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International Development Committee

The Future of DFID's Programme in India

Eighth Report of Session 2010–12

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Summary

The test of whether the UK should continue to give aid to India is whether that aid makes a distinctive contribution to poverty reduction. The Government of India has primary responsibility for this and has already made significant progress—reducing poverty levels from 60% in 1981 to 42% in 2005. India’s economy is growing and it has recently entered the World Bank’s middle income group with a per capita income of $1,170. Nevertheless large pockets of poverty remain. Over 400 million people live on less than $1.25 a day and 800 million on less than $2 a day. However, total aid to India amounts to only 0.3% of the country’s GNP, and the UK’s direct contribution is a tiny proportion of this (0.03% of GDP at PPP rates). Our aid can only have a marginal impact. We are persuaded to support continuing the aid programme in India up to 2015, after which the relationship must change.

DFID will continue to provide aid to India—£280 million a year for the period 2011–15. However, it plans to make some changes to its programme—focusing primarily on three of the poorest states, Bihar, Madhya Pradesh and Orissa, changing the sectors it prioritises and putting 50% of its budget through the private sector by 2015.

We support the decision to focus on the poorest states provided this is supported by the Government of India. We recommend that DFID should allocate increased resources to sanitation, malnutrition, maternal and child health, and social exclusion. Sanitation is a first step to improvements in health, yet DFID spends only 1% of its budget on this. Investments in sanitation should be accompanied by a focus on hygiene education. Poor sanitation is linked to poor nutrition which DFID has identified as a focus sector. DFID must ensure these links are acknowledged in its work.

Scheduled castes and tribes continue to be discriminated against in India. This is widespread, and unless it is challenged, these groups will not be able to take advantage of opportunities to improve their lives. DFID should focus more widely on social exclusion.

We support pro-poor private sector development. However, DFID’s proposal to fund it needs to be more carefully thought through. DFID should identify specific sectors and projects which the private sector would do best, before committing such a large percentage of the budget to it.

The Government aims to forge a new enhanced partnership with India which we support. There are mutual benefits from cooperation in trade and investment, responses to climate change and education for example. However DFID must ensure UK Government policies help protect the poorest and reduce inequalities. DFID should also establish a “Forum for Development Dialogue” with the Government of India to share best practice.

Assuming, over the next four years, that India continues to grow at current rates, increases its tax revenue and continues to invest in improved public services, it will have increased its capacity to tackle poverty and meet the Millennium Development Goals. DFID should continue to provide technical assistance where requested but the funding mechanism should change by 2015.
1 Introduction

India: wealth and poverty

1. India is a land of contrasts. It currently has the world’s fourth largest economy, based on purchasing power and continues to expand rapidly.\(^1\) Gross Domestic Product (GDP) is predicted to increase by 8.5% in 2010–11.\(^2\) As One World Action notes ‘economic growth has been remarkable—the past 25 years has seen one of the greatest spurts of GDP per capita in modern history.’\(^3\) Nevertheless India’s per capita income is 1/20th that of the UK.\(^4\)

2. Economic growth has had an effect on poverty. Per capita income is currently $1,170, placing India just inside the Middle Income Country category of the World Bank.\(^5\) The percentage of people in the country living below the $1.25 per day international poverty line has declined from 60% in 1981 to 42% in 2005.\(^6\) Health has improved: for example, under-five mortality rates have fallen from 74 per 1000 in 2005–06 to 62.6 in 2010.\(^7\) Maternal mortality rates are estimated at 230 per 100,000 births in 2008, down from 570 in 1990.\(^8\)

3. Nevertheless India will not meet the Millennium Development Goals in these areas by 2015. Many Indians remain very poor. India has one third of all the people in the world living below the international poverty line, more than all of sub-Saharan Africa.\(^9\) The Oxford University and United Nations Development Programme (UNDP) new Multi-dimensional Poverty Index—which uses ten indicators covering three aspects of poverty (education, health and living standard)—to show household poverty reveals that 55% of the population, approximately 643 million people, suffer multiple deprivations.\(^10\) Poor nutrition and sanitation are widespread. Lawrence Haddad, Director of the Institute for Development Studies, has described India as an ‘Economic powerhouse and nutritional weakling’.\(^11\)

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1 By purchasing power parity, on the same basis, the UK has the sixth largest economy. As of 1 January 2009 (Central Intelligence Agency, World Factbook).
2 Ev B6 [DFID]
3 Ev v13 [One World Action]
4 Ev B7 [DFID]
5 UNICEF 2009, quoting the World Bank
6 The World Bank: India
7 V K Paul et al, Reproductive health, and child health, and nutrition in India: meeting the challenge, The Lancet, Vol 377 January 22, 2011
8 Ev B9 [DFID], quoting WHO 2008
9 Ev B7 [DFID]
10 Ev v1 [Christian Aid]
11 Ev 114
4. Women, children, and socially excluded groups suffer disproportionately. Despite the decline in rate of under-five deaths, 1.83 million children under-five die annually in India. A World Bank Report estimates that approximately 60 million children are underweight in India. According to the National Campaign on Dalit Human Rights (NCDHR):

In spite of high economic growth rate the poverty rate among excluded communities in India has increased, coupled with the insecurity of livelihoods. Various government reports admit the increasing inequality and vulnerability of about 30% of the population in India. Of great concern is also the persistent child malnutrition and maternal mortality rates which point to deeper concerns in the marginalised population.

5. The poorest people are mainly concentrated in the large, populous northern Indian states. According to Lawrence Haddad, the poorest Indian states are ‘the size of medium countries with populations in the 50-60 million range and if ranked as countries, they would have some of the highest poverty numbers in the world’. Annual income per person in Bihar is $321, which is little more than a quarter of the national average of

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**Box one: selected indicators of poverty in India**

- 456 million people live on less than $1.25 per day
- 42% of India’s population is classed as living in poverty
- 850 million people live on less than $2 per day
- 28% of children are born with a low birth weight
- 1.83 million children under-five die every year
- India accounts for one-fifth of all child deaths globally
- India accounts for one-fifth of maternal deaths globally
- 638 million people practiced open defecation in 2008

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12 Ev 88-9 [DFID]; UNICEF statistics; Ev 81 [Robert Chambers]
13 Ev 74
15 Ev w12
16 Excluded communities are explicitly recognized by the Constitution of India, which refers to “Scheduled Tribes” (STs) specific indigenous peoples) and Scheduled Castes (“SC’s, also known as untouchable, “exterior caste,” “depressed class,”) (these groups were previously called the “depressed classes” by the British. SCs/STs together comprise over 24% of India’s population, with SC at over 16% and ST over 7.50%). SCs/STs are commonly referred to as dalits. But for Dalits meaning of this word is qualitatively different. The Dalit Panther Movement, defined this word in its 1972 manifesto as: “A member of Scheduled Castes and Tribes, neo-Buddhist, the working-people, the land-less and poor peasants, women, and all those who are being exploited politically, economically, and in the name of religion.”
17 Ev 87 [DFID]. There are 28 states in the Indian Federal System.
18 Ev 113
Fifty five per cent of children under three in Bihar are underweight, more than 85% are anaemic, over a million children suffer from severe malnutrition, 60 million people have no access to toilets, and two in every three women are illiterate.20

6. Save the Children notes that according to current predictions India is off track on most of its Millennium Development Goal (MDG) commitments and points out that, because of its large population, ‘If India fails to meet the MDGs so does the world’.21 The mid-term appraisal of the MDG targets for India showed slow progress in poverty reduction, food security, access to education and health care, climate change mitigation and adaptation and infrastructure.22 Based on progress from 1992–93 to 2005–06 the MDG1 target (to eradicate extreme poverty and hunger) will be attained in 2043 rather than 2015.23 The UK Department for International Development (DFID) informed us that current progress in maternal health suggests that the MDG target of 145 per 100,000 live births by 2015 will not be met.24

**Government of India poverty reduction programmes**

7. The Government of India recognises these problems and is undertaking a wide range of measures and spending very large sums of money to reduce poverty through a series of national poverty reduction programmes.25 DFID writes that:

> The Government of India has created a number of ‘centrally sponsored schemes’ to finance development (DFID has focused on those supporting improvements in education, health, HIV/AIDS and urban management). These often innovative poverty schemes are directly supporting the three out of four Indians who earn less than £500 a year.

> The Government of India’s spend through these schemes has grown. For example, spending on primary education, as percentage of GDP, increased from 1.6% in 2006 to 3.7% in 2009. Absolute spending on health has increased from £4.5 billion in 2003–04 to £8.7 billion in 2007–08 (and in DFID focus states has increased three to four fold in the last ten years).26

Measures recently enacted by the Government of India include the National Rural Employment Guarantee Act 2007, ‘which is the biggest work scheme in the world and ensures a welfare safety net so that every rural family has a right to 100 days of work each year paid at 100 rupees per day,’27 and the Right to Free and Compulsory Education Act 2009, which for the first time in India’s history mandated the Government to ensure that

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19 Information supplied by DFID.
20 http://www.bbc.co.uk/news/world-south-asia-12954489
21 Ev 120
22 Ev w37 [VSO]
23 Ev 118 [Lawrence Haddad]
24 Ev 89
25 Available at: www.planningcommission.nic.in/plans/planel/fiveyr/welcome.html
26 Ev 87. This figure refers to expenditure by all state Governments and the central Government.
27 Ev 121 [Save the Children]
all children aged 6–14 can access schooling. Although these schemes entitle poor people to certain benefits, not all those who are entitled actually access services. For example, of the 579 million people who registered for the national rural employment guarantee, only 218 million actually accessed the benefits.

8. In the budget of February 2011 the Indian Government announced a 17% increase in social spending, on projects ranging from malnutrition to healthcare. “The country has carried for long enough the burden of hunger and malnutrition,” Finance Minister Pranab Mukherjee said. The budget statement also announced that:

The Government plans to spend 267.6 billion rupees (US$5.9 billion) on the health sector alone in the next fiscal year, a rise of 20 percent, while education spending would also rise, to 520 billion rupees.

A national food security Bill, which will provide a legal guarantee of subsidised food for low-income families, would also be introduced in the current parliamentary session.

**DFID’s aid programme**

9. DFID assists the Government of India in this work and is providing India with £825 million for the period 2008–11 making it DFID’s largest bilateral programme. But it should be noted that donor assistance is small in relation to India’s economy. Total Official Development Assistance (ODA) from all sources to India accounts for about 0.3% of India’s GNP and the UK’s direct contribution is a tiny proportion of this (0.03% of India’s GDP at PPP rates). This means that UK aid can only help and add value to the Government of India’s efforts to reduce poverty and achieve the Millennium Development Goals. DFID writes:

HMG’s development strategy has been to support the Government of India’s priorities ensuring that growth is inclusive to reach the poor. Given that our financial contribution has been relatively small in the Indian context, our aim has been to catalyse and add value to the much larger efforts of the Indian Government (at both national and state levels), multilateral organisations, private sector and civil society - by provision of resources to meet critical gaps and promote innovation, and by provision of technical expertise.

10. DFID works at the national level and in focus states with high levels of poverty. The bulk of UK aid to India is spent on health and education. The share of DFID’s total India

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28 Ibid.
29 DFID, Briefing, May 2011
30 The total spending on public health, family welfare and education is proposed to increase over 30% from £7.4 billion in 2009-10 to £9.7 billion in 2011-12. The proposed plan outlay on health and education was 17% higher for 2011-12 compared to 2010-11. The figure for spending in the health sector refers to expenditure by the central government only for the financial year 2011-12.
31 http://www.channelnewsasia.com/stories/afp_asiapacific/view/11134651/1.html
32 Ev 91 [DFID]
33 Ev 87
34 Ibid.
aid framework going to health increased to an estimated 48% in 2009–10 (up from 27% in 2005–06). Almost 20% (£57 million) of the total aid framework in 2009–10 was spent on education programmes. Urban and rural development are also areas of spending. For example DFID is supporting urban development programmes with the State Governments in West Bengal (£102 million for 2004–11), Madhya Pradesh (£41 million for 2006–12) and Bihar (£60 million for 2009–15). DFID is also providing technical support (£14.5 million) to the national Ministry of Housing and Urban Poverty Alleviation for its national urban poverty programmes. DFID’s programme, including detail of its spending is outlined in more detail in the DFID submission.

The future of DFID’s programme in India

11. Whether the UK should continue to provide aid to India has been a source of heated debate in both the UK and India. The Prime Minister’s high profile visit to India in July 2010 provided a focus for this debate. UK criticisms have tended to emphasise India’s wealth (only the United States, China and Russia have more billionaires), the Government of India’s spending on its own aid programme to other countries and projects such as its space programme; in addition, allegations of persistent corruption have led to claims that spending is wasted. These criticisms are often linked to cuts in the budgets of other Government Departments. We list below some of these. At the time of the Prime Minister’s visit, an article in the Daily Mail argued:

But what is equally tricky—indeed, difficult—is for Cameron to justify why India needs to be given roughly £250 million every year as third world aid. India has a sophisticated space programme, extensive nuclear power and defence projects. It is spending colossal amounts of money on luxuries like Google Earth and other satellite navigation systems. So it would be reasonable to ask why Britain—and indeed, other developed countries—need to feel obliged to give anything in the way of financial aid.

To understand why India hasn’t solved its problems relating to various aspects of poverty you only have to look at how aid is distributed. Money that trickles down to the poor is misappropriated by everyone from government officers to village ‘officials’ and in the end the corrupt, local politicians will appease the poor with just a few rupees. Violence is rife when it comes to politics, law and justice and the poor don’t stand a chance.

12. Moreover, while many of those who know its work have praised DFID, some have been critical. Richard Whittell, an independent researcher, interviewed more than 200 people affected by a range of DFID-supported projects and programmes in India between 2008 and 2010. He commented:

it soon became clear that there was a significant number of people whose experiences of British aid contrasted sharply with the DFID’s publicity and reports. Serious

35 Ev 94-5
36 For some Indian views see http://www.bbc.co.uk/news/world-south-asia-11318342
37 http://www.dailymail.co.uk/debate/article-1298380/First-world-India-shouldnt-need-world-aid.html#ixzz1K5ebhDXb
questions were raised regarding the DFID’s attitude and accountability to those people it claimed to be supporting and the detrimental effects of its policies and projects on people’s public services, their lands and natural resources and their national and state governance. 38

Malini Mehra, Chief Executive of the Centre for Social Markets, argued in favour of giving less aid to governments and more to innovative civil society organisations saying:

DFID began with [...] budget support at the national level and then it realised that that is not the best value for your investments. Now it is seeking to do that in some of the worst-governed parts of the country. Orissa and Bihar are making transitions to better government models but still there is pervasive malgovernment in these states. If you continue that model [...] of pushing your money through the states that are bureaucratic or have no interest in innovation or entrepreneurship, it will be wasted.39

On the other hand, many witnesses were supportive of DFID’s decision to continue its aid programme in India. For example Christian Aid said:

Keeping in view the magnitude and deeper social and structural dimensions of poverty in India, DFID has a strong role to play in working alongside the Government of India and civil society to tackle poverty. Christian Aid sees a very strong argument for continued, targeted UK aid to India, focused on the poorest states and communities, and for robust UK Government engagement with India’s Government about the inequalities that cause and characterise poverty there.40

Save the Children commented on the importance of continuing UK aid in India because of the large number of poor people saying:

With such high rates of poverty, there is a strong case for the UK to continue an aid programme, at least in the medium term, that supports the achievement of the Millennium Development Goals. Without this aid, children’s lives will be at risk, and fragile gains in health, education and other areas will be more difficult to sustain. Aid is not a stand alone strategy, but it does play an important complementary role alongside other UK efforts, for example to boost trade links.41

Our inquiry

13. The International Development Committee reported on DFID’s programme in India in 2005.42 In view of the controversial nature of DFID’s assistance to India, in October 2010 we decided to undertake another inquiry in this Parliament, indicating we would examine the aid programme, its contribution to poverty reduction and DFID’s role in the wider

38 Ev w41
39 Q137
40 Ev w2
41 Ev 122
42 International Development Committee, Third report of Session 2004-05, DFID’s bilateral programme of assistance to India, HC 124.
relationship between the UK and India. We had originally intended to go to India at the beginning of 2011 and to complete our inquiry shortly thereafter, but postponed the visit until March at the request of the Government of India.

14. In June 2010 DFID announced a review of all its bilateral programmes. It expressed its intention to focus on fewer countries and to ensure that aid was targeted where it could do most good. In July, during Mr Cameron’s visit to India, he and Prime Minister Manmohan Singh held discussions during which the Prime Minister of India indicated ‘very strong support for our development work.’ In February 2011 the Secretary of State for International Development, the Rt Hon Andrew Mitchell MP, indicated that UK aid to India would continue (although frozen at current levels), but with significant changes. On 28 March, the Secretary of State gave evidence to the Committee and told us of the proposed changes to the programme. The main changes were to make greater use of the private sector to provide aid and to focus more on the poorest states, moving funding away from national programmes. He told us:

We are changing the nature of the programme in order to zero in on three of the poorest states. Some of our programme will zero in on the eight poorest states, but, by and large, around two thirds or 67% will in future be focused on those three of the poorest states. We think that that is the right balance, bearing in mind that the programme is also increasingly reflecting the importance of pro-poor private sector investment. Over the period of four years, we hope that around half of it will be spent.

He added that the plans were still being discussed with the Government of India and that he was keen to take the views of this Committee into account:

Not all of the final details are nailed down yet, particularly on how we will do the private sector work. We are still in discussions about that. The fact that we are going to focus in the poorest areas going forward was, however, something I discussed with the Indian Government when I was there last November. We are delaying the publication of our operational plan on India until we have a chance to see and take into account the views of the Committee.

15. In addition to taking evidence from the Secretary of State the Committee held three other evidence sessions with academics, researchers and non-governmental organisations. We also received written submissions from a number of organisations and individuals. Our visit to India took place from 8 to 17 March. We visited Delhi, Bihar and Madhya Pradesh. In Delhi we had meetings with a wide range of senior political figures, officials, NGOs, private sector organisations and multilaterals. In Bihar and Madhya Pradesh we met senior figures in the state Governments, officials, technical experts paid for by DFID and many others, including most importantly, many recipients of DFID aid. The World

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43 Q120
44 http://www.chathamhouse.org.uk/publications/papers/view/-/id/1005
45 Q117
46 Q118
47 Q115
Bank receives large sums from the UK taxpayer, so we looked at one of their projects as well as examining many DFID-supported projects. We would like to thank all those who have helped us in our inquiry.

16. In this report we look at whether the Government was right to continue the UK aid programme to India up until 2015, then in chapter three at policy planning for the 2011–15 programme and our assessment of the Government proposals for this period. The UK Government has stressed that the UK and India should have an enhanced partnership, covering many matters of mutual interest. We consider a number of those which are relevant for development and reducing poverty, namely climate change, trade and education in chapter four. In his evidence to us the Secretary of State for International Development spoke of walking the 'final mile' with India. Our final chapter is concerned with what should happen after 2015.
2 Should the DFID India aid programme continue?

The scale of the poverty is immense in India. The scale of the challenge is immense. That is why we walk this last mile with them. I think that what India is doing, in terms of its pro-poor policies, is extraordinary, and highly effective. We were able to reach the conclusion that now would not be the time to end our programme.48

It is the scale of the poverty in India that is so very striking. There are seven-and-a-half times the total population of the United Kingdom, who are living in India on under 80 pence a day. [...]It does underline the extent to which, if you are seeking to tackle poverty around the world, India is central to that. If you want to achieve the MDGs, India is absolutely central to getting anywhere near doing so.49

17. Few doubt the extent of poverty in India described by the Secretary of State and in the last chapter, or that the MDGs will not be met globally if they are not met in India. The poverty statistics in some states are comparable with many developing countries. For example the state of Bihar with a population of around 100 million has a per capita income of $321 a year; in comparison, Ethiopia, which is likely to be the biggest recipient of UK aid in 2011, has a population of just over 80 million and a per capita income of about $330 per head.50 What makes Bihar different from Ethiopia however, is that it is part of a much larger country with an average per capita income of $1,170, or more than three times as much as Bihar’s. The Government of India might redistribute more income from richer to poorer states, to help development in places like Bihar. This is not an option for Ethiopia.

18. The evident poverty in many parts of India is not considered as a sufficient justification for the aid programme by everyone. A range of arguments have been made for ending UK aid, namely:

- India is a middle income country with a prosperous middle class who could afford to pay for programmes to alleviate poverty;
- India is spending large sums of money on a range of projects such as its space and aid programmes which ought to be spent on pro-poor policies for its own people;
- The level of corruption is such that little money gets through to the poor;
- UK aid to India is so small in comparison to Government of India and state spending that it cannot make a significant difference; and,
- The money would be better spent in other countries.

48 Q 206 [The Secretary of State]
49 Q 207 [The Secretary of State]
50 World Bank 2009.
**Taxation**

19. We questioned the Secretary of State about these points. He argued that the Indian people were paying substantial taxes:

> I think that, as India has become wealthier, the extent to which they have sought to use their own resources in tackling poverty is awesome. While income tax has increased [...] they are now putting 30% of their budget into health and education and rural development.  

The amount collected of revenue from direct taxes (income plus corporation) increased on an average by over 25% (between 2004–05 and 2007–08) until the global crisis hit India in 2008–9. The revenue from direct taxes increased from £22.5 billion in 2005–06 to £42 billion in 2007–08 and are estimated to go up to £75 billion in 2011–12.

20. Although only 3% of the population (35 million) earns enough to pay income tax—chargeable on incomes over £2000 per year—income tax was 16.5% of total government revenue in 2009–10. Total tax (income, corporation and other taxes) was 17.7% of GDP. The comparable figure for the UK is around 39% of GDP. However India’s tax to GDP ratio is similar to that of China, and higher than that in its neighbours Bangladesh (8.5%) and Pakistan (10.2%). DFID told us a person earning £10,000 in the UK would pay approximately £352 in tax per year. The same income in India would incur a tax bill of approximately £1,558.

21. Andy Sumner, of the Institute of Development Studies, explained that in large middle income countries such as India with huge pockets of poverty it would be difficult to raise sufficient funds to end poverty through taxation alone. He discussed research by the World Bank which asked:

> What kind of marginal tax rate would you need on the rich [...] to end poverty in developing countries? Two interesting things come out of that. First of all, there are some large middle-income countries with very large pockets of poverty: India, Nigeria, Pakistan, China. These would need marginal tax rates that are far too high to even conceive of going down that route, let alone taxation systems in developing countries and the various issues it raises about the capacity to collect that revenue. There were a number of smaller middle-income countries that nevertheless have poor people and could raise taxes. Indonesia was listed: it only needed a marginal tax rate of about 8% in order to end poverty in Indonesia.  

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51 Q 207
52 Information from DFID
53 DFID, Income tax: comparing India and UK, March 2010
54 The purchasing power parity (PPP)equivalent would be an income of £35,000 in India incurring a tax bill of around £5454.
55 Q 5
Government of India spending priorities

22. Government of India spending has led to real improvements in public services as demonstrated by the significant increase in the number of children enrolled in school. The Secretary of State stressed the scale of expenditure by the Government of India and Indian states:

Their spend on health and education has doubled in the last six years. The statistic that I find most striking is that over the last six years, India has got 60 million children into school. It is an absolutely remarkable achievement.56

23. The cumulative cost of the space programme is $6 billion since it began in 1962.57 It does fulfil a defence purpose. However it also delivers important socio-economic benefits including the provision of satellites, mapping, weather patterns and flooding patterns.58 In response to questions about the space programme we were told about its practical advantages for Government:

How does the Minister for Education identify whether a school has been built for which he is about to pay? The answer is that the satellite programme assists him in that.59

Moreover it is not unreasonable, given its geopolitical situation, for India to have a credible defence programme which includes investing in a space programme.

24. On the subject of India’s aid programme it was argued that there were situations in which India had particular expertise, which were valuable to other developing countries, for example irrigation techniques.60 India’s assistance is mainly in the form of technical cooperation to its neighbours.

Corruption

25. There is corruption in India, as many senior figures in India recognised. In Bihar we visited a scheme run by the World Bank where a women’s empowerment scheme had led local women to take over the Government food distribution scheme in their village because of corrupt management. The new Bihar Government readily admits the existence of corruption and acknowledges that it was endemic under the previous administration.61 DFID is funding consultants who are drafting a law for the Bihar Government to ensure that public services, such as the issuing of driving licences, are provided within a certain time—delaying the issuing of such documents is a traditional way that public officials demand a bribe. Text message systems have been established so that the state Government can receive instant reports from remote areas about public services such as the attendance

56 Q 210
57 Information from DFID
58 Q 207
59 Q 207
60 Q 155
61 The Government in Bihar took power in 2005
of teachers at school. The Secretary of State claimed that DFID was rigorous in ensuring UK aid was not lost through corruption, stating that it had a ‘zero-tolerance’ policy.\textsuperscript{62}

**Does aid make a difference?**

26. The key questions about UK aid are whether the money makes a difference and whether it would be better spent elsewhere? In this Report we have focused on the first question and whether DFID spending has directly contributed to poverty reduction and the achievement of the MDGs. We quickly realised that one of DFID’s most useful contributions was demonstrating successful approaches which could be replicated. The Bihar Government informed us that proposals arose for excellent projects, but the Government of India schemes were not sufficiently flexible to provide the funds for them. This is where DFID stepped in. DFID also provided technical support to state Governments. In Bihar we were told that this technical assistance was a valuable additional resource for the state. The Secretary of State emphasised DFID’s important catalytic role:

> Above all, we hope that British expertise and technical assistance, the power of demonstration, the work of piloting, demonstrates on the ground something that really works and can then be significantly scaled up by Indian taxpayers.\textsuperscript{63}

27. India has a large and growing economy and its spending on pro-poor policies has increased. The Government of India is increasing its tax revenues and this will enable it to do more to end poverty there. Its middle class, though small, is paying taxes. Although India has a space programme, this has important socio-economic benefits including mapping weather patterns and flooding, both of which can assist development. Moreover India needs a credible defence programme and satellites may be part of this. India suffers from corruption, but in parts of India where DFID has focused its work, for example Bihar, the state Government has made a serious effort to reduce corruption. DFID is also assisting this. Despite corruption, money does get through to services, as the increase in school attendance rates demonstrates.

28. Given current high levels of poverty in India we agree with the Government’s decision to maintain an aid programme in India until 2015 provided it can make a difference. Not every DFID project currently does this and DFID must be more rigorous in its choices over the next four years, funding only projects which have a clear development benefit and which national or state governments would not otherwise fund. DFID rightly focuses on catalytic, demonstration projects which can be replicated and scaled up. This approach should continue. However, some aspects of the programme should change and we now consider what these changes should be.
3 Changes to the DFID programme

We have an unparalleled opportunity to seek out new partnerships, to create dynamic new alliances, both formal and informal. This is a completely changed landscape in which to galvanise our efforts to achieve the Millennium Development Goals and to drive yet harder the eradication of global poverty.64

29. As we have noted, the Secretary of State plans to change the focus of the DFID programme in India to one which is much more “up to date”65—focused on India’s poorest states and poorest people, with emphasis on the private sector, and helping the poorest women and girls in terms of education, healthcare, nutrition and jobs.66 This chapter provides an analysis of the proposed new programme which we discussed in some detail on our visit. It begins with a brief outline of the programme prior to 2011.

The DFID programme before 2011

30. The International Development Committee last reported on DFID’s programme in India in 2005.67 DFID explained how its programme had changed since that Committee’s Report. It said it had “responded emphatically to the Committee’s recommendation to pay more attention to the India’s off-track MDGs” by targeting spending on child and maternal mortality, communicable diseases, access to education, nutrition and hunger and sanitation and water. It had done this mainly through the Government of India’s national schemes with complementary work in five states (described as the focus states).68 By 2009–10 DFID allocated 20% of its programme to education, 48% to health and 1% to water and sanitation.69

31. DFID claims that its work in focus states has enabled those states to make better use of central government funds with good results including significantly reduced infant mortality rates in West Bengal—from seventh highest place among all states in 2003 to one of the three lowest in 2009. Another focus state, Madhya Pradesh was able to increase rapidly its absorption of national funds for rural health care including maternal and child health.70 In Madhya Pradesh the Committee was told that the state was becoming a model in India as a result of the progress it had made in reducing infant and maternal mortality although there was still a long way to go.

32. In 2009–10 DFID allocated 43% of its India programme through the national government, 37% through state governments and 14% through multilaterals. The remaining 6% went through technical assistance (4%), civil society (1%) and the private

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64 Secretary of State, Speech on Emerging Powers, Chatham House 15 February 2011
65 ibid
66 Q 191
67 International Development Committee, Third Report of Session 2004-05, DFID’s bilateral programme of assistance to India, HC 124-1
68 DFID, Steering brief, March 2011
69 Ev 95
70 DFID, Steering Brief, March 2011
sector (1%). Oxfam approved of the emphasis on state governments arguing that “in a large and decentralised system governance structures did not always promote redistribution but development assistance could target the poorest state and in so doing improve governance and redistributive structures and practices.”

33. Other witnesses supported a number of aspects of the DFID programme including its emphasis on the poorest, its alignment with the Government of India objectives and its innovative and catalytic role. Christian Aid for example commended DFID’s focus on social exclusion and on meeting the gender-related Millennium Development Goals. It cited a 2006 report which had commented: “the degree of commitment to poverty reduction, and the emphasis on bringing to bear the themes of gender, inequality and social exclusion in the design of all projects, sets DFID India apart from other donors.” Oxfam said “DFID has and continues to play an instrumental role in reducing poverty in India by supporting innovative and catalytic programmes in a range of sectors including health and education.”

34. The Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) 2010 Peer Review commended DFID on the high degree of alignment, flexibility and the quality of dialogue with the Government of India. It said that DFID was perceived as an efficient, effective and appreciated partner and that the Government of India welcomed the effort DFID made to align its programmes with Government of India priorities.

35. There were also some criticisms of the DFID programme. Malini Mehra for example considered that DFID did not always get full political value for its assistance:

   My personal view is that DFID has not got it right in a country like India, can be much more effective in deploying the amount of money that it does invest and get better bang for the buck in terms of political value. At present it gets very little political value out of the money that it invests in India on behalf of UK taxpayers.

Dr Price, from Chatham House, expressed similar concerns commenting that DFID did not always engage with the right people in India, for example it was not sufficiently well connected in Delhi. Dr Eyben, from the Institute of Development Studies, thought that if DFID had a smaller budget it might be less concerned with spending the money and more with ensuring that the funding and the relationships it built would support far reaching change.

71 Ev 96
72 Ev w17
73 Ev w2
75 Ev w16
76 Ev 87
77 Q 134
78 Q 134
79 Q 133,136
The Future of DFID’s Programme in India

The DFID programme 2011-2015

36. As noted, there are three main changes proposed for the programme from 2011. These are:

- An increasing focus on the poorest states, in particular Bihar, Madhya Pradesh and Orissa;
- A re-examination of the sectors DFID works in; and,
- An increased role for the private sector.

We consider these issues in the remainder of the chapter.

Increased focus on poorest states

37. As mentioned in chapter one, DFID intends to reduce the number of focus states to three of the poorest: Bihar, Madhya Pradesh, and Orissa. Progress in reducing poverty and improving social indicators has been slow in these states which have some of the worst indicators. In 2009–10 DFID spent 37% of its budget in five focus states. In future it plans to increase the percentage spent in three focus states to about 67% of its programme. We visited two of these states—Madhya Pradesh and Bihar—where we met many of the beneficiaries of DFID supported programmes. We also met state Government officials and discussed their plans for making progress against the Millennium Development Goal targets. We found the Government in Bihar to be extremely progressive in its approach with a strong commitment to reducing poverty and inequality.

38. Professor Haddad, of the Institute of Development Studies, explained the importance of helping state Governments directly:

   It is often very difficult for States to get money from the donor centre. States need to have very strong administrative systems and capacities to do so effectively. The poorest States have the weakest tax base and hence the weakest administrative systems. DFID helps these States to access these central resources to boost investments in child health, nutrition and education where they are most needed.80

39. The Secretary of State gave us examples of interventions in DFID’s focus states which had helped state Governments strengthen the quality of proposals to access central government funds including a project on tax system reform which had increased VAT collection by about £55 million in four years in Orissa.81 In Madhya Pradesh we discussed a programme for strengthening performance management (SPMG) with the Government of Madhya Pradesh. It was a small programme which tried to improve the links between policy, planning and budgeting for poverty reduction. The programme helped to create systems for better debt management. It had reduced interest payments as a percentage of gross debt from 8.5% in 2007 to 7.27% in 2009 resulting in significant savings.

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80 Ev 113
81 Q196
40. However some Government of India officials were not convinced about DFID’s proposed narrower focus. The Ministry of Foreign Affairs considered that decisions about focusing on particular states should be made by the Government of India rather than donors. Professor Toye explained that it was natural to have some points of irritation in the negotiation of a relationship between donor and recipient governments. He emphasised that the Government of India had very clear ideas about aid distribution as well as the type of aid which donors needed to take into account.82

41. DFID plans to spend an increased proportion of its budget in India’s poorest states. We understand that the reasons behind this include not wanting to spread resource too thinly. However DFID must ensure that the Government of India, at national and state levels, fully understands and agrees with DFID’s aims and objectives since the Government of India has primary responsibility for its own development. DFID’s work in helping state Governments to access central funds and manage resources better has been very successful and should remain a key part of DFID’s programmes in its focus states.

Focus sectors

42. In addition to shifting the geographical focus, DFID intends to change its sector focus for the period up to 2015. The Secretary of State has proposed:

  providing a progressively increasing proportion of our aid in the form of capital for pro-poor private sector investment; and reshaping the grant element of the programme to maximise results on key Coalition priorities girls’ education, maternal mortality, family planning, nutrition, water and sanitation, and climate change.83

In the following section we look specifically at areas where we consider greater emphasis than currently proposed is needed in the DFID programme—sanitation, nutrition, maternal and child health and social exclusion.

Sanitation

43. India is off-track on meeting the MDG target to reduce by half the proportion of people without access to adequate sanitation. Only 29% of households have access to ‘improved’ sanitation facilities.84 The practice of open defecation is a particular problem. Of the 1.1 billion people worldwide practising this highest risk sanitary practice, more than 50%—638 million—live in India. Among the poor, between 81 and 97% practise it.85 Open defecation results in poor hygiene and infection pathways that cause sickness, inability to work and high healthcare expenditures that undermine livelihoods. It impacts on education performance because ill children are unable to attend school, and causes women in

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82 Q14
83 Secretary of State, Letter to the Chairman, December 2010
84 Ev 90. According to the WHO improved sanitation refers to adequate access to excreta disposal facilities that can effectively prevent human, animal, and insect contact with excreta. Improved facilities range from simple but protected pit latrines to flush toilets with a sewerage connection. To be effective, facilities must be correctly constructed and properly maintained.
85 Ev 81
particular inconvenience and suffering. Poor sanitation also has substantial implications for poverty reduction and economic growth. The World Bank has estimated that open defecation costs India US$54 billion per year or $48 per head. This is more than the Government of India’s budget for health.

44. In Bihar we met with local communities and discussed open defecation practices. We discovered that the women sought the privacy afforded by improved sanitation; however some men were less keen and said they would not necessarily use toilet facilities if these were available, which highlighted to us the importance of hygiene education. In Bhopal we visited a slum where municipal toilets had been installed. Each family paid a monthly sum to use these and children were being taught good hygiene practices. In many places we visited, including schools and hospitals, where good sanitation is crucial, it was clear that sanitation facilities were limited and of poor quality.

**Links between sanitation and nutrition**

45. Professor Robert Chambers of the Institute of Development Studies, argues in written evidence that “the links between open defecation and poverty and child nutrition are likely to be more significant than has been generally recognised”. He explained:

> The normal tendency is to think about getting food into children; there is availability of food and access to food, and that is what most of the programmes are about. They are direct. When you look at it, however, there is the whole issue around absorption of foods, and the parasites carried in the gut, which are actually stealing food from children and from mothers. There are the diarrhoeas, which get an awful lot of attention, and are killers. It is about 350,000 children a year that are estimated to be killed by diarrhoeas. [...] However, there are other things going on in the body of a child that do not get noticed, because they do not manifest in the same dramatic, measurable way. There is a phenomenon called tropical enteropathy, which means that bacteria get into the bloodstream and have to be fought with antibodies. The antibodies require energy, and so that is another drain on the child’s nutrition. Then there are other pathogens: there is hookworm, for instance, which is a major cause of anaemia, I am informed. 200 million people in India have hookworm. When we look at things like mothers’ anaemia, we look at deaths in childbirth, and one can ask: to what extent is it the result of these feecally-related infections? There are so many of them: schisto, hepatitis, polio, trachoma, typhoid, some epilepsies, and liver fluke. [...]Medical and nutritional thinking simply is not on that wavelength.

46. We were told that it was relatively inexpensive to change hygiene practices in local communities through Community-Led Total Sanitation (CLTS) which had proven results in Himachal Pradesh. Professor Chambers set out for us what this involved:

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87 Q92
88 Ev 83
89 Q 92
CLTS, which was developed by an Indian, is radically different. You do not teach anything. You do not give anything. You simply go to a community and you facilitate their own analysis of what is happening. They make a map, they use yellow powder to show where they go and I am going to use, if you will forgive me, the word “shit”, because we use the word shit. [...] Nothing is hidden. It is all brought out into the open. People go and stand in the place where it happens, and there are other details that I will not inflict on you. The point is that it dramatically brings home to people that—and these are the words that are used—they are eating one another’s shit. After about two hours of this, usually someone will say, “We are eating one another’s shit. We have got to stop this.” There is very strong disgust. There is a lot of laughter, as well, but it is a community decision that they will all do something. What this means is that the poorest people, very often, are helped by the people who are better off, because it is in everybody’s interest that they should become open defecation-free.90

Other types of programmes which distributed toilets and other sanitary hardware, were not as successful in changing practices and the hardware was not often used for its intended purposes.

47. The Secretary of State told us that DFID would specifically seek to give five million people better access to sanitation and two million people access to clean water. He said that for every £1 of UK aid the Government of India would probably provide £20 worth of investment in the sector.

48. Poor hygiene and sanitation is costing India $54 billion a year or 6% of GDP. Yet many of the problems associated with it can be addressed at community level relatively inexpensively. In particular the Community-Led Total Sanitation Programme (CLTS) offers a road tested, low cost alternative to expensive programmes based on distributing sanitation hardware. Sanitation is the first step to improvements in health yet DFID allocates only 1% of its programme to water and sanitation and over 40% to health. DFID should switch resources from health to sanitation and give sanitation a much higher priority in the programme to 2015 including rolling out support to CLTS. We also recommend that any future investments in sanitation should be linked to and carried out in conjunction with hygiene education.

Nutrition

49. India scored 23.7 in the 2009 Global Hunger Index, putting it in a category where levels of hunger are considered to be ‘alarming’, and close to levels in Burkina Faso and Zimbabwe.91 Nearly half of Indian children are under-nourished. This amounts to one-third of the world’s under-nourished children. As Lawrence Haddad states in his written evidence, “It is the persistence of under-nutrition in the face of India’s economic growth that is truly extraordinary.”92 Under-nutrition is the cause of one-third to one-half of child deaths in India. This trend has changed little in the past two decades. In 1992–93 52% of

90 Q 95
91 International Food Policy Research Institute, 2009 Global Hunger Index
92 Ev 114
infants under-three were underweight; in 2005–06 the figure was 46%. In Madhya Pradesh the figure is as high as 60%. This means that Millennium Development Goal target one on child nutrition is unlikely to be met until 2043—30 years beyond its 2015 deadline.93

50. Professor Haddad highlighted that in India malnutrition levels were slow to reduce despite high levels of economic growth. He explained that despite government programmes, there was “a huge amount of exclusion of access to nutrition programmes.” This was often related to gender or caste, but also included under-three year olds—even though these were the cohort most in need of help.94 The crucial ‘nutrition window’ was recognised as the first two years of life—after which the effects of stunting and wasting were irreversible and the effects of inadequate nutrition endured throughout many people’s lives.95 He also identified shortcoming in capacity to tackle mal and under-nutrition, with no ministerial lead from the Government, despite a declared commitment to do so.96

51. In India we were told that poor children were often low birth weight, partly due to myths about under-eating during pregnancy to have an easier delivery, and fell below normal (WHO) growth standards by three months. Dr Vir, a nutritionist we met in India, explained:

Mere unavailability of food at family level is not the primary cause of being underweight—the real problem, in fact, is in not feeding a child adequate amount of food required during this period of accelerated growth. A study of the National Institute of Nutrition indicates that in families where 80% adult women were consuming adequate calories and proteins, only 30% of young children under three years were.97

52. The Government of India set up a Nutrition Council in May 2010 which first met in December 2011. It concluded that Indian nutrition efforts should be much more focused on the nutrition of mothers and babies for the 1000 days after conception. This accords with the global Scaling Up Nutrition ‘1000 days’ campaign launched at the UN Millennium Development Goals Summit in September 2010.

53. DFID published a Nutrition Strategy in 2010,98 partly in response to our predecessor Committee’s recommendation.99 In it, DFID identified India as one of six priority countries. During our 2010 inquiry on the MDG Summit, the Secretary of State accepted

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94 Q76
95 ‘Stunting’ refers to low height for age, and ‘wasting’ to low weight for height. Vinod Kumar Paul et al, ‘Reproductive health, and child health and nutrition in India: meeting the challenge’, The Lancet published online 12 January 2011, p.2
96 Q76
97 Dr S Vir, Meeting the challenge of malnutrition in India, March 2011
98 DFID, ‘The neglected crisis of under-nutrition: DFID’s Strategy’, March 2010
that DFID “can” and “must” do more on nutrition. DFID has committed to fund nutrition research over the next few years.\(^{100}\)

54. We fully support DFID’s emphasis on tackling under-nutrition in India and working with the Government of India on this important issue. The persistently high rates of child under-nutrition in India concern us greatly and must be addressed. DFID has identified India as a focus for its new Nutrition Strategy and has said it plans to work with the Government of India to target 3.9 million children under-five with nutrition programmes by 2015. We welcome the Secretary of State’s emphasis on the ‘first 1000 days’ of a child’s life. We recommend that DFID refine its programme to focus on the first 1000 days rather than under-five children more generally.

**Health**

55. While health has received far more attention from donors and the Government of India than sanitation, the Indian health system has many failings, as highlighted in a recent special edition of *The Lancet*.\(^{101}\) Professor Haddad told us that in a World Health Organisation ranking of health systems India came out at 112, below Bangladesh at 88 and Sri Lanka at 76.\(^{102}\) More specifically he pointed out that public health spending, as a percentage of GDP was 1%. He recommended this should be increased to 6%. Dr Osrin, from University College London, discussed the need for greater leadership within the health sector and for rationalisation between the private and public provision of health care.\(^{103}\)

**Maternal and child health**

56. India has some of the highest rates of child and maternal mortality in the world. Globally, India accounts for 21% (1.83 million) of all under five deaths, 25% of all neonatal deaths,\(^{104}\) and 20% of maternal mortality. While statistics are gradually improving—child mortality has declined by an average of 2.25% annually since 1990, and the proportion of women that die in childbirth has halved since 1990—progress is slow. The MDG target of reducing maternal mortality by two-thirds by 2015 will not be reached.

57. A key part of the challenge in improving maternal and child health in India relates to the country’s lack of skilled health workers. The WHO estimates that 2.5 professionals per 1000 are needed to ensure that skilled attendants are present at births.\(^{105}\) The Indian public health system has only 1.35 health professionals per 1000 patients. Because of India’s staff

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102 Q 60-62

103 Q115

104 Ev 74

105 Vinod Kumar Paul et al, ‘Reproductive health, and child health and nutrition in India: meeting the challenge’, *The Lancet* published online 12 January 2011
shortages, only around half of births are attended by a midwife or other skilled attendant. This in turn contributes to complications and deaths during childbirth.

58. DFID says that it has supported reforms that have meant that vacancy rates for doctors have declined by 15% in under-served districts of Madhya Pradesh and Orissa, and that its assistance to the Government of India has resulted in the availability of 362 more doctors and 2033 more nurses in West Bengal.

59. In 2005 the Government of India introduced a conditional cash transfer to incentivise births in health facilities. This has helped to reduce significantly maternal deaths. In Madhya Pradesh, DFID reports that its funding for government transport schemes for expectant mothers has also contributed to a huge increase in institutional deliveries, from 0.93% in 2006–07 to 42% in 2009–10. However DFID says that the MDG target on quality of institutional deliveries remains a concern. Increases in the number of institutional deliveries has not been matched by improvements in the quality of care during labour and delivery or in neonatal care. It is aiming to address this in focus states.

60. The Secretary of State also highlighted the links between girls’ education and improved health care outcomes:

   We need to make sure that we focus on the education of girls, because girls who are educated get married later, have fewer children, and have children later. This starts quite early. We need to make sure that there are more safe birth attendants, and easier access to hospitals. [...] There are also issues around family planning. We are trying to ensure that 500,000 mothers deliver more safely. That is our particular aim of a result to be achieved. As you will know, we are seeking to make sure that contraception is much more widely available in the poor world, for reasons with which we are all familiar.

61. In Madhya Pradesh we had seen an example of a fairly sporadic attempt to collect data about which castes and tribes used state maternal and child care facilities. We asked the Secretary of State to fund research on which groups of women and children did not access hospitals or midwives paying particular attention to scheduled caste, tribe and Muslim groups. The Secretary of State said he would consider this.

62. India is making slow progress in reducing maternal, child and neonatal deaths. Progress is most slow in the poorer states and amongst the poorest people. DFID’s new programme should have a strong focus on this area. To ensure such investments are properly targeted to achieve results among the poorest, we recommend that DFID fund a group of epidemiologists, or other appropriate researchers, to collect data over a given period on caste, tribal and religious affiliation of those who access maternal services or have institutional deliveries. This should enable the Government of India to

106 47% of births are attended by skilled health personnel. Figures for 2003-08 (UN Statistics website). This is an increase from 33% in 1992.
107 Ev 89
108 The scheme is called Janani Suraksha Yojan and is part of the Government of India’s National Rural Health Mission.
109 Ev89
110 Q 244
make more informed decisions about how to target its interventions in this important area.

**Social Exclusion**

63. India has high levels of inequality. The exclusion of certain scheduled castes, tribes and religious groups, such as Muslims, and people living with disabilities has resulted in high degrees of poverty amongst these groups. Christian Aid points out that the 2010 Multidimensional Poverty Index breaks down poverty across four social groups in India and shows that 81.4% of scheduled tribes (Adivasis) and 65.8% of scheduled castes (often called Dalits) are poor, compared with 33.3% of the general population. The data available on poverty among various social groups shows that social exclusion reinforces vulnerability and the vicious cycle of poverty. Dr Eyben said:

> These issues of structural inequalities are extraordinarily hard to get rid of in India despite the commitment of the Indian Constitution, which India committed to when it became independent. It is not working very well. These are really tricky, complex, deeply embedded historical inequalities. It is not just a matter of throwing money at it. It is a question of supporting innovation and experimentation to enable people in poverty to imagine the world differently. It is really a process of empowerment.

64. In India the Committee met several NGOs, funded by DFID, working with scheduled castes to raise awareness of their rights and held discussions with Dalit communities in Madhya Pradesh on manual scavenging—collecting human waste by hand, for disposal—a practice which is illegal yet continues in many states. Women told us that the health implications of manual scavenging included increased incidence of miscarriage. Children told us lower caste children continued to be discriminated against in schools.

65. We were very impressed with the work of the NGO Jan Sahas Development Society which had received funding from DFID’s Poorest Areas Civil Society Programme. The person in charge was herself from the scheduled castes and had been educated to university level through the work of the NGO. While there were laws prohibiting caste and other types of discrimination there appeared to be few mechanisms for enforcement. It was clear to us that until discriminatory cultural practices were no longer acceptable, it would be difficult for those in Dalit communities to improve their livelihoods.

66. Gender inequality is also significant. While only 50% of Indian children go to secondary school, only 40% of these are girls. DFID plans to focus on girls’ education and seeks to increase the number of girls in secondary education in eight low income states by 578,000. The submission by One World Action commented that DFID tended to focus on alleviating the symptoms or consequences of poverty rather than the underlying causes. For example, in relation to gender disparities, the NGO said that DFID had focused on

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111 Ev w2
112 Q 136
113 DFID-India, Draft Operation Plan Results
The Future of DFID’s Programme in India

67. Christian Aid was positive about DFID’s work on social exclusion pointing out “good practice and consideration of social exclusion at a programme level”. However the organisation also argued that this should be more widespread and not restricted to DFID’s work with civil society organisations. It also suggested that DFID “should develop greater understanding of the way in which gender discrimination intersects with other forms of discrimination, such as ethnicity and caste, to further compound the inequality of access, opportunity and empowerment which leads to multiple discrimination”.

68. The National Programme on Dalit Rights acknowledged that DFID focused on social exclusion in a variety of its sector specific programmes; however it said this was neither consistent nor entrenched. It suggested “embedding exclusion with more consistency, and with a stronger intensity, will require a far more concerted corporate ‘push’ in these areas than has taken place so far.”

69. India has high levels of inequality—particular castes, tribes, and religious groups do less well than others because of entrenched discriminatory practices and despite laws against such behaviour. We met groups of Dalits, including children, who were beginning to challenge social norms about their role in society. We were impressed by their brave and determined outlook. However it will be virtually impossible for most of these children to change their social status while other parts of Indian society, and social institutions, tacitly accept this level of exclusion and discrimination. We recommend that DFID place greater explicit emphasis on tackling inequalities throughout DFID’s programmes.

70. DFID’s focus on girls’ education, in particular at secondary level, is important for tackling gender discrimination and will help in relation to DFID’s objectives in maternal and child health. We strongly support this new initiative.

Working with the private sector

71. DFID has said it intends to increase its collaboration with the private sector in India. As part of its objective of wealth creation DFID says it wants “to unlock the potential of the private sector to deliver jobs, products, infrastructure and basic services in areas which desperately need them”.

72. The Secretary of State has said he wants to see a “serious and steadily increasing proportion of our aid used to support entrepreneurs willing to take the risk of starting and scaling up private investment”. DFID wants to encourage private investors to make pro-poor investments in India’s poorest states. He said the eight poorest states in India only
attracted 2.4% of foreign direct investment and one-fifth of overall investment.\textsuperscript{120} DFID was considering three ways of working: to boost the availability of risk capital to encourage private sector companies to invest in the poorer states, for example through CDC or the donor coalition Private Infrastructure for Development Group (PIDG);\textsuperscript{121} by providing technical support to improve policies governing businesses; and by providing grant support for micro-finance, renewable energy and state level urban projects.

73. DFID said it was confident that commercially focused funds were already taking advantage of the potential opportunities at the bottom of the pyramid by providing low cost services at scale.\textsuperscript{122} DFID has proposed to use a rising portion of its budget—£140 million or 50% by 2015—to generate the following results:

- five million clients reached with savings, credit, insurance
- 60 firms reached with equity and loan guarantees
- 35 new Public-Private Partnership deals in infrastructure

74. The Government of India told us it was happy for DFID to work with the private sector but that this should be as a separate bilateral relationship rather than through the Government of India. It was not convinced this should be part of the aid relationship since India already had a vibrant private sector.

