanitarian leadership into the mission; a political and military leadership. In some instances, a deputy Deputy-SRSG role has also been established with responsibility for humanitarian affairs, reporting to the SRSG. Advocates of the latter approach argue that it provides for adequate humanitarian coordination capacity, and enables humanitarian influence on the SRSG from inside the mission. At present, there is not one stand-alone UN Humanitarian Coordinator (HC) deployed anywhere worldwide. UN OCHA continues to struggle to deploy adequate capacity to the field-level to support humanitarian coordination.

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20 “United States (2006), DAC Peer Review: Main Findings and Recommendations.” OECD/DAC. 2006. http://www.oecd.org/document/27/0,2340,en_2649_201185_53829787_1_1_1_1_1,00.html
efforts in a timely and effective fashion. As yet, there have been no independent evaluations to verify whether these arrangements have led to any positive outcomes in terms of facilitating humanitarian access. Humanitarian agencies have frequently criticised current arrangement for [a] politicising humanitarian coordination; and [b] resulting in inadequate capacity for humanitarian coordination as the individual question is pulled in several directions.

More recently, the deteriorating situation in Afghanistan has led to the establishment of a new and semi-independent OCHA office in that country. This development is widely perceived as an acknowledgement that total integration of humanitarian affairs into a political and military mission in Afghanistan was not effective or sustainable. While this change is unlikely to make a fundamental difference in how humanitarianism is perceived in Afghanistan in the short-term, it should provide enhanced capacity for humanitarian coordination. With time, this may also result in a better coordinated humanitarian community able to promote respect of humanitarian principles and negotiate access to crisis-affected populations; thereby better able to deliver life-saving assistance in a principled and professional fashion.

For the above reasons, CARE UK believes that international reforms should recognise that effective coordination between aid agencies and political or military actors does not require integration. Particularly in violent contexts, the responsibility for humanitarian coordination should remain outside of political and military mission structures.

CARE UK calls on the DFID to invest in strengthening UN humanitarian leadership and coordination structures, in particular UN OCHA. At present, UN OCHA is frequently constrained by inadequate human resources and political backing to effectively engage in coordination with political and military actors on an equal and independent footing.

Written evidence submitted by the Child Rights Working Group of the DFID/CSO Children and Youth Network

1. Introduction

1.1 The Child Rights Working Group of the DFID/CSO Children and Youth Network welcomes this opportunity to comment on the UK Department for International Development’s 2009 Annual Report and White Paper. The Working Group is a coalition of 19 development-focused non-governmental organisations, UK-based children’s rights organisations and research institutions. The Working Group is a sub-group of the Children and Youth Network which was established in 2007 between DFID and civil society organisations (CSOs) in order to fill a perceived policy vacuum around children and young people in the UK’s approach to international development.

1.2 The Child Rights Working Group advocates a child rights-based approach to development programming and policy-making and better implementation of the United Nations Convention on the Rights of the Child (UNCRC) through development cooperation. Making children’s rights a central principle of international cooperation is set out in Article 4 of the UNCRC, which states that:

States parties shall undertake all appropriate legislative, administrative and other measures for the implementation of rights recognised in the present convention. With regard to economic, social and cultural rights states parties shall undertake such measures to the maximum extent of their available resources and where needed within the framework of international co-operation.

In General Comment 5, the Committee on the Rights of the Child elaborated further, advising states that the Convention should form the framework for international development assistance related directly or indirectly to children and that programmes of donor states should be rights-based. As a state party to the UNCRC, the UK Government has a duty to ensure that its development cooperation is supporting partner governments to promote and fulfil the rights of all children in their jurisdiction.

1.3 This response by the Child Rights Working Group to the International Development Committee (IDC) inquiry into DFID’s 2009 Annual Report and White Paper focuses on the latter of these two documents and argues that it has missed an important opportunity to put children and youth at the centre of the UK Government’s international development strategy. In so doing, the government is not adequately meeting its obligations under the UNCRC and the role of children is insufficiently recognised in meeting the wider international development targets set out by the Millennium Development Goals (MDGs). With the 20th anniversary of the UNCRC this month and the review of progress towards the MDGs next year it is both critical and timely to reassess the UK Government’s performance against these international commitments. The Children’s Working Group welcomes this IDC inquiry as an opportunity to do this.


22 The UNCRC defines children as those “below the age of 18”. This is the definition used by the Children’s Working Group.

2. **Putting Children at the Heart of Development**

2.1 The Child Rights Working Group’s submission to DFID’s consultation on the 2009 White Paper highlighted that the importance of children, and children’s rights, in wider development agendas cannot be overemphasised. As Box 1 illustrates, children are both the majority population in developing countries today and the best agents for transformation from this point forward. Children and young people are the overwhelming majority of people affected by poverty and have the least capacity to support or protect themselves. As such, failing to put children at the centre of development, as DFID’s 2009 White Paper fails to do, weakens the impact of today’s development efforts both now and in the future.

Box 1: Children and international development

**Children as a key constituency today and for the future:**

- 48% of the population of “developing” countries are under 25 years old.
- 40% of those in “least developed countries” are under 15.
- Children who do not go to school now are more likely to have children who do not go to school in the future.
- An individual’s earnings increase by 10% for each year of schooling they receive. If the entire population receives quality education this translates to a 1% increase in GDP. Children who work now are more likely to have children who will need to work in the future.
- 27% of children living in the developing world are malnourished, which affects their ability to learn and, as they get older, work.

**Children as central to progress on the MDGs:**

- MDG 1—Poverty and hunger: Children are the primary demographic structure through which poverty is transmitted across generations. The self-reinforcing cycle of poverty means that unless this generation of young people are given opportunities, the next generations will suffer too.
- MDG 2—Education: An educated generation will have a massive impact on social capital for development, on health and on educational attainment of future generations.
- MDG 3—Gender equality: Discrimination, exploitation and violence are learnt and more easily stopped during childhood.
- MDGs 4, 5, 6—Health and HIV and AIDS: Children’s health during the early years determines their future options to a large extent and investment in the health of children and young people has critical economic benefit at all levels of society. The HIV and AIDS crisis means that investing in children is important not just for the future but the present as well (because they are household heads and responsible agents as result of losing parents/carers to AIDS).
- MDG 7—Environmental sustainability: Getting children and young people on board as environmental champions will be the only way to protect the environment in the medium and longer-terms.
- MDG 8—Global partnerships: Good governance depends on developing good citizenship and encouraging dialogue and conflict prevention from the youngest ages possible.

2.2 The Child Rights Working Group recognises that DFID’s White Paper does, in places, specifically refer to children, particularly in relation to the provision of health services and education. It also recognises them as among those who are acutely affected by poverty and conflict and states that it puts “ordinary women, men and children first” (p 7). However, we are concerned that it does not explicitly recognise children as rights-holders and critical agents of development. As a consequence of this, it also fails to detail commitments to supporting children’s rights, beyond those to social provisions such as health and education, in line with obligations under the UNCRC.

2.3 In recognising children as rights-holders and critical agents of development, we believe that DFID’s White Paper should have:

- committed to undertaking analysis of the extent to which children’s rights have been realised and the factors affecting this within a particular partner country when developing Country Assistance Plans—our submission to DFID’s consultation on the White Paper called for the introduction of child rights situational analysis into country-level planning processes, such as Country Governance Analysis (CGS). Though the White Paper details that 22 CGAs have been undertaken by the Department, there is no consideration of how this tool could be better used to support the rights of children through DFID’s work;\(^{24}\)

- recognised and affirmed the role of children’s participation in the development process—our submission to DFID’s consultation on the White Paper called for a focus on building the capacity of children to engage in issues that directly affect them, most importantly in relation to conflict and fragile states. Foci on empowerment and participation, or even the recognition of the need for dialogue, are all absent from the White Paper; and

\(^{24}\) Further consideration is given to this matter in Appendix 1.
— detailed DFID’s commitment to protecting children and building-up their resilience through its development cooperation—our submission to DFID’s consultation on the White Paper called for DFID to commit to the development of a child protection policy and code of conduct within for the Department, ensure international development policy decisions take into account all aspects of a child’s developmental needs and are accountable to children and build the capacity of DFID staff, at home and across country offices, to protect children’s rights.25 None of these commitments are present in the strategy.

These are the primary recommendations for how the UK Department for International Development could better put children at the heart of its international development cooperation. The rest of this submission considers each of the main themes of the White Paper and examines in more depth DFID’s treatment of children and children’s rights in these. It also makes recommendations for strengthening DFID’s focus on children.

3. GLOBAL ECONOMIC GROWTH

3.1 The White Paper recognises the importance of rebuilding economic systems for people and not just for countries. The WP acknowledges the vulnerability of children and the impact of economic instability on the rights of children, specifically in terms of access to education and the additional burden of duty placed on children within vulnerable households. DFID responds to this need by pledging to build social protection systems to help 50 million people in over 20 countries over the next three years (p 25). It also commits to lobbying the World Bank, as well as regional development banks, to commit to the same focus. The pledges on social assistance and related measures, including long term social protection systems with a specific child-focus, are welcomed (p 25). Attention to children with no adult support—such as child-headed households and children involved in the street—is also needed, however.

3.2 Other remaining gaps in the strategy on economic security include (a) the need for research into the impact of macroeconomic and international trade regimes on children, (b) addressing issues of food insecurity and malnourishment of children, and linked rights violations such as children’s denial of education and healthcare, more explicitly with aims and targets for change (see p 37), (c) a greater focus on child protection within education to reduce drop-out rates of both boys and girls (eg, reducing violence within schools and homes), (d) clarity about gendered and age differences between children and their involvement in different types of labour and action to reduce child labour and to encourage schools to be accessible, and adapt to, child labourers, all of which would contribute to longer-term economic growth.

4. CLIMATE CHANGE

4.1 The DFID White Paper acknowledges, in brief, the additional burden placed on women and children as a result of the effects of climate change, noting specifically the impact on livelihoods of increasing resource scarcity and the resulting vulnerability (eg, p 47 and 63). The White Paper does not, however, move from this recognition to addressing the consequences of this added burden on children, that is, recognising the added importance of child protection mechanisms or the impacts of the increased burden on education, child health and the wider community.

4.2 Where building resilience is mentioned, children are not a priority group and direct actions relate to addressing infrastructure and specific adaptation methods, as opposed to building community capacity or tackling the threat to child rights as a consequence of climate change impacts. While social protection measures are mentioned in response to climate change, it is within the context of better access for all, and not the specific provision of such services designed for and with children. Children and young people should be encouraged to be active agents in climate change responses.

4.3 DFID will encourage Southern networks of civil society groups, which is welcomed, but without mentioning particular interest groups (p 57). Since youth and children are the least responsible but will suffer disproportionately as a result of climate change, harnessing them as climate champions would offer significant opportunities for change.

5. FRAGILE AND CONFLICT-AFFECTED AREAS

5.1 DFID priorities relate largely to prevention of conflict, that is, building peaceful states, treating security and justice as a basic service, supporting economic opportunities, working more effectively across government and delivering co-ordinated international responses after conflicts (p 71). While violence against women is highlighted at all levels of society (p 70 and 74), violence against children has a far lower priority in the identification of both problems and solutions, despite its devastating impact on child development, educational performance and, therefore, longer-term development for all. For children, challenging violence is a high priority for action, including but not limited to those children living in countries that are fragile or conflict-affected (see UN’s Study on Violence against Children, 2006).

25 Until the capacity of DFID itself is strengthened in relation to incorporating child rights, including child protection, the UK international development strategy and implementation will fail to address the rights of children effectively.
5.2 While girls are mentioned as victims of violence (p 75), and are more often subjected to sexual abuse, research shows that boys are physically abused as much as girls. In general, gendered differentiation between violence as experienced by boys and girls at different ages is needed for developing effective child protection systems and processes (UN 2006, see above).

5.3 The opportunities to integrate child protection within DFID’s security and justice strategy are numerous (eg, training in child protection for civilian cadres [p 78]; peacekeepers and police; development of child protection systems that are integrated with the actions to protect women from violence; and the development of child protection policy and code of conduct for DFID itself). This working group would be more than willing to offer detailed proposals.

5.4 The White Paper addresses the abuse of human rights as a result of conflict situations—acknowledging the increased vulnerability of both women and children and denial of their basic rights—and seeks to tackle this through investment in civil society, both within fragile states and across all “developing” countries. A significant gap remains for specific investments in civil society organisations that target children’s rights and prioritise working with children affected by conflict.

5.5 DFID acknowledges the disproportionate vulnerability of women and children in post-conflict situations, particularly in regard to the high risk of sexual violence. There is, however, no specific mention of the need to focus on protection measures for children, either within conflict or as a result of violence and abuse in other situations.

5.6 Also missing is the understanding of the need to engage with boys and girls in dialogue around their involvement in conflict, and the engagement of children in emergency protection preparedness activities that can mitigate the longer-term effects of war.

5.7 We welcome the proposal to develop a strategy on the protection of all civilians in armed conflict (p 82) and encourage DFID to consider the specific needs and rights of girls and boys. This network would be happy to offer advice on addressing children’s needs and rights.

6. International Institutional Reform, Value and Impact

6.1 The focus of the paper on international institutional reform is on improving delivery of current initiatives over refocusing the direction of international systems. Where the inclusion of child rights or dialogue around children is currently missing in the external environment, there has been no attempt to include it. The biggest omission is that DFID makes no mention of our commitment to the UNCRC or support for the UN and governments in ensuring that this international treaty is properly implemented and monitored.

6.2 DFID could strengthen the implementation of its strategy and amplify its impact by addressing these gaps (a) building the capacity of local child-focused civil society organisations and networks in the South, (b) invest in better monitoring and improving government accountability on obligations set out in the UNCRC, (c) improve the links between action on gender and age equity (p 110 and 128), (d) invest in research or the funding of an impact assessment, or the UK government’s achievements on child rights, (e) introducing a child rights situational analysis into donor and country government planning and review processes (See Appendix 1).

7. Conclusion

The Child Rights Working Group is encouraged by DFID’s obvious desire, demonstrated through its leadership in establishing the DFID/CSO Children and Youth Network, to engage more with the role of children in international development cooperation and the impact of development programmes and policies on this constituency. Though we believe that the White Paper has not adequately addressed and responded to these issues, we look forward to continuing dialogue with DFID on them. Both the Working Group as a whole, and its individual members, would be more than willing to work with DFID on any of the proposals in this paper in a joint effort towards the realisation of the MDGs and the fulfilment of children’s rights.

APPENDIX 1
COUNTRY GOVERNANCE ANALYSIS AND THE HUMAN RIGHTS OF CHILDREN

Introduction
Following the 2006 UK Department for International Development (DFID) White Paper Eliminating world poverty: making governance work for the poor, DFID adopted a new analytical tool to monitor governance and guide the delivery of UK development aid. As such, Country Governance Analysis (CGA) is intended to inform the design of DFID’s country programmes by “providing a short, sharp and robust overview of the key governance and conflict issues, the scenarios and the implication for DFID/HMG”. Among the mandatory information to be obtained at country level as part of a CGA is the partner

26 This paper draws heavily on Child Rights Working Group report Making Children the First to Benefit: How DFID can integrate children’s rights into its Country Assistance Plans.

government’s commitment to “respecting human rights and other international obligations”. As part of this analysis, the Child Rights Working Group of the DFID/CSO Children and Youth Network believes that attention must not just be given to the human rights of adult men and women but also to the human rights of children.

Children constitute half the population in many developing countries and a third of the global population. The United Nations Convention on the Rights of the Child (UNCRC) is the most widely ratified human rights instrument in history. Despite this, children remain a distinctively marginalized group in many societies and in much of the development process. Indeed, in the case of DFID, children’s rights feature very rarely in Country Plans (CPs) at present leading to the assumption that they are also given inadequate attention in CGAs. Not only does this indicate that legal commitments to protecting, promoting and fulfilling children’s rights under the CRC are not being met by both donor and partner governments, but it also highlights a failure to recognize that a focus on children’s rights can maximise the effectiveness and sustainability of development initiatives by tackling the root causes of child poverty, thus breaking poverty cycles.

**Child Rights Situational Analysis as a Core Component of CGAs**

A Child Rights Situational Analysis (CRSA) should form part of the CGA at country level. A CRSA is an analysis of the extent to which children’s rights have been realised and the factors affecting this within a particular country, rather than a comprehensive survey of the situation of all children in a country. The benefits of undertaking a CRSA as part of the CGA are:

- A CRSAs is an invaluable tool which enables the status of children’s rights to be monitored and can be used to guide the way in which DFID delivers aid in order to ensure that children are taken into account in accordance with its international obligations.
- A CRSAs can help to strengthen key components of governance within a country. It can increase the sustainability of programmes by highlighting paths to strengthening a partner government’s capability and accountability towards the fulfilment of children’s rights; for example, a CRSA might expose that there are significant gaps in a government’s ability to gather essential data which are needed to monitor implementation of children’s rights. Improving these systems will ensure that governments can be better held accountable for implementing children’s rights.
- Taking children’s views into account as part of a CRSA gives the CP legitimacy and also contributes to children’s empowerment. Children’s participation in a CRSA (even at a remove and as part of a desk review) ensures that the planning process has a firm basis in reality since children have information that adults may not have, are prepared to address issues that adults may be wary of and have insights into the problems faced by the whole community.
- A CRSAs can challenge preconceptions about development and how it works and can provide a unique and illuminating perspective on “old” problems; for example, looking at child budget analyses can highlight discrepancies between resources allocated to fulfilling children’s rights and resources allocated to military expenditure.
- Conducting a CRSAs can strengthen the process of risk assessment. It provides a different perspective on governance structures and might flag up crucial areas of concern such as an erosion of space for children and young people to participate in society and to be involved in decisions taken by government which affect them.

**Integrating a CRSAs into a CGA**

DFID stress that “undertaking a CGA should be a straightforward process” as it is an analysis largely based on available data. The CRSAs takes much the same approach and would require country offices to:

1. Gather information already in existence—The CRSA should be based on credible, existing reports. Documents to be consulted should include CRC documentation, relevant regional instruments such as the African Charter on the Rights and Welfare of the Child, national legislation, national governmental policy and programmes related to children, relevant UN agency and international organisation reports and budget analyses related to expenditure on children.
2. Analyse this according to the requirements of the CRSA template.
3. Consult with relevant stakeholders—According to DFID, “the CGA should be as far as possible a country-level analysis shared by partner governments, DFID, FCO, OGD, other donors and civil society.” The CRSA will also benefit from this process of consultation with a specific objective of obtaining feedback on the gaps in fulfilment of children’s rights identified in the CRSA. However, integrating a CRSA into a CGA means that there must be greater focus on information that comes

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29 See the Child Rights Working Group report *A Study of the Child Rights within DFID* p 27 for more of this analysis.
31 Further guidance to support this analysis can be found in the Child Rights Working Group report *Making Children the First to Benefit: How DFID can integrate children’s rights into its Country Assistance Plans*.
directly from children regarding which of their rights are violated and what the government is doing to prevent this. This can be obtained by seeking out previous participatory consultation processes with children such as during the PRSP process or when the government was preparing a CRC state party report or civil society its alternative report.

4. Use the CRSA effectively to inform the final CGA and, ultimately, the CP—Informing the CGA with a situational analysis of the rights of children will enrich the poverty analysis of the document and enable DFID to make a more effective and targeted contribution towards the timely achievement of MDGs in its Country Plans. Moreover, the analysis can be used here to outline how DFID can work towards addressing the gaps in the implementation of children’s rights drawing on the assessment made of gaps, priorities and key partnerships with government, donors and civil society in order to meet its obligations under the CRC.

For further information

Please see the Child Rights Working Group report Making Children the First to Benefit: How DFID can integrate children’s rights into its Country Assistance Plans or contact Jennifer Grant at J.Grant@savethechildren.org.uk.

November 2009

Written evidence submitted by Concern Worldwide UK

Please find below Concern Worldwide UK’s submission to the International Development Select Committee’s Inquiry into DFID’s July 2009 White Paper on International Development, Eliminating World Poverty: Building Our Common Future. We have highlighted our concerns around two key areas of our work—“hunger” and “conflict and fragile states”. We have attached Concern Worldwide’s full response to the DFID White Paper consultation for reference—you will find further detail on these issues, amongst others, in this paper.

Concern Worldwide is an international humanitarian organisation which engages in long term development work, responds to emergencies and seeks to address the roots causes of poverty in 28 countries throughout the world. Concern’s work is focused on fighting poverty in the poorest countries in the world and in “fragile” and conflict affected states.

Hunger

The issues of hunger, agriculture and food security have been neglected by donors such as DFID in recent years. But the surge in food and fuel prices in 2008 coupled with the current economic crisis brought the issue of hunger to the forefront, caused widespread political turmoil and drove an additional estimated 110 million people into poverty so that there are now an estimated 1 billion people living in hunger.

Today, despite the improved global cereal supply situation and a sharp decline in international food prices, food prices continue to remain high in many developing countries creating further hardship for millions of poor people already suffering from hunger and undernourishment. Further to this, FAO research shows that food emergencies persist in 32 countries.

This is why Concern Worldwide is particularly pleased to see some of our concerns taken on board through DFID’s renewed commitment to revitalising agriculture and addressing food security and nutrition. In particular, we value DFID’s explicit recognition of the need to support men and women subsistence farmers, and invest in a more holistic approach to hunger incorporating agricultural development, nutrition interventions and safety nets. However, we are keen to see how this will translate from policy to practice.

We know from experience that policies agreed at “head office” level do not always filter down to country level, let alone within communities and households where poor people need to be supported.

Whilst the focus on subsistence farmers in addition to smallholder farmers is welcome; we hope this would include “marginal farmers”—those that are “farming yet hungry”. This group makes up majority of the world’s hungry, they depend on agriculture for majority of their livelihoods and food security needs, however, at the same time are not producing enough to feed their families the whole year around. Women make up a significant number of these “marginal farmers” and comprise of 60% of the hungry. Women produce up to 80% of food in developing countries and are responsible for preparing food for their families. Yet, they face huge obstacles in their efforts to produce food and feed themselves and their families.

35 ibid.
We hope that any DFID policy intervention aimed at tackling hunger and malnutrition recognises the crucial role of women in addressing hunger and food security—especially their multiple roles as producers of food and providers of food and nutrition for their families and children.

**CONFLICT AND FRAGILE STATES**

Concern welcomes the White Paper’s prioritisation of the challenge of supporting development initiatives and policies in conflict-affected and fragile contexts. In particular the White Papers emphasis on:

— Tackling the root causes of fragility and conflict.
— Building states that are accountable and responsive to its citizens.
— Promoting fair and effective security and justice provision.
— Support for inclusive political settlements.
— Support for basic service provision in fragile and conflict affected states.
— Generating economic opportunities in fragile and conflict affected states.

The Paper is reflective and addresses key shortcomings in past approaches to dealing with conflict and fragile affected states and recognises the need for more political and contextual analysis to guide DFID’s work, more effective work across government departments and the need to reform the international system.

The Paper also emphasises the need to support humanitarian action, recognises rising humanitarian needs and the impact of climate change on fragile and conflict affected states. Concern therefore welcomes the Paper’s:

— Commitment to meeting humanitarian demands through lobbying for a stronger humanitarian system and access.
— Investing in disaster prevention and preparedness.
— Investing in better humanitarian evidence base and needs assessments to determine what kinds of assistance are working.

However, as a humanitarian organisation working in fragile and conflict affected states we remain concerned about a number of issues in this area of DFID’s work which we would like the Committee to carefully consider:

— Whilst, Concern Worldwide agrees with cross Whitehall working on fragile and conflict affected states we believe that a clear distinction between military, political and humanitarian objectives need to be maintained. DFID’s focus on poverty eradication should be incontestable and not diverted by military or security interests.
— State building and stabilisation agendas must be separated from humanitarian assistance. The mixing of political and military interests with humanitarian assistance is causing dilemmas for aid agencies committed to the core principles of neutrality, impartiality and independence and at times is compromising them and putting them at risk.

Another area we’d like the Committee to look into is the area of humanitarian funding and the used of pooled funding in the context of emergencies. One such fund is the Central Emergency Response Fund (CERF). The UK Government has committed to increase its funding for the CERF by up to £60 million annually. This raises a number of important issues. In particular:

— The fast pace of UN reforms to deal with humanitarian financing has not been backed up by efforts to rigorously evaluate the performance of the new mechanisms and have highlighted real problems with the implementation of the reforms. The introduction of CERF and other pooled funding mechanisms strongly supported by the UK Government has meant that donors have become increasingly reliant on the UN to ensure effective coordination, leadership and funding for humanitarian assistance.
— The impact of this has been that NGOs are now receiving proportionately less direct humanitarian funding from donors and are increasingly having to look to the UN to access funding for humanitarian response. For example, in the recent Pakistan crisis in June 2006 CERF funding was “log-jammed” at the UN and allocation of money by the UN to frontline agencies took far too long and resulted in a slow and inadequate humanitarian response.
— The UN funding system needs to be complimented with other diverse ways of getting aid money as swiftly as possible to those saving lives.

Finally, this White Paper needs to be translated into clear action. The real test will be whether these commitments reach the people they are intended to help—those that are the most marginalised and vulnerable.

It is also important to note that positive changes can only happen if the UK Government continues to fulfill their pledge to international development aid. Despite the current economic situation, the UK Government took a leadership role by demonstrating the importance of maintaining aid levels (both as a percentage and in “real terms” outlined in the 2007 Comprehensive Spending Review). We believe that
maintaining aid levels will help to protect some of the world’s poorest and most vulnerable people in this increasingly difficult time. It is vital that these commitments are maintained and fulfilled, and we support proposals to enshrine 0.7% aid commitments in legislation.

30 September 2009

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Written evidence submitted by DEA

ABOUT DEA

DEA is an education charity that promotes global learning. We work to ensure that people in the UK learn about global issues such as poverty and climate change and develop an open-minded, global outlook. DEA defines global learning as education that puts learning in a global context, fostering:

— critical and creative thinking;
— self-awareness and open-mindedness towards difference;
— understanding of global issues and power relationships; and
— optimism and action for a better world.

DEA has a network of member organisations working directly with educators across the country.

ANALYSIS AND RECOMMENDATIONS

1. Commitment to Education and Learning

1.1 We welcome the commitment to education and learning. A key message within the White Paper is around global interdependence. It is essential that the UK public develop a deeper understanding of this global interdependence and the implications of their local actions and choices on global issues. This deep understanding will also help to ensure that the UK public recognises the importance of the UK’s contribution to the Millennium Development Goals, counteracting a trend noted in the Annual Report: “There have also been early signs that support for aid spending amongst the UK public is diminishing” (1.11; Annual Report)

1.2 For this reason DFID’s work on Building Support for Development (BSD) must encourage deep engagement with development issues. We welcome the White Paper’s commitment to encourage critical thinking amongst young people: “Young people in particular need to be encouraged to think about development issues for themselves and come to their own conclusions.” (7.51; White Paper)

1.3 This commitment builds on the original vision set out in the Department’s BSD strategy, and rebuts recent claims (in Policy Network’s “Fake Aid” report) that DFID’s work on education and learning is simply a propaganda exercise for the Department.

1.4 We therefore recommend that:

1.4.1 DFID restates its vision and support for global learning in the UK through the BSD programme, as an effective way to promote deep engagement and critical thinking on global interdependence.

1.4.2 In the medium term, DFID considers incorporating the BSD programme into its Civil Society team rather than its Communications division. This will emphasise that DFID’s commitment to education and learning contributes to strengthening civil society, rebutting the claim in the “Fake Aid report that BSD is a propaganda programme for DFID.

2. Collaboration with Education Departments in the UK

2.1 We welcome DFID’s commitment to “deepen [their] collaboration with the education departments and institutions that influence schools and teachers in the UK.” (7.51; White Paper). We note that DFID and DCSF have recently mapped their respective work programmes around global learning and are looking for ways to work together more closely, and we welcome this.

3. The importance of global youth work to DFID’s education and learning agenda

3.1 It is important that education about global interdependence is not restricted to schools. Young people learn outside of the school system and supporting this non formal activity is crucial. Global youth work is essential in developing global learning amongst all young people. There is increasing demand from the youth sectors to introduce global learning into their work in response to the interests and concerns of young people and the recognition that global youth work can enhance the positive outcomes for young people and their communities.
3.2 Global youth work can also bring quality global learning to young people not engaging with school; it can support and take forward the learning from international volunteering and exchanges; and can help give young people the confidence and skills to be involved in international decision-making forums on issues that affect them.

3.3 Recent reviews of DFID’s BSD programme recommended that the Department should broaden its focus from education in the formal sector to youth work, adult education and other opportunities to embed global learning.

3.4 We therefore recommend that:

DFID commits to support global youth work in the UK as part of its BSD programme, and provides strategic coordination to ensure the potential of this work is maximised.

4. The importance of adult education to DFID’s education and learning agenda

4.1 More generally, it is important not to restrict global learning to young people—there needs to be engagement with adults, through a range of institutions including NGOs, trade unions, faith groups, further, higher and community education. There are references in other parts of the White Paper to working in partnership with some of these groups. Education needs to play an important role in these partnerships to ensure deeper engagement and understanding.

4.2 DFID has Programme Partnership Agreements (PPAs) with a significant number of NGOs, which include a commitment from the NGO to promote development education in the UK. These PPAs offer DFID an opportunity to ensure that NGOs offer global learning to people of all ages in the UK.

4.3 We therefore recommend that:

4.3.1 DFID commits to support global learning for adults in the UK as part of its BSD programme.

4.3.2 DFID deepens and broadens its partnerships with a range of civil society organisations in order to strengthen global learning for adults in the UK.

4.3.3 DFID challenges UK NGOs to ensure that they are adequately fulfilling their PPA commitment to education and learning on global issues.

5. UKAID logo

5.1 We are concerned that the new UKAID logo will be an obstacle to public understanding of international development. The logo suggests that the UK’s response to global poverty and inequality can be limited to the provision of aid, when in reality effective international development requires careful coordination of a wide range of government policies, from trade and foreign policy to climate change and energy policies.

5.2 We therefore suggest that whilst the new logo may clarify where UK public resources are being spent, it will hinder deeper debate on the UK’s roles and responsibilities in a globally interdependent world.

5.3 We therefore recommend that:

DFID reconsiders the use and prominence of the UKAID logo, in light of its probable impact on public understanding of international development. This is particularly the case in relation to work in an educational context.

6. Building Support for Development programme

6.1 DFID has recently reviewed its BSD programme. We welcome the review of the Department’s work in this area, but are concerned about the timing. Any changes made to the programme will need to be implemented swiftly to avoid clashing with the run-up to a general election next year—otherwise programmes and partners will be left with a long period of uncertainty.

6.2 As the BSD synthesis review notes, DFID does not have expertise on the UK stakeholders and agendas with which it is seeking to engage. In order to address this lack of expertise, we suggest that the Department could set up formal advisory structures to support the development of the BSD programme. These advisory structures could take the form of two advisory boards; one for the formal education sector and one for BSD more widely.

6.3 Thinking and expertise on BSD has moved on from when the BSD strategy was written over 10 years ago.

6.4 We therefore recommend that:

6.4.1 DFID set up formal advisory structures to support its thinking and work around BSD.

6.4.2 DFID reviews the BSD strategy and sets new objectives for building engagement in development issues in the UK. We recognise that this may not be an immediate priority but we believe it would be a useful thing to do in the next 24 months.
7. DFID’s support for school linking

7.1 DFID will spend £22 million to support school linking through its Global Schools Partnership programme (DGSP). PricewaterhouseCoopers note in their review of the BSD programme’s education work, there are suggestions that “international school partnerships promote “one-off” encounters with development issues, as opposed to more sustained engagement that can be brought about through curriculum development.” This issue was also raised by the Select Committee in your recent report on Support for Development in a Downturn.

7.2 We understand that DFID has commissioned an in depth evaluation of DGSP. We look forward to the findings of this review so that we can better understand the effectiveness and cost effectiveness of school linking.

22 September 2009

Written evidence submitted by the Department for International Development

QUESTIONS TO DFID FOR WRITTEN RESPONSE

PSA 29

Q1. The summary assessment of PSA 29 states that “The economic crisis may result in some 90 million more people living in extreme poverty in each year after 2010 than previously anticipated” (vII, p 107). The Committee would be grateful if the Department would provide (a) information on the basis for such an estimate (including relevant data sources); and (b) a breakdown of this figure by region.

(a) The impact of the economic crisis on poverty is estimated by:

(i) Taking the World Bank’s most recent poverty headcount (1.374 billion in 2005) and the World Bank’s estimate that a 1% fall in economic growth increased poverty by 20 million (this is equivalent to 1.4% of the poor);

(ii) Combining this with the difference between projected GDP growth rates made in January and December 2008 by the Global Economics Prospects (GEP), coupled with an estimate that consumption will fall by around half the proportion that GDP does. Consequently we estimate that between 2008–10 developing country growth rates will be 4.5% less than expected before the crisis;

(iii) This then provides the 90 million estimate.

The estimate does not take into account non-income dimensions of poverty such as school attendance rates or child nutrition, and the numbers are based upon projections rather than actual data.

(b) It is unfortunately difficult to provide accurate regional breakdowns. This exercise sought to generate a global estimate and as the income elasticity of poverty (the rate at which poverty is affected by a reduction in income growth) varies across region using the same methodology would result in misleading information.

Q2. What other effects does the Department anticipate the current global economic conditions will have on trends in international poverty, particularly in relation to: (a) PSA indicator 29.1; and (b) developed countries’ ability to achieve the 0.7% of GNI target for Official Development Assistance (ODA) by 2015?