75. We asked the Secretary of State for some examples of how he intended to invest DFID’s funding but did not receive much detail:

\textbf{Mr McCann}: In Madhya Pradesh, we witnessed a microfinance project where a woman bought a buffalo. she was paying the money back, and she was selling the milk. I can understand how that project works. Regarding the £140 million, can you give me one example of a project, any project, on that higher scale and with that larger investment, that you hope would take place between now and two or three years hence? [...] What do you have in mind as a practical situation of a village or an area in Madhya Pradesh or Bihar that will give a practical example of how the money that the British taxpayer spends will be put to good use?

\textbf{Andrew Mitchell}: [...] The great beauty of the private sector is that you do not have to have a prescriptive line on this. In my view, the answer is not to say: “This is the precise nature of the investment that should take place here. Who is going to get on with it?” It should be more demand-led than that. What we are trying to ensure is that supply of capital is able to address that demands, through a whole series of different approaches.\textsuperscript{123}

76. We also asked the Secretary of State why he was prepared to invest such a large part of the aid budget for India in a largely untested area. He explained that he aimed to scale up
gradually from about 20% of the budget to 50% by 2015. He thought this was the best way to structure the programme and would ensure “British taxpayers got the best value for money.”

77. In Madhya Pradesh we discussed a DFID funded Power Sector Reform project to help the state reduce losses from the power sector which amounted to 34% of the state budget in 2005–06. DFID was providing £18.5 million over a six year period “to help create an efficient, accountable and financially viable power sector that ceases to be a burden on state finances.” The funding had helped bring in advisers and consultants and as a result losses had been reduced by 80% since the start of the project in 2006 with expected savings of £280 million over 5 years. The power sector would still lose about £200 million this year, but the improvements had already attracted new investment into urban areas because there was now a reliable electricity supply.

78. We asked the Secretary of State to explain why DFID should pay private consultants to help the State of Madhya Pradesh increase its revenue from the power sector rather than simply pointing them in the right direction. It was clear to us that the savings could have been predicted; and that instead of providing gift aid, pump priming funding could have been offered and been repaid when the project accrued savings. We wondered if DFID was inadvertently paying for things which the state Government could and would otherwise pay for. The Secretary of State explained that at the time DFID had assessed it would not and that DFID’s intervention would have demonstrated the effectiveness of the technical assistance. He said he would not rule out similar investments in the future.

79. Another DFID project in Madhya Pradesh was helping the city of Bhopal to track the use of public vehicles through the application of a Vehicle tracking Management System (VMS). DFID provided £118,000 for technical support and support in operations and maintenance over three years. The Government of Madhya Pradesh provided the capital costs (GPS and IT servers). DFID estimate that all costs will be recovered over three to four years through increased efficiency in services and fuel savings. The Mayor of Bhopal explained how this enabled her to reduce misuse of public vehicles and provide more accountable public services—rubbish collection, bus services—to the city. We considered this to be another example of a project with worthy objectives, including reduced corruption, for which loan funding would have been more appropriate.

80. The International Development Committee in the last Parliament recommended that DFID develop “a considered and co-ordinated strategic plan with appropriately resourced, practical and time bound plans for the full implementation of existing private sector development policies needs to be developed and implemented” in its report on Private Sector Development. We did not consider that DFID had the right staff or linkages with the private sector to sustain a coherent approach to private sector development. We have

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124 Q 222
125 DFID, Visit briefing, Madhya Pradesh, March 2010
126 Q 200-202
127 DFID, Response to International Development Committee queries, 26 May 2011
since looked at the operation of CDC and made suggestions for improvement.\(^{129}\) CDC ought to be playing a role in India, but it is still unclear what this role will be in DFID’s plan. **We are still concerned that DFID does not have the right private sector expertise in-house and recommend it work with appropriate bodies which do have such expertise.**

81. **DFID proposes to spend £140 million—or half of its budget—by 2015 through the private sector in India. While we understand that DFID’s funding is intended to demonstrate that it can be profitable to invest in the poorest states, DFID has not provided us with sufficient detail on which sectors are most appropriate in terms of returns and for maximising the poverty impact. The decision about how much to spend through the private sector should be dependent on achieving greater clarity on what the most effective investments are likely to be.**

82. **In addition we do not consider it appropriate, in general, for aid to private companies to be provided as a grant or a concessional loan because to do so would skew the market and undermine free competition. It also runs the risk of “picking winners” which often fails and can simply shore-up unviable business practices. Instead, funding for private sector development should take the form of repayable loans.**

**Ways of working in India**

83. Although India is a large recipient of UK bilateral aid, this aid is small in relation to the Government of India’s budget and in relation to the Government of India’s own spending on poverty reduction and inclusive growth. DFID’s impact therefore lies in its ability to demonstrate best practice in particular sectors and states, so that its work may be replicated on a wider scale across the country where appropriate. To a large extent this has worked well and it is something we would wish to see continued.

84. Oxfam pointed out that “while bilateral aid is relatively small in comparison to the Government of India’s social spending, it is highly valued because it provides small incremental financial contributions to test new ways of improving governance and delivery on the ground, often drawing on DFID’s experience in other countries. Learning from many DFID-supported interventions has been integrated into national and sub-national policies to ensure more effective delivery to target groups”.\(^{130}\)

85. Professor Toye also highlighted the value of catalytic demonstration projects:

> You can do this [...] with a combination of demonstration projects. You don’t need to cover the country with them, but you have to show that what you are proposing actually works on their soil, with their people. Then there is what’s called sectoral policy dialogue, where you then talk to Indians: “What did you think of that? Were you impressed in any way? Do you agree with us that it did, in fact, take a lot of people out of poverty? Can you see any snags about generalising this?” It is this kind of consultative and partnering policy dialogue at a sectoral level around demonstration projects. [...]You have to have a baseline study. “We went in there, we

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\(^{130}\) Ev w17
found out what the people were like before we did our project. Now we’ve changed the way that health is done.” [...] Using rational evidence-based demonstrations to talk to people, talk to the Government, about its own policies.131

86. The value of DFID’s work in India is enhanced when it can demonstrate new ways of doing things which work and these are scaled-up by the national Government. DFID has a proven track record in this and the Government of India is appreciative of DFID’s efforts. This way of working should form the basis of future programmes in India since it does not require large amounts of funding.

**Working with civil society**

87. While much of DFID’s work is through national and state governments, DFID also works with civil society organisations. DFID will spend 2% of its aid budget through civil society organisations in 2010–11. It funds two programmes—the Poorest Areas Civil Society Programme (£25million from 2009–14) and the International NGOs Partnerships Agreement Programme (£20million from 2009–14).

88. Because civil society organisations work directly with communities they are often best-placed to help the poor organise, mobilise and claim entitlements.132 Save the Children told us that one of DFID’s civil society programmes in India—the International Partnership Agreement—focuses specifically on the area of social exclusion. “The idea is that NGOs such as Save the Children would work at community level to make sure that excluded families were aware of and did access social programmes, and were assisted in organising themselves to be able to claim their rights in a more structured and organised way.”133

89. Some commentators thought DFID needed to increase its focus on civil society.134 Malini Mehra was strongly supportive of DFID investing more in socially progressive civil society organisations which would challenge inequalities.135 Dr Price pointed out the need for DFID to ensure its work permeated below government levels:

> The engagement with Government needs to enable the real engagement, if you like. That is, an annual discussion on climate change, let’s say, which then allows work to be done with such-and-such civil society organisation, or such-and-such private company that is putting in solar grids. How well is that going? I think it is frequently stuck at the Government level with the assumption that that means something of itself when actually it needs to be deepened at the lower civil society or private sector levels.136

90. DFID’s work through civil society organisations is extremely valuable, especially in tackling social inequalities. As we have recommended that DFID increase its emphasis on social exclusion, DFID will need to increase its funding to dynamic Indian civil
society organisations with a proven and measureable record in challenging social exclusion.
The UK partnership with India

91. DFID notes that India is an emerging global power and a critical partner for the UK. Its economy is the world’s eleventh largest in GDP terms and India presently accounts for 2% of global trade. Its economy is growing fast and is projected by Goldman Sachs to overtake the UK’s by 2022. The relationship between the UK and India is multidimensional. While DFID has the lead in terms of the poverty reduction agenda, policies in areas other than aid—in diplomacy, defence, migration, trade and climate change—are also important. As Oxfam pointed out:

Aid is not sufficient for poor countries or communities to fight poverty and inequality—there are many other important factors, such as reforming international trade and financial rules to ensure that poor countries can generate and retain their own resources—but it is necessary.138

92. According to the Institute of Public Policy Research (IPPR), the UK’s commitment to and delivery of international poverty reduction objectives thus needs to be judged across a whole range of policies including those which are outside the direct control and remit of DFID. This chapter looks at three aspects of the wider UK-India partnership—“beyond aid”—and at how these relate to development goals, namely climate change, trade and investment and education and research.

Climate change

93. As the world’s fourth largest carbon emitter, India is critical to the outcome of global climate change negotiations and Indian energy needs have a huge impact on international energy markets. DFID wants climate change to be a key part of its new relationship because India has a large population (400 million) who still do not have access to modern energy sources; it has the second largest number of people after China who are vulnerable to climate change; and, because it has not yet determined how it will meet its increasing energy needs.

94. We met the new Environment Minister Jairam Ramesh in India. He was particularly pleased with the relationship between India and the Coalition Government and said he had a good relationship with the Secretary of State for Energy and Climate Change, the Rt Hon Chris Huhne MP, and the Minister of State for the Department of Energy and Climate Change, Greg Barker MP. Dr Price, from Chatham House, reported that although India’s priority had been economic growth, it was increasingly recognising that it could and should play an important role in mitigating climate change by developing renewable energy, adopting low carbon technology and conserving its forests. Dr Mehra told us

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137 Ev86
138 Ev w16
139 IPPR, Policy Coherence and the future of the UK’s International Development agenda, March 2010.
that climate change was now being more widely debated in Indian society.\textsuperscript{141} She also explained how the new Minister had begun to try to shift the debate in India:

He started introducing the arguments that India is a highly vulnerable country, we need to understand our degree of vulnerability and we should also seize the future—so recognise that carbon constraints could lead to India’s underdevelopment. We have the capacity to invest in technology now so that we emerge as a winner in the low-carbon transition.

She said that India was not as advanced as China in terms of thinking about investing in clean energy sources. Nevertheless it had recently introduced policies to tax coal and to stop subsidising kerosene.

95. The UK approach to climate change in India is a cross-Government one. There is a Climate Change and Energy Unit (CCEU) in India which brings together staff and resources from the FCO, DFID, the Department for Energy and Climate Change (DECC) and the Department for Environment, Food and Rural Affairs (DEFRA) to lead the UK climate change strategy for India. DFID says:

CCEU leads a co-ordinated dialogue with Government of India on the UK approach to climate change. It works with a wide range of Indian partners including the Government of India, business, and NGOs to deliver our joint objectives on: a credible, fair and ambitious global agreement; rapid investment in low-carbon growth; and increased resilience of the poor to the impact of climate change. It also works jointly on the financial frameworks for climate change, ensuring they are effectively coordinated across HMG departments. The Unit’s joint approach has enabled it to factor development concerns into the full range of climate change discussions.\textsuperscript{142}

96. Christian Aid commented that there was little information available about the work of the joint DFID-FCO unit and called for greater transparency.\textsuperscript{143} DFID has produced a list of disparate projects under the heading ‘climate change’—however it has not set out a clear strategy or approach. Oxfam highlighted the need to develop low-cost, low carbon energy for the poorest:

India had an estimated 400 million people without access to electricity. On a per capita basis, the average person in India emits about 1.2 tonnes of carbon dioxide, compared to over 20 tonnes in the US. Therefore increasing energy use and access are development priorities for India. But if catastrophic climate change is to be avoided, India, and other developing economies, will need to forge new low carbon paths to development, and as they do so, they will incur incremental costs—for example the higher costs of investing in a wind farm over a coal-fired plant. These will, by definition, not be met by the private sector without public intervention.\textsuperscript{144}

\textsuperscript{141} Q 163
\textsuperscript{142} Q 142
\textsuperscript{143} Ev w3
\textsuperscript{144} Ev w18
97. The Secretary of State told us that DFID was discussing how to use its climate finance to help the development of green energy, especially for the poorest, in India.\textsuperscript{145} \textbf{We are delighted that the Government intends to approach climate change with India in a coherent, cross-Government manner. However we would like greater clarity about the Climate Change and Energy Unit—in particular the Government’s objectives and work plan for it, and DFID’s strategy for ensuring that developmental concerns, including helping India to develop new low carbon paths so that it can provide affordable energy for the poorest, are an integral part of this.}

\textbf{Trade and investment}

98. During the past two decades India’s trade has grown twenty-fold as it has gradually reduced its restrictions on Indian firms investing overseas. India had historically sought to ensure its large domestic market demand was met by Indian companies and has worried about the impact of more competitive foreign goods on its domestic market. It now operates a more liberal trading environment. In 2004 India ranked 20th among world exporters and fifteenth among world importers of goods. In terms of services it was the eighth largest exporter and the seventh largest importer.

99. DFID says:

\begin{quote}
 Development is a recognised component of UK trade policy, reflected in the work of the Department for Business Innovation and Skills/DFID Joint Trade Policy Unit. At the beginning of 2010, an India Trade Policy Unit (ITPU) was established, with a cross-HMG work plan. The ITPU brings together FCO, DFID and UKTI expertise and networks to pursue key HMG objectives such as the India-EU Free Trade Agreement and a successful conclusion to the WTO Doha Development Agenda.\textsuperscript{146}
\end{quote}

100. We met UKTI officials in Indore, Madhya Pradesh. We were told that UKTI did not normally come to places such as Indore since it was a second tier city. The team were based in Mumbai and also covered Pune—both thriving cities. The UKTI presentation, designed for UK companies, was intended to attract investment to India, and as such presented the modern, technologically advanced, India. This was a markedly different picture of India from the one we saw where DFID worked. This is the reality of India. However we were concerned that UKTI was not engaged in cities such as Indore, which DFID was trying to help develop. There is a need for a more coherent UK Government approach to attracting investment to India from the UK.

101. India exports a range of products and increasingly services. It has been able to produce generic drugs at much lower costs than western rivals. This has significantly brought down the cost of anti-retrovirals. For example, in the 1990s treatment cost between US$10,000 and 15,000 per person per year. By 2001 the same treatment was available from Indian pharmaceuticals for US$300. Now it costs just $88.\textsuperscript{147}

\begin{footnotes}
\item[145] Q 259
\item[146] Ev 92
\end{footnotes}
102. Stop Aids campaign has expressed concerns about one particular aspect of the India-
EU Free Trade Agreement—the inclusion of a Trade Related Intellectual Property (TRIPS)
Plus clause which it says would markedly increase the price of generic HIV treatments.
According to Stop Aids Campaign about 80% of people on anti retroviral (ARV) treatment
for HIV across Africa are taking high quality, affordable generic drugs produced in India.
India has been able to do this by restricting the granting of patents on new drugs to those
which were distinctly new or different from previous versions.

103. Stop Aids Campaign argues that the new EU-India Free Trade Agreement will
necessitate a change in this policy “significantly threatening the vital supply of Indian
medicines.”148 We met with the Clinton Health Access Initiative in Delhi—a private
foundation which aims to increase the availability of low cost quality drugs for AIDS and
malaria to developing countries. They sought to reassure us that it was highly unlikely the
Free Trade Agreement would prevent India from continuing to produce and export low
cost generic HIV drugs and pointed out that DFID was a strong supporter of ensuring
access to life saving medicines through its “Achieving Universal Access” programme.

104. We support the expansion of trade between India and the UK and consider that
increased trade has the potential to assist development in India. For example, India has
played an important role in the production of low cost anti-retrovirals which have
greatly assisted those suffering from HIV/AIDS in both India and Africa. The proposed
EU-India Free-Trade Agreement should ensure that India can continue to supply
essential and affordable medicines in this way without penalty, recognising that over
time Africa is likely to develop its own capacity to do so. DFID must champion this
within the Government and the UK Government must lobby for this within the EU. We
recommend that the Government set out its position on this issue in its response to our
report.

105. DFID has a key role to play in ensuring that UK Government policies “beyond aid”
are coherent with its poverty reduction objectives. Development will not happen with
aid alone. India is growing fast and already attracts large amounts of inward
investment. DFID must play a greater role in encouraging UK investment in India to
actively support DFID’s development objectives, especially in the poorest states.

**Education cooperation**

106. In India we discussed different aspects of UK-India cooperation in education. DFID
has provided support to Government of India programmes for universal primary
education and is now considering helping with secondary education. The British Council
has projects amounting to £1.3 million for 2011–12 including training 3,000 master
trainers in English to reach 750,000 teachers.149

107. There are 44,000 Indian university students currently studying in the UK. They
constitute the second largest number of international students after China. We were told
that India could not itself provide sufficient university places to meet the growing demand
for higher education but there were restrictions on third countries opening campuses in India. However we were told this would change once the Government of India Foreign Education Providers Bill was passed, opening up opportunities for UK Universities.

108. The Secretary of State told us about DFID’s “research hub in Delhi, which works with the Foreign Office and the Research Councils UK to develop research opportunities with universities in India, and the UK, which will support development and action on climate change”. He suggested this was an evolving area of cooperation. The Government is seeking to promote greater opportunities for cooperation between the UK and India at higher education level. We welcome the Government of India’s Foreign Education Providers Bill, currently before its Parliament, which will open up opportunities for UK Universities to invest in India and help meet the growing demand for higher education.

Policy Coherence for Development

109. On these three issues—education, climate change and trade, which are wider than development—the UK can have a significant and positive impact. To do so it needs to work together with other Government departments. One World Action said: “DFID needs to do more to work across Whitehall to influence other Ministries to ensure that trade, investment and security policies do not further exacerbate poverty and inequality in India.” As noted, there was no evidence that UKTI shared DFID’s objectives in relation to inward investment. Dr Eyben thought that DFID and FCO could improve their working relationship, although on our visit we witnessed good cooperation between these across a range of issues.

110. World Vision pointed out:

In India, more than anywhere, it is crucial that DFID plays a full role in ensuring that the recent focus on India’s economic development is not to the detriment of the “poorest faces of India”. India is a large and diverse country with over 1 billion people living in it; huge prosperity and high levels of poverty live side by side and it is vital that the UK works with the Government of India to ensure that those in poverty receive the support they need and that the prosperity is not isolated and brings equity.

DFID has created a new Partnership Secretariat which focuses on developing partnerships with the emerging powers on climate change, trade and on other issues. The Coalition Government has recognised the importance of policy coherence for development. It is important that DFID has a strong voice in all cross-Government debates on India and ensures that poverty reduction is a key part of these. We recommend that the Government provide more information on the work of the Partnership Secretariat in the its Response to this Report.

150 Q 261  
151 Ev w14  
152 Q 167  
153 Ev w67
The post-2015 relationship

111. The Secretary of State said the UK was ‘walking the final mile’ in its aid relationship with India. He explained that, although India had been DFID’s largest programme for some years, this would change. India had demonstrated the effectiveness of its pro-poor policies but immense challenges remained. Nevertheless the Secretary of State did not wish to pre-judge the post 2015 relationship at this stage.

112. DFID has said it is continuing to work in India because this is where the poverty is, and we support DFID in this. We recognise that India has some way to go to meet the Millennium Development Goals. We also recognise that India has high levels of economic growth, is increasing taxation, and is directing more resources towards public services. As such we are keen to support a step change in the nature of the relationship in the period up to 2015. Efforts towards this end have already begun with Prime Minister’s declaration of an “enhanced partnership” covering much more than development and recognising India’s role as an emerging economic and political power.

113. If DFID’s proposed focus on fewer states is matched with increased emphasis on key social sectors there—including sanitation and nutrition—we would expect to see some marked improvements in these states by 2015, bearing in mind that DFID funding will primarily be used to demonstrate good practice, provide technical support and build capacity. State Governments are not opposed to this.

114. We discussed with officials in Madhya Pradesh the possibility of a different type of relationship with DFID. They were positive about considering new ways of working. They said that technical assistance was more important than financial assistance; and that the Government of Madhya Pradesh would still be interested in technical assistance from the UK if there was no aid.

115. We also recognise that there is an opportunity cost to continuing to provide £280 million a year in aid to India. This is a sizable sum of money which could be spent in other poorer countries. DFID has produced a list of the results it expects to see in each country it provides aid to by 2015. We recommend that the newly created Independent Consortium on Aid Impact (ICAI) undertake a study of the opportunity cost of DFID continuing to provide £280 million per year to India, or to other countries with a lower GDP per capita or slower progress towards the Millennium Development Goals, as a means of demonstrating to us and the British public whether investing in India represents value for money.

116. Notwithstanding, in a context where DFID is closing its aid programmes in some poorer countries we think that after 2015 DFID’s aid relationship with India should change fundamentally. Assuming the progress we expect to see, DFID should continue to provide technical assistance where needed and requested, but the funding mechanism should change. This will need to be planned in advance. DFID must now begin to consider how the post 2015 relationship will look and report on its plans in the
next 12 months. We will continue to monitor progress in India and intend to ensure that any decisions are reviewed before the end of this Parliament.

**Working with multilaterals and other donors**

117. Unlike many developing countries where DFID works, there are few donors in India. Multilateral partners include the World Bank ($14 billion over 3 years), the Asian Development Bank ($3 billion annually), the United Nations ($240 million annually) and the European Commission ($113 million annually). The main bilateral donors include the UK ($454 million); US ($50 million) and Germany ($50 million). Japan also has a considerable ODA loan portfolio in India ($2 billion), including $26 million in grants. France, Norway, Sweden and Switzerland also have small programmes.\(^{155}\)

118. As noted in chapter one, India has reached the threshold in terms of per capita income at which it is considered to be a middle income country. As a result India will graduate from eligibility to receive World Bank funds through the International Development Association (IDA) in about three years’ time.\(^{156}\) This means the type of relationship which the World Bank has with India will change towards a less concessional loans based one. The World Bank already provides a mixture of loans and grants to India. In the financial year 2011–12 the Bank’s strategic priorities are rapid, inclusive growth, sustainable development and increasing effectiveness of service delivery. DFID works closely with the World Bank in India with 40% of its aid being channelled through it.\(^{157}\)

119. We were told that DFID played a critical role in bringing other donors—both bilateral and multilateral—together. Many of the interventions that DFID has been supporting in-country have been designed as joint interventions with the World Bank, the EU and UN agencies. These include the Government of India’s programme on universal primary education and the Reproductive and Child Health Programme.\(^{158}\)

120. As the largest bilateral donor DFID has an important role to play in influencing other donors in terms of best practice and value for money.\(^{159}\) DFID also plays an important role in fostering dialogue with other donors and works cooperatively with multilateral organisations such as the World Bank. As India graduates from International Development Association eligibility, DFID and the World Bank must ensure the transition takes place without having a detrimental effect on poverty levels and on inequality. Given India’s apparent desire to reduce its reliance on bilateral donors, we expect the role of multilaterals, especially the World Bank, to increase. We recommend that over the next year, DFID undertake a careful examination of the Bank’s potential to continue to drive forward poverty reduction in India.

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\(^{155}\) Ev 104

\(^{156}\) Q 12

\(^{157}\) Q 54

\(^{158}\) Ev w17

\(^{159}\) Ev w65
Working with India as a donor

121. As mentioned in chapter one, India is also an aid donor. The Organisation for Economic Cooperation and Development (OECD) estimates that India spent US$539 million in 2009–10—more than the UK aid budget. However the type of assistance provided by India is qualitatively different from that provided by traditional donors. India is not a member of the OECD’s Development Assistance Committee (DAC) which determines the type of assistance its members may report as Official Development Assistance. We were told that India views its assistance as south-south cooperation rather than aid.

122. In Africa India has undertaken a US$117 million Pan-African e-Network project linking schools and hospitals in Africa with those in India. In India we learnt that the Government of India had spent a lot on building roads from the Iranian border into Afghanistan. We were told Indian assistance was very popular there. Dr Price explained India’s comparative advantage in some areas:

> What India is giving to other countries is low-cost irrigation equipment that they can do because big Indian companies have got a massive history of doing things at very low cost. They can do things that we would be struggling to find a British company that could compete with—Kirloskar making irrigation pumps in Senegal for instance.

There is an opportunity for greater mutual learning about development between the UK and India. The Foreign (Permanent) Secretary Nirupama Rao at the Ministry of External Affairs, which oversees India’s development assistance, also suggested greater cooperation could be mutually beneficial.

123. India is increasing its role as a donor in many of the countries where DFID works. We recommend that DFID establish a development forum for joint work with the Government of India and its focus state Governments to share best practice and provide important learning opportunities for both parties. This Forum for Development Dialogue could see the UK providing technical assistance with India’s aid programme. We recommend the Forum be established before 2015.
6 Conclusion

124. The Government wants to forge an enhanced partnership with India. This will include development as well as trade, climate change, security, diplomacy and education cooperation. We support the UK Government in this objective which recognises India as an emerging power and key partner for the Government. However there remain large pockets of poverty, and the challenge of achieving the Millennium Development Goals in India is immense. For this reason we support the UK’s continued development assistance to India for the period up to 2015. However after this the development relationship must change fundamentally to one based on mutual learning and technical assistance where requested.
Conclusions and recommendations

Government of India spending priorities

1. India has a large and growing economy and its spending on pro-poor policies has increased. The Government of India is increasing its tax revenues and this will enable it to do more to end poverty there. Its middle class, though small, is paying taxes. Although India has a space programme, this has important socio-economic benefits including mapping weather patterns and flooding, both of which can assist development. Moreover India needs a credible defence programme and satellites may be part of this. India suffers from corruption, but in parts of India where DFID has focused its work, for example Bihar, the state Government has made a serious effort to reduce corruption. DFID is also assisting this. Despite corruption, money does get through to services, as the increase in school attendance rates demonstrates. (Paragraph 27)

2. Given current high levels of poverty in India we agree with the Government’s decision to maintain an aid programme in India until 2015 provided it can make a difference. Not every DFID project currently does this and DFID must be more rigorous in its choices over the next four years, funding only projects which have a clear development benefit and which national or state governments would not otherwise fund. DFID rightly focuses on catalytic, demonstration projects which can be replicated and scaled up. This approach should continue. (Paragraph 28)

Increased focus on poorest states

3. DFID plans to spend an increased proportion of its budget in India’s poorest states. We understand that the reasons behind this include not wanting to spread resource too thinly. However DFID must ensure that the Government of India, at national and state levels, fully understands and agrees with DFID’s aims and objectives since the Government of India has primary responsibility for its own development. DFID’s work in helping state Governments to access central funds and manage resources better has been very successful and should remain a key part of DFID’s programmes in its focus states. (Paragraph 41)

Sanitation

4. Poor hygiene and sanitation is costing India $54 billion a year or 6% of GDP. Yet many of the problems associated with it can be addressed at community level relatively inexpensively. In particular the Community-Led Total Sanitation Programme (CLTS) offers a road tested, low cost alternative to expensive programmes based on distributing sanitation hardware. Sanitation is the first step to improvements in health yet DFID allocates only 1% of its programme to water and sanitation and over 40% to health. DFID should switch resources from health to sanitation and give sanitation a much higher priority in the programme to 2015 including rolling out support to CLTS. We also recommend that any future
investments in sanitation should be linked to and carried out in conjunction with hygiene education. (Paragraph 48)

**Nutrition**

5. We fully support DFID’s emphasis on tackling under-nutrition in India and working with the Government of India on this important issue. The persistently high rates of child under-nutrition in India concern us greatly and must be addressed. DFID has identified India as a focus for its new Nutrition Strategy and has said it plans to work with the Government of India to target 3.9 million children under-five with nutrition programmes by 2015. We welcome the Secretary of State’s emphasis on the ‘first 1000 days’ of a child’s life. We recommend that DFID refine its programme to focus on the first 1000 days rather than under-five children more generally. (Paragraph 54)

**Maternal and child health**

6. India is making slow progress in reducing maternal, child and neonatal deaths. Progress is most slow in the poorer states and amongst the poorest people. DFID’s new programme should have a strong focus on this area. To ensure such investments are properly targeted to achieve results among the poorest, we recommend that DFID fund a group of epidemiologists, or other appropriate researchers, to collect data over a given period on caste, tribal and religious affiliation of those who access maternal services or have institutional deliveries. This should enable the Government of India to make more informed decisions about how to target its interventions in this important area. (Paragraph 62)

**Social Exclusion**

7. India has high levels of inequality—particular castes, tribes, and religious groups do less well than others because of entrenched discriminatory practices and despite laws against such behaviour. We met groups of Dalits, including children, who were beginning to challenge social norms about their role in society. We were impressed by their brave and determined outlook. However it will be virtually impossible for most of these children to change their social status while other parts of Indian society, and social institutions, tacitly accept this level of exclusion and discrimination. We recommend that DFID place greater explicit emphasis on tackling inequalities throughout DFID’s programmes. (Paragraph 69)

8. DFID’s focus on girls’ education, in particular at secondary level, is important for tackling gender discrimination and will help in relation to DFID’s objectives in maternal and child health. We strongly support this new initiative. (Paragraph 70)

**Working with the private sector**

9. We are still concerned that DFID does not have the right private sector expertise in-house and recommend it work with appropriate bodies which do have such expertise. (Paragraph 80)
10. DFID proposes to spend £140 million—or half of its budget—by 2015 through the private sector in India. While we understand that DFID’s funding is intended to demonstrate that it can be profitable to invest in the poorest states, DFID has not provided us with sufficient detail on which sectors are most appropriate in terms of returns and for maximising the poverty impact. The decision about how much to spend through the private sector should be dependent on achieving greater clarity on what the most effective investments are likely to be. (Paragraph 81)

11. In addition we do not consider it appropriate, in general, for aid to private companies to be provided as a grant or a concessional loan because to do so would skew the market and undermine free competition. It also runs the risk of “picking winners” which often fails and can simply shore-up unviable business practices. Instead, funding for private sector development should take the form of repayable loans. (Paragraph 82)

**Ways of working in India**

12. The value of DFID’s work in India is enhanced when it can demonstrate new ways of doing things which work and these are scaled-up by the national Government. DFID has a proven track record in this and the Government of India is appreciative of DFID’s efforts. This way of working should form the basis of future programmes in India since it does not require large amounts of funding. (Paragraph 86)

**Working with civil society**

13. DFID’s work through civil society organisations is extremely valuable, especially in tackling social inequalities. As we have recommended that DFID increase its emphasis on social exclusion, DFID will need to increase its funding to dynamic Indian civil society organisations with a proven and measureable record in challenging social exclusion. (Paragraph 90)

**Climate change**

14. We are delighted that the Government intends to approach climate change with India in a coherent, cross-Government manner. However we would like greater clarity about the Climate Change and Energy Unit—in particular the Government’s objectives and work plan for it, and DFID’s strategy for ensuring that developmental concerns, including helping India to develop new low carbon paths so that it can provide affordable energy for the poorest, are an integral part of this. (Paragraph 97)

**Trade and Investment**

15. We support the expansion of trade between India and the UK and consider that increased trade has the potential to assist development in India. For example, India has played an important role in the production of low cost anti-retrovirals which have greatly assisted those suffering from HIV/AIDs in both India and Africa. The proposed EU-India Free-Trade Agreement should ensure that India can continue to supply essential and affordable medicines in this way without penalty, recognising
that over time Africa is likely to develop its own capacity to do so. DFID must champion this within the Government and the UK Government must lobby for this within the EU. We recommend that the Government set out its position on this issue in its response to our report. (Paragraph 104)

16. DFID has a key role to play in ensuring that UK Government policies “beyond aid” are coherent with its poverty reduction objectives. Development will not happen with aid alone. India is growing fast and already attracts large amounts of inward investment. DFID must play a greater role in encouraging UK investment in India to actively support DFID’s development objectives, especially in the poorest states. (Paragraph 105)

Education Cooperation

17. The Government is seeking to promote greater opportunities for cooperation between the UK and India at higher education level. We welcome the Government of India’s Foreign Education Providers Bill, currently before its Parliament, which will open up opportunities for UK Universities to invest in India and help meet the growing demand for higher education. (Paragraph 108)

Policy Coherence for Development

18. The Coalition Government has recognised the importance of policy coherence for development. It is important that DFID has a strong voice in all cross-Government debates on India and ensures that poverty reduction is a key part of these. We recommend that the Government provide more information on the work of the Partnership Secretariat in the its Response to this Report. (Paragraph 110)

The post-2015 relationship

19. We recommend that the newly created Independent Consortium on Aid Impact (ICAI) undertake a study of the opportunity cost of DFID continuing to provide £280 million per year to India, or to other countries with a lower GDP per capita or slower progress towards the Millennium Development Goals, as a means of demonstrating to us and the British public whether investing in India represents value for money. (Paragraph 115)

20. Notwithstanding, in a context where DFID is closing its aid programmes in some poorer countries we think that after 2015 DFID’s aid relationship with India should change fundamentally. Assuming the progress we expect to see, DFID should continue to provide technical assistance where needed and requested, but the funding mechanism should change. This will need to be planned in advance. DFID must now begin to consider how the post 2015 relationship will look and report on its plans in the next 12 months. We will continue to monitor progress in India and intend to ensure that any decisions are reviewed before the end of this Parliament. (Paragraph 116)
Working with multilaterals and other donors

21. As the largest bilateral donor DFID has an important role to play in influencing other donors in terms of best practice and value for money. DFID also plays an important role in fostering dialogue with other donors and works cooperatively with multilateral organisations such as the World Bank. As India graduates from International Development Association eligibility, DFID and the World Bank must ensure the transition takes place without having a detrimental effect on poverty levels and on inequality. Given India’s apparent desire to reduce its reliance on bilateral donors, we expect the role of multilaterals, especially the World Bank, to increase. We recommend that over the next year, DFID undertake a careful examination of the Bank’s potential to continue to drive forward poverty reduction in India. (Paragraph 120)

Working with India as a donor

22. India is increasing its role as a donor in many of the countries where DFID works. We recommend that DFID establish a development forum for joint work with the Government of India and its focus state Governments to share best practice and provide important learning opportunities for both parties. This Forum for Development Dialogue could see the UK providing technical assistance with India’s aid programme. We recommend the Forum be established before 2015. (Paragraph 123)

Conclusion

23. The Government wants to forge an enhanced partnership with India. This will include development as well as trade, climate change, security, diplomacy and education cooperation. We support the UK Government in this objective which recognises India as an emerging power and key partner for the Government. However there remain large pockets of poverty, and the challenge of achieving the Millennium Development Goals in India is immense. For this reason we support the UK’s continued development assistance to India for the period up to 2015. However after this the development relationship must change fundamentally to one based on mutual learning and technical assistance where requested. (Paragraph 124)
Annex: Committee’s Visit Programme in India

The Committee visited India from 9 to 17 March 2011.

Members participating: Malcolm Bruce (Chairman), Hugh Bayley, Richard Burden, Richard Harrington, Pauline Latham, Michael McCann, Alison McGovern, Anas Sarwar, Chris White

Accompanied by: David Harrison (Clerk); Anna Dickson (Committee Specialist)

The Committee divided into two groups for parts of the visit.

**Delhi**

**Wednesday 9 March**

Discussion of the DFID programme in India

**Group 1: Bihar**

**Thursday 10 March**

Meetings with:
- DFID Technical Assistance Teams
- Chief Secretary Mr. Anup Mukerji and Principal Secretaries
- Mr. Prem Kumar, Minister, Urban Development and Housing
- Mr. Sushil Kumar Modi, Deputy Chief Minister and Finance Minister
- Mr Nitish Kumar, Bihar Chief Minister

Field visits to
- Citizen helpline call centre and SMS monitoring
- Flood Management Information System Project

**Friday 11 March**

Meetings with:
- Women’s Self Help Group, Madhopur Village, Patna
- Elected Panchayat & Community Members, Medhopur Village, Patna

Field visits to:
- Anganwadi Centre (Village Nutrition Centre), Madhopur Village, Patna
- Primary Health Centre, Maner Block, Patna
The Future of DFID’s Programme in India

- Akshar Anchal Centre (Women’s Adult Literacy Programme), Maner Block, Patna

Saturday 12 March

Field visits to
- Gaya City School
- World Bank Assisted Rural Livelihood Project
- The Solid Waste Management Project
- Kapil Dhara Slum

Group 2: Madhya Pradesh

Thursday 10 March

Meetings with:
- Ms Krishna Gaur, Mayor of Bhopal
- Government officials from the Energy Department: Mr. Mohammad Suleman, Mr. Sanjay Shukla, Mr. Neeraj Mandloi,

Field visits to
- Timber Market (ki jhuggi) Slum
- Micro Finance project
- Jawahar Chawak Bus Depot
- Deepshikha Government School

Friday 11 March

Meetings with:
- Chief Minister, Shivraj Singh Chouhan
- Chief Secretary Mr Avani Vaish and Government officials
- DFID technical assistance teams
- UK Trade and Investment

Field visit to:
- NGO project village Mania, Block Ashta, Sehore

Saturday 12 March

Field visits to:
- Community Health Centre, Maheshwar, Khargone
- Sakad Anganwadi Centre (early childcare and feeding centre), Village Sakad, Barwani
- Rural Programme in Village Sakad, Barwani


**Sunday 13 March**

Meetings with:

- High Commissioner Sir Richard Stagg
- Representatives from think tanks, NGOs, multilateral donors and Parliamentarians

**Monday 14 March**

Discussion on the Impact Investment Portfolio with private sector representatives:

- Evalueserve,
- Monitor Group,
- Aavishkaar,
- InfraCo Asia,
- SEAF,
- Small Industries Development Bank of India (SIDBI)
- Acumen Fund,
- National Skills Development Council (NSDC)
- International Financial Cooperation (IFC)

**Group 1**

Field visit Delhi Seemapuri slum

**Group 2**

Field visit to garment home workers

Roundtable discussion on Climate change and energy with:

- Shyam Saran – former senior diplomat and chief climate change negotiator and member of Prime Minister’s Council on Climate Change
- Surya Sethi – climate policy specialist and climate negotiator
- Leena Srivastava – Executive Director, The Energy & Resources Institute (TERI),
- Nitin Desai, Distinguished Fellow, (TERI)
- Jyoti Parikh, Executive Director, Integrated Research and Action for Development (IRADE)
- Prof N.H. Ravindranath, Indian Institute of Science, Bangalore
- Harish Hande, CEO, SELCO
- Sunita Narain, Director, Centre for Science and Environment
- George Varughese, President, Development Alternatives
- Charles Cormier, Environment Sector Coordinator, World Bank, India
- Vidhisha Samarasekara, Water Resources and Climate Change specialist, Asian Development Bank, India
Roundtable discussion on nutrition and sanitation with:

- Dr Ashok Gulati, Chair of the Agriculture Costs and Prices Commission
- Ms Purnima Menon, Ms Sunita Kadian, IFPRI
- NC Saxena – Member of National Advisory Council
- Biraj Patnaik – Principal adviser for Right to Food, Office of the Commissioners of Supreme Court of India
- Juan Costain – Regional Team leader for Water and Sanitation Program (WSP)

Roundtable discussion on Education with, DFID, FCO, British Council and UKTI

Meetings with:

- Mr Hans Schoof, European Union
- Antje Scholz, German Economic Cooperation and Development
- Shinichi Yamanaka, Japan International Cooperation Agency
- Erin Soto, USAID
- Mr Yves Boudot, AFD, France

**Tuesday 15 March**

Meetings with:

- Ministry of Human Resource Development Minister, Kapil Sibal
- World Bank

**Wednesday 16 March**

Visit and tour of Parliament
Meetings with:

- Minister of Environment and Forests, Minister Jairam Ramesh
- Meeting with Clinton Foundation on Generic Medicines and Intellectual Property
- Ministry of Health and Family Welfare
- Planning Commission
- Ministry of Finance officials
Formal Minutes

Tuesday 7 June 2011

Members present:

Malcom Bruce, in the Chair

Pauline Latham
Michael McCann
Anas Sarwar
Chris White

Draft Report (The Future of DFID’s Programme in India), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 124 read and agreed to.

Annex and Summary agreed to.

A Paper was appended to the Report as an Annex.

Resolved, That the Report be the Eighth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report (in addition to that ordered to be reported for publishing on 18 January 2011).

Adjourned till Monday 27 June at 4.00 pm
Witnesses

Tuesday 11 January 2011

Professor John Toye, Senior Research Associate and a visiting Professor in the Department of International Development, University of Oxford and Dr Andy Sumner, Research Fellow, Vulnerability and Poverty Reduction, Institute of Development Studies, University of Sussex

Professor James Manor, Emeka Anyaoku Professor of Commonwealth Studies, School of Advanced Study, University of London, and Professor Geeta Kingdon, Professor at the Institute of Education, University of London, Chair of Education Economics and International Development

Tuesday 8 February 2011

Professor Lawrence Haddad, Director, Institute of Development Studies, and Professor Robert Chambers, Research Associate, Institute of Development Studies

Mr Toby Porter, Director of Government Partnerships, Save the Children UK, and Dr David Osrin, Society for Nutrition, Education and Health Action, India, and Fellow, UCL Centre for International Health and Development

Tuesday 1 March 2011

Dr Gareth Price, Senior Research Director, Asia Programme, Chatham House, Malini Mehra, Founder and Chief Executive, Centre for Social Markets, Bangalore/Delhi/London, and Dr Rosalind Eyben, Institute of Development Studies, University of Sussex

Monday 28 March 2011

The Rt Hon Andrew Mitchell MP, Secretary of State for International Development, gave evidence
List of printed written evidence

1. Co-submitted by the Centre for International Health and Development (CIHD) at University College London’s Institute of Child Health, Ekjut (India), Society for Nutrition, Education and Health Action (India) and Women and Children First (UK) Ev 72
2. Robert Chambers Ev 80
3. Chatham House Ev 85
4. Department for International Development Ev 86; 106
5. Rosalind Eyben, Institute of Development Studies Ev 110
6. Lawrence Haddad, Institute of Development Studies Ev 113; 114
7. Prof James Manor School of Advanced Study, University of London Ev 119
8. Save the Children Ev 122

List of additional written evidence

(published in Volume II on the Committee’s website www.parliament.uk/indcom)

1. Christian Aid Ev w1
2. Dalit Solidarity Network (UK) Ev w5
3. Leonard Cheshire Disability Ev w8
4. National Campaign on Dalit Human Rights Ev w11
5. One World Action Ev w13
6. Oxfam Ev w16
7. Release Binayak Sen Now Campaign (UK) Ev w18
8. Stop AIDS Campaign Ev w28
9. Dr Shelia C Vir Ev w34
10. VSO Ev w36
11. Wellcome Trust Ev w39
12. Richard Whittell Ev w41
13. World Vision Ev w64
List of Reports from the Committee during the current Parliament

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

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The starting point, obviously, is that India recently, around poverty in middle-income countries. as the name suggests, poverty reduction, aspects of, the Vulnerability and Poverty Reduction Team on Studies, based at the University of Sussex. I work in Research Fellow at the Institute of Development Department for International Development in Oxford, John Toye: I am Professor John Toye. I am part of the Department for International Development in Oxford, which is an academic centre for research and teaching on issues of economic and social development. I’ve been various things in the past, but I’ve forgotten them.

Q1 Chair: Good morning and welcome. Thank you very much for coming in to speak to us. As you will know, we are undertaking an inquiry into the UK’s aid and development relationship with India, which is obviously part of the bilateral review. We’ve just had to change our plans slightly and we are delaying our visit to India until March, as opposed to the next couple of weeks, so there is a slight time lag. Perhaps for the record you could introduce yourselves, and then we can carry on with the evidence?

Andy Sumner: My name’s Andy Sumner. I’m a Graduate that’s a shrinking number. The question that obviously has to prompt a rethink, if you want to move over to something that’s more about where the poor people live, and DFID’s mission of poverty reduction, it might make sense to revisit that. There are various possibilities you could look at, and probably someone needs to look at the different options and suggest. You could look at the new UNDP Oxford Multidimensional Poverty Index. There were some data constraints, but I think it does a pretty good job. You could look at a formula that also perhaps looked at the Human Development Index, and that would give you a bit about per capita income as well as human development factors. You might well want some kind of formula that mixes together the domestic resources available, the capacity for taxation, foreign exchange reserves and a poverty indicator to give you some sense of how you allocate aid. The 90/10 thing dates from about 2002, and a very famous paper by Paul Collier and David Dollar, which you’re probably familiar with, and I wonder whether that does need revisiting, because the world has changed sufficiently to warrant a revisit. John Toye: Yes, I agree that there’s no huge significance in the change from being at the top of the poor country league to being at the bottom of the middle-income country league. Nothing very much has to happen to a country for that line to be crossed. It is just indicative of a general process of growth and development in some of the countries that are receiving aid. That obviously has to prompt a rethink, which your Committee is undertaking, of whether commitments like the commitment of 90% to low-income countries is a particularly sensible thing. I entirely agree with Andy Sumner that, given that India has now crossed this line, it would be sensible to think about that again. A lot of people would prefer it if the poverty target was related to people rather than countries.
Q4 Chair: Is it aggravated by the fact that the Government doesn’t have a strategy for middle-income countries? We, as a Committee, have asked them to do it and they’ve declined, basically. Or do you think that even that argument is superseded by the statistical changes that you’ve both just outlined?

John Toye: No. I think it’s sensible to ask the Government to think about how they’re going to relate to countries that are middle-income countries. There are a number of middle-income countries, not merely India, that have what are referred to as pockets of poverty. They’re rather large pockets if they’re rather large countries. You would want to have the Government think about how to deal with countries that are not, on average, any longer low-income, but where there are quite a lot of low-income people. That is a genuine problem, and they could exercise some grey cells on that.

Q5 Chair: We might want to explore this a bit more, but one of the arguments, depending on how you define middle-income and what the figures are, is that it implies that it’s the responsibility of the country to sort out its poverty. For a low-income country the presumption is that it’s so poor that it doesn’t have the capacity to resolve its own poverty problem. Again, do you think that is a legitimate argument, or do you think, when you’re talking about $976 being the rate of about 8% in order to end poverty in Indonesia. It might be worth looking into some of the tax aspects of this.

This is one route that a lot of donors are going down. I know the Norwegians are looking at technical assistance for taxation purposes in a number of Latin American countries, where they’re helping Governments talk about taxation with tax lawyers and their relationships with international companies. Ravallion’s work assumes that you don’t touch corporation tax, you just think about marginal tax rates on individuals. So there is scope in some smaller countries, but when the bulk of the world’s poor live in middle-income countries, there are just too many poor people to go down that taxation route. This suggests that there’s some kind of shared responsibility rather than one or the other. I don’t know if you want to add on the moral dimension?

John Toye: Whose responsibility is it? It is fair to say that the Government of India has always accepted responsibility, even at the point where it was very definitely a low-income country. Again, I don’t think that any big change has occurred. The real question is to what extent countries like the UK should be involved in assisting them in that responsibility; not, as it were, removing the responsibility from the Government of India. I’m sure they wouldn’t accept that for a moment. How can aid donors best assist in that process without being politically intrusive in a way that wouldn’t be possible and wouldn’t be acceptable?

Q6 Mr McCann: Good morning, gentlemen. The Chair has already covered some of the issues, but if I could just probe a couple of them. Given the graduation of many lower-middle-income countries, can you tell us what you feel are the implications are for the wider donor community? The specific question is about DFID, given the 90/10 split, recognising the point you made a few moments ago about the extreme poverty that still exists in middle-income countries. Do you believe that that ratio should change, and, if so, what should the ration be?

John Toye: Yes, I do. I don’t think it’s a particularly good target. A mending the 90% to some other number is not a particularly sensible path to go down. I would try and refine the target. I’d rather change the aim somewhat, rather than just alter the indicator in an existing target, because it’s clear that this is going to be a recurring problem as more countries graduate over this particular line. We don’t want to be coming back to this for some other country in five years’ time. We want to have an aid policy that, as it were, fineses, or sidesteps this particular target, by looking at how big these pockets of poverty are. What is the best way of assisting countries?

Andy Sumner: I’d say something about the moral responsibility issues. On DFID and MICS, very briefly, DFID, as you know, works in 27 middle-income countries, with a spend of over £1 million in each of those; about £1 billion of the bilateral spend in 2008–2009. I think probably, given the general shift in poverty towards middle-income countries, it’s starting to think about these issues, and realising that it does need a strategy of some kind for middle-income countries. You can’t approach them in quite the same way you think about low-income countries.

On whose problem is—it—that kind of issue—the Martin Ravallion work at the World Bank, which some of you may be familiar with, looked at the public expenditure side. So I found Ravallion’s work interesting, as one does as an academic when back to this for some other country in five years’ time. We want to have an aid policy that, as it were, fineses, or sidesteps this particular target, by looking at how big these pockets of poverty are. What is the best way of assisting countries?

Andy’s suggested that possibly one could follow the line of Martin Ravallion in looking at taxable capacity of countries and the ability to remove these pockets of poverty with the existing taxable capacity. I’m not so convinced that that is a sensible way of going about it, because in fact redistribution policies don’t proceed on the taxation side of the budget. They proceed on the public expenditure side. So I found Ravallion’s work interesting, as one does as an academic when
someone is biting into a new idea, but I didn’t, in the end, find it particularly practical.

Q7 Chris White: If I heard you right, you started your answer by saying, “Looking at how big these pockets are,” as a primary position. We’re giving aid without knowing perhaps what the problem is. Is that, in your view, back to front?

John Toye: I was responding to the Chair’s question as to whether or not the Government ought to try to develop a strategy for aid in middle-income countries, and I was agreeing that I thought it was a good idea. I wouldn’t want to go so far as to say that people in DFID have no idea of what the size of the pockets of poverty are in the middle-income countries that they are relating to. That would be a step too far.

Q8 Anas Sarwar: Just moving specifically on to India, and where that fits into the discussion we’ve already had. Do you think DFID should be giving aid to India based on 450 million people living on less than $1.25 a day?

John Toye: That is one indicator that can be used, although there are obvious problems with doing the accounting of that number. Clearly, the notion of living on $1 per day relies on some exchange rate ideas—what a rupee is worth in relation to the dollar, for example—and also what it is that constitutes the key consumption basket of the poor. What is it that they have to buy in order to survive? That’s just one indicator. Andy has suggested various other indicators in his previous answer. He laid out a range of possibilities for alternative indicators for counting the numbers of people.

Q9 Anas Sarwar: Put in another way, firstly, should DFID give aid to India? If so, what factors are there that crystallise that decision for DFID to give aid to India?

John Toye: DFID ought to be considering whether it can effectively give aid in ways that reduce the number of people in poverty. With the focus on people, you need a criterion—whether it’s the $1 a day criterion or some other—to count them, and then the question is, “Can something be done in relation to those people?” It seems to me the history of the aid relationship with India, which is now very extensive, indicates that there are plenty of things that can be done, even though the Government of India is very precise about what it will allow bilateral donors to do. These aid relationships are negotiated relationships. The Government of India will say what it will allow DFID to do, and DFID has to ask itself the question: “Within these constraints of what is agreeable to the Government of India, can we, in fact, reduce the number of people, however we’re counting them, in these pockets of poverty?” That’s the common-sense criterion for what DFID should be thinking about.

Q10 Anas Sarwar: I just wonder what your thoughts are on that?