Q2 (a) PSA indicator 29.1

We have been following events closely but the full economic and social impacts will not be known for some time. Therefore making an assessment of the impact of the crisis on PSA 29 is extremely difficult and indicative at best. Based on revised growth forecasts, we estimate that up to 90 million more people will be living in extreme poverty by 2010 as a result of the crisis than previously anticipated. Other goals, such as increased educational enrolment and reduced child mortality, are also likely to be affected due to falling household incomes, but the severity of such effects depend on policies our partner governments have in place to mitigate the effects of unexpected shocks, for example the availability of social safety nets.

DFID is supporting a number of different initiatives, including with the United Nations and partner countries in which we work, that will assess the impact of the crisis on the poor and vulnerable. The department is also supporting programmes that allow continued expenditure on health, education and other social expenditures in Low Income Countries, in order to support partner governments both to respond to the crisis and maintain progress towards the Millennium Development Goals.

Q2 (b) Developed countries ability to achieve the 0.7% of GNI target for Official Development Assistance by 2015?

It is up to each developed country to fulfil its international commitments and respond to the financial crisis, and the recent G8 and G20 summits have re-emphasised the importance of fulfilling ODA commitments despite the financial crisis. EU donors remain committed to 0.7% by 2015, and some non-EU donors are committed to increase their ODA/GNI to 0.5% by 2015. It is also encouraging that the USA has
recently announced plans to double foreign assistance. These commitments will lead to further substantial increases in global ODA levels post-2010. The UK is on course to meet its commitment to reach 0.7% by 2013.

Q3. Could the Department clarify whether the baseline and target for PSA indicator 29.1 have been revised to reflect the World Bank’s updated definition of the international poverty line (US$1.25 a day)? If not, does the Department plan to have discussions with the Treasury to reflect this change in the indicator for PSA 29.1? If the indicator has been revised to reflect the new international poverty line, does the Department envisage any consequential implications for its budget?

The measurement of Public Service Agreement (PSA) indicator 29.1 is based on the updated definition of the international poverty line (of US$1.25 a day at 2005 purchasing power parities). Progress against this measure was first reported in DFID’s 2009 Annual report, and the revised definition and associated data were included in an accompanying technical annex to the Annual Report published on DFID’s website at http://www.dfid.gov.uk/About-DFID/Finance-and-performance/Annual-report/Annual-Report-2009/. DFID will continue to use this new and better source of poverty data over the PSA period 2008–11. The revised data will have no effect on DFID’s budget which was set in the Comprehensive Spending Review 2007 and revised in the 2009 Budget.

Q4. What specific measures is the Department taking to improve progress towards PSA indicator 29.5, and what impact is DFID’s increased priority in this area having on its various budget streams and resource allocations?

MDG 5 is a major theme of the Government’s new White Paper Eliminating World Poverty: Building our Common Future and DFID is in the process of updating the reproductive and maternal health strategy for publication in 2010. The White Paper outlines an accelerated action plan focussing on three areas: (i) increased international political support, (ii) additional financing for health, (iii) accelerated delivery on the ground. DFID led efforts to draw up an international framework for action for MDGs 4 & 5, called the Consensus for Maternal, Newborn and Child Health, which aligns international momentum in politics, advocacy and finance behind an agreed set of policies and priority interventions to accelerate progress on the ground. The Consensus is prominent in the new White Paper and has been endorsed in 2009 by the G8 and the Global Campaign for the Health MDGs.

Recent examples of DFID supported country-level progress include; Rwanda, where assisted deliveries have increased from 39% (2005) to 52% (2007) of all deliveries; Malawi, where free services to pregnant women and mothers have increased the number of births attended by health personnel from 38% (2005) to 45% (2008); and India, where, since 2005/06, the number of babies born at government facilities by trained staff has increased by 30% to 14.2 million deliveries in 2007–08.

DATA QUALITY

Q5. Please provide details of relevant actions being carried out by DFID in relation to each of the recommendations contained on p8 of the NAO’s June 2009 assessment of the data systems for monitoring performance against PSA 29.

The NAO’s June 2009 assessment of the data systems for monitoring performance of PSA 29 made five specific recommendations:

1. DFID carries out an internal risk assessment to consider the risks to the supply of data it uses. This would identify mitigating actions to changes in data sets or other areas of that may influence the data:

   The department has carried out a preliminary internal risk assessment of its PSA data and systems. The results are presented in Table 1 below:
<table>
<thead>
<tr>
<th>Risk</th>
<th>Likelihood (RAG)</th>
<th>Mitigating Action</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main data supplier, United Nations Statistics Department (UNSD), unable to provide timely data through portal</td>
<td>Green</td>
<td>- provide data off-line (in a spreadsheet) – as is currently done&lt;br&gt; - obtain data from individual UN agencies or other responsible collecting institutions—the World Bank, Development Assistance Committee, the IMF&lt;br&gt; - Use DFID’s network of posts in country to supply the data</td>
<td>UNSD is mandated by the UN Secretary General to produce an official annual progress report on the MDGs, using the same internationally agreed MDG indicator data as those that appear in the PSA, and to make the MDG data publicly available at the same time. The report and data are normally available in the summer in good time for Autumn Performance and Annual reporting. We consider this risk to be minimal.</td>
</tr>
<tr>
<td>Change in data methodology or classification</td>
<td>Amber</td>
<td>- report any change, including that affecting the baseline position.</td>
<td>Data or methodological revisions can occur, but DFID is notified of any change well in advance of change occurring coming from DFID membership of the Inter-agency and Expert Group on the MDG indicators, good links with UNSD and well established connections with UN agencies and the IFIs</td>
</tr>
<tr>
<td>Poor quality data</td>
<td>Amber</td>
<td>- report data limitations (as we currently do in Annex G, Vol II, Annual Report)&lt;br&gt; - use network of post in regional/country departments, including statisticians, to quality assure the data—as we currently do&lt;br&gt; - consider alternative data sources, including qualitative sources to substantiate progress or otherwise&lt;br&gt; - work with developing countries to improve data supply and quality—as we currently do</td>
<td>As the data come from developing countries with varying statistical capacities, the available data do have some limitations for reviewing progress</td>
</tr>
<tr>
<td>Data lags become too long</td>
<td>Amber</td>
<td>- Disclose the limitation—as we currently do&lt;br&gt; - Use more timely proxy indicators eg births attended by skilled personnel for Annual Report&lt;br&gt; - immunization rates for child mortality, and report progress on these in the interim</td>
<td>A feature of the MDG data are time lags, ie data for 2011 might be available as late as 2013 or 2014. This is disclosed in Annex G of the Annual Report</td>
</tr>
<tr>
<td>Data or analysis is compromised</td>
<td>Green</td>
<td>- Source data is maintained separately and securely from data processing and is validated against source&lt;br&gt; - Processing procedures are checked by at least two people and protected preventing corruption&lt;br&gt; - Quality assurance of data performed by network of statisticians and comments and feedback are recorded&lt;br&gt; - Network used to sign-off final assessment</td>
<td>The integrity of the data is maintained as this is stored separately from the analysis. Processes for analysis are checked and password protected. We consider this risk to be minimal</td>
</tr>
<tr>
<td>Insufficient resource to process data</td>
<td>Green</td>
<td>- Data and systems are documented allowing users to follow procedures&lt;br&gt; - Use central statistical resource&lt;br&gt; - Employ other professional groups in the task</td>
<td>Dedicated resources are provided for the entire data system and monitoring as high priority. Insufficient resource is very unlikely</td>
</tr>
</tbody>
</table>

Source: DFID assessment

RAG description:
- **Red**: High risk; the probability or impact of risk is high, or mitigating actions are not sufficiently effective
- **Amber**: Medium risk; the probability or impact is medium, or the mitigating actions are partially effective
- **Green**: Low risk; the probability or impact of the risk is low, or the mitigating actions are effective
2. Ensures that adequate disclosures are made about the countries reported against for PSA 29.8, and the rationale behind the final traffic light assessment.

We have published on our website in the Technical Annex accompanying the Annual Report the low income countries that are included in monitoring PSA indicator 29.8. This is found at http://www.dfid.gov.uk/About-DFID/Finance-and-performance/Annual-report/Annual-Report-2009/. Indicator 29.8 seeks a positive change in nominal terms and as a % of duty free imports into developed countries from low income countries. The latest report shows that over the three year period 2005–07 the average percentage of duty free imports from low income countries was 66.5% (compared to the baseline position of 66.3%) of average trade value of $90 billion per year. On the basis of 0.2 percentage point difference between the current and the baseline position, the indicator was rated as showing little or no improvement. We will make a final assessment of this indicator when trade data become available for the end of PSA period 2010–11.

To address the little or no improvement rating, the Trade Policy Unit (TPU) is lobbying for a swift conclusion to the Doha Development Round to lock in duty free and quota free access for all Least Developed Countries into developed WTO member markets and some emerging markets. TPU engages with the European Commission, other EU member states and key stakeholders like the US, India and Brazil, and funds evidence-based research into development-friendly outcomes. TPU also supports LDC’s capacity to participate actively and strongly in WTO negotiations to help them argue for a good deal.

In addition TPU have been actively lobbying the European Commission to encourage them to reform preferential rules of origin which will, inter alia, improve access for LDCs to the EC markets under the EU’s Everything But Arms (EBA) regime. Progress on rules of origin has already been made. TPU is funding various research studies to understand the development benefits of Economic Partnership Agreements and lessons learnt. We are also pressing through DEFRA for radical reform of the EU CAP which will deliver gains to both EU consumers and LDC exporters.

3. Continues to build strong relations with the UNSD and continues to support the UN in improving the quality of data. We recommend that the Department consolidates its efforts internally to ensure that CPG and GSP are coordinating their work to avoid duplication.

The roles and responsibilities of Corporate Performance Group (CPG) and Global Statistics Partnership (GSP) department are clear and separate. CPG primary role is to monitor and report progress against delivery of Public Service Agreement 29, DFID’s Departmental Strategic Objectives and Divisional Performance Frameworks and to report publicly to Parliament twice a year in DFID’s Autumn Performance and Annual reports. GSP is set up to help to improve the effectiveness of the international statistical system, including work to help strengthen statistical systems in developing countries so that there is a sustained improvement in the availability of, and access to, reliable statistics. It also within GSP’s remit to lobby and support UNSD to improve access to MDG indicator data.

4. Continues to request data from the UNSD directly to ensure that the PSA data is subject to the least amount of formatting as possible. This should be requested by the team best placed to do so, either the CPG or GSP.

As custodians of the PSA measurement system and performance reporting it is CPG’s role to collect the necessary data to monitor performance. As at the time of the NAO review, CPG continues to receive MDG indicator data directly from UNSD in a spreadsheet which requires minimal formatting changes to extract the data.

5. Ensures evidence is available for the data controls which are in place. This could include a sheet in the calculation spreadsheet that states who carried out the data entry and who carried out the cross-check to the UNSD database.

We have implemented this change as part of the 2009 PSA assessment round.

**DEPARTMENTAL STRATEGIC OBJECTIVES (DSOs)**

**DSO 1: PROMOTE GOOD GOVERNANCE, ECONOMIC GROWTH, TRADE AND ACCESS TO BASIC SERVICES**

**Q7. What actions is the Department taking to mitigate the negative effects of the current global economic situation on progress towards DSO indicator 1.2?**

Growth is what will equip countries and individuals with the necessary means for moving out of poverty. The commitments laid out in Chapter 2 of our White Paper describes our strategy to ensure that such growth is realised whilst being resilient, green, and ensuring the poor benefit. Among some of the measures we are committed to are seeking a rapid conclusion to the Doha trade round, stamping out corruption, supporting climate resilient development, investing in regional integration, and creating the right conditions for the private sector to thrive. DFID has also provided full funding over the next three years for the International Growth Centre which will help developing countries cope with the downturn and provide innovative research on growth.

Our immediate priority however, is to help developing countries respond to the current crisis whilst protecting the most vulnerable. The UK was instrumental in the agreements reached at the G20 London Summit in April where a $1.1 trillion programme of support to help the world economy through the crisis
and to restore credit, growth and jobs was agreed. This included $50 billion for Low Income Countries (LICs), and the establishment of a Rapid Social Response Fund to which DFID is contributing £200 million. We will continue to ensure that this assistance is disbursed in a timely and targeted fashion as appropriate for individual country needs rather than a one-size-fits-all approach.

We have not cut back the level of our bilateral support, and in some cases, we have brought funding forward or increased it according to need. Examples include providing an additional £15 million for social protection above the annual commitment of £25 million in Ethiopia, early disbursement of budget support in Mozambique, and increased budget support in Malawi. The need for further adjustments is under constant review.

We will monitor the situation closely, and continue to work through international fora such as the G8 to ensure appropriate and co-ordinated action is taken where necessary.

Q8. The Committee would be grateful for more details on the work of the International Growth Centre in Ghana, Tanzania and Ethiopia to date. To which further 15 countries will the initiative will be extended over the next three years?

The International Growth Centre (IGC) will develop long-term programmes in 15 countries over three years. The IGC has identified the first nine countries: Bangladesh, Ethiopia, Ghana, India, Mozambique, Nigeria, Pakistan, Sierra Leone and Tanzania. The remaining six countries will be identified at a later date.

The IGC’s work programme is most advanced in Ethiopia, Ghana and Tanzania. In all three countries, the IGC is responding to the demand from policy makers for specific analysis advice. In Tanzania the IGC is working on macroeconomics (eg improving inflation forecasting with the Bank of Tanzania), growth and poverty linkages and public expenditure management (eg prioritising public expenditure). In Ethiopia the IGC has developed a work-programme on agricultural transformation and industrial development. The areas Ghanaian policy-makers have been asking the IGC to focus on are agriculture, natural resource management and finance and firm capability. The IGC is designing a programme of activities in these areas.

Q9. Please provide a full run of the trade data that relates to DSO indicator 1.3 since 2000. When are data for 2007 and 2008 likely to be available?

Least Developed Countries’ (LDC) and Low Income Countries’ (LIC) percentage share of world trade (exports and imports) excluding fuels since 2000 is given in Table 2.

<table>
<thead>
<tr>
<th>Year</th>
<th>LDC (%)</th>
<th>LIC (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>0.53</td>
<td>7.13</td>
</tr>
<tr>
<td>2001</td>
<td>0.58</td>
<td>7.67</td>
</tr>
<tr>
<td>2002</td>
<td>0.60</td>
<td>8.57</td>
</tr>
<tr>
<td>2003</td>
<td>0.60</td>
<td>9.45</td>
</tr>
<tr>
<td>2004</td>
<td>0.59</td>
<td>10.17</td>
</tr>
<tr>
<td>2005</td>
<td>0.63</td>
<td>11.18</td>
</tr>
<tr>
<td>2006</td>
<td>0.65</td>
<td>11.79</td>
</tr>
</tbody>
</table>

Source: UNCTAD

Data for 2007 is expected to be generally available on the UNCTAD website in October this year. Data for 2008 will not be available for another year.

Q10. What are the implications of the lack of progress on the Doha Round of WTO negotiations for progress on DSO indicator 1.3?

The conclusion of the Doha Round of WTO negotiations will not necessarily have a significant impact on DSO indicator 1.3, as the main objective of Doha is to lower trade barriers around the world, allowing countries to increase trade globally. Therefore a successful Doha would bring absolute gains to most countries, including LDCs/LICs, but will not necessarily increase LDC/LICs’ share of world trade.

It should also be noted that other trade agreements, such as Economic Partnership Agreements, which are regional trade agreements between the European Union and African, Caribbean and Pacific Countries (ACP) allowing ACPs exporters duty free access to European markets, are expected to contribute to LDC/LICs’ share of global trade and have an impact on this indicator.
Q11. How is the Department “supporting 30 million extra people to gain access to sanitation in South Asia by 2011” (vII, p 112)?

DFID is supporting improved access to sanitation across South Asia through a range of programs. In Bangladesh, we support poor people access clean water and sanitation through three programmes: WATSAN, delivered through UNICEF; the Char Livelihoods Programme (CLP) and the Urban Partnerships for Poverty Reduction (UPPR) programme.

The UNICEF programme that DFID supports with £36 million is in partnership with the Government of Bangladesh. Through the provision of hygiene education, it helps people adopt hygiene practices, such as hand washing after using the latrine or before preparing food. People in Bangladesh will also benefit from new or improved latrines.

In India, the new National Urban Sanitation Policy, the first of its kind in India, is a major outcome of the support provided by DFID through the World Bank’s Water and Sanitation Program. In addition, 34 million rural poor have benefited from DFID support through UNICEF on sanitation. 3.6 million slum dwellers have also directly benefited from DFID’s urban development programmes, (which include water and sanitation). Millions more are expected to directly benefit over the next five years.

DFID is also supporting WaterAid and other NGO partners to tackle specific challenges of reaching socially excluded groups. DFID is integrating water and sanitation into wider work on schools and in the design of a new health programme in Bihar.

In Nepal, DFID supports poor people’s access to clean water and improved sanitation through the Gurkha Welfare Scheme. In addition, our programmes providing support to local government bodies often deliver drinking water schemes and toilets in response to local demand.

These DFID funded sanitation programs will be delivered over different timelines (2008–13). As of March 2009, we estimate that our assistance has helped approximately 13 million people gain access to sanitation throughout the region (which includes at least four million in Bangladesh and nine million in India).

Through our continued support, we currently anticipate approximately 17 million more people will benefit by 2011.

Q12. Under DSO indicator 2.2, Environmental sustainability integrated into programmes, the DAR discusses a review of progress into the UNEP/UNDP Poverty and Environment Initiative to help countries develop their capacity to mainstream poverty-environment linkages into national development planning (vII, p114). When will this review be published? Has a decision yet been made on the potential roll-out of the initiative to additional countries and regions?

The independent progress review of the UNEP/UNDP Poverty-Environment Initiative, conducted by the International Institute for Environment and Development and funded by Norway, was completed and released on 31 August 2009. No decision has been taken on the roll-out of the initiative to additional countries and we are not expecting one to be taken in the near future. The UK is keen to see the Poverty and Environment Initiative implemented and delivering effective results in its current pilot countries before being rolled-out to additional countries and regions.

Q13. Does the Department plan to incorporate each of the following White Paper commitments into its DSOs and, if so, what will be the relevant baselines and targets (where applicable):

— Allocate at least 50% of all new bilateral country funding to fragile countries.

— Focus development support in fragile countries on four new objectives to promote peaceful states and societies.

— Expand use of political analysis to inform the choices we make.

— Consider commitments to peace and security as part of DFID’s development partnerships.

— Increase support for democratic politics, including peaceful, free and fair elections.

If these commitments are not going to be incorporated into DFID’s DSOs, from which financial year does DFID plan to allocate at least 50% of all new bilateral country funding to fragile countries? What will be DFID’s definition of a fragile country in pursuit of this commitment?

All of the White Paper’s commitments are broadly consistent with DFID’s agreed set of DSOs for the 2008–11 spending period and in particular the overarching aim of poverty reduction. As such there are no plans to formally incorporate the above commitments into the DSO set. However, underpinning divisional performance frameworks and business plans will be adjusted to ensure delivery of the White Paper commitments.
This is just one example of the good progress across DFID on implementing the White Paper. We are changing the way we work in order to more effectively deliver on our commitments: in addition to changes to the Divisional Performance Frameworks, Departmental Business Plans and individual objectives have been revised to reflect White Paper priorities; an assessment of DFID’s conflict skills has been carried out to help us develop a highly-skilled workforce that can deliver poverty reduction in conflict-affected countries; and Climate Change training has been provided for a wide range of DFID staff as part of the “Making DFID Climate Smart” initiative, which will continue in coming months.

In addition, we have already delivered on a number of White Paper commitments, including:

— Global Vulnerability Alert system launched through the UN, with £1 million support from the UK.

— Clean Technology Fund pilots going ahead in Turkey and Mexico.

— New programmes on security and justice about to start in Bangladesh, Nepal, Ethiopia, Sierra Leone.

— New UN agency for women agreed in September.

— Agreement at Pittsburgh to transfer at least 3% of voting power in World Bank to under-represented developing and transition countries.

— New database on DFID’s website provides project information.

We are also making significant progress in other areas, including towards delivering the $50 billion for developing countries agreed at the London G20 summit—we have achieved agreement on $20 billion in Special Drawing Rights at the IMF and new, bigger, concessional lending packages for Ghana, Tanzania, Ethiopia and Mozambique.

In 2008–09 over 50% of DFID’s country programme was spent in fragile states. The White Paper commitment ensures that this level of funding will at least be maintained going forward. DFID’s definition of fragile states is available on our website at http://www.dfid.gov.uk/About-DFID/Finance-and-performance/Making-DFIDs-Aid-more-effective/How-we-give-aid/Fragile-states/.

Q14. If 50% of all new bilateral country funding is to be allocated to fragile countries, what implications will this have for bilateral aid budgets for low income countries that are classed as “non-fragile”?

Thirteen of our existing 22 PSA countries (Afghanistan, Bangladesh, Cambodia, DRC, Ethiopia, Nepal, Nigeria, Pakistan, Rwanda, Sierra Leone, Uganda, Yemen and Zimbabwe) are currently identified as fragile. The projections set out in table 4 of the Annual Report for 2009–10 and 2010–11 provide for more than 50% of bilateral funding in those years to be directed to fragile countries; so published projections for non-fragile states are already consistent with the White Paper commitment. Allocations beyond 2010–11 for both fragile and non-fragile states will, of course, depend on the overall size of DFID’s budget in those years, among other factors. The White Paper establishes a firm commitment about the proportion of these future allocations which will be directed to fragile states.

Q15. Why does DFID regard it as accurate to report progress against DSO indicator 3.1 as an “improvement” when two of the three success measures do not yet have baselines for measurement of progress? When will these baselines be determined?

The basis for the assessment of DSO Indicator 3.1 was the good progress made against the milestones for 2008–09 set out in the DSO measurement methodology document accompanying the Annual Report. We have now updated the measurement methodology for DSO 3.1 to include both baseline and target information and this is available on our website at http://www.dfid.gov.uk/About-DFID/Finance-and-performance/Annual-report/Annual-Report-2009.

Q16. In relation to DSO 3.2, which four countries do not yet have Security and Development Country Plans? When will each of these be completed? Which are the six countries that have plans in place?

DFID has not been completing stand-alone Security and Development Country Plans. Instead, we have sought to ensure that security and development issues are mainstreamed into our country plans. Of the 10 Priority Countries the following had, at the end of March 2009, incorporated analysis of these issues into their planning: Nigeria, Pakistan, Bangladesh, Somalia, Jamaica, and Kenya. Work is currently underway on Iraq, Yemen, Afghanistan and Sudan to address these issues as part of work on DFID or joint HMG country strategies.
Q17. The second success measure under DSO indicator 3.2 requires a 25% increase in DFID expenditure on programmes that improve security and access to justice for the poor in priority countries. The DAR reports an increase in expenditure from £35 million in 2007–08 to £38 million in 2008–09. To which programmes is this funding being directed? How are these programmes contributing to achieving the target objectives?

Programmes to which this increase in expenditure is being directed include the following new multi-year programmes started in 2008–09:

- Malawi—£1 million in 2008–09) to improve awareness, quality and availability of justice services for the poor (particularly women, children and vulnerable groups).
- Sudan—£1 million in 2008–09) Darfur Community Peace and Stability Fund, promoting activities that help to create the conditions for stability, security, justice and social equity in Darfur.
- Afghanistan—£1.5 million in 2008–09) —Afghanistan Reconstruction Trust Fund Justice Sector Reform Programme, supporting urgent physical infrastructure and IT needs in the state justice system, professional training and development for justice officials/judges, and enhancing access to justice through legal aid and legal awareness training.

Along with a wide range of other new and continuing programmes, these initiatives will make a real difference to promoting improved security and access to justice for poor people. For example, a recently completed £2.9 million project on community legal services in Bangladesh reached 110,000 people and provided free legal advice in 36,414 cases. 96% of beneficiaries stated that the legal support provided helped them to become less poor, and direct returns to the poor amounted to more than 50% of DFID’s investment.

The new DFID White Paper takes our commitment to security and development further with a commitment to triple bilateral project funding for security and justice to £120 million per annum by 2014.

Q18. In relation to DSO 3.3, have the recent humanitarian responses detailed in the DAR met DFID’s own five objectives for an effective humanitarian response, as set out in the policy paper Saving lives, relieving suffering, protecting dignity? If so, how were the objectives met?

During recent Humanitarian Responses, DFID has striven to meet all the objectives it set itself in the “saving lives” policy paper.

Our responses are principled; we respond strictly on the basis of needs according to our independent field assessments; demonstrated by the fact that two of our largest responses last year were to disasters in Myanmar (Cyclone Nargis) and Haiti (Caribbean Hurricane Season).

Our responses are informed; we continue to maintain an independent field assessment capacity (DFID Operations Team) with one full-time advisor in Sri-Lanka and Pakistan networking with NGO’s on the ground, in addition to the London HQ. We also support “flash appeals” through the UN, with the majority of funding for our response to Cyclone Nargis being channelled through this mechanism.

Our responses are well co-ordinated; we continue to try and improve OCHA’s capacity to take an effective leadership role. In country we are supporting cluster systems by actively participating in meetings, funding according to cluster priorities and where possible ensuring our NGO funded programmes are cluster endorsed (for example in Myanmar). We also promote inclusion of NGO experts as cluster co-chairs and encourage NGOs to participate in CAP and flash appeal processes; funding through these channels when suitable.

Our responses are appropriate; we address the requirements of all affected persons while recognising the specific needs of vulnerable groups by funding disability/age/child/gender specific projects. We are open to encouraging innovative ideas during responses, as demonstrated by our support of the highly successful microfinance initiative funded by DFID and carried out by a local NGO (Fonkoze) in the aftermath of the Caribbean Hurricane Season. We allocate 10% of all response funding for Disaster Risk Reduction where appropriate and feasible.

We continue to try to improve accountability across the humanitarian sector by funding the Humanitarian Accountability Partnership (HAP) and People in Aid, and actively encourage partners to seek HAP accreditation. We conduct internal evaluations of all our humanitarian responses. For example we are about to evaluate our programme for Burma after our £45 million response following Cyclone Nargis. And we welcome Parliamentary and other public scrutiny.

Q19. Has the Department disbursed 10% additional funding for Disaster Risk Reduction for each of the humanitarian crises detailed in the DAR?

Yes, DFID is committed to allocating up to 10% of the funding provided by DFID in response to each natural disaster to prepare for and mitigate the impact of future disasters, where this can be done effectively and the initial response is over £500,000. This is in addition to ongoing support DFID provides to disaster risk reduction programmes, through multilateral partners and civil society of approximately £7 million per year.
There have been three disasters requiring a response over £500,000 during the DAR period (2008–09). Out of the original responses DFID has allocated the following 10% amounts: £4.5 million following Cyclone Nargis in Burma, £355,000 following the earthquake in China and £600,000 following the hurricane season in Haiti.

Among other things, the £4.5 million DRR for Burma has included £600,000 over nine months to a joint UNDP/UNHABITAT project to increase community-level disaster preparedness. More specifically this included establishing and training community groups in search and rescue, first aid, early warning dissemination and evacuation. The project also trained community facilitators and local artisans in integrating disaster risk reduction methods when rebuilding human settlements. In addition, DRR has been incorporated by DFID into the £2.93 million allocated for livelihoods and household shelter programmes in Burma following cyclone Nargis.

DSO 4: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT (BEYOND AID)

Q20. Would it be feasible to provide longer runs of data for applicable DSO and PSA targets in the DAR to enable readers to assess historical trends?

DSO 4.1:—High quality research and evidence based policies for achieving MDGs

R4D STATISTICS FROM LAUNCH IN APRIL 2006 TO JULY 2009

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Mean Number of Visits per Month</th>
<th>Mean Number of Visitors per Month</th>
<th>Mean Number of users signed up for General Alerts during year*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006–07</td>
<td>7,356</td>
<td>3,139</td>
<td></td>
</tr>
<tr>
<td>2007–08</td>
<td>18,838</td>
<td>10,309</td>
<td>216</td>
</tr>
<tr>
<td>2008–09</td>
<td>36,904</td>
<td>22,656</td>
<td>651</td>
</tr>
<tr>
<td>2009–10—July</td>
<td>54,235</td>
<td>33,462</td>
<td>1,071</td>
</tr>
</tbody>
</table>

* Statistics for alerts were not collected until October 2007

R4D was launched at the end of March 2006

DSO 4.2:—Cross Whitehall agreement and support for coherent, pro-development policy

The Center for Global Development has compiled the Commitment to Development Index every year since 2003. The same 21 countries have been ranked each year, apart from 2008 when South Korea was also included. The UK’s position for each year is detailed in the table below.

CGD’S COMMITMENT TO DEVELOPMENT INDEX RANKING

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK Position</td>
<td>11th</td>
<td>= 4th</td>
<td>= 10th</td>
<td>12th</td>
<td>9th</td>
<td>6th</td>
</tr>
<tr>
<td>Score</td>
<td>4.2</td>
<td>5.9</td>
<td>5.3</td>
<td>5.1</td>
<td>5.5</td>
<td>5.6</td>
</tr>
</tbody>
</table>

Source: www.cgdev.org/cdi

DSO 4.3—Greater positive participation by BRICS in multilateral and other development forums and programmes

Departmental Strategic Objective 4.3 was newly established for 2008–09 and we have no earlier relevant data on which to assess trends.

DSO 5: MAKE ALL BILATERAL AND MULTILATERAL DONORS MORE EFFECTIVE

Q21. What steps is DFID taking to ensure bilateral and multilateral donors meet their Gleneagles and Paris Declaration commitments, both of which are unlikely to be met based on current trends?

DFID’s recent White Paper has reaffirmed our commitment to acting together through the international system to deliver more effective aid. DFID has ensured that the Gleneagles targets were reaffirmed at the G20 London Summit and 2009 G8 summit in l’Aquila. We are concerned by OECD DAC projections that both of the Gleneagles targets are likely to be missed, mainly due to underperformance by some EU donors. This will be discussed by the GAERC in November and next year. We are working with our EU colleagues to ensure that in November Ministers will have an accurate assessment of EU ODA projections for 2010 and address any shortfalls.

While some progress has been made by the international community on Paris targets, it is too slow to meet them by the 2010 deadline. Accelerating progress requires political leadership because in most cases the obstacles to progress are political rather than technical. DFID recognises that it is critical that we influence other donors to meet their Paris targets if we are to make all aid more effective in achieving the
MDGs. For example, we are leading the International Aid Transparency Initiative to help donors implement their transparency commitments. Sixteen other donors have now joined the initiative. Mutual Accountability is one of the Paris targets where progress is most off-track. DFID offices in all countries where a recognised mutual accountability framework/mechanism does not currently exist (according to the DAC Paris monitoring survey), will start a dialogue with other lead donor agencies and partner countries on reasons for lack of a mutual accountability framework/mechanism and what needs to be done to develop one, based upon international best practice. In the mid term review of IDA 15 (November 2009), and through IDA 16 negotiations (2010), we will be pressing for firmer WB commitment to internationally agreed aid effectiveness indicators. We will also prioritise key reforms to the Bank’s lending instruments and quicker decentralisation of its staff, both of which will facilitate further progress on aid effectiveness across the WB.

Q22. For what reasons has the Department’s assessment of DSO indicator 5.4 changed from “improvement” in the 2008 Autumn Performance Report to “little or no improvement” in the DAR?

The basis for the rating in the Annual Report of “little or no improvement” for DSO Indicator 5.4 is set out in Table 3 below. The table shows that for two broad sub-indicators that underpin the indicator: global country results and implementation of the Paris Declaration targets—the international finance institutions were judged to have made “little or no improvement”, while on managing resources, they were judged to have shown improvement. On that basis, the overall indicator was rated as showing “little or no improvement”.

This rating is different to that shown in the 2008 Autumn Performance Report due to more data becoming available. In particular the Paris Declaration survey shows that the African Development Bank is off track across Paris indicators. Improvements in operational effectiveness including Paris Declaration indicators will be a top priority for DFID in the upcoming ADF replenishment.

Table 3

<table>
<thead>
<tr>
<th>Success measure</th>
<th>Institution</th>
<th>International Finance Institution</th>
<th>Baseline</th>
<th>Position at 2008–09 end-year review</th>
<th>Target</th>
<th>DSO Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country Global results</td>
<td>Year</td>
<td>2006</td>
<td>2008–09</td>
<td>2010–11</td>
<td>Little or no improvement</td>
<td></td>
</tr>
<tr>
<td>Increase the portfolio quality of projects</td>
<td>World Bank</td>
<td>81%</td>
<td>75%</td>
<td>84%</td>
<td>Little or no improvement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Asia Development Bank</td>
<td>70%</td>
<td>Too soon to tell</td>
<td>80%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Africa Development Bank</td>
<td>78%</td>
<td>78%</td>
<td>81%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase the % of MDB country strategies with strong results framework</td>
<td>World Bank</td>
<td>Too soon to tell</td>
<td>Country Assistance Strategy</td>
<td>All country partnership strategies had baseline data</td>
<td>75%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Asia Development Bank</td>
<td>10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Africa Development Bank</td>
<td>Of 15 country strategy papers, all had defined outcomes, but 10 had no or incomplete baselines</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing Resources</td>
<td>World Bank</td>
<td>Increase the % of internationally recruited staff based in country offices</td>
<td>21%</td>
<td>25%</td>
<td>25%</td>
<td>Improvement</td>
</tr>
<tr>
<td></td>
<td>Asia Development Bank</td>
<td>9%</td>
<td>20%</td>
<td>15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Africa Development Bank</td>
<td>12%</td>
<td>19%</td>
<td>7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase the % of portfolio managed by country offices</td>
<td>World Bank</td>
<td>30%</td>
<td>33.5%</td>
<td>35%</td>
<td>Improvement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Asia Development Bank</td>
<td>28%</td>
<td>39%</td>
<td>31%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Africa Development Bank</td>
<td>0%</td>
<td>9%</td>
<td>15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Success measure</td>
<td>International Finance Institution</td>
<td>Baseline</td>
<td>Position at 2008–09 end-year review</td>
<td>Target</td>
<td>DSO Assessment</td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------</td>
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<td>-------------------------------------</td>
<td>--------</td>
<td>----------------</td>
<td></td>
</tr>
<tr>
<td>Implementation of Paris Declaration targets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of field missions are joint</td>
<td>World Bank</td>
<td>21%</td>
<td>31%</td>
<td>40%</td>
<td>Little or no improvement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Asia Development Bank</td>
<td>5%</td>
<td>16%</td>
<td>40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Africa Development Bank</td>
<td>19%</td>
<td>13%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of country analytic work that is joint</td>
<td>World Bank</td>
<td>49%</td>
<td>56%</td>
<td>66%</td>
<td>Little or no improvement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Asia Development Bank</td>
<td>49%</td>
<td>15%</td>
<td>66%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Africa Development Bank</td>
<td>55%</td>
<td>41%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% coordinated donor support for capacity development</td>
<td>World Bank</td>
<td>57%</td>
<td>86%</td>
<td>50%</td>
<td>Improvement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Asia Development Bank</td>
<td>37%</td>
<td>78%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Africa Development Bank</td>
<td>38%</td>
<td>31%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Project Implementation Units (PIU) parallel to country structures</td>
<td>World Bank</td>
<td>223</td>
<td>79</td>
<td>74</td>
<td>Little or no improvement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Asia Development Bank</td>
<td>39</td>
<td>40</td>
<td>13</td>
<td>Improvement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Africa Development Bank</td>
<td>132</td>
<td>113</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Footnote 1: This measure is based on the number of field based professional staff, as the data does not distinguish whether staff are recruited internationally.