Andy Sumner: I’m not an India expert, as I think you’re aware. I try to think through these arguments myself on middle-income countries, and John’s completely right: this is going to be increasingly an issue, particularly for DFID. I think DFID knows this, and this live debate is happening. Ghana’s probably the next country to upgrade next year, by the way, which will of course be a surprise to everyone, because it’s probably seen as a low-income country, but they’ve recalibrated GDP. I did a blog to try and think through aid to India. The arguments against having an UK aid programme in India are about the resources of the central Government; the $300 billion in foreign exchange reserves, the space programme, the nuclear weapons. Pakistan is a middle-income country with a lot of poor people and it has a nuclear programme, but no-one’s saying we should think about revisiting aid to Pakistan. Arguments in favour are about one-third of the world’s poor living in India; 450 million poor people at least. If you use the kind of multidimensional poverty measures I’m talked earlier about, it’s a lot more poor people. DFID could work in different ways with poor people. It could favour disadvantaged groups or disadvantaged areas. It could think a lot more about the thorny issues around equity, and the fact that India now has what are quoted as Latin American levels of inequality. Again there’s a new study that’s just been put out on that. DFID could also think beyond aid as a transfer of resources, and think about things like the debate about global public goods. Middle-income countries matter for those kind of debates around climate, tax havens, remittances, trade policy—all those beyond aid issues. However, there is also a bunch of issues around working to support the progressive, pro-poor actors, whether they’re in the state or in the non-state sector, to try to influence as a role of aid as well, towards being more transformative. One reason why there might be quite so many poor people in middle-income countries is perhaps that a number of those countries haven’t yet gone through a major transformative change to a different type of economy, taxation system, governance structure—those kinds of things—but they’ve attained a certain level of per capita income. There’s a bunch of issues there that need unpacking.

Q11 Anas Sarwar: Just one last point. Just picking up on what Professor Toye said, should donor countries be allowed to dictate where we’re allowed to give aid? Is there not maybe a focus more on the people rather than what an individual donor Government would rather us do?

Chair: You mean recipient Government?

Anas Sarwar: Yes, sorry, yes. Should we allow them to dictate where the aid goes in terms of what you’re allowed to do and what you’re not allowed to do, particularly when you focus on the point that it’s 0.1% of India’s GNI. So they’re not an aid-dependent country. Should we allow them to dictate to us where the money goes and where we’re allowed to go?

John Toye: You see, there are two ends of this aid-giving spectrum. At one end you’ve got the aid-dependent countries, who we’re all up set about, and we think, “My goodness, are these people never going to get off aid?” On the other, you have the non-aid-dependent countries, like India, which has got an excellent system for managing inflows of foreign
aid. There’s a high management capability in India, and the question there is: “Do you want to give your aid to a country that has a high aid management capacity?” If you do, then they’ll have views about how those resources should be managed. You won’t have the problem that you’ve got some country that you can’t stop aiding because you’re providing so much of their resources.

If your resources are such a tiny percentage of their national income, then you have absolutely no leverage. If they say, “We wouldn’t like you to operate in these 20 states, but you’re perfectly welcome to have projects in these particular states,” then you haven’t got a lot of leverage to say, “We’re going to do what we think is right.” There’s a question of political realities in this relationship. India is a country of a billion people. It’s not a question of being dictated to. It’s a relationship; it’s an international relationship, and there has to be negotiation. To view one country saying to another, “We’d like you to do this,” as a form of dictation is not going to be very helpful, I don’t think.

Q12 Alison McGovern: Andy, I want to take you back to what you said briefly on supporting progressive pro-poor— you were alluding to some sort of policies or action. What would that look like on the ground? What are some examples of that? We understand the inequality that exists in India, and there’s a question about our role in health and education. My question is, how far do you think DFID’s programme in India, other than that they have a reasonable preference that the aid doesn’t unload them, a lot of people will say, “Oh yes, we’d like some of that,” and what they’ll use it for is low-return projects. It’s rational from their point of view, because the resources are free, so the fact that returns are low isn’t a problem for them. The Indian Government therefore has a preference for seeing how

The underlying issue is: what is aid actually for? What are you trying to achieve? You could put kids into primary school next year, and that is good and important. But does aid have an underlying role as a catalyst for more transformational development, so that in 30 years’ time India may not need aid. You could argue that it doesn’t need aid now. It will graduate from IDA eligibility with the World Bank in three years’ time. That might be another time to review these questions. You’re talking about 25 low-income countries left. Of those 39, my estimate is probably only 25 will be low-income countries in about 10 years or so, and those 25 remaining are pretty much looking aid-dependent forever. There’s an issue about what you do to support those countries, and what you do in those countries is probably quite different from what you do in middle-income countries. Does that answer your question, more or less?

Q13 Alison McGovern: Yes: I think we’ve just got to the nub of the point, which is: is aid for politics, or not?

Andy Sumner: Yes. What is aid for?

Q14 Richard Harrington: Professor Toye, I was very interested in what you said about the Indian Government setting conditions, which I knew about, but not the detail. One example you gave—I don’t know whether it was a theoretical or actual example—was which states can be recipients of aid. Are there examples of things that are more contentious that things that the British Government might find illogical; for example, aid to areas where it’s deemed it might be needed politically to help a certain political party to bring, effectively, income to a particular state? Or is it all fairly logical stuff to do with the logistics of different countries giving aid, and where the Indian Government’s strong and where it’s weak?

John Toye: I think it’s, broadly speaking, sensible. There are always points of irritation in any negotiation, or there will be moments when the donor will want to do one particular thing, and finds that there’s a lot of resistance from the recipient. The recipient isn’t happy with this, and you don’t understand why. Broadly speaking, the Indian approach to aid is a sensible one, from their point of view. They would prefer, in the first instance, to have multilateral aid rather than bilateral, because they have a role in the organisations that provide the multilateral aid. That’s their first preference. Secondly, they have a reasonable preference that the aid doesn’t distort the sectors of the economy or the economy of the states where they operate, because aid can have distorting effects.

As you can imagine, if somebody came along with a barrow-load of things that are free, people will want to use them or have them more than if you put a price on them. Aid is resources that are free, and if you unload them, a lot of people will say, “Oh yes, we’d like some of that,” and what they’ll use it for is low-return projects. It’s rational from their point of view, because the resources are free, so the fact that returns are low isn’t a problem for them. The Indian Government therefore has a preference for seeing how
the aid is allocated to particular states, and therefore it does say to particular donors, “You operate here”; another donor, “You operate there.” It also doesn’t pass on the full benefit of the aid to the people who are deciding whether to use it or not. It only passes on part of the benefit to the actual user in order to try to stop people flocking in.

Let’s say that DFID has the idea that social forestry is a great thing. If you had no buffer between DFID and the users, you’d see a lot of people who didn’t think much of social forestry yesterday suddenly thinking it’s a great idea and coming up with lots of rather low-value social forestry schemes. The Indian Government doesn’t want their economy messed about in that way. That’s why they have these kinds of restrictions. Broadly speaking, yes, their approach about in that way. That’s why they have these kinds of restrictions. Broadly speaking, yes, their approach to the use of aid is quite logical and consistent with aid effectiveness. There will always be cases and issues where the two sides in this negotiation don’t see eye to eye, and they can’t understand each other’s position.

Q15 Mr McCann: A follow-on, actually, on this point. Following on from Anas’s last question, and the point that Richard was making, about your ability to determine where the aid goes to, and the recipient country having a lot of power in determining those factors. The point that you made in an earlier answer to Anas was that, given the sum of money involved, they wouldn’t feel particularly pressured to change. Then, however, in your answer to Richard, you made the point that India prefers money through multilaterals rather than bilateral.

Mr McCann: The question I was going to ask is: would the international community not have more strength if the resources for aid were pooled, and therefore the money wasn’t insignificant; it became significant? Therefore for the objectives they’re trying to achieve, for example on the UN Development Goals, there could be more pressure placed on the recipient to co-operate.

John Toye: Yes.

Q16 Mr McCann: With the greatest respect, this isn’t about trying to suggest they should be more advanced economically. This is about looking at the problems the country has, and focusing aid in the proper areas. We’ve moved a long way from 1966, which was closer to the times of imperialism, and Britain had much greater control than it does now. What we’re looking at is trying to put objectives in place that will ensure that we take countries out of poverty and we move them on to that next stage. I just wondered, it wouldn’t be as difficult a negotiation, I would suspect, if you were dealing with the type of issues that I’m talking about, as opposed to asking them to devalue the rupee.

John Toye: I agree with you, and there are ways, therefore, in which aid can be used for the purposes that you’re considering. I think that the way to go about it, then, is to be looking at specific sectors and to use the aid for what I would call demonstration projects. There’s some new idea that the donor has about how to do education or health or maternal and child care better than it is being done in India at the moment. Do it in a way that is more inclusive, that reaches out to the poor.

You can do this, and it’s been successfully done in India, with a combination of demonstration projects. You don’t need to cover the country with them, but you have to show that what you are proposing actually works on their soil, with their people. Then there is what’s called sectoral policy dialogue, where you then talk to Indians: “What did you think of that? Were you impressed in any way? Do you agree with us that it did, in fact, take a lot of people out of poverty? Can you see any snags about generalising this?” It is this kind of consultative and partnering policy dialogue at a sectoral level around demonstration projects, where you can say to people, “Look, we’ve done an evaluation. We’ve found out what it was like.” You have to have a baseline study. “We went in there, we found out what the people were like before we did our project. Now we’ve changed the way that health is done.”

Let’s say we’ve got better rural health clinics, and we haven’t got all the medical expenditure going into fine hospitals in urban centres, something like that: “Here are our results. We’ve evaluated it. After the project we find that this has happened: the number of poor people, or a number of people with diseases that are typical of poor people, has fallen.” Using rational evidence-based demonstrations to talk to people, talk to the Government, about its own policies. You have to reason with them, and certainly to accept them as absolutely equal partners in the enterprise, and get them on board. That’s the way to go about it.

Q17 Chris White: Thank you for that very vivid example from history. It’s something we do all struggle over; how we use aid and what leverage it can get. You mentioned the space programme conundrum, and my question would be: do you think that India invests enough of its own money in aid?

Andy Sumner: As an outward donor, or in its own—
**Chris White:** To itself.

**John Toye:** Do I think that? Sorry, I have a slight hearing problem, that's why I'm a bit hesitant at times. If you want my personal opinion, no, I don't. I think that there is not the same espousal of the values of fairness and inclusiveness that we would like to think we have in this country. I personally would like to see that change, but I'm also well aware of the limitations of the methods that can be used to do that. I certainly feel that there are strong pro-poor political movements in India, there are still widespread cultural inhibitions towards a Swedish notion of a fair and equal society.

Q18 Mr Clappison: Could you tell us a little bit more about these cultural inhibitions, as you see them?

**John Toye:** Cultural inhibitions are historically rooted, and certainly include caste prejudices and biases. With the development of the country, and its accession to middle-income status, and its greater urbanisation, these are gradually being eroded, but they haven't yet reached the point where you could expect the general cultural values of the country to be of a Swedish nature.

Q19 Anas Sarwar: Just very quickly, it does seem from the discussion we're having that it's almost a political versus poverty argument. Are we doing the right thing that's the political best thing for us to do in terms of our relationship with India, or is it more based on a poverty perspective? In the end, this is what it's all about: we want people out of poverty and to have an opportunity in their lives. I wonder how that relationship fits in with the whole discussion of how the relationship works, about where you can operate, where you can't operate, how much influence you have. That seems to focus on the political, and then the practical is where we're actually doing projects and lifting people out of poverty and creating opportunity. Is there an argument for the UK, with other multilateral organisations, with other donors, to co-ordinate amongst themselves about where they're doing aid programmes to lift people out of poverty, or should it be focused and co-ordinated by the Indian Government themselves? I just think there's a grey line here about whether it's all about building political relationships, or about alleviating poverty?

**John Toye:** Let me just mention another dimension to all of this, which I'm sure the Committee will want to be aware of in its deliberations. One of the other donors that is giving bilateral aid is the EU. The UK has an opportunity, through its influence in the EU, to affect aid to India. Although you're mainly concerned with the DFID bilateral programme, there is an EU programme of aid to India that is also operating, and the UK Government can attempt to influence its European partners as to how that bit goes forward as well. I have obviously mentioned quite a few political aspects to this relationship as well as the technical, practical, economic aspects, if you like. I do that because simply approaching it on an economic/technical basis will not take you far enough. The larger political framework has to be borne in mind, and it operates as a discipline, if you like, on what it is possible for British, or even EU, aid policy to do. There is a question of collaboration with other parties. It is also a political question. It's a question of the extent to which—I don't want to put this very crudely—the donors seem to be in some way ganging up on India; giving the Indians the impression that they are approaching the problem mob-handed. That really wouldn't be a very good idea. It would be a bit of a red rag to a bull. There is already something called the Aid India Consortium, which allows the donors to talk to each other about their plans and wishes and intentions, and that kind of, if you like, light co-ordination has worked pretty well over the last 30 years. I'm not sure there is a lot of mileage in more formal attempts to form a coalition of donors.

Chair: We need to get towards the end of this session, I think.

Q20 Alison McGovern: I'll be very brief, Chair. You mentioned cultural inhibitions to equality and poverty reduction. It's fair to say in this country, there used to be cultural inhibitions to poverty relief also—or at least the deserving poor and the undeserving poor, and all of that history that we have.

**John Toye:** Yes.

**Alison McGovern:** Could you just say, very briefly, how far you think that's shifting, and are there things that are changing about those cultural inhibitions now that we should be aware of in the context of this Report and the decisions the Government are taking?

**John Toye:** I can only speak very broadly, and I'll speak very briefly. The process of urbanisation is the main one that erodes these things. The worst aspects of all of this are usually to be found in rural areas, and as the population moves it becomes harder for the coercive aspects of the caste system to be maintained. I'm highly optimistic that we will see a change in values. We already have seen changes. We're bound to see more, and so I'm optimistic about the future, but it's not the case that these inhibitions have totally gone yet.

Q21 Hugh Bayley: I am optimistic, too, that India's economy will develop and lift people out of poverty eventually, but I'm not so sure that at all that the 0.1% of GNI provided by donors is making a significant difference. You, Professor Toye, have said the caste system acts as a justification for inequality, and there's clearly not the political will to tax the better-off—there are as many middle-class people in India as there are in Europe—in the way we tax people in Europe in order to redistribute to the poor. Aren't we fooling ourselves to believe that this tiny drop in the ocean, one-thousandth of a country's income, will really make a difference? Why don't we target other maybe middle-income countries that are small enough for our aid to have some traction?

**John Toye:** I'm sorry I can't answer this briefly, because to answer the question I would have to detail some of the successes that aid has had in these areas, like agricultural research—the green revolution in India—making available cheap, basic staple foods. I'd have to look at maternal and child health programmes, funded by aid, which have hastened what's called the demographic transition, reducing the
size of families. I’d have to look at aspects of housing, which have been supported by aid in terms of the upgrading of slums in India, and making them more habitable for the poor. There’s quite a long list, and if I’m to be brief, I couldn’t get through it all.

Q22 Hugh Bayley: I think that’s a very good answer: look at where aid makes a difference. I don’t know India well, but I remember once travelling by train from Delhi to Agra, and the train moving at a walking pace for an hour through the city because everybody from the slums were defecating on the tracks because they had nowhere else to go. It seems to me unbelievable that a country that has an average income of $1,000 hasn’t got the will to dig a pit latrine every 100 metres through a slum. Is there anything our aid can do to change these cultural traditions that you talk about?

John Toye: I think I’ve said already that there are various social sectors where we can see the successes of aid, and that I think the method of proceeding is a method of demonstration projects and sectoral dialogue. This has, in a number of cases, changed policy in the Indian Government. It’s not that the Indian Government is completely static on these issues. They have made changes. There are still many changes to be made. I’ve tried to indicate both sides of the story—both the successes of aid, and the challenges that remain. If I can encourage the Committee to take a balanced view of the successes and the challenges, then I’ll be very happy.

Q23 Hugh Bayley: Here’s a question, if I may, for Dr Sumner—

Andy Sumner: Could I just add something to that? I was just thinking, over the last six or seven years, there seems to be a lot more investment in social policy in India. The poor being left behind became an election issue about six or seven years ago, and since then there’s been a National Rural Employment Guarantee scheme, a whole range of additional social investments. So maybe we’re more optimistic looking ahead—

Q24 Hugh Bayley: Driven politically?

Andy Sumner: Probably. There are a lot more social movements around the poor as well.

Q25 Chair: The election before last pivoted, really, on the poor biting back. That was fundamentally what produced the problems.

Andy Sumner: Yes, when it became an election issue.

Q26 Hugh Bayley: I suppose my question to you, Dr Sumner, is this: the relatively easy question for us to address is whether DFID should have a development strategy for middle-income countries. The answer, of course, is yes. But as someone who, I don’t know, 15 or 16 years ago introduced a Bill into this House introducing the novel proposition that aid should be used for poverty alleviation, rather than export promotion or currying favour, provoked by a £750 million aid project to Malaysia—

John Toye: The Pergau dam. Yes indeed.

Q27 Hugh Bayley: Exactly so. I used this motif of 90% to poor people in poor countries to re-focus the aid programme. If one were to move away from that, what red lines would you need? Where would you put the red lines to prevent an abuse—or a dilution—of the aid programme but ensure that you continued to spend aid in the places, and in the ways, that pound for pound does the most to lift the greatest number of people out of poverty?

Andy Sumner: There are two aspects to your question. You could replace the 90/10 low-income/middle-income country with another type of metric, like the Multidimensional Poverty Index, so aid had to go to countries with large numbers of poor people, or parts of those countries with large numbers of poor people. It’s a general issue about in what context do you get the most bang for your buck, with aid, in poverty reduction? We’ve put an awful lot into fragile states. There are long-term causes, and short-term causes here, and we may want to take a more long-term timeframe, so rather than asking what will give us the most bang for our buck for aid over the next two or three years, we should ask what will actually lead to fundamental transformation, so in 20 or 30 years most countries are emancipated from aid. That takes us down quite a different route from just putting kids into primary school next year, and the MDGs, which, important as they are, don’t actually lead to fundamental transformation as far as we want them to. That kind of answers your question. The LIC/MIC would be replaced with something like the Multidimensional Poverty Index from Oxford and UNDP, perhaps, or some kind of formula based on numbers of poor people. We ought to find out what kind of trade-offs there are around the cost of poverty reduction in the short term and long run in different types of context, particularly given the large spend on fragile states.

Q28 Hugh Bayley: This couldn’t possibly apply in India, because we just don’t have the leverage. They’re an enormous country, an enormous economy, and our aid, even if we hunted as a pack with other donors, doesn’t provide leverage. In other, smaller middle-income countries—you mentioned Ghana—the aid community could possibly leverage some policy change. The fundamental debate in this country in the 19th century was about whether you relieve poverty with dollops of charitable benevolence here and there, or whether you said the state had a responsibility to redistribute. In those countries where we do, perhaps, have leverage, is there sense in trying to make our aid conditional upon the middle class in those countries, and business, being contributors through the tax systems?

Andy Sumner: There is an ethical argument around shared responsibility, as countries get richer, that the aid budget contributes a certain amount externally, and domestically, as more and more resources become available, that the share of the financial burden could shift; whether you could develop an international norm around something like that, which the aid industry could use—like the one that’s been used in the humanitarian area, the responsibility to protect the poor—and extend that international norm into the aid
industry. So you develop a new kind of partnership with middle-income countries, where there are substantial domestic resources, and there's much more of a debate about what both sides can do, rather than, "Here's a dollop of money." This also comes back to argument that maybe, for most developing countries it's no longer about money transfers, it's about influence, it's around global public goods with middle-income countries. The aid industry itself is shifting, I think. These are the kind of debates that DFID is having, but it may want to put this all together in some kind of process that leads to a middle-income country strategy.

Chair: Thank you both very much. You can see that it’s stimulated a few questions that the Committee hadn’t considered at the start of the process. Thank you for exchanging those thoughts and ideas. It’s not, as you’ll appreciate, just about what we do in India, but perhaps the extent to which the aid relationship is changing across the world, with India being a very particular, big, definitive example of that. I thank you both very much indeed for the evidence you’ve given, and invite the other panel to join us.

E xamination of Witnesses

Witnesses: Professor James Manor, Emeritus Professor of Commonwealth Studies, School of Advanced Study, University of London, and Professor Geeta Kingdon, Emeritus Professor of Economics for Education and International Development, gave evidence.

Q29 Chair: Thank you both, also, for coming in to give evidence. I’d just make the point that we have three times as many questions, and the same amount of time, so perhaps we need to be brisk, both in our questions and answers, but I really appreciate the fact of your coming in. You have obviously been in for the previous session, but just for the record, could you introduce yourselves?

Geeta Kingdon: I am Geeta Kingdon, I am Professor of Economics for Education and International Development at the Institute of Education, University of London. My research interests are mainly in school education, particularly in developing countries, specifically South Asia, and more recently the work has been mostly on India.

James Manor: I am James Manor. I am Professor of Commonwealth Studies in the School of Advanced Study, University of London. I specialise in India, especially politics and development, with a lot of attention to the state level as well as the national level, and most recently made a major study of the National Rural Employment Guarantee scheme, India’s biggest poverty programme.

Q30 Chair: Thank you. You obviously will have heard some of the exchanges in the previous evidence session. Perhaps if I may, Professor Manor, start with that particular point about the relationship between DFID and the states. What does that constitute? If I’m not mistaken, to some extent the Government of India determines, rather than DFID. What is the balance between who decides what in relation to the states, specifically Bihar, Madhya Pradesh and West Bengal? When we push the issue of India versus China, for example, DFID’s response tends to be that we’re engaging in the poorest states, but in reality they’re also engaging with the Government of India. What’s the balance between central Government and the states, and what should it be?

James Manor: DFID is certainly engaging with some of the poorest states, and the Government of India and DFID, I think, don’t have much difficulty agreeing on the importance of these states. The Government of India wants lots of Indian states covered by various donors, so there’s a division of labour, and DFID’s four states are partly a result of DFID’s previous patterns, over decades in some cases. I don’t think there’s a serious difficulty here about who decides. I think there’s a general agreement and spirit of partnership on that particular issue. I should just say that these states are controlled by, I think, four different political parties—four different states—and there is no partisan political consideration in either DFID’s or the Government of India’s mind when donors are encouraged to go into particular states. Nor indeed is there much partisan consideration in the Government of India’s mind when resources are distributed amongst Indian states. That came up a bit earlier.

Q31 Chair: But that being the case, what is the split between the states and the central Government in terms of DFID’s relationship?

James Manor: The central Government probably looms larger in dialogues with DFID and in DFID’s mind as it engages with Indians. This is partly because one of DFID’s purposes is to try out experiments in various states, and then to extend them, if possible, beyond those states more widely. The Government of India regards the federal system as a laboratory in which different state governments generate constructive ideas. It can then take those ideas and apply them more widely. It is of a similar outlook. Everything significant that DFID does needs the agreement of the Government of India—quite rightly; it’s a sovereign Government—but I don’t think there’s a tension in the relationship. State governments in India change a lot; about every five years. They have changed, 70% of the time, every five years since 1980. The exact state government you’ll be interacting with will differ from one time to the next, and state governments are sometimes quite imaginative and responsive, and sometimes very difficult to deal with. The variations at the state level also make DFID more inclined to focus mainly in dialogue at the national level.
Q32 Chair: Do you have anything to add to that, Professor Kingdon?

Geeta Kingdon: If I may, I’d just add that roughly 40% of UK aid to India goes through the central Government, and 42% through the state government, the remainder being through multilaterals and through NGOs. It’s roughly half and half, state and centre. There is no evidence, as far as I’m aware, of the relative effectiveness of channelling aid via the centre versus via the state government. There are clearly advantages and disadvantages in both of these approaches.

Sometimes it’s perceived that giving aid through the state government is going to enable DFID to achieve more pro-poor targeting, but I don’t think that is inevitably the case. For example, the education programme—the Sarva Shiksha Abhiyan, the Government of India’s flagship primary education programme, a centrally funded programme, which DFID is assisting through the central Government—already has quite a lot of inbuilt redistributive or pro-poor mechanisms. Working through the states has certain advantages: in particular, you can have a more intimate relationship with the officials in the government, but it comes at the cost of more transaction costs, a greater degree of coordination, and a greater need for staff—staffing and resourcing implications.

There are these advantages and disadvantages, but I think for certain types of policy influence it is better to work with the central Government. For instance, education policy is made predominantly at the level of the central Government. Although education is both a centre and a state subject, nevertheless important policy decisions, for example about the assessment system or the curriculum framework, are decided at the level of the nation. If DFID wishes to have influence at that level, which then percolates through to practice in all the states, it is good for DFID to be working also at the centre, which it is doing at the moment. I think it’s a very good and balanced portfolio.

Chair: About right.

Q33 Richard Burden: Could we look a little bit at issues of governance and accountability, because in a sense you said that balance seems to work. If a particular programme or a particular area of work is centrally funded, you can still build in pro-poor mechanisms when it gets down to local level. In terms of improving capacity and accountability in government at the state level, or even below that, how effective has DFID’s work been there? Are there and pointers that you can give on what works in that area, or whether, paradoxically even, a more central approach promotes that at local level, and whether that undermines doing it at state level. What would your views be on that?

Geeta Kingdon: I have to admit that my experience with DFID’s work has been mainly in the education field, and that part of DFID’s aid is delivered through central Government. I’m not able to give you a clear example of instances where this helps governance in a better way, or less good way, than it would through the state government. But certainly, within the centrally funded programme, DFID has been able to bring considerations of accountability and governance into policy discourse, and ensuring its implementation in practice in some respects as well.

I can discuss examples of that. For instance, the Government of India itself acknowledges—and in fact I will cite what they say about it—their own perception about DFID’s contributions in terms of central negotiations focuses exactly on these technical issues, and issues of accountability, probity, improved management and so forth. A Government of India document, which is cited in a paper by Professor Christopher Colclough and Dr De in the International Journal of Educational Development in 2009, cites the following: “It is important to note that, as well as Development Partner money, the external agencies are also providing advice and guidance on pro-poor targeting, greater accountability for outcomes, attention to quality and improved financial management. In addition, the Development Partners have also helped to increase the level of discipline in programme supervision and monitoring and to also raise the quality of technical analysis by bringing in to the policy discourse professional experiences from the developed and developing world .... Development Partners are adding most value by bringing more rigour into the monitoring and review process, particularly the Joint Review Missions. The Development Partner contribution is also helping to focus Government efforts on sustainability issues through a dialogue on planning, financial management and community involvement.” By its own admission the aspect of donor aid that the Government of India appears to value most is precisely in the area of improving probity, financial management systems, and monitoring of the use of aid monies.

Q34 Richard Burden: If I have understood you correctly, the examples you’ve given and the focus of that paper was on central programmes delivered locally. It’s establishing, or promoting, a more robust relationship and accountability with the central funders and the responsiveness of central funders to what works on the ground.

Geeta Kingdon: Yes.

Q35 Richard Burden: What about at state level? Have you got any sense about where the relationship is at state level, either directly or through experts, funded by DFID or other donors but working at state level, and how that has worked in terms of improving accountability and governance issues?

James Manor: I would just second what Geeta just said, by the way. I was seven weeks in India recently and working with the Ministry of Rural Development, Planning Permission and the Prime Minister’s office. I asked them, since I knew I was coming to see you, “What do you think of DFID?” They stressed that they valued DFID’s capacity to assist in promoting transparency, accountability and responsiveness of government. This is partly because DFID is quite effective at acting as a conduit of ideas from enlightened Indian civil society organisations into the higher reaches of the Government of India. DFID has a lot of former civil society people on its own staff in...
Delhi, and it’s in contact with a lot of others. This trend of listening to progressive forces in civil society has been very strong since 2004, when Sonia Gandhi, the Congress President, started this herself, systematically.

At the state level, the welcome for DFID’s efforts to promote, say, accountability, transparency, responsiveness, bottom-up participation, depends on the outlook of the state government. That changes with changes of government, so that in Madhya Pradesh, for example, one of DFID’s states, the governments of both Congress and BJP have been reasonably open, especially the Congress government, to this kind of facility that DFID can offer. But in some other states there’s more of a top-down approach to things; control freakery from the apex of the system in some cases. That certainly is predominant in Orissa today, for example. There’s a different kind of control freakery under the Left Front government in West Bengal, which is about to be defeated at a state election for the first time since 1977. It’s a situational issue when you get to the state level, and there isn’t a straightforward answer.

Q36 Mr Clappison: Can I ask you a very broad question about the attitude of India’s Government towards poverty? We’ve been briefed that, notwithstanding the very high growth rates that we’ve seen in India, the Millennium Development Goal to eradicate hunger will not be reached until 2043. India is apparently home to one-third of the world’s malnourished children. If I can ask you a very broad question, what’s your view on what the Indian Government is doing itself to tackle these issues?

James Manor: Geeta has quite specific ideas on malnutrition, but let me give you a seat-of-the-pants response before she becomes more specific. I differ from John Toye’s comments earlier about political will and the Indian Government’s commitment to tackle poverty. The Government of India, between 2004 and 2009, spent in excess of $57 billion on poverty programmes; probably well in excess of that. It’s difficult to measure some of this. This is serious money. This is vastly more money than any previous Indian Government has spent on these issues. They did it partly because they think it’s good politics. They think it pays to be progressive and redistributive in this way. The Government’s attitudes are actually more agreeable than John, with whom I’ve worked for a long time, was suggesting.

The cultural impediments to this kind of programme, and to anti-poverty activity, are diminishing, and have diminished quite substantially. This is because again, in contrast to what John says, since about 1994–95, we’ve had very solid evidence from good anthropologists and sociologists working in different parts of India to indicate that the power of caste hierarchy has declined markedly in rural areas, which was its traditional bastion. Caste is increasingly coming to denote not hierarchy but difference, like the difference between ethnic groups. This creates tension and some conflict, but it removes some of the cultural impediments that long stood in the way of serious efforts at redistribution and social justice.

Geeta Kingdon: Yes, I would agree with that, and I would also add that the anti-poverty programmes of the Government of India have existed for a very long time, for example the Integrated Rural Development Project, the Jawahar Rozgar Yojana, which was an employment programme, and so forth. There has been a change—perhaps one could somewhat optimistically call it a sea change—I perceive, in the last five or six or seven years, particularly since the enactment of the National Rural Employment Guarantee Act, which guarantees any citizen of India who wishes to self-select into the programme 100 days of employment under this programme in any given year. That has really made a lot of difference to those people who are landless, who, during the lean agricultural season, do not have access to any source of income. These are public works programmes that the Government of India is getting these people to work on, and it’s a self-selection programme. That has really helped in the reduction of poverty, and we are beginning to see that reflected in the data.

Q37 Mr Clappison: Against this background, can I ask you both briefly what you see as the remaining obstacles to alleviating poverty?

Geeta Kingdon: On the NREGA, it’s not the panacea that we would hope for, because we know that there are certain obstacles to its effectiveness. One of the obstacles is the leakages and the corruption in the system. However, the Government of India has got smarter on these issues. For one thing, the Supreme Court has seen to it that there is better implementation of this programme through its Commissioners. There’s an Office of the Commissioners of the Supreme Court that ensures that its directives in this area are being followed. Secondly, the social order of the scheme, unlike in previous schemes, like the IRDP and others. There is greater reason to be optimistic that this anti-poverty programme is going to be more effective, and the obstacles will be tackled. I know that James has some points about some of the ways in which NREGA has been implemented that reduce the scope for corruption, for instance through paying the monies to the people who work in these programmes through bank accounts, so you can’t short-change them. One of the problems in the past, with all anti-poverty programmes, has been huge leakages; the fact that people are given less than what they’re entitled to under the programme.

Q38 Mr Clappison: When you say leakages, where is the leakage going to?

James Manor: I’ve been living with this one for a while. The leakages, until two years ago, were going to the elected chairpersons of village councils and to bureaucrats at higher levels, and, to some extent, elected politicians at higher levels, stealing money in different ways. We identified 18 different ways to steal money from the programme. I should say, before I go any further, that it’s harder to steal money from this programme than from any other programme that the Government of India has ever run, because of transparency mechanisms that are built into it, but leakage was still there. Twelve of the 18 devices used to steal money from the programme were more or less...
stopped as a result of the requirement that workers be paid through bank accounts and not through cash handouts. Now, the elected chairpersons at the village level find it almost impossible to steal significant money from this programme, because of the bank account. Therefore, the squeezing that’s going on, the stealing, takes place at higher levels, the sub-district and district levels, with sometimes money going at the state level. But you can’t steal money from workers’ wages from this programme, which is 60% of the programme. You can only steal money from the 40% that is committed to the purchase and transport of materials—cement, sand, whatever. That kind of theft is difficult under this programme. The leakages are there, but there’s far less leakage in a proportional sense than in any significant programme of this kind in the past. If a man or a woman today, in Madhya Pradesh—and almost half the workers are women—goes to work for one day on this programme, they’re paid 88 rupees. That is enough to buy subsidised food, from the Chief Minister’s subsidised rice and other programmes, to sustain a family for about two weeks, with two solid meals a day, which is a huge difference from the past. The potential impact of this kind of programme on things like malnutrition is very substantial.

Q39 Mr McCann: Could I move on to education? We know that many more primary school-aged children are attending school in India. To whom do you attribute that success?

Geeta Kingdon: One strong driver has been the increase in demand for education. That is driven by the fact that the economic rewards of education have increased in India, particularly at the higher levels of education. There is a stronger economic incentive to acquire education, but I think that’s not the only factor, because if it was frustrated demand, we would not see greater levels of children. The fact that the demand could be satisfied was because the Government supply response has also been good. Part of the reason for increased or improved education can be attributed to Government-funded programmes including the donor-assisted Sarva Shiksha Abhiyan programme.

Q40 Mr McCann: In terms of DFID and other donors’ input to both federal and state education, what is the significance of those funds? What proportion are they in terms of the direct Government input and the aid?

Geeta Kingdon: If we look at the Government of India’s flagship education programme, the SSA programme, donor assistance is 10% of total expenditure under this programme, and DFID’s contribution within that is of the order of 3%. So, in other words, 3% of the total expenditure by the central Government on this programme is from DFID. And I have done a study, in fact commissioned by DFID, looking at the value for money that the British taxpayer has got through its investment in this programme. As part of this study we did a rate of return calculation of the investment that has been made by DFID. We came up with the estimate that the rate of return on this investment has been in the order of 12% to 14.4%, depending on some adjustments for data issues. That is a fairly good rate of return compared with most alternative potential uses that that money could have been put to. There has been a positive and robust return on DFID’s investment in Sarva Shiksha Abhiyan.

Q41 Mr McCann: You’ve just second-guessed my second question, which was: how effective is DFID’s contribution? So thank you for that as well.

Geeta Kingdon: No, that’s okay.

Q42 Jeremy Lefroy: Thank you very much. Inequalities based on wealth and other matters are continuing to keep children out of school. What effort is the Government making at the moment to address these inequalities, and how successful do you think they are?

Geeta Kingdon: It is absolutely correct to say that there are inequalities in education. They are smaller today than they were, let’s say, 15 years ago, when the District Primary Education Project started—again, a donor-funded project. Including DFID assistance—but nevertheless they are enduring, and some of them are rather difficult to do away with. The aspects of the education programme of the Government of India, with which DFID is assisting, that seek to address those inequalities are, as I mentioned earlier, the pro-poor elements of it. In particular, there are several sub-components of this massive education project that are specifically aimed at encouraging girls’ education. For example, there is the Kasturba Gandhi Balika Vidyalya programme, whereby every district in India has been provided with a school for girls that come from scheduled caste and scheduled tribe families. These are secondary schools, addressing both gender inequalities and caste-based inequalities, in one dimension. Another component of Sarva Shiksha Abhiyan that addresses gender inequalities in education is the Mahila Samaksha programme. This is a wider programme that has to do with women’s empowerment, gender sensitisation, assertiveness training, and so forth, but it has a strong component of girls’ education, as well. There is another programme, MPEGL, which I can’t remember the full name of, but it is another component. In addition to that, there are certain pro-poor subsidies, for instance, conditional cash transfers that are given, within this programme, specifically to children from scheduled caste and scheduled tribe backgrounds. There are also certain other incentives such as free uniforms and free textbooks given to girl children and children from these low-caste backgrounds.

Q43 Jeremy Lefroy: Thanks very much. Following on from that, does the Government of India, or indeed state governments, sometimes encounter obstacles to implementation at the local level? How do they go around this? Do they use the courts? What can they do?

Geeta Kingdon: I think you’re right; they do face problems in these. For example, one of the
programmes under the Sarva Shiksha Abhiyan is the provision of the midday meal to children, but historically, for reasons that have been mentioned in the earlier session as well, there are sensitivities around caste. Inequalities in caste are a very powerful reason, a lingeringly important reason, particularly in rural areas. Sometimes we hear of cases where the parents of high-caste children refuse to allow their children to sit together and eat a meal with the low-caste children, or sometimes, where the cook is of a low caste, children of high-caste parents refuse to eat that meal. So yes, there are obstacles of that nature, and there is legislation in place against such discriminatory behaviour. I’m not aware of particular instances of how they have sought to deal with this kind of behaviour, but most of the time it is dealt with through bureaucratic redressal mechanisms and the thing that this is not going to be acceptable. I’ve seen it dealt with in that way, but I am not aware of any cases that have reached court level and been dealt with in a legal manner.

Q44 Jeremy Lefroy: Finally, on that, there’s been quite a lot of concern about bonded labour and particularly child labour. What’s your perspective on that, and whether the initiatives that state governments and the Government of India are taking are having an effect on that? That’s quite a major concern in this country.

Geeta Kingdon: It is certainly a very concerning issue. The Government of India does have some policies against child labour, with a view to encouraging the children who are child labourers to enter school instead. What you hear of—through the popular press, for instance, but also this is consistent with Government policy—is that the police will often find, for example, children from rural Bihar doing that kind of work in Maharashtra, in Mumbai in particular. You will hear of instances where the police have escorted children back to their home, their native state, and put them back in schools, but often this is unsuccessful because the children are found a few months later back in Mumbai, working. I think that the reason for the inefficacy of this policy is partly that the police often don’t have the resources to prevent this. It’s a question of the level of quality that really attracts these children to stay on. The economic returns perceived to be gained from the schooling system is not functioning at a level that way, but I am not aware of any cases that have reached court level and been dealt with in a legal manner.

Q45 Jeremy Lefroy: Just finally on this, what do you both believe are the most helpful approaches from donors to address these entrenched inequalities? Clearly there’re very sensitive issues, cultural differences and so on, but clearly they also have to be addressed if we are going to see progress.

Geeta Kingdon: A better, more nuanced Government policy can go a long way in redressing these issues. For that, donors like DFID can actually assist the Government of India most through research and analysis. For example, a recent research paper by Dr Anjini Kocar of Stanford University pointed out something that nobody else had noticed, but with hindsight is pretty obvious. There is the well-intentioned Government of India policy of providing guaranteed education in small habitations, so that those children who are stuck in remote areas in small habitations, the poorest areas, will have access to schooling. It was a very well-intentioned policy, but spatial patterns of settlement are such that low-caste people are usually marginalised in habitations a little bit outside the village, half a kilometre outside the village. So they’re a small habitation, and they get a school of their own, as part of the education guarantee scheme, but it ends up segregating children on the basis of caste, and these schools are often low-resourced, and so on and so forth. Well-intentioned policies can have unintended negative consequences. This research study alerted the Government of India to this fact. This is the kind of thing that donors can do. This probably goes back to some issues that were raised in the morning session: it’s quite right to say that DFID’s assistance is such a small part of the totalitication of social sector expenditures in India that one might say: “What difference is it making?” From my point of view, the difference that I think it makes is not in the quantum of aid that is given, but more in the catalytic nature of it. This tiny amount can nevertheless provide the research and analysis base, put evidence on the table, sponsor surveys, sponsor research studies, and have conferences to inform Indian policymakers about international findings on these issues. It can do the analysis for India itself, and put that before the Indian Government so that policy on these issues is not based on hunch or opinion or ideology or political expediency, but based on evidence. That, I think, will be the value added.

Jeremy Lefroy: Thank you.

James Manor: My response echoes this. DFID’s role as a catalyst amongst the donors—because DFID has a much more sophisticated understanding of poverty and development issues in India than most of the donor agencies in New Delhi have got—is very important. It plays that role, and it is also a source of constructive, fresh ideas, perhaps for experimentation,
with the Government of India and state governments itself. It is able to do that because it works with enlightened civil society organisations, which are immensely formidable in India; much more formidable than almost all other less-developed countries. It draws them into the policy process. The Government of India is now happy to have that happen. It used not to be, but it is now. These are constructive things.

The other thing that DFID does is that it focuses on poverty not just in economistic terms, as a severe shortage of assets, incomes, etc, but in a broader sense, of poverty as a severe shortage of opportunities, of political capacity. Poor people tend to have very little political capacity, very little confidence, very little skill, very little in the way of political consciousness or knowledge. Participatory policies, that give people a chance to participate and enhance their political capacity, so that they can operate appropriately in the public sphere, are a way of tackling another dimension of their poverty, which reinforces the economic shortages. DFID is very good on these fronts, and it should be encouraged.

Q46 Hugh Bayley: DFID has been increasing the amount it spends on health over the last few years, working on some national programmes and strengthening health systems in the target priority states. Does that make sense, and should health remain a priority for DFID in years to come?

Geeta Kingdon: I don’t feel very qualified to answer that question, because I’m not really an analyst of health sector issues at all. But in common-sense terms, health is an extremely important aspect of human capital. It affects people’s productivity, it affects their wellbeing in a fundamental way. There are a range of efficiency-based reasons as well as equity or moral reasons why one should want to invest in health, particularly in a country where we know malnutrition levels are absolutely abysmal. A according to the Global Hunger Index, which is produced, I think, by IFPRI, in Washington, DC, there are 22 sub-Saharan African countries where malnutrition levels are lower than they are in India. On those bases it is critical to invest in health. I am not really able to say much more than that; that there is this developmental case for this investment.

James Manor: Like Geeta, I’m not an authority on health, but I do know that state governments, and the central Government, have generated some extremely promising ideas for improvements in the health sector in recent times. These are very popular politically, which encourages politicians to stay committed. This is an area in which DFID could make a contribution, but a vast amount of health service delivery, in rural areas especially, is produced by the private sector, and not the public sector. This makes health a rather different kind of sector in which to work from some of the others. The health profession is not as well-regarded, and especially bureaucrats who specialise in health ministries, tend, to my certain knowledge, to be more open-minded towards constructive ideas for change than bureaucrats in other Indian Government ministries, for complicated reasons.

Geeta Kingdon: Might I just add a sentence?

Hugh Bayley: Please.

Geeta Kingdon: We know that, in India, user fees for health care have not been done away with, which is an absolutely critical reason why half the women in India do not have access to even the most basic health care at the time of childbirth. What DFID could be doing in that area is, again, providing technical assistance to do an analysis of how this kind of health care provision, which is free of user charges, can be provided, using international practice, perhaps in partnership with the WHO, but bringing that kind of evidence to bear to produce some policy options to consider. That is what is needed.

Q47 Hugh Bayley: I sense that India is reluctant to look at the aid relationship as a gift relationship, and wants to develop the idea of partnership with other countries. Where in the field of health care is there a basis for partnership? We’ve relied, obviously, for many years in this country on doctors being trained in India and practising medicine here. India is an aid donor to countries in Africa. Maybe we should be working with them to deliver our aid programmes in Africa? They’ve got a big pharmaceutical supply industry, if not a pharmaceutical research industry. Where are the areas, using health as an example, where we ought to be looking at two-way technical co-operation?

James Manor: If the examples you want are from the health sector, the two of us are probably not equipped to provide them.

Hugh Bayley: Okay.

Chair: That’s a fair and honest answer.

Q48 Chris White: It depends on what you’ve just said, really, but it was just that you clearly recognise that health is such a fundamental matter to development. I was just wondering whether you think— as clean water and sanitation is one of the most important things to support health— that the 1% of aid going into sanitation and water from DFID was sufficient?

Geeta Kingdon: Did you say 1% of DFID aid is going into that area?

Chris White: Yes, 1%.

Geeta Kingdon: A gain, not really being an expert in that area, I’d prefer not to comment on that.

Chris White: My apologies.

Q49 Richard Harrington: I just wanted to ask a couple of questions on malnutrition, particularly amongst children, but I suppose it’s to do with the whole aid system in India, because it seems to me everyone says that child nutrition is a priority. There are a lot of programmes, and yet I read in the press— not even things from people doing proper research like yourself— about red tape and bureaucracy stopping aid to young children getting through. There was that issue with the nut, the Plumpy’Nuts, which I’m sure you’ve heard about, where it was just deemed, for no logical reason, as far as anyone could tell, by the Indian Government to be unsuitable. I’m not talking about middle-income stuff at all, I’m just talking about children and malnutrition. Could you
comment on why, after all this, hunger and malnutrition still endures so much in the subcontinent, and to what extent is this lack of progress the fault of the Indian Government, as far as you can say?

Geeta Kingdon: A gain, not too much expertise in this area, but just one or two quick comments. One is that it’s absolutely true that malnutrition is at an alarming level. If you look at a survey such as the National Family Health Survey, of which we have three—we have a survey for 1993, 1998, and 2005–2006—there has been hardly any change in malnutrition over time. Roughly 46% to 47% of children under the age of five are wasting, i.e. are underweight, in both these years. It seems somewhat of a puzzle as to why it is that despite this apparent rapid economic growth, malnutrition levels have been so high.

Jean Drèze and Professor Angus Deaton of Princeton University, in their study, say that one of the reasons, though certainly not the only reason, why this may be the case is that growth in consumption perhaps is not as high as we think it is. There are two ways of calculating consumption increases. One is the National Accounts System, which is quoted in the FT and in the India Today—so on. That shapes our perceptions about India’s economic growth rate and consumption increases. However, there is an alternative source of data on this, which is the National Sample Survey data. According to the National Sample Survey data, growth in consumption has not been nearly as high. There’s quite a lot of discrepancy between the National Accounts Data and the National Sample Survey data.

Outside that, because it seemed like an important thing, Drèze and Deaton say that one reason, although certainly not the only reason, that other things are not improving at the rate one might expect, things like malnutrition and so on, in such a rapidly growing economy is that the economy is not growing quite as rapidly as the data show. I think that that really has to be taken into account as a potential explanation. I’m not an expert on these data, or an expert on poverty, but to the extent that consumption has not been growing as fast as we hear in the press, that could be one reason why malnutrition has not been addressed. Other than that, I am not sufficiently an expert and knowledgeable.

James Manor: A further important element in the explanation of this kind of problem is appalling inertia in sections of the bureaucracy, both in the central Government bureaucracy and in state government bureaucracies, especially in the middle and upper-middle reaches of the bureaucracy. There is a kind of breathtaking complacency and occasionally a tendency for bungling. One then has to ask, how does this ever change? How do we get to grips with this? What we’ve seen in India since 1989, when it became impossible for any party to win a majority in Parliament, is a massive redistribution of power away from the Prime Minister’s office to a lot of other institutions at the national level, and to state governments. Some of those institutions at the national level, the Supreme Court—and the High Courts at the state level follow suit—but also investigative institutions, like the Comptroller and Auditor General’s office, certain Parliamentary Committees in New Delhi, etc, have begun to probe into the horror stories, but also into the basic problem of complacency and inertia in the bureaucracy. The word gets to the media. The media, as you will see when you turn on your television, are constantly shouting about outrages of one kind or another. This builds a fire under some of these bureaucrats. I think the redistribution of power has made the system work better, even though it looks worse, because you hear more about the bad things that are going on, because the media is now more assertive. That’s changing things, but we have a long way to go.

Q50 Richard Harrington: Do you think there’s anything DFID should be doing on the malnutrition front that it’s not?

James Manor: Not that I know of.

Geeta Kingdon: Can I just add a sentence to what James has just said? I would agree with that, and also say that, drawing a parallel, the functioning of the public sector, whether in health or education, is not hugely different—

James Manor: Yes.

Geeta Kingdon: —in the sense of efficiency and complacency and so on. Certainly in the education sector, if we look at surveys such as the absence rates among public servants, a survey done by the World Bank in nine countries, in India absence rates among health sector workers was extremely high, probably the highest among the nine developing countries on which the survey was done. That just substantiates James’s point about the complacency and the lack of accountability, and this is true in the education sector as well. The reasons for this are really to do with the political economy of the country. These are endemic, long-standing problems: high teacher absence rates, high public health sector worker absence rates. The reasons appear to be that, although there are some accountability structures and procedures that can be brought to bear, public servants are never actually hauled up if they are frequently absent or chronically lax in their work. It seems that unions are a strong part of it—labour unions, teachers’ unions, health sector worker unions—and these are seen as lobbies that one must satisfy. They act as an obstacle to being able to successfully bring to book lax work on the account of public workers.

James Manor: DFID have supported programmes, and they have people who know how to support programmes, which undercut absenteeism in the health and education sectors in mainly rural areas, for complicated reasons. They have supported schemes, for example in Madhya Pradesh, to give elected local councils at the village level the control over releasing the pay of school teachers and health workers in the locality. When local councillors can withhold pay when the workers don’t show up for work, then absenteeism declines radically. Just on your question of malnutrition and what DFID can do, I should caution you. This issue of nutrition is a very hot political potato at the moment, because the Supreme Court of India, which is very powerful, has challenged the Executive of India over its failure to release sufficient food grains in a time when malnutrition is a serious problem and the food grains
are plentiful. This is very embarrassing for the Government of India, and a very difficult one politically. The kinds of issues DFID needs to avoid are those which are inflated politically, because then the Government of India will be even less likely to listen to DFID or anybody else from outside if it’s a touchy issue.

Geeta Kingdon: I have to slightly disagree, James, with your statement about how local government can now withhold pay from public servants if they’re not deemed to be performing properly.

James Manor: They should be able to. I’m not saying they can.

Geeta Kingdon: Yes, because, for example, the original draft of the Right to Education Act, which was enacted a year ago and implemented as from April 2010, contained a provision, which was taken out before it was enacted, that would have given school development management committees and village education committees the right to do precisely that—to withhold payments from teachers if they were chronically absent, and so forth. That provision was taken out from the Act before it was enacted. What political pulls and pressures led to the taking out of that particular provision, we shall not know, although we know there was lots of union lobbying and so forth that went on. This really is a political economy constraint that affects not only the health sector, but also the education sector.

Q51 Jeremy Lefroy: As far as I’m aware, the evidence is quite clear that malnourishment or being underweight has considerable impact on personal development, education and health. Given that, do you feel that malnourishment or nutrition is being treated too much in a silo and not as something that should be dealt with directly together with education and, to a lesser extent, health? Following on from that, I noticed that almost the major cause of death among under-five-year-olds from WHO statistics from 2008 is pneumonia. A couple of us were in Uganda last week, and it was very clear to us that pneumonia is a major problem there. Pneumonia, when treated early, should not be a cause of death, at all. I just wondered if you had any particular comments on that.

Geeta Kingdon: Not on pneumonia as such, but on your previous point about whether malnutrition, or nutrition, as an issue has been treated as a silo, I think it’s a very correct perception. The synergies that exist between, for example, health, nutrition and education have not been exploited. These responsibilities sit in different Government Departments and the overlaps and the benefits are not being sufficiently realised. That is being addressed, to some extent, by the fact that school is now being used as a site for delivery of the school midday meal programme. That has certainly been a very positive step, but school as a site for vaccination, for instance, is not something that is being done at the moment, but could be.