Rating scale: Green = On track—target met or sufficient progress is being made to meet target; Amber = Off track, progress has been made but too slowly to meet target; Red = Off track; there is no or negative progress; Grey = inadequate data to make an assessment.

Q23. In relation to DSO indicator 5.4, the Committee would be grateful if the Department could provide a detailed matrix tracking the progress of each IFI against each success measure by year and including information on whether the measure is “on track” to meet its target. Similar information would also be helpful in relation to DSO indicator 5.5 (success measures 1a–c).

In relation to DSO indicator 5.4, the information requested by the Committee is given in Table 3 in answer to question 22. In relation to DSO 5.5, the information is given in Table 4 below:

### Table 4

**DSO INDICATOR 5.5—IMPROVED EFFECTIVENESS OF THE UN SYSTEM**

<table>
<thead>
<tr>
<th>Success measure</th>
<th>Baseline</th>
<th>Position at 2008–09 end-year review</th>
<th>Target</th>
<th>DSO sub-indicator assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>UN system meets Paris Declaration targets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase the % of aid, excluding humanitarian aid, from the UN in-country report on national budgets</td>
<td>34%</td>
<td>39%</td>
<td>60%</td>
<td>Little or no improvement</td>
</tr>
<tr>
<td>Increase the % of aid that is directly channelled through country Public Financial Management systems</td>
<td>18%</td>
<td>18%</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>The % of UN aid that is provided through programmed based approaches</td>
<td>29%</td>
<td>34%</td>
<td>66%</td>
<td></td>
</tr>
</tbody>
</table>

Rating scale: Green = On track—target met or sufficient progress is being made to meet target; Amber = Off track, progress has been made but too slowly to meet target; Red = Off track; there is no or negative progress; Grey = inadequate data to make an assessment.

DSO 6: DELIVER HIGH QUALITY AND EFFECTIVE BILATERAL DEVELOPMENT ASSISTANCE

Q24. Is the UK is “on track” to meet Paris Declaration targets 3 and 7? What measures is DFID taking to ensure its Paris Declaration targets are met at a country level?

Results from the 2008 Paris Declaration survey show that DFID has already met seven of the ten PD targets relevant to donors and is on track to meet the remaining three by the 2010 deadline, including targets 3 (aid on budget) and 7 (in-year predictability). Our recently published action plan “Beyond Accra: What action should DFID take to meet our Paris and Accra commitments on aid effectiveness by 2010?” identified...
three priorities for action to ensure DFID meets all the targets. These are improving the predictability of DFID aid; improving transparency of aid, including getting more aid on budget; and increased use of mutual accountability mechanisms at country level. For example:

- DFID country offices will work with partner governments to identify what further measures they can take to ensure that a greater proportion of aid is shown on budget. Where possible, this should be part of the workplan for a locally owned public financial management reform programme.

- Where DFID’s portfolio is mainly project-based and/or contains a high proportion of technical cooperation, country offices will review the communication of their forward financial programmes for the current and future financial year to ensure that we provide the best and most realistic estimates of expected expenditure and that these are recorded in our partner government’s budget (and that these estimates are updated regularly).

- We will commission short case studies on country-led initiatives to increase predictability in two or three countries, in order to share best practice.

Progress is being monitored through DFID’s corporate performance system.

DSO 7: IMPROVING THE EFFICIENCY AND EFFECTIVENESS OF THE ORGANISATION

Q25. Please provide details on progress on each of the following spending targets related to DSO indicator 7.1:

(a) To double spending in Africa from 2005 levels to £3 billion.
(b) To spend 90% of DFID’s bilateral expenditure in Low Income Countries.
(c) To increase spending on education to £1 billion.
(d) To spend £200 million on water and sanitation in Sub-Saharan Africa.
(e) To spend £409 million on “Aid for Trade” activities.
(f) To spend £220 million on research and development.

Spending in each category is shown in the table below:

<table>
<thead>
<tr>
<th></th>
<th>2007–08</th>
<th>2008–09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>£2,021</td>
<td>£2,348</td>
</tr>
<tr>
<td>LIC</td>
<td>90%</td>
<td>91%</td>
</tr>
<tr>
<td>Education</td>
<td>£595</td>
<td>£710</td>
</tr>
<tr>
<td>Water and sanitation in Sub-Saharan Africa</td>
<td>£128</td>
<td>£134</td>
</tr>
<tr>
<td>Aid for Trade</td>
<td>£466</td>
<td>£606</td>
</tr>
<tr>
<td>Research and Development</td>
<td>£129</td>
<td>£144</td>
</tr>
</tbody>
</table>

More detailed information on DFID spending will be published in Statistics on International Development in October.

Q26. DSO 7.2, Financial management, compliance and control, is reported as an “improvement” in the DAR (vII, p130). However, the DSO technical annex to the DAR states that baselines and targets for this indicator are “to be developed”. How then is DFID able to assess that there has been an “improvement”?

DFID has set a baseline and target for DSO indicator 7.2. The Cipfa review of financial management capacity established a baseline score (totalling 26) in March and we have implemented a range of actions which are expected to lead to an improved scoring in the future. We have completed the roll-out of ARIES, DFID’s new finance and management information system; strengthened corporate finance teams and frontline operating divisions with divisional and management accountants and put in place a strategy to drive forward change and prioritisation in financial management capability under the Department’s organisation change agenda: Making it Happen, including better financial management training. We have updated the technical annex to include baselines and targets for this indicator.

Q27. What steps is the Department taking to ensure progress is made in each of the three “development areas” highlighted in the Cabinet Office’s March 2009 DFID Capability Review?

DFID has fully integrated the actions coming out of the 2009 Capability Review into our organisational change programme. Making it Happen. The five action plans which outline what DFID is doing under Making it Happen (one for each of the main areas of change—People, Money, Results, Communications, Systems) have been revised to include actions from the Capability Review.
The new White Paper has addressed the recommendation that DFID develop “a new vision for development which takes account of the requirements of a broader agenda and the need to build constituencies of support.” In order to make progress against the Capability Review recommendations, it is crucial that we implement the White Paper effectively and quickly.

Q28. What progress has the Department made in implementing the recommendations from its Procurement Capability Review and the measures detailed in its PCR Improvement Plan?

DFID has taken on board the findings from its Procurement Capability Review (PCR) and is continuing to make progress with the implementation of recommendations and improvements.

Key actions already delivered include:

- The development of a Commercial Strategy which has been endorsed and approved by the Management Board and published on internal and external departmental websites.
- The appointment of a Senior Civil Service “Head of Profession for Procurement”.
- Developing a plan to re-structure the procurement function. This has been approved by the Management Board and is currently being implemented.
- Establishing a Commercial Champion role on the Management Board.

The OGC completed their 12 month PCR Stocktake Report in July 2009, reporting that DFID had “moved a long way since its first PCR” and that DFID’s Board and its senior staff have made “significant progress” in facilitating the delivery of improved commercial capability.


Q29. When does the Department expect final assessment to be available for each of the outstanding SR2002 and SR2004 targets and sub-targets (ie SR2004 1.1–1.6, 2.1–2.9 and SR2002 1.1, 2.1, 2.2, 2.7, 2.9)?

The sub-targets underpinning the 2002 and 2004 Spending Reviews (SR) require final outturn data for 2006 and 2008 respectively in order to make final assessments.

We will make a final assessment of indicator 2.7 and 2.9 from SR2002 in the forthcoming Autumn Performance Report. For sub-targets (1.1, 2.1, 2.2) of SR2002, it might be as late as 2010 or 2011 before we are able to establish the full picture for 2006 as these targets relate to international poverty line data which have substantial time lags in their availability. Similarly, sub-targets (1.1–1.6, 2.1–2.9) from SR2004 also have time lags that mean the final assessment will not be made until 2010 or 2011.

SPENDING AND EFFICIENCY TARGETS

Q30. Why was carry-over of over-delivery from the Department’s SR2004 efficiency gains (totalling £141 million) not allowed by the Treasury, unlike other departments?

The Department did not request any carry-over of efficiency gains generated in the SR04 period because the CSR07 VfM programme uses different methodologies to assess allocative efficiency and the quality of DFID’s portfolio of projects. On allocative efficiency we moved from an approach which focused on two institutions (EC and IDA), to an approach which looked across all the multilateral organisations that we fund. On portfolio quality we moved from an approach that focused on increasing the value of the projects in the portfolio that scored a 1 or 2, to an approach that incentivised improvements in all projects.

Q31. Is the Department on track to deliver overall VfM savings of £647 million by 2010–11? What are the specific efficiency savings now being sought in 2009–10 and 2010–11?

We are on track to achieve our overall Value for Money target of £647 million by the end of 2010–11. Table 6 shows where these specific efficiency savings were made in 2008–09 and are being sought in 2009–10 and 2010–11.

Table 6

<table>
<thead>
<tr>
<th>Specific Savings</th>
<th>2008–09 Actual</th>
<th>2009–10 Target</th>
<th>2010–11 Target</th>
<th>CSR Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multilateral Efficiency Savings</td>
<td>53.4</td>
<td>49</td>
<td>61</td>
<td>157</td>
</tr>
<tr>
<td>Bilateral Efficiency Savings</td>
<td>74.1</td>
<td>89</td>
<td>80</td>
<td>257</td>
</tr>
<tr>
<td>Improved Portfolio Quality</td>
<td>31</td>
<td>42</td>
<td>66</td>
<td>66</td>
</tr>
<tr>
<td>Administrative savings</td>
<td>9.9</td>
<td>8</td>
<td>12</td>
<td>12</td>
</tr>
</tbody>
</table>

Table 6

DFID SAVINGS FOR CSR 2007

The original CSR VfM Savings
In 2009–10 and 2010–11 we will continue to deliver the programme of savings outlined at the beginning of the Comprehensive Spending Review. These comprise multilateral and bilateral efficiency savings which we will achieve by continuing to shift our resources towards countries and institutions where our aid will have the greatest impact in terms of reducing poverty; improving the performance and quality of our bilateral projects and programmes; and continuing to make administrative savings.

In 2010–11, we will also deliver an additional £155 million of value for money savings. They will come from:

- International Division: £50 million—achieved through a variety of channels including through driving stronger cash management from the multilateral organisations that we fund.
- Policy and Research Directorate: £40 million—achieved through a variety of channels including through developing strengthened partnerships on research and analytical work, and improved procurement and management of policy and research contracts.
- Communications Division: £10 million—achieved through a variety of channels including from more effective, focused central communications work and more efficient use of web and social media networks.
- Contingency reserve: £55 million—reducing the contingency reserve we have set aside to deal with unforeseen emergencies by 60% will still leave us space to respond to international disasters.

Q32. Does the Department envisage any further reduction in its FTE staff numbers over the next two years?

Since staff numbers are managed within our agreed budget, DFID has not set targets for staff reductions. Each DFID Division has flexibility to decide how to use their budget to meet business needs. Our UK departments and overseas offices are currently re-assessing their priorities in line with the new International Development White Paper Building our Common Future (published in July 2009) and the associated balance of staff and skills needed to deliver these.

Q33. The 2009 DFID White Paper outlined a policy shift, refocusing resources onto fragile countries and treating security and justice as a basic service alongside health, education, water and sanitation. Presumably increased work in fragile countries and conflict areas is likely to be more resource intensive for DFID. How will DFID reconcile this new policy focus with its VfM commitments through to 2010–11?

The White Paper sets out an ambitious new policy shift for DFID. It also explains how we will improve our efficiency, so we can deliver these policies. Some key elements of the efficiency programme include:

- Prioritising our programmes and country presence, focusing our efforts where we can have the biggest possible impact on poverty reduction.
- Stronger cash management in the multilateral organisations that we fund.
- Focusing our communications efforts.
- Improving value for money in the research budget.

DFID has a strong track record of delivering efficiency savings in a situation where we are doing more work in new areas. In the past five years, whilst our total resource budget has increased by 25% our staff numbers have reduced by approximately 15% and we have closed 11 offices. Since 1997 we have cut the number of countries we give aid to by over a third. During this time we have continued to perform well against international standards of aid effectiveness (as evidenced for example in the Paris Declaration Evaluation).
2008–09/CSR Finances

Q34. How does the Department account for the variation between its total DEL at the time of the CSR2007 and that which is reported in the DAR (vi, p61)? What are the Department’s projections for UK ODA by financial year over the current CSR period?

As part of the 2009 Budget DFID DEL for 2010–11 was reduced by £155 million as part of a range of cross-governmental efficiency savings. Projections for UK ODA remain unchanged from those made at CSR2007.

2009–10 Main Estimate

Q35. Will the Department be requesting further access in the current financial year to any of the balance of DFID’s 2008–09 End-Year Flexibility stocks?

We maintain close contact with the Treasury throughout the year about the management of DFID’s programme and administration budget. Any decision to request access to End-Year flexibility stocks will be made on a case by case basis of need and realism and the wider fiscal position. End-Year Flexibility drawdown is then allocated to Departments through the supplementary estimates process.

Q36. Does the Department envisage being required to surrender any (or all) of the remaining balance of DFID’s End-Year Flexibility stocks to the Treasury?

Arrangements for accumulating and drawing down End-Year Flexibility are set out in Chapter 14 of the Consolidated Budgeting Guidance 2009–10, which is available on the Treasury website. These arrangements do not provide for departments surrendering End-Year flexibility stocks.

Resource Accounts and Analysis of Departmental Expenditure

Q37. DFID’s capital budget is set to increase by 56% from 2008–09 to 2009–10. Why is there such a sharp increase and how will the additional funds be spent?

As part of the overall budget increases for DFID, the 2007 Comprehensive Spending Review settlement provided for DFID’s capital budget to increase from £876 million in 2008–09 to £1,366 million in 2009–10. DFID’s capital budget finances contributions to a range of multilateral institutions, as well as elements of our bilateral programmes; and the financial projections set out in Table 4 of Chapter 5 of the Annual Report include items financed from both the resource budget and the capital budget. The breakdown of the capital budget for 2008–09 and 2009–10 is given in Table 7 below and includes a £200 million contribution to the Global Trade Liquidity Programme announced at the G20 Summit; an increase from £50 to £100 million in DFID’s contribution to the Climate Investment Funds; increases in our contributions to the African Development Bank and other multilateral agencies; as well as increased capital spending through our bilateral programme (for example on the North-South corridor programme in Southern Africa).

Table 7

<table>
<thead>
<tr>
<th>DFID PROGRAMME CAPITAL DEL ALLOCATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td><strong>Outturn</strong></td>
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<tr>
<td><strong>Plans</strong></td>
</tr>
<tr>
<td><strong>BILATERAL</strong></td>
</tr>
<tr>
<td>South Asia</td>
</tr>
<tr>
<td>Africa</td>
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<tr>
<td>Overseas Territories</td>
</tr>
<tr>
<td><strong>MULTILATERAL</strong></td>
</tr>
<tr>
<td>IFAD</td>
</tr>
<tr>
<td>IDA</td>
</tr>
<tr>
<td>Africa Development Fund</td>
</tr>
<tr>
<td>Asia Development Fund</td>
</tr>
<tr>
<td>Caribbean Development Bank Special Development Fund</td>
</tr>
<tr>
<td>HIPC Trust Fund Programme Capital</td>
</tr>
<tr>
<td>HIPC 100% Programme Capital</td>
</tr>
<tr>
<td>Multilateral Debt Relief</td>
</tr>
<tr>
<td>Rapid Social Response Fund</td>
</tr>
<tr>
<td>Promoting Private Sector Initiatives Program</td>
</tr>
<tr>
<td>Global Environmental Funds Programme Capital</td>
</tr>
<tr>
<td>Global Trade Liquidity Programme</td>
</tr>
<tr>
<td>Unallocated Reserve</td>
</tr>
<tr>
<td><strong>Total capital budget DEL</strong></td>
</tr>
</tbody>
</table>
Q38. The Analysis of Net Resource Outturn in the Resource Accounts shows that expenditure related to eliminating poverty in Asia of £745 million was 7% less than the previous year (vII, p 43). What are the underlying reasons for this reduction in expenditure?

Restructuring of divisions within DFID means that this line now only includes South Asia (Afghanistan, Bangladesh, India, Nepal and Pakistan). In 2007–08, this line also included South East Asia and China. Expenditure related to South Asia only in 2007–08 was £674 million, and has therefore increased by 10.5% to £745 million in 2008–09. Expenditure on South East Asia and China is now included within the “Rest of the world” line.

Q39. The Analysis of Net Resource Outturn in the Resource Accounts shows that Central Departments’ expenditure related to eliminating poverty has increased from £74.7 million to £239.3 million (vII, p 43). What are the underlying reasons for this increase?

From 2008–09, the Estimate Line for “Multiple objectives” within DEL has been discontinued, with the related expenditure now being included within the “Central Departments” line. This expenditure mostly related to spending within our Civil Society Department, and our Communications division. Restating 2007–08 expenditure on a comparable basis therefore gives a figure of £210.7 million, giving an increase of 12% in 2008–09. This mostly reflects increased amounts paid through Programme Partnership Agreements with Civil Society Organisations.

Q40. To what extent has the fall in the value of sterling placed pressure on the Department’s finances?

Most of DFID’s commitments are denominated in sterling, although our share of EC aid programmes is denominated in Euro. The additional sterling costs of meeting EU payments has reduced the Departmental Unallocated Provision which would otherwise have been available for other purposes. DFID’s overseas offices also meet local expenses in local currency, and have met the additional costs arising from the changing value of sterling through additional efficiency savings and by drawing resources from our administration contingency reserve.

ISSUES ARISING FROM THE GOVERNMENT RESPONSE TO THE COMMITTEE’S SECOND REPORT OF SESSION 2008–09

Q41. In response to the Committee’s report on the DFID Annual Report 2008, the Department stated that it would “provide updates of progress on the Global Action Plan on Malaria (GMAP) in its Annual and Autumn Performance reports”. This has not been provided. What are the reasons for this and what progress has been made on the Global Malaria Action Plan?

DFID’s new White Paper Eliminating World Poverty: Building Our Common Future Chapter 5 sets out our specific commitments on future support on malaria.

DFID’s Annual report should have included an update of the progress made in this important health initiative. The Global Malaria Action Plan was launched in September 2008 and provides a strong framework for malaria control and elimination. Progress reporting on the Global Malaria Action Plan will in future be done by the Roll Back Malaria Partnership, under whose auspices the Plan was prepared and launched. DFID will contribute to this reporting.

There has been good progress in tackling malaria over the last few years. Long-lasting insecticide treated bednets have now been distributed to more than 40% of populations in endemic African nations, compared to less than 10% in 2005. Overall, African countries have surpassed 40% bednet distribution, with 18 countries achieving over 60% distribution. Of course, much remains to be done to fill the gaps and ensure distribution leads to use.

A recent (June 2009) European Alliance against Malaria report took stock of EU progress in contributing to the Global Malaria Action Plan and highlighted the role the UK is playing.

Q42. Which countries correspond to each of the 52 numbered countries in table 1 (p 8) of the Government Response to the Committee’s Second Report of Session 2008–09?

As was included in the Government written response to the IDC Second report of Session 2008–09 into DFID’s Annual Report 2008, we highlighted that the methodology we employ to calculate the estimate that DFID helps to lift at least 3 million people permanently out of poverty each year is an estimate of DFID’s aggregate impact in all countries to which we deliver aid. We do not use the country breakdown of the estimate to infer any estimate of impact in any individual countries. This is because estimates are subject to statistical margins of error. Also the model is based on an assumption that other influences on growth rates (except aid) remain constant. While this is a common assumption in economic analysis, and a necessary assumption to allow estimation of the impact of aid on growth, it does mean that individual country estimates will not always be borne out. We do not believe it is appropriate to put country names into the table showing calculation of the global estimate, in case this is taken to imply that DFID uses this methodology to estimate poverty reduction in individual countries.
Q43. The Committee requests more information on, and any initial results from, the Department’s work to update its model that estimates the total number of people DFID helps lift out of poverty each year.

In January this year the latest data series for GDP (incorporating the World Bank’s revised Purchasing Power Parity estimates), population, aid levels, CPIA values and percentage living below the poverty line were incorporated into the model.

As a result of this up-date, the model still estimates that DFID helps lift at least 3 million people permanently out of poverty every year.

Supplementary written evidence submitted by the Department for International Development

DFID ANNUAL REPORT 2009—EVIDENCE SESSION (24 NOVEMBER) FOLLOW UP

Thank you, and your colleagues, for holding our recent oral evidence session on DFID’s Annual Report 2009. My colleagues I, Mark Lowcock, Andrew Steer and Richard Calvert, welcomed the opportunity to explain the work of the Department in more detail and to answer the questions of the committee. We find this exchange valuable and constructive.

During oral evidence in response to questions, we said we would provide a note of:

(a) the main points from the Fragile States Country Programme Evaluation synthesis (attached as Annex A to this letter);
(b) education in Tanzania (Annex B);
(c) DFID total bonus payments in 2008-09 and top five bonuses paid (Annex C); and
(d) Clarifying differences in staff numbers between DFID’s Annual Report 2009 and the OECD-DAC figures reported by NAO (Annex D).

We have also checked the salary of the CDC CEO and provide this in Annex E.

Minouche Shafik

Annex A

NOTE TO QUESTIONS 13 and 14

INTERNATIONAL DEVELOPMENT COMMITTEE HEARING

DFID ANNUAL REPORT 2009: TUESDAY 24 NOVEMBER 2009

NOTE ON FRAGILE STATES COUNTRY PROGRAMME EVALUATION SYNTHESIS

1. This synthesis summarises findings from country programme evaluations undertaken of DFID’s programme in nine fragile states. The countries included are: Afghanistan, Cambodia, DRC, Ethiopia, Nepal, Pakistan, Sierra Leone, Sudan and Yemen.

2. The report will be published early 2010. Copies will be sent to the IDC as per usual practice.

3. Key findings are:

— DFID has scaled up its aid frameworks substantially in the fragile states evaluated in line with White Paper commitments, and done so in the face of constrained staff resources. Devolved offices have performed well and adapted policy guidance to national contexts. DFID has demonstrated commitment to OECD DAC principles through building long term partnerships and moving to joint funding mechanisms.

— Challenge in managing the tension between directly providing service delivery to the poor and building the capacity of the state to do so.

— Progress in achieving goals on aid delivery and aid effectiveness, with DFID playing a key leadership and partnership role.

— Stronger record of cooperation between DFID and other UK Government Departments, especially with the FCO, particularly around strategic analysis and agreement on respective roles, and in areas such as security sector reform, stabilisation and demobilisation.

— In operational terms, DFID has good quality staff, but working in a fragile environment is demanding and stressful. Staff recruitment is difficult, turnover high and applicants few.

— Working in fragile countries can place greater strains on working with other development partners, where acting fast is required and where DFID is often working with others with weaker on-the-ground capacity and/or different stances on political issues such as human rights.

— DFID has played a valuable bridging role between multi and bilateral partners and has been proactive in instigating new forms of aid delivery.
NOTE TO QUESTION 40
INTERNATIONAL DEVELOPMENT COMMITTEE HEARING
DFID ANNUAL REPORT 2009: TUESDAY 24 NOVEMBER 2009

NOTE ON EDUCATION IN TANZANIA

1. In Tanzania, we calculate that our budget support provided education for 250,000 primary school children in 2008.

2. **Enrolment:** In 2000 there were 4.3 million girls and boys in Government primary schools here. By last year that figure had risen to 8.2 million. At the beginning of the decade 60% of girls and boys were enrolled in primary school; now well over 90%.

3. **Retention:** In Tanzania, the number of girls and boys completing primary school has more than doubled during the course of the decade, and that figure looks set to rise.

4. **Learning outcomes:** In 2000, some 80,000 Tanzanian girls and boys left primary school having passed the leaving examination. By 2008 that had risen to 400,000. However, progress in exam results is not the only indicator of quality of learning, ensuring that teachers are adequately trained and available in classrooms is also of critical importance.

5. **Secondary school:** Enrolment rates in secondary school in 2004 were around 6% of the relevant population. By 2008 that had risen to 22%. However, in Tanzania, like other countries, gender gaps grow as children move through the school system, with girls’ enrolment falling behind boys as they move from secondary and into higher education. DFID is looking at how we can work with Government to address these concerns. We are supporting some innovative work in the North of the country amongst girls from the Maasai community.

6. In Tanzania it is still too early to see evidence of the link between a successful education system serving the majority of the nation’s young people and future economic prosperity and development progress. However, investment in skills, knowledge, literacy and numeracy across the population as a whole is a fundamental building block for progress in any nation. Private rates of return to education in Tanzania—around 6% at the primary level and 13% at the secondary level—confirm that education is a very good investment both for individuals and the country at large.

7. In Tanzania, the decision to prioritise education was a political choice made by leaders in Tanzania.

8. Substantial resources have been provided in support of education in Tanzania. Spending on primary education, in real terms, has risen by 13% a year during the course of this decade. At the secondary level by 21%. This averages at just $60 a year to keep a child in primary school. Education spending is more than 18% of public spending. This has been affordable because of the success in accelerating rates of economic growth, improving the tax system, and attracting foreign aid. In Tanzania, there has been an increase in proportion of GDP collected in taxes from 11% to 18% without any increase in tax rates.

9. DFID believes that greater accountability of governments and delivery of results go hand-in-hand with high levels of development assistance. DFID Tanzania is supporting a new accountability programme that assists civil society organisations and national NGOs in the education field. DFID also support the Friends of Education network, which is a voluntary association with 26,000 members across the country. They are ordinary people committed to making a difference in education within their communities, helping solve individual problems at the local level which sometimes prevent girls or boys getting to school. In 2007 the Friends of Education helped girls from a primary school in Arusha who were worried they might be prevented from sitting their Standard 7 exams.

10. Tanzania is presently conducting a joint public expenditure tracking survey (PETS) in the education sector which includes all education related stakeholders working together, from four line ministries, as well as donors and civil society organisations. This will help better understand how funds flow through the system in order to make possible better service delivery on the ground.

ANNEX C

NOTE TO QUESTION 61 and 65
INTERNATIONAL DEVELOPMENT COMMITTEE HEARING
DFID ANNUAL REPORT 2009: TUESDAY 24 NOVEMBER 2009

NOTE ON DFID BONUSES—GLOBAL AND TOP 5

1. The total performance related awards paid to DFID Senior Civil Servants in financial year 2008–09 (relating to performance in 2007–08) was £641,510.

2. The top five awards were: £14,612; £18,422; £20,048; £20,685; and £22,700.

3. All Permanent Secretaries waived their bonuses in financial year 2008–09.

4. These awards are non consolidated and have to be re-earned each year.
5. DFID did not operate a performance related award scheme for staff below the SCS in 2007–08, therefore no payments were made in financial year 2008–09.

6. DFID SCS pay continues to be linked to the wider civil service arrangements. However in 2009–10 we also introduced a small element of non-consolidated performance pay for staff below the SCS related to performance during the previous year.

Annex D

NOTE TO QUESTION 71
INTERNATIONAL DEVELOPMENT COMMITTEE HEARING
DFID ANNUAL REPORT 2009: TUESDAY 24 NOVEMBER 2009

NOTE ON DISCREPANCY BETWEEN DFID AND OECD/DAC STAFF FIGURES
1. The staff figures contained in the NAO evidence to the IDC were taken from an OECD/DAC survey on decentralisation policies and position among DAC members. The OECD/DAC survey reports 2,271 total DFID staff, 434 field expatriate (HCS overseas) and 443 field local (SAIC) staff.

2. DFID responded to this survey in March 2008, submitting the following staff figures to the OECD/DAC:
   — 2,567 Total DFID staff.
   — 429 DFID Home Civil Service (HCS) staff overseas (Field expatriate).
   — 857 DFID Staff Appointed in Country (SAIC) staff (Field local).

3. Once all the survey returns were received additional work was undertaken by the DAC to standardise responses across donors. We are requesting that the DAC change their figures to represent actual DFID staffing.

4. We can confirm that the correct staff figures for DFID at March 2009 (and as reported in the 2009 Annual Report) are as follows:
   — 2,586 Total DFID staff.
   — 410 DFID HCS staff overseas (Field expatriate).
   — 763 DFID SAIC staff (Field local).

Annex E

NOTE TO QUESTION 106
INTERNATIONAL DEVELOPMENT COMMITTEE HEARING
DFID ANNUAL REPORT 2009: TUESDAY 24 NOVEMBER 2009

NOTE ON CDC CEO PAY 2008–09
1. In 2008, the CDC CEO received £577,066 in total. This comprised basic salary of £229,576 and long-term incentive bonus of £347,490.

2. These figures are published in CDC’s 2008 Annual Report and Accounts and are in the public domain.

4 December 2009

Written evidence submitted by Interact Worldwide
1. Interact Worldwide welcomes the opportunity to feed into the inquiry. We are a UK based NGO working in sexual and reproductive health and rights and HIV and AIDS with implementing partners in Ethiopia, India, Malawi, Uganda and Pakistan. Our partners are engaged in efforts to scale up a comprehensive and integrated response to sexual and reproductive health, including maternal health, and HIV services in low-level, concentrated and generalised AIDS epidemics.

2. Below Interact Worldwide will provide some comments on the reproductive and maternal health in the new White Paper.

3. In chapter 5 of the new White Paper DFID pledge to scale up support to maternal and newborn health, and have set themselves the goal of saving the lives of six million mothers and babies by 2015. Key interventions in relation to this target will centre on family planning, safe abortion, antenatal care, quality care at birth including skilled attendance and emergency obstetric care and post natal care for mothers and babies. DFID plan to work with partner countries and organisations to meet the following three targets;
   — Expand health services so that 240 million more births take place in health facilities
   — Increase by one third the number of contraceptive users
— Recruit one million more health workers and managers with the resources to do their jobs effectively.

4. Each year an estimated 30 million women and girls face complications related to pregnancy and birth, which result in physical and mental ill health, permanent disability, and even death. A woman’s chances of giving birth safely are greatly increased when she is assisted by a trained birth attendant, and can access emergency care if needed, but half of all births in developing countries take place without the help of a skilled birth attendant. As a result half a million women—one every minute—die of maternal causes each year.

5. Moreover, while it is estimated that family planning could reduce maternal mortality and morbidity by almost one third, 140 million women globally do not have access to contraceptives. Every year, approximately 80 million women have unplanned pregnancies. Half of these will lead to abortions, a large proportion of which will be carried out in an unsafe environment. Unsafe abortion is the cause of 13% of all cases of maternal mortality, although in some countries the figure is as high as 50%.

6. Given the dire state of reproductive and maternal health in many countries these are welcome commitments. However, Interact Worldwide would like to outline the following concerns relating to how these commitments will be implemented:

**Confusion between Targets**

7. Last June DFID launched a new HIV and AIDS strategy—Achieving Universal Access—which pledged to work with others to halve the unmet need for family planning including male and female condoms by 2010 and to achieve universal access to family planning by 2015. There is some confusion surrounding the difference between this target (which is already a step down from MDG5 target B—universal access to reproductive health services by 2015) and the target from their new White Paper to increase by one third the number of contraceptive users by the same date. Presumably the first is a goal that DFID will work towards with others while the second relates to what DFID plans to achieve within its own programmes. However it would be useful if this could be clarified.

**Delays**

8. Despite making both of these commitments, DFID currently has an outdated position paper on sexual and reproductive health and rights which is not considered a comprehensive approach to fulfilling UK commitments to achieve the International Conference on Population and Development Programme of Action. A revised maternal health strategy was due to be developed this year—which may have dealt with family planning and a range of SRHR interventions—but the Department has received Ministerial approval to postpone this strategy until sometime in 2010, potentially until after the next general election.

9. It is therefore unclear how DFID plan to meet their commitments on maternal and reproductive health. Interact Worldwide and others in the NGO community are concerned about this delay given the scale of the problem and the urgent need to expand services like family planning, safe abortion and skilled care at birth.

**Marginalisation of Reproductive Health within Health Systems Strengthening Efforts**

10. Indeed, our concerns over delays are amplified by the fact that many organisations working on SRHR are hearing from our partners in developing countries that the growing emphasis on health systems strengthening on the part of many donors is actually leading to reduced investment in vital services such as family planning.

11. Moreover, while the White Paper emphasises the role of the International Health Partnerships (IHP+) in delivering health aid, Interact Worldwide is concerned that in practice the IHP+ has led in some countries to a marginalisation of sexual and reproductive health, an area that links closely to HIV and AIDS. For example a study completed by Interact Worldwide in Ethiopia earlier this year (report attached) found that scaling up reproductive health services had not received sufficient attention in the IHP+ country compact. Moreover, the national health plan had not linked with existing reproductive health initiatives including the UNFPA Global Programme on Reproductive Health Commodity Security.

12. While focusing on health systems strengthening, it is critical that health planning efforts (including through initiatives like the IHP+) lead to gains in specific health areas such as HIV, sexual health, family planning etc. This is in line with the fifth Paris Principle—managing for results.

13. Within the IHP+ system basic criteria already exist against which national plans are assessed, and better results could be assured through the inclusion of criteria on reproductive health and its integration with HIV services, as well as on ensuring access to services for vulnerable and marginalised groups. As DFID sit on the board of the IHP+ this is something that they could push for at international level.

**Health is about More than Systems**

14. During last year’s IDC inquiry into DFID’s new HIV and AIDS strategy many civil society organisations raised concerns about the use of a single funding target for health systems strengthening to fund the UK’s response to HIV and AIDS. While a strong health system is a key component of tackling disease and mortality, other sectors including education, legal and policing reform, women’s empowerment
and poverty alleviation all have a role to play in improving health, as do non state actors such as NGOs, social movements and community based organisations. While we have been assured by DFID staff that these sectors are continuing to receive DFID funding it is unclear what funding commitments have been made within other sectoral lines of the DFID budget and whether these are sufficient.

**Gender based Violence and Sexual Rights**

15. Finally, Interact Worldwide strongly welcomes the recent commitment in the DFID White Paper to triple funding for security and justice, with an emphasis on preventing gender based violence, to £120 million per year. This is a welcome announcement which we hope will lead to a reduction in all forms of gender based violence.

16. Gender based violence is not only male violence against women but also includes sexual and other forms of violence against men which can be aimed at undermining their sense of masculinity, especially as a tactic in conflict situations. Gender based violence against sexual minorities who are seen as deviating from gender norms is a widespread phenomenon often legitimised by discriminatory laws against same sex relations.

17. Ending all forms of gender based violence is central to building safer, fairer and more productive societies. In addition to services such as safe accommodation and legal support to bring perpetrators to justice, all survivors of sexual violence must have access to clinical services including emergency contraception and post exposure prophylaxis for HIV.

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**Written evidence submitted by International Alert**

**The Challenge of Operationalising a Radical White Paper**

*Summary*

The 2009 White Paper is a timely and radical shift in UK aid policy, with a strong and welcome focus on building peaceful states and societies and on supporting adaptation to climate change in developing countries.

It commits DFID to supporting states in fragile contexts to carry out the core functions necessary for their survival. Because of the way elites in such contexts tend to dominate the state, International Alert suggests a change of emphasis, to supporting states to carry out the core functions essential for their evolution as responsive and accountable states.

The radical nature of the White Paper is camouflaged by a general sense running through the document of business as usual. The right question is not How can HMG, as currently organised, meet the White Paper’s commitments? but rather How should HMG be organised in order to meet them? Alert’s suggestions for realising the radical nature of the White Paper include:

— a candid political debate about the right approach to building peaceful societies and states, reflecting that fact that we don’t yet have a tried and tested way to do this;

— a review of HMG’s architecture and policy instruments in the light of the challenges raised by the White Paper, so HMG shapes itself to fit its policy goals, rather than vice versa;

— changing DFID’s posture in fragile societies, focusing on a political, rather than a technocratic role, to leverage the political changes the White Paper aspires to;

— using financial aid more deftly, including sanctions for non-compliance, to incentivise transformation of the relationship between state and society in conflict affected countries;

— support civil society to foster activism, ideas and leadership; and

— shape more effective international instruments and institutions so they are better able to promote peacebuilding and development successfully in fragile contexts.

1. **Introduction**

1. International Alert (Alert) is an independent peacebuilding organisation that has worked for over 20 years to lay the foundations for lasting peace and security in communities affected by violent conflict. Our multifaceted approach focuses both in and across various regions; aiming to shape policies and practices that affect peacebuilding; and helping build skills and capacity through training.

2. Our field work is based in Africa, South Asia, the South Caucasus, Latin America, Lebanon and the Philippines. Our thematic projects work at local, regional and international levels, focusing on cross-cutting issues critical to building sustainable peace. These include business and economy, gender, governance, aid, security and justice. We are one of the world’s leading peacebuilding NGOs with more than 120 staff based in London and our 11 field offices. DFID provides around 20% of our funding.
3. Peace is much more than the absence of war. It is the presence of institutions, norms and systems within society locally, nationally and internationally which allow people, groups and nations to resolve their conflicts without violence, and continue to make social, economic and political progress. This is the basis on which we work, and our interest in DFID is in its capacity to either support or undermine progress towards long term sustainable peace.

4. Peace and development are intimately bound together. Development requires fundamental changes in society, and by its nature creates conflicts, which need to be managed and resolved non-violently. Meanwhile peace can only be built sustainably when there is progress in aspects of development such as wealth creation, social inclusion, respect for human rights and improved social services. Failure to invest in peacebuilding is a false economy which can lead to an undermining of development through the creation or exacerbation of conflict.

5. Our submission concerns the 2009 DFID White Paper Eliminating World Poverty: Building our Common Future. The present document contains four main parts. Section two identifies some of the most important and welcome advances contained in the White Paper. Section three notes a particularly important error in the definition of DFID’s proposed role which we feel needs to be corrected. Section four emphasises the need for Parliament and HMG to see that this White Paper represents a radical, rather than an incremental change of approach; and the final section suggests some ways in which this can be done. Our submission focuses mainly though not exclusively on chapter four of the White Paper: Building Peaceful States and Societies.

2. **There is Much to Welcome in the White Paper**

6. From a peacebuilding perspective, there is a great deal to celebrate in the White Paper. It places a welcome emphasis on some of the areas which we have long identified as critical to delivering effective assistance in conflict-affected or fragile societies. We identify some of these issues in the following paragraphs.

7. The White Paper recognises that a core purpose of DFID’s work and support must be on “building peaceful states and societies, working more politically to achieve that end” (paragraph 4.9). This is a very powerful statement that DFID will put peacebuilding at the heart of its work, and is a very welcome counterbalance to the Millennium Development Goals (MDGs), which because of the way they are framed have tended to skew development efforts away from politically-framed goals, in favour of projects and funding instruments which are more technical in nature.

8. The White Paper identifies four priority objectives through which to support the building of peaceful states and societies (4.17):

- supporting inclusive political settlements based on a common understanding about how power is organised and shared in society;
- addressing the underlying causes of conflict and fragility;
- supporting states to carry out their core functions—including the provision of security and the rule of law; and
- helping states to meet the expectations of their citizens in terms of fair service provision as well as respect for human rights.

9. We believe this is the first time that DFID has set out its intentions vis-à-vis fragile societies so clearly and unambiguously. The language of the first three objectives, while not new to DFID, has never before been presented as fundamental to DFID’s mission in this way. In the past it would have been more characteristic of DFID’s policies to have presented the fourth objective as the primary goal, with the other elements added merely as modifiers. The White Paper is thus presenting a fundamental shift in DFID’s mission, which we commend as both appropriate and overdue.

10. In recognition of this shift, the White Paper implies quite clearly—though fails to state explicitly—that DFID’s way of working hitherto has been inadequate. For example:

- “a new approach is needed. We must focus directly on what makes states fragile and fuels violence” (4.7); and
- “we must continue to improve effective work across government departments. Development agencies have a major role to play . . . But in fragile countries it is critical to bring together development, defence and diplomacy efforts to forge a comprehensive approach towards a shared outcome: peace” (4.12)

11. We concur with and commend the underlying assumption that HMG’s approaches have been wide of the mark. It is never easy for a government department to admit to its own prior mistakes, and we recommend the Committee to recognise and highlight these implications of the White Paper. Without

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36 We see “fragile societies” and “conflict-affected societies” as more or less synonymous, because fragile societies are those with inadequate institutions for the peaceful management of conflicts and differences.
complete candour on the part of all involved, the challenging task of promoting peaceful development will be all the harder, and the Committee can play an important role in fostering such honesty and clarity about the challenges of development.

12. We also welcome the emphasis placed in the White Paper on the importance of gender, and within that of the need to focus on the needs and roles of women, children and youth. For example in paragraph 4.17 the need to counter discrimination of unemployed young men; and the need to prioritise measures to tackle violence against women (4.27).

13. The White Paper identifies several new ways of working which are also to be welcomed, because they accept that development is fundamentally about politics, and that security is at least as important as the social services on which DFID has for so long concentrated its support:

— “to put this new approach into practice the UK will increasingly put politics at the heart of its action . . . In the future, understanding political dynamics will shape more of our programmes. This will change the decisions we make about how we spend our aid budget, what we want to focus on and who we want to work with.” (4.18);
— “expanding our use of political analysis to inform the choices we make” (box, page 71);
— “consider commitments to peace and security as part of our development partnerships” (ibid)—by which we understand that DFID will include such commitments as part of the conditionality of aid; and
— treating security and justice as basic services and fundamental rights, and recognising the importance of non-state actors in this respect (4.24 and 4.25).

14. We also welcome the White Paper’s commitment to supporting adaptation to climate change in Chapter 3, Sustaining our Common Future. It is critical and urgent that people and governments in fragile societies are assisted to understand the likely consequences of climate change and adapt in a conflict-sensitive way, and DFID is showing leadership in its recognition that this will be a core part of overseas development aid for the foreseeable future (3.13). The White Paper makes a substantial commitment to financing adaptation in developing countries (3.19). It also outlines some important principles with which we concur and which we commend to the Select Committee, notably the focus on local priority-setting (3.23) and local action, and on building climate knowledge and capacity while supporting countries to adapt (3.29) including not only governments but also civil society.

15. While the links between climate change adaptation and development are conceptually obvious, it is by no means evident that DFID’s and others’ development programmes have yet begun to integrate the needs of climate change. Therefore we particularly welcome the White Paper commitment to “conduct a strategic review of the UK’s development programme to assess how it can improve our efforts on climate change”, by 2013 (3.60).

3. CONCERNING THE CORE FUNCTIONS OF THE STATE

16. Chapter four lays out DFID’s intent and approach towards building peaceful societies and states, and sets our four objectives for this, as discussed above. The third of these objectives concerns supporting states to carry out the “core functions of state survival”. We have read some of the documents which set out DFID’s underlying thinking on this issue (most recently Building the State and Securing the Peace, DFID Emerging Policy Paper, June 2009), which we feel gives cause for concern. States in fragile societies tend to be dominated by an elite, whose overwhelming interest is the survival of the state so that it continues to serve their needs and maintain their access to power and wealth. If DFID is to be part of transforming such situations so that states become responsive and accountable to society more broadly, it must recognise that supporting “state survival” implies retaining the status quo. We therefore recommend that the Select Committee request a modification of this language, so that the third objective in paragraph 4.17 should read:

Support states to carry out core functions essential for their evolution as responsive and accountable states—including security, rule of law and revenue generation.

17. This small change in wording would mean recognising the need for fragile states to evolve and transform over time; and it would clearly show that DFID’s role includes a purposeful attempt to shape and transform them to become more accountable and responsive to society.

4. RECOGNISING THE RADICAL NATURE OF THE WHITE PAPER

18. We have already noted that this is a radical White Paper. But it fails to recognise its own radical implications, or to resolve the inherent contradiction that it implicitly raises.

19. Chapter four sets out a radical agenda for the UK’s overseas development assistance: the promotion of peaceful states and societies based on inclusive political settlements and characterised by responsiveness and accountability, security and the rule of law, tolerance, fairness, inclusion, the respect of human rights, free and fair elections, and conflict-sensitive service provision. The contradiction is that DFID’s usual ways of working are not likely to realise this agenda.
20. DFID has been guided over the past few years by the MDGs and by its commitment to other international agreements such as the Paris Declaration and the Accra Agenda for Action. The MDGs should correctly be seen as visionary aspirations, rather than goals; and the agreements of Paris and Accra as political compromises, rather than the statements of normative best practice that they have somehow become. There is no particular reason to suppose that such tools will serve the aims and objectives of chapter four: why should they, since they do not explicitly emphasise them?

21. Meanwhile DFID has focused the bulk of its efforts and funding on budget support to developing country governments—much of it in fragile societies—and on multilateral organisations who do not share the aims and objectives set out in chapter four. Such funding instruments, as currently conceived and used, are not likely to achieve the aims of chapter four. Budget support currently accounts for over £1 billion per year of DFID’s funding. The problem with it is that it funds and thus incentivises a system of patronage and limited access to opportunity. Far from creating incentives for progress in fragile societies, this is likely to reinforce the status quo—that is, to reinforce rather than reduce fragility. And support to multilateral institutions (currently about 35% of DFID funds) will only achieve the aims and objectives of chapter four if such institutions adopt those aims and objectives themselves—something they show no sign of doing.

22. Part of the underlying problem is that neither DFID nor any other donor agency yet has a sure methodological approach, based on an objective and tested theory of change, on which to base its commitments in chapter four. It is quite clear from recent literature37 that the default theories of societal and political evolution that underpinned the Washington Consensus—eg that increased economic growth leads inexorably to improved governance, democracy and peace—have been discredited. But nothing has yet taken their place—which is not surprising as there is no historical experience in successfully promoting peaceful societies based on inclusive political settlements through external aid. Nevertheless, there are lessons from the history of developed nations, showing how they evolved to become what a group of US economic historians have termed “open access orders”. Recent work by North, Wallis and Weingast38 describes how this transformation happened in terms of changes in values, institutions and laws, and recommends that development efforts and aid be focused on understanding and supporting similar changes in developing countries.

23. While the White Paper commits DFID to increasing its expenditure on fragile and conflict affected states, it does not say clearly enough that to do so effectively will require a very different approach: one which requires the elaboration and pursuit of long-term political change goals, rather than just technical goals based on the MDGs. Indeed, the White Paper’s blanket reaffirmation of the MDGs, the Paris Declaration and the Accra Agenda for Action—surely the very hallmarks of the approach which has been inadequate hitherto?—is a sign that the ideas contained in the White Paper are seen within DFID as new ideas to be grafted on, rather than the new rootstock which is needed.

24. These comments are also relevant to the White Paper commitments to support local efforts at climate change adaptation. As Alert’s 2007 paper, A Climate of Conflict, showed, most fragile societies and states are likely to be significantly affected by climate change. Thus any adaptation supported by DFID in them will need to be linked to, consistent with and supportive of the goal of building peaceful societies and states.

25. A review of the White Paper with these issues in mind reveals that despite its radical core, it is insufficiently explicit about the need to change much of what DFID currently does and how it currently works. The document claims that DFID will make new departures, but all too many of the commitments read like business as usual. For example it would be quite possible for DFID to increase its expenditure in fragile states, on climate change adaptation, and on security and the rule of law, without making the kinds of changes in approach which are necessary if the aims and objectives of chapter four are to be met.

26. The White Paper’s ambivalence is perhaps not surprising: it probably reflects the natural inertia of large organisations, an unwillingness to question the fundamental assumptions that have underpinned DFID’s work for over a decade, and the unresolved tensions within DFID about the directions of the White Paper. Unless DFID is willing to embrace quite new ways of working, some of the commitments made in the White Paper—such as including commitment to peace as a funding conditionality—risk being marginalised.

27. Building a responsive and accountable state in a developing country is a process that will not happen automatically as a result of achieving the MDGs. Working out how to support the emergence of responsive and accountable states in developing countries therefore requires a critical review of HMG’s own institutional architecture and approaches. It will also need a new way of working centred around what the DFID White paper rightly points out is the fundamentally political nature of development. Indeed it needs a discussion about what “development” actually means.

28. We strongly recommend that the Committee focus its inquiry on this area, requesting information on:—

— how DFID and other parts of HMG plan to address the challenge to previous policy and current practices and institutional preferences that the White Paper has raised;

— the theory of change on which HMG proposes to premise its assistance to fragile states;

37 There has been a great deal of work recently shedding light on this issue, eg Paul Collier’s The Bottom Billion; Dambisa Moyo’s Dead Aid; Nancy Birdsall’s The State They’re In; and many others.

5. **Some Suggestions for Operationalising the White Paper**

29. The challenges implied by the White Paper are vast, and it is beyond the capacity of Alert or any single agency to provide complete answers. What is needed—and the Committee’s present inquiry is an excellent place to begin—is a full analysis and discussion. We offer the following suggestions to the Committee as contributions to the debate.

30. *Holding a candid and thorough debate.* We need an honest political debate about the right approach to achieving the aims and objectives of chapter four. The candour in the debate must extend as far as questioning whether the MDGs are being taken too literally, and thus skewing the UK’s aid to make it ineffective. This would likely lead to changes in the impact measures for which Parliament holds DFID accountable, and thus on which DFID is required to report. For example, accountability should be focused on achieving specific outcomes in specific contexts, rather than overarching outcomes like the MDGs.

31. For this debate to be effective, it needs to include a wide variety of perspectives, such as those of MPs, civil servants, NGOs and academics from the UK, other donor countries and developing countries, as well as the staff of multilateral agencies. It also needs to be properly informed, and there is thus a need to invest in understanding the latest thinking about how undemocratic, closed societies actually become more open and democratic. This will entail consulting widely outside DFID, and being open to theories which do not fit DFID’s existing assumptions.

32. *A programme-wide review.* Chapter three plans a welcome review of DFID’s programmes to ensure that they are climate change-sensitive. We suggest that HMG also needs to conduct a systematic review of whether its institutional architecture and policy instruments are adequate to the challenges raised by chapter four, ie the challenges of building peaceful and accountable states and societies. This would include:

- Ensuring that the UK’s overseas development goals are a core part of UK’s foreign policy, rather than separate—so that joined-up action across Whitehall is automatic, rather than something that has to be wrought and fought over; this could end unnecessary tension between the FCO and DFID.

- A review of internal incentives so that civil servants are rewarded for progress towards long term political achievements, and not for perverse incentives such as disbursement of funds.

- Basing the staffing and structure of DFID country offices on the country strategy, rather than *vice versa*; posting more staff—and more senior staff—to assignments in fragile societies, and keeping them there for longer.

- Creating an institutional environment more conducive to questioning, and a less defensive dialogue with Parliament about the limits of DFID’s impact.

33. *Changing DFID’s posture in fragile societies.* To meet the needs of chapter four of the White Paper, DFID needs to adopt a quite different posture, profile and working style in fragile societies. It needs to be political, rather than functionary. This means, for example:

- Devising a strategy based on a deep and shrewd understanding of the political economy, whose clear purpose includes supporting the evolution of institutions, laws and values to be more conducive for peace and development.

- Seeing itself explicitly as promoting the interests and voices of marginalised constituencies within the country, and thus taking care to understand their context, interests and views.

- Adopting a different style of leadership. The current title Head of Office is revealing: the leader of DFID’s country programme must be expected to engage politically, play an accompaniment role, negotiate cannily, and hold the recipient government to account. S/he is far more than a “head of office”.

- Engaging with other like-minded internationals in political coalitions. This is not the same as contributing to bureaucratic coalitions such as multi-donor trust funds, or subscribing to common ways of working. Instead it means agreeing on strategy and purpose at a fundamental level, and assumes that because different international actors have different comparative advantages, they should not all be expected to use the same tools and methods.

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39 We are tempted to suggest that Goodheart’s Law applies to the MDGs—ie that once a social or economic indicator or other proxy measure is made a target for the purpose of policy, then it loses the information content that would qualify it to play such a role.
— Expecting its staff to create relationships within society allowing them to understand the context better, and influence it by their interactions.
— Working and supporting work at local level, recognising that peace and state are built there, as much as in the capital.

34. Supporting civil society in fragile contexts. A vibrant civil society is critical to a responsive state and an inclusive and dynamic political settlement. DFID must see this as part of its country strategy. In many fragile contexts, the state is hostile to a politically active civil society, which constrains DFID’s opportunities to support civil society. Creative ways around this could lie in work at a regional level, and/or in channelling support to large numbers of small local NGO service delivery projects, micro-finance and support to small and medium enterprises, and/or in support for higher educational advancement. The nature of the opportunities varies from place to place and there are very few places where there are no opportunities. But they need to be identified and handled carefully so as to promote their civil society interactions from which new ideas about policy and politics will emerge.

35. Sharpening the way DFID uses financial aid. General and sectoral budget support carries tremendous risks, especially in fragile states. They imply a level of trust that citizens of the state concerned may not yet have in their government, even if it is nominally democratic. They can strengthen and support an imperfect political status quo. It is impossible to prevent the misuse of funds transferred under such instruments. Above all, they are blunt instruments as currently used. In line with the White Paper DFID must find ways to sharpen the way it uses financial aid, and make it more explicitly part of the political aid contract, eg by:
— More effective use of conditionality, by negotiating context-specific conditions about improvements in governance, citizenship, peace and development, and taking them at least as seriously as the macro-economic and technical conditions most often used.
— Requiring recipient governments to show significant progress (rather than just intent) on politically difficult issues in order to unlock funds.
— Responding to non-fulfilment by implementing real sanctions (eg cancelling rather than just suspending funds).
— Establishing objective systems, appropriate to the context, for reviewing progress against funding conditions, eg panels including MPs, donors, civil society and external evaluators.

36. Providing international leadership. The UK is a widely recognised and oft-imitated leader in the development sector, and over a third of DFID’s budget supports multilateral development institutions. So DFID has a responsibility to create space for an honest dialogue with other development actors about the failings of aid. This is particularly important because there is a growing groundswell of scepticism about the value of aid. If left unanswered, this may provoke a negative reaction about all aid, rather than the more appropriate call for improvements in how aid is conceived and delivered. Internationally—as in the UK—the institutions of aid are not yet fit for the purpose of helping to create peaceful and functioning states based on inclusive political settlements. HMG should play a leadership role in honestly examining what works and does not work in aid. It should also make the UK’s financial contributions to multi-laterals contingent on their own willingness and ability to adopt a more political posture in their aid relationships, and to embrace the new directions contained in the White Paper.

29 September 2009

Written evidence submitted by the Joint Nature Conservation Committee

1. Introduction

1.1 The Joint Nature Conservation Committee (JNCC) is the statutory adviser to Government on UK and international nature conservation, on behalf of the Council for Nature Conservation and the Countryside, the Countryside Council for Wales, Natural England and Scottish Natural Heritage. Its work contributes to maintaining and enriching biological diversity, conserving geological features and sustaining natural systems. Our advice is set in the context of the desirability of contributing to sustainable development.

1.2 We comment both on the DFID White Paper Eliminating world poverty: building our common future, as well as the DFID Annual Report and Resource Accounts 2008–09—referred to hereafter as the White Paper and the Annual Report respectively.

2. General Observations

2.1 We welcome the prominence given in the White Paper to ensuring environmental sustainability as a key component of achieving the Millennium Development Goals (MDGs). Likewise, we agree that the current economic down-turn provides an opportunity to re-orient policies to low carbon and environmentally sustainable growth and to integrate climate change concerns into these (White Paper 2.84; 2.89).
2.2 The target of reducing the rate of biodiversity loss by 2010 as a sub-target of MDG7 (environmental sustainability) is relevant in this respect, especially as it will be reviewed next year. Whilst it is not the role of DFID to be concerned about conserving biodiversity per se, the ecosystem goods and services provided by biodiversity collectively are fundamental to poverty alleviation and sustaining the livelihoods of not only the poor but many sectors of developing economies. As such, we believe maintenance of ecosystem goods and services (and the biodiversity which underpins them) is crucial to DFID’s overall aims, and we encourage further work by DFID in this area.

3. **CLIMATE CHANGE**

3.1 We recognise that climate change will have significant impacts upon the prospects for development and that it should rightly take high priority in UK international development opportunities (3.27 in White Paper and 2.50–2.58 in Annual Report). We also agree that climate and other environmental change is largely due to failure to internalise the value of the environment in decision making. A shift to including consideration of the value of the environment in development policy and planning (Annual report 2.48) is necessary if forests, biodiversity and ecosystems, and the services they provide to society, are to be maintained (2.93).

3.2 However, efforts to determine ecosystem valuation need to be matched by equally determined efforts to develop appropriate mechanisms and markets to enable such ecosystems (especially forests, upon which a high proportion of those in poverty depend) to compete against other forms of land use. Thus we also support the emphasis on devising new ways of financing, in particular, sustainable forest management and reducing deforestation (White Paper page 58) which depend in turn upon improved governance, transparency and security of tenure for forest communities. We agree that progress needs to be made by recognising more fully the economic value of forests so they prove to be more valuable standing than when felled with the land converted to alternative uses (3.45). Reform of the carbon market is required to support inclusion of new sectors such as forestry (3.15). However, whilst emphasis is rightly placed upon the potentially significant role of forests in climate change mitigation and adaptation, the value of peatland and wetland ecosystems as carbon stores, as well as their contribution to livelihoods, should not be ignored. Moreover, healthy, well-functioning intact ecosystems are more likely to be resilient to climate change and associated extreme events, thus enabling the societies and economies dependent on them to better cope with future uncertainty.

4. **ECONOMIC VALUATION OF NATURAL CAPITAL AND ECOSYSTEM SERVICES**

4.1 We strongly support the aim to help countries to value their natural capital (White Paper page38) and plan for environmentally sustainable growth. Recognising the economic value of natural resources and ecosystems, and the goods and services they provide (including their role in mitigating and adapting to climate change) as critical issues for the livelihoods of the poor, is more likely to encourage measures to avoid the loss and degradation of such ecosystems. As highlighted by both the White Paper and Annual Report, poor people suffer most from environmental damage (especially in the context of climate change). This is because, being largely marginalised from mainstream economic activity and in the absence of formal social security systems, they are forced to depend much more on natural resources for survival; for those in extreme poverty this dependence may be especially great in tropical forests (White Paper 2.90, 3.3).

4.2 Incorporating the value of the environment into policy development and planning is essential if the Millennium Development Goals are to be achieved. Accordingly, we support the intention to build on the planned outcome of TEEB (the project entitled *The Economics of Ecosystems and Biodiversity*), subject to its final conclusions, and to invest in a new initiative on valuing natural capital by providing tools to incorporate environmental values into economic decisions (White Paper 2.94). JNCC has provided such a toolkit for small island state40, focusing on Overseas Territories (funded jointly by FCO and DFID through the Overseas Territories Environment Programme—see 7.2 below), and plan to contribute to further work in this area. We are currently evaluating the use of this toolkit, are preparing a DVD for policy makers, and will provide additional and relevant techniques.

5. **AGRICULTURAL RESEARCH AND BIOFUELS**

5.1 We welcome the intention to focus greater attention on agricultural research as a means to enhance food security and promote resilience to climate change (2.76). As part of this we recognise, in particular, the need to clarify the impact of biofuels on sustainable food supply (2.82). JNCC recognises the positive contribution biofuels could potentially make to reducing greenhouse gas emissions, ensuring energy security and supporting rural livelihoods. However, we are also concerned that, without appropriate safeguards, the rapidly growing biofuel industry and trade—driven by incentives from the European Union’s biofuels target—will add another significant pressure on ecosystems and the services they provide with the potential to undermine achievement of Millennium Development Goals. For example, an otherwise beneficial shift to carbon-neutral biofuels, derived from soya or sugar cane, that then stimulated the further clearance of

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40 http://www.jncc.gov.uk/page-4136
tropical forests for agriculture would be counter-productive (by losing the carbon storage and other ecosystem services of forests). We have contributed to the debate on social and environmental sustainability criteria for biofuels and plan to continue to contribute to this debate.

6. OTHER RESEARCH

6.1 We believe there is a need for better research to inform the extent to which poverty and the environment interact and to resolve such issues as to role of biodiversity in sustaining ecosystem services and the resilience of those ecosystems in the context of climate change. Given the dependence of many of the world’s poorest upon natural resources (White Paper 2.90 and 2.93) we feel this topic merits greater study. Accordingly, we welcome the proposed International Institute for Environment and Development and World Conservation Monitoring Centre conference on this topic in London in 2010. We note DFID’s contribution to the study on Ecosystems for Poverty Alleviation (ESPA) although this is not explicitly mentioned in the Annual Report. We also welcome the establishment of centres of research, for example, the forthcoming Centre for Climate and Development, and we hope to see the contribution of the natural environment (especially functioning ecosystems) recognised as core to the success of this venture and others like it.

7. OVERSEAS TERRITORIES

7.1 There is little reference in the Annual Report to DFID’s role in some of the UK Overseas Territories, though we note the Government affirms its continued responsibilities to Overseas Territories in the White Paper (7.14). Whilst DFID support to these Territories may be small relative to the Department’s responsibilities elsewhere, we feel that greater recognition in future Annual Reports of DFID’s role in supporting the sustainable development needs of the Overseas Territories is deserved, especially given the typical dependence of small island territories on marine and coastal ecosystems and their vulnerability to climate change.

7.2 Ministers from Defra, DFID and FCO have recently agreed a strategy on the conservation and sustainable use of biodiversity in the Overseas Territories which notes that biodiversity underpins many of the ecosystem goods and services which provide economic and social benefits to local populations (noting, for example, the importance of sustainable fisheries to Tristan da Cunha and forested watershed to Montserrat). JNCC has supported projects to value economically the services provided by such ecosystems. We are in the process of evaluating the use of this toolkit and are producing a DVD for policymakers on the use of valuation. We hope to continue to support such studies and aim to continue to provide appropriate and additional techniques.

7.3 Amongst its other support to Overseas Territories, DFID, jointly with FCO, funds the Overseas Territories Environment Programme, with an annual budget of £1 million, supporting small projects in the Territories that contribute to sustainable development and the environment; this has proved a vital source of funding. Given the recent reports of the Environmental Audit Committee (January 2007 and November 2008) and the Foreign Affairs Committee (July 2008), some greater prominence in future Annual Reports to the support provided by DFID and the Department’s goals for the Territories is desirable.

Written evidence submitted by the Jubilee Debt Campaign

1. INTRODUCTION

Jubilee Debt Campaign is part of a global movement working for full cancellation of unpayable and unjust poor country debts, by fair and transparent means. Jubilee Debt Campaign is a UK coalition of national organisations and local groups, supported by thousands of individuals. It is a company limited by guarantee (number 3201959) and a charity registered in England and Wales (number 1055675). See www.jubileedebtcampaign.org.uk for more details.

2. POVERTY REDUCTION IN AN INTERDEPENDENT WORLD

Jubilee Debt Campaign recognises DFID’s historic commitment to debt relief, as a form of finance for poverty reduction which is recognised to be predictable, flexible, non-cyclical and with low transaction costs. However there is a clear need for a major re-engagement with the debt issue, if countries are going to be able to raise sufficient funds for development and poverty eradication.

3. Wider, deeper debt cancellation is urgently needed to help countries at risk of debt distress and facing funding shortfalls in meeting their people’s basic needs. Additional emergency financing in the current downturn is also vitally important but DFID must ensure that such financing, whether given bilaterally or

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41 http://www.jncc.gov.uk/page-4136
42 A JNCC position statement on biofuels is available at http://www.jncc.gov.uk/page-4201
43 http://www.publications.parliament.uk/pa/cm200708/cmselect/cmenvaud/197/19702.htm
44 http://www.publications.parliament.uk/pa/cm200708/cmselect/cmenvaud/743/74307.htm
45 http://www.publications.parliament.uk/pa/cm200708/cmselect/cmfa/147/147i.pdf
channelled through international institutions, is provided largely in the form of grants, not loans, and comes without harmful economic policy conditions attached. Otherwise there is a real danger that new unpayable debt burdens will be created for the future.

4. Sustainable development agenda across Government

It is vital that the UK Government has a cross-Whitehall approach to sustainable development, and DFID should play a key role within Government advocating for such a joined-up approach in order to protect the poorest. In this regard, we are particularly concerned about the role of the Export Credit Guarantee Department (ECGD), which has, with other export credit agencies, been given a key role in responding to the economic crisis by the G20 and in turn by national Government. While it is important to take action to protect trade finance, ECAs have supported high-risk investments in many poor countries that have been linked to human rights violations, corruption and environmental damage. We now have an opportunity to rethink how export finance might better serve the poor and the environment. There is at present an enormous accountability gap in so far as the activities of ECAs are inadequately monitored for their social and environmental impacts, and are often operating in ways that are incompatible with the international human rights obligations that the ECAs’ home states have agreed to meet.

5. This is particularly concerning when the ECGD holds some 95% of remaining developing country debt claims owed to the UK. At the current time, the ECGD is initiating new schemes for export credit insurance which will be exempt from the department’s own “Business Principles” on environmental and human rights standards and sustainable development. There is a real danger that, without significant reforms, new loans through the ECGD could create future unjust debt burdens for the poor.

6. Promoting Economic Recovery

The current crisis is a moment for real change in the economic model. The “Washington Consensus” approach of deregulation, liberalisation, and complete faith in free markets, has been acknowledged to be a failure. We must look towards different solutions for countries to tackle poverty in the longer-term. This includes changes to the global financial architecture, and in the nature of international financial flows.

7. The global financial system is based on vast amounts of capital flowing across the world, large sums of it in debt service, tax evasion and avoidance, other forms of illicit capital flight, and speculation. These flows are at best not contributing to efforts to tackle poverty, and at worst are actually damaging countries’ ability to raise sufficient funds domestically to finance their own development. These flows must be plugged, and reversed, so that countries can raise more taxes to invest in their own economies and public services, be less dependent on aid and lending, and less at risk from the volatility of speculative capital.