Q52 Jeremy Lefroy: Sorry to interrupt, but is that something where DFID could make a specific contribution through research on that? You think about, say, the Progreso programme in Brazil, which I think has elements of that in it.

Geeta Kingdon: Indeed.

Jeremy Lefroy: Would it be possible for them to have a look at that and advise in relation to the Indian context?

Geeta Kingdon: Absolutely. That is precisely the sort of thing in which DFID can bring value added and make its mark and its contribution. Other than that—of course, the Progreso programme was a conditional cash transfer programme—

Jeremy Lefroy: Yes.

Geeta Kingdon: —which is not the same as the Government of India’s Sharva Shiksha Abhiyan programme, but there are certain elements of conditional cash transfers even in the SSA programme. There are lots of other examples in addition to the Progreso programme that can also be brought to bear on this issue. I agree that there is not sufficient research in this area. For example, there is very little research in India; in fact, I believe that my study, together with my co-author Courtney Monk, is the only paper that looks at the impact of nutrition on children’s learning achievement levels. We need more research as well.

James Manor: One reason why pneumonia is a real threat is that poor village people—especially poor village women, because women are the gatekeepers between the household and the wider world on issues of health and to some extent education—are extremely reluctant to take their children to health centres. In health centres, doctors wear strange white garments, and carry things like needles, which look very intimidating. DFID has done work with state governments that supports strengthening elected local government in ways that make an impact on this. The state health bureaucrats in states where local councils are strong, which is not every state, indicate that when local councils are strong, the uptake on health services increases. Elected village councils contain women representatives, who learn about the things that go on in health centres, and realise that ante and post-natal care reduces mortality, that vaccinations are a good idea, etc, etc. These elected village councillors, who are just local women, are much better able to explain the utility of health services to ordinary poor people in the villages, their neighbours, than are the health professionals. The health professionals speak a different kind of language and are middle-class people for the most part. The uptake increases quite substantially when democratic decentralisation is allowed to flourish. DFID has assisted in enabling it to flourish. This has made a significant impact on infant mortality and no doubt on pneumonia.

Q53 Chair: We have just two or three more questions; we have to hold a quorum, so if we can be brisk. You, Professor Manor, have praised DFID and the quality of their staff, and several times pointed out their connections with civil society, civic society. In a sense, I think you also, Professor Kingdon, quoted the Indian Government as saying that DFID’s value to them is openness, transparency, accountability and so forth. This gives the impression that, effectively, DFID is almost like a resource for the Indian Government. Indeed if a high proportion of its staffing is recruited locally, you could almost get to the point
of wondering, is DFID a British Government agency, supporting the Indian Government, or is it an Indian Government agency financed by the British Government? I’m not saying it is there, but it’s somewhere in between the two. Do they have the balance right? Can they move further down the Indianisation of DFID, or would that be confusing?

James Manor: They do have the balance reasonably close to right. DFID Delhi is a British Government institution, manned substantially, or populated substantially, to be politically correct, by extremely gifted, knowledgeable, constructive Indians. DFID is hugely shrewd in taking this line, because the truth is that the Indian staff members in New Delhi tend to make a more constructive contribution than the British staff members. The bungling that occasionally one encounters with DFID, in the cases I know about, is the result of action by the British staff members. It’s certainly not an Indian Government agency. It’s an agency of the British Government, consisting predominantly of Indians, which is, for that reason, immensely constructive. I wouldn’t say they need to go much further down the road, but if they’re going to do a balance, they should tip it further in favour of Indians.

Geeta Kingdon: I would just add that I do not see it as Indianisation of DFID. I’m not aware of the proportion of the staff at DFID who are local staff, versus the ones who go from the UK, but whenever I’ve been there as a consultant and sat in the offices, it doesn’t seem that there is such an imbalance or a preponderance of one group or the other. A more substantive point is that DFID maintains its independence, and indeed the Indian Government makes sure that it maintains its distance from DFID. Access to Indian officials is very, very precious. It’s very difficult, because of the number of obligations and duties that they perform. It is necessary therefore that that distance is maintained. It is not the case that they have access to, and that it is a cosy cabal with, the Indian administrators. It’s not like that at all. That distance is maintained, and I think that DFID is not Indianised in the sense that, from what I have seen of DFID’s work, it is bringing new ideas. It is bringing ideas which are new to the notice of the Indian Government, rather than having become—I don’t know what the word is for it—somebody that sees the local situations and responds to them locally. It is looking at the situation in India and the problems of India, not only with the local context in mind, but always keeping an eye on what the rest of the world is doing, and how that can inform what India does.

Q54 Chris White: What is DFID’s role with the wider donor community? Supplementary to that, what is the Government of India’s approach to the donor community in a wider scope?

Geeta Kingdon: The Government of India’s approach to the donor community seems quite positive to me, despite the occasional grandstanding, which may be consistent with national self-pride, statements in front of the media and so on, occasionally, or before an international audience. Despite the occasional grandstanding of that nature, it is clear that the Government of India values DFID aid. There are several instances that prove this. We know that it has recently asked for DFID assistance of at least £90 million for the secondary education programme, the RMSA. We know that it has put on record its appreciation of the donors, which I read out earlier. The Government of India welcomes DFID aid through NGOs as well, by permitting civil society organisations to receive this aid. I think it wants that aid. It has a very positive attitude towards the donors. There was a previous Indian Government, the BJP Government, which had a different stance, but that, historically, has been a very unusual stance. Historically, India has always welcomed assistance. In relation to DFID’s relationship with the other donors, from what I have seen in the education sector work, that relationship is extremely collaborative. It’s bringing people, and the different agencies, on to a common platform, and providing a service to the Government of India that is a unified approach. It reduces transaction costs. I’m not saying that they’re providing exactly the same kinds of inputs, or the same kinds of resources; the quantum of resources is different from the EU, the World Bank and so on. The areas of focus are also sometimes different, but by and large they are co-operating very well. I’ll give you an example. DFID has jointly funded a survey of 1,400 schools—aidsed schools and private schools—which the World Bank carried out. DFID is funding the PISA study, with the encouragement and support of the other donors, as well. There are quite a few areas in which there is joint funding of projects, and when you sit in the Joint Review Mission of the Sarva Shiksha Abhiyan project, it seems a collegial and smoothly functioning relationship. When you go and present papers at these forums you get good feedback. There are always people present there doing joint conferences and sponsoring events together. It’s a very positive dynamic between the donors.

James Manor: I tend to agree, but I would just stress that DFID is a significant source of sophistication about India and about development to other donor agencies, some of whom know they lack sophistication and some of whom don’t. Much of the sophistication that DFID brings to that relationship is sophistication that it gleans from ideas within India. India is immensely productive of constructive ideas for development in general. Because DFID is in India, gleaning those ideas, DFID Delhi is a resource of significance for DFID globally. Most other countries don’t generate the kinds of constructive ideas that India does.

Chair: That brings us on to our final questions, relating to the UK’s developing role in India across the whole piece.

Q55 Richard Harrington: Very much so. We need to expand it across the whole geopolitical relationship between India and the United Kingdom. Obviously the Prime Minister went to India, and we hear a lot about increasing the ties, commercial and otherwise, between ourselves and India. It would seem to me that DFID is the lead agency in doing this. I wondered if you’d like to comment on the role that aid plays in the overall relationship. We know it’s of no financial
James Manor: I don’t know much about how DFID interacts with other UK agency representatives in India. I really wouldn’t know where to start on that.

Richard Harrington: Fair enough.

James Manor: DFID earns the UK huge respect and warmth amongst the political establishment in India, because of the work that it does. If you begin to appear to connect DFID’s activities to some of these wider concerns, you may undermine the trust that DFID generates in the Indian establishment. You may put at risk the wider benefits that DFID’s relationship yields for Britain. I would be quite scrupulous about separating.

Q56 Richard Harrington: It’s almost because it’s non-political and non-commercial that it has the influence and effectiveness that it does.

James Manor: Yes. It’s also sophisticated, and there are all of these very bright Indians working for DFID who are respected by the Government of India. Some of them are former Government servants, Government servants on secondment. There’s a level of trust, and if you begin to give the appearance that aid to India, or DFID in India, are instrumental to another, ulterior purpose—

Richard Harrington: Part of another agenda. I understand.

James Manor:—you might undermine both DFID and the ulterior motive. Brits are very good at being subtle and sophisticated, and handling these things. I think you’ll be all right.

Geeta Kingdon: DFID is really part of this bigger picture of this relationship that goes from cricket to the Commonwealth to the British Council to trade and all of these things. DFID’s presence there confirms the notion that Britain is an ally, a friend, and a well-wisher. I would agree with the wider comments that James has made in this regard.

Q57 Chair: Just a final point on that. I had the advantage of being in India in September, and met with our High Commissioner and also the Deputy Foreign Minister. I take your point entirely about the importance of keeping the separation, but equally I think Professor Kingdon is right in saying that it is a very inclusive relationship. When you’re engaging with interlocutors, all of these other things will come into play. It’s important to have that backdrop. In the context of DFID, what should we be looking to achieve five years from now? By that time India will firmly have graduated out of IDA. It will be in a different space, if its growth continues, and the aid relationship will clearly therefore move into a different space. What should we be hoping to achieve over the next five years?

Geeta Kingdon: In the next five years, DFID should firstly continue the very good work that it has been doing so far. I think it has been outstanding; certainly in the education sector the work has been very, very good. The area where DFID can make most contribution is in this catalytic role, in sponsoring research, funding the production of new information and the generation of data, bringing that data to the table of discussion and dialogue, and thereby helping to improve policy-making. I think that is the major route for influencing policy in India. It’s best done at the national level, without reducing the scope of work that DFID is already doing at the state level. That is where DFID can really make its contribution.

As well as saying that it should do what it’s done, there are certain things that it should do better. For example, in the generation of new evidence, it is important to engage new, robust methodologies that are capable of establishing causal impacts from policies on to outcomes. DFID’s research portfolio needs to be modernised a little bit and made more relevant, and utilise more modern techniques; for example, doing studies of what works and what does not work, using methods that are now known to produce good results.

James Manor: I broadly agree with what has just been said. DFID should continue to emphasise poverty reduction as an exceedingly important goal, and to attempt to do new things, based on new ideas it’s getting from Indian civil society and academia in that vein. A couple of minor points: one, it contracts Indian organisations to do studies or to do projects, civil society organisations in particular, but also Government agencies, to some extent. DFID, I think, should be a little more restrained. It occasionally seems rather intrusive, seeking to investigate and micromanage all the time. This seems insensitive and counterproductive to the very good people that DFID locates to conduct these projects. I would probably hope that DFID did a little less of that, and that DFID was a little less inclined to be enchanted by technocracy in India. The principal person in DFID’s recent history who was utterly enchanted by someone purporting to be a genius at technocracy was Clare Short, and she made some very serious mistakes in Andhra Pradesh by going in whole hog. She was hoodwinked by a charlatan. That sort of problem is not so severe at DFID used to be, but there is a tendency for DFID representatives to be taken in by people who purport to be extraordinary technocrats, and they should beware.

Chair: Very salutary advice, now all our Labour colleagues have left.

Geeta Kingdon: Can I just add one more point? Another area of strong value added by DFID is in technical capacity development. I’ve seen this work very well in the education sector, or at least I’ve seen the need for it; the desperate need for India to join modern international practices of assessments, impact evaluations and so forth. This is an area in which DFID has started recently to provide technical assistance, and these are slightly longer term projects. Technical assistance projects and capacity development projects have somewhat longer gestation periods for showing results, but I think they’re very important.

Chair: Thank you for that. That’s consistent with some of our own recommendations about the role of
DFID’s research and its wider accessibility. Thank you both very much. You’ve been very well informed and very insightful from our point of view. It’s slightly unfortunate that we’re not now going to India in two weeks’ time, but more like six or eight weeks’ time, but this is all on the record and will still be extremely helpful to us. Thank you.
Tuesday 8 February 2011

Members present:
Mr Malcolm Bruce (Chair)
Hugh Bayley
Richard Burden
Richard Harrington
Pauline Latham
Alison McGovern
Anas Sarwar

Examination of Witnesses

Witnesses: Professor Lawrence Haddad, Director, Institute of Development Studies, and Professor Robert Chambers, Research Associate, Institute of Development Studies, gave evidence.

Q58 Chair: Good morning, and welcome to the Committee. Sorry for keeping you waiting. Perhaps, just for the record, you could just introduce yourselves before we start.
Professor Chambers: My name is Robert Chambers. I am a research associate at the Institute of Development Studies in Sussex. Research associate means that you have retired and they have not yet figured out how to get rid of you. Here is the man who is guilty of not having found a way of getting rid of me. It is a wonderful condition to be in, and I do recommend retirement to you all, if I may. I am an undisciplined social scientist—failed biologist, failed manager and various other things.
Professor Haddad: I do not know whether to jump in or not.

Q59 Richard Harrington: Why not stand for Parliament? You would be ideal.
Professor Haddad: I am Lawrence Haddad, the director of the Institute. I am looking for ways to retire, but they will not let me.
Hugh Bayley: A failed retiree.

Q60 Chair: Can I say two things? One is that, obviously, we are looking into DFID’s role in India. Part of the pre-discussion is: should we have a role at all? If so, what value can we add, and why can’t the Indian Government do it without us? What is the benefit of our being there? That is the subtext, but we clearly need to focus on what DFID is doing, how effective it is, what it is not doing, and whether it should be. I hope you will feel free to give your views on that. Can I also say, given that we are starting a little bit late, and I know that one or two colleagues have other constraints, I do not want to restrict you, but if we can try to keep it crisp, that will help us to get through things fairly quickly?

If we look at health first of all, it has been argued, in The Lancet for example, that the failing health system is perhaps one of India’s biggest problems or predicaments—although there are other areas where India is failing, and others where it is succeeding. First of all, do you agree with that? The more blunt argument is that India is a rapidly growing economy, with a rapidly expanding middle class. Can they deliver it by possibly transferring some of the wealth of the middle class and putting it into developing a health service, which currently does not meet the needs of the majority of the Indian people?

Professor Haddad: Let me kick off on this, Robert, if you don’t mind. I am not a health systems expert for India. However, obviously I knew that this Committee was interested in these issues, so I have pulled out a couple of brief papers for you, which may be of interest to the Committee. One was published in The Lancet, last month. It is a call to arms from a leading Indian health expert, Srinath Reddy, with whom we have worked at IDS, interestingly enough in a DFID-funded consortium on nutrition. He is leading a group of high-level academics, who are also policy advisers, in saying, “India really should have an integrated national health service.” If you give me a minute, I will run through the arguments. The first point is that the WHO in 2000 did a ranking of health systems worldwide. It was quite controversial, but nevertheless it ranked different countries’ health systems. India came out at 112.

Q61 Chair: The United States, for example, where did they come?
Professor Haddad: They were 37. They were quite annoyed by that.

Q62 Alison McGovern: The UK?
Professor Haddad: The UK was 18. Just to give you some comparators from the region, Sri Lanka was 76. Bangladesh was 88, India was 112, Pakistan was 122 and Nepal was 150, which was interesting. That score is an aggregate of a number of different components, and the Indian system, in that 2000 ranking, came out very badly in terms of the distribution of available services. It came out quite well in terms of the fairness of financial contribution. The WHO defined fairness of financial contribution as: “If you are sick, are you the one paying?” You can define fairness in lots of different ways, but because the health system in India is 80% out-of-pocket costs, and 20% public costs, if you get sick you are the one who pays for most of the drugs and the diagnostics. In that sense, it is fair. This paper from The Lancet says that the Indian Government need to get out-of-pocket expenditure down from 80% of the total cost to 20% by, I think, 2024 or 2025. It also says that public health spending, as a percentage of GDP in India, which is 1% now, needs to go up to 6%. That is what this call to arms, published in The Lancet a month ago, said.

Q63 Chair: That presumably would imply a transfer from the better-off.
Professor Haddad: Yes. I think, as I put in my written comments to the Committee, India is still not a rich country. As you know, its GDP per capita is around $1,000 per year. China is $3,500, and Brazil is $6,000. It is often compared with those two countries, but the magnitude of difference is very big. Nevertheless I still think the scope for doing more in terms of distributing and investing more in health systems is enormous. Tax revenues are going up quite quickly.

Chair: Okay. Thank you for that.

Q64 Alison McGovern: Thank you for your presentation so far. Given the context of what you have said about the research into India’s health system, where, in fact, do India’s priorities lie in addressing the challenges you have mentioned? I am thinking particularly of the Federal Government.

Professor Haddad: It differs from state to state, I have to say. It is a weaselly answer, but I cannot give you a straight answer to that, because it does depend on the states. In the nutrition field, where I am much more familiar with the evidence—

Q65 Chair: We will come on to that.

Professor Haddad: If you look at the data state by state, DFID, WHO and the Global Fund to Fight AIDS, Tuberculosis and Malaria try to direct resources towards the things that are causing the most disability-adjusted life years. In other words, where the health burden is biggest, you direct resources in rough proportions to those things. Obviously there is a factor to do with effectiveness and efficacy, but nevertheless, if a particular disease or a particular chronic condition is generating 20% of the health burden, you commit 20% of the health resources to that. In nutrition, that is not happening at all. Every state has a different burden of disease profile, and if you look at the spending, it does not match the different burdens of disease. Public health spending, whether it is nutrition or otherwise, is very political in India. It is not driven by health burdens. Why is it political? That is a difficult question to answer.

Q66 Alison McGovern: With respect, it is political in all countries.

Professor Haddad: Yes.

Q67 Alison McGovern: I want to come back and ask you a further question, if that is okay. Thinking about DFID’s role, and that of the UK as a country, our aid programme is small in comparison to the funds that are required to address some of the issues that the WHO, and clearly the article in The Lancet, picked up. Do you think that the Indian Federal Government have an NHS-style, across-the-board distribution in mind? Are they prioritising investigating that sort of provision?

Professor Haddad: I cannot give you a definitive answer on that. All I can say is that the person who wrote this article, Srinath Reddy, is a very well respected insider-outsider in the Indian Government. If he wrote this article, he must have some confidence that there is some appetite for this within the Indian Federal Government. How strong that appetite is, I don’t know.

Q68 Richard Burden: I would like to ask you a little bit about the effectiveness and the rationale, and the way things could be improved, around DFID assistance being channelled through national Government and the states. Clearly different areas are handled at different levels. TB, reproductive and child health, HIV/AIDS and various other things are principally handled at the national level, and then you have mentioned things that are principally handled at state level, such as nutrition. From what we have read, you have been saying that it is important that the states develop the kind of administrative capacity they need to be able to deliver effectively. I read from that a little bit—or I had read from that until you just said what you were saying—that probably the emphasis needs to shift to the state level, so that they can build up their capacity. But then you are also saying that it is a very political area, provision is very patchy, and the provision does not necessarily match the need. Can you say a bit more about that? What lessons do you learn about effectiveness? Are you saying that, in a way, we need to angle assistance more to the state level or to the national level, or change either of them, and if so, how?

Professor Haddad: There are some very basic things that the central level needs to do around standards, objectives, certification and those kinds of issues. A lot of the effectiveness is at the state level. Whether the population of India in a particular state is served well by their health system is down in large part, I would say, to the state government. The variation—

Q69 Richard Burden: Sorry to interrupt, but even if, essentially, the programme is a national programme—

Professor Haddad: Yes. Yes. Yes. Again, the one I know best is ICDS, which is a national nutrition programme. It is a national nutrition programme, and it has the same template everywhere. It is a very cookie-cutter programme, everywhere, in a million different communities in India. The heterogeneity and the variance in the effectiveness are astounding. It is not just how rich or how malnourished a population is, it is the effectiveness of the state government, but also district-level governments and downwards. That makes a big difference. Where I have seen DFID be very effective in India is helping different states access central resources that are held, and helping district-level governments to access state-level governments. They have been very effective doing that.

Q70 Chair: It is a slightly odd role, isn’t it, though, for an external donor to be helping a state to apply for its own Government’s funds?

Professor Haddad: It is. You can think of the central Government as a massive donor in the backyard of the states. They are not a very forthcoming donor. It is quite demanding in terms of the bureaucratic requirements to get access to its funds.

Q71 Richard Burden: Say that we help a particular state to access a national programme, or through our
intervention we develop a good practice or a best practice, generally, is that just effective in its own terms, in that state or that district, or does it have some kind of catalytic effect elsewhere? Does it become best practice? Is there some mechanism for replicating this elsewhere? Is that what we are doing? Or are we saying, “We can add some good and some value here, but the reality is that it is only here. It does not have any effect elsewhere.”

Professor Haddad: A gain, from my experience DFID tends to work at the state level. If it is working in Bihar, it will work with Bihar officials at the central level, and make sure that they are completely on board and that any innovation, pilot or leveraging of resources, any support of that leveraging, is understood at the central level. Between states, the mechanisms for learning are very weak right now. We are a part of a Gates Foundation project called IFPRI, in India, to enhance lesson-learning between states on nutrition. It is quite a big project, driven by Indian organisations. We are providing a supporting role. There is a sense that there is not much lesson-learning here. It is surprising that there is not, because the experiences in the states are so different. There are lessons to be learned, but somehow they are not being shared and being adopted. Enough pressure is not being put on officials, in the states where lessons are presumably not being learned, by the citizens of those states.

Q72 Anas Sarwar: Good morning, Professor, and thank you very much for coming in to see the Committee. In paragraph two of your written evidence, you say quite clearly: “Often it is difficult for States to get money from the donor centre. States need to have very strong administrative systems and capacities to do so effectively. The poorest states have the weakest tax base and hence the weakest administrative systems.” I have two questions. Do you think there is a role for DFID to work more on strengthening systems, tax bases and administrative processes, rather than targeting specific programmes, in order for states to be able to tap into central resources? Secondly, a point more for the Indian author, if the states are collecting their own tax base and their own tax systems, the money that they raise within state, is that the money they spend via the local government agencies on health? Or does that money on health come from a central tax base to states to spend in their own regions?

Professor Haddad: On the latter one, it is a balance. It is a different balance in each state. I do not quite understand the allocation rules, but it is a balance between Federal and state. The first question you asked is the classic development question. Do you strengthen systems?

Q73 Anas Sarwar: Is it aid or development?

Professor Haddad: Yes. It is a difficult one. DFID is very interested, tremendously, in strengthening tax systems. Again, at IDS we have a new Development and Tax Research Centre, funded by DFID. It is a consortium of organisations from around the world. DFID is clearly interested in this, because it understands that domestic resource mobilisation is one of the best ways of creating a credible state. There is something for citizens and Government to negotiate over and engage around. Aid can undermine the credibility of a state. A natural resource income can undermine the credibility of a state. On the other hand, India is home to, as we know, a third of all malnourished children in the world, and if those kids do not get attention in the first 1,000 days of their life, that is something that will manifest itself in lower economic growth in 25 years’ time in India. If you do not meet those kids’ needs in the first 1,000 days of life, that is a one-time loss that they have to carry with them for the rest of their life. In the nutrition field we are torn between wanting to deal with a very narrow physiological window of opportunity, and on the other hand you do not want to see that being mobilised indefinitely by aid. You want it to be sorted out by domestic resource mobilisation. DFID’s programme is tiny, really, relative to all the needs. My experience, from being with them last September and the year before in September, is that they are quite clever in using those limited resources to leverage much larger resource flows.

Q74 Anas Sarwar: Has any assessment been made of how much states are losing out on tax receipts because of poor tax and administrative systems?

Professor Haddad: Not that I know of, but I am happy to follow that up and find out for you.

Q75 Hugh Bayley: To follow up Anas’s question, Lawrence, you have described the certain intractable problem of malnutrition. What can be done about it at Federal level and state level? Where are the useful things that donors can do? Does the “1,000 Days” campaign that Hillary Clinton launched have a presence in Indian policy?

Professor Haddad: I am not familiar with that, not, back in September. It was launched back in April or May of last year.

Q76 Hugh Bayley: Okay.

Professor Haddad: It did not then. The National Nutrition Council, which the Prime Minister set up in 2008, only met for the first time late in 2010. That gives you one indication of the level of seriousness with which this issue is dealt with centrally—i.e. not very seriously. I will try to be brief: developing country experience says what when income grows by 10%, malnutrition should decline by 5%. If income doubles, malnutrition should go down by 50%. In India that ratio is about 10% to 2%, instead of 10% to 5%. There is a much lower response of malnutrition to income growth. India’s income growth is astonishing, really astonishing; I do not need to tell you that. Why is that? I think there are three reasons. I will be brief. They come under the headings of capacity, accountability and responsiveness. Let me try to identify things that donors could do.

Under capacity, there is a low response of nutrition to income growth, but there is also a low response of poverty to income growth. Some studies done recently by the head of the World Bank’s research team, Martin Ravallion, whom you may know of, have shown that the responsiveness of poverty to income growth has halved post the 1991 reforms in India. Income growth
has accelerated, but the responsiveness of poverty to that growth has halved. I think that has something to do with the lack of investment in one of the most broad-based engines of economic growth in India, which is agriculture, especially small-scale agriculture. The Indian Government, supported by different donors, could really revitalise agricultural growth and investment. That is the thing that gets rural growth and poverty reduction going, and gets nutrition on the upswing.

That is one thing. The other thing under capacity is leadership. I told you about the Council. I was talking to one of the big nutrition NGOs in India that runs very innovative public-private partnerships, called Naandi. I said to Naandi, “Why aren’t you doing more stuff on nutrition?” They are doing some, but they are doing mostly health and education and water. They said, “There is no-one to get angry at. There is no-one to engage with on nutrition on the national level. No-one is responsible for nutrition at the central level.”

On accountability, there is a huge amount of exclusion of access to nutrition programmes. I will leave with you an IDS bulletin we did about a year ago, which documents all of this exclusion. With the ICDS programme that I mentioned, which is in a million different places, there is systematic exclusion. It is not in places where scheduled castes and low castes exist. It is not there, and when it is there they have less access to it than other kinds of castes. Again, there is also gender exclusion, which especially in the north-west of the country is a huge problem. There is very little upward accountability. There are very few mechanisms for people who are not getting the quality of nutrition service that they should get to report back to district-level and state-level people. There are very few of those mechanisms. DFID has supported, with local government approval and support, some social audits, which are essentially community scorecards, saying: “Are we getting it? How good is it? Is it going to the right people?” There is not enough accountability.

Under responsiveness, they are using an outmoded model. It seems to me. This ICDS programme is scaled out in a way that is not sensitive to context. India is a land of many different contexts. It is missing the under-three age group. It is targeted towards the children who are three and above, because they are the ones who are very demanding. They need the food. The health worker is preoccupied with teaching those kids above the age of three, and giving them hot food, and there is only one worker per centre. They do not have any time to deal with kids under the age of three. In many cases kids under the age of need home visits. They are the ones who miss out. They are the ones who are the most critical for malnutrition. I will stop there.

Q77 Richard Harrington: Thank you for that, Professor. I read an interview of yours in The New York Times; you have developed cynicism, it seems to me with very good reason, about the impediments to helping to solve nutritional problems being very much structural in Indian society and Government and the whole system there. I am sure you are absolutely right on this. In the end, however much money that DFID and other national and multilateral bodies put into this problem, it would seem that unless there is a complete change of structure and will in India, it will not make much difference. Is that fair, or do you think that we can just continue plugging away, all of us, and in the end it makes a significant improvement? Or is it just: “We will do whatever we can, and some bits will help, but we can’t do anything else? There is no pressure that can be brought upon the Indian authorities to change.”

Professor Haddad: I would agree with that, with the exception of one big area, where I think DFID can make a massive difference. This is in the area of improving the enabling environment for malnutrition reduction. What does that mean? I was just participating in the Government Foresight Report on the Future of Food and Farming. In the course of that work, and in the course of my work in India, it is pretty clear that civil society in India does not really know the extent of malnutrition. It does not know the extent, and it does not know the consequences. Every time I am interviewed by an Indian journalist, I ask them: “Do you know what the level of malnutrition is in your country, for children?” They always give me an answer that is half the real rate. That is the first thing; people are just not very aware of the extent of it, and they are also not very aware of the consequences.

What I think DFID can make a huge contribution to is to develop better ways of understanding the nature of the problem. For example, every five years, India gets a tsunami of nutrition data, but it is every five years. The Government does not know whether its work is doing anything on a year-to-year basis. Civil society does not know whether the problem is getting worse or better. They have to wait every five or six years. India is home to innovations in ICT and mobile technology. You could very easily, led by Indian entrepreneurs in the private sector, develop global or regional or national malnutrition maps that change every month. That would give you a month-by-month picture, geo-referenced using some kind of Google mapping technology. You could have a monthly map of malnutrition hotspots in India. That would be a massive spur to civil society, and also a massive help to the Government. That is one thing you could do, very tangibly, and that is what I would encourage DFID and other donors to invest in.

You could also help measure different commitment levels to reducing hunger. A Government might say: “We are very committed. We have set up a Council on this, and we support the Right to Food,” but what are Governments spending money on? What are the policies that they are enacting doing? What is the legislation saying? We do not have very effective measures of commitment. Again, DFID could play a huge role in supporting those who want to measure commitment—not just the Government’s commitment, but civil society’s commitment, corporate commitment, and donor commitment, to reducing malnutrition. IFRI, one of my former employers, has developed a very simple hunger map that has had a lot of media attention and a lot of play in India. It is a very simple map of outcomes, but
again it is only an annual map. You can do a lot with these kinds of indices. Finally, DFID contributes a lot to help Government look at curriculum and leader development. There are not enough anti-hunger and anti-nutrition leaders in India. A lot of that has to do with the way nutrition is taught in universities. It can make a contribution at that level. Those are three examples of systemic interventions that can be made: looking at curriculum, looking at outcome data, and looking at commitment data.

Richard Harrington: Thank you.

Q78 Hugh Bayley: I have one further question to both of you, which goes away from the theme of most of our questions, which have to do with basic needs: health, nutrition, sanitation and so on. I feel the aid paradigm is changing from a north-south, rather paternalistic relationship to much more of a global and south-south relationship. One of the things that I think DFID needs to do is change the relationship with India. India has much more recent experience than Britain of industrial revolutions, of increasing agricultural productivity in tropical climates, and it seems to me extraordinary that we send so many British experts out to Africa, rather than working in partnership with India. What more could DFID do to use India’s expertise to support Britain’s development ambitions abroad? Should we, for instance, within DFID have a partnership with the Indian civil service, so that 10 of the best Indian civil servants do a three-year secondment working for DFID in Africa? How should DFID adapt to a changing global situation?

Professor Chambers: I think this is a very important idea, and a very imaginative idea. It would be excellent if DFID could explore it and give it some pilot trials. In terms of the relationship, within India the history of good, close relationships; as I said in my note, is more precious than money in assisting those in India who want to do things that otherwise they may not be able to do. The additionality of British aid in India is that a lot of it operates through the level of people who trust one another, who want to do things together that they could not do if it was not part of an aid programme. Those alliances, which do not show up, are very important, and particularly important sometimes at the state level, where there are people who would like to pilot and try out new approaches, but would not be able to without DFID support.

Professor Haddad: I am just struck by an example from India. Santosh Mehrotra, who works in the Indian Planning Commission, has developed and piloted and analysed some fantastic ideas around conditional cash transfers. How can you get conditional cash transfers to work in a country of $1,000 GDP per capita? Most of them are working in Central America or Latin America, where incomes are much higher. It strikes me that a lot of the ideas that he has put forward could be really important for Africa, for the idea of conditional cash transfers, or even just regular cash transfers, in sub-Saharan Africa. At the moment, there are not many mechanisms for that to happen. When I talk to Indian organisations about the research side, “Work with us on doing some research in Africa or Latin America”, part of the response that I have had is, “We have too many problems here. We need to deal with our issues here. We do not want to be distracted by doing work elsewhere.” Partly, however, there is a lack of mechanisms. We would love to have Indian analysts and Indian policymakers, based at IDS, and working with DFID and African policymakers, whom we also invite to IDS, to begin to share stories and ideas and to develop joint ventures together. It is very hard to find funding for that kind of thing, however, from the Indian side and the UK side. It is very, very hard.

Q79 Hugh Bayley: Could you just make sure the secretariat have the note of the name of this guy from the Planning Commission—

Professor Haddad: Yes. I will send you that later, as well.

Q80 Hugh Bayley: — and a very brief summary of the sort of ideas that might be transferable?

Professor Haddad: I will do. I will do.

Q81 Pauline Latham: Do you think DFID has provided effective support to India on under-nutrition? Last year, they launched a nutrition strategy. Are you aware of anything particularly innovative that has come out of that since it was launched? Do you know if the Department’s policy team in India has actually met the pledges to create the nutrition policy on health or published individual state nutritional targets, as they promised to do?

Professor Haddad: I don’t know the answers to some of those specifics, but I will know them in a week, because I am going to India tomorrow to meet some of the DFID people. I do know that they have ramped up nutrition as a result of the nutrition strategy. I have not been privy to the expenditure figures, so I don’t know what they put into the BAR, either. I would imagine that, for the India Bilateral Aid Review, they have highlighted nutrition a lot, partly because the strategy has given them a green light to do so. However, it is not clear what the status of the strategy is at the moment. I have heard rumours that there is no strategy. It would be helpful for the Committee to find out what the nature of the strategy is.

Q82 Chair: There was no strategy until the Committee told them that they should have one, and then they adopted one. So that is disturbing, I think, that we have got to start again.

Professor Haddad: I have heard rumours that it has been shelved. I remember being in front of the Committee five years ago and talking about this. I think they have been effective, but they have been slow to realise how important the issue is, and the contributions they can make. When Michael Anderson was there as the Country Director they began to ramp up, and I hope under Sam Sharpe they continue to maintain this emphasis. I think they have been effective. Going around and looking at state documents, Government of India documents, a lot of Government of India documents seem to cite DFID-supported work. That seems to me to be one
Chair: I think we have had some information that the percentage of aid relative to the national budget is very, very small—almost immeasurably small.

Pauline Latham: A very small proportion. Yes. Thank you.

Q87 Alison McGovern: I have a very brief supplementary to that. You mentioned working with local government. You have not mentioned trade unions. Certainly in the industrial revolution in this country, and in most of Europe, nutrition standards would not have been raised without organised labour being one of the strongest advocates for the way that poor people lived. Do DFID work with trade unions in India? Should they, in your view?

Professor Haddad: I am not sure. I do not think they do, at the moment. It hasn’t come up in any of the conversations or documents I have seen. Again, Robert might know more than I do on this. Should they? The trade unions seem to have ceded the nutrition and food agenda to the— I am going blank—the Right to Food campaign. The Right to Food campaign is a very powerful political campaign that has been successful in getting the NREGA programme, which is the public works programme, the Employment Guarantee Scheme, nationalised. They seem to have taken up the mantle of mobilising the workers, if you know what I mean. It is a good question. I do not know the answer. I am wafting a bit, but the Right to Food group seem to have captured that labour movement.

Q88 Alison McGovern: And who are the Right to Food group?

Professor Haddad: It is a very loose connection of activists, lawyers, media people; there may be some trade union representatives when we are in India.

Professor Haddad: Yes. That would be a good thing, and the Right to Food people too. It is very important.

Alison McGovern: Yes.
targeted towards women?" I have not seen a gender audit. It would be useful to see one.

Q91 Anas Sarwar: Obviously we have the new UN Women Agency, which is going to put women and girls at the heart of global development strategy. How far do you think DFID should be supporting the UN Women Agency, both in India and more widely?

Professor Haddad: I think it is absolutely vital. Women are the key to so many parts of the development puzzle, and so many of the MDGs. They are central to nearly all of them. You name it: agriculture, education, poverty, HIV/AIDS; the list goes on. I would expect and hope that DFID can give its wholehearted support to the new UN Women Agency. It is past time that this Agency has been created. I just hope it has some teeth. I hope DFID can help it get some teeth.

Anas Sarwar: Thank you.

Q92 Richard Harrington: I know time is very short, but sanitation is a huge issue, and in many ways when speaking to people it is almost an unfashionable issue. Compared to nutrition and emergency aid and all the other things, sanitation is not something that you can publicise and get the heart of the public into, including all of our electors. However, I think that all of us on this Committee know how important it is. Obviously DFID is involved in a programme in India, dealing with more sanitation, in a very small way compared to its total expenditure. I would be appreciative of your comments on that. Given that it is such a huge country and there are such huge problems, should it be concentrating on urban areas? Should it be concentrating on rural areas? Have they got the balance right? What would you recommend for them to improve things?

Professor Chambers: I am very glad that you have raised this. In my submission to you there is a diagram that shows the proportions of open defecation in the world. 58% of the open defecation in the world takes place in India. It is an absolutely astonishing phenomenon. Even just rural India is more than double the open defecation in the whole of sub-Saharan Africa. The WSP, the Water and Sanitation Programme at the Bank, have recently done an assessment of the costs of this to India, and every year they estimate $54 billion, which is $48 per head, which is far higher than any other countries in the region. Open defecation is a massive problem in India, largely ineffectively dealt with. Yes, the answer is that DFID could do much more, and indeed I think that there is a move in that direction at the present time. It also connects very closely with issues around nutrition, because the link between sanitation and hygiene on the one hand, and nutrition on the other, has been largely missing from the analysis. The normal tendency is to think about getting food into children; there is availability of food and access to food, and that is what most of the programmes are about. They are direct. When you look at it, however, there is the whole issue around absorption of foods, and the parasites carried in the gut, which are actually stealing food from children and from mothers. There are the diarrhoeas, which get an awful lot of attention, and are killers. It is about 350,000 children a year that are estimated to be killed by diarrhoeas. They get the attention. They get measured. However, there are other things going on in the body of a child that do not get noticed, because they do not manifest in the same dramatic, measurable way. There is a phenomenon called tropical enteropathy, which means that bacteria get into the bloodstream and have to be fought with antibodies. The antibodies require energy, and so that is another drain on the child's nutrition. Then there are other pathogens: there is hookworm, for instance, which is a major cause of anaemia, I am informed. 200 million people in India have hookworm. When we look at things like mothers' anaemia, we look at deaths in childbirth, and one can ask: to what extent is it the result of these fecally-related infections? There are so many of them: schisto, hepatitis, polio, trachoma, typhoid, some epilepsies, and liver fluke. All of these, if you will forgive me, can be stopped here. You can cut off the whole lot in preventive terms just here. Medical and nutritional thinking simply is not on that wavelength, that it can be cut off there.

Sanitation is a huge, huge priority, given this estimate of 6% of GDP being lost through bad sanitation, through sanitation-related infections. One can ask to what extent is it the result of these exceptional levels of open defecation in India. It may be that there is a close link. Lawrence mentioned the need for research. This is a very, very important area to be researched, including research into: if you take one malnourished child, what infections does that child have? It is not just the diarrhoeas. It may be a lot of other loads of things that are being carried. We know that de-worming programmes have very good results, but they only last for about six months, and then they are infected again, unless you can deal with this at source.

Chair: I think Hugh Bayley had a supplementary.

Q93 Hugh Bayley: Just a very quick one. I remember taking a train from Delhi to Agra, and for the first hour it goes at 4 mph, because the railway lines are full of people shitting. Does it need research, or does it just need a pit latrine dug every 100 metres throughout every slum in India?

Professor Chambers: That would help. DFID, through the slum improvement programmes, has been involved in better sanitation in slums. It is people actually using the toilets that is really important, and also washing their hands. The Indian Government have a major programme called the Total Sanitation Campaign, which has been going for 10 years. It has had some moderate successes, but only when community-led total sanitation has been used, as it has been in Himachal Pradesh.

Q94 Chair: We will come to that almost immediately. I just wanted to back up Hugh's question. When the Committee visited Ethiopia, we saw their health worker extension programme, which had been jointly supported by DFID, the World Bank and the Government of Ethiopia. In that context, they would usually look for a young woman in the
community whom they trained, who went back as a health advisor, advising on sanitation, hand-washing and other related public health issues. It seemed to be remarkably successful. We saw this and were astonished, I have to say, to see a 20-year-old young woman explaining to the male elders of the village why they should use the pit latrine, and why they should wash their hands, and various other things. They were taking it. It was all accepted. In the hierarchical situation you might not have expected that. Is that something that could work in India, or is there a huge cultural problem?

Professor Chambers: I think it would vary by state and by local context. In general, really committed young people can have a big influence. Children can be the most powerful of all. I know you are going to ask those questions about community-led total sanitation. They have a very big role in that, and are very, very effective.

Chair: Let Richard ask his question.

Q95 Richard Burden: Tell us about it. What are the benefits of it? I think in principle we can see that if the community own it then it is likely to be more effective, and that is borne out by what we saw in Ethiopia, as Malcolm has just mentioned. How does it work? How aware is anybody else, whether further up the administrative level, state government, or the Indian Government centrally? What could DFID do to help spread that message or to replicate the scheme elsewhere, either directly or indirectly?

Professor Chambers: I think that it could do a lot. I need to tell you what community-led total sanitation is, briefly. It turns almost everything on its head. The old idea was that poor people need toilets, they need decent toilets, and we need to build them for them. It has not worked anywhere in the world. They are used for stores, or they are not used at all. Sometimes 50% of those that have been built have not been used. That subsidised approach, unfortunately, is still the official Indian policy, with the Total Sanitation Campaign, although there are many within the Indian Government who are aware that they need to change, particularly at the state level.

CLTS, which was developed by an Indian, is radically different. You do not teach anything. You do not give anything. You simply go to a community and you facilitate their own analysis of what is happening. They make a map, they use yellow powder to show where they go and I am going to use, if you will forgive me, the word “shit”, because we use the word shit. We have an international glossary of 100 words for shit. India is leading that. I may say, in terms of the number, with more than 15. Nothing is hidden. It is all brought out into the open. People go and stand in the place where it happens, and there are other details that I will not inflict on you. The point is that it dramatically brings home to people that—and these are the words that are used—they are eating one another’s shit. After about two hours of this, usually someone will say, “We are eating one another’s shit. We have got to stop this.” There is very strong disgust. There is a lot of laughter, as well, but it is a community decision that they will all do something. What this means is that the poorest people, very often, are helped by the people who are better off, because it is in everybody’s interest that they should become open defecation-free.

Q96 Richard Burden: Who are the facilitators on this? Who is it that goes to a village and goes through that process, and how?

Professor Chambers: I will take the example of Himachal Pradesh, because they have gone, in four years, from 2 million people with toilets to 5.4 million, out of a total rural population of 6 million. It is an absolutely amazing story. These were Government staff who did this—people like block development officers. They had very, very good training, they had commitment by the Chief Minister, they had champions within government—it is really important that there should be champions within government—who sustained this programme. It is quite remarkable what they have achieved, and it shows that it can be done, and it could be done elsewhere. I think Bihar is a very high priority place for this.

Q97 Richard Burden: What has happened to the champions? Are they championing it anywhere else? Is anybody else listening?

Professor Chambers: They are in government, so they have their government jobs to do within their own states. There are issues about how this movement—because it is a movement, an international movement—can be spread. In IDS we try to work with supporting and helping Indian colleagues in this, but it is a question of people becoming released, so that they are full-time. There are some very good trainers in India, and they need to be full-time on training people in doing this. Not everybody can do the triggering, because it is a performance on the part of the person who is facilitating the process.

Q98 Richard Burden: And is there something that you think DFID could do to help with that?

Professor Chambers: DFID could help by supporting piloting this in the states of concern, particularly in Bihar because Bihar does not have any CLTS yet. There is some in Andhra Pradesh, there is some in Orissa. I think they should offer quiet, low-profile support for these incipient movements, and enabling people within government to have the experience and to understand it. I suppose you will not have the opportunity when you visit India, but if you are a fly on the wall at a triggering, it is quite amazing what happens. It is so counter-intuitive, the way in which people respond to the visible recognition of what is actually happening and what they are doing.

Q99 Chair: That is interesting, because that was also what happened in Ethiopia, although there it was the women who led it, because they were collecting firewood and were picking all this stuff up, and then saying, “This is terrible.” It did involve providing a clean water point, as well, but they acknowledged at the end of the process that the incidence of diarrhoea and other illnesses, especially amongst the children, had almost disappeared. They were able to perceive
it. Over the last Parliament, it was one of the things that most impressed me, when you actually saw something systematically done, led by somebody within the community, and seemingly making a difference. It is something I am sure we shall want to do.

Professor Chambers: Could I make one important point about women? Women in South Asia, and particularly in India, suffer the most terrible deprivations as a result of the utter taboo upon their being seen doing anything during daylight.

Q100 Chair: So they have to go at night.

Professor Chambers: They have to go either before dawn or after dark, or pretend that they are not doing it, and stand up if anybody passes. The effects of this on women's health, again, I think are unpleasant and dangerous to have to do this in the dark. There are many, many deprivations associated with this, including loss of sleep. If a family has a private place, then the whole issue of menstrual hygiene also becomes something that it is easier to handle. The dimension of women, and women's well-being, is central to this.

Q102 Chair: We need to come to the end of this session. I suppose the summary of all this is the extent to which DFID can interact with partners, state or national Government partners, to accelerate these kinds of processes. That, essentially, is where the value for money would come in. It is not the money, but by applying in this way, you accelerate what otherwise would have happened.

Professor Haddad: Yes. Yes.

Q103 Chair: That is something very helpful for us to explore a bit more. Can I thank you both very much indeed for coming in, and for your written evidence, which certainly has been very helpful both in terms of the quality and the statistics, as Richard has pointed out? If you can follow up with one or two of those points of information, that would help us a lot. Thank you very much.

Professor Haddad: Thank you for inviting us.

Professor Chambers: Thank you for inviting us.

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Examination of Witnesses

Witnesses: Mr Toby Porter, Director of Government Partnerships, Save the Children UK, and Dr David Osrin, Society for Nutrition, Education and Health Action, India, and Fellow, UCL Centre for International Health and Development, gave evidence.

Q104 Chair: Thank you very much for coming in and helping us with this Inquiry into DFID’s relationship with India. I wonder, for the record, if you could introduce yourselves very briefly, so that we have it on the record.

Dr Osrin: Good morning. Thank you very much indeed for inviting me to this meeting. My name is David Osrin. I am a reader at UCL in Global Health, and also a Wellcome Trust senior research fellow, but I am something systematically done, this morning. My job is that I am based in India, where I live in Mumbai, and I am today representing two civil society organisations, three non-government organisations. One is an urban women’s and children’s health organisation called SNEHA, and another, a purely rural women and children’s health organisation called Ekjut, which is based in the states of Jharkhand and Orissa, and the third one is Woman and Children First (UK), a UK based international development agency

Q105 Chair: Okay. Thank you.

Toby Porter: Good morning. My name is Toby Porter. I am director of government partnerships with Save the Children UK. But on 31 December I finished three years as director of programmes with Save the Children India, based in New Delhi.

Q106 Chair: Thank you both very much. In fact, if I can pick up on what you said to us—that is, Save the Children—you said that there is a strong case for the UK to continue an aid programme, at least in the medium term, that supports the development of the MDGs, although that does not stand alone, as part of the overall relationship. As you know, we have closed to richer countries than India—we are in the process of closing our programme in China on the grounds that effectively it has graduated and does not require our assistance. Indeed there are very few bilateral donors operating in India, and the UK is clearly the biggest one. Indeed aid is a very small proportion of India’s GDP, and an even smaller proportion of its national and state budgets. Why do we need to be there? How long should we be there? Given that it is, in financial terms, almost infinitesimal, how can it make a difference?

Toby Porter: Very simple questions to start with, then. The main reason for DFID to remain in India is because you are having an impact there. We are at a period of time with the Millennium Development Goals where there is a degree of consensus in the global community about what we are all working towards. That is completely unprecedented. There is in many countries, of which the UK is an example, a high degree of public support for international development and relief, which obviously we all have a common interest in maintaining. However, the focus is moving very much to results. Let us, for example, take our field of interest, MDGs
4 and 5, for today’s discussion, the global fight for reductions in child mortality, reductions in maternal mortality. The global targets will not be met, if they are not met in India. That is absolutely clear. The Indian targets will not be met if they are not met in a handful of states in northern India. If we take three of those northern states—Madhya Pradesh, Orissa and Bihar—Bihar of those three is probably the frontline state of all. It is not just the UK that thinks so. You are probably aware that the Gates Foundation is also focussing a very large investment at the moment, again based around that principle.

In those states, you are not only the largest bilateral donor by financial volume. Far more important than that is the influence you have because of the degree to which DFID’s staff and technical approaches have a tremendous influence. I fully understand why you raise the issue about the relatively small significance of the financial investment, but we would see that weakness as an incredible opportunity. You, or DFID rather, is better placed than anyone else to have concrete influence on how the state governments in Orissa and Madhya Pradesh and Bihar use the tremendous resources at their disposal in a strategic way that has impact. I would say that over the next three, four or five years, you will see even greater acceleration towards meeting MDGs 4 and 5. It is a fantastic testament to the historical investment in the aid programme in India, to the quality of the relationships of the technical staff. I understand that there have been written letters by the Chief Ministers of each of those three states in support of the UK aid programme in their states, ahead of the Prime Minister’s visit to India. DFID has an opportunity that other bilateral donors would dream to have in terms of that position of leverage and influence in the absolute frontline battle, if you like, where MDG 4 and 5, which are really key Millennium Development Goals, will be won or lost.

Q107 Hugh Bayley: You talk about other donors dreaming of having the same leverage as DFID. Just give me a couple of examples of policy that has changed for the better as a result of DFID’s leverage.

Toby Porter: One of the big problems in India is that in those states, I would say that is a terrific example.

Q108 Hugh Bayley: For me this is the critical question. If we spend 500 million in India, inevitably you will see some benefit to some people. The development challenge in India, it seems to me, is that there is intractable inequality. Despite strong growth you have very little growth lifting poor people out of poverty. Although there is huge need in India, the opportunity is, does DFID make a significant strategic difference beyond what it is able to buy with a purse of hundreds of millions of pounds?

Chair: I wonder whether we could bring Dr Osrin in.

Dr Osrin: Yes. I will try to respond to that in a little bit. I am a pessimist who builds on a foundation of unyielding despair, but nowadays I do not take your view, because I think that things change everywhere. We do not necessarily notice them changing fast, but I think some changes are happening in India. To a large degree, changes happen on the basis of the activities of charismatic individuals having creative ideas. However, I think that over recent history, not only in India but also regionally—I did a lot of my earlier work in Nepal, where DFID has a strong presence—there is a situation in which DFID’s presence is catalytic. It is a conduit for international opinion and it is a backstop and support for the sort of change that is going on.

I was very happy that Professor Haddad mentioned the Lancet series. It turns out that I am one of the merry band of people that authored this. There is something going on. It seems to me that there are some tides of change. One of them is that there seems to be some disillusion with status quo politics and corruption among the electorate, and we are seeing that in the media all the time at the moment. There seems to be a disenchantment with inequity, the kind of inequality that you are talking about. I think that India is connected very intimately to the wider world, and this disenchantment with inequality and inequity is a quasi-global phenomenon. DFID is one of the players that acts as a conduit and a backstop to support activity and thought in that direction. There is something happening—there may be something happening—with a kind of return to a universal healthcare agenda. We are talking about people like Srinath Reddy, who is on the National Planning Commission, and other authors, including myself, calling for some kind of integrated national Indian health service. This kind of tide, or feeling, has not been felt since post-independence with the publication of the Bhore report. As a sceptic, I can agree with you and say that we do not know what will actually manifest in terms of political realities, but I think now is not the time to withdraw from our commitment and the good work that has been done in this area. We now have a new National Health Bill in India, which was drafted in 2009. If you will permit me to just read a little bit from it: “The Bill will provide protection and fulfilment of rights in relation to health and wellbeing, health equity and justice, including those related to..."
all the underlying determinants of health, as well as healthcare, and for achieving the goal of health for all, and with matters connected therewith, or incidental thereto." My feeling is that this is essentially something of a return to the rights-based approach. The last 10 years have been dominated by a fairly economically pragmatic approach, and we may be seeing some upswell of public opinion here. The extraordinary opportunity—I agree with Toby that it is an opportunity—is for us to contribute to something that the views of our electorate in this country are entirely consonant with, in the sense of the social determinants of health agenda, the Marmot report, etc. This is something that has featured very heavily in Britain, in the media, and in your own circles. I am sure—I am talking about things like Professor Wilkinson’s book, “The Spirit Level”. This is an international agenda on which we can all agree. DFID’s historical role has been in modelling beacon projects, and taking the work of beacon projects that can then be tested in terms of their effectiveness, or primarily their efficacy; however, I think that DFID’s input should primarily be in effectiveness, the evaluation of effectiveness, rollout, scale-up, and effects on general population indicators such as women and children’s health, mortality, etc. DFID enjoys good will that I would say is disproportionate to the amount of ODA that we are currently giving, which has been recurrently mentioned by this Committee. Now is the time to continue to provide that extra value for money with the older relationships and the support for these issues of the democratic rollout of integrated health systems.

Q109 Hugh Bayley: A cynic’s question: if you mix with people who are the recipients of your money, if they are your professional partners, they are bound to speak highly of it. However, we had a group of Indian politicians over here at our Parliament recently, accompanying the Speaker. I asked them what they knew about DFID’s development programmes in India, including an MP from Bihar, as it happened, and whether it was helpful, and whether they wanted us to continue it. They had no knowledge of it at all. They said, “It’s fine by us.” There was no sense that we had any kind of profile or traction amongst India as a whole. Of course, with our partners you would expect support. You go to Tanzania, and everybody knows of DFID, and what it is doing, and probably in Nepal, too, which is a country you know to a greater extent. One understands why, in terms of proportionality of the scale of the problem and the scale of the DFID input. So the question is the opportunity cost. I am sure £500 million will make £500 million of difference, but maybe it could make £1 billion worth of difference in Tanzania or Nepal.

Dr Osrin: Suppose I agree with you. If you canvass my colleagues, who are not primarily working in DFID’s four priority states, which makes a big difference, they are largely unaware of the work of DFID. I, in my day-to-day work, am largely unaware of the work of DFID. My colleague Prasanta Tripathy, who works in Orissa, is highly aware of the work of DFID in that area. Let me give you an example of where DFID has been enormously helpful. The definitive paper was published last year in The Lancet. Prasanta Tripathy and his group, EkJut, tested the effects of a community mobilisation intervention, a demand-side intervention. They were working with women’s groups in rural Jharkhand and Orissa, on newborn survival and also on mental health in women with maternal depression. They found substantial reductions. The programme worked. DFID right now, through its connections with the programme, has brought that team down to Madhya Pradesh, where they are working with DFID people and the state government to try to synthesise some kind of pragmatic way of rolling that out at state level. That is exactly the sort of thing that has huge added value. However, in another context people might not have heard about it, and you might perceive that we were not getting massive bang for our buck. What is actually happening is that novel and extraordinary interventions are being subtly rolled out across the country. I could give some other examples, if you like, but maybe I will let Toby say something.

Q110 Hugh Bayley: Could I put one final question? The conclusion that I think I am drawing from what you are saying is that aid at the Federal level has virtually no leverage at all, but if you are putting a large amount of aid into a poor state, like Bihar, you might have as much impact as putting a lot of aid into a poor state in Nigeria, shall we say. It is worth concentrating your effort in particular places, with local policymakers.

Dr Osrin: With respect, I probably was not that clear but I do not think that is what I was driving at.

Q111 Hugh Bayley: Okay.

Dr Osrin: I was driving at this added value, beyond the ODA, that comes with championing and acting as a conduit for new ideas, and helping them spread through the system.

Q112 Hugh Bayley: I understand that point, but I cannot see that happening at all at federal level. You are convincing me that it may happen at state level, however.

Chair: Is it not the case, in any case, that this programme in the states is as agreed with the national Government?

Dr Osrin: Exactly.

Q113 Chair: So it is not a question that we just pick a state, it is where they have mutually agreed with us.

Dr Osrin: Exactly. I read the transcript of the previous meeting, and I think there is an issue about the balance between the central and state funding. That is something that you need to think hard about, but there does need to be central funding. As Toby said, there is a lot of paper policy, but it is Delhi where the policies are made. If the issue is implementation and rollout of the policy at state level—its manifestation through street-level bureaucracy—the issue is also, to some extent, the development and the political will for that policy at the centre. That needs to be there.

Toby Porter: I would add, in terms of your first question, that we all know the politics surrounding
this question of whether India should continue to receive bilateral assistance. We know that the Government at a central level take a rather dismissive view at times of the fiscal importance of bilateral assistance vis-à-vis the domestic investment in social programmes, etc. I suppose one of the questions is that it is absolutely obvious that you will not see the same levels of central invitation and welcome and gratitude for UK investment that you would find in Dar es Salaam or Freetown or Kigali, or whatever. In India, for the next four or five years, you have to say, “How can we remodel the traditional donor-recipient relationship?” Or rather, “Is there a way that we can remodel the traditional donor-recipient relationship, to find a partnership that fits the contemporary relation between the UK and India, and also allows for the tremendous opportunity?” Here, probably more than anywhere in the world, you really can make accelerated progress towards the Millennium Development Goals, precisely because of the wealth and the HR capacity and so on that you find inside the country. Are we in the UK prepared to accept, in exchange for that greater opportunity for greater impact, a role where we not only do not really get thanked for our aid programme, but in a way we almost have to sneak it through under the covers? I would hope that you would answer “Yes” to that question, because the opportunity is so good.

**Chair:** Wait until you see our report.

**Q 114 Alison McGovern:** Very briefly, just to say, Insofar as we believe in social justice rather than charity, I don’t think there should be any thanking, actually. That is an important perspective. I just want to go back to what you said, Dr Osrin, about leadership and the global movement towards public health systems, especially building on the excellent work and understanding that you and Hardt about, and the research that has been there. How important do you think Government Ministers, even perhaps the Prime Minister, ought to show global leadership about health systems? Insofar as relationships are had between country leaders at that level, how important is it to the wealth and the HR capacity and so on that you find inside the country. Are we in the UK prepared to accept, in exchange for that greater opportunity for greater impact, a role where we not only do not really get thanked for our aid programme, but in a way we almost have to sneak it through under the covers? I would hope that you would answer “Yes” to that question, because the opportunity is so good.

**Dr Osrin:** Absolutely crucial. Our Prime Minister is busy.

**Q 115 Alison McGovern:** Yes, he is. Insofar as we believe in social justice rather than charity, I don’t think there should be any thanking, actually. That is an important perspective. I just want to go back to what you said, Dr Osrin, about leadership and the global movement towards public health systems, especially building on the excellent work and understanding that you and Hardt about, and the research that has been there. How important do you think Government Ministers, even perhaps the Prime Minister, ought to show global leadership about health systems? Insofar as relationships are had between country leaders at that level, how important is it to the wealth and the HR capacity and so on that you find inside the country. Are we in the UK prepared to accept, in exchange for that greater opportunity for greater impact, a role where we not only do not really get thanked for our aid programme, but in a way we almost have to sneak it through under the covers? I would hope that you would answer “Yes” to that question, because the opportunity is so good.

**Dr Osrin:** Absolutely crucial. Our Prime Minister is busy.
which they can do in India, because it is a democracy,
and it is a democracy with a vibrant and free press.
Although I am very supportive of DFID’s India
programme, I do believe that there is a degree of
realignment that could take place, to better adapt to
current realities and particularly future looking.

**Q117 Pauline Latham:** How open do you think the Government
would be to donors criticising, or
pointing out, the gender inequality, and that the caste
system is not helping problems to be overcome? Do
you think they would welcome that, or do you think
that they would just say: “It’s none of your business,
got out, you have nothing to do with it”?

**Dr Osrin:** This is the finesse. There are plenty enough
people pointing out the parlous state of gender
inequality in India. It is a lot of people talking about
the need to focus on girls and women, and we
would support that. The issue is that a context should
probably not arise in which a Government
representative tells someone off. The person they
would be talking to is fully aware of the issues, and
is indeed beset by hyper-articulate members of their
own community making those criticisms. I think the
coin to be is to bring some of DFID’s expertise
to bear in brokering relationships to take these
arguments forward, so that they do not become
conflictual, they become catalytic. That is a bit of a
vague final sentence. I apologise for that.

**Q118 Pauline Latham:** That is all right. But can you
see that it could move the discussion forward, if DFID
took that role?

**Dr Osrin:** Yes, I think it could. I have three issues
written down here. One of them is equity, which is a
global issue, but the equity agenda is something that
DFID can embrace. The second one is effectiveness,
and DFID is good at that. It is good at evaluating the
effect of interventions. It does not have a 100% track
record, but it at least has an organisational mindset
that favours good evaluation. I think of inputs in terms
of evaluating the effectiveness of these changes that
are going to be coming about, we hope, and then
accountability. This is something, again, where we
could see quite a lot of South-North dialogue on issues
of improving accountability. Professor Haddad was
talking about the ICDS. Information disappears
upward in the ICDS. It has been a “one size fits all”
programme that has been almost universally criticised.
DFID is playing a small but appropriate part in trying
to work out new ways to revitalise it.

**Toby Porter:** Can I just add to that? I think that one
of the changes that I hope one will see within India is
a sort of greater appreciation on the Government side
that funding civil society groups to work on issues of
social justice is not a subversive activity. It is not like
funding the political opposition; it is funding civil
society, which is a different thing. As you know, for
example, all of the large civil society groups in the
UK have their programmes, and they also have their
advocacy agendas and everything else. Sometimes we
interact with DFID with a funding relationship,
talking about our programmes, and sometimes we will
talk to them about their programmes and policies.
There are times when that dialogue is easier, and there
are times when that dialogue is less easy. It is quite
restrictive at the moment with the civil society
programmes that DFID has in India. We all have to
submit a staggering amount of paperwork, not just on
ourselves but on the local organisations that we were
due to have. It is a matter of regret that an aid
programme in a free country like India is currently
subject to that degree of supervision by the
Government, when it is about a civil society
programme.

**Q119 Chair:** We started a bit late, and that is our
fault, but we still have quite a few questions, and, as
you can see, some pressure. If we can try to be crisper,
we can get them all in. I am actually having to pick
one up. In the context of maternal health, we have
discussed nutrition and sanitation, but this is another
area where India is performing badly. What is the
reason for that, and what could be done to turn it
around? One has to be delicate about what one says,
but there is an element one gets when one engages
that there are sections of society that are almost shut
out of sight and out of mind, whether for tribal or
race reasons. Can you see that significant people all have
to do with organisation, poor administration,
lack of advice, support, or whatever? What are the
factors that are making it a problem, and what can be
done to turn it around?

**Dr Osrin:** I think there are three reasons. The first is
the position of women, with a large agenda beneath
that expression: so, the historical realities. The second
is a lack of usage of public sector health services—if
we are talking about maternal mortality—primarily
for pregnancy care, delivery, and postnatal care. The
third is the quality of services that are provided. There
are two parallel approaches to dealing with it that need
to be brought together. One of them is the general
international safer motherhood agenda, which is to
increase the number of women that give birth to their
baby in the hospital or at least with a skilled birth
attendant. That skilled birth attendant could be
somebody that comes to your home, or it could be
you going to a hospital that provides quality care. That
has been, and remains, the primary international
guidance around that.

Something extraordinary has happened in India, the
Janani Suraksha Yojana, which is the incentive for
giving birth in an institution. The recent public health
history of that is quite interesting. Before you
introduce something it is easy to explain all the ways
in which it will not work, but something odd
happened, which is that last year they had 10 million
beneficiaries. There are an estimated 26 million
deliveries per year, so that is more than a third of all
the people who had a baby, with low rates of skilled
birth attendance, who have now been bootstrapped up
to another level. That then begs the secondary
question, which is: if you increase demand so rapidly
in services with equivocal quality, are you going to
be able to meet that demand with quality care? That
question remains open. There is some early evidence
from recent assessment, also published in The Lancet,
that at best it can be said that it does not seem to be
doing any harm, and there may be some indication
that neonatal mortality rates had fallen. That is
equivocal evidence, however, it does not at this stage appear to be a negative thing. That is one side: increased skilled birth attendance, which again has implications for human resources. That is another issue. There is the supply side, human resources, birth attendants, quality of care, and then there is the community input agenda.

We have seen, again, coming from South Asia, a burgeoning in civil society initiatives. The classic one is that of Abhay Bang, from Maharashtra, from the 1990s and published in 1999. Substantial improvements in the maternal and newborn care and outcomes happened just through community action—just through the kind of things that Professor Robert Chambers was talking about. This meant communities identifying a problem where no problem had had the light of day cast upon it, and then doing something about it themselves. These things have largely developed in parallel. The other thing is the whole Chambersian—if I may use that word—paradigm of communities developing their own system, taking their own action to deal with the problem. We have also seen this in India through the work of Abhay Bang, which is now being rolled out and has gone to UNICEF and WHO guidelines. I think those are the twin axes.

Q120 Richard Harrington: We have covered it, but specifically on maternal and child health, how aware do you think the Indian Government are of the inadequacies? We talk about it very much in terms of our values—for example, before, we compared services in the list of 130 or whatever. How aware are the Government of India about this, and is it a priority for them? Obviously to bring about any form of improvement, apart from just piecemeal things, is going to involve a huge infrastructure and everything. It is not just paying for a few hospitals and things. Do you feel optimistic that, if this was done, it would lead to a reduction in maternal and child deaths? Is there any possibility in the short term, or do you think that this is all a project for the long term?

Toby Porter: Those reductions are already happening.

Richard Harrington: Slowly.

Toby Porter: It is a question of whether one can accelerate them further. I think it is high on the agenda. There are at the moment not just technical programmes, but a lot of media coverage and social mobilisation on this area. At the moment obviously India is very mindful of her place in the world and her emergence as a global superpower. Therefore it is very important as well as very effective for civil society organisations, the media, opposition figures, etc to hold a mirror in front of contemporary India and say, “How much is the existing high rate of child mortality and the existing high prevalence of child labour consistent with being a great power?” if you like. They can force a much greater political engagement in addressing some of these things.

You see this even at the level of the UN, for example, where at the moment India’s attention is very firmly focused on the opportunity of a permanent seat at the Security Council, but is also currently, in a way, the laggard with MDGs, if you like. You can see the embarrassment and the complexity of these two processes and these two realities coexisting. People talk of two Indias—India shining, India sinking, if you like. That is there in all of our work. I will give you one very nice example of something that Save the Children has done recently. We held a public inquiry where we brought inhabitants from some of Delhi’s most marginalised slum areas, where there is no free Government health provision at all, and where Save the Children runs a basic mobile clinic service. This is the same community that the Secretary of State visited when he made his visit to New Delhi at the end of last year, and he very kindly visited our project. We took inhabitants in January from that community to meet with Dr Syeda Hameed, who is a very distinguished civil society representative on the Planning Commission. There was that direct interface between the Government of India, at a senior level, and her most excluded population. As a result of that, Save the Children and other partners working in the health and nutrition field have been invited to give a presentation and a body of recommendations to the full Planning Commission. That will happen later this month. It is the Planning Commission, as I am sure you know, that does five-year plans, which are still the major vehicles for changes in policy as well as changes in investment level. There are many different changes that need to take place: GDP expenditure is still a derisory 1%, which is just not acceptable for the country with the highest number of children dying every year. There are also other policies that we think need to be turned to. You may have a view. One of the reasons why Abhay Bang’s model was so successful in bringing down child mortality, for example, was that his community health workers were able to prescribe injectable antibiotics to treat primarily sepsis and pneumonia, which untreated kill kids in a day or less. Those are the sorts of areas where we think the policy still needs to change. Here the only thing that will save a child’s life is an injectable antibiotic, and yet the policies say that the only people who can give an injectable antibiotic is the referral centre, which the child or the mother may have no ability to access whatsoever. How could there be a more fundamental breach of a human right than the limitations in these policies?

Chair: We are going to have a problem holding a quorum for the next few minutes, so if you don’t mind I am going to bring in Richard Burden.

Q121 Richard Burden: Okay, thank you. Just going back to the issue of maternal health, you talked about the two prongs: initiatives coming up from the bottom, and also top-down initiatives, increasing the number of skilled birth attendants, and so on. On DFID’s support for maternal health—very specifically our interventions—what do you think we are best doing? Where can our intervention best add value in those and perhaps other things, like transport schemes for getting expectant mothers to hospital?

Dr Osrin: I think that we are best placed, as the UK electorate, to answer some questions. What is so exciting about the opportunity now is that we are able to not necessarily provide transport schemes, but answer some questions. In the current prevailing climate, where we have a pluralistic system of health
provision, unregulated private provision, 80% out of pocket expenditure, etc, with calls for some kind of integrated care free at the point of delivery, how do we do that? These are the questions, and I can itemise some of them. For the maternal care, how do we deal with the human resources issues of improving provision of good quality maternity care for women? How do we train people? How do we do task shifting? How do we take people, say nurses or paramedical people, or people trained in other disciplines of medicine, so-called AYUSH practitioners, and allow them to task shift? How do we implement that at scale? Can we develop models for practically doing that, and evaluating whether it works or not? That is an example of an area where DFID has strength—technical strength and North and experience strength—in that dialogue. These are questions for the whole world, and that is why India is so exciting at the moment. One of the other questions might be, how do we incentivise people? Another question might be that planning has to come from strongly led central policy, but there are a great number of calls now for decentralised planning of healthcare delivery to the district and block. Remember, a district in India is 2 million people. A block is about 200,000. The question that DFID could input to is: how do you do that? How do we create job roles, support and training in public health of district level political cadres and administrators to physically articulate this planning and delivery at district and block level? That is a tremendous question and a global question. Finally, how do you broker the civil society engagement? We live in a big society, I believe. How do we do that? We have a de facto neoliberal environment in India. We have an unfettered private sector. How are we going to broker the relationship between civil society, community mobilisation and participation, perhaps through panchayati raj institutions, the private sector, third sector actors like non-government organisations, such as Save the Children and indigenous NGOs, and the public sector? What does that physically look like in Bihar? These are questions that DFID would greatly add value to answering, rather than modelling small scale things, perhaps modelling that kind of integrative approach. I think this is all fresh fields.

Q122 Richard Harrington: About maternal and reproductive health, obviously I bow to your expertise. What concerns me is to what extent are maternal health programmes regarded as being completely separate from other programmes: for example, programmes to do with AIDS, infectious diseases, and things like that? To what extent are they integrated—or should they be integrated—and where are DFID in this?

Dr Osrin: You are looking at me, Mr Harrington. Shall I answer? I will just follow on from the last thing I said. This is hard stuff, but I think this is the stuff that we should be doing. They are largely not integrated, and they should be. There are bigger questions in the global area about the Global Fund, etc, but I think that at India level, ICDS has been operating essentially in a very large silo. We should also bring in water and sanitation—it is lucky that it was discussed earlier—and nutrition. We have traditionally had conflict between mother and child health communities, which is really not constructive. This in some ways mirrors the global situation. It has happened in most countries, including this country, I think. What the delivery of an integrative package of services—this is supply side I’m talking about—would look like at block level is a great question for contemporary global health. That is a question that DFID could be trying to answer. The same holds for the community and civil society thing. How do we integrate community action and civil society components? Is it a sanitation initiative? The team that I work with is working on urbanisation, and we worked on newborn survival in the slums of Mumbai. It became obvious to us after about five years: why were we doing newborn survival and not violence against women, or mental health in urban poor women, or sanitation? We have reconfigured our planning, and that is hard to do, but I think that is what people ought to look at.

Richard Harrington: Thank you for that.

Q123 Hugh Bayley: In West Bengal, for example, infant mortality levels have fallen, which is good, but to what extent would donor input have contributed to that? Is there evidence that DFID’s work in West Bengal made a difference?

Dr Osrin: In brief I am not aware of that evidence, but I suspect that there might be some, because quite a lot of DFID input went into the West Bengal health policy realignment, didn’t it? Do you know anything about that, Toby?

Toby Porter: I don’t know the specifics of that.

Dr Osrin: I suspect substantial, but I can’t answer the question.

Q124 Hugh Bayley: DFID in its evidence has asserted but not shown evidence that this is the case. Where you have, at state level, a good development, what evidence is there that DFID is able to persuade federal policy to change as a result and, if you like, learn from the experience and roll it out in other states?

Toby Porter: That is a good question. I don’t know how much DFID is directly inputting into things like the five-year plans, the various policy developments. There is just about to be the first child health policy in India, which has been held up at the post-drafting stage. I would be extremely surprised if DFID had not somehow been inputting into that. As I am sure you know, DFID is working more closely at the state level at this point in time, in terms of direct relationships and people inside the Ministries. I don’t know of any direct input, do you?

Dr Osrin: That is out of my sphere.
inequality in public policy? And once again, what can donors do to exercise some leverage on state and national federal authorities?

**Dr Osrin:** The main thing is to continually underline the importance of the issue, and not to waver in our commitment to it. That is what I meant when I said that DFID should be reliable. I think about the inequality issue, the pro-poor issue, and the gender issue. We all agree in this room that the likelihood of major influence on national policy is limited, and so I think we have to be a safe pair of hands, who will always go back to those fundamental, important things. There are extensive calls for work on gender in India. Probably the best thing to do, I suspect, at this stage is just to keep foregrounding it. An example of what Toby was saying is that a few years ago, living in Mumbai, we were talking about Mumbai being Shanghai. We are not really talking about that so much anymore, because just foregrounding the actual differences between Mumbai and Shanghai did do quite a lot in terms of the motivation of the municipal corporation to improve healthcare for the urban poor. We should continue to highlight the issues, all of which have policies in place, so we are talking about the gap between policy and its implementation on the ground here. These issues include sex-selective abortion, the need for school enrolment in girls, the need to take a girl to the doctor when she is ill, as much as you would take a son, the need for family planning and safe abortion. There are specific technical areas that we can put an emphasis on, such as family planning, safe abortion, feeding girls, managing age and age of first conception. Again, it is law in India. You are not allowed to get married until 18, if you are a girl. I think it best to continue foregrounding those things, and to walk the talk on those issues.

**Toby Porter:** I am sure you know this, Mr Bayley, but it is not just a poverty issue. Obviously the most shocking crime of all, in a way, is female infanticide—foeticide, rather. The states which have the lowest numbers of female live births for male live births are Haryana, Punjab, and not the poor parts but the wealthy parts of Delhi.

Q126 **Hugh Bayley:** These figures are staggeringly different. They are clearly not biological.

**Toby Porter:** It is about 830 to 850 live female births per 1,000 boys.

Q127 **Hugh Bayley:** It is 15% to 20% less.

**Toby Porter:** But it is not going on in rural Bihar and rural Uttar Pradesh.

Q128 **Hugh Bayley:** You see, these things are so deeply culturally entrenched, it seems to me that foreigners are never going to change it. Who are the great Indian champions, and what can we do?

**Toby Porter:** There is a big civil society organisation in the Punjab called Nanhi Chhaan, which goes around planting trees, a tree representing the girl child.

Q129 **Hugh Bayley:** A dead woman.

**Toby Porter:** I think it will change. It will be globalised social attitudes, eventually, that will do it.
permissions, and because the Government at the central level, for her reasons, said “We don’t need international assistance, we can solve this ourselves.” I think there would be creative ways to help, and recurrent emergencies are a permanent feature of being in India as a donor. I would urge you, when you have more time, to have a little look at the humanitarian side, specifically.

Chair: We will take a note of that. Thank you very much indeed.
Chair: Good morning. Sorry, we had a slight hiatus there, so we are somewhat informal. I think one other colleague will join us shortly. I wonder if you could introduce yourselves for the record and we can then proceed.

Malini Mehra: Hello, good morning. My name is Malini Mehra from CSM.

Dr Gareth Price: I am Gareth Price from Chatham House.

Dr Rosalind Eyben: I am Rosalind Eyben from the Institute of Development Studies.

Q132 Chair: Thank you all three very much for coming in to give us evidence. As you will appreciate, the Committee is looking at DFID’s programme in India, which has now been confirmed as continuing on roughly the same level at the moment—and we will actually be visiting India next week and the week after—against a background, obviously, of a certain amount of controversy, which you may or may not wish to comment on. The Government have basically said our objective is to work with Indian authorities, effectively to help them perhaps achieve poverty reduction more quickly than might otherwise be the case. I guess what we want to explore is whether DFID can do that, whether the relationships work and whether they are targeting the right areas. You have a degree of interest and expertise that could help us with that, so thank you again for coming in. The Government have announced they are going to maintain the programme at roughly the same level to 2015. Do you think that is the right decision?

Dr Rosalind Eyben: No. I think we should stay in India but with less money than we are currently spending. I am not sure that there is any proportionality between the amount of money spent and the impact on, and contribution that we can make to reducing poverty in India. On the contrary, I think too much money can have a deleterious effect on supporting the kind of societal transformation that India is struggling to achieve to tackle the deeply entrenched inequalities that exist.

Q133 Chair: I will ask the others to comment, but before they do, obviously from the UK point of view approximately £300 million a year is a significant amount of taxpayers’ money. In the context of the Indian economy and 425 million people living on less than $1.25 a day, £300 million would be unnoticed. In one sense you could argue that it is not a huge amount of money in that context in terms of India’s needs and the real issue is qualitatively how it will make a difference.

Dr Rosalind Eyben: That’s right, and I think the issue of “how much money” can be misleading in that sense. The real challenge is how DFID can be really useful in India in supporting tackling poverty reduction and also the severe gender inequality that is persistent in the country. The way that one goes about doing the work is fundamentally important.

Q134 Chair: Can I just ask the other two to answer the direct question: do you think it is the right decision to maintain the programme at the current level?

Malini Mehra: I think it is the right decision in the short term. I see little rationale for DFID continuing its level of intervention and investment in a country like India, which has more billionaires than Japan and gross domestic product of £4 trillion now, which is larger than the United Kingdom’s even though there is obviously significant increase in the population. I think to pull out at this stage when you have an institutional investment through DFID in a country like India would be a mistake, but I think a gradual withdrawal is absolutely essential.

I think that there is much to say in terms of the quality of the aid agenda in a country like India: £300 million on an annual basis can be a considerable amount of money if targeted at the right user groups. My personal view is that DFID has not got it right in a country like India, can be much more effective in deploying the amount of money that it does invest and get better bang for the buck in terms of political value. At present it gets very little political value out of the money that it invests in India on behalf of UK taxpayers.

Dr Gareth Price: I would say only that, if you are asking this question in five years’ time and India carries on growing at 9% to 10%, the answer will definitely be that it’s time to start cutting back.

Chair: To be fair, I think the Government has implied that.

Dr Gareth Price: For now, shifting the target towards poorer states makes sense to me. Shifting towards building up a partnership with India on more global issues makes sense, and it will take a lot of time. It seems to me that carrying on with the funding for now presents an opportunity within which that global partnership can be created. But I very much agree with Malini that where DFID has suffered in the past...
is by not building up political capital in Delhi, amongst the commentariat in Delhi. DFID’s work is not appreciated as much as that of some other donors. That might be partly because of DFID’s work in poverty reduction—for example, you hear a lot of credit given to the Japanese for building the Delhi Metro. Now that is a completely different type of aid and it is not focused on poverty reduction in the same way, but it is the kind of aid that has brought political capital for Japan in a way that the UK does not have.

Q 135 Chair: It is interesting you say that because certainly over the last 10 or 15 years UK aid and development has been focused not on political capital but on poverty reduction and how effectively we are delivering that. In terms of focus, DFID is saying that they are—which which compromise the point you made about Delhi—putting most of their funding into three states: Madhya Pradesh, Bihar and Orissa. If you take Bihar for example, $321 is the per capita income, which is really pretty well the bottom of the heap, and yet I think they have a population of 54 million—nearly the same as the UK. Is that not a sensible place to go? Is it not the right thing to do— to go to the poorest states where you might be able to make the biggest impact?

Dr Rosalind Eyben: I think so. I think that is the right decision.

Q 136 Mr McCann: Doctor, can I just understand from the practical perspective? If you take money out, that leads me to the conclusion that money is not getting to the poorest people whom we would like it to get to. Then you say that the vacuum created there would allow gender equality to be addressed in some way. Could you explain how that would work in a practical context?

Dr Rosalind Eyben: These issues of structural inequalities are extraordinarily hard to get rid of in India despite the commitment of the Indian Constitution, which India committed to when it became independent. It is not working very well. These are really tricky, complex, deeply embedded historical inequalities. It is not just a matter of throwing money at it. It is a question of supporting innovation and experimentation to enable people in poverty to imagine the world differently. It is really a process of empowerment.

How can you support that? It is by supporting innovation that is already going on in the country. India is a very innovative society. They have introduced a whole range of different ways of working that are making a difference in particular places. UK aid can support that by encouraging and facilitating the innovation and the change processes already taking place, particularly organisations inside and outside Government who are prepared to take risks, want to experiment, want to say, “We know throwing money at it—there is a long history of that in India through various state poverty alleviation schemes—does not work very well. We have to think about how to do this in ways that are going to work.” That does not require lots of money in the first place. It requires supporting risk taking. It is a bit like venture capitalism: it is supporting risk taking and experimentation. Things might not work, but so much innovation is taking place in India, so many social entrepreneurs could be supported, but it is an entirely different approach.

We used to do some of those things in India quite a lot when the amount of money that we spent was much less. The trouble with great amounts of money is that you then focus on spending the money rather than thinking how the money and the relationships working together are actually going to support the processes of change.

Chair: Obviously these are the sorts of things we want to look at when we visit.

Q 137 Richard Harrington: Thank you all for your contribution. You all seem to have radical ideas and I have two questions. If I could ask you particularly, Malini, because your ideas are the most radically different from how the current situation is. I know you have a limited amount of time, but if you were given the £280 million a year or whatever the amount is—a large sum of money—for three years and you could start with a blank piece of paper, it would help absolutely for us to understand in a bit more detail how you would spend it and how it is different from now. I think that is enough of a question actually.

Malini Mehra: I would do it radically differently, as you have suggested, and I would not focus on state aid, which is what DFID has been doing. DFID began with state aid budget support at the national level and then it realised that that is not the best value for your investments. Now it is seeking to do that in some of the worst-governed parts of the country. Orissa, and Bihar are making transitions to better government models but still there is pervasive malgovernment in these states. If you continue that model at a sub-national level of pushing your money through the states that are bureaucratic or have no interest in innovation or entrepreneurship, it will be wasted. That is the fear.

What I would do is really focus on the ground level, where the ferment is. Why do we have such a revolution in terms of social enterprise in India? It is because people are getting up off their backsides and taking control of their own destinies. They have to because there is no one who is going to make up the challenge and be daddy for them. But they are doing it under great hardship and with a great deal of jeopardy and vulnerability, because you never know how durable your enterprise is going to be. That is where DFID should be stepping in. I feel that it has to rethink its entire model and provide smaller levels of support—small grants, medium-sized grants—to grassroots organisations, to civil society organisations, and it has got the model completely wrong.

I am an Indian, I can be challenging to my own Government and I would be the harshest critic of my own Government and its failures. Organisations like mine—I do not want to make this a self-interested diatribe—find it inordinately difficult to get support from DFID. I have worked in the UK Government and when I worked in the Government I was aghast from DFID. I have worked in the UK Government and I would be the harshest critic of my own Government and I would be the harshest critic of my own Government.
push out, and so they do not have an incentive to actually look at where the social change is coming from, who the people are who are going to be shaking up the system, and who the people are who can be supported because they are the ones who will put their lives on the line—who are putting their lives on the line—for the kind of social transformation that Rosalind is talking about. It is very difficult to support those people, but if you start now and you make it into a strategically well thought-through process of investment at the bottom of the pyramid then I think you will avoid the cataclysmic effects we are seeing all over North Africa.

My fear is that you will have Egyptians. We have already seen it; India has the largest number of insurgencies of any country. Those will grow. The people who are saying the Japanese are great in Delhi are saying it because the only thing that counts for them is infrastructure investment: investment in roads, investment in India's hardware and they have lost connection with the rural poor and the harshness of life in India.

Chair: I would say that is quite strong stuff.

Q138 Richard Harrington: Just a quick lead on from that. Are there any other Governments providing aid to India that have worked on the model that you are talking about?

Malini Mehra: No. I think this is an area that is really replete with failure. I think that arguably the only Government that actually gets kudos from the Indians is the German Government. Through GTZ, the German technical corporation arm of the German Government, they have identified their Forte. Their unique selling point in India is that they bring technical capacity expertise, which is actually valued by the Government. They have developed political capital over the years. USAID is now basically receding from the scene. It is very unclear what level of commitment USAID will have.

Chair: $50 million is all they have at the moment.

Malini Mehra: Which will increasingly go through the private sector, from the latest that I have heard from the administrator of USAID. The Australians: again, small amounts of funding. DFID has a capacity in the remaining years that it may have in India to actually make a change—a pathway to a new form of development partnership.

Q139 Pauline Latham: It is a question for all of you really, because I would like all of your views. We know that India has a big space programme, which is costing them a lot of money. We cannot afford one of those. We are in a very difficult situation in this country and the people who elected us are very angry that so much money is being spent on international development. Now I do not have a problem with it but a lot of people that I speak to do. How can we justify spending all this money on India, from Britain, when they have got their own space programme? Do you feel it is for their Government to sort out and they should be spending money and directing it into their own projects, or should we really continue to spend as much as we are obviously planning to?

Dr Gareth Price: I remember doing a project a few years ago; I was looking at India's foreign aid programme. One of the issues was India providing food aid to other countries. The question is, when there are so many hungry and malnourished people in India, why is India giving food to other countries? The answer is there is plenty of food in India; India is self-sufficient in food. It just lacks the capacity to get the food to the poor people who need it, and the same kind of thing is true with the space programme.

If those people were not working on the space programme, it is completely irrelevant; it is a very bifurcated society. There are people here working on space programmes and there are the 400 million rural poor. The two things are completely different.

Q140 Pauline Latham: So you do not think the people working on the space programme could be redirected to work out a logistical system that would feed the poor?

Dr Gareth Price: The issue is that, in the rural areas, India lacks the capacity to generate employment, to have rural infrastructure and to have food transfers. It is hampered by corruption and so forth. India does not lack the resources; it lacks the capacity, particularly the human capacity, to resolve the problems of rural poverty. Things like the space programme are completely separate.

Dr Rosalind Eyben: I think India typifies the bigger challenge of whether DFID should be working in middle-income countries where you have extremely high levels of inequality that are not moving, are not budging. India is an extreme example but there are others. I think this is going to come back to the Committee looking at aid more generally in middle-income countries. There are two issues: there are an awful lot of poor people in India. The Chair has already pointed out that Bihar has got 50 million people—that is equivalent to and much bigger than many countries in Africa—with not that much money. Taking the approach that Malini has outlined can make a really useful difference because sometimes from the outside you can support processes of change that are taking place internally. I do emphasise processes of change are already taking place internally. It is not DFID coming in and saying, "We know the answer." That is fatal. It is actually supporting people who can make a difference and helping them do it.

Food: it is not a question of logistics; it is a question of entitlements and of people having a voice to make claims, and supporting those kinds of people. A further point is that because there is so much innovation and experimentation going on in India, but not adequately supported, we can actually learn lessons from them. UK taxpayers can benefit in our own problems of poverty and inequality from some of the very interesting social enterprise and big society work that is taking place in India. So it is not just one way; we get something back as well if DFID is capable of learning and communicating what it has learnt in the UK.

Malini Mehra: I think in a country like India, we should be making much greater demands of the middle class. For the last 10 years people have been
so excited about getting rich quick. It has all been about how much income I can keep, how little tax I can pay, how many shopping malls I can become a patron of. It is an incredibly shallow and selfish society. We have this background baggage of 5,000 years of an extremely socially stratified society and no social contract that has developed over those millennia. So having benefactors from the outside come in and say, "Well, we are going to give a little bit of money because we feel concerned about this situation,” should be entirely optional.

The great demand should be made of middle-class India to open its eyes and realise just how dire the state of the country is. While we have Indians who get super excited by the fact that we have n number of beauty queens who are winning global contests, that we have several women in space, we have a national nuclear programme, that we now want a deep water navy, they will not be able to tell you what the literacy rate is for women in the country. They will not be able to tell you how many children go to sleep hungry at night. This is something that no Indian should be proud about. It is something about which they should hold their heads in shame.

My attitude to international aid programmes is that they are entirely irrelevant in a country like India, where people are so obscenely wealthy, yet we have people who are living in a space age and a stone age at the same time. My call from our country people is you have to be absolutely morally indignant about the situation, because unless we arouse that level of indignation and intolerance of the situation, aid will make no difference whatsoever. It will just be around the edges and on the margins.

Q141 Chair: DFID in their information to us have made all kinds of claims about what they have achieved; it may be the colour of the current Government, which wants to measure and quantify things. It is full of substantial claims that they have lifted these numbers of people out of poverty, they have assisted all kinds of health reforms and so forth. They have quantified them and they have said the numbers. From what you are saying, you refute all that. You just do not believe it is true. Perhaps you could also say what are they doing that they should not be doing?

Malini Mehra: Every year when the Parliament sits, the finance Minister introduces the new budget in Parliament, as we had yesterday. Institutions have a vested interest in making themselves look good. If they are asked to produce evidence that results are there, they will come up with any number of things, some of which will be directly attributable to their investments and others that will be perhaps plucked from the air. What I am talking about is, at the very aggregate macro level, there is no sense that I get, as a 20 year, that actually DFID is a valued partner in working within HMG from the inside; I see it on the ground. They are not able to translate the investments that they make on the ground—improvements in health, sanitation, welfare—into actual changes in the kind of structures that hold back progress. I think if at meta-level, at a macro level, you are looking for metrics of success, I would be hard pressed to argue the case for DFID.

Q142 Chris White: My apologies—I meant to ask my question a bit earlier, so the flow might be lost somewhat. You said we should be focusing or targeting aid in the areas that were managed or governed worse. Would that be a fair summary of what you were saying? If we are focusing on specific areas, is there a danger that the Government will perhaps ignore those areas even more, and as we come to the end of our term of aid, will those areas be far worse off than they are now? That is the first part of my question. The second part was to you: you have used words like—to bring people out of poverty—"innovation", "experimentation", "empowerment", "entitlement" and "voice". How do those words connect with the reality? Do people even understand what those words mean? I hate to say this, but it does sound like something out of a business manual. Perhaps if you could put a bit more flesh and reality onto that, it would be helpful.

Malini Mehra: I think it will be destabilising if DFID pulls its funds out of things that have been made, for example, to attempt to get the city of Calcutta to adopt climate vulnerability mapping programmes—DFID has indicated that it wants to invest in those kinds of planning reforms—and yes, there will be a shortfall. But frankly, these are things that the Government of India should be supporting. In the immediate term, it will lead to destabilisation and people will lose jobs and that will not be the best thing to do. As I said, this has to be a phased-out approach, just as DFID has done in China. The Government—the state Government, the national Government—have to realise what their responsibilities are because ultimately we are talking about political priorities that are set at the state Government level and at the central Government level. The feeling strongly in India, for people like me, is that the Government is not getting its political priorities right because for too long, the voices that have prevailed in political circles are of those who want to get rich quick.

Q143 Chris White: You paint a very clear picture and you present the threat and what the scenario could be. DFID has failed the Indian people. How is there going to be a better dialogue with the Government to push forward the reforms that should happen?

Malini Mehra: I think you are really on a hiding to nothing in terms of partnership with the Indian Government on this. It is extremely difficult because Indian bureaucrats are not ones to take dialogue with UK officials very kindly. They are a supercilious bunch of bureaucrats.

Chris White: The British or the Indians?

Malini Mehra: There is a strong Indian professional attitude that is pretty much along the lines of, “We are running our own country now.” It is a kind of post-independence blues. “We have now got it right for 60 years. We do not need you to come along and tell us how to run our own affairs.” I think that kind of narrative really should be binned because the narrative between the UK and India should be about strategic partnership.
In terms of finding partners within the Indian political circle, I think DFID has lost its way slightly because it has not been employing people with sharp political skills. In terms of these skill sets, that has been area of considerable deficit. It gets people with development expertise, with other technical areas of expertise, but it has not been able to accrete to itself people who bring good political nous, political understanding: “Here are the champions who you may want to support, have dialogues with. Here are the people who you should stay away from because they are pariahs.” That is the kind of political intelligence that the Foreign Office or the High Commission should have been bringing. I think both have failed. Hence I think that the UK Government is left at a loss because you have not necessarily cultivated the kind of relationships with a new generation of politicians who could be the reformers.

Just to give you one example, in the climate change and energy arena, we have had perhaps the biggest steps taken in the shortest space of time because one individual made the difference. This is Jairam Ramesh, the Minister for the Environment and Forests in the UPA government. He is a reformist and an independent, even though he has the strong support of the Prime Minister and Sonia Gandhi, and he was given political coverage, so to speak, to unleash a whole set of reforms. Effectively he was a one-man motor of change in what he did. Now a DFID or a High Commission could have spotted, “Here is this man. He is likely to go far in Government. How can we actually get within his radar and start cultivating a relationship so that his multiplier effect is much greater?”

The simple point is there needs to be people with greater political skills who are actually brought into the assessment of how to create and get greater value and greater leverage for the Government on this. The essential difficulties of working with a Government that does not actually value you remains. So how do you get out of that? You get out of it by finding more innovative ways of working with non-state actors. They can be businesses, but certainly they are civil society organisations. That is really where the innovation is coming from. I would caution that we should not assume the wave that we have seen—the whole micro-finance, micro-credit community is going to continue on an upswing. It requires flexibility; it requires a lot of relationship building, a lot of analysis.

Let me just give you an example. Some of the words that I used are buzz words. DFID could say, “Yes, we are supporting poor people’s accountability. Within three years, 6 million more poor people will hold their state accountable.” When you give those kind of figures, you are actually running a great risk of achieving nothing because, “What will you do?” “Oh well, we have supported report cards”; I think we know what report cards are. So 6 million people have received a report card that they can complete thanks to our spending money. That is nonsense; that does not make any difference. Pre-established results, not being able to be flexible and responsive and look for where processes of change are happening is actually a waste of money. If DFID continues pursuing that line in India and elsewhere, I think the money is wasted and should not be spent.

Q144 Anas Sarwar: Firstly, can I apologise for being late? I am sorry; I promise there was no offence intended on my part. I want to move on to India as a donor rather than a recipient country. The figures we have seen show that India’s total foreign aid budget for 2010 was approximately $785 million. I just wonder what your thoughts are about what the main motivations for Indian aid are.

Dr Rosalind Eyben: If I just follow on, because I agree with what Malini is saying, but to make just an additional point about it. I have used words like “voice” and “entitlement”. In my written evidence I give two examples, one from the National Slum Dwellers Federation. They have successfully organised themselves in many parts of India, and indeed led the way globally—this comes back how we can learn from India—in enabling people in urban slums around the world, including in Africa, to mobilise themselves, stop themselves being evacuated from where they are living, make claims for employment and stop being harassed. They have also shown the importance of a home in order to run a micro-enterprise.

I also give an example about migrant workers and how DFID has supported the mobilisation of migrant workers who are employed under absolutely shocking exploitative conditions. That is about voice; it is about people organising themselves, being facilitated and getting access to some resources to enable that to happen. It is those who have to challenge the middle class. I think there is a whole issue about dialogue directly with the Government. I think sometimes that is possible. I think Malini gave a good example. I think sometimes at state level you find very enterprising and committed IAS officers who really do want to make a difference, and DFID staff need to be able to find them. All that requires flexibility and responsiveness. It is very difficult if you are going to set targets; if you are going to say, “This is what we are going to do for the next three years” and then try and deliver it, because many of these things are opportunistic. Who is there trying to bring about change? If we give it some funding, will it really start a wave of change in this place? It requires very skilled DFID staff, who are there for a considerable period of time. It requires flexibility; it requires a lot of relationship building, a lot of analysis.

Malini Mehra: I am not sure the Government itself would be able to answer that question. I think it depends very much from issue to issue. If you look at the amount of money that is going through the World Food Programme in terms of supporting food donations for Afghanistan or Burma, that is clearly to do with a neighbourhood policy that is around containment of conflicts, unrest and terrorist activities. If you are looking at environment issues, another arena I am familiar with, after Copenhagen and after it was criticised by members of the Alliance of Small
Island States—the Maldives and other small island states in our region—the Indian Government decided it was time for a sweetener and so the President of the Maldives was brought over by money from the Indian Government. India is now investing in the Maldives. These are obviously designed to increase the prestige and the voice of the Indian Government vis-à-vis international climate negotiations in that specific instance. So where India sees that it has a self-interest in promoting a foreign policy agenda, it will be able to dig into its coffers and bring out the money.

The question to be asked is, why doesn't India make the same kind of political prioritisation when it comes to addressing the chronic and persistent issue of stagnation of nutritional status of women and children in India? Despite economic growth over the past 20 years, you can see that such growth and nutritional status for women and children have peeled apart. In terms of what to do about these kind of things, going back to the kind of refrain that is running through our chorus of recommendations, do not forget the role of multilateral organisations here. I think that the days of bilateral cooperation are perhaps limited; they are not the role of say the World Bank, an Asian Development Bank, other multilateral bodies, will continue to grow in importance. India is taking a strong interest now though its membership of the executive bodies of the International Monetary Fund and the World Bank in steering the direction of these organisations.

Q145 Anas Sarwar: Just on that point, do you know what breakdown there is in terms of India's bilateral aid money and money going to multilaterals of that $785 million?

Malini Mehra: I would not know that, sorry. The last point on this issue of the multilateral donor route is also to remember that they are particularly influential organisations. I am thinking in particular of IFPRI, the International Food Policy Research Institute, which is based in Washington DC. They do amazing research work, and have done for many years, on food security. Now these kinds of organisations have a way in to influence the agenda, but they could go by the wayside if their funding was knocked. Please bear in mind that it is not just through the official multilateral routes. There are also other organisations that need to be supported to have the kind of direct route of influence that I think all of us are suggesting.

Q146 Anas Sarwar: Two further points. Firstly, what do you feel is distinctive about the type of aid India provides? Secondly, for us here in the UK, we are seen to be one of the leading economies in the world, despite the difficulties we have had in the last couple of years, but a certain percentage of the British public still gives us a hard time for having an aid programme anywhere, India particularly. There is still scepticism about why we spend billions of pounds giving money to distant places. I think this relates to the UK, we are the Delhi commentariat types who make policy because they feel it is a bit shameful and because they know it is a reflection of India's own failings, as has been highlighted a lot. People also question motivations. You hear this most specifically in terms of foundations giving money rather than Governments. You will hear a lot of people who will question why all this money is going into HIV/AIDS when there is poverty here. They are saying from TB: “There is some kind of agenda here.” On the question of the UK in particular, lots of people say that there is a post-colonial guilt kind of reason—that is why DFID is giving aid—which is obviously something separate for DFID that does not apply to India.
Dr Rosalind Eyben: I think that links back to the former question about India as a donor and the fact that the Government of India does not see itself giving aid to support poverty reduction in other countries, just like China, Brazil or the new emerging donors do not see it that way; they see it as South-South Cooperation or mutual economic interest. In terms of an image of DFID supporting poverty reduction, clearly in India, only if you really think that the sustained poverty reduction inequalities are an absolute scandal, in the way that Malini put it, would you look to see whoever can work with us in tackling this. So I think those people are likely to be in favour of British aid, provided, as I said, that British aid itself seems to be really working hard to achieve those poverty reduction goals. Because India is not homogeneous and clearly they are going to get lots of people who do not see aid in that way and therefore they would not be in favour of UK aid.

Q148 Chris White: I suppose the big question is, if the UK ceased aid to India, would poverty increase or decrease?

Dr Rosalind Eyben: It all depends how, I know as Members of Parliament you always think about money, because that was why the House of Commons was established, to vote money, so you think about money. Actually, a lot of this is not about how much money; it is about how we can support and influence change.

Q149 Chris White: Can I rephrase the question. If we ceased financial aid to India, would poverty increase or decrease?

Dr Rosalind Eyben: I think if we combined financial aid with the kind of political and social relationship building that we have been talking about, we can help reduce poverty. Therefore if we pull out on that premise, that class that Malini has described is going to get very little, and you would look to see whoever can work with us in tackling this. So I think those people are likely to be in favour of British aid, provided, as I said, that British aid itself seems to be really working hard to achieve those poverty reduction goals. Because India is not homogeneous and clearly they are going to get lots of people who do not see aid in that way and therefore they would not be in favour of UK aid.

Malini Mehra: I totally agree with that proposition, which is to provide a stronger evidence base for policy making in India. I will give you two examples of where it is has definitely worked. At the grassroots level we have things called social audits; social audits have already been mentioned. In the state of Andhra Pradesh, you have now a number of examples of social audits that have been held by villagers themselves and these have effectively looked at how much money has gone into parts of the state authorities they connect with directly, and they are able to track how much of the benefit from those

GTZ, Japanese aid, AusAID or whichever. So yes, those voices definitely appear. They appeal to the sort of middle class that Malini has described very well, but it is separate to the question of: if you are interested in poverty reduction, should you actually be listening to those voices or do you go around them? But do they exist? Most certainly.

Dr Rosalind Eyben: I think that links back to the former question about India as a donor and the fact that the Government of India does not see itself giving aid to support poverty reduction in other countries, just like China, Brazil or the new emerging donors do not see it that way; they see it as South-South Cooperation or mutual economic interest. In terms of an image of DFID supporting poverty reduction, clearly in India, only if you really think that the sustained poverty reduction inequalities are an absolute scandal, in the way that Malini put it, would you look to see whoever can work with us in tackling this. So I think those people are likely to be in favour of British aid, provided, as I said, that British aid itself seems to be really working hard to achieve those poverty reduction goals. Because India is not homogeneous and clearly they are going to get lots of people who do not see aid in that way and therefore they would not be in favour of UK aid.

Q150 Chair: You mentioned the registration card and the malnutrition figures; it has been suggested to us by other witnesses that the sort of thing DFID could usefully do is monitor where the indicators of poverty are falling. In other words, where the measurements have been made, which will help to demonstrate that it was the Dalits, or the hill tribes, or other disadvantaged people and that would help to drive policy by exposing the extent to which either they are being neglected or actively discriminated against. Do you not feel that there is any validity in that or is that interfering in internal affairs and not something that an aid programme should be doing?

Dr Rosalind Eyben: Well, interfering is what an aid programme should be doing. The problem is that the challenge for international aid anywhere is that of course we are interfering. If you are not interfering then we are obviously not making any difference. That is one of the paradoxes I am afraid; you cannot say we are not interfering. A belief in reducing poverty is a belief, an ideology; lots of people do not believe that poverty needs to be reduced. This is an uncomfortable statement but you have to take it on board that if we support aid— give aid to another country— then we are actually trying to change something. In somewhere like India, we are trying to change Indian society. So there we are, You have to live with it.