8. DFID must consider, and actively engage with, bold new approaches to economic development and poverty eradication. However, it seems that such approaches have been sidelined, as was evident at the UN conference on the impact of the financial crisis on development in June. This conference could have endorsed new ideas, such as those put forward in the report of the Commission of Experts of the President of the UN General Assembly on Reforms of the International Monetary and Financial System chaired by Nobel laureate Joseph Stiglitz. Its findings call for an international debt work-out process which would allow for far greater and fairer debt cancellation, an end to forced conditionality, a global Economic Council and a new reserve currency to replace the dollar. Such ideas must be considered, not simply to minimise the impact of the current crisis on the poor, but to use the opportunity the crisis presents to build new policies and practices that will help eradicate poverty for good and which enable a more equitable, democratic global economic system.

9. Emergency funding for developing countries

Sufficient emergency funding must be delivered as soon as possible to enable developing countries to invest in economic stimulus and social protection measures. Such funding must come without harmful economic policy conditionality. Insisting on certain macroeconomic policies, public expenditure cuts, deregulation, liberalisation and privatisation has interfered with domestic decision-making processes, has frequently led to serious and damaging impacts on poverty and the environment, and has contributed to the spread of the financial crisis. DFID must ensure that its own progressive stated policy in this area is reflected in the IMF and World Bank, where increasing amounts of UK funds are being directed.

10. We also note that the latest World Bank analysis finds an $11.6 Billion gap in core spending on education, health, social safety nets and infrastructure in 2009 for the poorest 43 countries alone.46 As the Bank acknowledges, for those countries already struggling with high debt burdens, what is needed to fill this gap is funding that does not add even further to their debts. Additional resources to help these countries tackle the crisis must be delivered as much as possible in grants, rather than loans. Any lending must be highly concessional, taking into account debt sustainability based on measures of human development. Many countries are facing a renewed debt crisis in the current downturn, and emergency funding must not exacerbate this further. DFID has a welcome policy on providing aid in grants and not loans to the poorest

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46 Protecting Progress: The Challenge Facing Low-Income Countries In The Global Recession, World Bank, September 2009
countries in its bilateral programmes, but this is not followed through in the IMF and World Bank. DFID must ensure that it follows through on its own policy here as well, especially given its role as the largest donor to IDA.

11. Meanwhile it is important that donors continue making progress towards giving 0.7% of national income as aid. New debt cancellation must be counted separately from donors’ aid commitments. Both increasing aid volumes and substantial debt cancellation are required to enable developing countries to cope with this crisis.

12. **Extra Debt Relief**

The Government has for some time acknowledged the need for debt cancellation for all IDA-only countries, evidenced in the existence of the UK’s own Multilateral Debt Relief Initiative (MDRI) scheme. We would urge DFID to take the lead in seeking agreement on this measure internationally, and are disappointed that the Annual Report and White Paper make no mention of this proposal. Debt relief is the easiest and most efficient way to provide the assistance countries require. All IDA-only countries not eligible for the Heavily Indebted Poor Countries Initiative (HIPC) should be provided with debt relief. The international community should also provide debt cancellation for those low income countries experiencing or projected to experience debt distress due to the current crisis.

13. **Creditor responsibility**

There is a growing understanding of the need for creditors to share responsibility for the debts that have arisen from their past lending. Recent developments include Norway’s 2006 write-off of some debts of five developing countries on the basis of acknowledging their “development policy failure”; the World Bank report and roundtable event on the issue of odious debt in 2008; and Ecuador’s debt audit, published in autumn 2008 and resulting in Ecuador refusing to meet its repayments on some of its bonds.

14. This last example highlights the need for a global framework for settling sovereign debt disputes, along the lines of an arbitration tribunal mechanism, so that countries have a forum where they can bring such claims. As part of international institutional reforms currently being considered, an international, fair and transparent debt work-out process should be created and binding international responsible lending standards should be agreed. In the interim, the debt portfolios in both borrower and lender countries, including the UK, need to be audited so that illegitimate debts arising from irresponsible loans can be written off. This would help to ensure a more just and sustainable lending environment and prevent debt crises in the future.

15. We recognise that these reforms cannot be achieved by one country alone, but the UK should be seeking to regain its global leadership on the debt issue by pursuing these emerging challenges.

16. **Regulating Financial Actors**

The huge overexposure to risk and accumulation of bad debts at the heart of the financial crisis has revealed widespread under-regulation of financial market actors, including hedge funds and other actors in secondary debt and derivatives markets. One such group are the “distressed debt funds” or “vulture funds”.

17. The activities of vulture funds stand in complete contradiction to, and indeed undermine, international efforts to reduce the unsustainable debts of the poorest countries in order to tackle poverty, for example through HIPC and MDRI. Moreover, in taking legal action against countries’ commercial partners in order to gain the assets they may have been awarded by the courts, vulture funds create uncertainty and instability in those countries’ trading and investment relationships, arguably discouraging creditors from investing in such an environment. Especially in the context of the global financial crisis, which has already led to a lack of credit and investment in developing countries, it is imperative to create as predictable and conducive an environment for trade and investment as possible. Tackling vulture funds is an important part of this effort.

18. We welcome the actions of the Government thus far, including the provision of legal support and funding towards the buy-back operations managed by the World Bank’s Debt Reduction Facility. However, preventative action is needed in order to stop the activities of vulture funds. DFID should work with others in Government, for example in HM Treasury, to introduce legislation to clamp down on vulture funds. In this regards we strongly welcome the Treasury’s current consultation on such legislative change and look forward to these proposals being adopted in the near future.

19. **Sustaining our common future**

Sources of finance and governance structures

Wealthy countries have a moral obligation to ensure that the poorest have the resources to enable them to pursue sustainable development, whilst adjusting to the impacts of climate change. We are particularly concerned by DFID’s support for the use of loans for financing responses to climate change, and for the prominent role of the World Bank in managing the provision of climate change finance. Resource transfer for climate change adaptation and mitigation must be additional to ODA, and take the form of grants, not
loans. Better and more coherent governance arrangements are needed for such finance, with the United Nations Framework Convention on Climate Change (UNFCCC) playing a central role, rather than the World Bank.

20. Grants not loans

Rather than treating the provision of climate financing as binding obligations by industrialised countries to developing countries under the UNFCCC, the World Bank’s Clean Investment Funds are designed within the aid framework of donor and recipient. This is particularly inappropriate given the large historical responsibility of industrialised countries for creating emissions. Developing countries should not have to pay for the industrialised world’s pollution by receiving loans to adapt to the climate crisis they did not create. This will only add to their economic debt burden, rather than acknowledging the ecological debts they are actually owed.

21. Moreover, funding to help developing countries respond to the challenges of climate change must be explicitly additional to the long-standing ODA commitment of 0.7% of national income.

22. Wider concerns over the role of the World Bank

We also have the following concerns over the involvement of the World Bank in managing the financial arrangements for tackling climate change:

- Despite professed concern regarding climate change, the World Bank Group is actually increasing its support for fossil fuel projects. Given the World Bank’s existing and increasing support for fossil fuels, it is an inappropriate institution to lead the fight against global climate change.

- The World Bank is effectively a major deforester. Deforestation accounts for some 20% of global greenhouse gas emissions, but the Bank continues to promote industrial logging and agro-fuels.

- Numerous communities throughout the world, including those impacted by the Chad-Cameroon pipeline and the Nam Theun 2 Hydropower Project in Laos, have suffered human and environmental rights violations as a direct result of World Bank-backed projects.

- The World Bank’s governance structures need fundamental reform so that the voices of developing countries can be properly heard and taken into account.

23. Rather than promoting the role of the World Bank in an international climate regime, we would ask DFID to establish a financing mechanism fully accountable to the UNFCCC, based on equity and in accordance with the historical and current responsibilities of industrialised countries, with predictable, new and additional funding directly accessible to recipient countries, which does not create new debt burdens for the future.

24. BUILDING PEACEFUL STATES AND SOCIETIES

Many of the countries eligible for HIPC debt relief, which have either not yet qualified or which have been between Decision Point and Completion Point for some years now, are post-conflict or fragile states. Democratic Republic of Congo, Guinea Bissau and Afghanistan are examples of countries caught between decision point and completion point in this way.

25. Debt relief, which has its own benefits and also helps to attract other sources of budget support, is a vital mechanism to support peace and stability efforts in these countries. DFID should work with the IMF and the World Bank to ensure speedy completion of the HIPC process. This would include developing mechanisms to quickly clear arrears that pre-HIPC countries have with participating institutions, and following the precedent set by Liberia, where a Staff Monitored Programme was counted towards the track record requirements, rather than a longer, more onerous PRGF track-record.

26. KEEPING PROMISES IN A DOWNTURN

We are disappointed that DFID make no reference to the need for wider, deeper debt relief in the White Paper section on holding to past commitments. While much debt relief has been delivered, 14 countries have still not completed the HIPC debt relief scheme, and many more are not eligible for assistance. Yet the Government has in the past acknowledged the need for at least the poorest countries, which qualify for IDA concessional finance from the World Bank, to receive debt relief.

27. HIPC and MDRI debt relief schemes

The international initiatives administering debt relief, and the institutions governing them, are fraught with difficulties. Both the HIPC and MDRI schemes are managed by the International Development Association of the World Bank, and the IMF. This in itself is highly problematic because many of the debts of HIPC countries are owed to these institutions. This means that the institutions have a fundamental conflict of interest, between seeking repayment of the debts owed to them, and seeking the debt sustainability of the country involved.
28. Moreover, these multilateral creditors and their shareholders, who are also creditors, share no accountability or responsibility for the creation of these debts in the first place. As the UN Independent Expert on foreign debt, Dr Cephas Lumina, noted at the Financing for Development conference in Doha in December 2008, “the days of creditors playing prosecutor, judge and jury in debt issues must end.”

29. These international schemes should also have the arbitrary eligibility criteria, which prevent many indebted poor countries from qualifying, removed and there should be an end the inappropriate and undemocratic use of economic policy conditionality that means debt relief schemes can actually cause harm as well as good.

30. Avoiding a new debt crisis

Despite these drawbacks, where debt relief has been delivered, it has had a hugely beneficial effect in developing countries. Debt relief is critical to enhance governments’ fiscal space to boost the real economy and maintain social spending, rather than using scarce financial resources to fulfil creditors’ demands. Development economists and donor countries have long recognised the strengths of debt cancellation as a form of financing for poverty reduction which is predictable, flexible and non-cyclical, and has low transaction costs. However, to date it has been slow, insufficient, and for too few countries. There has been no attempt to reform the international lending and debt system at a structural level. Moreover the current financial crisis threatens to push dozens of poor countries back into debt crisis.

31. Further debt cancellation is urgently needed to release funds in developing countries for economic stimulus and social protection. Eligibility for debt cancellation should be based on a human development measure of sustainability, which would mean much more debt cancellation for many more countries. Jubilee Debt Campaign estimates that at least $400 Billion should be cancelled for around 100 countries if they are to be able to pay for essential services for their people without having to tax those below the poverty line.

32. Acting together through the International System

The Role of the World Bank and IMF

There must a transformation at both the World Bank and IMF, to ensure that they are properly democratised, are made fully transparent and accountable, and respect international standards on human rights, the environment and labour. Furthermore, much of the assistance provided by the World Bank and IMF is in the form of loans, not grants. These loans contribute to poor countries’ debt burdens and increase the influence of these institutions over poor countries through the imposition of policy conditions.

33. Although the focus of DFID has traditionally been on the World Bank, the IMF plays an increasingly important and often short-term role in the poorest countries. Indeed the G20 has given the IMF an even greater mandate in relation to Low Income Countries. This must in itself be questioned. In the meantime, given its expertise on development, it will be important for DFID to work closely with HM Treasury to ensure the IMF is fundamentally reformed for the benefit of poor countries.

34. Further UK support for the World Bank and IMF should be dependent on ambitious reforms including on concessionality, conditionality, governance and impact assessment. If such radical change is not forthcoming, new institutions should be considered that are fair, representative and attuned to local needs. Regional models such as the embryonic Bank of the South should also be considered and supported.

35. Institutional reform to create a new debt work-out mechanism

The current debt relief initiatives are inflexible, entirely creditor-controlled, and wholly inadequate to meet the challenge of the continuing debt crisis, particularly with many more developing countries now being at risk. The financial crisis and the possible increase in debt problems we will most likely see in the months ahead, bring into sharp focus the need for existing ad hoc debt relief schemes to be replaced with an international forum—akin to a tribunal—to deal with sovereign debt work-outs. Accordingly, there needs instead to be an open, impartial and transparent debt tribunal which could resolve debt crises and disputes, as was strongly supported by 77 developing countries at the UN Financing for Development conference in December 2008.

36. Such a process would take account of both the origin and the impact of the debts, and would give equal treatment to both debtors and creditors, acknowledging the co-responsibility that creditors share for the creation of these debts and giving scope to assess debts on the basis of illegitimacy as well as sustainability.

37. This debt work-out process would also place the same moral and legal obligations on companies as it does on governments, thus tackling the current lack of participation by commercial creditors, and at the extreme end, the actions of so-called “vulture funds” discussed earlier in this submission. The aggressive approach by vulture funds is typical of the rogue behaviour that has been exposed in the financial markets in recent months, where pursuit of profit has been put before values, such as human development and freedom from poverty, which the market must be made to serve.
Written evidence submitted by One World Action

“The brief note that we subsequently received setting out DFID’s general approach to middle-income countries is no replacement for a properly articulated and publicly available strategy. We believe that this is evidence of a lack of clarity within the department on how to take forward its engagement with middle-income countries. We recommend that DFID clarify and publish its policy for engagement with middle-income countries as a matter of urgency.”


1. One World Action and our Latin American and Asian partners from middle-income countries are concerned with the classification of countries based on Gross National Income, the subsequent 90:10 split in overall UK funding and the impact this will have on some of the world’s poorest women, men and children.

2. The DFID annual report hardly makes reference to middle-income countries and the programme resources allocation chart clearly indicates the lack of priority to middle-income countries. The new White paper Eliminating World Poverty: Building Our Common Future has also failed to set out policy priorities and development targets for middle-income countries.

3. We are alarmed that DFID has not responded to the recommendations of the International Development Committee to “publish their policy for engagement with middle-income countries”, nor have they responded to lobbying from civil society demanding the same.

GENDER AND GOVERNANCE CONCERNS IN MIDDLE-INCOME COUNTRIES

4. Poverty and injustice will never be tackled until women have equal rights and this remains a serious concern in middle-income countries. DFID’s claim of being serious about addressing women’s issues and interests remains in doubt if the women in middle-income countries are not going to benefit from DFID’s focus on educating girls, improving maternal health, fighting HIV/AIDS, investing in women entrepreneurs, addressing violence against women and girls, combating gendered aspects of conflict and security and aspiring to address women’s political representation which are all targeted at putting women and girls at the heart of development.

5. We welcome DFID’s clear focus on women’s needs and interests and would like to point out that some of the poorest and neediest women are in middle-income countries and for DFID’s policy to bear fruit, they would surely have to address the issues faced by women in middle-income countries, especially those commonly excluded from development agendas such as disabled women (one in 10 of the world’s poorest people are disabled women).

6. Democratic inclusive governance is fundamental to tackling the crises facing our financial and political systems and this is true of middle-income countries too. Transparency, accountability and responsiveness are essential to developing democratic inclusive governments. Our research shows that when these principles permeate civil society/private sector/state relations, the likelihood of developing robust systems and institutions that are accountable to people are increased. It is essential for DFID to develop practical strategies to support good governance in middle-income countries.

7. The backbone of democratic inclusive governance is informed and active citizens and their organisations. Active citizens and their organisations play a crucial role in poverty reduction and in establishing and strengthening accountability and building good governance. We urge DFID to broaden and strengthen their engagement with civil society in middle-income countries, especially with women’s organisation.

8. We encourage DFID to draw on and strengthen the wealth of best-practice in many Latin American countries where civil society, and in particular women’s organisations, have successfully lobbied the state to develop interfaces where civil society can directly input into, and in some cases challenge, national and local governments on issues of good governance and civil and political rights. Examples of these include the women’s commissions of local municipalities in El Salvador which monitor and input into public policies and services, and the setting up of the Procurator for Disabled People’s Rights in Nicaragua which takes forward and resolves infringements of the rights of disabled people by state organisations.

9. In the IDC’s Second Report of Sessions 2008–09 on the DFID Annual Report 2008 (pg. 34), DFID has committed to increasing its funding to UK civil society for work with civil society in middle-income countries from £7 million to £13 million per year by 2010–11. These are insignificant amounts especially as it is outweighed by the scale of the problem. We urge DFID to institute a Country Governance Analysis exercise in all middle-income countries to assess governance needs, and then decide the levels of funding required for significant impact in these countries.

FRAGILITY IN MIDDLE-INCOME COUNTRIES

10. We urge DFID to re-examine their classification of fragility and fragile states. The recent political unrest in Honduras has brought to the forefront the fact that many middle-income countries remain on the margins of stability and lack a robust democratic culture. Women are the first to be impacted by changing contexts and we urge DFID to invest in middle-income countries so as to PREVENT fragility and instability in the future.
11. The democratically elected leader of Honduras, President Manuel Zelaya, was sent into exile following a coup on 28 June 2009. Since then there has been a repressive clampdown on the opposition, social movements and the women’s movements who are protesting against the coup. Roads have been militarised to stop people from demonstrating and many leaders of civil society are being persecuted and threatened. There have been several arrests. Women, including members of One World Action’s partners, CEM-H, have been attacked while peacefully demonstrating, and their offices have been under surveillance.

MDGs and middle-income countries

12. A third of the world’s people who survive on less than $1 a day are living in middle-income countries. According to DFID’s expired middle-income strategy 2005–08, Latin America which has the majority of middle-income countries is the most unequal region in the world. Uneven stratification of social, political and economic systems and structures will make it impossible for the MDGs to be achieved in middle-income countries.

13. While we welcome DFID’s emphasis on aid to low-income countries, we would urge that the needs and interests of the poorest and most excluded women, men and children in middle-income countries need to be addressed if the MDGs are to be met.

14. DFID previously had a middle-income country strategy for the period 2005–08 explicitly for supporting these countries to reach the MDGs. We urge DFID to do the same again. The new strategy should be a compilation of country specific strategies and targets which clearly spells out how DFID will support gender and governance concerns, contribute to state building and address the needs of the poorest women, children and men in middle-income countries.

Submission from One World Action to the International Development Committee on the Department for International Development’s White Paper 2009 “Eliminating World Poverty: Building our Common Future”

1. We remind DFID of the progressive commitments and policies outlined in the 2006 White Paper Making governance work for the poor, which we hope will not be lost in the wake of this White Paper. The 2006 document was clear in stating that governance was about “people and their relationships, one with another, more than it is about formal institutions—that the biggest difference to the quality of governance is active involvement by citizens”. The 2009 White Paper, on the other hand, focuses more on global systems and institutions, with much less emphasis on tackling inequality, poverty and encouraging the participation of citizens at grassroots levels. We urge DFID therefore, to remember its commitments to the crucial governance themes laid out in the 2006 White Paper.

Poverty reduction in an interdependent world

2. We welcome the commitment in the White Paper to working with civil society organisations to reach the poorest and most marginalised citizens where states are neither able nor effective. One World Action has seen first-hand how civil society partners on the ground are well placed to promote inclusive and participatory governance, to enable citizens to realise their rights, to help to build institutions and to hold those institutions to account. We are concerned, however, that the White Paper is a missed opportunity to explicitly earmark support for those vital areas of civil society that are historically underfunded, particularly women’s organisations and movements.

3. As DFID has recognised, social exclusion keeps people in poverty and is a major cause of why people fall back into poverty. The DFID 2005 policy document Reducing poverty by tackling social exclusion was a welcome step forward of thinking in this area. One World Action has therefore concerned that the Poverty Reduction chapter of this White Paper does not prominently feature the issue of social exclusion, nor does social exclusion appear as a cross-cutting issue throughout the paper. We hope that social exclusion will nevertheless remain a high priority in country programmes and that DFID continues to seek to strengthen the rights, voice and political representation of excluded groups, such as Dalits, indigenous people and people living with disabilities and HIV/AIDS.

Promoting economic recovery and greener growth

4. The neoliberal economic model has not delivered sustainable growth for the most marginalised in our societies. Evidence from around the world has illustrated that this policy package and related lack of market regulation has widened the rich-poor divide and deepened inequalities. We therefore welcome the recognition in the White Paper that all too often, growth has been damaging and has privileged the rich over the poor. We are further pleased to see DFID support for opening up new political space to debate economic reforms.

5. One World Action is concerned however, that, despite the recognition that growth has too often been inequitable and has not benefited the most vulnerable, it is still the main focus of the UK’s approach to poverty reduction. Similarly, the White Paper lists promoting inclusive growth as only the forth priority for transforming long-term growth, behind achieving growth that lasts, behind moving towards more low-carbon growth and behind building the capacity for increased regional growth. We firmly believe that a new economic model should be more ambitious than just focussing on increasing GDP and should prioritise...
social justice and the redistribution of wealth and resources, ensuring that inclusive growth is at the core, rather than the periphery, of any recovery strategy. We also hope to see a more explicit strategy, detailing how inclusive growth can become a reality.

6. We would, therefore, like to see DFID go further in its exploration of alternatives to neoliberalism and evaluate, adopt and strengthen both development and feminist alternatives to the current economic model. Such alternatives place women's rights and gender justice at the heart of both social and economic development. They also recognise the need for gender-sensitive and inclusive policies that address the needs and interests of, as well as demands for justice from, women and other excluded groups. Effort needs to be put into learning from examples in both the South and the North to develop efficient tools and mechanisms to address the current crisis and prevent future ones.

7. DFID’s 2008–13 Aid for Trade strategy “Sharing the Benefit of Trade”, claims that Aid for Trade “will contribute to increasing global prosperity and inclusive growth, helping to achieve MDG 1, as well as accelerating the achievement of several other MDGs”. However, despite its potential importance, Aid for Trade receives little attention in this chapter and throughout the White Paper more generally. We would like DFID to be more specific on how Aid for Trade will address gender inequality in trade processes, on how women and other vulnerable groups will participate in the formulation of trade policy and to set out more clearly how Aid for Trade will benefit women, the poor and the most marginalised.

8. We know that economic crises do not affect all people evenly and so we welcome the White Paper’s firm commitment to social protection, particularly the £200 million UK contribution to the Rapid Social Response Programme and the aim to support 50 million people through social assistance. We are also pleased to see acknowledgement of the specific vulnerabilities faced by women and young children in relation to food security and encourage DFID to adopt a similar gendered analysis for other social protection measures, utilising risk reduction for the poor as a key indicator.

SUSTAINING OUR COMMON FUTURE

9. We believe that having a wide spectrum of society involved in decision-making processes is not only a matter of justice and democracy, but can also lead to better decisions. We therefore welcome DFID’s commitment to learning more about the gendered impact of climate change, especially the commitment to involving women in decision-making processes on community preparedness and responses to climate change.

BUILDING PEACEFUL STATES AND SOCIETIES

10. Of the 15 countries in which One World Action works: two are officially listed by the World Bank as fragile; eight have either emerged from conflict or experienced destabilising coups within the last 20 years; and of the remaining countries, five have recently experienced border tensions and internally-destabilising factors, often resulting from spill-over from neighbouring conflicts. One World Action can, therefore, bring much experience to the table when working in post-conflict countries and in contributing to stable and sustained recovery.

11. Whilst we welcome the commitment to supporting the most vulnerable States, we urge DFID to re-examine their classification of fragility and fragile states. The recent political unrest in Honduras has brought to the forefront the fact that many middle-income countries remain on the margins of stability and lack a robust democratic culture.

12. Many countries are making real progress towards enduring peace and stability but need ongoing support if they are to continue moving forward. If such countries fall below the international radar or face uncertain support in the future, there is a real danger of undoing the progress made so far and restarting a cycle of fragility.

13. We believe that conflict is often rooted in structural inequalities or power differentials and that peace cannot be achieved or be sustainable if such inherent weaknesses are not addressed. We welcome, therefore, DFID’s firm commitment to tackling the underlying roots of conflict and fragility, not just its immediate consequences.

14. With 20 years of experience in pioneering approaches in good governance and citizen empowerment, One World Action has seen first-hand how democratic and inclusive governance is the basis for durable stability. We firmly believe that this approach must be the cornerstone of peace-building. Our work with partners shows that transparency, accountability and responsiveness are essential to developing democratic governments. When these principles permeate civil society, the private sector and state relations, the likelihood of developing robust systems and institutions that are accountable to people is increased; the capacity of citizens to demand and realise their rights is strengthened; and the challenges of isolation and exclusion are tackled head-on.

15. Building upon this, we further welcome DFID’s strong assertion that peace-building is inherently political and must challenge the distribution of power and resources between men and women and between different ethnic groups and social classes. We are particularly pleased to see the recognition that structural violence—or robbing people and communities of their potential—can render peace fragile.
16. One World Action firmly believes that women have been systematically alienated from political spaces and processes. We are delighted, therefore, to welcome the support demonstrated in the White Paper for women’s political empowerment projects, highlighted by the Nepalese case study.

17. Similarly, we support DFID’s commitment to inclusive political settlements as a cornerstone of peace-building. We remind DFID that women still make up only 20% of decision-makers worldwide and that true democracy cannot be achieved whilst such a proportion of the population is excluded from the decision-making process. We therefore urge DFID to ensure that the support in the White Paper for women’s political empowerment is followed through with ear-marked funding and implementation mechanisms, and to ensure that there is no gap between policy and practice in this crucial area.

18. We welcome the rights-based approach to peace-building, the centrality of civil rights and, crucially, of social and economic rights. However, with the recognition that peace-building is essentially a political endeavour, we would see it as a progressive step if specific political rights were detailed alongside the civil and social rights listed in paragraph 4.4. We are particularly keen that full and inclusive political participation is clearly set out as a component of DFID’s rights-framework. We further welcome the White Paper’s recognition that effective aid demands strong respect for human rights and international obligations. In CEDAW’s 30th anniversary year we believe that this is an opportunity for DFID to renew its international commitments under CEDAW by giving special consideration to the Convention in all international negotiations and partnerships.

19. The quote “It is now more dangerous to be a woman than a soldier in DRC”, reflects an unacceptable reality. We therefore look forward to the detail of the implementation measures that will see violence against women become a priority in DFID programmes that address security and access to justice. We also recommend that this commitment is long-term, reminding DFID that it is often during the post conflict years—rather than during conflict itself—than many women face a surge in gender-based harassment and violence. We urge DFID to earmark substantial resources to fight violence against women and to make these resources easily accessible to women’s organisations and movements.

20. Whilst we welcome the emphasis on building the capacity of fragile States, we believe that weak institutions and poor governance are often a reflection of local level institutional weakness. Further, national level conflict and instability can often be indicative of tensions at local levels. We would like to stress, therefore, that building capacity at local levels should not be neglected.

KEEPING OUR PROMISES IN A DOWNTURN

21. In the midst of a global economic downturn, we welcome DFID’s continued commitment to dedicating at least 0.7% of national income to ODA by 2013. With this commitment to increasing assistance, we urge DFID to develop monitoring systems that ensure that the benefits are reaching the poorest and most marginalised women and communities.

ACTING TOGETHER THROUGH THE INTERNATIONAL SYSTEM

22. We welcome DFID’s push for a more focussed and effective UN and the White Paper’s commitment to the creation of a single, powerful UN agency for women. In particular, we hope that DFID will use its influence to push for an agency for women that is headed by a newly-created Under Secretary General; that it has a strong in-country presence and operational mandate; and that it has the teeth to ensure gender analysis and mainstreaming in all other UN departments and agencies. We strongly endorse DFID’s commitment to doubling its core funding to such an agency.

TRANSFORMING OUR IMPACT AND ENSURING VALUE FOR MONEY

23. One World Action welcomes the commitment in the White Paper to allocating an amount equivalent to 5% of budget support funding to help build accountability. Development aid is increasingly flowing into partner countries as direct and sector budget support, which makes tracking the effectiveness of this aid increasingly challenging. We recommend that this ring-fenced 5% is used as an opportunity to increase the capacity of governments and CSOs to use gender responsive budgeting as a way of tracking how development aid is spent, how much of this aid reaches the most vulnerable sectors of society, and as a method of tracking commitments to gender inequality. One World Action’s Just Budgets project has produced a practical tool with indicators as an enabler to kick-start such processes. The document can be found at: (http://www.oneworldaction.org/papers_documents_archives/research/just_budgets.htm)

24. Civil society organisations are fundamental partners in building development and budgetary accountability and so One World Action welcomes the commitment to doubling central support to civil society organisations to £300 million per year by 2013. Whilst faith groups are singled-out to receive more funding, we are concerned that the White Paper is a missed opportunity to explicitly earmark support for other sections of civil society that, not only bring a new approach, but are also historically underfunded—particularly women’s organisations and movements.

25. One World Action’s response to the White Paper consultation urged DFID to seek to better promote governance and accountability of the private sector and we were pleased to see a commitment in the White Paper to “promote responsible business through initiatives to increase transparency, accountability and
ethical practices”. We look forward to the detail of these initiatives to promote better accountability amongst DFID’s private sector partners and urge DFID to propose and implement a specific governance framework for the private sector, ensuring there is no gap between policy and practice in this area.

Annex 1

One World Action (OWA)

OWA was founded by Glenys Kinnock on December 21 1989 in memory of Bernt Carlsson, the former Swedish UN Commissioner for Namibia who died in the Lockerbie aircraft bombing in 1988 while travelling to the signing ceremony of the Namibian independence agreement.

Today, although we are an organisation of just 15 full time members of staff (well supported by a fantastic team of volunteers) we work with 41 partners in 19 countries in Asia, Africa and Latin America and have gained a sound reputation for our work on governance, democracy and gender.

Our partners overseas include other non-governmental organisations, community and co-operative movements, women’s organisations and trade unions. Though diverse in kind, they have a common commitment to strengthening local institutions and giving people a say in the decisions that shape their lives.

We believe poverty is about the lack of power, so we work with the poorest, most marginalised people, to enable and empower them to transform their own lives.

Written evidence submitted by RESULTS UK

About RESULTS UK

Part of a global movement, RESULTS UK is a non-profit advocacy organisation which works internationally to generate the public and political will to end poverty. Currently, our work focuses particularly on education, health, microfinance and water and sanitation.

We currently lead a network of more than 30 organisations in the UK Coalition to Stop TB, provide the secretariat to the APPG on Global Tuberculosis, and belong to the Advocacy to Control TB Internationally (ACTION) network and the Stop TB Partnership. We also belong to the Action for Global Health Network, the UK AIDS Consortium and the British Overseas NGOs for Development network (BOND).

RESULTS UK provides the secretariat for the APPG for Microfinance and Microcredit, and seeks to promote the best use of microfinance tools to reduce poverty in the developing world. We belong to the Global Campaign for Education, a world-wide movement promoting progress toward the Education for All goals. We also belong to the End Water Poverty Network, which seeks to address the global crisis in clean water supply and sanitation.

Summary

We welcome the opportunity to contribute to the Select Committee Inquiry. The determined tone of the DFID White Paper, in spite of economic pressures, is laudatory. Constructive commitments on basic services, the abolition of user fees, microfinance, and the reform of multilateral institutions show DFID continues to lead the international community in targeting aid effectively.

Like DFID, we are keen that the UK’s increased aid budget be spent how and where it will do the most good. There are some issues we would urge the Select Committee to clarify and review to enhance the efficacy of DFID spending into 2010 and beyond. Much of what we aspire to for DFID amounts to enhanced practice and prioritisation on its existing commitments, with which we are in broad accord.

Our comments are based on research and communication with actors on these key issues around the world, including DFID partners.

Key recommendations

We would like to emphasise the need for the following actions:

— DFID should formulate a strong poverty-reduction framework for the Multidonor facility for Africa.

— While supporting pilot projects on the ground, the UK should promote micro-insurance on the international stage as a tool for climate-change adaptation.

— A strong focus should be given to education within new funding for fragile states.

DFID should increase monitoring and partner engagement to facilitate access to education for disabled children.
— Spending commitments to strengthen health system should be specified.
— An integrated UK strategy to tackle global Tuberculosis should be formulated.
— The UK must prioritise sanitation and water, engaging actively toward a Global Framework for Action including ensuring high-level Ministerial representation at the high-level meeting.
— DFID should disaggregate data on water and sanitation to enable better evaluation of both.
— UK representatives should communicate expectations of reform with clear parameters to multilateral partners.

The following submission addresses in detail the specific focus areas outlined in the call for evidence.

Education

1.1 We commend the UK’s recommitment to double its support to education, and the formulation of a new global strategy for education.42 The input of civil society actors in the UK and crucially in the developing world should be actively sought to make this effective. RESULTS UK will be submitting evidence to DFID through their upcoming consultation to reinforce some of the points raised below.

Conflict-affected areas

1.2 By continuing to tackle poverty in conflict-affected countries, DFID makes an exemplary commitment not to forsake these regions, and instead to invest in their long-term future. Within this, education as a long-term path to recovery and stability must be a priority, and RESULTS UK stresses that education should receive significant investment from the 50% of new bilateral funding promised to fragile states48

1.3 It is crucial that DFID work to establish an effective international financing mechanism for education in fragile states, for example through an accelerated reform of the Education for All Fast Track Initiative (FTI), which is the leading multilateral financing instrument for education but which to date has struggled to work in fragile states. The White Paper commits DFID to “supporting the FTI to deliver more assistance to countries furthest from achieving the MDGs, including an increased focus on fragile countries,”49 but gives no details on how this is to be done.

1.4 DFID should consider all options for reform of the FTI, including independence from the World Bank, which has imposed overly restrictive conditions on disbursements from the FTI’s trust funds, delaying payments and causing serious problems for partner countries.50 “Speed and responsiveness of funding and implementation, including average times for appraisal and from approval to disbursement” is highlighted as one of the essential factors in “getting the most out of international institutions” in the White Paper,51 and therefore DFID should prioritise this issue.