In terms of supporting monitoring, more evidence and information about poverty and instances of poverty, where it changes and where it does not, there is nothing stopping us doing that. I am sure we have done it in the past. It is not that DFID does it directly; it supports Indian organisations who are trying to do this and get more evidence out there. It is working much more effectively with non-state actors.
investments into the state authorities come back to the village. In one very interesting example, the villagers found out that actually the local administrator had purchased a certain amount of soil. He had received $4,000 for the purchase of the soil and that soil had never made it to the village. As a result of the social audit, the villagers were able to take this up and that man was then disciplined—something happened. But that kind of transparency can certainly build greater accountability and improve the participation of the rural poor.

The second thing is in India what is interesting now is how much competition there is within and between states. We have heard about the competition to attract foreign direct investments, but now you have organisations that are doing rankings—so socio-economic rankings, environmental rankings—between states. There is an influential piece of work done by IFPRI on the free security agenda, which is the Global Hunger Index. I think three years ago, they started to do a hunger index at a sub-national level in India. That was very eye opening because it showed that you could have a state like Punjab, which was 32nd out of 88 in terms of the state of hunger in that country, but a state like Madhya Pradesh was actually 84th. This has been very interesting from a citizens’ advocacy point of view and it has also strengthened the hands of those policy makers in Delhi who want to make sure that the central Government funds are actually allocated on a basis of need and not just who has got the strongest political voice in those states.

Q151 Mr McCann: I think the question I was going to ask has been overtaken by events. Perhaps I could just put it to Dr Price and ask if this is the correct assessment because I think everybody has said the same thing: India wants to increase its influence on the international stage and therefore I was going to ask the question, in terms of achieving that status, did the fact that it was both a donor and recipient of aid affect its ability to get there? Judging from what you have said and your answer to a previous question, they do not believe they are a donor country because they believe that it is not aid but it is actually about trade with other countries.

Dr Gareth Price: In terms of its relations with Africa and so forth, yes, that is a premise on trade. The training and cooperation of officials from other countries has been going on since the 1950s. That is one bit of the aid that would be proper aid aid, if you like.

Mr McCann: Did it define it as aid?

Dr Gareth Price: Yes, the direct cooperation, which is quite small scale, the training officials, that would be defined as aid; well, South-South Cooperation is helping people in those countries but it is technically aid as well. A lot of what it gives within the region to, say, Bhutan and Nepal would be counted as aid, but again a lot of the assistance for Bhutan is to build hydroelectricity, which then goes back to India and Bhutan gets money for it.

Q152 Mr McCann: So is it tied aid? That is the definition that we would have used.

Dr Gareth Price: The training and cooperation is not, but the rest of it is all pretty much tied aid.

Q153 Mr McCann: Therefore, the question would be then, does India not see that as a challenge to be seen as a recipient of aid and a donor of any type of aid programme?

Dr Gareth Price: This was introduced in 2004 and they banned aid from most donors at that point and then they let in five, including the UK and the EU. At the time, they banned all incoming tied aid and introduced a policy that was almost solely tied aid, which then they relaxed a little bit because they were criticised. So they are aware and there has been a shift, marginally, within the last few years, in Africa for instance, not just to target aid on countries that are resource rich to try and be a little bit more benevolent. There is an awareness, I would say.

Q154 Pauline Latham: Before I come on to my question, going back to that, if they banned all aid coming in in 2004 and then relented and allowed us, why did they let us come in when they do not actually like us and do not appreciate what we do and feel that it is a bit of guilt from our point of view but also, if we are giving aid, guilt from their point of view because they are not providing for their own people?

Dr Gareth Price: The countries that they let back in were all permanent members of the Security Council plus the European Commission and they were large donors. The logic was that the small donors cost so much to administer—the Netherlands or the Norwegians let’s say. This came just after the Gujarat riots, when lots of Muslims were killed, and those donors in particular were seen to be politically critical of the Indian Government and I think some threatened to withdraw their aid, until the Indians, at that point ruled by the BJP, said, “if you are going to be so blatantly interfering in our political affairs and critical and it is small scale, you are not wanted.”

Q155 Pauline Latham: We are giving all this aid to India and they are giving aid elsewhere. It seems totally illogical to me that we are doing that. Surely we should just be giving the aid to the other countries and bypassing India altogether. That is what people here will think.

Dr Gareth Price: I suppose the argument against that would be that what India is giving to other countries is low-cost irrigation equipment that they can do because big Indian companies have got a massive history of doing things at very low cost. They can do things that we would be struggling to find a British company that could compete with—Kirloskar making irrigation pumps in Senegal for instance.

Malini Mehra: I guess it is not effectively like for like. I think one has to put this in the context of the bigger picture of India’s increasing nationalism in terms of its relationship with the rest of the world, and its incomplete story in terms of how it sees itself. India is extremely nervous about changing the nomenclature from a developing country to a middle-income country. In India you will still hear references largely to India being a developing country and setting itself against the OECD, setting itself against the
developed world. That perpetuates this pervasive north/south-ism, which then infects any argument that is political with a small or a capital "p". It certainly by no means sees itself as a donor nation and if it started to talk about itself as a donor nation it would put in jeopardy its extremely valued developing country card, which whenever it comes to international negotiations, whether it is the World Trade Organisation or the climate change negotiations, India cleaves to.

Pauline Latham: It is all in the name really.

Malini Mehra: The nomenclature is extremely important and that is why so much of this becomes controversial.

Q156 Anas Sarwar: On the answers that both you and Dr Gareth Price gave, and following up on Michael's question about the $785 million that is classed as aid but the Indians do not see as aid, I am just wondering who classifies it as aid, if they are not reporting it to DAC or they are not reporting to the OECD. How is it classed as aid? Because it sounds as though some of the work, like training officials, has been going on since the 1950s, so that is nothing new; obviously India has got an expertise they're training people in, and just because they are a developing country does not mean they should stop training people in an expertise that they have. That is the first point. The second point is if they are making investments in neighbouring countries, for example the low-cost irrigation, and if there is a return coming to the country—that is, an investment is made, they are making money, it is helping growth, it is helping investment, it is helping employ people in India—that is not aid, that is again trade that is helping India grow as a country, which in itself is helping to take people out of poverty and create employment. So who classies that as aid and is it aid? Should it be even called aid or is it just India making investments and getting returns that they hoped they would do once they are a developing country? Is it part of the process of becoming a developed country?

Chris White: Just a supplementary on Pauline's question and part of what Anas is saying, you talk about the low-cost irrigation, and if there is a return coming to the country—that is, an investment is made, they are making money, it is helping growth, it is helping investment, it is helping employ people in India—that is not aid, that is again trade that is helping India grow as a country, which in itself is helping to take people out of poverty and create employment. So who classies that as aid and is it aid? Should it be even called aid or is it just India making investments and getting returns that they hoped they would do once they are a developing country? Is it part of the process of becoming a developed country?

Dr Gareth Price: There has been financial aid in things like writing off debts of highly indebted countries. In terms of their lines of credit— I have not got the latest figures to hand on what the lines of credit are— there is an interest subsidy in that, so that counts as aid in a sort of financial transfer. India's contributions to international organisations have risen, so I think it is about $400 million.

Q157 Chris White: What I would say is that your answer to the previous question was not an entirely full answer in suggesting that India was just passing over things that they found easy and cheap to produce.

Dr Gareth Price: No, I think that is how it is presented. So a line of credit is set up— between and India and Senegal is the example often given in India—and then that was the irrigation. Suddenly 50,000 hectares of Senegal were irrigated because of an Indian firm. That is an oft-quoted example and a lot of the other things that have been done for Africa have used Indian low-cost, easy-to-maintain goods. Another example is Afghanistan. So India gave a load of buses to Afghanistan and so did Japan. The Japanese buses broke down; the Indian buses are still going. So their technology is adaptable to the region. It is not traditional aid at all.

Q158 Anas Sarwar: But are they doing that and getting a paid return, or are they doing that and just taking the hit themselves and therefore giving that aid?

Dr Gareth Price: The buses to Afghanistan were a gift. The irrigation in Senegal is utilising a line of credit.

Q159 Chair: Is it creating employment in India presumably— making the buses or the equipment?

Dr Gareth Price: And political goodwill internationally and so forth.

Malini Mehra: And they will make humanitarian gestures. When the floods happened in Pakistan in August last year, India not only offered to send a large number of doctors, which I believe the Pakistanis did not want, but made grant payments of up to $500 million. There are different classifications but the key point is in India we do not have conversation around India emerging as a donor county. I think that that poses the question: why not? Because the kind of questions you are raising here should be raised in the Indian Parliament and they should be raised by Indian NGOs of their own Government. Right now we do not have the level of transparency and scrutiny that is expected of you in this country and we should have.

Dr Rosalind Eyben: I think the issue is that of course India is not part of the OECD. When you look at South Korea, when it became part of the OECD it then of course had to be bound, more or less, by the DAC principles. What is aid and how do you do aid? What happened in South Korea is that at that moment there started to be a debate in the country: "Are we a donor? What does that mean? What does giving aid mean?" It is obvious, I think, for countries like India, China and Brazil that are not members of the OECD that that categorisation of giving aid does not exist.

Q160 Anas Sarwar: What about the principle of it all? Are we saying that if a country that is receiving aid from the UK have an expertise to give and train people, they should not give it because they receive aid? If they have got neighbours who they need to support when it comes to difficulties, should they be allowed to make a contribution to them or help them out? For example, in Afghanistan, that has had a massive impact. If things do not settle down in Afghanistan, trouble will leak into India; you saw for example the Mumbai terror attacks. Are we saying that because they are a developing country, if they receive aid, they should not be allowed to support their neighbours and try and create a more stable political situation for themselves? Thirdly, if they received aid from the UK, should they be allowed to do things in Senegal and in Nepal that creates
employment in India? Are we saying that, as a principle, if you are receiving aid from the UK, you should not be allowed to do these things?

Malini Mehra: No, I think patently not. I think this is a country in transition. The question that I would want to ask my Government is, do you want to be a member of the OECD? China has allowed itself to have an assessment of its economic and environment programmes by the OECD. So China is effectively a shadow member of the OECD. I believe India is not quite that far ahead. On this journey to becoming an emerging power, questions have to be asked about what kind of clubs you want to create for yourself. Are we going to have a basic club replace the OECD? Are we going to have an OECD-plus including new membership? Mexico and South Korea are already members; Poland was one of the last Eastern European countries to join. Within that context and within that process of transition, I think it would patently not be realistic to say to a country like India, which is currently receiving donor aid, which does have multilateral organisations giving money to India, that “because you are receiving money from other countries, you should not be giving money to anyone else.” That is not how the situation works. The key question is: where do you want to be in five and 10 years? What is the future as you see it in India? If you continue along these lines you will be, de facto, a donor. Under which guidelines would you be observing your donor practices?

Dr Gareth Price: The one big financial transfer that is significant is to Afghanistan, where India is taking a massive gamble and that is proper aid. India is using Indian NGOs—the Self Employed Women’s Association is working in Afghanistan—and that is, if you like, proper aid and it is being done because India fears that the West will pull out and India will be left to pick up the pieces. That is done for very strategic reasons. If Afghanistan goes wrong from an Indian perspective, that gamble will not be repeated and I think India will step back from doing traditional aid. I think it has taken a big risk in Afghanistan. It is the fifth largest donor; it has pledged $1.3 billion and given about 60% of that last off. It is also very popular within that process of transition, I think it would not be realistic to say to a country like India, which comes back to Malini’s earlier point. It is about India not being a homogenous place. You have this middle class; there is a kind of a political elite aspiring to be an international heavyweight. Giving food aid to other people is part of your regional political strategy, etc. etc. There is a whole reason for doing that is completely different from why people in parts of Orissa are dying of hunger.

Pauline Latham: It is like the old-fashioned thing that happened before. You showed all your visitors into the front room, but your own family were not allowed in there because they might mess it up. It is that sort of attitude that you have got.

Dr Rosalind Eyben: It is an indifference among much of the ruling elite, despite the old Gandhian tradition. I mean you must be fair; there is also a strong tradition of compassion and solidarity in India. Over the last few years, as the middle class has grown and the consumer society has entered India, that tradition seems to be shrinking.

Pauline Latham: That is very sad.

Q 161 Pauline Latham: We talked earlier about food aid and the space programme, and you were saying that they can get food aid from outside and give it to other places but they do not seem to be able to get it to their own people. You said they could not get it to their own people because it was corruption, lack of infrastructure and all the rest. Wouldn’t they be better off improving that infrastructure and training people to get that right? Obviously getting rid of corruption would be an amazing step forward, but that is not likely happen in the short term. If they could move towards that, they could then feed their own people properly and we would not have malnutrition and the issues that are obviously causing so much hardship to particularly the women and the girls. If they have got plenty of food and they can get it out to other places, they can improve infrastructure, they can send it elsewhere; why can’t they give it to their own people in their own states if they can get it elsewhere, because they must have some sort of infrastructure somewhere that works in order to be able to give it away. Then also, if they are going to continue to expand their role as a food donor to the World Food Programme, what conditions do they need to be able to do that? Is what I am asking clear enough?

Malini Mehra: Yes, I think the question is very clear. The question is who wants to take the first stab at it because we have all got something to say.

Dr Rosalind Eyben: I think it is really not an issue of infrastructure and logistics. It is an issue of political will, which comes back to Malini’s earlier point. It is about India not being a homogenous place. You have this middle class; there is a kind of a political elite aspiring to be an international heavyweight. Giving food aid to other people is part of your regional political strategy, etc. etc. There is a whole reason for doing that is completely different from why people in parts of Orissa are dying of hunger.

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Pauline Latham: That is very sad.

Q 162 Chris White: I am sorry. Because the middle class has grown in India, how does that reduce the level of compassion? I do not understand how these two thoughts are linked together really.

Dr Rosalind Eyben: It was Malini’s earlier point that people are just focusing on buying more and more consumer goods.

Pauline Latham: Me, me, me.

Dr Rosalind Eyben: Having bigger and bigger weddings.

Chair: Hasn’t there been a social tradition in the past that if you do well, you should put something back? Also, that is part of lots or religions and faiths. I honestly thought it was part of the Hindu and the Muslim traditions and so on. So why is that disappearing?

Malini Mehra: I am a sceptical Indian.

Chair: We would never have guessed.

Malini Mehra: I am extremely cynical about the usual narratives that we wheel out at this point about the Gandhian tradition. It is very hard to find young people who cleave to Gandhian ideas and values because our society has changed so much in the last 20 years. That is not just because of the exposure to the West or globalisation. No, we are one of the happiest globalisers 400 years ago when it was our cultural values that we were trying to spread around the world. I think it goes back to some very deeply embedded problems within our society.
One can ask the question, in a country where you have the largest number of underfed children in the world, why do you have people who have high levels of disposable income choosing to give their money to building temples in Wembley or in Sarnath, as opposed to actually challenging the Government, getting engaged through the local community organisations with the major systemic reforms that we need in India. Why is it that in India we have more mobile phones then we have toilets for people? The level of discontinuity and obvious obscene disparity in India is something that most people now in India do not like to talk about. One always gets in trouble in India when you make generalisations because there is always a large group of people in the corner who are waving their flag and saying, “We are completely different.” You have legions of people who are part of social movements, and they still are trying to do something about addressing the inequality divide in India.

The key point is in how India manifests itself in the public image of itself. It is not about the backward poor; it is not about the Dalits; it is not about the North East, which people do not even think of. If you think of yourself as an Indian, you do not think of yourself as someone who comes from the North East because they look different from us. What does that say for a country that is so diverse ethnically? But these are some of the social challenges and social-cultural challenges that are not just there because of something that has happened in the last couple of decades; it is because of our background—the baggage that we carry that we have not had a deep enough interrogation of.

We have also not had the kind of revolution that there was in China. I am surprised that we have not talked about the China factor. China in 1977 had the same level of GDP, just after the Cultural Revolution, as India did. Very different choices were made economically and politically thereafter, but on any indices, certainly if you are looking at those that affect women and children, China is far ahead. I do not know where to come to an end on this because there is just so much to say, but it has to do, as I said at the beginning, as much to do with us as it is to do with India. We have to ask more of ourselves. This is not about other people doing things for us; it is about ourselves recognising the social deformities that we have.

Pauline Latham: A nd setting up a decent tax system that can then stop these inequalities and help the people who are right at the bottom of the pile.

Malini Mehra: Absolutely. There are just so many things to do. Rather than just give you a story of the blood and gore, there are excellent examples of things that are happening. For example, in terms of corruption, in Bangalore there is a probably internationally funded Indian NGO called Janataagraha, and they have come out with a corruption-busting website called indiasabari.com. As happens to many people, you cannot live your live without paying bribes—you have to—but most people keep quiet about it and pretend that they are as pure as the driven snow. This website is designed to alert people, “I went to this part of this Government institution, and this is who I paid and that is the name of the person.” This is all about transparency—going back earlier to the kind of things that you can promote.

I was at Davos a month back, and I mentioned this to a panel of the high and the mighty Indians, and it was actually televised to India—this was NDTV debate from Davos. I mentioned this example and everyone was like, “Fantastic, I want to go there now,” and the Home Minister said, “Well, it is great that you are doing this.” My challenge was they do not like to use the word corruption any more. They have found a whole new vocabulary that disguises this. They do not talk about corruption. So this was what we are doing, and his reaction was, “Well, we should strengthen the voices of people like yourselves to do more and you should use mobile phones to text their names, etc.” Clearly there are all of these kinds of examples and innovative ideas but they have to be supported from somewhere. Again, going back to questioning what role DFID should play, it should support these kinds of radical, culture jamming, disruptive efforts to transform the society from the base up.

Q163 Chair: We should be a subversive agency, should we? We have had a little bit bit because there are a lot of things that we would like to ask and it is fascinating to get your answers, but on development and climate change, what is India’s current role? Clearly they are a significant carbon emitter, and as economic growth happens they are likely to be more so, although in the discussions I have had they have said, “Well if we get it right we can bypass some of the worst examples of carbon emissions that the developed West did and we can go to a low carbon solution.” Is that in fact something that they are engaged in and how do they see the international negotiations from their own perspective in this context?

Malini Mehra: In India, I would distinguish between the debates that are taking place in terms of the negotiations, the UNFCCC negotiations, and the kind of action and debates that are taking place at a domestic level. 2007 was a real watershed in India because you had An Inconvenient Truth, which was a screed in Indian cinemas, the IPCC was awarded the Nobel Peace Prize, and of course Dr Pachauri is the Chair of the IPCC. These two things went hand in hand in creating a real spike of interest, and you can actually see that in terms of the number of articles that appeared in the Indian press about climate change. So for the first time it started to be talked about as an issue that India might have an interest in.

Prior to that, climate change was not something that was discussed outside groups of experts, either those who were working on issues around impacts on water security or agriculture in India. But largely it was dominated by those people who were following the minutiae at the very arcane level of the discussion since Kyoto. The argument was pretty well known, which was that climate change is a problem, but it is a problem largely of the making of the West and the West has to sort this problem out. We are the victims of this global release of greenhouse gas emissions, and so our role in this is to try and secure as much environmental space for our growth, because the key thing for India is to grow its way out of poverty, and
we recognise as a country that relies largely on coal and imported oil for our energy base that we are going to be, in the short to mid-term, carbon emitters but we have to be given space to do so.

Since the last two years, that official viewpoint has been nuanced, and it has been nuanced largely to do with the emergence at a very public level of the Environment Minister that I was talking about. Up to that point the prevailing orthodoxy was virtually sacrosanct: climate change is something that India should keep quiet about at the international level; our main focus should be on ensuring that Annex 1 countries reduce their emissions as demanded under Kyoto and the US should join the Annex 1 countries.

Since Copenhagen, and leading up to Copenhagen, the narrative started to change and it was because you have this reformist Environment Minister who was appointed in May 2009 and basically already had quite heretical views on this issue as an Indian. He was quite sceptical of this formula, which was the equity-based formula that we should have the global environmental space divided up according to the population of a country, which means India gets loads because you have got a billion as your denominator.

The Chinese Minister, which is very different from India's. China made a strategic decision because Jairam Ramesh had introduced much more constraints could lead to India's underdevelopment. We have the capacity to invest in technology now so that we emerge as a winner in the low-carbon transition.

His voice was still a lone voice. He did not manage to get everyone in the house of parliament rising up and applauding, “What sensible and wise views you have on the matter.” He remains a relatively solitary figure within the Cabinet. He has, however, managed to get rid of most of the old guard who were in his Ministry. When it comes to the international negotiations, he has taken the bull by the horns and he leads the negotiations himself. In Cancun, you saw India given so much kudos by the Mexican organisers because Jairam Ramesh had introduced much more imaginative, constructive ways of thinking about issues like monitoring and reporting and what role developing countries could play in terms of curbing their own emissions.

Q164 Chair: Does the fact that China is pursuing in its own way a somewhat similar policy have an impact on India? They recognise that they want growth but will poison themselves to death if they do not do it in a low-carbon way?

Malini Mehra: Yes, but I think the background to China’s policy making on climate and energy is different from India’s. China made a strategic decision at the central level of Government that was very serious-minded about the need to account for the environmental costs of China’s growth. They made the decision to invest a huge amount comparatively of R and D in clean energy and clean technology. In India, we have not seen that level of focused public policy attention at central Government level, which is why you have mavericks like the Minister of the Environment who are trying to push the whole centre of gravity of Government single-handedly. He is not succeeding. As we saw yesterday when the budget came out, the statement was made that the environment should not act as a brake on development. I am paraphrasing, but effectively that was said.

Therefore, in terms of the bigger picture domestically, a number of very impressive steps have taken. For example, just looking at energy efficiency, India recognises that, on climate and energy, renewables and energy efficiency are definitely the way to go. Investment in solar power has been given a huge amount of political importance. India has done things on the energy efficiency side, such as, since last year major appliances from refrigerators to air conditioners now have ratings. You have the Government coming out and monitoring ratings because if you don't, it is now releasing them every two years. A new national network of climate change scientists has been pulled together to understand the impacts of climate change on India. So, we will not have repeats of what happened with glaciergate, where India was saying that basically the rest of the world was wrong; the laws of physics did not apply to India and our glaciers were not melting, thank you very much. We have seen a number of positive steps taken largely at Government level with the leadership shown by that Minister and at a national level by greater engagement by civil societies, states and some businesses on this agenda.

Q165 Chris White: The question is: how is India moving towards more access for its population to energy?

Malini Mehra: Providing energy for all is an official Government objective. They are seeking to do it in a number of ways, one of which has been through seeking smarter grids, so extending grid coverage to India’s 650,000 villages, because effective village electrification, talking about providing rural electrification, and extending the capacity of the reach of the official grid. They are also looking at, but not giving it due emphasis if you are looking at the implementation and at the kinds of resources that have been given to that kind of change in policy. Just yesterday something quite interesting happened.

There are two important pieces of policy change that indicate what can be done. In last year’s budget, as a result of the intervention of the Minister of Environment, India put a cess—a levy—on coal for the first time, so you now pay something like 50 paise for every tonne of coal produced. This is at both the production end and the import end. The annual revenue from that is about $500 million so exceeding the annual budget of a DFID. That money will go into a national clean energy fund. They did that last year.
This year they have said there is increasing concern about the level of subsidy that is given to kerosene. For example, in India kerosene is subsidised but solar is not. So if you are a solar entrepreneur you are penalised, but if you are peddling kerosene and using that as a primary lighting solution for rural households, you are subsidised. They changed the subsidy policy for kerosene yesterday and said that instead of giving a subsidy to kerosene they would give cash transfers. Some important changes are occurring.

Q166 M McCann: Dr Price, you have suggested in the past that the best way for the UK to have an impact on broad issues like climate change is to build up specific sustainable and practical projects. How effective do you think the UK Government’s engagement has been with the Government of India on climate change? Is there any way they could do it better?

Dr Gareth Price: I agree that climate change policy in India is very much as Malini said. In climate change negotiations, India does not like to be seen as a blocker, and I think that is where China comes in. The shift in India’s position partly came from the idea that it did not want to be isolated. Perhaps I may add one more thing about Jairam Ramesh, because I am also a fan. The question is: what would happen were he to go, which is plausible? I think the question of engagement with India is: which bits of India are you engaging with? I think this has run through the conversation so far. You can engage with India’s private sector, with India’s Government and with civil society groups, and that applies on all issues including climate change. The engagement with Government needs to enable the real engagement, if you like. That is an annual discussion on climate change, let’s say, which then allows work to be done with such-and-such civil society organisation, or such-and-such private company that is putting in solar grids. How well is that going? I think it is frequently stuck at the Government level with the assumption that that means something of itself when actually it needs to be deepened at the lower civil society or private sector levels.

Q167 M McCann: In terms of DFID’s engagement with the private sector on the importance of increasing their resilience of the poor to the impacts of climate change, how do you feel that can be improved? Would that effectively bypass the need to connect with Government if they went direct to the private sector, or is Government involvement always necessary?

Dr Gareth Price: Frequently, if you engage with India’s private sector then the Government follows, whereas I think the assumption in the past has often been that you need to get the Government’s go-ahead and, as we have heard, the bureaucracy of Government can be somewhat sluggish, whereas the private sector is often much more innovative, like civil society groups. The private sector more than civil society groups has the potential then to push the Government, I would suggest. I do not know whether Malini wants to add anything.

Malini Mehra: I think you have to choose your partners here carefully. Within the private sector also you have got three of the large industry associations in India: the Confederation of Indian Industry, which is the largest; FICCI, which is the second largest; and ASSOCHAM. Typically, there is sibling rivalry amongst all of them and they do not like working with each other, so in the past HMG have singled out one for a particular process. So you have a UK-India low-carbon partnership or whatever. Unfortunately, on the India end, the association that is a member of that low-carbon partnership is headed by a man who is a climate sceptic, so you are not going to achieve as much if that is the philosophical orientation of your partner organisation. It is a question of better intelligence and finding private partners who want to be players in their environment. What we have been doing for the last few years is trying to get the simple message out to key leading Indian businesses that “this is in your own interests”; act now because even if there is not a policy framework that is going to support what they are doing, just as happened in the ICT revolution in India it was business that was ahead of the curve. The Indian Government came back after that and provided the enabling environment that then allowed India’s ICT revolution to occur. So there is much to be said about some very positive steps that have been taken to support Indian businesses. There is an excellent JV between a UK-based medium-sized enterprise and an Indian SME: CleanStar Regenatec. What they do is provide clean fuel to replace diesel in generators. It is a very well-known example but you can come up with many like that. The key thing is not to leave it at just the level of private sector engagement but to think what your political, with a small “p”, strategy is going to be to have a multiplier effect. That strategy is missing in so much of what is done. It is not just at Government level; it is at the NGO level. We do one thing and think that is it; it is done and dusted; the project is finished and then we go back to the funder, instead of thinking where it will lead to.

On climate change, in 2007 and 2008, I had so many conversations with foreign missions in India. What they wanted to know was, “How can we get the Indian Government to change its position by Copenhagen?” I was like, “You are talking in terms of a 10-month or one-year programme. It does not work like that. You are in this for the long term.” The saving grace for us was that in May 2009 Jairam Ramesh was appointed and everything was dumped out the window. You had someone who basically came and shook everything up, but if he had not been appointed then by the Prime Minister we would have had pretty much the same kind of fiasco in Copenhagen that we had in Bali.

Q168 Pauline Latham: If we can change the subject slightly, two weeks ago the Secretary of State talked at Chatham House about the creation of joint FCO and DFID teams in BRIC countries. Is that happening? Are there joint strategies in India, and are these with the federal Government or state Government? If it is happening, are there more areas where greater cooperation between the two is
I do not know whether it is possible? If it is not happening, why do you think it is not happening or not. I can reflect on greater cooperation.

Dr Rosalind Eyben: I do not know whether it is possible? If it is not happening, why do you think it is not happening or not. I can reflect on greater cooperation. I think there is enormous potential for greater cooperation generally between the FCO and DFID. However, I think the terms of that cooperation have to be very carefully explored. Malini already talked about being political. I agree with her it is really important that DFID staff understand the political context in which they are operating in the broadest meaning of the word “political”. Sometimes the FCO has a very narrow definition of “political”; they tend to look at what Gareth has talked about as a commentariat in Delhi. They are not actually thinking very much what is going on with the Naxalities, or, if they do, they previously it favours a counter-terrorist perspective and not looking at those issues of poverty and inequality that we have been talking about. When I worked for DFID and headed its office in Bolivia we had extremely close and good working relationships with the embassy. It is often just a question of personalities I think, but it is something that is very much encouraged without one organisation playing the dominant lead, because people are bringing complementary skills. Part of the issue is that the FCO is often thinking about how it can improve British business opportunities in the country and make sure that India agrees with us at the Security Council. Those are the kinds of FCO preoccupations. DFID is in India because it wants to support poverty reduction, so the risk of cooperating too closely with the FCO is that sometimes the DFID staff may forget why they are there. That is the challenge.

Q169 Mr McCann: We have wandered into this question a few times already, but I think what we have established by previous answers is that this is about DFID staffing in India and relationships. I took it from evidence you gave previously that you believed there was too much concentration on relationships at local and state level and not enough at national level where that can make a difference. That is a general impression I got from everyone, but you might have a different perspective? Malini put it very well. DFID thinks it is in country to promote poverty reduction at all costs and that is it, so it wants to keep those blinders on and feel that it has nothing to do with those people in the High Commission who are pursuing much more avowedly commercial or political agendas. This is a very well endowed part of Government that makes other Departments feel like it very well. DFID thinks it is in country to promote poverty reduction at all costs and that is it, so it wants to keep those blinders on and feel that it has nothing to do with those people in the High Commission who are pursuing much more avowedly commercial or political agendas. This is a very well endowed part of Government that makes other Departments feel like...
second-class citizens, and that is not healthy. So the relationship should be improved. There should be a coherent approach followed, recognising that different Departments have different objectives but understanding where all this fits in terms of promoting HM G’s agenda, which should not be just about driving trade and commercial links but about helping to transform a country like India in the way that most of its people want it to change.

Dr Gareth Price: I completely agree with that. I think that from the perspective of policy making by the Indian Government there is an assumption that there is a British strategy, or a German strategy or whichever. Given that DFID has so much money that leads to an assumption that maybe this aid is being done to increase market access for British firms or to buy Indian engagement on Afghanistan, for instance. There needs to be coherence on their side of how the DFID bit fits together with the other British aspirations for its relationship with India. If that is not there, they all end up failing.

Chair: I would suggest that the last 12 or 15 years of untied aid and poverty focus have completely passed by our engagement with India.

Q172 Pauline Latham: There are relatively few bilateral donors in India. How effective would you say their coordination is at the moment? DFID provides a lot of funding to multilateral agencies. Would it be better for the UK, and would it have greater impact, if more was channelled through multilateral agencies rather than bilateral? Would that be of benefit to India or the UK?

Malini Mehra: I think the short answer is: yes, that is inevitable. Certainly, it was something I spoke about at the beginning of the session. I think that coordination has really been quite pathetic so far. The stories of multiple funding of similar projects are legion, a country like India. Even within the EU, where you expect Member States are reasonably well coordinated, that has not been the experience. They will tell you that they are much better now, but frankly it is too little too late, because they are now at the end of their tenure in India. It has led to duplication and a complete lack of leverage.

The three European Union Member States that are most influential in India are the UK, France and Germany. I would put the Germans at the top of the list. The Danes were a middling influence in the run-up to Copenhagen, but if they had got their act together we would have seen greater impacts arguably, but they do not do it. The reasons for that are also numerous. It has to do with seeking prestige as a country, so perhaps with Catherine Ashton’s external action service there will be improved coordination. One finds that at a broader level also in terms of bilateral coordination with the multilaterals. One point of caution, however, is the expectation that if we just divert the flow of funds from a DFID to a World Bank or ABB in India it will make a huge amount of difference. It may not happen overnight because over the years DFID has already cultivated a certain cadre of expertise, professionals and technicians with whom it works in areas it understands, so you cannot just close up shop and hand someone else a key. Whatever is done must be done in a very well thought-out, purposeful and intelligent way over a realistic span of time.

Chair: I do not know whether you might be able to give us some notes. You have mentioned a few times your admiration for the German approach. It would be interesting— not now—if you were able to give us any kind of expansion on that. Germany spends $50 million a year; the UK spends nearly $500 million a year. It is a very big question. If we can get all the purchase we need with $50 million why on earth should we be spending $500 million? It would be genuinely interesting to know what the cost factors are.

Q173 Pauline Latham: If I may follow that up, is it that you admire the German system or that India has less of a problem with Germany because it does not have the past it has with the British system?

Malini Mehra: That is probably a factor. I do not know how important it would be. At the risk of great generalisation, I think there is a difference in approach. The Germans with their much smaller amount of money are able to make much greater political capital out of it, and they do it because the impression one gets is that this is a very clear, effective engineering approach to the problem. They bring established technical competence in key areas that they work on. The Government and the business community work together and there is not the kind of dissonance that one finds with DFID or the High Commission, so it is a very well-oiled machine that does the job well—effectiveness.

At a level of culture and personality, there is a fit, because Indians appreciate a scientific and engineering approach to a problem; certainly, the political parties do because, as in China, in many cases their background will be in engineering. If they are not bureaucrats who have gone through the IAS they will have trained in engineering or whatever somewhere else, and they have less time for what they see as the soft focus approach to poverty reduction that a DFID brings. But fundamentally I think that the Germans have understood and achieved a better relationship with the Indians because of the way in which they have approached the problems.

Q174 Richard Harrington: Perhaps we may move briefly to what is a huge area to do with the economy, trade, growth, etc. As I am sure you are aware, the Indian Finance Minister announced the aims of double-digit growth and something that I would ask you to comment on, which is what we would call here the inclusiveness agenda. I am still of an age where we call it effectively redistribution of wealth, which is what it really amounts to, to use a 1945 Labour Party expression that has fallen out of favour now with our colleagues.

Chris White: Not with Michael.

Richard Harrington: In all seriousness, despite these words by the Finance Minister do you feel that the Government of India, assuming that is their intention, has enough power, resources and political will to ensure that the benefits of economic growth become more inclusive, or do you think it is just politicians’
hot air? Do you think that donors such as DFID can have any impact on this aim?

Dr Gareth Price: I think there is a large bit of India that is growing very well and there is a lot that is not growing at all, so I think you are a little harsh. I do not think they are talking about the redistribution of wealth; they are talking about some growth in the 450 million in rural India. At the moment what you often have is a negative impact of economic growth on them, particularly from mining and people losing their rights to land and so forth. You have a big chunk of people who suffer from growth, so it is the opposite of inclusive.

The rhetoric since this Government has come in has been on increasing allowances for the poor and focusing on education infrastructure. The problem we have been alluding to and talking about all morning is that it lacks the capacity to do so and people in the fast-growing middle class are aspiring to work in India’s private sector. The quality of people you need in those areas is not there. In terms of resources, India has plenty but it is human capacity to implement things that’s missing.

Q175 Richard Harrington: For example, in this country central Government with the political will had the power to use taxation, both personal and corporate, as a way to bring about social ends. Is this fanciful in India, or do you think that, for example, higher corporate taxes make a difference? Is it enforceable? Is it plausible, or will it just have to come from general growth, hoping that the number of areas affected by it are extended?

Dr Gareth Price: My PhD, for what it is worth, was on North East India. When I first went there in 1995 people talked about the need for a cold storage facility for agriculture and that could do lots to boost agricultural incomes to get those poor people up the value chain. Fifteen years of strong economic growth later, they still have not got a cold storage facility in North East India. The lack of political will is obvious at times and is sometimes the standard.

Q176 Chair: Isn’t it that one of the areas that DFID has identified? They have talked about providing livelihoods in rural areas. I think they specifically mentioned refrigeration, for example, or processing capacity as one of the areas they want to go into, so is this an indication of a partnership that might be developing?

Dr Gareth Price: It is the kind of thing where more of those at the bottom who are mostly working in agriculture can start to move up the value chain. If half the produce is going off, that is problematic. But, yes, it is a way that DFID could help, but it is more an example of the lack of political will to implement that inclusive growth, or whatever you want to call it.

Malini Mehra: No doubt there will be many members of Cabinet who sincerely believe in the term “inclusive growth”. I think the Prime Minister sincerely believes in it, but I think they have really lost focus on how to bring about inclusive growth, because it means that you talk every day—meeting in, meeting out—about the issues that we have been talking about that require emphasis: education, health, sanitation and basic needs. Until you do that we will we continue to talk about inclusive growth, because the issue lacks the political emphasis and importance it deserves.

In the interim, there are so many people who have the capacity to make money quickly, because Indians are phenomenally entrepreneurial. Like with the CDM—the clean development mechanism—as soon as it was announced, you had Indians lining up at the door. They will smell out an opportunity, but they do not have the same gift for actually focusing on equity. If they had devoted as much attention to equity and social justice issues at the bottom of the pyramid as they did to amassing obscene amounts of wealth at the top of the pyramid then we would not be here discussing these issues, because the idea of DFID investing in India would be nonsense.

The challenge for the Indian state over the last 20 years since liberalisation is that when I went to school most people wanted to join the Indian Administrative Service. The sheen has completely come off our political system and the Government. What people now want to do is set up their own companies. Some of the brightest people we hire leave the company and set up a web-based company. That is where the attention is right now and that will be a real threat. While I suggest that DFID should support non-state access, at the same time we need a competent, honest, reliable and effective state administrative system. That is where a lot more emphasis needs to be placed. It is about human resource development.

Q177 Richard Harrington: Following on from what you have just said, the Secretary of State said publicly—I cannot quite remember the wording—that basically we intended to focus DFID aid through private enterprise a lot more. But I do not understand from anything you or he said how DFID can engage better with the private sector. Is it simply awarding contracts or helping to set up businesses? Do you have any views on that?

Malini Mehra: I think that is an extremely short-sighted and dangerous strategy, because everything that I am telling you is that Indians are entrepreneurial but selfish. They will succeed and then make all their money. You will have a Lakshmi Mittal who is the richest man in Britain. What is he doing about poverty in India? Some of us have an enormous capacity to make money and yet we are not concerned about the social diseases in our society, which are manifested in poverty. If all you are doing is pumping money through these private sector agencies whose primary purpose is commercial aggrandisement where is the developmental impact?

Q178 Mr McCann: With the greatest respect, is that not for the politics of the country to sort out, in the same way that the politics of this country sort it out with the democracy that is available? Is there a problem of fundamental democracy in India that does not allow that to take place?

Malini Mehra: I do not think that democracy does not permit it to take place. We had the people who chucked out the last Government. This Government has been in office two terms and was returned with a
solid mandate because people felt they are a bit more serious about more inclusive growth than the other lot. It is not such a failure of democracy. Democracy is a great thing that we have going for us, but it is about a much more complex situation. As we say in India, you are only an Indian when you are outside India. When we are in India we are divided by so many other characteristics: caste, ethnicity, gender, etc. Therefore, this is about a national project that lost its way in the last 20 years and is about rebuilding the nation and focusing on human capital development as the way out of our problems of poverty.

Q179 Richard Harrington: Malini, you think that this private enterprise conduit for British taxpayers' funds is fundamentally flawed.
Malini Mehra: If that is all it does?
Richard Harrington: Yes.
Malini Mehra: If that is all it does and you are channelling only through for-profit commercial entities, you have a problem, because the question then arises: how is that benefit in a conscious way going to reach the people it has not reached so far?

Q180 Richard Harrington: Exactly. It is really all about what the objectives of this money should be. The acid test of DFID, as we have said before, is to do with poverty reduction. Very clearly, in your opinion using the private sector to achieve this objective is fundamentally flawed. I certainly have a lot of sympathy with that argument.
Dr Rosalind Eyben: I imagine that if the aim of working with the private sector was to establish, encourage and influence a sense of corporate social responsibility so that millionaires do pay their taxes rather than indulge in tax evasion and try to take a lead in influencing public opinion—that India has to have a national project, as Malini put it—and if you frame the support to the private sector to encourage it to become more socially responsible, then I could see there was a case for it.

Q181 Chair: If the Daily Mail and Daily Express were here—they tend not to attend our meetings—I have to tell you they would have two front-page stories for tomorrow from the evidence you have given us, basically saying, “Why on earth are we giving India a penny?” You have given us pretty well all the arguments we need to turn round to say to the Secretary of State, “You have blundered; you should not be there.” Is that really what you think?
Dr Rosalind Eyben: No.
Chair: I know you have not said that, but you have given us such powerful arguments, possibly taken out of context. Nevertheless, I think they would confirm the idea of most British taxpayers that India is not a place where we should be spending development money.
Malini Mehra: I do not think DFID really has a future in an emerging India and it has not done its job as well as it could have. How many years have we had DFID in India?
Dr Rosalind Eyben: British aid in India goes back to the 1950s.

Malini Mehra: Perhaps these kinds of inquiries should have been held 10 years ago.
Chair: They were.
Malini Mehra: They would have obviated the need for one now. Oh, they were. I am sorry. Obviously, the penny had not dropped so no one had thrown the penny in.
Mr McCann: You are too young.

Q182 Chair: As a Committee we take evidence in all of these inquiries. It is very refreshing in lots of ways. Normally, what we are being told by people is that DFID is a leader, a pioneer and a trailblazer; it is innovative, creative and it makes a difference. You are telling us it is none of these things in India. Apparently it is everywhere else but not in India.
Dr Rosalind Eyben: It is not everywhere else.
Malini Mehra: And also India is different now. We have seen our society change in so many ways in the last two decades, and in the last decade in particular. These kinds of arguments that you are hearing from us now perhaps would have been less valid 10 years ago, but they are increasingly valid now. If doing the same thing over and over again does not have an impact it is time for a change, and it is good that the Committee is having a rethink on this.

Dr Rosalind Eyben: You may recollect that with the retrospective terms of agreement in the 1970s it was in India that UK British aid first had a poverty focus. That was right back in the 1970s and 1980s before the rest of the world. Some of the money that we spent in India had to have a poverty focus. At that moment what was then ODA in the late 1980s and 1990s did some really interesting, innovative work in both rural and urban development with a much smaller amount of money and a very sharp poverty focus. That innovative cutting edge has deteriorated over the years for a whole range of reasons, so the issue is not whether we should stop aid to India now but whether DFID can manage to change the way it works so it can continue to support and strengthen its capacity to support change and innovation in India for poverty reduction.

Q183 Pauline Latham: There is a proposed EU-India free trade agreement. What do you think the main advantages and disadvantages of this are? Do you think it has any impact on whether India can continue to manufacture very cheap medicines, for instance?
Dr Gareth Price: It has been talked about for a long time. I have not written about free trade agreements with India for a while until they actually sign them. I would be tempted to wait and see. There are issues with things like child labour and environmental protection that the EU wants to put in and India is adamant it does not want in. In relation to generic medicine, essentially India is protecting its pharmaceutical manufacturers who produce generic drugs; the EU is sticking up for pharmaceutical companies in its Member States that do not. Either India is trading one sector off against another or the thing won't be signed. I very much doubt that a deal would go through that would remove access to markets by Indian pharmaceutical manufacturers of...
generics, though there have been 20 or so instances of Indian generic pharmaceuticals being stopped in the Netherlands under existing IP regulations.

Pauline Latham: So, it is wait and see?

Dr Gareth Price: Yes.

Malini Mehra: I think as a general point opening up India’s industrial sectors to foreign competition is a good thing. That is how we separate the wheat from the chaff in India. If it can be done in such a way that good practice is encouraged, even expected, and there is a legal requirement for that built in, India will be forced to deal with many of the abuses that we see, whether it is child labour or environmental substance dumping. I do not want to do down the many Indian companies that are setting best practice trends globally. They will have an opportunity to win in that kind of context.

Q184 Chair: You mentioned in passing corruption, petty bribery but also the fact that people do not pay their taxes and the money goes astray on contracts and so forth. Transparency International puts India 87th on the list of corrupt countries. How widespread is it? Assuming it is widespread, what impact, if any, can donors or DFID have on this? Is there anything they can do that might contribute to either exposing or reducing it? A gain, how would that be viewed?

Malini Mehra: I think it is top to bottom. There is no space in the Indian body politic or society where you will not find graft, bribery and corrupt practices in operation. As anyone who has been following the Indian press for the last few months knows, there has been a series of pretty high octane scams, which have been the stuff of pretty much 80% of what politicians have been writing about. The Government and Prime Minister unfortunately have not acted with their conscience on this. Seeing that, I think very few Indians would have any sense that there would be redress against corruption at the governmental level. There has been ample opportunity with the 3G scan, etc, for the Government to do the right thing and sack the errant Ministers, but the measures taken have been too little too late.

In terms of what you do about it, we have a very active civil society movement against corruption. There are many business leaders who are now speaking publicly about it. They feel they are hemmed in, because even though there may be a general policy of zero tolerance towards corruption from the top level down you do lose business; it is a consequence of doing business in India. For example, the Tatas is a business house that is seen as the most reputable and least corrupt of the many industrial houses. There have been many instances of them losing very prominent contracts as a result of their policy of zero tolerance towards corruption. DFID could support the work of organisations like Transparency International in India and so support the efforts of those organisations that have the capacity to blow the whistle. We have some positive laws on the books in terms of supporting whistle-blowing. We have a Public Right to Information Act, so DFID should support people, provide funding for legal aid organisations and build up the whole infrastructure to enable people to hold their Governments and authorities to account.

Chair: I think you have given us a pretty aggressive insight into what is wrong, what might be done and what the challenges are. To be fair, what all of you have said is that DFID should be there, if not necessarily on the scale that it is. It needs to be qualitatively better; it needs to be better focused. Frankly, we need to take with us the transcript of this evidence because you have given us a focus on an awful lot of pretty tough questions we will need to put to DFID staff we meet in India and the Minister when we get back. After all, we invited you here to give us that sort of insight to help us focus.

Pauline Latham: We are going on Tuesday. Your coming today has focused our minds much more clearly on a lot of the things we need to be asking people over there. It has been helpful.

Malini Mehra: I am glad that we have been provocative and helpful to you. As an Indian, I feel that the problem is not DFID; the problem is India. We need to demand much more of our social consciences and take a much greater level of personal responsibility. Perhaps that can come through in your engagement with officials. What are you doing about it?

Chris White: It will be good to have a follow-up when we get back.

Chair: Yes, it would. That might have to be informal rather than formal. Obviously, DFID for example is now concentrating its efforts in fragile states and difficult states, so it is actively going to some of the more difficult places, which in itself raises lots of questions as to whether it can or what it can do. This Committee has limitations in what it can achieve, but the questions we are trying to ask are: what is DFID’s USP? What can it do? What does it do right? What does it do wrong? What works and how can it be replicated? As a Committee, we all believe that we should deliver on our 0.7% and that the UK should have an effective aid programme, but we worry all the time that money goes to waste or does not achieve and does not deliver. Anything that helps us to drill down to the core of that and, hopefully, in the process ensure that what we do is done is more effectively is clearly what we think the Committee is about. Clearly, we depend on getting evidence from people like you who have direct knowledge. I thank all three of you. You all given very different insightful perspectives that are really helpful to us. Thank you very much.
Monday 28 March 2011

MemBERS present:
Mr Malcolm Bruce (Chair)
Hugh Bayley
Richard Burden
Richard Harrington
Mr Sam Gyimah
Pauline Latham
Jeremy Lefroy
Mr Michael McCann
Alison McGovern
Anas Sarwar
Chris White

Examination of Witness

Witness: The Rt Hon Andrew Mitchell MP, Secretary of State for International Development, gave evidence.

Chair: Good afternoon, Secretary of State, and thank you for coming in. I appreciate that it is not ideal timing, given the Prime Minister's statement on Libya and your own involvement in what is going on in Libya. However, I hope that you appreciate that when we have set these evidence sessions, it is very difficult for us to change them at short notice, so thank you very much indeed for being here. I am sure that your mind is slightly divided, but I am sure that your attention will be fully focused. Before we get on to India, there is a point arising out of the Budget that we just wanted to clarify.

Q185 Anas Sarwar: Secretary of State, thank you very much for joining us. I will just ask a quick question with regard to the Red Book of the Budget Statement. The CSR states that £6.3 billion will be spent in the year 2010–11 for the Department for International Development. The Red Book has revised that figure down to £5.9 billion. I was wondering whether you could provide an explanation.

Andrew Mitchell: Yes. This will be an accounting matter, Mr Chairman, and it probably results from money being passed out to the conflict pools and to other joint-Department funding mechanisms. I will write to the Committee to confirm this point. I am pretty sure that what is what it is, but just to be absolutely clear I will write with a full explanation.

Q186 Chair: That would be helpful. You will appreciate that some of the NGOs have commented on it, and it would be helpful to know what the reason was. However, I think we will wait for your reply.

Andrew Mitchell: That is the reason. There is nothing untoward in the difference between the two figures.

Q187 Chair: No, no. I think it would be helpful to have an explanation, however. On the issue of India, firstly I would like to acknowledge the presence of your India staff behind you, not least because we spent quite a lot of time particularly with Sam and I an while we were in India. We appreciated both the support and the company that they gave us. Of course this means that we will still make a totally independent evaluation of what we saw and heard, but we do appreciate the fact that they are here.

Andrew Mitchell: They are an outstanding team, Mr Chairman.

Q188 Chair: We appreciate that; we saw them in action. I wonder if I could start the process. When you set up the Bilateral Review, it appears that you actually decided the countries in advance, and it was then up to them to put in bids. I wanted first of all to clarify whether that was the case, or whether countries were able to bid to be included or not.

Andrew Mitchell: Sorry?

Q189 Chair: We have been led to believe that at the start of the Bilateral Review, the framework that was given to country programmes was that the countries that would continue to have a programme were already identified. That was a central decision, and the review was of what the programmes would be, rather than an invitation to countries to bid. Perhaps you could clarify that. The specific point on India was that you did announce the India outcome before the general Bilateral Review. Was there a reason for this? How did you come to the view that there would be a continuing programme in India at the level that you did, in the context of the Bilateral Review? It is not entirely clear which came first and what the process was.

Andrew Mitchell: Thank you, Mr Chairman. I am extremely grateful to the Committee for conducting this enquiry on India. We are delaying the publication of our operational plan on India until we have a chance to see and take into account the views of the Committee, so I am extremely grateful for that.

Chair: We appreciate that; we saw them in action.

Andrew Mitchell: Yes. I hope that I can clarify that and I would absolutely welcome a chance to see and take into account the views of the Committee. I understand that we may get the Report in June, and it would obviously be helpful if it was no further than that, because we need to operationalise our plans. The Bilateral Aid Review did not start with a firm review of what the programmes would be, rather than an invitation to countries to bid. Perhaps you could clarify that. The specific point on India was that you announced the India outcome before the general Bilateral Review. Was there a reason for this? How did you come to the view that there would be a continuing programme in India at the level that you did, in the context of the Bilateral Review? It is not entirely clear which came first and what the process was.

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the move, with very few structures available to handle that. It was led by the evidence, and the Bilateral Aid Review reached its conclusions on where the footprint should be.

On your second point about India, we realised that this was a difficult decision. We looked very carefully at the evidence. We talked extensively to the Government of India. I went to have discussions as long ago as last November. We talked, obviously, to those who are experts in development in India. We talked to those who are sceptical about our development programme in India. Then we reached our conclusions, and those conclusions were the ones we announced in the speech that I made about development partnerships earlier this spring.

Q190 Chair: But you made that announcement in advance of the general Bilateral Review.
Andrew Mitchell: Yes, I did. That was because I was making a speech about how DFID’s approach to working in partnership with the emerging powers should be structured. I did not think that you could make a speech like that without taking head-on the nature of that partnership with India. That is why we announced it ahead of the rest of the Bilateral Aid Review.

Q191 Anas Sarwar: I was part of the group that visited Bihar, and some of the key areas that we will be focusing on are governance, water, sanitation, maternal health and nutrition. Given the size of the budget in cash terms, is there a risk that we are spreading ourselves too thinly, and that we could have more impact if we focused on just one of those areas?
Andrew Mitchell: I am very happy, Mr Chairman, to expand at whatever length you want on why it is right to continue to have a development programme in India. However, we are changing the nature of the programme in order to zero in on three of the poorest states. Some of our programme will zero in on the eight poorest states, but, by and large, around two-thirds or 67% will in future be focused on those three of the poorest states. We think that that is the right balance, bearing in mind that the programme is also increasingly reflecting the importance of pro-poor private sector investment. Over the period of four years, we hope that around half of it will be spent. We have frozen the headline amount at £280 million. Around half of it will be spent on traditional programmes, particularly focussed on health and education, and the other half will increasingly focus on pro-poor private sector investment.

Q192 Chris White: You talk about the three poorest states, where the aid will be specifically targeted. Has this been decided and agreed with the Indian Government?
Andrew Mitchell: Yes. Not all of the final details are nailed down yet, particularly on how we will do the private sector work. We are still in discussions about that. The fact that we are going to focus in the poorest areas going forward was, however, something I discussed with the Indian Government when I was there last November. I think that the Indian Government understand why that is what we want to do, and, by and large, approve of it. Obviously if you are talking to the Indian Government, and officials and so forth, you will get a variety of views. However, the reflection that I took away from my visit was first of all that the Indian Government very much approve of, and support, the work that my Department has done in India. They recognise the very strong development genes and excellence of that programme, and they understand why we want to move to focus it more tightly on the poorest areas in India.

Q193 Alison McGovern: Secretary of State, Prime Minister Manmohan Singh and Prime Minister Cameron had a conversation during Prime Minister Cameron’s visit to India. What reference was made to the aid programme, and how did that influence the decision that was taken through the Bilateral Aid Review?
Andrew Mitchell: The Prime Minister, in a press conference quite recently, made it clear that he was very supportive of Britain’s development programme in India. Although I was not in the room when the conversation between the two Prime Ministers took place, I know that the Prime Minister of India emphasised to our Prime Minister the fact that he greatly valued the work that Britain was doing in development, and was very supportive of it.

Q194 Alison McGovern: Why do you think the discussion happened at that level?
Andrew Mitchell: I think that it was a general discussion. You will recall that the Prime Minister took a very large group with him, with the intention of rejuvenating and invigorating the British partnership with India. During the course of widespread discussions about partnership, the issues of development came up. I emphasise that when they came up, as part of that wider partnership, the Prime Minister of India indicated very strong support for our development work.

Q195 Alison McGovern: In terms of Britain’s foreign policy relationship with India and our trade relationship with India, where is our development role in that picture? Is it something that assists in the foreign policy or trade relationship, or is it something that is totally separate and has no influence at all?
Andrew Mitchell: All of these things, I suppose, are interrelated. It is part of a very significant partnership with India, which goes back for many, many years. That relationship covers all aspects of life. You mentioned trade, which is extremely important. It is one of the reasons why the new Partnership Secretariat approach that my Department is taking in dealing with the emerging powers is so important. It focuses on climate change and trade issues, and on many other issues as well. That is the context of the partnership with India. It is rooted in history. It is a very deep and close partnership between our two countries, and it covers all of these different areas.

Q196 Hugh Bayley: How does DFID make sure, when it is deciding which projects to support, that the things that it supports are not things that would have
happened anyway, if there had not been the DFID money?

Andrew Mitchell: That is down to the discussions that take place. We make sure that we are genuinely having an incremental effect on what is happening in India. After all, the nature of this programme now is increasingly not supporting steady state development, but showing, through piloting and technical assistance, how programmes that we help through our expertise development can be scaled up very significantly. That has increasingly been the nature of the development work that we are doing.

I will give some examples of that. Let us look at the three states upon which we are seeking to focus much more now. In Bihar, £500,000 of British taxpayers’ money to the state Government, intended to strengthen the quality of its infrastructure proposals, has helped it to access an extra £140 million to improve urban infrastructure. In Madhya Pradesh—another very good example—£55,000 from British taxpayers unlocked funds of £21 million from the Government of India’s central scheme that provides employment opportunities to the poor. A third example, substantial in Orissa, is DFID’s support of £150,000 for tax system reform, including, for example, computerising tax files, which has increased VAT collection by about £55 million between 2005 and 2009. £1.5 million, given to help the Government design their public-private partnership policy, has attracted investments worth £400 million. That is a very good example of how British Government development technical assistance, showing how to make progress, helps the much wider development policies, behind which come very significant amounts of Indian taxpayers’ funding. That is one of the reasons, although not the only reason, why the Indian Government values the development work that we are doing so highly.

Q197 Hugh Bayley: The difficulty I see is that for every example of added value there are examples where you question why aid was contributed, often in the field of technical assistance. In Madhya Pradesh, we saw British money being invested in supporting a vehicle tracking scheme in Bhopal, which yielded very substantial savings. The question is: if the scheme yielded savings, why did it need a top-up of funding from the UK? The power sector reform is another example, which has yielded savings to the Government of £100 million and prospects of greater savings still. Why is £18 million of British aid needed, or £1.6 million of what needed for technical assistance?

Andrew Mitchell: I will go back to my point about the focus on demonstrating and helping the development in different programmes. On the work in the power sector—I do not have the figures at my fingertips—certainly British development expertise has been extremely successful. It has not only succeeded in limiting the number of power outages that take place, but also in making life much safer for very poor people, who have been trying to access power, shall I say, informally. Again, this is an area where British expertise has made a big contribution to a wider Indian effort. I emphasise, however, that going forward, as we walk this last mile with India on development, as part of a much wider partnership between Britain and India, we increasingly focus on providing technical assistance. We focus on the demonstrative power of the interventions that we make, so that they can be significantly scaled up afterwards by the Indian Government Indian taxpayer.

Q198 Chair: There is a certain irony, however, is there not, in the British Government money being used to help the Indian Government spend its money more effectively? It is a slightly odd situation.

Andrew Mitchell: That is a core part of the development work that we do around the world. A lot of the work that has been done, for example, in building up revenue-raising structures in the poor world, where we try to assist people in raising their own taxation, results from a small amount of British taxpayers’ money making a very significant contribution to the revenue-raising powers of a poor-country government. This enables them in turn, increasingly quickly, to stand on their own two feet. It is a very good example of British expertise contributing, I would say significantly, to development.

Q199 Hugh Bayley: Doesn’t your answer make the case for a different type of partnership? If we are investing a small sum of money to trigger savings, either from Government efficiencies or from the ability of the state to draw down resources from the Government of India, would it not make sense to put in the pump-priming money in effect as a loan, to be repaid when the savings or the dividend comes good? Should we not therefore have, for emerging economies such as India, a loan window, and not just rely on a “one club fits all” approach, whereby if we provide aid it is in the form of a gift?

Andrew Mitchell: It is a mixture, isn’t it? Clearly the private sector investment that we will be seeking to promote may be loans, guarantees or equity. The dividend to which you refer comes back to Britain in terms of greater prosperity for India in the future. We all benefit from prosperity rising around the world. After all, the model of development is a glide path up away from the welfare model of development to the private sector investment model, where countries have their own debt and infrastructure market. I think that the work that we are doing plays a valuable role in that glide path.

Q200 Richard Burden: The power sector reform investment, or assistance, is coming to an end, but I am a little confused about what you are saying about that. Are you saying that that is the kind of model you would like to see developed in the future, or are you saying that that was something that was good in its time, but is not the kind of thing that you are looking to for the future?

Andrew Mitchell: What I have said about the repositioning of the programme, which we will finally operationalise once we have heard from this Committee, and been able to take account of the views of the members of the Committee, focuses on three of the poorer states. It moves the programme much more towards working there. The role of technical
assistance and of the private sector, and the power of demonstration that British taxpayers’ money spent in this way provides, are all fundamental to the programme going forward. What I am trying to move away from is the funding of steady state development. I think that what are obviously, for us, significant sums of money, but in terms of the Indian pro-poor spend are quite small amounts of money, are no longer appropriate.

Q201 Richard Burden: I understand that. I am just trying to understand what the new approach actually means in practice. Is the kind of thing that was done before in the power sector reform the kind of thing that you are looking to do more of in the future? Andrew Mitchell: I certainly would not rule it out. Bear in mind that we would be seeking to do it in the poorest parts of the country.

Q202 Richard Burden: In the poorest states, yes. Call a spade a spade, however. What happened there is that, partly through UK prodding—which is a good thing—and partly because they knew anyway that they were losing shed-loads of money in the power sector, they called in a British set of consultants, which we paid for. Why did we pay for it? Through the technical assistance, the advice and so on, we could have said, “We will put you in touch with these consultants who can help you.” Why on earth would we pay for that? This goes back to Chris’s point, in a way. Are you sure that they would not have paid for it if we had pointed them in the right direction? Andrew Mitchell: That will have been our judgment at the time: that they would not pay for it, and that we could make a real contribution by demonstrating the effectiveness of this intervention. That is why we will have done it. Can I speak for every instance under the last Government? No, but that is certainly what will be happening on my watch. I would not rule out doing the same thing in the future, but I would need to be satisfied on behalf of the British taxpayer, that this was making a really good development intervention as a result.

Q203 Mr McCann: Good afternoon, Secretary of State. This touches on the point that Chris made at the start of our discussion this afternoon. We know that DFID’s focus will be on what we view to be the three poorest states. However, I travelled to Madhya Pradesh, and then we had meetings with Government officials in New Delhi. There came across to us a strong view that they were either unhappy with the concept, or it had not been discussed with them, or indeed, in some cases, they just disagreed with it because they believed that the three states that we had chosen were not the poorest. Does that give you any cause for concern, given your explanation provided earlier, that you did have discussions at a high level with the Indian Government? Does your plan have enough flexibility in it that you could change course at some point in the period between now and 2015, if you so decided? Andrew Mitchell: I want to emphasise that this is a partnership. We do not bounce the Indian Government with our plans. We develop them together with them. For example, the approach on climate change spending is something that we are developing together with the Indian Government. On the private sector, like us, they would not want to be involved in individual decisions. You should never allow Ministers, or indeed civil servants, to make specific market-related investment decisions. That should be left to the private sector and those who specialise in that. Of the six senior people who I think you saw, I have met most of them. Five of those six are extremely supportive of our programme and what we are seeking to do. I think that there was a slightly difficult meeting with the Chief Minister of Madhya Pradesh. I think that the nature of the meeting may not have been clearly understood to be the same by both sides. However, all I can say is that when I saw him, he made it clear that he was extremely supportive of our plans, and grateful for our intervention.

Q204 Chair: Just to summarise that point, there was a sensitivity in the Indian Government on this. They did not want to be in a situation where they are seen to have agreed with the British Government that just three states would be in receipt of UK aid. Their argument was that there were more than three states that were poor, and they would wish the Indian people, poor people in other states, to feel that we had some engagement with them. I think it is fair to say that that was a point of concern.

Andrew Mitchell: Yes, absolutely, Mr Chairman. Let us be clear: some of our work, for example on secondary education for girls, would not be focused just on three of the poorest states, but on eight of the poorest states. A gain, we are trying, by demonstrating how this can be done, to assist in the wider education of secondary schooling. It is about 67% of the budget that will be spent in three of the poorest states. Wider than that, however, of course there is an acceptance that there are eight particular states that are extremely poor, and we want to try to assist more widely to some extent.

Q205 Mr McCann: You did not really quite answer this point. Would you consider changing course? I know that that is language that we have been using over the last few weeks, but in a different context. If you felt that you needed to, do you feel that you have enough flexibility in your plan to shift and put more emphasis on one or more of the poorer states, or indeed in the other eight that we are targeting, for other specific reasons? Andrew Mitchell: We do have the flexibility, and we must, because we have set out very clearly the results that we are seeking to achieve. If we decide that there are better ways of achieving those results, or that the need for particular results has changed, then we will reflect that. We are very driven now by trying to secure specific development results on the ground, so we could change. I make the point that in general we should not be too widely spread. I think that someone else made that point earlier. That is why we seek to try to narrow down the focus to three states in general, although some of our programmes will be wider than that.
Q206 Pauline Latham: You have announced four years of spending over there. Obviously that brings us more or less to the end of this Government term. You have also mentioned “the final mile”, which is what a lot of people are talking about. Are you thinking that that four years is the final mile? If so, how do you see yourself tailing it off and coming out? What stages do you see in walking the final mile with India?

Andrew Mitchell: It is a very important question. The four years that you identify are the four years of the Spending Round. India has been Britain’s largest development programme for many years. Next year it will probably be Ethiopia, and the year after that, subject to the agenda for macroeconomic reform taking place there, it will be Pakistan. This is a big change. Freezing and refocussing the money, and increasing the element of that funding that is pro-poor private sector investment, is a very big change. I cannot see beyond those four years at the moment. I do not think that it would be right to do so. We need to operationalise the programme, make sure that it is really effective and secures the results that we want to see secured, and see how it goes. It may be that in two or three years we can start to take a view on what comes after 2015. I think that today it is too early to say. What we can say is that India is developing extremely successfully. They are lifting, as I have said before, hundreds of millions of people out of poverty. The scale of the poverty is immense in India. The scale of the challenge is immense. That is why we walk this last mile with them. I think that what India is doing, in terms of its pro-poor policies, is extraordinary, and highly effective. We were able to reach the conclusion that now would not be the time to end our programme, but in four years’ time the position will be different again. I hope that the Committee will give us the benefit of their advice as we come towards the end of that four-year period, so that we can have a real debate on what comes next.

Q207 Pauline Latham: You are saying that everything is changing so dramatically over there, and they are becoming a much wealthier country. Of course, one of the criticisms that we always hear is, “They have a space programme, which we do not have. We cannot afford to have one.” Having been over there, I was struck by the fact that, although a space programme sounds great, they are doing it in order to have satellites, mapping, weather patterns and flooding patterns, rather than putting a man on Mars. Do you think that they might escalate that space programme as they become wealthier, or do you think that they will keep it at approximately the level that it is now? They have been in space for a long time. Will they take back the money that is in excess, so that they can then put it into the pro-poor areas, and make the big difference for them? Do you think that space will increase, or that they will genuinely try to help their poor?

Andrew Mitchell: First of all, I am very grateful to you for eloquently explaining why the space programme is. I wonder what discussions you may have had yourself tailing it off and coming out? What stages do you see in walking the final mile with India? Andrew Mitchell: It is a very important question. The four years that you identify are the four years of the Spending Round. India has been Britain’s largest development programme for many years. Next year it will probably be Ethiopia, and the year after that, subject to the agenda for macroeconomic reform taking place there, it will be Pakistan. This is a big change. Freezing and refocussing the money, and increasing the element of that funding that is pro-poor private sector investment, is a very big change. I cannot see beyond those four years at the moment. I do not think that it would be right to do so. We need to operationalise the programme, make sure that it is really effective and secures the results that we want to see secured, and see how it goes. It may be that in two or three years we can start to take a view on what comes after 2015. I think that today it is too early to say. What we can say is that India is developing extremely successfully. They are lifting, as I have said before, hundreds of millions of people out of poverty. The scale of the poverty is immense in India. The scale of the challenge is immense. That is why we walk this last mile with them. I think that what India is doing, in terms of its pro-poor policies, is extraordinary, and highly effective. We were able to reach the conclusion that now would not be the time to end our programme, but in four years’ time the position will be different again. I hope that the Committee will give us the benefit of their advice as we come towards the end of that four-year period, so that we can have a real debate on what comes next.

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Q208 Chair: A slightly inverted metaphor, if I may, Secretary of State. However, I think it is clear that you are desperate to articulate the case for aid for India. It is perhaps just worth reinforcing the brief that we did receive on the space programme. The cumulative cost is apparently $6 billion over 45 years, whereas what you have described is many, many times that, year on year, in terms of what the Government is trying to do. It is useful to put it into context, but it is an issue that confuses people as to why we should be giving aid.

Andrew Mitchell: I am very grateful to the Committee for identifying the nature of the space programme.
does have development overtones is a very valuable contribution to the debate.

**Q210 Chair:** It is a problem, isn’t it? Why should a developing country not have aspirations while it still has poverty? That is the real implication of some of the critics: that if you have poor people, you have no right to spend money on other aspirations. The issue is surely that you have the right, but it is whether or not you have the right proportion.

**Andrew Mitchell:** I think that is exactly right, Mr Chairman. I tried to set out graphically the extent of poverty in India, to which, of course, the counterargument is, “That is all very well, but why does India not do more to tackle this?” My point is that India is doing a tremendous amount. I hope that the figures that I used gave the Committee some idea that India is doing a tremendous amount. I hope that you will be very proud to say to you that we are India is taking.

**Q211 Richard Harrington:** Good afternoon. I have been very quiet until now, listening very carefully to the arguments. I assume that everyone around this table would be very proud to say to you that we are in the pro-development group of people, and we feel that part of our job here is to promote the development that is done by this country, of which we should be very proud. However, when it comes to India, having been on a number of radio programmes and this kind of thing, one does feel like the punch bag. The space programme is only a part of it: there is an overall table would be very proud to say to you that we are pro-poor development policies that are the very cornerstone of the approach that the Government of India is taking.

**Q212 Richard Harrington:** It is not for me to suggest an outlet for your perhaps frustrated journalistic career, but articles by yourself in these newspapers about what India is doing for itself might be very useful.

**Andrew Mitchell:** You may rest assured that I take advantage of all such opportunities.

**Q213 Richard Harrington:** Certainly for me, the visit itself proved beyond all reasonable doubt—that I had very much doubt—that we should be in India, we should be in the poorest regions, and we are helping tremendously, particularly in areas such as governance. I thought that it was just me, but I have checked with colleagues, and we are not very clear about it. I would 100% back what you said about the competence and efficiency of DFID’s staff in India. However, this is such a new area that I felt that I did not really understand the DFID proposals. I cannot see personally, as someone who has had some experience in the private sector, how it is possible to do anything to move the private sector into an economy as poor as Bihar’s. With no basic infrastructure, and no basic form of capitalism, let alone PPIs and everything else, the economy is in a primitive state. I recall the figures that 83% of people defecate outdoors, and education and everything else are very primitive. I would ask you, if you could, just to explain to us very clearly what is meant by this private sector initiative, and where the figure of £140 million came from.

**Andrew Mitchell:** Mr Chairman, you will appreciate that this abuts onto the discussions we had about CDC, to some extent. I would like to point out that currently the eight poorest states of India have over half of India’s population, but attract only 2.4% of the country’s foreign direct investment, and one-fifth of investment overall. As members of the Committee will have seen in Madhya Pradesh and Bihar, these states face a shortage of infrastructure, and their economies have yet to generate sufficient low-skilled jobs to lift millions out of poverty. That is at the heart of the case for the private sector.

All of us have learned and know that it is the private sector that has the ability to have a real impact on infrastructure, energy, and the new green investment overall. As members of the Committee will have seen in Madhya Pradesh and Bihar, these states face a shortage of infrastructure, and their economies have yet to generate sufficient low-skilled jobs to lift millions out of poverty. That is at the heart of the case for the private sector.
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After all, we said that we wanted the private sector input to be in the hardest places to reach, and to accept the most difficult challenges, because we believe that the private sector has a huge ability to help people to lift themselves out of poverty. In India, we will develop these policies. The £140 million figure is by the fourth year. There is no direct line to it: we want to advance carefully and slowly towards that. I go back to my point about the glide path out of poverty. India, increasingly, in the richer states, is manifestly benefiting from the effects of pro-poor private sector investment. We need to take those lessons to the poorest states, because they too can benefit. As the figures that I have just given the Committee demonstrate, at the moment that is not the case.

Q214 Richard Harrington: So would you see, for example, some of the existing projects that we saw either sponsored by DFID or, indeed, by the World Bank—for example, the governance programmes, or setting up savings and loan cooperatives? I will just mention those by way of example. Would you see taking products such as that and saying, "We will privatisate them. We will put them out to tender and get a private company involved, because they can do it more efficiently than we can do it already"? Or would you say, "Some things will be direct investment from the UK Government to state Government, but we will come up with new ideas, such as new roads, etc., and they will be put out to private tender on some form of PFI"?

Andrew Mitchell: We will look at all of the relevant opportunities. We will try to bring our private sector-based skills to bear. We will use the expertise and role of CDC as it develops. You mentioned microfinance, and indeed you could add microinsurance. We will try to ensure that 5 million people, of whom 3.75 million are women, increase their income through training and microfinance. We will try to make sure, through the development of energy, particularly low-carbon energy, including solar lamps and cooking stoves, that we bring to bear what we all know to be the huge abilities of the private sector, through investment and work, to help people to lift themselves out of poverty and to provide these basic services.

Q215 Richard Harrington: Can I just ask one little question, leading on from that? Thank you for the answer. Do you feel, with your experience, which is also very much in the private sector as well as in Government, that there are some kinds of projects that are better done by the public sector? Is it the case there are some infrastructure projects or education projects that by nature would never be done on a private sector initiative, and some that are much more suited to the private sector? Or do you think that, in the end, everything can be done by the private sector?

Andrew Mitchell: No, I completely agree with that analysis. I take an absolutely un-ideological approach to this. What we want to do is to ensure that we get these gains to those whom we are seeking to help, and we should do it by whatever is the most effective method, regardless of whether it is private or public sector.

Q216 Richard Burden: I think we are adopting an un-ideological approach on this as well, but you will forgive me if I just test out a little bit what you are suggesting here. What you appeared to be saying was that private sector investment in development is absolutely critical to the development of India and tackling poverty in India. I doubt that there would be anybody who would disagree with that. However, with respect, that is not what we are discussing. What we are discussing is the use of DFID money and the most effective way of using it. The first thing to say, therefore, is that I still am not sure where the figure of £140 million came from. You have been very open that, globally, DFID should spend more money in the private sector. Was it that you, as the Secretary of State, said from here, "I want to see 50% of DFID spending in the private sector, now go and work out how to do it"? Or did you say, "I want to see more spent in the private sector. You come back to me and tell me how much you think would be the amount that you would spend in the private sector in order to achieve the objectives you want"?

Andrew Mitchell: The answer to Mr Burden's question is basically the first, in that the analysis of India was rooted in the Coalition Government's core principles of development. These are, firstly, that it is first and foremost conflict that condemns people to remain poor. Secondly, the key way that poor people lift themselves out of poverty is through wealth creation, economic development and growth. Thirdly, that aid spent well creates miracles. In looking at India, and realising where India is on the glide path that I described, it seems sensible that our contribution should go and do the most difficult things in the hardest places in private sector investment. Bear in mind the figures that I gave the Committee about the extent to which pro-poor private sector investment and foreign direct investment is already assisting India in the states that are not amongst the poorest. In other words, there is no need at all for us to be doing that, because the market and the private sector is already doing everything there. We should go to the poorest areas and demonstrate the power of private sector investment in these very difficult places. Having looked at the programme and the British contribution to it, it seemed that about 50% of the programme should be devoted to pro-poor private sector investment, given where India is on that flight path, and given the nature of the British programme.

Q217 Richard Burden: So what did you base the 50% on? Why 50%? Why not 40%? Why not say, "We want to do more in the private sector, we want to unlock the potential, tell us the programmes that would work and would involve the private sector"? Why 50%?

Andrew Mitchell: I can tell the Committee that I started out with a view that the figure should be higher than that, and then in careful discussion—

Q218 Richard Burden: That sounds a bit ideological. Why start off with a figure?
Andrew Mitchell: Because a judgment has to be made of where India is on the glide path that I described. I put it to my officials, and talked internally what that level should be. I started out by suggesting that the figure might be a bit higher than 50%. Having kicked it around, discussed it in detail, taken official advice, and talked to experts in this area, 50% seemed to us to be about the right level. That is why we settled on 50%.

Q219 Chair: Did you have this dialogue with other development programmes, or is India a special case?
Andrew Mitchell: The role of the private sector in Britain’s bilateral programmes has been discussed in respect of every country we are in. That is right and as it should be, that you look at every single bilateral programme and work out at what the best way of tackling poverty in that country is, and what the best way that Britain can help is.

Q220 Richard Burden: You said earlier on, in response to Anas’s question, I think, that you wanted to spend about half on what you described as traditional programmes, and half on pro-poor private sector. Why do you not see a number of the private sector interventions as traditional programmes? We were discussing the issue of the power sector reform. That was a private sector programme, in many ways. It was happening already. A microfinance scheme is presumably a good scheme to support, if you want to expand the preponderance of microfinance in the areas. Why do you draw the distinction between what is private sector and what is traditional, rather than looking at what is right in those very poor states that you are talking about?
Andrew Mitchell: Let me try to help, Mr Burden, with this point. First of all, microfinance does not require funding. You may need structural funds to set it up, but the beauty of microfinance is that it is self-financing. Let me just park that on one side. The issue goes back to my glide path example, which I think is quite a good way of looking at the way in which countries progress on the development curve. You take a view on the role of the private sector. You see, for example, the difference between the more prosperous parts of India, where the private sector has ignited development, and is really driving it forward. You see the fact that that is not the case in some of the poorest states. You work out that, in a world where Britain has a niche position—our contribution is not enormous in terms of the development work that is going on—how can best assist and drive forward the development for poor people there. Bear in mind that the 50% point is a target for the final year, but that the whole of this is driven by the results that we want to achieve. It is not set in concrete, but it seems to me to be a very good yardstick for making sure that our programme moves in the right direction, particularly bearing in mind the glide path that I have described.

Q221 Richard Burden: Talking about niches, and the UK’s contribution, where we are good at things, I have no disagreement about the idea of the private, but rather about where our contribution is. One of the questions earlier on was about whether we are trying to do too much on what you would describe as traditional programmes: through sanitation, public health, education and so on. The point was made that perhaps we should focus down on a fewer number of those. In answer to that, you said that you felt that what we were doing was right, and that on some of those programmes, they would not even be in the poorest states. Education, I think you said, would be spread throughout different parts of India. What you appear to be saying is that because you see the private sector as important, you have a target of 50% of spend in the poorest states in the private sector. That immediately limits the amount that you would spend on things in which we might have a niche, but might not necessarily have that branding. Then you will dilute that money, potentially, beyond the poorest states. I do not see how that all adds up as a coherent strategy.
Andrew Mitchell: No, that is not quite right. For example, in the past, we have helped the primary sector for education across a much wider part of India. We are scaling that down. In two years’ time that will not be taking place. We are now focusing more particularly on secondary schooling, and particularly for women, with a number of specific interventions in the poorest areas. We are making sure that we specialise. In addition to this, not least because the Committee has pointed out the importance of work on sanitation and getting clean water to people who do not have it, we intend to scale up the work that we are doing in the poorest areas. The intention is for sanitation to reach 5 million people over the four-year period, who would not get it otherwise. A lot of that work is being done through technical assistance, through describing how programmes can be scaled up with Indian taxpayers’ money. We are very clear, and I hope that the Committee got the feeling for this when they were in India that we are very clear about getting really good value for money for the British taxpayer.

Q222 Richard Burden: I totally understand. I think that you are misunderstanding what I am saying. What I am saying is: why do you cut the cake in half, so that half of it is in the private sector? That is a target before you decide what you are going to do with it. The rest of all these really good things that you are talking about has to come out of half of the cake. I do not understand why you have that as a starting point, unless it is ideological.
Andrew Mitchell: No. Having thought carefully about the programme, and having taken advice, we decided that that was the best way to structure the programme going forward, to ensure that British taxpayers got the best possible value for money. We also felt it was the way to ensure that we had the biggest impact in terms of overall development in India. That was a judgment that we took about the way to achieve those, I submit, highly desirable ends.

Q223 Anas Sarwar: I just wanted to pick up those points. I do not disagree in principle with a greater emphasis on the private sector, but I want to pick up some points that Mr Burden was making to you. Regarding the £140 million figure, I have some short
and direct questions. What percentage of that will be direct investments being made? Will all of that be spent in the three poorest states? Is the focus on the private sector only in India, or is it more widely, in other countries? What percentage of those investments that are made will be through the CDC?

Andrew Mitchell: Those are very good questions, which have not yet been decided. Of course we will be led by the way in which we can achieve the best possible results. I have no doubt whatsoever that CDC will have an important role to play in this. Some of this work will undoubtedly be co-investment work. Some of it may be traditional CDC business. Some of it may be direct investment. Some of it may be working with others. Some of it might be, for example, possibly guaranteeing other parties. This is quite interesting and new stuff for us, but we must make sure that we work out how to dispense this taxpayers' money very carefully, and we must use all of the tools that are available to us. I cannot give you a blueprint. Indeed, it is the nature of this sort of work that there is not a blueprint available.

Q 224 Anas Sarwar: Secretary of State, with all due respect, you have quite rightly said that it is very new for us. I find it bizarre that we have a target of 50% set from London about how much we will spend in the private sector in developing countries, but there is no answer about where we are going to focus it. What we are saying to the British public is that we can justify aid to India because we are going to spend it in the three poorest states, because it has not been decided yet. We have accepted the need for reform of the CDC, but we cannot say that we are going to make those investments through the CDC, because it has not been decided yet. We have done a Multilateral and Bilateral Aid Review about the countries that we will focus in, and these are the countries that we are going to focus in, but we cannot decide whether we are only going to make private investments in India, or in every country. I think that there needs to be a bit more clarity there. I think that there needs to be a complete rethink about the decision on the private sector. You are absolutely right in the three poorest states. However, we cannot say that we are going to spend it in the three poorest states, because it has not been decided yet. We have accepted the need for reform of the CDC, but we cannot say that we are going to make those investments through the CDC, because it has not been decided yet. We have a Multilateral and Bilateral Aid Review about the countries that we will focus in, and these are the countries that we are going to focus in, but we cannot decide whether we are only going to make private investments in India, or in every country. I think that there needs to be a bit more clarity there. I think that there needs to be a complete rethink about the decision on the private sector. You are absolutely right in the three poorest states. I think that it is new is that DFID has always had a tremendous reputation of being a grants-giving body with no strings attached, giving grants to the poorest people in the world, lifting them out of poverty with no ties to that aid. If we are saying that we will be making investments, investment means that we are looking for a return, which means that there are ties to the aid that we are giving. It is a complete rebranding of what the Department for International Development is all about. I think that we do need some serious answers on those questions.

Andrew Mitchell: That is not correct. Under the last Government there was a very significant boost towards pro-poor private sector investment. The work of the PIDG, for example, in my Department—the Private Infrastructure Development Group—was developed under the last Government. This is an area that is not new to DFID, but it is an area that we are seeking to give monkey glands to. We are seeking to reform CDC so that CDC rediscovers some of its development DNA in the work that it does. You will have a sort of double bottom line of both financial and development results.

Q 225 Anas Sarwar: Promoting the private sector is not new, DFID making direct investments is new, and that is what I am asking. If DFID going to make direct investments, and if it is, will all of those direct investments be through the CDC?

Andrew Mitchell: Not necessarily. We know the power of the private sector, in terms of its development potential. We know the ability to create jobs and provide goods and services that people want to buy. We are seeking to energise that sector in a part of the country where it has yet to reach in any significant sense, although there are other parts of the country where there is no need for us to help energise it because there is commercial capital available. That has huge potential and is enormously exciting. Are we being incredibly prescriptive about how it should be spent at this point? No, we are not. I think that that is exactly right. I think that the relationship with CDC and the changes that we are implementing with CDC, will make a tremendous contribution. In a year’s time we will be much clearer about how we will achieve these results. We do, after all, have four years to reach the 50% position that I described. As those four years go by, I think that you will see the huge development effect and the power of the use of the private sector in this area.

Q 226 Anas Sarwar: Just to emphasise how Brand DFID is under threat, the Deputy Planning Commissioner of the Indian Government said to us, “If you make private sector investments we may not see this as external assistance.” He went on to suggest, “If you do want to make investments, why do you not set up your own finance company and get them to do it?” We do have our own finance company—it is called the CDC. The problem is that the CDC is dysfunctional. It has only made a 4.8% return in six years of investments in India. Anyone who knows anything about South Asian business knows that that is a woeful return. What is really needed, Secretary of State, is a root-and-branch reform of the CDC, to get it working and fit for purpose. Let us do promote the private sector, but let us do it through the CDC rather than Brand DFID, which is well-respected right around the world. Why would we risk DFID’s reputation?

Andrew Mitchell: I do not agree with Mr Sarwar’s analysis. First of all, the money that CDC spends is ODA money. It is part of the ODA budget. The problem with CDC, under the Government of your Party, was that it was not properly gripped. I think that the Committee will be fair to me: I have gripped CDC.

Q 227 Anas Sarwar: I accept that.

Andrew Mitchell: I have gripped CDC, and I am trying to make sure that it delivers pretty much in the way that Mr Sarwar is describing. The Committee has produced an extremely helpful Report to assist us in doing that, and we will do that. The Committee will then be able to judge whether we have done that...
Andrew Mitchell: It depends what you mean by conditionality attached to it. Do you agree with that describing that British aid would have no written statement to the House of Commons, 2003, I believe, your predecessor Hilary Benn made a you will be relieved that I have just one question. In the track in our world who do not have it. I do not un-ideological about the approach to this. I want to that. The first is that, as I said earlier, I am completely provide water to those who do not have it was that the of water, where the condition of providing a loan to about spending money, for example, on privatisation discussion with the World Bank. The discussion was was that conditionality at that stage was a big What I think Mr Benn may have been talking about I am very strongly in favour of. should go for the purpose for which it was intended, in other words, when you agree to fund 100 teachers, one of the money really goes for what it is intended. In other conditionality, however. The first, if you like, is that conditionality. Certainly we have always made clear that we totally accept the decision of the last Government that aid should be untied. Indeed, I try to hand, which they may not be, could you write to us recommendation, so it is not as though the Committee has not engaged with this issue. Clearly, as you can see, Secretary of State, there is a lively discussion as to the end of our evidence session if everybody takes quite a long time. I am going to have to bring in your colleagues, if you don’t mind, Anas. Q28 Alison McGovern: Secretary of State, I trust you will be relieved that I have just one question. In 2003, I believe, your predecessor Hilary Benn made a written statement to the House of Commons, describing that British aid would have no conditionality attached to it. Do you agree with that statement? Andrew Mitchell: It depends what you mean by conditionality. Certainly we have always made clear that we totally accept the decision of the last Government that aid should be untied. Indeed, I try very hard to persuade those countries that have not yet reached that conclusion of the case for it, which I think is tremendously strong. The days of tied aid are gone, in Britain. There are two forms of conditionality, however. The first, if you like, is that the money really goes for what it is intended. In other words, when you agree to fund 100 teachers, one of the oldest scams in the book would be that only 10 teachers were paid, and the rest of the money was pilfered. That form of conditionality, that money should go for the purpose for which it was intended, I am very strongly in favour of. What I think Mr Benn may have been talking about was that conditionality at that stage was a big discussion with the World Bank. The discussion was about spending money, for example, on privatisation of water, where the condition of providing a loan to provide water to those who do not have it was that the water should be privatised. I make two comments on that. The first is that, as I said earlier, I am completely un-ideological about the approach to this. I want to make sure that water gets to the people at the end of the track in our world who do not have it. I do not mind how it gets there, provided that it gets there in a way that is effective and practical. The original debates on conditionality I think have now gone, and rightly so. If the IMF or the World Bank, as used to happen in the 1970s and 1980s, is highly prescriptive, and tries to enforce a regime in a poor country that that country does not want, then in the end that is counterproductive to development. You have to go with the grain of a country’s pro-poor policy development. I think that we have learned that lesson, and if you look at the World Bank’s loan book now, you will find virtually none of it is conditional in that sense. It is a rather full answer, but I hope that you can see the difference between those two forms of conditionality, which I have set out. Q229 Alison McGovern: And you disagree with both of them? You are against both of those? Andrew Mitchell: I agree strongly with the first. On the second, I think that it is a mistake not to recognise that you have to go with the grain of a poverty reduction strategy, which needs to be owned by the country that you are seeking to help. As I say, I take a completely un-ideological approach to the way in which we achieve these results, so long as we achieve them. Q230 Hugh Bayley: My view is that any Government ought to take an ideological approach in this regard. We know from our own experience in the UK that when Governments try to pick winners, especially when they are trying to pick winners in areas of social deprivation, as a regional development strategy, civil servants tend to get it desperately wrong. We would not do it in this country, so why has this become such a big part of your approach in India? Andrew Mitchell: It has not. I made it absolutely clear in answer to an earlier question that we must not seek to pick winners in terms of individual investment decisions that we make. That would be a serious mistake. History is littered with the failures of politicians and civil servants making investment decisions that should be left to the market and the private sector. It is not part of our agenda— Q231 Hugh Bayley: Does that mean no equity investments? Andrew Mitchell: Not with decisions made by individual civil servants, or even by the Civil Service corporately. We must will the ends without actually delivering them. We can set up structures that will enable private sector investment to take place, but we must not pick winners, for precisely the reasons that Mr Bayley has set out. Q232 Hugh Bayley: Can I ask one other question? You rightly, Secretary of State, put a strong emphasis on delivering results. We know that there are some areas, such as governance or increasing tax collection, which we would not naturally think of as being led by the private sector. In what areas do you have strong evidence that private sector solutions deliver more, pound for pound, in terms of development gains than public sector investments? If they are not immediately to hand, which they may not be, could you write to us and give us the data on which the pro-private sector route is based? Andrew Mitchell: First of all, there are two areas where I think that this is very clear. One is in infrastructure, and the other is in energy. Both are areas of great importance in India. By using private
Q233 Hugh Bayley: In the case of China and India’s growing manufacturing and services sectors, the capital by and large has come from either local capital formation, or foreign direct investment from the private sector. Surely to goodness £140 million of British taxpayer investment is not going to make any difference to the volume?

Andrew Mitchell: You must judge this in four years’ time, Mr Bayley. First of all, I gave some figures that I think are very graphic indeed, which show the extent to which FDI has reached some parts of India, but not the parts where we are seeking to work. I hope that the demonstrative power of what we are going to do will play a part in rectifying that. I think that if the Committee return to this matter in two or three years’ time, they will see the way in which we have used this funding to extremely good effect for pro-poor private sector investment.

Q234 Mr McCann: Mr Bayley touched upon this, Secretary of State: you have used a phrase before that I think is appropriate: “Follow the money”. The money starts with DFID and goes to the country, and you want to know how that manifests itself in helping poor people in poor countries. In Madhya Pradesh, we witnessed a microfinance project where a woman bought a buffalo. She was paying the money back, and she was selling the milk. I can understand how that project works. Regarding the £140 million, can you give me one example of a project, any project, on that project works. Regarding the £140 million, can you give me one example of a project, any project, on climate change and the provision of greener energy—particularly on climate change and the provision of greener energy—is an area where the role of the private sector is extremely significant.

Q235 Mr McCann: One final thing: do you think that corruption will be an issue? That is something that we encountered when we were there, and it is still a problem across India. Do you think you have put the mechanisms in place to ensure that that investment will be protected?

Andrew Mitchell: As we have discussed in this Committee before, we have a zero tolerance approach to corruption. We are extremely alert to it, and we will always ensure that the interests of the British taxpayer, and indeed those we are seeking to help, are protected from corruption insofar as we can.

Q236 Chris White: I will change the subject slightly. You have raised the issue of sanitation in some of your previous answers. You clearly recognise that we need to raise the priority of how we improve sanitation. You have also said that you are hoping to give 5 million more people access to better sanitation. That does seem small, however, compared to the 575 million people who still use the practice of open defecation. Do you consider that the 1% that the budget is dedicated to in terms of sanitation issues is too small, and do you plan to change that?

Andrew Mitchell: We are certainly conscious of the view of the Committee about sanitation. I know that this is something that the Committee has spoken about in the past. We will specifically seek to give 5 million people better access to sanitation, piloting innovative community workers, hygiene education and better urban planning. However, you are right that that is a small number compared to the very large number that you mentioned. We also plan to try to get clean water to 2 million people who do not have it at the moment. That is our current plan. However, we are doubling the spend over the four years, and focusing particularly on technical assistance. The Government of India has money for clean water and sanitation, and we believe that for every £1 of British taxpayer’s money that we put into this, the Government of India and partners will spend £20. This is a very good result. In addition to that, we will have some Challenge Funds available. One of the areas for the Challenge Funds will be water and sanitation over the next four years. If this is very successful and we think that scaling it up further would deliver significant results, then that is certainly something that we will look at.

Q237 Chris White: You mentioned that the Indian Government is giving 20 times the money that DFID is putting into this issue.

Andrew Mitchell: We think that £1 of British taxpayers’ money will draw in behind it £20 of Indian Government money.

Q238 Chris White: Is that coincidental, do you think, or is it a result of our influence or our discussions?
Andrew Mitchell: It is the reality of what we think British development technical assistance and support, in the way I described, will deliver on the ground. It is very good value for money.

Q239 Pauline Latham: We went to visit a maternity hospital, which I will come on to later. One of the things that happened was that before we left, some of us needed to go to the loo. However, they would not let us use the toilet in the hospital, because it was not good enough. We had to go to the doctor’s house to use her toilet: she had only moved in that week, and it still was not that good. I would have thought that, if we are looking to get better sanitation to 5 million people, we should be looking at places such as hospitals and schools as well. It is not only homes and communities: the hospitals desperately need proper toilets and proper running water. I would have thought that our expertise might be useful in those situations. Do you feel that that would be a good place for DFID to be putting its money?

Andrew Mitchell: I think that we do work there. It is not just in community water schemes, it is wider than that. That is an extremely good point, however, and we will make sure that it is borne in mind in our sanitation plans. Thank you for that.

Q240 Chair: I do not want to test the patience of the Committee by constant reference to the last Parliament, but we did do a report on sanitation and water. We looked at a project in Ethiopia, funded by DFID, the Ethiopian Government and the World Bank. This project set up rural extension workers, mostly young women, who were providing public health education and advice, not just on sanitation and washing, but also on other diseases and public health issues. That is not a cheap option, but it was a very successful one. Why could you not replicate that?

Andrew Mitchell: I am very much aware that the Committee conducted that report. The Ethiopian experience is one that we are absolutely incorporating into our work in India. The cross-Government nature of the work being done in Ethiopia, which was the particular lesson that the Committee singled out, is one that is absolutely incorporated in the work that we are now doing in India.

Chair: I think that we would only include that more resources might deliver a proportionately larger result.

Q241 Mr McCann: Staying on this point, Anas Sarwar told us that he went to a school in Bihar, and he asked the children in the class how many people had a toilet at their home. A forest of hands went up. He then asked the question: “How many people use the toilet?” and a forest of hands went down. How do you defeat the cultural issues in places like Bihar, where people believe that open defecation is normal and is not a bad thing?

Andrew Mitchell: It is a very good point. Clearly the short answer to your question is that it is not just about physically building loos and piping for clean water. It is also a cultural point. One of the best places that I have ever seen this, funnily enough, is in Eritrea, where about £3 million of British taxpayers’ money was being spent through an international mechanism. I saw how, when they went into a community, the hygiene teaching before any loos were built, or clean water was provided, went in first to educate—I was going to say whet the appetite, Mr Chairman, but that is not quite the right word. It was a very important part of the work, so that people really appreciated the benefits of what came after. Mr McCann is absolutely right to stress the importance of the hygiene education going on as well as physical infrastructure.

Q242 Mr McCann: That leads on to the next area, which is about nutrition. It has been identified that the crucial window is the first two years of life. If there is under-nutrition during that period, it will lead to stunted growth and other problems later on. DFID has said that it wants to reach 3.8 million under-fives with nutrition programmes by 2015. However, should we not be focussing more on that crucial window of the first two years of life, rather than spreading it over the first five years?

Andrew Mitchell: Mr McCann is absolutely right.

Mr McCann: Words that I thought I would never hear you say.

Andrew Mitchell: All I think is that the evidence is that it is the first 1,000 days from conception to around the age of two that is the critical period. I have consistently spoken, since I took up this job, about the importance of nutrition being ratcheted up the development index. It was a big and significant part of the MDG Summit last September in New York, and we are conducting quite a lot of research into nutrition at the moment. In India, we are aiming to reach 3 million children through child feeding, micronutrients, managing diarrhoea, and community health workers. We are working with the Nutrition Mission to ensure that it all works. It is a very, very important part of our agenda, and it is absolutely critical to the life chances of a child. If they miss out on adequate nutrition in those first 1,000 days, their ability to concentrate at school is hobbled, their brain does not grow, it affects their whole life chances. I completely agree that the importance of nutrition, as part of agriculture as well, is fundamental.

Q243 Mr McCann: Therefore, under the game plan for hitting that number of children over that period of time, will the focus be on that zero-to-two as a significant part of that programme?

Andrew Mitchell: Yes, and the Committee will have noted, I think, when they were in Madhya Pradesh that half of the children in Madhya Pradesh are malnourished.

Mr McCann: Yes. Thank you.

Q244 Pauline Latham: I want to talk now about the maternity hospitals. There are many more women being persuaded, sometimes with payments, to go and give birth in hospital. However, infant mortality rates have not decreased as much as one would expect, given that they are giving birth in a safer environment. One of the reasons, I think, could be inadequate sanitation in these places because, as I explained earlier, we saw some examples of very poor hygiene in a hospital. If you cannot wash your hands in
hospital, how can you possibly perform a caesarean, for instance? There is also a cultural issue that seems to be preventing a lot of women from going to maternity hospitals. We were given the example of a lady who was expected back on the day that we were there, to have a caesarean. However, she had to go home to consult her husband and her family, and particularly her mother-in-law, and it seemed that the mother-in-law would determine not only whether she would have a caesarean, but also whether she would ever go back to that hospital. There seems to be an acceptance that, “If the baby dies, I can have another one in nine months.” How are we going to increase education about that issue, and perhaps help with the cultural issues? How is DFID trying to address the fact that infant mortality has not reduced as more women are giving birth in slightly safer environments—though they are not as safe as they should be?

Andrew Mitchell: Mrs Latham puts her finger on a most important area. First of all, we need to make sure that we focus on the education of girls, because girls who are educated, married later, have fewer children, and have children later. This starts quite early. We need to make sure that there are more safe birth attendants, and easier access to hospitals. As Mrs Latham will know, there are some parts of the world now where there are motorbike ambulances, and easier ways of trying to make sure that people are able to access hospitals. There are also issues around family planning. We are trying to ensure that 500,000 mothers deliver more safely. That is our particular aim of a result to be achieved. As you will know, we are seeking to make sure that contraception is much more widely available in the poor world, for reasons with which we are all familiar. There are a whole series of issues, including the use of NGOs, both local and international, to spread that sort of learning, which we support.

Q245 Pauline Latham: There was a very good scheme there, with a vehicle that was bringing the mothers in. Obviously sometimes they did not quite make it, but usually they did make it to the hospital, and after the delivery, give birth they would be taken back in this vehicle. That was a very good scheme. However, the actual conditions in the hospital were poor. Behind the hospital, which had been built in 1947, there was a new hospital that had been built. It was supposed to be a 30-bedded hospital, but they had not finished it two years previously. Now all the electrics are useless, and there are no windows. They had done what we might call the “first fix” of electrics and plumbing, but it had just been left. I do not know whether it was the Government or the state Government, but they said that they did not have enough funding to finish it. That seems to me a complete waste of money. The doctor, and the paediatrician, and the anaesthetist, were saying, “When we move into the 30-bedded hospital, it will be much better.” It should be, but it is actually never going to be fit for purpose because it has been so degraded already, in the two years that it has been left empty and not even weatherproof. There are other issues as well as getting people to hospital. There are clearly issues that are not happening on the ground that should be happening. Perhaps we should be pushing, when we see things like that, to say, “You have to finish this building, it is ridiculous.” Maybe that is where some of our funding could go, on the basis that it gets paid back.

Andrew Mitchell: Mrs Latham delivers a very depressing story, and if you give me the details I will investigate and see what has been done.

Pauline Latham: Sam knows where they are.

Q246 Hugh Bayley: I have a practical and modest proposal. Years ago, before I came to this place, I worked as a health economist. I think that one of the reasons why the infant and maternal mortality are still so high, despite much higher attendance, as Pauline has talked about, is because we are not looking at the 20% who still do not attend. 80% attend and give birth in a hospital or clinic, but 20% do not. My prejudice, or my guess, is that hugely disproportionately they will be people who are low caste, tribal people or Muslims. I asked the district doctor at the clinic we visited whether she had any evidence of caste or tribal origin or religion. She said no. I asked whether she thought it would be useful if they did. She said yes. Subsequently somebody brought me a copy of a delivery register. For a period of 12 months, the Government of India has collected this data. It has now stopped it, because it is quite controversial, but in clinics across the country you will have a data set. It may not be 100%, but it will be enough. I think, to give some really quite good statistics about the care given by caste, religion and tribal status, if it is collected fairly soon. I do not think that it would be a hugely costly job. It would be very useful if your Department were to hire some Indian epidemiologists or other appropriate people to collect the data. We were told that the nutrition figures in Madhya Pradesh were ignored by the Government, because it was a reality that they did not want to confront. Eventually it was DFID putting the figures in their face that provoked what seems to be a very good nutrition programme in the state. You might, by producing data, be able to do the same in order to do more in the same situation. I therefore feel that you might ask your officials to look seriously at?

Andrew Mitchell: I think I mentioned a few moments ago that half of the children in Madhya Pradesh suffer from malnutrition, and thank you for your comments about our programme seeking to tackle this. I think that you make a very good suggestion, which we will certainly look at. I, too, have seen around the world these ledgers with carefully tabulated records, but I agree with you that it is sporadic. Sometimes it takes place with great efficiency, and in other places it does not. On the point you make about caste discrimination, against which, of course, there are now laws in India. Our determination to try to contribute to a scholarship scheme for dalit girls is something that I am personally absolutely committed to. From my own visit to Madhya Pradesh, I have seen the way in which these children are disadvantaged from birth, and the appalling position that many of them are in. I think that trying to provide education,
getting those children into school is enormously important. However, you rightly identify the dangers that start before school age—and indeed, before day one, and your proposition is a very interesting one, which we will look at.

Q 247 Anas Sarwar: I have a quick question, Secretary of State. One of the things about how we are going to sell the aid programme is by saying that we are measuring outcomes. It is something that you have been very strong on, in your own speeches on the issue. How will you be measuring the outcomes of the Indian aid programme, and how much will be spent on measuring the outcomes in the aid programme?

Andrew Mitchell: Of the whole programme in India? And money. Yes.

Andrew Mitchell: We expect to be able to measure the outcomes without it costing an undue amount of money. I have seen research suggesting that overall measurements are somewhere up to 4% of the costs. Of course we have made it clear that where we use budget support, up to 5% will be available to enable people locally to monitor how that spending is taking place. However, our commitment to focussing on results, increasingly being able to measure and articulate what we do, is part of the way in which we seek to secure support from a sometimes sceptical British public. It is also a way to demonstrate to those whom we are trying to help the effectiveness of what we are doing. The focus on results is incredibly important; and we will pursue it in India just as we do in every other country where we are.