Teachers

1.5 In the new education strategy consultation document DFID commit to prioritising quality in their education aid.52 The number and quality of teachers is a determining factor in the success of any education system, and the progress toward MDG2. They must be well-trained, motivated professionals. Crucially, as acknowledged in the White Paper,53 a better pupil-teacher ratio is needed, and we agree that DFID should accelerate their work to ensure that the ratios reduce to 35:1.54

1.6 The continued investment in pre-service training of new teachers is welcome; nonetheless, the maintenance of in-service training is essential to maintain reliable standards.55 This may not result in the same impressive “bottom-line” numbers of new teachers, but continuing professional development is a necessary hallmark of a culture of improvement in education, and one which should also feature in the new education strategy.

1.7 The measures to increase teacher numbers that are set out in the Paper relate solely to training, but one of the major impediments to achieving and maintaining sufficient numbers of teachers in many countries is the inability of the government to finance the recurrent costs of wages. In many cases this is due to macroeconomic conditions set in countries’ IMF programmes.56 In order to make real in-roads into quality, DFID will need to tackle this issue with far more vigour than seen previously.

42 DFID: Eliminating world Poverty: Building Our Common Future par. 5.35 p 97.
45 “We Don’t Need No Education? Why the United States Should Take the Lead on Global Education”, Desmond Bermingham, Centre for Global Development, February 2009.
46 DFID: Eliminating world Poverty: Building Our Common Future. “Value for money: getting the most out of international institutions” (inset box) p. 108.
47 DFID education strategy consultation paper. 2009.
50 A target ratio of 35:1 is the agreed position of the Global Campaign for Education.
51 UNESCO, 1970: “Teachers must be given continuing opportunities for learning.”
52 Global Campaign for Education, 2009: “Education on the Brink.”
Disability

1.8 As stated by DFID in 2007, “disabled children, disabled girls in particular, constitute a significant group that is denied access to education”. Indeed, an estimated one-third of the primary age children who are out of school globally have a disability, and having a disability makes a child more likely to be excluded from school than any other factor.

1.9 We are therefore disappointed that no specific commitment was made in the White Paper to support the participation of disabled children in education. Not only is this a human rights imperative as defined in the recent Convention of The Rights of Persons With Disabilities; it has also been shown that an inclusive classroom benefits all its learners through introducing better quality, more responsive educational approaches.

1.10 RESULTS UK would urge that monitoring this area of work be given stronger than nominal priority. At present there is little emphasis placed on disability in many of DFID’s country education programmes. DFID need to take a far more rigorous approach to ensuring their education work is inclusive for all groups, and particularly disabled children who are currently the most marginalised group in much of the developing world.

2. Microfinance

Microfinance in Africa

2.1 RESULTS UK commends the announcement of a new Multidonor Facility to extend microfinance infrastructure across Africa. As yet there are few details available about this new facility, although some concerns have been expressed over whether the facility will be focused strongly on poverty reduction. Our basic recommendations on the design of the facility are as follows:

1. The facility must have poverty reduction as its basic aim.

2. Strong quality controls and targeting are needed to ensure that the initiative reaches the very poor, and enables them to actually escape poverty—for example the facility should require that the Microfinance Institutions (MFIs) supported by the facility measure and report on the number of clients moving out of poverty.

3. Agriculture is an immensely important sector in Africa, and has traditionally been difficult for microfinance providers to serve. However, recent innovations have pioneered ways in which to do this, and we recommend that there should be a strong focus on agricultural microfinance in the new facility.

4. We would encourage DFID to help small MFIs to build their capacity in microinsurance and microsavings as well as microcredit, as it is critical that the rural poor have access to a range of services to enable them to manage their volatile income.

Micro-insurance

2.2 Micro-insurance is a tool to tackle the dual imperatives of climate change adaptation and poverty reduction, and could greatly contribute to DFID’s goal of building “resilient growth.” Scaling up the provision of microinsurance would give the poor the security to rebuild after the short, sharp shocks of weather-related disasters, and give them the security needed to make the necessary investments (for example in more resilient crop varieties) to adjust to climate change’s more long-term impacts on agriculture. This will prove crucial as climate change increasingly imperils populations and livelihoods in the developing world.

2.3 Only 3% of the population of the world’s 100 poorest countries currently has any insurance coverage, and we therefore encourage DFID to expand quickly beyond the pilot programmes announced in the White Paper, and to work co-operatively with local organisations to scale up agricultural microinsurance in the face of a changing climate.

59 Save the Children, Towards Inclusion: SCF UK’s Experience in Integrated Education.
60 Although good examples can be found, for example DFID’s education programme in Vietnam which prominently tackles disability.
61 DFID: Eliminating world Poverty: Building Our Common Future: para. 2.63. p 34.
62 Opportunity International (To be Published) Agrifinance White Paper: p 2.
63 DFID: Eliminating world Poverty: Building Our Common Future: para 2.33 Building Resilient Growth, p 28. See also para 1.16.
65 DFID: Eliminating world Poverty: Building Our Common Future, We will (inset box) p 62.
2. **WATER AND SANITATION**

3.1 We value the renewed pledge of doubled investment in water and sanitation to £200 million.\(^{66}\) However, as a proportion of aid, investment in water and sanitation has more than halved since 2005.\(^{67}\) Given that water access is a key indicator for DFID’s delivery,\(^{68}\) the issue should be given still greater priority by DFID. To meet MDG 7, Target 10, an estimated $72 billion\(^*\) global investment will be required annually.

3.2 Within DFID’s commitment to water and sanitation, we believe that sanitation must be given a higher priority—it has in the past been largely overlooked in favour of provision of clean water, even though the two issues are crucially intertwined and investments in sanitation are often more cost effective in terms of preventing ill-health and high mortality rates. It is welcome that the White Paper specifies specific commitments to help 55 million more people gain access to sanitation. However, to allow parliamentary oversight and civil society to more accurately assess DFID’s contribution to expanding sanitation coverage DFID should disaggregate its reporting on water and sanitation.

3.3 We praise DFID’s commitment to support A Global Framework For Action\(^{70}\) with all that this implies: annual high-level meetings and reviews, and a commitment to provide adequate resource allocation.\(^{71}\) DFID should ensure Ministerial attendance at the upcoming high-level meeting. The coordinated approach represented by the Global Framework will be crucial if stronger international action is to be galvanised. Progress in this arena will have manifold benefits in health, education and economic capacity. We encourage the Select Committee to ask DFID for details of the action DFID will take to make the Global Framework a reality.

4. **HEALTH**

4.1 We commend the UK’s long-term commitment to health, including to the Global Fund to Fight AIDS, TB and Malaria and encourage DFID to push other donors to provide more long-term, predictable aid. We encourage DFID to indicate clearly how they intend to spend the £6 billion committed to health services and systems by 2015.

4.2 We urge the UK to respond immediately to the resource gap faced by the Global Fund of £4 billion for 2008–10, as well as review their funding commitments to health, based on the recommendations of the High-Level Taskforce on Innovative International Financing for Health Systems.\(^{72}\)

**A Global TB strategy**

4.3 RESULTS UK welcomes the bold commitments made in the White Paper to tackle malaria through a range of interventions. This is commendable, as malaria is a serious global health-threat. However, it is of great concern that a similar commitment was not made to other diseases of poverty, such as TB, which currently kills more people than malaria\(^{73}\) and presents an additional threat in terms of drug-resistant strains and the effect on people living with HIV and AIDS.

4.4 DFID have clearly acknowledged through Achieving Universal Access the need for disease specific strategies to tackle global epidemics, and that integration of these strategies can play an important role in the strengthening of broader health systems.

4.5 Due to the changing face of the TB epidemic, with an increasing threat of drug resistant strains and the impact of TB on people living with HIV/AIDS, there is a clear need for a DFID strategy outlining the UK’s response to tuberculosis. RESULTS UK strongly urge the Select Committee to request that DFID review their practice paper The challenges of TB and Malaria control (December 2005) and develop a comprehensive strategy on TB which fully integrates with DFID’s overarching health related goals.

4.6 The UK Government strongly supported the launch of the 2006 Global Plan to Stop TB\(^{74}\), and has committed to address HIV and TB\(^{75}\) co-infection, so we are disappointed that specific commitments on TB control were not made in the White Paper. TB control must remain an enduring priority as the disease is far from being forced into retreat.

4.7 While DFID acknowledges the responsibility to maintain long-term financial support for treatment in poor countries,\(^{76}\) which will enable stronger planning within health services, an integrated strategic approach to TB is urgently required to improve research, screening, counselling, patient management and treatment. This should be dealt with in full-collaboration with DFID’s health and HIV strategies.

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\(^{66}\) DFID: Eliminating world Poverty: Building Our Common Future para.5.18, p94.

\(^{67}\) DFID: Budget 2009: Keeping our promises to the world’s poorest people.

\(^{68}\) DFID: MDG 7, Indicator 7, PSA Delivery Agreement 29.

\(^{69}\) Bartram, Jamie and Hutton, Guy: Global costs of attaining the Millennium Development Goal for water supply and sanitation, Bulletin WHO (January 2008) This estimate includes the costs of maintenance of existing facilities as well as delivering access to currently unserved communities.

\(^{70}\) DFID: Eliminating world Poverty: Building Our Common Future para. 2.58, p 32.


\(^{72}\) WHO 2009: Malaria causes one million deaths annually; TB causes 1.6 million deaths annually.


incorporating monitoring indicators to allow the evaluation of input and outcomes. Further recommendations are outlined in RESULTS UK’s submission to the International Development Committee’s Inquiry into Achieving Universal Access.

4.8 The UK commitment of £1 billion for the Global Fund to fight AIDS, TB and Malaria will prove essential, given the need for long term sustainable funding. However, an immediate donor response is required to address the funding gap of US$4 billion for 2008–10. A delay in future funding rounds will have a devastating effect on the lives of millions of people, many of whom are more vulnerable in the present economic crisis. The UK should take bold steps to address funding shortfalls in health financing, and use their influence internationally through the EU and the G8 to push other donors to equally contribute.

4.9 A proportion of the pledge of £6 billion for health by 2015 should be used to contribute to TB control and address the threat of HIV-TB co-infection. We urge DFID to be more transparent regarding specific spending plans within the latter macro commitment, enabling partners to plan long term, and civil society to provide input.

Maternal and Child Health

4.10 We welcome the strong prioritisation of maternal mortality. We welcome further specificity on how this priority is to be achieved, building on the goals outlined in the White Paper.

4.11 RESULTS UK was encouraged by the pledge to “scale up international support for maternal and newborn health,” and delighted by recent multilateral progress toward the abolition of user fees in six developing countries, alluded to in the White Paper and recently specified by Gordon Brown. This will pay dividends for people in the countries concerned, as evidenced by recent history and repetitions should be sought.

4.12 We also recommend that the UK continue to encourage other major donors to follow its lead in setting clear policies against user fees and supporting countries who wish to remove them. In particular, the UK should push the World Bank to declare an unambiguous policy, whereupon poorer countries will be able to develop national policy in confidence.

5. Reforming Multilateral Institutions

5.1 The commitment to review and agree a new approach to multilateral funding and to fund institutions “in response to reforms” is commendable; especially if truly “stretching targets” are applied to all institutions, including those outside the United Nations. We are concerned that few specific proposals were made for reform of the international financial institutions, particularly the World Bank and the IMF. As a board member, the UK should use its influence to ensure genuine reforms take place as soon as possible.

5.2 DFID’s requirements for reform of multilaterals need to be robust and clear; while some flexibility may be necessary, the circumstances in which funding for a programme would be reduced or withheld should be clearly communicated. The International Financial Institutions and Global Funds and Development Finance Institutions departments of DFID should not be complacent about reform, but use all their influence to promote new culture and practice.

The World Bank

5.3 It is widely recognised that the World Bank needs improved monitoring machinery and transparency. Monitoring and evaluation should not only be conducted at the end of projects, but should be concurrent and formative within projects, especially those of long duration, using intelligent poverty indicators. UK civil society organisations have expressed deep concern about the findings of the IEG Report on the performance of the Bank’s Health, Nutrition and Population portfolio between 1997 and 2008. This found that little progress had been made in improving the health portfolio’s performance in this period and that only 27% of the department’s projects in Africa could be rated “satisfactory.” A lack of sufficient
monitoring and evaluation mechanisms within the Bank resulted in failing programmes continuing for an unacceptable time period. As a key stakeholder in the World Bank, DFID need to be much more proactive in demanding thorough assessments of performance and concrete changes to address failures.

5.4 DFID must clearly articulate what specific World Bank Reforms they are seeking with respect to health. As the highest percentage investor in the International Development Agency (IDA), the UK must use their influence to identify key areas for reform in anticipation of the IDA16 replenishment negotiations. It is encouraging, therefore, that the White Paper prioritises reform in international institutions, but we believe it is necessary that DFID define a specific agenda for reform, including benchmarks setting out what is “acceptable” performance. DFID’s willingness to use the IDA replenishment process to drive change should be used to maximise leverage.

The International Monetary Fund (IMF)

5.5 With a significant share of voting rights on the board the UK has the influence to promote change at the IMF, and DFID should work closely with the Treasury to maximise the potential for such reform.

5.6 We share DFID’s belief that the IMF needs to revise its approach to developing countries, facilitating a more open policy-making process around IMF programmes and macroeconomic policies more generally. However, currently progress is extremely slow in this area, and DFID need to engage far more closely with the issue in order to ensure that development concerns are taken into account within macroeconomic policy-making.

5.7 By allowing for the individual characters of developing economies, and consulting with countries about the most appropriate fiscal policy for them, the IMF can become a more constructive partner for poverty reduction. Although we commend recent progress in reducing structural conditionality in the IMF’s programmes as highlighted in the White Paper, much still needs to change. The UK’s further funding of the IMF should be made conditional on progress in policy and processes, rather than just on governance reform.

5.8 As it is relevant to health system strengthening under Question 3 of the Terms of Reference to the Select Committee Inquiry into the 2008 HIV/AIDS strategy, Achieving Universal Access, we have elaborated further on issues of IMF reform in that submission.

30 September 2009

Written evidence submitted by the Royal Society for the Protection of Birds (RSPB)

The RSPB is Europe’s largest wildlife charity with over one million members. It is the UK member of BirdLife International, a network of independent civil society NGOs operating worldwide in 106 countries and territories. BirdLife is mainly a developing world network with 86 of the 106 countries in the network on the OECD Development Assistance Committee (DAC) list, 63 of which are DAC 1 countries drawn from all regions worldwide. The BirdLife International Partnership strives to conserve birds, their habitats and global biodiversity, working with people towards sustainability in the use of natural resources.

The RSPB’s policy and advocacy work covers a wide range of issues including climate change, international development, education for sustainable development, marine, forest, water and agriculture. The RSPB also provides financial and technical support to BirdLife partners in Africa, Asia and Eastern Europe, including through DFID funded community-based projects that deliver local benefits from sustainable natural resource management. The RSPB is an active member of the Development and Environment Group of BOND (British Overseas NGOs for Development).

SUMMARY

1. Focusing on the 2009 White Paper Eliminating World Poverty: Building Our Common Future, the RSPB welcomes the revived emphasis that DFID and it’s Secretary of State have placed on environmental sustainability and welcome a number of exciting and timely DFID initiatives to help address this, notably on ecosystem services.

2. This submission highlights the positives in the White Paper and raises a number of issues. Our primary issues and concerns include the need for DFID to:

(i) Fully recognise and internalise the fundamental role and value of healthy functioning ecosystems as key to sustainable international development and meeting the Millennium Development Goals.

(ii) Stress that tropical deforestation is an urgent issue that needs immediate interim financing, including for REDD capacity building ahead of any 2012 UNFCCC REDD commitment.

90 World Bank: IDA, Table 1: Contributions to the Fifteenth Replenishment.
91 For a more detailed account of the linkages between IMF programmes and development please see RESULTS UK’s response to the 2009 International Development Select Committee Inquiry on DFID’s HIV/AIDS Strategy.
international development must champion and address climate change, environmental degradation and biodiversity loss as key development concerns. The environment should be at the centre of working on international development must champion and address climate change, environmental degradation and biodiversity loss as key development concerns. The environment should be at the centre of any development and growth agenda, helping to build resilience, address security, fragility and conflict, and should be a core component of how success and progress are measured.

Eliminating World Poverty: Building Our Common Future (White Paper 2009)

Introduction

1. There is growing and irrefutable evidence linking healthy, functioning ecosystems to our future, but particularly the future and wellbeing of some of the poorest and most vulnerable people in Earth (for example from the Millennium Ecosystem Assessment, The Economics of Ecosystems and Biodiversity (TEEB), and on climate change in the IPCC and UNEP Science Compendium 2009). The environment should be at the centre of any development and growth agenda, helping to build resilience, address security, fragility and conflict, and should be a core component of how success and progress are measured.

2. The RSPB greatly welcomes the revived emphasis on environmental sustainability seen in the 2009 White Paper, Eliminating World Poverty: Building Our Common Future. This vital dimension of poverty alleviation has been missing from much of DFID’s work over the past few years. The Secretary of State in his preface to the White Paper highlights that “the current economic crisis allows us the opportunity to address economic and environmental sustainability together”. He goes on to say that “[We] will lead the world in ‘green’ development ensuring sustainable development and the flight against climate change and its effects are at the heart if what we do” promising “a new focus on environmental sustainability” (page 8). These are important and wise words that the RSPB is now keen to see translated into practice and we look forward to the 2010 Annual Report and Resource Accounts to see progress.

3. We hope that all political parties will recognise the links between environmental sustainability and international development. Ensuring environmental sustainability needs to be at the heart of any UK international development agenda. Without this, recognising the vital significance of MDG7, any gains will be transitory and inequitable (Millennium Ecosystem Assessment, 2005). This means any government working on international development must champion and address climate change, environmental degradation and biodiversity loss as key development concerns. The environment should be at the centre of any development and growth agenda, helping to build resilience, address security, fragility and conflict, and should be a core component of how success and progress are measured.

“Green” Growth

4. It is very positive to see that DFID have recognized that “a focus on growth alone will not be enough. The crisis, and the experience of the years immediately preceding it have made it abundantly clear that unless the fundamental challenges of climate change and natural resource depletion and conflict are also tackled we will not be able to address the reverses of the last years, let alone make progress towards the MDGs” (page 14, para 1.17).

5. This appears to take on board the important messages from the 2006 White Paper submission by the Development and Environment Group (DEG) of BOND (British Overseas NGOs for Development) that said: “Research is increasingly demonstrating that economic growth per se is not enough. At best, economic growth is a very blunt instrument to achieve poverty reduction; at worst it is failing to eradicate even the most extreme poverty whilst rapidly degrading the environment. Economic growth alone cannot support poverty reduction; and if global growth is left unchecked, it will continue to threaten the planet and livelihoods of millions of poor people.”

6. It is the nature of growth and the distribution of its benefits that determine its contribution to poverty eradication and its implications for long term environmental security. The evidence provided by DEG in 2006 showed clearly that the nature of growth, experienced since the 1990’s has not only been ineffective as a means of eradicating poverty, it has also had serious and counterproductive environmental side effects—including climate change and biodiversity loss.

7. This is further supported by a recent report from the Sustainable Development Commission Prosperity without growth? The transition to a sustainable economy (Tim Jackson, 2008). Whilst the report’s title (suggesting “no growth”) may have resulted in it being poorly received by many in government and may mean it is not widely relevant to developing countries, the report does contain some very significant findings and recommendations. It shows that “The myth of economic growth has failed. It has failed the two billion people who still live on less than $2 a day. It has failed the fragile ecological systems on which we depend for survival. It has failed, spectacularly, in its own terms, to provide economic stability and secure people’s livelihoods.” The report outlines a pathway to a more sustainable and prosperous future for the UK, which includes respecting ecological limits, and from which important lessons can and should be drawn for sustainable growth and development more broadly.

8. In the White Paper, DFID has recognized the opportunity and need to “move to growth paths that will prevent further damage to the planet.” (page 19, para 1.42) And that “Climate change is just one manifestation of a more general problem; the failure to internalize the value of the environment in decisions we
make—as individuals, firms, or nations. It is essential that this changes if forest, biodiversity and ecosystems and the services they provide are to be maintained.” (page 40, para 2.93). This now needs to be realised across all DFID’s work, as well as championed across government. In an interconnected world, growth here in the UK and in Europe can have profound effects on developing countries and their natural environment. One obvious example is increasing demand for biofuels, which can create perverse incentives to deforest.

11. We welcome DFID’s interest in exploring “Green Development” and importantly what this means in terms of going beyond low-carbon development. The RSPB stands ready to help DFID deliver on this, as well as their important commitment to “help countries value natural capital and plan for low carbon, climate resilient and environmentally sustainable growth” (page 38). We are well placed to support DFID in its new international initiative on valuing natural capital, building on the TEEB (The Economics of Ecosystems and Biodiversity) programme and hope that this will be started soon. We look forward to progress being reflected in DFID’s next annual review.

CLIMATE CHANGE—FORESTS

12. We welcome DFID’s commitment: “We will seek new ways of raising finance to pay for forest management and reduce deforestation and degradation” (page 58). However, we are not convinced that this is being given the priority and urgency it deserves, particularly the immediate need for interim financing for Reducing Emissions from Deforestation and Degradation (REDD) capacity building ahead of any 2012 commitment.

13. Recognition in the White Paper that the UK, as part of the EU, is seeking an agreement that helps reduce tropical deforestation by 50% by 2020 and halt global forest cover by 2030 is welcomed but this should be more ambitious (page 60, para 3.44). Forests contain almost half of all terrestrial carbon, therefore continued deforestation and degradation at current rates would significantly hamper mitigation efforts. It has been estimated that if tropical deforestation were to continue at its present rate, this could result in almost total forest clearance within a few decades. This would add as much as 400 billion tonnes of carbon to the atmosphere, increase the atmospheric concentration of carbon dioxide by about 100ppm, and result in an increase in global mean surface temperatures of about 0.6°C. It would be impossible to keep the average surface temperature rise of the Earth’s to less than 2°C. For reasons of climate change, biodiversity conservation and human development, tropical deforestation needs to be tackled as a matter of urgency.

14. It is also vital to stress that it is the destruction and degradation of natural tropical forest that is by far the most important and urgent forest-related issue, in terms of emissions, biodiversity loss, the provision of ecosystem services and livelihoods for indigenous and local people. The Convention on Biological Diversity’s Ad Hoc Technical Expert Group (AHTEG) on climate change and biodiversity shows that intact primary forest contain greatest carbon stock as well as harbouring the highest biodiversity and have the highest resilience to climate change. Modified natural forests (ie those that have been logged or degraded) have lower carbon stocks, less biodiversity and less resilience that primary forest. Monoculture and limited species plantations have even lower carbon stocks, even less biodiversity and even less resilience to climate change. (See table below). There is thus great advantage and sense in conserving intact natural forests as a priority, first and foremost. This should be much more explicit in DFID and the UK Government’s action on forests and REDD.

### TOTAL ECOSYSTEM CARBON AND BIODIVERSITY BENEFITS OF MAIN FOREST CONTEXTS

<table>
<thead>
<tr>
<th>Forest context</th>
<th>Carbon stock</th>
<th>Carbon sequestration potential</th>
<th>Biodiversity</th>
<th>Value of ecosystem goods and services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary forest</td>
<td>++ +</td>
<td>+ *</td>
<td>++ +</td>
<td>++ +</td>
</tr>
<tr>
<td>Modified natural forest</td>
<td>+ +</td>
<td>+</td>
<td>++ +</td>
<td>++ +</td>
</tr>
<tr>
<td>Plantations (indigenous species)</td>
<td>+ + + (depending on species used and management)</td>
<td>(+)</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Plantations (exotic species)</td>
<td>+</td>
<td>+ +</td>
<td></td>
<td>(+)</td>
</tr>
</tbody>
</table>

* potential for additional sequestration depends on several elements.

**Source:** CBD AHTEG, 2009

15. We understand from a Parliamentary question (House of Commons Written Answers 9 September 2009: Column 1955W) that DFID does not record expenditure on reducing deforestation. Given that the UK is seeking an agreement that helps reduce tropical deforestation by 50% by 2020 and halt global forest
cover by 2030, we believe that this needs to be addressed. The two categories of expenditure required by the Development Aid Committee of the OECD are forest policy and administrative management; and Forest development. These do not provide sufficient information to identify the UK contribution to the EU target and global challenge. Further to this, there is no mention of work to address deforestation or sustainable forest management in the 2008–09 Annual Report. We would like to see this rectified in the next DFID Annual Report.

**CLIMATE CHANGE—ADAPTATION**

16. Paragraph 3.53 of the White Paper states that: “Natural resources and ecosystems—soil, water, fisheries, forests—are essential for life. The 2005 Millennium Ecosystem Assessment showed that nearly two-thirds of the world’s ecosystems are now under threat from current patterns of growth. Unchecked climate change will accelerate the collapse of ecosystems with disproportionate consequences for the poor. Urgent action on adaptation in vulnerable natural resource sectors is needed.” (page 63).

17. We agree that urgent action is needed on adaptation in vulnerable natural resource sectors and that DFID has a vital role to play in providing this, and we particularly welcome DFID’s renewed commitment to address water resource management and trans boundary water issues. However, to address the root concerns of this significant paragraph, the UK Government also need to consider how it will better support and address global biodiversity loss and ecosystem degradation per se.

18. Three outcomes from Copenhagen under the Ad Hoc Working Group on Long term Cooperative Action (LWG-LCA) would provide significant co-benefits for ecosystems and biodiversity. Specifically, recognition of the value and importance of ecosystems for addressing climate change in the text on the “Shared Vision”; recognition of the value and importance of ecosystems for societal adaptation in the guiding principles for enhanced action on adaptation (ie using the ecosystem approach in all adaptation); and reference to the Ecosystem-based Adaptation concept as defined by the CBD AHTEG, where appropriate, under the section on Enhanced action on adaptation. Taking the UK lead on adaptation, we urge DFID to support this in the ongoing negotiation process and to champion it with the EU.

19. Whatever type of societal adaptation measures are taken (eg for water, agriculture, infrastructure, etc), we believe that they should be environmentally sound, taking into account the composition, resilience and productivity of ecosystems. If this is not done, there is a risk of mal-adaptation, meaning that the effects of climate change will, in the long run, further undermine human well-being. There is also evidence that adaptation measures are more cost effective if the resilience of ecosystems is taken into account. One way to achieve this would be to apply the Ecosystem Approach, the primary framework of implementation of the Convention on Biological Diversity (CBD). DFID would be helping Parties to the CBD meet their CBD commitments in addition to address climate change effectively.

20. Complimenting this, support should also be given to “Ecosystem-based Adaptation” (EbA)—a term which defined by the CBD AHTEG as “the use of biodiversity and ecosystem services as part of an overall adaptation strategy to help people to adapt to the adverse effects of climate change”. It focuses on adaptation activities that make specific use of biodiversity and associated ecosystem services to help human adaptation. It includes the management, conservation and restoration of key ecosystems, for example coastal defence through the maintenance and/or restoration of mangroves and other coastal wetlands to reduce coastal flooding and coastal erosion and conservation of agro-biodiversity to provide specific gene pools for crop and livestock adaptation to climate change. Through EbA, clear and cost-effective benefits can be achieved for societal adaptation, with complimentary co-benefits for biodiversity conservation, ecosystems and the services they provide.

21. This, of course, all sits within the context of achieving an overall good deal in Copenhagen that keeps global warming to below 2 degrees C and includes substantial new and additional funds (including near-term adaptation funding for urgent needs between now and 2012 (as set out in NAPAs) and interim forest finance). The UK needs to contribute its fair share of the estimated $160 Billion annual investment needed to address climate change. DFID needs to mainstream environment and address contradictions.

22. The White Paper states that: “Development, as a means of reducing poverty, is the most effective way to build resilience to the consequences of climate and to preserve our natural resource base” (para 3.49, page 62). We do not believe that this is automatically so. Certain development could lock developing countries into carbon intensive pathways and much development leads to biodiversity loss and environmental degradation. To realise this, DFID will need to work with and call upon different departments in developing country governments, and different civil society groups including those with local environmental expertise as well as development knowledge.

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94 Additional to current 0.7% ODA commitments.
23. Whilst the rhetoric is all good, there also appear to be some inherent contradictions in the way that DFID goes on to address critical development sectors in the White Paper, such as agriculture. Many of the contradictions, including DFID’s research focus and its promotion and support for intensive farming systems are set out in a recent report by GM Freeze, Blind Alley? Is DFID’s policy on agriculture in danger of failing to deliver and environmental security? (June 2009).

24. Food production systems and the environment are inter-dependent and key to attaining genuine food security. The recently published UN and World Bank sponsored IAASTD report (International Assessment of Agricultural Science & Technology for Development) which DFID is signatory to, has made it clear that conventional, industrial agricultural systems have degraded the environment to such an extent that “business as usual is not an option”.

25. Nonetheless, DFID’s three “best bets” are framed very much within a continuation of the status quo—ie ensuring that yields of current staple crop varieties are at least maintained and the nutritional value enhanced. Although these are not in themselves negative, they do not tackle head on the fundamental challenges facing agriculture—climate change, natural resource depletion and degradation (including biodiversity) and reliance on unsustainable inputs (oil, agro-chemicals)—it is also vital that contributions to climate change from agriculture are minimised. There is no reference to the importance of retaining and applying indigenous knowledge, traditional crop varieties or the development of “alternative” agricultural systems or anything different to the conventional agricultural model prevalent in the West and seemingly DFID’s preferred development approach.

26. Section 2.74 refers to a doubling the productivity of food staples across Africa by 2020. This could happen, but must be pursued in a sustainable and regionally appropriate way. Again, the western model of agriculture must not merely be cut and pasted. In section 2.77 the document refers to the original “Green Revolution”—it is vital that it is made clear that the term “green” was not reflecting environmentally sensitive methods of production. It meant more crops being produced—the green revolution certainly fed more people but it was reliant on chemical inputs and drove mono-cropping (larger tracts of single crops with less or no crop rotation). Simply inserting “on a sustainable basis” isn’t enough of a caveat.

27. The IAASTD report for Latin America and the Caribbean states that: “Biodiversity…is the main source of opportunities for the development of new products and ecological functions that help meet the growing demand for food and other products, in a context of economic and climate change”. The RSPB believes that this is true globally. Environmental degradation has been estimated to cost many developing countries 4–6% of their Gross Domestic Product every year. Unsustainable agriculture that damages the environment also has a disproportionate effect on the poorest people and countries. By pursuing sustainable methods of farming, developing countries should be able to secure a win-win scenario for the environment and rural society as well as protecting their natural capital for future generations of farmers.

28. Securing agricultural growth in a sustainable way, that also addresses climate change (adaptation and mitigation), is a considerable challenge but one which must be undertaken for social and economic, as well as environmental, reasons. Section 2.76 refers to climate resilience. This is extremely important but, as mentioned above, agriculture is as much a perpetrator as a victim when it comes to climate change and there must be clear and explicit support for research into low carbon farming techniques, not just crops that can still grow in stressed conditions. This will also help developing countries gain market advantage in a carbon sensitive world.

29. The points on research are also framed very much in yield and profit increases. All laudable but no mention is made of ensuring this research combines enhanced productivity with improved resilience and protection of the natural environment. This is vital. There is also no mention within the Paper about low/no tech methods to improve food security, ie through reducing post harvest waste. This kind of easy win would require no (or very little) new research.

30. Finally, paragraph 2.81 of the White Paper refers to the UK Foresight project on global food production. Despite DFID being a signatory to the IAASTD Agriculture at a Crossroads report, as mentioned above, there is no mention of it even though it provides a sound, peer-reviewed, evidence base upon which the Global Food and Farming Futures project could (and really should) build. The key messages of IAASTD should inform and drive DFID’s agriculture work (as well as the Foresight work) but the report, and its messages, is conspicuous by its absence.

31. We also feel that it is worth pointing out possible inconsistencies linked to the White Paper’s reference to biofuels (para 2.82). The RSPB was actively involved with lobbying on the EU Renewable Energy Directive (RED)—whilst it has environmental sustainability criteria, it does not have social criteria, despite best efforts of NGOs. As far as we know, nobody is assessing the criteria at present—the current focus is on how to implement them. We welcome that DFID has recognised that biofuel policy has an impact food security, but feel they should also focus on the indirect land use changes that can arise from biofuel policy and support work that is going on now to address this.

IMPROVING EFFICIENCY

1.1 Saferworld’s mandate is to prevent and reduce violent conflict and it is from this perspective that we approach our submission to this inquiry, informed by our programmes in the Horn of Africa, South Asia and Eastern Europe.

1.2 Saferworld strongly supports the White Paper’s emphasis on conflict-affected and fragile states—and particularly the recognition that, to be effective in these contexts, UK development assistance may need to prioritise a different set of interventions than in more stable and secure countries.

1.3 In conflict-affected and fragile countries, Saferworld believes it is right to prioritise support for inclusive political settlements, addressing the underlying causes of conflict and fragility, and promoting security and justice as basic entitlements. Such interventions are necessary not only for tackling the human cost of violent conflict but also for paving the way for broader development in some of the countries furthest away from achieving the Millennium Development Goals (MDGs).

1.4 However, this poses questions about which countries fall under the definition of “conflict-affected and fragile states” and, in any case, countries that may seem to be relatively stable and secure on the surface may harbour underlying tensions that risk being triggered into violence (for instance the 2007–8 post-election violence in Kenya, or Bangladesh currently).

1.5 And so whilst the range of interventions set out in DFID’s White Paper for conflict-affected and fragile states is certainly right, Saferworld would argue that an approach incorporating more political engagement, that draws on the full and coordinated resources of all relevant departments of state, and which uses conflict analysis as a starting point for programming designed to maximise the opportunities for supporting peace, security and stability should be a requisite for all the countries in which DFID works (see also 2.4 below).

Investing in Civil Society

33. We welcome the “New approach to working with civil society” and DFID commitments (“We will...” page 132), particularly the increase in funding, and expanding Partnership Programme Arrangements to those in developing countries and working on new issues.

34. Recognition of the role of civil society organisations (CSOs) both as campaigners and deliverers of development (p. 7; page 132 para 7.40) is encouraging, including the “power and value of international voice and advocacy” (page 132, para 7.42). There is a clear indication that DFID sees civil society as a vital component of their continuing efforts to promote good governance and build strong, effective, accountable states and state institutions in the South.

35. The RSPB and WWF have recently funded the Overseas Development Institute to carry out research, working with CSOs in developing countries, to look at how the environment fares in the new relationship that is slowly emerging between donor countries and aid-receiving countries.6 It acknowledges the primacy of national ownership over the development process and that that national ownership needs to go beyond government. This means a critical role needs to be played by civil society. The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action are DFID commitments and key drivers of this agenda, and critically important to improving the overall effectiveness of aid.

36. Much focus to-date, however, has been on strengthening the systems of national government delivery. Greater attention is now needs to be given to the strategic support of civil society organizations—and this must include environment-focused organisations if development is to be sustainable and effective in the long term. In particular, accountability for environmental outcomes needs to be strengthened. Those communities most affected by ecosystem degradation often lack political weight and organisational capacity to advocate for their interests. Similarly, environmental issues are often neglected in political processes and environment departments are often weak and under resourced. The RSPB and BirdLife are working to build capacity in developing countries—and poor communities within those countries—to address and advocate for environmental issues of concern to them. We would like to encourage DFID to do more to recognise this governance gap and would be keen to support them in this.

September 2009

Written evidence submitted by Saferworld

1. INTRODUCTION

32. This is an important issue, however there is a danger that a drive towards greater and greater efficiency and value for money could focus on short term easily measured wins and could result in declining support for vitally important longer-term transformational change, such as towards environmentally sustainable development. This requires a long-term commitment to support better environmental governance, including better understanding and valuing of ecosystems and the services they provide and how biodiversity and ecosystems helps build resilience in the face of climate change.

33. We welcome the “New approach to working with civil society” and DFID commitments (“We will...” page 132), particularly the increase in funding, and expanding Partnership Programme Arrangements to those in developing countries and working on new issues.

34. Recognition of the role of civil society organisations (CSOs) both as campaigners and deliverers of development (p. 7; page 132 para 7.40) is encouraging, including the “power and value of international voice and advocacy” (page 132, para 7.42). There is a clear indication that DFID sees civil society as a vital component of their continuing efforts to promote good governance and build strong, effective, accountable states and state institutions in the South.

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September 2009

Written evidence submitted by Saferworld

1. INTRODUCTION

1.1 Saferworld’s mandate is to prevent and reduce violent conflict and it is from this perspective that we approach our submission to this inquiry, informed by our programmes in the Horn of Africa, South Asia and Eastern Europe.

1.2 Saferworld strongly supports the White Paper’s emphasis on conflict-affected and fragile states—and particularly the recognition that, to be effective in these contexts, UK development assistance may need to prioritise a different set of interventions than in more stable and secure countries.

1.3 In conflict-affected and fragile countries, Saferworld believes it is right to prioritise support for inclusive political settlements, addressing the underlying causes of conflict and fragility, and promoting security and justice as basic entitlements. Such interventions are necessary not only for tackling the human cost of violent conflict but also for paving the way for broader development in some of the countries furthest away from achieving the Millennium Development Goals (MDGs).

1.4 However, this poses questions about which countries fall under the definition of “conflict-affected and fragile states” and, in any case, countries that may seem to be relatively stable and secure on the surface may harbour underlying tensions that risk being triggered into violence (for instance the 2007–8 post-election violence in Kenya, or Bangladesh currently).

1.5 And so whilst the range of interventions set out in DFID’s White Paper for conflict-affected and fragile states is certainly right, Saferworld would argue that an approach incorporating more political engagement, that draws on the full and coordinated resources of all relevant departments of state, and which uses conflict analysis as a starting point for programming designed to maximise the opportunities for supporting peace, security and stability should be a requisite for all the countries in which DFID works (see also 2.4 below).

6 Neil Bird and Alice Caravani (July 2009) Environmental Subsustainability within the new development agenda: opportunities and challenges for civil society. Overseas Development Institute, London.
2. SECURITY AND JUSTICE

2.1 Saferworld particularly applauds the White Paper’s recognition of security and justice as basic entitlements. Poor people want and deserve to feel safe and secure just like anyone else, but a lack of security also undermines other areas of development—for instance, hampering economic investment and growth, making education more difficult to deliver and providing an enabling environment for the sexual violence that is both an immediate violation and a driver for diseases such as HIV/AIDS.

2.2 Although many donors work on “security sector reform” programmes, such work has not typically been part of the development mainstream and it is to DFID’s considerable credit that it has moved this issue to the centre of the agenda. But it will be important to ensure that the model of “security and justice” that DFID (and the rest of Her Majesty’s Government (HMG) promotes is accountable, transparent and responsive to communities. Security and justice should be based on the real needs of those affected by conflict and insecurity as well as those of the state.

2.3 Neither can the UK actually itself actually provide security or ensure access to justice, but it can support and promote their provision. And promoting the provision of security and justice will require the UK to support the civil society of developing countries to become capable of demanding appropriate services from their governments at the same time as supporting those governments to develop appropriate state institutions.

2.4 It should be noted that the White Paper refers to security and justice as basic entitlements in the relatively narrow context of development assistance to conflict-affected and fragile states. Whilst this is an essential and natural starting point, HMG should consider security and justice as central aspects of a comprehensive development agenda in other contexts which may not have such acute conflict dynamics. In these contexts poor security provision and access to justice are nevertheless key to a full realisation of the rights of poor and marginalised communities and in turn fundamental to reducing the likelihood of violent conflict and creating the conditions necessary for sustainable development and growth.

3. CHALLENGES FOR DFID

3.1 The challenge for DFID (and HMG more widely), is now how to translate the ambition of the White paper into practical programme delivery and support. The remainder of this submission offers suggestions and recommendations to this end, looking particularly at four areas:

— Risk analysis and programme evaluation.
— Appropriate timeframes and adapting to changing circumstances.
— Monitoring and evaluation in conflict-affected countries.
— Evaluating security and justice support.
— DFID staffing, capacity and expertise.
— Guidance and tools for working in conflict-affected and fragile countries.
— Appraising staff performance.
— Security and justice career paths.
— Managing external contractors.
— Cross-Whitehall coordination.
— Joint country strategies and political support for development.
— The Conflict Prevention Pool.
— Building support.

4. RISK ANALYSIS AND PROGRAMME EVALUATION

Appropriate timeframes and adapting to changing circumstances

4.1 Post-conflict societies take a long time to recover from conflict and many conflict-affected or fragile countries are stuck in a cycle of crisis, early recovery, and renewed crisis. Add to this the difficult, protracted and often contested nature of promoting and supporting people-focused security and justice, and it is clear that programming in conflict-affected and fragile states needs to be planned, implemented, evaluated and funded according to the way the world actually is—not to short-term funding objectives and impact assessments.

4.2 DFID should be prepared for occasional failures and flexible enough to respond to changing circumstances, if necessary by adapting programmes and their timeframes and by recognising that lasting impact can only be achieved and measured over the long-term. This approach may be at odds with increasing political pressure to show immediate and tangible results, but it is the only way such complex and sensitive work will be successful and, ultimately, represent true value for money.
Monitoring and evaluation in conflict-affected countries

4.3 There is also a need for DFID to ensure that its monitoring and evaluation exercises, like its development assistance itself, are “conflict-sensitive” and assess the impact they may have on the situation on the ground. There will be issues around staff risk to consider (can evaluators get safe access to the people/places they need to visit) and, in conflicted or politically fragile contexts, the very act of going to speak with particular groups or individuals may have an impact on the conflict dynamic (perhaps inadvertently signalling legitimacy, for instance). These problems do not mean that DFID should down-play its monitoring and evaluation efforts—which are vital for ensuring programmes have a positive effect on conflict dynamics—but do highlight the need for DFID to properly plan and resource this type of work.

Evaluating security and justice support

4.4 In practice, it appears that most monitoring and evaluation of security and justice sector support is currently project- or programme-focused, since donors wish to know whether their project or programme “works” and there is a relatively straightforward unit of analysis provided by project documents and logframes. However, given the shift towards “whole of government” and ‘cross-sectoral approaches’ needed to effectively support security and justice provision, DFID will increasingly need to look at sector/system level evaluation. Evaluation at this level is likely to be impact- as well as outcome-focused, concentrating more fully on the functioning of national security and justice systems, the culture and behaviour of institutions and the well-being of beneficiary populations.

4.5 And DFID will have to make sure that its evaluation does not inadvertently create “perverse incentives”. For instance, a narrow focus on tangible quantitative indicators could lead to DFID programmes measuring increased numbers of security personnel as a success, rather than more substantive issues around the way those personnel behave, uphold the rule of law and respond effectively to community needs.

5. DFID STAFFING, CAPACITY AND EXPERTISE

Guidance and tools for working in conflict-affected and fragile contexts

5.1 DFID has some good programming tools and guidelines but they are not yet sufficiently mainstreamed and the majority of staff are not fluent in their use. DFID’s draft “practice papers” for Working Effectively in Situations of Conflict and Fragility together with the “emerging policy paper” on Building the State and Securing the Peace, set out a sophisticated conceptual framework with links to practical guidance. DFID should ensure that all staff operating in conflict-affected and fragile contexts have access to—and are trained and supported in the use of—such guidance.

Appraising staff performance

5.2 Conflict-affected and fragile contexts are challenging environments with no simple solutions or guarantees of success. With particular regard to security and justice sector support, setting performance indicators for staff and success indicators for programmes requires a sensitivity to the context which is arguably more nuanced than for other areas of development programming and must take into account the highly political nature of security and justice sector development and the long-term timeframe necessary for durable results. DFID should ensure that it appraises staff performance in a way that takes into account the long-term timeframes required and incentivises staff to pursue the comprehensive approach to security and justice set out by the White Paper.

Security and justice career paths

5.3 Related to this, the present lack of an appropriate career development structure in “security and justice” within the department means that staff turnover is unfortunately high as people are “promoted out” of post. Instead, staff should be encouraged to develop their expertise and experience in this area—with a clearly defined route of advancement. If DFID is serious about placing security and access to justice “on a par with health and education”, it will need to reflect this in the career opportunities it presents its employees.

Managing external contractors

5.4 Attempting to deliver an increasingly comprehensive vision of support for security and justice sector development while simultaneously trying to “do more with less” has led to an increase in the number of DFID-supported security and justice programmes being outsourced to external contractors.

5.5 While such an approach can potentially fill vital capacity gaps and deliver better value for money, it should not be seen as an “easy option”. The management and co-ordination of security and justice programmes is inherently difficult, even when all functions are kept in-house. When many activities are outsourced, often to more than one actor, this adds an extra layer of complexity for donors who bear ultimate responsibility for the programme. Negotiating the politically sensitive areas of policy and practice these programmes touch upon—as well as ensuring that they are integrated with wider national development and conflict prevention strategies—will need sustained and proactive management.
5.6 And so, if DFID is to successfully step up efforts to promote security and access to justice – particularly while placing greater (and necessary) emphasis on “thinking politically” – it will need enough skilled, experienced and well-supported staff to oversee these programmes, particularly those which are largely outsourced to external contractors.

6. Cross-Whitehall Coordination

Joint country strategies and political support for development

6.1 The White Paper’s commitment to producing joint country strategies for HMG in all fragile countries by June 2010 is a welcome one. However, it is important that these strategies do not simply add an extra layer of bureaucracy but instead benefit from serious buy-in from all relevant departments and represent a truly shared vision of what the UK is aiming for in each country. A thorough and regularly updated analysis which takes into account conflict dynamics and opportunities for peace and security issues at regional, national and community levels, political trends and key actors should inform HMG’s country strategies and include where possible an articulation of the roles and responsibilities of each government department in implementing the strategy.

6.2 The White Paper’s recognition that “close cooperation between FCO and DFID” is required somewhat overplays the issue. An effective collaboration will require both institutions to develop positive, constructive, clearly defined working relationships both in Whitehall and in-country. This should include finding ways to draw on the strengths of the FCO’s political knowledge and analysis and DFID’s increased commitment to Political Economy Analysis. HMG must work out what its priorities are in each country and ensure that both DFID and FCO are working towards joint objectives. As DFID’s budget continues to grow relative to the FCO’s, this will become even more important. The development of joint country strategies for all fragile states should help further this ambition. In addition to developing joint country strategies HMG should consider the co-location of DFID and FCO staff in-country, such as in Southern Sudan, which may be a model to explore further in terms of the benefits it brings to coherence and cooperation in conflict-affected and fragile states.

6.3 DFID is to be commended for its recognition of the need for long-term political commitment but the White Paper somewhat underplays the issue. Promoting the provision of responsive and accountable security and equal access to justice touches on the essence of the way a state exercises its monopoly on the use of force and on such sensitive issues as national security and sovereignty. Some governments may be actively opposed to measures they see as weakening their grip on power. UK ambassadors in-country and relevant UK Ministers need a sound understanding of the benefits, complexities and likely challenges those actively opposed to measures they see as weakening their grip on power. UK ambassadors in-country and relevant UK Ministers need a sound understanding of the benefits, complexities and likely challenges those governments—itself another reason why DFID and the FCO need to be “singing from the same hymn sheet”.

The Conflict Prevention Pool

6.2 Recent changes to the Conflict Prevention Pool (CPP) are of potential concern. Much more important than “simply” a funding stream, the real value of the CPP was in providing a mechanism for promoting and ensuring a high degree of cross-departmental cooperation at the mid- and junior civil servant level. The CPP should not be continued if it is not fit for purpose, but whatever mechanism is developed to replace it should be designed in such a way to encourage staff from across departments to work together towards common goals contained in the joint country strategies.

7. Building Support

7.1 As mentioned above, the White Paper’s approach to conflict and fragility is right for both addressing the human cost of conflict and paving the way for broader development in some of the countries furthest away from achieving the MDGs. But it represents a quite different way of working for DFID, the detail and implications of which are not widely understood. Consequently, some within the development community fear that this approach may take resources away from sectors such as education and health and may view the White Paper as potentially the “securitisation” of aid by stealth.

7.2 Saferworld does not support the “securitisation” of aid and believes it crucial that international ODA definitions and the way the UK defines its aid are not adjusted so that aid money may be spent on military expenditure. This is particularly true of promoting security and access to justice, which should require the UK to spend development assistance on supporting the development of state institutions and civil society, but not on providing military aid or subsidising UK military operations.

7.3 However, Saferworld does not believe that the commitments made in the White Paper suggest a securitisation of aid but, instead, believes HMG will have to demonstrate what an effective approach to development in conflict-affected and fragile countries does—and does not—entail. It is important that DFID is clear and frank in setting out the full details of its new approach both to allay fears and win support
amongst the development community, as well as ensuring that it is widely enough understood to rebut any attempt to introduce a “harder” security element to UK development assistance in situations of conflict and fragility in the future.

8. RECOMMENDATIONS FOR SPECIFIC AREAS OF INQUIRY FOR THE IDC

From the evidence presented above, Saferworld recommends that the IDC consider looking in more detail at the following specific areas:

— How DFID will approach planning, implementing, evaluating and funding its work in conflict-affected and fragile countries (and to promote security and justice more broadly) based on the timeframes realistically needed to achieve meaningful change.

— What DFID’s plans are for meeting the particular challenges associated with monitoring and evaluating the promotion and support of security and justice provision.

— How DFID will adapt internal procedures and tools such as staff performance appraisals, career development paths, and operating guidance to reflect the challenging realities and risk involved in working in conflict-affected and fragile states and on difficult and protracted security and justice interventions.

— How DFID anticipate balancing the benefits of outsourcing programme design and delivery to external contractors with maintaining the level of strategic oversight necessary when working in politically challenging contexts and on politically difficult interventions.

— Whether the Treasury plan on reviewing existing efficiency targets for DFID, with particular regard to ensuring DFID has appropriate staff capacity to deliver on the White Paper’s “new approach” to conflict-affected and fragile states.

— What level of “buy-in” there is from the FCO and MOD to the White Paper’s commitment to creating joint country strategies for conflict-affected and fragile states by June 2010; and how HMG will ensure that staff from DFID, FCO and MOD are properly incentivised to work together in drafting, implementing and evaluating these joint strategies.

— How DFID will communicate the details of its approach to conflict-affected and fragile countries, and promotion of security and justice, so as to raise the level of understanding of these issues amongst the wider development community and win support for them.

October 2009

Written evidence submitted by the UK Aid Network (UKAN)

ABOUT UKAN

The UK Aid Network (UKAN) is a network of UK NGOs who work together to advocate for more and better aid, from the UK Government in particular. We also work with colleagues across Europe, and internationally, to influence the aid system more widely. Members include ActionAid UK, BOND, Oxfam GB, CAFOD, Care International UK, ONE, One World Action, Progressio, WaterAid and World Vision UK.

UKAN welcomes this evidence session and the IDC’s efforts to maintain scrutiny over the UK’s performance and future policy direction. UKAN’s responses and concerns related to DFID’s 2009 Annual Report and the new White Paper on International Development are presented below:

SUMMARY

The UK Aid Network recommends that the DFID undertake the following in response to its Annual Report and 2009 White Paper, and requests the IDC to raise these issues:

— Aid increases—do all it can to defend current spending plans in any immediate budget decisions and the next CSR; and ensure a law committing the UK to reach 0.7% by 2013 and retain this as a minimum level for its aid is put in place as soon as possible.

— Non-DFID ODA—clarify how non-DFID ODA will be spent in the coming years and detail measures it will take to ensure that all ODA spending is delivered utilised solely for development objectives.

— Aid effectiveness—improve its internal monitoring and reporting on aid effectiveness (especially on its Paris and Accra commitments); this should be increasingly informed by joint monitoring with recipient countries in-country.

— Technical Assistance—undertake an independent assessment of how effectively its guidance on TA is being implemented and take steps to prioritise this area in the period to 2010 and beyond.
— **Headcount cuts**—develop a strategic approach to further headcount cuts that takes into account the importance of DFID’s in-country appointees for promoting local ownership, capacity building and gathering political intelligence.

— **World Bank support**—to ensure any future allocation (especially the next IDA replenishment in autumn 2010) and strategic policy decisions related to the World Bank are based on demands for a more progressive and extensive set of reforms.

— **IMF support**—more urgently engage with the IMF on its response to the financial crisis and issues relating to its conditionality, country ownership and of course governance, and ensure future support is linked to progress on such reforms.

— **Accountability funding**—detail how it will be delivering increased support for accountability in developing countries, through a strategic and coordinated approach.

— **Conflict work**—Explore and put in place the measures required to ensure a development approach is taken to the UK’s work in conflict environments.

— **Multilateral effectiveness**—make public specific plans for how its new approach to assessing multilateral effectiveness will be implemented and also ensure that such a process is transparent and open to scrutiny.

**Main Text of Submission**

The DFID Annual Report is an important document for accountability and transparency and we have noted significant improvements to it in recent years. However, UKAN does want to raise a number of concerns about the content—approach of the Annual Report and some of the issues addressed in this years report:

1. **DFID Annual Report**

   1.1 **Aid increases**—UKAN members welcome the increase in UK aid delivered during 2008–09, further increases planned for 2009–10 and 2010–11 and the restatement of the commitment to reach 0.7% by 2013. The recent proposal to introduce a law that aid will remain at least 0.7% of national income in the future will help ensure these plans are delivered on, if this law establishes 2013 as the date for reaching 0.7% and a floor for aid levels. These commitments are more important than ever given the significant impact of the financial crisis on developing countries and the signal it sends to other international donors about the importance of delivering on their aid promises. We would therefore like the IDC to request DFID do all it can to defend current spending plans in any immediate budget decisions and the next CSR; and ensure a law committing the UK to reach 0.7% by 2013 and retain this as a minimum level for its aid is put in place as soon as possible.

   1.2 **Non-DFID ODA**—Over the period 2008–9 to 2010–11 the volume of UK ODA delivered outside of DFID is due to increase from £0.6 billion (9.5% of total UK ODA) to £1.3 billion (14.3% of total UK ODA). There is currently very little clarity as to which ministries will be delivering this ODA and what steps will be taken to ensure it is focused on development priorities. The fact that the International Development Act does not cover non-DFID ODA makes this even more of a concern, so one option might be to revise this to cover all UK aid. We would like the IDC to make public information about how non-DFID ODA will be spent in the coming years and detail measures it will take to ensure that all ODA spending is delivered utilised solely for development objectives.

   1.3 **Reporting on aid effectiveness**—The section in DFID’s 2009 Annual Report covering aid effectiveness (Annex F) currently presents data illustrating DFID performance in the 2008 survey on implementing the Paris Declaration on aid Effectiveness and additionally separate data on predictability and disbursements of budget support. However, given that the results of the 2008 Paris survey covers DFID performance up to March 2008 and the Annual Report did not present much additional data than the Paris survey, there is limited data presented on DFID performance on many areas of aid effectiveness (eg use of programs, aid on budget, use of country systems, joint work with donors etc; with predictability the major exception) for the last year. This includes a lack of reporting on DFID’s performance in meeting commitments made in the Accra Agenda for Action in 2008. It is clear that DFID’s own internal performance reporting on aid effectiveness needs to be supplemented in the future, especially given that there will not be another survey on Paris implementation until 2011. This monitoring and reporting should be informed as much as possible by joint monitoring with recipient countries at the country level, an area (mutual accountability) of the Paris Declaration that has been most neglected by donors. We would therefore like the IDC to request that DFID improve its internal monitoring and reporting on aid effectiveness (especially on its Paris and Accra commitments) and that this should be informed increasingly by joint monitoring with recipient countries in-country.
1.4 Technical assistance—UKAN members have long held concerns that the UK’s provision of technical assistance—which is currently around 25% of UK aid—faces problems relating to weak country ownership, poor cost effectiveness and limited sustainable impact.77 These concerns have not been assuaged by the failure of the DFID to carry out a proposed assessment of its guidance on technical assistance in 2008 and its failure to highlight TA as a priority ahead of the 2010 deadline for achieving the Paris Declaration commitments. This is despite the fact that the UK has not met the Paris target on TA for all countries surveyed covered in the last Paris monitoring survey and it has also not yet met its target on TA agreed through the EU (100% of TA to be coordinated by 2010) in 2005. We would therefore request that IDC instruct DFID to undertake an independent assessment of how effectively its guidance on TA is being implemented and take steps to prioritise this area in the period to 2010 and beyond.

1.5 Headcount cuts—In addition to our general concerns around DFID being expected to deliver an increasing budget in increasingly challenging environments with fewer staff, we are concerned that headcount cuts at DFID seems to be falling disproportionately on in-country appointees, potentially hampering efforts to localise development interventions, build local capacity and act based on good local knowledge and political intelligence. This is illustrated by the fact that the number of DFID in-country appointees fell by 9% in 2007–08 and by 23% since 2004–05, whilst the number of home civil service staff only fell by 0.7% in 2007–08 and by 15% since 2004–05 (see section 4.24). This is despite the fact that home civil service staff outnumber in-country appointees by more than 2:1. We would therefore request the IDC to instruct DFID to develop a strategic approach to further headcount cuts that takes into account the importance of in-country appointees for promoting local ownership and capacity building.


The new DFID White Paper Building Our Common Future highlights the critical international challenges facing the development community in the coming years and exploring how DFID can contribute in the responding to them. UK NGOs generally welcomed this White Paper for exploring these issues and presenting some significant proposals for tackling them.

UKAN would however like to share some more detailed responses and its concerns relating to the White Paper in a number of key areas, as below:

2.1 World Bank effectiveness and its future role—The White Paper and other recent policy proposals strongly indicate the UK government’s support for the World Bank to take a more active role in supporting countries to respond to the financial and climate crises currently facing the world. UKAN members strongly believe that any increased role needs to be accompanied by reforms to make the World Bank more effective, more equitably governed, more respectful of country ownership and strengthen its adherence to international human rights and other standards. Although the White Paper does present a reform agenda for the World Bank, UKAN members believe this agenda is not sufficiently progressive (it does not address all the issues presented above) and do not match up to the effectiveness standards set for the UN—a more representative and arguably legitimate organisation—by the White Paper (future core funding to the UN will be based on performance in improving effectiveness). We would therefore request the IDC to instruct DFID to ensure any future allocation (especially the next World Bank IDA replenishment in autumn 2010) and strategic policy decisions related to the World Bank are based on demands for a more progressive and extensive set of reforms. This will help to ensure the World Bank is fit for purpose and any decisions about its role in development are more legitimate.

2.2 IMF and the financial crisis—The White Paper highlights how the IMF has been given additional funds to support developing countries through the financial crisis, and also states that the IMF has an important role to play in this effort. The White Paper rightly identifies the need for the IMF to develop more effective instruments and allow countries more of a say over how resources are spent. Recent analysis of the IMF’s response to the financial crisis, confirms that further reforms are an immediate priority as the IMF is continuing to favour contractionary spending policies, even though such steps may hamper recovery from the financial crisis and reduce spending on vital social services, and even where countries may have resources to implement expansionary spending policies.78 We would therefore request the IDC demand that the UK government more urgently engage with the IMF on its response to the financial crisis and issues relating to its conditionality, country ownership and of course governance, and ensure future support is linked to progress on such reforms.

2.3 Accountability of aid/public spending—UKAN welcomes the White Paper commitment to increase spending on accountability in-country to a level equivalent to at least 5% of budget support. Increased investment in accountability is a step we have long campaigned for, given that aid is increasingly being delivered through or involving government and this requires a concomitant increase in investment in scrutinising governments. We would like to emphasise that such an increase in spending on accountability should be delivered strategically, ie following in-depth analysis of the gaps in accountability in individual countries—especially through engagement with civil society—and by coordinating with other donors. We request the IDC to emphasise this point and ask DFID detail how it will be delivering increased support for accountability in developing countries, through a strategic and coordinated approach.

77 See “Real Aid 2—Making Technical Assistance Work”.
78 “IMF austerity chills crisis countries”, Bretton Woods Update—July-Aug 2009, BWP.
2.4 Conflict and security—We broadly welcome the increased emphasis the White Paper places on responding better to conflict and security challenges in the developing world, given that the most intransient poverty challenges are in conflict affected countries. As the White Paper emphasises, such an agenda will require a more coordinated response across relevant UK government ministries, which in turn creates challenges for ensuring that such a coordinated response is driven by such a coordinated agenda. We have looked upon with concern a number of donors (most notably the USA) have allowed their interventions in conflict affected countries to become dominated by military and foreign policy objectives and approaches. These examples suggest that a development approach requires particular institutional procedures to be followed (eg a suitable balance of decision-making and institutional independence) and perhaps legislative reforms to be undertaken. We therefore request the IDC to raise these concerns with DFID and to request it to explore and put in place the measures required to ensure a development approach is taken in its conflict work.

2.5 Multilateral effectiveness—We welcome the emphasis the White Paper places on ensuring that multilateral aid is made more effective in promoting poverty reduction and development, given that an increasing proportion of the UK’s aid is going through such institutions. The range of criteria set out by the government for making decisions about multilateral funding—which include their governance, engagement of civil society, accountability for performance and focus on the poorest seems—seems to be suitable as well. However, the White Paper does not make it clear exactly how the UK government will undertake such assessments and make allocation decisions, and how transparent such processes will be. We would therefore request the IDC to request DFID make public specific plans for how its new approach to assessing multilateral effectiveness will be implemented and also ensure that such a process is transparent and open to scrutiny.

September 2009

Written evidence submitted by UK Learned Societies

Thank you for inviting comments on the above consultation. I am writing on behalf of an informal steering group of individuals, from various UK learned societies and other organisations, who have become passionately interested in capacity building in science and technology for international development. These individuals have been copied into this email.

We thought that the Committee might be interested to know that we held a major meeting of UK learned societies on the 2 June 2009, that discussed how the societies might work effectively with DFID and other large funding bodies to tackle pressing problems of science and technology capacity building in developing countries. The report of the meeting is attached, but we would like to draw the Committee’s attention to the following points that were discussed and agreed as being of vital importance at that meeting.

1. Funding bodies have tended to disburse money in large scale grants, in the belief that this has more impact and to save on administrative costs, rather than giving out lots of small grants. This is not a bad thing per se where significant investments into seriously underfunded areas are needed. However there was a concern that big programmes can come at a price of being inflexible and strait-jacketed by the agendas of the funding organisations. Flexible small scale programmes can be much more effective in addressing real local aspirations. Real change is effected by committed individuals, and is an organic, bottom up process heavily based on personal relationships. “Small is beautiful” programmes and grants can often best suit these enthusiasts.

2. Local projects aimed at individual scientists engage creative people who want to get involved. The best initiatives often start small and are allowed to evolve to meet real local aspirations. Support should not just be on regional problems but should also cover fundamental science. Donors should have funding programmes that can cope with flexibility, diversity and small applications. The former British Council grant-in-aid funding for small programmes addressing individual country needs, and not driven by a rigid UK central agenda, was an example where this was once achieved very well.

3. Many existing donor funded development programmes focus on building research institutions. This is not a bad thing as scientists need labs and jobs. However such programmes have often been too short term to be sustainable, and have not considered the participating individuals long term career development support needs. Here, mentoring opportunities are particularly important. This is the area where learned societies should be able to access funding for the long term support of local networks and their integration into international networks. As long term clubs of scientists, this is what learned societies do best. We appreciate that donors might currently find it difficult to commit for very long periods of time given their short-term financial cycles, something that Government might help address. Policy makers and funders need to wake up to the need to support professional networks as the supporting “glue” for their research programme and institutional/centres of excellence investments. With external funding, the learned societies, not for profit organisations which plough any extra funding they have back into supporting science, could be the perfect contractors for this. Learned societies have a big stock of trust with all players in the scientific system which can be built upon, as they are organisations created by scientists for scientists, without the taint of overt commercial interest or governmental politics.
4. In terms of how best to encourage the growth of local networks, there was a significant consensus that a very good way would be to facilitate the learned societies of the North in supporting the learned societies of the South directly. In this way they can facilitate the organic development of research and research networks in their countries/regions. Thus supporting the development of local sister (where one already exists and just needs to be built up) and daughter (where one has to be created from scratch) learned societies could be the most productive way forward. Learned societies do not currently have the funding resources to achieve this on their own.

We hope that this is helpful and would be happy to discuss these issues further with the Committee.

Written evidence submitted by UNICEF


2. UNICEF, the United Nations Children’s Fund, is mandated by the United Nations General Assembly to advocate for the protection of children’s rights, to help meet their basic needs and to expand their opportunities to reach their full potential.

UNICEF is guided by the United Nations Convention on the Rights of the Child (CRC) and strives to establish children’s rights as enduring ethical principles and international standards of behaviour towards children.

Key Points

— Children and young people are the most vulnerable in society and the most affected by global recession, climate change and conflict and yet they are the least responsible. UNICEF UK would like to see children, young people and their rights placed at the centre of the international development agenda, which this White Paper does not do.

— DFID must ensure that children’s rights are central to policy implementation.

— With regard to climate change, children and young people are our best chance at adopting sustainable adaptation policies and good environmental practice. However, recognition of children as part of the solution, rather than just the victims, particularly in adaptation programmes in developing countries, is missing from this White Paper.

— UNICEF UK welcomes DFID’s continued commitment to Universal Access to HIV treatment, prevention and care and support. However, we feel that this White Paper did not go far enough in sufficiently accounting for the cross cutting impact of HIV and AIDS on the development agenda and the importance of addressing HIV in terms of achieving wider development goals

Background


4. Overall, UNICEF UK welcomes the new White Paper, and in particular DFID’s recommitment to overseas development aid, and to achieving the Millennium Development Goals (MDGs) in the context of the economic downturn. However, there are several areas in which we felt the White Paper could have gone further to increase the effectiveness of UK aid in achieving outcomes for children and young people which are outlined in this submission.

Children’s Rights

5. November 2009 marks the 20th anniversary of the United Nations Convention on the Rights of the Child (CRC). When the UK Government ratified the CRC in 1991, it thereby committed itself to undertake all actions and policies in the light of the best interests of the child and to protect and ensure children’s rights within the UK, and through their international development policy.

100 http://www.dfid.gov.uk/About-DFID/Quick-guide-to-DFID/How-we-do-it/Building-our-common-future/
6. Article 4 of the CRC states that “all States Parties shall undertake all appropriate legislative, administrative, and other measures for the implementation of the rights recognized in the present Convention. With regard to economic, social and cultural rights, States Parties shall undertake such measures to the maximum extent of their available resources and, where needed, within the framework of international co-operation”.102

7. Disappointingly, this White Paper did not mention children’s rights, or take the opportunity to use the framework of children’s rights as a basis for addressing climate change. Fragile states and achieving the MDGs. Although DFID’s work has greatly benefited children across the world, without recognition of children’s rights as laid out in CRC, the UK is missing a key opportunity to make real progress towards the MDGs.

8. Overall there was insufficient attention to children and young people in this White Paper. Children and young people are the most vulnerable in society and the most affected by global recession, climate change and conflict and yet they are the least responsible. UNICEF UK would like to see children, young people and their rights placed at the centre of the international development agenda, which this White Paper ultimately does not do.

9. While it remains to be demonstrated how the commitments within this White Paper will be implemented, in order to fulfil all of their international commitments DFID must ensure that children’s rights are placed at the centre of their implementation. This moves beyond ensuring actual outcomes for children and young people—such as increased access to education—to ensuring the fulfilment of rights for all children and young people.

**Children and Young People as Active Partners in Development**

10. Despite an extensive consultation which included representations from young people, this White Paper failed to appropriately include youth and young people. The word “youth” is only mentioned in the quotes from UN documents on the MDG targets. The White Paper only references “young men” as one of the “underlying causes of conflict and fragility . . .”103 a perception of youth as a threat to development which fails to recognise the resource that young people can be in the effort to achieve the MDGs. As active agents of change young people should be recognised as assets, rather than threats, to DFID’s development goals.

11. As the twentieth anniversary of the CRC approaches, UNICEF UK would like to encourage DFID to involve children and young people in the development of its programmes. Providing a voice to children and young people as well as being a right in itself (as laid out in Article 12 of the CRC)104 would be a means to improve programme outcomes.

**Climate Change**

12. UNICEF UK wholly supports the White Paper’s aim for an ambitious, comprehensive and equitable deal on climate change at the December Copenhagen UN Climate Change Conference, and the initiative for expanding trade markets and an international donor fund to stimulate green technologies for the developing world. UNICEF strongly upholds DFID’s recognition that tackling climate change is an investment for our children’s future, development and global stability.

13. However, as children and young people are our best chance at adopting sustainable adaption policies and good environmental practice UNICEF UK would like to see recognition of children as part of the solution, rather than just the victims, particularly in adaptation programmes in developing countries, which is missing from this White Paper.

14. A child rights-based approach to adaptation programmes in developing countries would prioritise children and involve them in their design and delivery. Evidence shows that child-focused adaptation programmes can be more effective and efficient in achieving development objectives than non child-centred programmes.

**HIV and AIDS**

15. UNICEF UK welcomes DFID’s continued commitment to Universal Access to HIV treatment, prevention, care and support. However, we feel that this White Paper did not go far enough in sufficiently accounting for the cross cutting impact of HIV and AIDS on the development agenda and the importance of addressing HIV in terms of achieving wider development goals.

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105 States Parties shall assure to the child who is capable of forming his or her own views the right to express those views freely in all matters affecting the child, the views of the child being given due weight in accordance with the age and maturity of the child.
2. For this purpose, the child shall in particular be provided the opportunity to be heard in any judicial and administrative proceedings affecting the child, either directly, or through a representative or an appropriate body, in a manner consistent with the procedural rules of national law. http://www2.ohchr.org/ENGLISH/LEGAL/CRC.HTM
16. Millennium Development Goal 6 (MDG 6): to combat HIV and AIDS, malaria and other diseases, will be examined by the UN as part of its wider MDG Review in 2010. In the run up to this, we must question what the post 2015 framework should be. The question is important and the UK expects to engage in a debate over a range of options. But this should not distract us or others from the primary task—over the next five years—to step up and pursue the delivery of the MDGs as quickly as we can.

17. It is uncertain what will happen to the HIV and AIDS agenda after the Universal Access deadline of 2010, and MDG Review. It is becoming increasingly clear that without a massive scale up of resources we will miss our Universal Access target in 2010. This White Paper therefore presented an opportune moment to set the stage for how the UK, as global frontrunners in the international HIV response, will maintain the momentum and efforts invested in tackling HIV.

**Social Protection**

18. UNICEF UK welcomes DFID’s continued support for social protection in this White Paper. Social protection can be a key method for reducing vulnerabilities to global challenges such as the global recession, climate change and HIV and AIDS.

19. It is essential that social protection programmes are child sensitive, as is outlined in the June 2009 statement supported by DFID, UNICEF and other partners. This recognises children’s experiences of poverty and vulnerabilities are multidimensional and differ from that of adults. Thus, social protection should be focused on addressing the inherent social disadvantages, risks and vulnerabilities that children may be born into as well as those acquired later in childhood due to external shocks. Therefore, this is best achieved through integrated child protection approaches.

20. In implementing the White Paper, to ensure a balance between social transfers and service provision, to reduce vulnerabilities DFID should review the design and implementation of social protection policies to ensure they are child sensitive and AIDS inclusive in order to maximise impact.

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**Response from DFID to Written Questions from the Committee on the Spring Supplementary Estimate**

The Estimates Memorandum notes that the non-voted “EU attribution” cost is increased by £72 million, including £66 million funded from Departmental Unallocated Provision which “mostly reflects movements in exchange rates”. Another £10 million cost arises from exchange rate movements for cost of capital charges on international investments. What is the Department’s assessment of the total costs of exchange rate movements for 2008–09, on EU programmes and others? What is the exchange rate movement cost likely to be on DFID’s 2009–10 budget? What discussions has the Department had with the Treasury about the scope for additional budget provision in the event that the pound remains low against other currencies?

Most of DFID’s payment commitments are denominated in sterling, and are therefore not impacted by exchange rate movements. However, such movements will impact on contributions to European Union (EU) aid programmes, which are denominated in Euros; some local administration expenditure in overseas offices denominated in local currencies or US dollars; and the value of our investments in international financial institutions, thereby impacting on our cost of capital charge on these investments. The total costs of exchange rate movements during 2008–09 are expected to be £122 million, being £110 million for EU programmes including EU attribution and payments to the European Development Fund; £10 million for cost of capital charges; and £2 million for administration costs.

At current exchange rates there will be a similar impact on DFID’s budget in 2009–10, in comparison with the budget agreed for 2009–10 in the Comprehensive Spending Review 2007.

HM Treasury expect Departments to manage the impact of exchange rate movements (up or down) within agreed settlements. DFID will therefore re-prioritise resources as necessary to respond to exchange rate movements.

The Estimate Memorandum notes Resource transfers between sections within RfR1 relating to reallocations of funds to align the Estimate with internal budgets. Why were such reallocations needed, so late in the year, for the £29.5 million reduction in Section D, the £15.5 million increase in Section C, and the £11.6 million increase in Section F? (HC2465, p12)?

The reallocation of funds reflects changes made to budgets between March 2008, when numbers were supplied for the Main Estimate 2008–09 based on indicative internal budgets for 2008–09, and January 2009, when numbers were supplied for the Spring Supplementary Estimate 2008–09 based on actual agreed budgets at that time. These changes therefore reflect differences between indicative budgets and final agreed budgets at the start of 2008–09, and various adjustments to budgets to respond to events during 2008–09.

Further explanation is requested for the reason the Department was required to omit the £61.0 million in reduced provision for an expected new bond issue for the IFFIm from the Estimate, as originally published on 12 February? To what extent has IFFIm changed the timing of its planned bond issues, and to what extent has it changed their proposed size. Do such changes arise from the current crisis in global financial markets, and if so how?

The reduction in provision for the International Finance Facility for Immunisation (IFFIm) that was originally proposed in the Estimate published on 12 February was in response to forecasts provided by IFFIm in December 2008. It was discovered shortly after finalising the Estimate that significantly more bonds were to be issued in February and March 2009 than previously forecast, meaning that the reduction in provision was no longer required.

DFID is now actively working with IFFIm to improve the forecasts provided for future bond issues to ensure that Estimates reflect an accurate assessment of the provision required. Commercial confidentiality means that DFID cannot be given advance notice of specific bond issues before they are publicly announced. The size and timing of bond issues depend on three main factors: the financing needs of GAVI; servicing of debts from previous bond issues; and the conditions in bond markets. Of these three, the first two should be predictable within a financial year, but the third factor is not predictable, and can change on a daily basis. Conditions in bond markets have been affected recently by the global financial problems. The nature of the design of IFFIm means that final decisions on bond launches are therefore often made at short notice, and there is not a fixed long term plan on the size and timing of future issues.

DFID FCPD
March 2009

Main Estimate 2009–10
Memorandum to the International Development Committee

1. INTRODUCTION

The Department for International Development (DFID) Main Estimate for 2009-10 seeks the necessary resources and cash to support the functions of the Department. These are continuing functions from previous years and no new functions have been added.

The purpose of this memorandum is to provide the select committee with an explanation of how the resources and cash sought in the Main Estimate will be applied to achieve Departmental Strategic Objectives (DSOs) and Public Service Agreement (PSA) targets. This includes information on comparisons with the resources provided in earlier years in Estimates and departmental budgets, and may also refer to future financial plans. Details of changes in resources relative to original plans set out in the 2007 Comprehensive Spending Review are provided.

An explanation of key terms used in the memorandum is provided as an annex.

2. SUMMARY OF THE MAIN SPENDING CONTROL FIGURES CONTAINED IN THE ESTIMATE

Voted provision

The Main Estimate provides for a:

— total Net Resource Requirement (NRR) of £5,799,473,000;
  RfR1 £5,772,273,000
  RfR2 £27,200,000
— Net Cash Requirement (NCR) of £5,598,254,000.

Budgetary data

The key budgetary figures are:

Resource Departmental Expenditure Limit (RDEL) £5,441,910,000

Of which:

Near-cash £5,346,910,000
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**Administration budget £158,950,000**

| Capital Departmental Expenditure Limit (CDEL) | £1,366,000,000 |
| Annually Managed Expenditure (AME)         | £150,059,000   |

3. **Explanation of Significant Changes in Provision Compared With**

(i) *Spending Review allocations*; (ii) *the previous year*

| Net resource requirement:                  |                  |
| 2009–10:                                  | £5,799,473,000   |
| 2008–09:                                  | £5,233,286,000   |

Provision is currently 10.8% higher than last year. This increase reflects the increased DEL settlement received by the Department in the 2007 Comprehensive Spending Review (CSR07), partly offset by a reduction in AME provision compared to 2008-09. At the start of 2009–10 the department has £237 million Resource DEL Departmental Unallocated Provision.

| Net cash requirement:                     |                  |
| 2009–10:                                  | £5,598,254,000   |
| 2008–09:                                  | £4,816,664,000   |

The increase of 16.2% in the net cash requirement reflects the higher resource requirement, and the large amount of resource requirement for non-cash items in 2008–09.

Non-cash costs are largely made up of new provisions (£25 million, of which £20 million relates to expected new provisions for the International Finance Facility for Immunisations (IFFIm)); cost of capital charges (£200 million) and depreciation (£20 million).

| Resource DEL:                              |                  |
| 2009–10:                                  | £5,441,910,000   |
| 2008–09:                                  | £4,837,664,000   |

The increase of 12.5% in Resource DEL compared with the previous year reflects the increased settlement received by the Department in CSR07.

The Resource DEL shown in this Estimate is lower than that agreed in the CSR, due to amounts transferred to the Foreign & Commonwealth Office (FCO) (£40,000,000) and the Ministry of Defence (MoD) (£20,000,000) relating to the Conflict Prevention Pool, and some other small budget transfers of £90,000. The initial budget for the Conflict Prevention Pool sits on DFID’s baseline, but is subject to joint control by DFID, FCO and MoD.

| Near cash within Resource DEL:             |                  |
| 2009–10:                                  | £4,748,664,000   |
| 2008–09:                                  | £4,748,664,000   |

Provision is 5.9% higher than last year, reflecting the increased settlement received by the Department in CSR07. The change from the amount agreed in CSR07 again reflects the budget transfers referred to above. The increase in near cash is significantly less than the increase in the net cash requirement due to much of the increase in the net cash requirement being the result of an increase in Capital DEL spending.

| Administration Budget:                    |                  |
| 2009–10:                                  | £158,950,000     |
| 2008–09:                                  | £162,950,000     |

The reduction from the previous year reflects a real 5% reduction, as agreed in CSR07.

| Capital DEL:                              |                  |
| 2009–10:                                  | £1,366,000,000   |
| 2008–09:                                  | £891,000,000     |

The increase in the Capital DEL budget of 53.3% reflects:

- £100 million ringfenced budget for the Environmental Transformation Fund (ETF) (2008–09: £50 million). 50% of the £800 million international window of the ETF (ETF/IW) has been allocated to DFID over the CSR07 period, which will support international poverty reduction through environmental protection.

- Funding to the International Development Association for the fifteenth replenishment (IDA 15). DFID has committed to providing funds totalling £2,134 million under IDA 15 over the period 2008–09 to 2011–12.

- Capital grants to developing countries of £260 million.

| Resource AME:                             |                  |
| 2009–10:                                  | £150,059,000     |
| 2008–09:                                  | £352,471,000     |

The reduction in Resource AME mostly reflects a reduced provision for IFFIm. See section 7 below for further details.
3. **Departmental Strategic Objectives and Public Service Agreement Targets**

DFID has agreed the following Departmental Strategic Objectives (DSOs) over the CSR07 period:

- promote good governance, economic growth, trade and access to basic services;
- promote climate change mitigation and adaptation measures and ensure environmental sustainability;
- respond effectively to conflict and humanitarian crises and support peace in order to reduce poverty;
- develop a global partnership for development (beyond aid);
- make all bilateral and multilateral donors more effective;
- deliver high quality and effective bilateral development assistance;
- and improve the efficiency and effectiveness of the organisation.

In addition, DFID will lead the delivery of the following Public Service Agreement (PSA) over the CSR07 period:

- Reduce poverty in poorer countries through accelerated progress towards the Millennium Development Goal.

DFID will also contribute to the following PSAs:

- Reduce the impact of conflict through enhanced UK and international efforts (lead department—Foreign & Commonwealth Office);
- Lead the global effort to avoid dangerous climate change (lead department—Department for Environment, Food and Rural Affairs);
- Reduce the risk to the UK and its interests overseas from international terrorism (lead department—Home Office);
- Ensure controlled, fair migration that protects the public and contributes to economic growth (lead department—Home Office).

4. **Departmental Expenditure Limit**

The table below compares outturn from 2004–05 onwards with plans for the previous, current and future years:

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</thead>
<tbody>
<tr>
<td>Resource DEL</td>
<td>3,645,315</td>
<td>4,107,237</td>
<td>4,206,330</td>
<td>4,478,494</td>
<td>4,837,664</td>
<td>5,441,910</td>
<td>6,230,910</td>
</tr>
<tr>
<td>of which Near cash</td>
<td>3,540,717</td>
<td>4,040,945</td>
<td>4,097,988</td>
<td>4,452,352</td>
<td>4,748,664</td>
<td>5,346,910</td>
<td>6,132,910</td>
</tr>
<tr>
<td>Non cash</td>
<td>104,598</td>
<td>66,292</td>
<td>108,342</td>
<td>26,142</td>
<td>89,000</td>
<td>95,000</td>
<td>98,000</td>
</tr>
<tr>
<td>Capital DEL</td>
<td>303,871</td>
<td>446,847</td>
<td>764,974</td>
<td>739,254</td>
<td>891,000</td>
<td>95,000</td>
<td>98,000</td>
</tr>
<tr>
<td>Less depreciation*</td>
<td>(24,928)</td>
<td>(22,085)</td>
<td>(108,342)</td>
<td>(26,142)</td>
<td>(89,000)</td>
<td>(95,000)</td>
<td>(98,000)</td>
</tr>
<tr>
<td>Total DEL</td>
<td>3,924,258</td>
<td>4,531,999</td>
<td>4,955,102</td>
<td>5,204,840</td>
<td>5,706,664</td>
<td>6,787,910</td>
<td>7,761,910</td>
</tr>
</tbody>
</table>

*Depreciation, which forms part of RDEL, is excluded from total DEL since CDEL includes capital spending and to include depreciation of those assets would lead to double counting.

DFID, like other government departments, will make additional efficiency savings in 2010–11. DFID’s 2010–11 expenditure will be £155 million less than anticipated under the 2007 CSR settlement. DFID’s budget will still grow at an annual average real growth rate of 11.4% over the CSR period, and the Government’s forecasts for overseas aid (ODA) in 2010–11 remains at £9.1 billion as set out in the 2007 Comprehensive Spending Review. This means that the UK’s ODA/GNI ratio will be higher in 2010–11 than the 0.56% European target, and we are on track to deliver 0.7% ODA/GNI in 2013. This increase in funding, together with reforms which will increase the value for money we achieve with our resources, will enable:

- DFID to more than double its bilateral and multilateral aid to Africa between 2004 and 2010 from £1.3 billion to at least £2.6 billion;
- DFID to deliver long-term commitments to support the achievement of the Millennium Development Goals, including in education (where DFID has committed to spend £8.5 billion by 2015); and health (where DFID has committed £1 billion between 2007 and 2015 to the Global Fund for AIDS, tuberculosis and malaria); and
- DFID to increase its contributions to cross-government efforts to tackle global development challenges, including providing, jointly with the Department for the Environment, Food and Rural Affairs, £800 million through the international element of the Environmental Transformation Fund, and contributing to the reformed conflict stabilisation and prevention arrangements.
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5. DEL END-YEAR FLEXIBILITY (EYF)

The 2008–09 EYF stock for DFID was reported in the Public Expenditure Outturn White Paper 2007–08 (PEOWP) (Cm 7419). No changes have been made since then:

<table>
<thead>
<tr>
<th>£'000</th>
<th>Admin</th>
<th>Other Resource</th>
<th>Total Resource</th>
<th>Of which</th>
<th>Near cash</th>
<th>Non cash</th>
<th>Capital</th>
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<td></td>
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<td></td>
</tr>
<tr>
<td>PEOWP (July 2008)</td>
<td>18,967</td>
<td>134,490</td>
<td>153,457</td>
<td>127,701</td>
<td>25,756</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance of EYF at 31 March 2009</td>
<td>18,967</td>
<td>134,490</td>
<td>153,457</td>
<td>127,701</td>
<td>25,756</td>
<td>—</td>
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</tr>
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</table>

Administration EYF has largely arisen as a result of late changes to the valuation of provisions in 2006–07; and lower than expected non-cash charges in 2007–08. It has been agreed with HM Treasury that some of this can be drawn down to finance the costs of implementing the new research strategy announced in April 2008, and to fund training on our new financial management system.

Other resource EYF has arisen as a result of small underspends in previous years, and a reclassification of costs from Resource DEL to Capital DEL in 2006–07. Use of this amount is dependent on obtaining Treasury approval during 2009–10.

Capital DEL EYF was completely utilised in 2007–08 to finance the cost of an accounting adjustment in converting an operating lease to a finance lease, and in covering an overspend on the Capital DEL budget for 2007–08. The accounting adjustment was advised to the Committee in the memorandum explaining the Spring Supplementary Estimate for 2007–08.

6. ADMINISTRATION BUDGET

The table below compares outturn from 2004-05 onwards with plans for the previous, current and future years:

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</thead>
<tbody>
<tr>
<td>Administration Budget</td>
<td>157,530</td>
<td>162,218</td>
<td>190,453</td>
<td>150,041</td>
<td>163,000</td>
<td>159,950</td>
<td>154,950</td>
</tr>
</tbody>
</table>

Figures for 2004–05 to 2007–08 have been revised from previously published outturn as a result of the costs of overseas front-line staff being reclassified as programme costs. The effect is to reduce the outturn as shown in the table below:

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</tr>
</thead>
<tbody>
<tr>
<td>Administration Budget as previously published</td>
<td>214,530</td>
<td>222,218</td>
<td>255,453</td>
<td>215,041</td>
<td>163,000</td>
<td>159,000</td>
<td>155,000</td>
</tr>
<tr>
<td>Reclassification</td>
<td>— 57,000</td>
<td>— 60,000</td>
<td>— 65,000</td>
<td>— 65,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Administration budget</td>
<td>157,530</td>
<td>162,218</td>
<td>190,453</td>
<td>150,041</td>
<td>163,000</td>
<td>159,000</td>
<td>155,000</td>
</tr>
</tbody>
</table>

Outturn in 2006–07 included a one-off charge for £25 million arising from a provision being made for a payment due in 2014 on a leased property at Chatham dockyards. Plans reflect an annual real 5% reduction as announced in CSR07.

7. PROVISIONS

A provision has been made in this Estimate for the International Finance Facility for Immunisations (IFFIm). IFFIm is an international development financing institution that is supported by sovereign donors, each of whom have signed legally binding payment obligations. IFFIm is borrowing operating funds in the international capital markets over the 10 years from 2006–07 backed by these pledges. The UK has pledged a total of £1.38 billion through to 2026.

Due to the commercially sensitive nature of the bond issues, the provision in this Estimate represents the minimum provision expected to be required, but the actual amount of the bond issues will not be known until the issues take place. Adjustments will be made in subsequent Supplementary Estimates where the UK’s share of bond issues differs from the current estimate. It is likely that this will result in a significant increase in the provision required.

8. CONTINGENT LIABILITIES

There have been no significant changes in contingent liabilities since the last Estimate presented.
9. APPROVAL OF MEMORANDUM

This memorandum has been prepared with reference to guidance in the Estimates Manual provided by HM Treasury and that found on the House of Commons, Scrutiny Unit website. The information in this memorandum has been approved by the Acting Director of Finance.

Liz Ditchburn
Acting Director, Finance and Corporate Performance Division
17 June 2009

GLOSSARY OF KEY TERMS

Annually Managed Expenditure—a Treasury budgetary control for spending that is generally difficult to control, large as a proportion of the department’s budget, and volatile in nature.

Departmental Expenditure Limit—a Treasury budgetary control for spending that is within the department’s direct control and which can therefore be planned over an extended (Spending Review) period (such as the costs of its own administration, payments to third parties, etc).

Request for Resources (RfR)—a function based description of the organisational level of the department. These can vary between one or more RfR and should be objective-based, referring to the purpose for which the functions being carried out by the department are intended to meet.

Supplementary written evidence submitted by the Department for International Development

IDC WHITE PAPER HEARING WITH THE SECRETARY OF STATE, 25 NOVEMBER 2009—FOLLOW UP ANSWERS

(1) Breakdown of the climate change funding which DFID channels through the World Bank

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount (£)</th>
<th>World Bank role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Transformation Fund</td>
<td></td>
<td>Administrator for full amount and will implement some of the projects.</td>
</tr>
<tr>
<td>Clean Technology Fund</td>
<td>85 million</td>
<td></td>
</tr>
<tr>
<td>Strategic Climate Fund</td>
<td>7.75 million</td>
<td></td>
</tr>
<tr>
<td>(consists of Pilot Programme for Climate Resilience, Scaling Up Renewable Energy Program, Forest Investment Program)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Congo Basin Forest Fund</td>
<td>6 million</td>
<td></td>
</tr>
<tr>
<td>Forest Carbon Partnership Facility</td>
<td>1.25 million</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>See below</td>
</tr>
<tr>
<td>Clean Energy Investment Framework</td>
<td>250,000</td>
<td>Trust Fund</td>
</tr>
<tr>
<td>Energy Sector Management Assistance Program</td>
<td>1 million</td>
<td>Trust Fund</td>
</tr>
<tr>
<td>Information for Development Program</td>
<td>500,000</td>
<td>Administrative Arrangement</td>
</tr>
</tbody>
</table>

The World Bank is the administrator of Environmental Transformation Fund (ETF) resources. Country Governments decide the appropriate implementation agent on a project by project basis. The implementation agent will normally be one of the Multilateral Development Banks.

(2) Cost of the UKaid rebranding

To date we have spent approximately £130,000 on re-branding our overseas aid. Of this cost £98,286 was spent on the design work and research groups to ensure that the UKaid logo communicates the work of the Department for International Development effectively, in language that is meaningful to the UK public. The procurement and development of the new logo was commissioned via the government’s COI, following best practice and ensuring optimal value for money. This is a highly competitive price, coming in at about a quarter of the cost of comparable logos (BBC3 £400,000, London 2012 £400,000).

(3) UKaid pilot countries

Since the introduction of UKaid in July 2009 we have piloted it in Afghanistan, Bangladesh, Ethiopia, Kenya, Somalia, the Occupied Palestinian Territories and Zimbabwe. The pilots are now complete. Guidelines for the wider use of UKaid overseas are being developed and will be available for country offices in January 2010.
Annual letter from David Peretz, Chair, Independent Advisory Committee on Development Impact (IACDI) to the Secretary of State for International Development concerning DFID’s Evaluation Policy

2 December 2009

The Rt Hon Douglas Alexander MP
Secretary of State for International Development

Dear Douglas,

Independent Advisory Committee on Development Impact (IACDI)

Under the Committee’s terms of reference, I am required to send you an open letter every year. More detailed information about the Committee’s work, including minutes of our meetings, is available on the IACDI website.106

In the past year IACDI has carried out an in depth review of the quality of DFID evaluations, based on a study led by Roger Riddell, a member of IACDI.107 It confirms the provisional judgment we made last year that the quality of DFID evaluation is similar to that of other leading bilateral agencies, and our view that DFID can and should aim for a higher standard. Our recommendations, grouped under 11 headings, have been shared with DFID management and posted on IACDI’s website. Action on many of them is already underway, and we know that implementing them all will take time. I am attaching a list of five key recommendations that we believe should be given priority attention.

In last year’s letter108, I focused on proposals designed to reinforce the independence and effectiveness of the central evaluation function in DFID. They were limited to changes that can be implemented within the existing institutional framework, without major structural change or legislation. We welcome actions taken in response, and in particular the adoption of DFID’s new Evaluation Policy109 (Building the Evidence to Reduce Poverty). It includes a new mandate for DFID’s Evaluation Department (EvD), and commits DFID to implementing most of our proposals. We are conscious that independence should not mean isolation, and therefore welcome the proposals to give EvD a new role in seeking to enhance the quality of decentralised evaluations carried out in DFID, and to ensure that DFID draws on the lessons of evaluation to improve the impact of its development interventions. But there remain two areas of concern.

— First, to match good evaluation practice, to reinforce independence and to give greater visibility and influence, the Head of EvD should have a more senior grade and status and report directly to the Permanent Secretary. We welcome your commitment to review this issue next year and look forward to contributing to that review.

— Second, while we welcome the decision to increase the administrative resources available to EvD to reflect the additional tasks it is taking on, we remain concerned to ensure that sufficient resources are available for evaluation and intend over the next year to carry out a more detailed review of the level of resources needed for an effective central evaluation function. We also believe there should be more flexibility than hitherto in the use of resources to finance externally-contracted work both for centralised and decentralised evaluations. Good quality evaluation helps to increase the value for money and impact of DFID programmes and recipient countries clearly benefit from lessons learned about how DFID interventions can be made more effective, and it we believe it wrong that the quantity and effectiveness of this work should be constrained by DFID’s declining administration costs budget, while DFID’s programme expenditure is increasing so significantly. We will continue to press strongly for increased flexibility in this respect.

Action on these two outstanding issues and implementation of the other proposals made last year as well as the recommendations of our quality review should lead to a major improvement in the quality and effectiveness of DFID’s evaluation work and its use in improving DFID’s development impact.

Turning briefly to other matters:

— Earlier this year the Committee approved both a programme of central evaluations110 to be carried out in 2009/10, and a list of evaluations we expect to be carried out over the next three years. We are keeping this list and evaluation priorities under review.

— This year’s annual report by the Head of EvD (will be available on IACDI website, Friday 4 Dec), draws together lessons from evaluations completed over the last year. It highlights lessons learned

106 http://iacdi.independent.gov.uk/
in fragile states which will be highly relevant to important elements of DFID’s future work, and
more generally it stresses the need to do more to ensure that lessons from evaluation are integrated
into how DFID works in a real way.

— In addition to the resource issue, we intend over the next year to give priority to considering how
DFID can better ensure that the lessons of evaluations are used to inform decisions on new
interventions and aid allocations, and effectively communicated to external partners including
recipient countries. In this context, we also plan to examine DFID’s internal systems for assessing
the success and impact of development interventions.

In conclusion I should express my appreciation for the time you and your senior officials have taken over
the past year to meet with me and with the Committee to hear our views. I also welcome the commitment
to high quality and independent evaluation to underpin policy decisions and accountability for the impact
of UK aid expressed in your reply to my letter last year. I look forward to our next meeting.

I am sending copies of this letter and attachments to members of the International Development
Committee of the House of Commons.

David Peretz
Chair, Independent Advisory Committee on Development Impact

Annex

Review of the Quality of DFID’s Evaluation Reports and Assurance Systems

SOME KEY FINDINGS AND RECOMMENDATIONS FOR PRIORITY ACTION

1. DFID top management should take a lead, as it has committed to, in reshaping defensive attitudes of
the past into a culture where independent evaluation is welcomed and championed as an essential
contribution to lesson learning and accountability. This will provide the necessary context for successful
implementation of many of the review’s detailed and more specific recommendations, and equally many of
those detailed changes in systems and practices will help support the needed change in culture.

2. Decisions about what to evaluate and when need to reflect DFID policy directions at the corporate
and country level, so that lessons learned from evaluations can contribute effectively to decision taking in
a timely way. We ask DFID management to work with IACDI to help make this happen, while maintaining
a balanced programme containing evaluations that also contribute to accountability for past actions and
are of relevance to DFID staff and others at the operational level.

3. As a matter of good practice, all major new development interventions by DFID should be
“evaluable”, with performance frameworks set at the planning stage that provide clarity about what success
is expected to “look like”, and that identify and specify the quantitative and/or qualitative evidence that
will be monitored and used to judge performance, including value for money, and that address the issue of
attribution.

4. The management response to evaluations needs to be made clearer and more transparent, both to
provide higher quality initial responses to evaluation findings and to ensure that where lessons for the future
are identified and agreed these are followed up and applied wherever relevant in the Department’s work. To
ensure that this happens the review recommends that a senior management committee be made responsible
for considering and assuring the quality of the Department’s interactions with, response to, and lesson
learning from all evaluations managed by the central Evaluation Department and major decentralised
evaluations.

5. Existing efforts should be strengthened further to ensure that evaluations supported by DFID promote
the goals of the Paris Declaration and Accra Agenda for Action for aid alignment and mutual accountability
between donor and partner countries. In particular DFID should give greater priority to working together
with other donors to help build and use evaluation capacity in recipient countries to carry out evaluations
and to lead joint evaluations with donors. DFID should also promote better cooperative practices among
development partners for identifying issues for evaluation, avoiding overlap, and for managing and assuring
the independence and quality of joint evaluations when they take place.

Letter from the Secretary of State for International Development responding to the annual letter
from David Peretz, Chair, Independent Advisory Committee on Development Impact (IACDI)
concerning DFID’s Evaluation Policy

Mr David Peretz
Chairman
Independent Advisory Committee on Development Impact (IACDI)

4 December 2009

Dear David,

Thank you for your letter of 2 December and the IACDI report on the quality of evaluation in DFID. I
welcome the report, which sets an important benchmark for future progress. Please convey my thanks to
Roger Riddell on IACDI and to Burt Perrin and Richard Manning.
As we set out in the Development White Paper, the Government is committed to getting the best out of the resources available for development and ensuring value for money. Evaluation is an essential part of assessing impact, promoting transparency and use of high quality evidence in decision making. I therefore welcome the recommendations in the report, including those you have highlighted as priorities in this letter.

The establishment of IACDI was a reflection of DFID’s commitment to strengthening evaluation across the organisation. Evaluation should underpin our policies, our accountability to UK taxpayers and to the citizens of developing countries in which we work.

I am pleased to note that IACDI have endorsed DFID’s new evaluation policy published in June, and indeed it benefited from your advice at various stages. The work now in hand on implementation will strengthen evidence, evaluation management systems, and internal capacity.

The Quality Review adds to this and is well timed to inform work over the next two to three years. Your assessment is that DFID’s evaluation is on a par with its peers, which is reassuring, but I agree with you that we can and should be aiming higher. A management response which I have agreed, has been released today by Richard Calvert, DFID’s Director General of Corporate Performance. It directly addresses your recommendations and re-affirms our commitment to high quality independent evaluation, results and value for money.

In addressing the recommendations, we will do the following:

— DFID’s Investment Committee will now oversee the Department’s response to evaluation findings. This will provide leadership across the office and is an important step in tackling the defensiveness your review has found in some parts of the organisation.

— Lead directors responsible for management responses to evaluation will ensure more accountable and responsible actions. The continued active role that you and the Head of Evaluation play in interacting with senior management, the Management Board, and through other committees is important to integrating evaluation in strategic decisions.

— The Annual Report of Evaluation will reflect how evaluation contributes to development effectiveness, and will function as an internal peer review mechanism on best practice.

— DFID’s investments over £1 million are already subject to performance review and scoring, but we are now looking at ensuring that at the design stage all DFID’s major investments include a framework for evaluation.

— As part of our commitments under the Paris Declaration and Accra Agenda for Action, we are promoting better evaluation by our developing country partners. We are already support capacity building on evaluation through DFID’s overseas offices, including in Uganda, Ethiopia and India. The UK plays a leading role in the OECD-DAC evaluation network, 3ie and other joint work (for example with the World Bank to develop regional centres of excellence in monitoring and evaluation). We will continue to give this priority and take a lead internationally.

You have again raised the issue of adequate resources for evaluation. My priority is of course ensuring overall value for money in how taxpayer resources are used. We have again significantly increased funding this year for DFID’s Evaluation Department to deliver their role in implementing the new evaluation policy and we will do our best to sustain that level of funding. However, we are exploring whether it is possible to allow greater flexibility in the use of programme resources for evaluation. This in turn would allow us to consider use of programme for scaling up decentralised evaluations.

On the seniority and reporting lines for the Head of EVD, I am satisfied that the reporting line we put in place last year, through the Director General for Corporate Performance on the Management Board, is working well and provides good access for Evaluation Department to the board. I am pleased that this arrangement will be supported by the new role of the Investment Committee, on which you have been a permanent observer, as well as the frequent and high quality engagement the chair has with your Committee.

Looking forward, I welcome your proposal to focus on lesson learning in DFID in the year ahead and hope the committee will play its role in keeping evaluation directed at the strategic priorities for development. For DFID these are clearly set out in our new White Paper and I note that many of these issues (for example tackling climate change or helping to build peaceful states) already feature in the work programme of independent evaluations.

I am copying this letter to Malcolm Bruce, Chair of the International Development Committee.

Douglas Alexander