Q 248 Anas Sarwar: One of the ways of doing that is by making sure that the results that are published, our planned outcomes, are realistic. Another is by making sure that they are not piggybacking on other aid programmes that may be happening, or making sure that they are real measurables, and that the DFID money has made a difference on something that would not have happened. One of the documents that we received when we were in India, for example, states that DFID’s intention was to help 20 million hold the Government to account, of which 12 million will be women. I am just wondering how that is to be measured and delivered, and whether there have been discussions with the Indian Government about that.

Andrew Mitchell: You are entirely correct: that is on governance. 20 million people should be able to hold the Government to account, of which 12 million should be women. It is through citizen’s groups, value for money—services of IT and so on. If I can give one example of that, which may be helpful to the Committee: in Bihar, thanks to a British-based idea and initiative, there is now SMS messaging to check that teachers are in school. It is a very good system that is now used, and is increasingly being used elsewhere in the world as well. That would be an example of what we are describing. You are entirely right, however, that the focus on results is essential for the reasons that I have set out. Clearly it is very easy to do in terms of the number of girls you get into school, or the people to whom you get clean water. Increasingly, we are able to articulate the reasons why we spend taxpayers’ money, and the results they achieve in areas of conflict resolution and governance. That texting example is a good one.

Q 249 Anas Sarwar: But the 20 million does seem slightly ambitious. The text messaging programme in Bihar was fantastic, making sure that there are rights to public services, which DFID is also helping with, and making sure that there is local accountability. However, the number of people using the texts was very low. I think the number was 300 to 400 within the last seven or eight months.

Andrew Mitchell: For all these results, you will hold us to account. It is important. We have a ring-fenced budget, which imposes on us a double duty to deliver value for money. I wrote to you at the time of the Bilateral Aid Review and the Multilateral Aid Review setting out the results that we were determined to achieve, how we would achieve them, and how we would be held to account for them. On a six-monthly or annual basis over the next four years we expect to be held to account for those results, and we expect to deliver them.

Q 250 Richard Burden: The comments that you made a few moments ago on discrimination against dalit communities chimes very much with our experience. One of the visits we made was also in Madhya Pradesh, to a dalit community there, and we saw a project that DFID had a big role in assisting. It was clearly making a very big difference to people’s lives. This was in relation to communities where things like manual scavenging were still very much on the agenda. It was very good to see that. I wonder how much resource is put into working with scheduled tribes and scheduled castes at the moment? Do you see that going up or going down? Also, what are the mechanisms through which you see that being disbursed—for example, through civil society organisations?

Andrew Mitchell: The example that I gave is quite a good example of a specific intervention designed to help some of the least well-off in the world, and that is the scholarships for dalit girls. I suspect that we will do this in conjunction with the Indian Government, although we have not yet quite agreed how we will do this. It will be an intervention by the British taxpayer, designed very specifically to help very large numbers of dalit girls. If I have understood your question correctly, it is both an example of targeting a particular group, and a measurable deliverable for which you will be able to hold us to account.

Q 251 Richard Burden: One of the things that One World A ction, for example, have said to us is that the initiative to get more girls into school, and particularly secondary school, are very good and welcome, particularly if they target discrimination or get more dalit girls into school. That has got to be good. However, one of the points that One World A ction put to us in their evidence is that, whilst good, it does not necessarily tackle some of the discrimination that they will face at school. One of the examples that we saw in Madhya Pradesh was a girl who had faced huge discrimination at school, purely because she touched...
the salt at the school kitchen. One World Action are saying that it is important to put resource into empowerment activities as well as opportunity activities. I would just like your views on whether you see more resource going into that, and if so, what mechanism that would be.

Andrew Mitchell: I cannot give you a clear answer on this specific point, because I would need to see what you meant by empowerment. I am, as the Committee will recall, suspicious of using taxpayers' funds to support nebulous concepts. I have seen very similar examples to what you have described about touching the salt, and heard of other examples, and I recognise that tackling these cultural things, as well as empowering children to go to school, are very important. I think that getting children to school is an incredibly good start, and there may well be ways of tackling the specific problem that you have set out, which we should consider. As in all these matters we will be evidence-led.

Chair: There are a few questions that people would like to ask. I think that we may have time, provided that we can have equally crisp questions and answers. I will say that to you, Secretary of State.

Q252 Alison McGovern: I would like, Secretary of State, to follow up on what Richard just asked you. If you are born in a situation where you face historic discrimination, I can tell you that it takes more than the offer of a public service for you to feel the self-confidence to escape that historic discrimination. It takes a moment of empowerment. From what you have just said, do you think that DFID has little or no role to play in producing those moments of empowerment for people who face such awful discrimination in India?

Andrew Mitchell: I think that we have a huge role to play in that. We should always seek to work with the grain of the Government's programmes, and in tackling caste discrimination, clearly in India we should work very clearly with the Government. Providing those moments of empowerment that you described is incredibly important. What we have to be careful about is that our intervention is really effective, delivers value for money for British taxpayers who are providing the support, and really delivers on the ground. That is why, at the end of my answer to Mr Burden I emphasised the importance of being evidence-led. But do I recognise the importance of what you say? Absolutely.

Q253 Alison McGovern: With respect, Secretary of State, if I may, very briefly, you seem to have an instinctive response on the 50% for the public sector. Could I ask you, for example, if there was a project led by a trade union, would you have a response on whether or not DFID ought to be providing that?

Andrew Mitchell: Yes, indeed, and in connection with the Decent Work programme, we work closely with the TUC. I strongly expect us to be supporting specific programmes designed to promote the Decent Work agenda, and working very closely with trades unions.

Chair: There are a number of questions about how we go through this process, and beyond.

Q254 Anas Sarwar: I will move on, Secretary of State, to the post-2015 relationship with India. I would like to see what plans DFID has made for the post-2015 period. I also offer a thought. In one of our meetings that we had with other agencies, including USAID, a lady whose name escapes me now, the Director of the USAID programme in India, said: “India does not need the money, it needs our expertise, and our expertise costs money.” I wonder, post-2015, whether the debate that we should be having is whether we donate our expertise to India, or sell it.

Andrew Mitchell: We probably do a combination of both. As I said in a no doubt over-long answer earlier on to the position post-2015, I think that it is too early to draw any specific conclusions yet. I do think, however, that in two years’ time we will need to start to think very carefully about that. I do not think that this is the sort of development partnership that should ever be susceptible to sudden shocks. It is very important that it is rooted in cooperation with the Indian Government, and that any changes post-2015 are discussed in detail with them, and agreed between the British Government and the Indian Government. That is my view at the moment on how we should proceed post-2015. It is too early to say, but we should do it on the basis of a careful and continuing discussion with the Indian Government.

Q255 Chair: There were some sectors of the Government that rather liked the fact that Germany gave them lots of loans, rather than grants. Clearly there is a section of Government that sees that as a preferable way forward.

Andrew Mitchell: They would prefer loans to grants?

Chair: Yes.

Andrew Mitchell: India is a vibrant society with different views. As you can tell from what I have said, if I may refer once again to this glide path, there is a role for both, I think, as part of a sound development strategy.

Q256 Hugh Bayley: How much aid per year does India give to other countries?

Andrew Mitchell: The definitions of Indian aid are not the same as ours. For example, there is a programme that is classified by the Indians as aid to Afghanistan, for example, which basically is support for commercial enterprises. Often it comes in the form of guarantees. Therefore there is no direct comparison that enables me to give a direct answer to Mr Bayley’s question.

Q257 Hugh Bayley: What is your assessment of the World Bank’s strategy in India, and will DFID change the amount of funding that it provides through the World Bank when India graduates from IDA? When would you expect India to be a contributor to IDA?

Andrew Mitchell: Estimates vary on when India might be in a position to be a contributor to IDA. I think that I
am right in saying that India will graduate from IDA during the course of IDA 17. The reason that we have been so supportive of IDA 16 is that under the Multilateral Aid Review, which looked at all 43 of the international bodies through which British taxpayers channel support, the World Bank performed extremely well. The IDA budget delivers very strong results. That is why we are such a significant supporter, at virtually the same level as the Americans, who are the lead supporter. I think that we are some £25 million behind. The reason for that is that the World Bank delivers very strong results. Therefore, India ceasing to receive IDA support would not change our strategic approach to IDA replenishment, and the work that IDA enables.

Q 258 Chris White: Do you see civil society organisations playing a bigger role in the delivery of DFID’s programme?
Andrew Mitchell: I have described the nature of DFID’s programme in India. Above all, we hope that British expertise and technical assistance, the power of demonstration, the work of piloting, demonstrates on the ground something that really works and can then be significantly scaled up by Indian taxpayers. That is the heart of what we do, but we have an incredibly close relationship with civil society. Some of that work benefits from civil society involvement. I prefer to look at it through a different lens, that of the result that we are seeking to secure. Can civil society play a role in that? If so, then we should certainly use civil society mechanisms to that end.

Q 259 Chair: We had a lively meeting with Jairam Ramesh, who is clearly a charismatic character. The issue of interest is where climate change fits in development as opposed to the wider relationship. In other words, are we going to be providing grant and loan assistance in the context of ODA on climate change, or do we see it as a trade, investment, technology transfer process? India wants to grow, needs energy—many people do not have any at all—and yet preferably needs low-carbon energy, but not at the expense, they would argue, of lifting people out of poverty. What is the nature of the relationship?
Andrew Mitchell: I heard, Mr Chairman, that you had a very good meeting with Jairam Ramesh. I think, if I am right, that he mentioned to you that there were two donors who really mattered in India. One was Britain and the other was Japan. He also mentioned that we were right to focus on the poorest states, and said that there was scope for expanded cooperation on climate change. I am obviously very pleased that he took that view. In terms of the climate change work, India has the second largest number of people vulnerable to climate change. 400 million lack access to modern energy, and we will focus on the resilience of poor people and low-carbon energy. We have done so under the settlement announced by the Chancellor of the Exchequer: an additional £2.9 billion to tackle climate change globally, including in India. When I met with M R Ramesh, we talked about that. We talked about the importance of driving forward the climate-related funding to deliver on the ground, particularly in the area that I described, of green energy. I have no doubt at all that, in discussion with the Indian Government, we will identify a number of ways of ensuring that the common agenda that we both share is driven forward.

Q 260 Chair: Does the UK have a role in brokering India’s relationship with the climate change agenda? They have had some prickly moments in the past, although Mr Ramesh seems to have put India into a more constructive space. Is the UK a bridge-builder here?
Andrew Mitchell: Part of this partnership relationship with the emerging powers, which I sketched out in one of my earlier answers, is that we need to have a close relationship with India on climate change issues. This is true both within India, and in the larger climate change negotiations that are going on. That is extremely important. India not only stands to be a significant emitter of gases and so forth, and of carbon in the future, but also needs and has a huge requirement for pro-poor green energy provision. Britain has a tremendous role to play in that, more widely than just our development programme.

Q 261 Pauline Latham: India is going to need hundreds of thousands of places at university once they have a secondary school programme. At the moment, countries from outside cannot open universities in India, but there is a Bill going through Parliament. Do you see that it would be advantageous for us to open universities, or for our universities to have one in India? How do you see a two-way relationship?
Andrew Mitchell: That is a very interesting point. DFID is a core member of the UK Education Coordination Group, which ensures a coherent cross-Government approach across the education spectrum, from primary to the highest levels of university research. We are engaged very much in this area. Our particular contribution as far as development is concerned has really been on primary education, and now increasingly on secondary education. That also will help to increase the flow and calibre of students through to the university sector. We have also established a research hub in Delhi, which works with the Foreign Office and the Research Councils UK to develop research opportunities with universities in India, and the UK, which will support development and action on climate change. This is a sector at which we are looking. Although, as I say, our current contribution has been more directly on primary and secondary education, we need to look at how that can develop.

Pauline Latham: Certainly the Minister that we saw, when we asked the question, seemed quite keen that some of our institutions should build a sister institution in India. There is no way that India has the capacity be able to build these hundreds of thousands of places that they need to have fairly quickly. At the moment, you have a missing secondary education for all but the very rich, so that needs to be put in place first.
Q262 Chair: I think he said that there was scope for joint ventures, perhaps, with the UK and Indian universities having a joint campus.

Andrew Mitchell: That, Mr Chairman, was one of the reasons why we fund the Development Partnerships in Higher Education programme, which supports collaborative activities between British and Indian higher education institutions. It is linked particularly to the global delivery of the Millennium Development Goals.

Q263 Alison McGovern: Secretary of State, I am pleased that you have had such a fulsome briefing on our visit. You may be aware that I am interested not just in what we are doing to alleviate poverty. I am also interested in how we are changing the way that the world economy works, or how I hope we are changing it, in favour of the poorest people who live in India. We have the G20 discussions coming up. We also have the EU-India Free Trade Agreement being negotiated. What is your role in those discussions? How are you making sure that there is a DFID lead, and making sure that UK trade policy benefits poor workers in India?

Andrew Mitchell: First of all, I always follow the work of the Select Committee, not least because my Department benefits hugely from the Reports that the Committee produces, never more so, I hope, than from this one. The answer is that the partnership with India on trade, to which you specifically referred, is one that I think will benefit from this new Partnership Secretariat that we are setting up. It will focus on these high-level partnerships with the emerging economies. We work closely with India, and will work increasingly closely, on issues affecting the Doha Round. This was founded, as you will remember, in the aftermath of 9/11 and was always meant to be a development round. Trying to get agreement to Doha, something that this Government has consistently emphasised and promoted, is very important for the sector that you are describing. In addition, the British paper that was produced, particularly by BIS but with extensive help from us, on growth, specifically has a section referring to the importance of international trade and making international trade easier. We have said that we will set up an Advocacy Fund, which will be launched this summer, designed to enable poorer countries to take part effectively in these negotiations too. One of the reasons why we have done this is because we think that everyone benefits from having good results to the negotiations, including the trade negotiations. Therefore it is an important agenda that you identify, and I agree with you about the importance of taking it forward.

Q264 Alison McGovern: If I may, Chair, briefly, that was a general response to a fairly specific question. Let us take the EU-India Free Trade Agreement, for example. What have you asked for on agriculture, for example?

Andrew Mitchell: These discussions go on all the time in Government. We ask for different things. We discuss amongst ourselves what our approach should be to all these international meetings before they take place. When the next meeting of that particular organisation takes place, I will consider what we should be seeking in the normal way, and I shall be very happy to answer questions from you on it thereafter. And indeed to receive input beforehand.

Chair: Do you want to be specific?

Q265 Alison McGovern: I was merely interested in what the Secretary of State’s approach was, but clearly it has yet to be decided.

Andrew Mitchell: I think that I have been very clear, Mr Chairman, on our approach.

Q266 Chair: Secretary of State, can I thank you, and also thank colleagues for their questions. As you will probably gather, we had a very interesting visit. I think it is fair to say that the two groups had slightly different experiences between Bihar and Madhya Pradesh. That has helped to inform us. You will have gathered from the questions that there are many strands of thinking about your development of thinking, in which the Committee is actively engaged. I hope, on the basis of that, we will be able to provide you with a Report that has constructive suggestions and comments, as Mr Harrington said. I think it is fair to say that this Committee recognises that India has a huge challenge of poverty, and there is a role for the UK. The question, I think, is not so much whether we should be there, although there is scope for that debate. However, if we are there, how do we ensure that what we do really does make a difference in terms of bringing down poverty? What is the process by which we change the relationship over time to one of a development partnership, rather than a donor, which clearly is time-limited. I hope that that is a fair summary of some of the issues that we are wrestling with. Obviously the Committee has then got to put its heads together and come up with a recommendation. I think that we appreciate the fact that you have said that you will await our Report before you finalise your conclusions.

I think that you will see from the particular engagement on the private sector that the Committee absolutely recognises the role of the private sector, but perhaps has concerns and questions about how we get there, and by what mechanisms. Again, therefore, I would hope that we would have some really good and constructive things to say. I must say, however, as Chair of this Committee, I have not yet a clear idea of what they will be until we have really deliberated on this. I want to thank you very much indeed, and I hope that the work of the Committee will be taken seriously by the Department. I hope that perhaps a combination of the Committee and the very excellent officials and yourself would produce a policy that might be considerably enhanced and have value added because of all the partners who have taken part in it. I hope that it will be better than it would have been without that full participation.

Andrew Mitchell: I am extremely grateful to the Committee for their thinking on this matter. I am very grateful indeed to the Committee for their kind words about my brilliant officials. I am glad that the visit to India was successful. We are indeed waiting to operationalise our plan until we have the benefit of being able to review the Committee’s Report.
In connection with the private sector, I am absolutely convinced that this is the right way to proceed. I accept completely that we are at an early stage, not just in India but in other areas too, in the development of the private sector programme. That is perhaps not surprising. We have only recently set up the Private Sector Department inside DFID to bring together all our private sector-facing assets. We are in the process of discussing with CDC their plans going forward, and we have had the benefit of the Committee’s Report on CDC in that respect as well. We have not yet agreed what the strategic plan for the CDC should be. We have consulted on it, and we are now making up our mind on how to proceed.

I hope that the Committee will accept that a lot of this work is ongoing. However, I have absolutely no doubt whatsoever that during the four-year period the work of the private sector that my Department is going to lead and effect in India will have a huge effect on the work that India is doing to make sure that we lift more people out of poverty. It is common cause, I think, amongst all of us that the role of the private sector in delivering that outcome is incredibly important.

Chair: We hope that it does achieve those outcomes. We will watch it closely, and we may even revisit it before the end of the Parliament. Thank you very much indeed.
Written evidence

Written evidence co-submitted by the Centre for International Health and Development (CIHD) at University College London’s Institute of Child Health, Ekjut (India), Society for Nutrition, Education and Health Action (India) and Women and Children First (UK)

Summary

This submission is co-submitted by the Centre for International Health and Development (CIHD) at University College London’s Institute of Child Health, Ekjut (India), Society for Nutrition, Education and Health Action (India) and Women and Children First (UK). This submission focuses on the urgent need to maintain commitment and action to achieving Millennium Development Goals 4 and 5 in India and the key role that DFID needs to continue to play to support the Government of India to meet these goals and improve the health and wellbeing of India’s women and children. The following key issues for the inquiry are addressed: the positive impact of DFID’s current programme in India, DFID’s role as a catalyst for other donors and the positive influence that DFID’s programme has on India’s national priorities and implementation. Specific recommendations for DFID are included, covering issues around the quality of health care; maternal, newborn and child health ODA and efficiency; health system strengthening; health sector governance, community mobilisation and accountability; equity; links with the other sectors eg education, gender, nutrition; and the need for monitoring and evaluation of DFID programmes. A full evaluation of DFID’s country programme is overdue and would be timely.

1. Recommendations for DFID

Building on what DFID does well and to address the fundamental gaps in improving the health of women and children in India, DFID should:

1. Maintain its focus on maternal, newborn and child health and MDGs 4 and 5.
2. Continue to ensure that its programme is in line with national priorities and that it supports national schemes which are primarily financed by GOI.
3. Continue to support state governments.
4. Increase maternal, newborn and child health ODA and efficiency and provide ODA specifically for this, targeting the poorest and most marginalised.
5. Provide overall health sector programme support.
6. Increase support to GOI to deliver universal access to a minimum package of good quality essential services for women and children.
7. Support GOI to increase the number of skilled birth attendants and to ensure that Accredited Social Health Activists are fully trained and supported.
8. Support the introduction of effective regulation systems to improve the quality of private sector health services and to ensure greater accountability.
9. Encourage greater commitment to maternal, newborn and child health, cohesion around and cooperation between different donors and Ministries.
10. Persuade other donors, especially the EC, UN agencies and the World Bank, to provide greater quality financial support to maternal, newborn and child health in India.
11. Cultivate political will for maternal, newborn and child health at the national level and maintain pressure at the international level.
12. Support health sector governance, community mobilisation and accountability especially at the local level.
13. Use its position of influence to support the GOI at the state level to improve targeting of the poorest women.
14. Promote linking the different ministries, strategies and laws addressing health, gender, education, marriage and nutrition.
15. Undertake rigorous impact evaluation of components of GOI schemes that it is supporting.
16. Invest in ensuring that evidence generated in India translates into policy and practice.

2. The CIHD, Ekjut, SNEHA and WCF Partnership

Centre for International Health and Development (CIHD) at UCL’s Institute of Child Health, Ekjut, SNEHA (Society for Nutrition, Education and Health Action, India) and Women and Children First are currently working together to improve MNCH in urban and rural areas of India— in Mumbai, Maharashtra, and the eastern states of Jharkhand and Orissa.

MDG 4: reduce by two thirds, between 1990 and 2015, the under five child mortality rate; MDG 5: Improve maternal health—reduce by three quarters, between 1990 and 2015, the maternal mortality ratio and achieve, by 2015, universal access to reproductive health.
CIHD works to promote the health, nutrition and welfare of children and their families in less developed countries. Research undertaken aims to develop the scientific basis for improvement in clinical practice and public health using robust epidemiological, laboratory and social science methodologies. CIHD is committed to capacity-building with partner organisations in developing countries to disseminate work as widely as possible.

Set up in 2002, Ekjut is a voluntary organisation working towards building healthier communities. Ekjut works with women's groups to devise effective health promotion strategies during pregnancy, delivery and the postpartum period. In 2008, Ekjut piloted the community based monitoring of health services, an initiative mandated by the NHM. This involved Ekjut facilitating access to women's and government functionaries to develop collective ownership of the public health services and to jointly solve community health problems. Ekjut’s current work covers a population of 600,000 in eight districts of Jharkhand and Orissa. Ekjut advocates for improved health services at the district, state and national levels and is represented on the national ASHA mentoring group.

SNEHA was founded in 1999 by a group of doctors and social workers. The organisation dedicates its energies, expertise and resources to ensure quality nutrition, education and health care of women and children. Its mission is to impact quality of care and influence urban health policies through innovative solutions to problems in nutrition, education and health in urban communities. It builds sustainable and replicable models of intervention and partnerships that empower women to change their lives and those around them. SNEHA creates change agents, working to empower women and slum communities to be catalysts of change. SNEHA works with existing systems to create sustainable change; with the Municipal Corporation of Greater Mumbai (MCGM) to improve the quality of perinatal care; with the Integrated Child Development Scheme (ICDS) to improve nutrition in children from the slums; with private health practitioners to standardise quality of maternal and newborn care. SNEHA is the only NGO on the Mumbri Reproductive and Child Health committee.

Women and Children First is a UK based international NGO at the forefront of working to achieve MDGs 4 and 5. Through promoting safe motherhood and newborn care, WCF develops effective and sustainable solutions to MNCH problems and strengthens accessible and appropriate health services. As well as helping to improve MNCH services WCF works with local communities, raising women’s knowledge of how best to take care of themselves during pregnancy and improving skills in newborn care. This is done through both strengthening health services and mobilising communities through establishing women’s groups where the women are supported to identify the problems they face, then develop and implement strategies to solve them. Building on experience in the field, WCF is also engaged in an evidence-informed advocacy programme, striving to bring about changes related to the continuum of care in MNCH that make a real difference to people’s health and welfare.

3. Maintain focus on Maternal, Newborn and Child Health and MDGs 4 and 5

Ill health and poverty are interlinked and mutually reinforcing—poor people are more likely to become ill, suffer from higher incidence of disease, have limited access to health care and be forced to sell assets or to borrow at high rates to deal with health crises (UNDP, 1998). The burden of poverty and ill health falls disproportionately on women and girls. It has been estimated that the poor health of women and children leads to US$15 billion in lost potential productivity globally (WHO, 2009). As The World Health Organisation (WHO) has recently demonstrated investing in MNCH makes absolute economic sense and can also generate huge economic returns, benefitting women and children themselves, their families, communities and society as a whole (WHO, 2009). Healthy mothers can work more productively (informally or formally) and households with healthier and better nourished mothers and children spend less on healthcare. Reducing unexpectedly large and catastrophic out-of-pocket expenses for women and children is particularly important for the poor, ensuring that they can hold on to their savings, enabling them to improve their own lives and contribute more positively to the wider economy.

The Millennium Development Goals have galvanized unprecedented efforts to meet the needs of the world’s poorest but there is still an urgent need to stimulate further commitment and action to achieving MDGs 4 and 5 in particular. A remarkable increase in global commitment to improving women and children’s health has been demonstrated in recent years, with the UK government and DFID playing a lead role globally. After the UK general elections in May 2010, the new coalition government pledged to “push hard in 2010 to make greater progress in tackling maternal and infant mortality”. This promise was followed in June 2010 with the UK commitment of £490 million for 2010 and 2011 to accelerate progress towards MDGs 4 and 5. Through promoting safe motherhood and newborn care, WCF develops effective and sustainable solutions to MDGs 4 and 5 in particular. A remarkable increase in global commitment to improving women and children’s health has been demonstrated in recent years, with the UK government and DFID playing a lead role globally. After the UK general elections in May 2010, the new coalition government pledged to “push hard in 2010 to make greater progress in tackling maternal and infant mortality”. This promise was followed in June 2010 with the UK commitment of £490 million for 2010 and 2011 to accelerate progress towards MDGs 4 and 5.

The commitment of £490 million for 2010 and 2011 to accelerate progress towards MDGs 4 and 5 at the MDG Summit in New York at the launch of the UN Global Strategy for Women’s and Children’s Health.

2 The coalition: Our Programme for Government—www.cabinetoffice.gov.uk/media/409088/pfg_coalition.pdf
3 The Muskoka initiative is a G8 initiative focused on strengthening health systems in countries with high maternal and under-five child mortality and an unmet need for family planning. See: http://g8.gc.ca/wp-content/uploads/2010/07/declaration_eng.pdf
4 As part of a total $40 billion (£25.5 billion) pledge for women’s and children’s health by governments, NGOs and businesses the UK committed to doubling its annual support for maternal, newborn and child health by 2012, and sustaining that level to 2015. The UK committed to providing an annual average of £740 million (US$1.1 billion) for maternal, newborn and child health from 2010 to 2015.
meaning that over this period the UK will spend an additional £2.1 billion on maternal, newborn and child health, an additional £1.6 billion to the Muskoka commitment (above).

In line with these global commitments DFID India (DFIDI) has recognised that maternal and child mortality rates in India are appalling and has been championing MNCH as a priority area in India (DFID, 2008). **This support for MNCH is most welcome and is one of DFIDI’s major strengths.** Despite recent average economic growth of almost 8% a year, India has struggled to translate gains in income into improved life chances for children with more children under five dying in India every year than in any other country. A record that is worse than that of neighbouring countries such as Bangladesh and Sri Lanka (Save the Children, 2010). Globally, India accounts for 21% of all child deaths (under five years), and 25% of all neonatal deaths (Goldie et al., 2010; Tripathy et al., 2010) and India is home to one third of the world’s undernourished children (Save the Children, 2010). India’s current rate of reduction in under-five mortality is just 40% of what is needed to achieve MDG 4 by 2015 (ibid.).

India’s children continue to die from diarrhoea and pneumonia but the **newborn period** remains the area of greatest concern. Newborn deaths account for 55% of all under five deaths, from causes such as infection, preterm birth and asphyxia (Countdown 2015, 2010). All of which are inextricably linked with the health of their mothers.

### Table 1
**MDG 4 STATUS IN INDIA**

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India accounts for around a quarter of maternal deaths worldwide and is off track to meet MDG 5 (Countdown 2015, 2010). A reported 117,000 women died of maternal causes in 2005 (Campbell and Scott, 2010). Progress being made on improving maternal health is too slow, at only around 4% since 1990, with similarly slow improvements in most reproductive health indicators (ibid.). India’s women are doomed to a one in 70 lifetime risk of maternal death, deliveries attended by skilled health personnel have only marginally increased from 34 to 47% since 1993, the adolescent birth rate (per 100,000 women) remains relatively high at 45% and access to quality post natal care is severely lacking (Countdown 2015, 2010). It is highly likely that these figures mask reality in many areas of the country and a massive acceleration of progress in reducing maternal deaths is needed.

The main causes of maternal death in India are haemorrhage, hypertension, botched abortion and sepsis infections, all of which are preventable and with a functioning health system, easily treated.

### Table 2
**MDG 5 STATUS IN INDIA**

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<tbody>
<tr>
<td>Improve maternal health</td>
<td>Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio</td>
<td>Maternal mortality ratio</td>
<td>570</td>
<td>450</td>
<td>100</td>
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</tbody>
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Source: Countdown 2015.

\[\text{The data suggest that to reach the target, the global MMR would have had to be reduced by an average 5.5% a year between 1990 and 2015.}\]
The subcontinent of India is, however, a country of vast regional and socio-economic inequalities, impacting negatively on access to health information and services in the poorest areas. Nowhere is this clearer than maternal mortality, where India’s 117,000 annual maternal deaths and morbidities occur primarily among poor women (Campbell and Scott, 2010). The official figures are also likely to underestimate the scale of the problem. A far higher MMR, in pockets of underserved areas of Jharkhand and Orissa, of 722 per 100,000 live births has been reported (Barnett et al., 2008). This is far higher than the national average (MMR of 450) places two of India’s poorest states on the same level in terms of MMR as Congo, Ethiopia and Haiti (see figures in Countdown 2015, 2010). In addition to these unacceptable rates of mortality millions more women suffer serious damage to their health, including high rates of maternal depression (Jones, 2010). This situation is of particular concern for poorer sub-populations, such as rural people, lower classes, tribal groups and those in less developed states including where there is growing insurgency. India is rapidly urbanising and the explosive urbanisation of poverty is a health disaster in the making. Slum populations also rank among the poorest most underserved and most vulnerable groups in terms of health indicators (see (Shah More et al., 2010, to be published). Although urban India has a relatively strong health and nutrition infrastructure its utilisation is sub-optimal due to a range of interrelated socioeconomic and cultural determinants of health such as caring practices, the status of women, the nature of livelihoods, food security and social capital (ibid.).

It is vital that the UK government commitments on MNCH remain a priority focus area for DFID’s support to GOI.

4. Strengthen the Overall Health System

Healthy health systems translate into healthy mothers, newborns and children. The poor face huge barriers to accessing healthcare in India including high informal fees for healthcare; long distances to travel to health facilities with limited transport; too few, under qualified, untrained and/ or demotivated healthcare staff, and a lack of medicines. Increased supply side investment in India’s health system to ensure health information and services are accessible will be key to delivering MNCH services in India. Maternal health cannot be achieved without access to affordable high quality sexual and reproductive health services which encompass three main areas: contraceptive services, maternal health services (including safe abortion, treatment for incomplete and botched abortion and Emergency Obstetric Care (EOC)) and services related to the diagnosis and treatment of sexually transmitted infections (including HIV). Preventive interventions which will improve MNCH are relatively simple and extremely cost-effective but require a functioning health system, for example the provision of basic family planning, antenatal care, skilled birth attendance, and the prevention and management of common illnesses among newborns and children.

DFID should be commended for its work supporting state governments and this is evident in its support for national public programmes and support to specific focus states (Bihar, Madhya Pradesh, Orissa and Uttar Pradesh). At the national level DFID is a key supporter of the Reproductive and Child Health II (RCH2) programme, contributing £252 million (2006-11). This programme aims to reduce the maternal mortality and infant mortality rates and has national reach. DFID also provides substantial support to the National Polio Eradication Programme and the Revised National Tuberculosis Control Program II. In the DFID focus states DFID is working with the state governments to improve the entire health system, including staffing, medicine and infrastructure. DFID is supporting health sector reform in West Bengal through Sector Budget Support (Health Systems Development Initiative £100 million, 2005-10), which strengthens the capacity of the delivery system to enhance provision, access and equitable utilisation of health services and state-level health sector support is also provided in Orissa (£50 million), Madhya Pradesh (£60 million) and Andhra Pradesh (£40 million). DFID should be commended for ensuring that its programmes are in line with national priorities and that it supports national schemes which are primarily financed by GOI. This health system support must continue if gains towards meetings the MDG 4 and 5 goals are to be made.

However, significant gaps in the availability, accessibility, acceptability and quality of health service provision remain. Support for human resources, infrastructure and other building blocks of the health system are all needed and if the well-documented failures of public delivery in India are not addressed, rural Indians will continue to rely on fee-for-service, unqualified providers (blog of Rajeev Ahuja, World Bank India). The national and state governments urgently need support to intensify efforts to maintain and improve the quality of care available to women in health facilities, including obstetric care, to reduce maternal, newborn and child deaths (Lim et al., 2010) in rural and urban areas. DFID is well placed to increase support to GOI to deliver universal access to a minimum package of good quality essential services for women and children. This can be done by ensuring there is an extensive training programme to increase the number of skilled birth attendants and to ensure that ASHAs (see below) are also fully trained and supported.

As the World Bank’s Health Economist Rajeev Ahuja has recently blogged, the private sector is the dominant player in the Indian health sector and most financing is out-of-pocket (at 66% of total expenditure on health, Countdown, 2010), and often catastrophic for families. In urban slum areas of Mumbai there is evidence suggesting that poorer families may have been reducing consumption of food and other essentials to finance maternal care (Shah More et al., 2010, to be published). The qualified private sector is also mostly absent in distant rural and tribal areas where most Indians rely on unqualified and unregulated private providers (Ahuja, 2010). Residents in these areas often have a limited choice—between “quacks” and often nothing at all (ibid.). DFID has a key role to play in
supporting the introduction of effective regulation systems to improve the quality of private sector health services and to ensure greater accountability.

5. INCREASE MATERNAL, NEWBORN AND CHILD HEALTH ODA AND EFFICIENCY

Globally, aid for MNCH has been increasing and the UK stands out (along with the USA) as by far the largest bilateral donor to MCNH (Pitt et al., 2010). This trend is evident in India where ODA to MNCH increased from 345.2 to 372.8 million US$ from 2007 to 2008 (Pitt et al., 2010) and DFID is a significant contributor to the health sector (see above). However, this increasing trend of MNCH funding has tended to only keep pace with, and does not exceed, increases in ODA to the health sector generally (Pitt et al., 2010). Total ODA to child health per child was a mere 1.8 US$ in 2008 (barely increasing from previous years) and total ODA to maternal and newborn health per live birth remains low at 5.4 US$. In relation to the size of the Indian economy and India’s total population, MNCH aid to India remains a drop in the ocean. Public health spending averaged 0.9% of GDP in India between 2001 and 2005 (Save the Children, 2010), a shockingly low figure in comparison with the UK which allocates 15% of central government expenditure to health (UNICEF, 2010). The big poor states of India (several of which have population sizes similar to or bigger than countries) have a small tax base and despite increases in resources being allocated to state governments for health many states remain resource starved (ibid.). DFID has an important role to play in providing ODA specifically for MNCH and in supporting the GOI in its attempts to raise public expenditure on health as a percentage of GDP. Only this way can the public health system improve, ensuring that the poorest of the poor, who cannot pay for (unregulated) private health services, are reached.

Another challenge (globally) concerns the volatility of MNCH aid and that despite the Paris Declaration commitments more than 90% of funding to MNCH continues to be disbursed through project-based modalities (Pitt et al., 2010). DFID should be commended for providing overall health sector programme support. However, GOI reliance on just one or two bilateral donors for such a large proportion of funding also risks exposing India to future aid volatility (Pitt et al., 2010). In this case DFID has a role to play in persuading other donors, especially the EC, UN agencies and the World Bank, to provide greater quality financial support to MNCH in India. DFID should also encourage greater commitment to MNCH, cohesion around and cooperation between different donors and Ministries by ensuring jointly agreed work plans and outcomes as one criteria of good performance. As part of this role, and in line with DFID’s position as the leading international advocate for MNCH, DFID has a key role to play in cultivating political will for MNCH at the national level and to maintaining pressure at the international level, to ensure that political will translates in to policy and reality at the state level and for India’s women and children.

6. SUPPORT HEALTH SECTOR GOVERNANCE, COMMUNITY MOBILISATION AND ACCOUNTABILITY

As well as the overall health system and quality of care issues outlined above, another area of particular concern is health sector governance and accountability in government health services. By virtue of their proximity to service users local government officials need to be more accountable and it is essential that DFID supports participation, transparency and accountability efforts at the local level. The GOI National Rural Health Mission (NRHM) was launched in 2005 seeking to improve access to equitable, affordable, accountable and effective primary health care in rural India. To address the inaccessible and poorly staffed and equipped healthcare services the NRHM supports a new community based volunteer cadre, the Accredited Social Health Activist (ASHA) and seeks to strengthen Village Health Committees to address local health issues and monitor health services. ASHAs are local women who are trained, among other things, to promote antenatal care and institutional births. They are to be a bridge between communities and government healthcare also creating awareness about the social determinants of health. In many areas Village Health Committees are not functioning and despite the potential of the ASHA programme to help biomedical care becoming more accepted by poor communities the programme is undermined by a dearth of dialogue between medical staff and ASHAs. In addition, when community members take their ASHA’s advice and visit health centres, the poor quality of care afforded often undermines the ASHA’s work and leads to distrust (Scott and Shanker, 2010). The outcome based remuneration also motivates ASHAs to achieve short term quantifiable goals, rather than long term change in women’s abilities to take control of their health (Campbell and Scott, 2010).

DFID should support the strengthening of Village Health Committees and the ASHA programme as an important potential change agent but this must go hand in hand with increased access to better quality services (as above) and as well as demand creation.

Community-based interventions on the demand side can play a significant role in improving MNCH care. Research undertaken in two of the poorest states in India (Jharkhand and Orissa) demonstrates that even where

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4 This is significantly lower than the average donor spend of $31.0 for maternal and newborn health per live birth and $15.9 for child health per child across the 68 Countdown priority countries (Pitt et al., 2010). This is in line with other countries with the largest populations (eg Mexico, Brazil, China), which received consistently far less ODA per head than did countries with small populations.

5 OECD. Paris Declaration on Aid Effectiveness. 2005. http://www.oecd.org/document/18/0,3343,en_2649_3236398_35401554_1_1_1_1,00.html (accessed 4 November 2010).

6 As part of the Jnanjy Janani Suraksha Yojana (JSY) safe motherhood scheme ASHAs should provide help to women to receive at least three antenatal care visits, arrange immunization of the newborn baby, do a postnatal check up and counsel for initiation and continuation of breastfeeding (Lim et al, 2010).
services are poor and under-utilised, women coming together in groups to talk about ante-natal care and childbirth can reduce the numbers of newborn deaths by 45% and rates of maternal depression by 57% (Tripathy et al., 2010).

Effective demand side strategies, particularly through such community mobilisation approaches, empower women to recognise and press for their right to quality health services and increase resilience to community health challenges, and are as important as the requirement to improve and make health services more accessible on the supply side. Community mobilisation enables communities to come together to plan, carry out, and evaluate strategies to make sustained improvements to their health. Community mobilisation can make deep and lasting improvements to the health and well-being of community members by increasing their health knowledge and enabling them to identify and address important healthcare needs. Women’s groups develop low cost strategies to meet their healthcare needs, for example: emergency funds, improved healthcare facilities, stretcher schemes and clean home delivery kits. Women’s groups enable women to identify and prioritise MNCH issues, have the support to find local and low cost solutions and build links with local health services. Women’s groups are a cost effective and evidence based intervention, which have the potential to be scaled up to reach out to all women and make a significant impact on their lives, their children’s lives and the lives of wider community members. Evidence from community mobilisation work in Nepal suggests that even after external funding is withdrawn 75% of women’s groups continue to meet to address their community MNCH challenges.

In line with a rights based approach DFID should continue support for India’s vibrant and active civil society, supporting the inclusion of communities in decision making processes through the strengthening of Village Health Committee’s and by supporting community mobilisation efforts more generally.

7. Address Equity

DFID should be commended for focussing its programmes and emphasis on the three faces of development in India—global, developing and poorest India. However, DFID should strengthen its current efforts on targeting aid to the poorest and most marginalised across all states by placing an even greater focus on equity.

The lack of progress across all states in India has been a struggle because it is inextricably linked with complex social and economic factors related to health beliefs and practices, culture, education and poverty. Efforts to reach all Indian people equitably, including those who are regionally excluded, need to be intensified. Socio-economic inequalities in MNCH outcomes and determinants are an important concern. Inequalities in MNCH outcomes are caused by inequalities in the health care system as well as by social determinants of health. Health system inequalities are stark and, according to Save the Children, India has made slow or no progress regarding child mortality and inequity. In India, child mortality in the poorest quintile is almost three times higher than in the richest quintile (Save the Children, 2010). In some areas, such as Jharkhand, where a large percentage of the population belong to scheduled tribes, as many as 80% of women delivered their newborns at home without skilled attendance9 (Rath et al., 2010). In support of this one recent study showed that in India, despite significant overall reductions in income poverty, people from minority ethnic groups are more likely to suffer from health problems, and are less likely to be covered by health programmes or to receive vital vaccinations (Macdonald, 2010).

In response to the slow and varied progress in improving maternal and newborn health across the country GOI launched the Janani Suraksha Yojana (JSY) safe motherhood scheme—a national conditional cash transfer scheme—and the largest in the world in terms of the number of beneficiaries (Lim et al., 2010), which goes someway in addressing health inequities. The ultimate goal of the programme is to reduce the number of maternal and neonatal deaths by promoting institutional deliveries through the provision of cash incentives to all women irrespective of socioeconomic status and parity.10 JSY has appeared to have achieved some of its stated goals with large increases in the proportion of births occurring in a health facility occurring in the same states that had a large uptake of JSY (Lim et al., 2010). However, the scheme does not seem to be delivering the poorest women at the highest rate (ibid.) and coverage has varied greatly between states and districts with a slow uptake in underserved areas (Rath et al., 2010). Lim et al. (2010) ascertain that the results for JSY uptake indicate the central part that state authorities play in the implementation of national health programmes in India. DFID, therefore, should use its position of influence to support the GOI at the state level to improve targeting of the poorest women, for example through improved communication about the scheme and by supporting evaluations through an equity lense. DFID should also support GOI to improve the quality of obstetric care in health facilities (as above), especially considering that some studies have suggested that JSY led to increased workloads and reduced quality of care in health facilities (eg early discharge after delivery) (ibid.). DFID should also provide support to build the capacity of health facilities to cope with increased demand and workloads to ensure that all women receive benefits equitably.

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9 In comparison to the national figure of 47% (in 2005–2006, Countdown 2015, 2010).
10 The cash incentive is higher in 10 high focus states. In the non-high focus states, women were eligible for the cash benefit only for their first two live births.
India ranks low at 122 out of 168 countries monitored on the Gender Inequality Index (UNDP, Human Development Report, 2010) and the continuing high rates of maternal mortality and morbidity indicate serious gender inequality issues and the low priority afforded to the status of women and women's reproductive rights in India. Patriarchal norms can place severe restrictions on women. Son preference is common and sex selective abortion is high in some areas contributing to skewed male-to-female birth ratios (Save the Children, 2010). Girls are often inadequately breastfed or given less food throughout the life cycle and a study of children aged between one and two in India found that the likelihood of girls being fully vaccinated was five percentage points lower than that for boys (ibid.). The mobility of many women is decreased with women often prevented from seeking medical help or needing the permission of their husband or parent-in-law before taking their sick child to the doctor (ibid.). As the Human Development Report 2010 highlights reproductive health is the area which loses the greatest because of gender inequality. India has made significant progress over the last two decades in almost halving fertility levels from an average of 5.5 in 1970 to 2.8 in 2008 (UNICEF India). Family planning programmes are established in rural and urban areas but the unmet need for family planning services remains. The focus on family planning is most welcome because a reduction in the number of pregnancies per woman decreases the lifetime risk of maternal morbidity and mortality as well as the probability of complications and death in each pregnancy (Pitt et al., 2010). With a relatively young and ever growing population an increasing number of young people of reproductive age will become the focus of preventive and awareness raising programmes on safe motherhood as well as clients of family planning services. This will make the challenge of accelerating maternal mortality reduction harder, particularly given the relatively high adolescent birth rate (at 45 births per 1,000 women aged 15 to 19 years) and the widespread practice of early marriage.

Considering the association between increased maternal education, household wealth and high odds of receiving at least three antenatal care visits, giving birth in a facility and having a skilled attendant present at the time of delivery (Lim et al., 2010), continued support for girls education is vitally important for improving maternal, newborn and child health outcomes. As such DFID should continue to support the GOI Mahila Samakhya women’s empowerment programme, which aims to increase women’s role in local Government and improve their access to basic services and economic opportunities.

Marriage and childbearing often begins early in India. A new study by the Guttmacher Institute (Santhya et al., 2010) indicates a range of negative associations that compromise the overall lives and reproductive health of young women who marry early, with nearly 63% of the women in the study marrying when they were younger than 18, the minimum legal age for marriage in India. The women who married early were more likely to have had a miscarriage or a stillbirth and were less likely to have used a contraceptive method to delay their first pregnancy or to have delivered their first child in a health facility. Increased risks of early pregnancy also include pre-term birth, birth asphyxia, low birth weight, infections, haemorrhage, anaemia and mortality. Early pregnancy can also have negative impacts upon the education of adolescent girls, limiting choices and potential. Increasing the median age of marriage and child birth in India and ensuring existing laws on the minimum age at marriage are enforced, are central to achieving gender equality of capability and opportunity and to meeting the MDG 4 and 5 targets and will require specific interventions focused on youth and their families.

India is home to more than a third of the world’s stunted children, with 61.2 million. At current rates of progress, the MDG 1 target for nutrition will only be reached in 2043 with severe consequences for human wellbeing and economic growth (IDS Bulletin, 2009). Recognising the huge nutrition problem, DFID has identified India as one of its six focus countries for nutrition and in doing this DFID has played a key role in supporting GOI in developing the nutrition operational plan to tackle under-five malnutrition, providing very welcome technical support and advice.

The major poor nutrition problem in India also has clear gender dimensions. As UNICEF India emphasises, under nutrition affects women more than it affects men due to the specific nutritional needs of girls and women during adolescence, pregnancy, and lactation. Widespread nutrition deprivation among women perpetuates an inter-generational cycle of nutrition deprivation in children. Undernourished girls grow up to become undernourished women who give birth to a new generation of undernourished children. Women are given the responsibility—but often not the means (empowerment)—to ensure optimal nutrition for their children. A recent study in Andhra Pradesh shows that women with higher autonomy (both financial and physical, for example—the freedom to go to the market) are less likely to have stunted children.

Unless such issues around gender, education, early marriage and nutrition are seriously addressed in national plans and implemented at the state and district levels, improvements in MNCH will not be achieved. Greater gender analyses of nutritional levels/health care access provides the basis for understanding the links between gender, gender education, marriage, nutrition, and health. DFID has a key role to play in ensuring that the different ministries, strategies and laws addressing health, gender, education, marriage and nutrition are linked and mutually supportive and that different tiers of government are supported to work together.

11 Ranked below Bangladesh (116) and on the same level as countries such as Congo (121), Iraq (123), Zambia (124) and Sierra Leone (125).
9. Support Evidence Creation and Monitoring and Evaluation

DFID should be commended for supporting evidence-informed policy formation in India. However, there remains a great need for more comprehensive MNCH data collection and analysis in India. Currently India lacks a complete civil registration system with good attribution of cause of death (WHO, 2010) and only 41% of births are registered (Countdown 2015, 2010). Poor maternal care and maternal deaths in particular tend to be accepted as unfortunate, but inevitable, and often go unreported. The recently published maternal mortality figures and controversy surrounding the reported reductions in maternal deaths demonstrate the challenges of measuring maternal mortality and the uncertainty surrounding interpretation of official data. Identifying a maternal death requires accurate data on the deaths of women of reproductive age, including cause of death, pregnancy status and the time of death in relation to pregnancy or childbirth. More information is also needed on what care is actually provided during antenatal, childbirth and postnatal care. Information about why and how changes in MNCH in India are occurring is even more limited and needs further investigation.

GOI efforts to improve data collection and analysis by strengthening health information and registration systems and undertaking additional surveys which concurrently measure mortality, coverage, funding and other health outcomes should be supported by DFID. Further investment in the development and use of the birth registration system and sentinel sites for prospective surveillance data collection and maternal and neonatal death audits should be supported by DFID through capacity building and direct funding. To maximise impact, DFID should support the collection of disaggregated data (by gender, wealth, age, and other locally relevant sources of inequity) to inform focused interventions for at risk groups and increase accountability in service provision at the local and national levels.

DFID should also undertake rigorous impact evaluation of components of GOI schemes that it is supporting, with a view to checking the effectiveness of targeting in particular, to share lessons (Heath, DFID, 2006) and to ensure impact and value for money.

DFID must also invest more in ensuring that evidence generated in India translates into policy and practice. Linking DFID’s research more closely to its country programmes, so that lessons learned from research studies can be disseminated and applied is essential.

Investing in dissemination and communication of India-relevant research findings is also important. This includes user-friendly dissemination of research findings and also supporting researchers to critically engage with users of evidence and knowledge. In doing this DFID should make a concerted effort to ensure that knowledge collated at the community level, reflecting ordinary peoples experiences, is not discredited or ignored and that specific mechanisms to enable community evidence gathering are developed and supported.

10. Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<td>DFID</td>
<td>Department for International Development India</td>
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<td>EOC</td>
<td>Emergency Obstetric Care</td>
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<tr>
<td>GOI</td>
<td>Government of India</td>
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<tr>
<td>JSY</td>
<td>Janani Suraksha Yojana (safe motherhood scheme)</td>
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<tr>
<td>MMR</td>
<td>Maternal Mortality Rate</td>
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<td>MNCH</td>
<td>Maternal, Newborn and Child Health</td>
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<td>NMN</td>
<td>Neonatal Mortality Rate</td>
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<td>SBA</td>
<td>Skilled Birth Attendant</td>
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30 March 2011

13 Ensor T, Cooper S, Overcoming barriers to health services access; influencing the demand side. Health Policy Plan 2004.
Written evidence submitted by Robert Chambers

Executive Summary

1. This note flags potentials and raises questions concerning rural sanitation and hygiene and nutrition, and more generally concerning future roles and priorities for DFID in India. Although I have been concerned with rural poverty in India over the years, I make no pretence to the detailed broader recent experience of others who have given evidence.

2. Rural India has over half the people in the world who defecate in the open. Lack of sanitation and hygienic behaviour is a massive source of deprivation and cause of poverty, with high human and economic costs. The current large-scale efforts of the GOI have been disappointing. This sector therefore presents vast potential. Community-Led Total Sanitation (CLTS) is a promising way forward. It is an example of the sort of innovation where DFID can make a contribution to reducing deprivation and poverty out of all proportion to the costs involved.

3. More than finance, it is relationships, committed professional specialists, and introducing and supporting innovations and innovative programmes, that are key for continuing and future acceptability and additionality of DFID’s partnerships in India. High return activities are staff-intensive. Restricted staff numbers may be the biggest constraint on anti-poverty cost-effectiveness. More programme and technical staff are implied, with continuity in post and a higher staff to funding ratio.

Context

4. Some of the context is well known. India has far more poor people than any other country, some 450 million living on less than $1.25 a day (see figure 1). Bihar alone has some 4% of the world’s poor. In the most recent (2005–06) survey, 46% of Indian children were undernourished, a third of those in the whole world, a figure which has obstinately changed little for decades. As is very well known and recognised, the Indian Government is very serious about the reduction of poverty and has pioneered direct anti-poverty programmes and implemented them on a vast scale, most remarkably in recent years through the National Rural Employment Guarantee Act, and with school feeding and food subsidy programmes. At the same time, with rapid economic development, inequalities of wealth and income have become ever more marked and much poverty remains stubbornly resistant. India still has a third of the poor people in the world.

Figure 1

POPULATION LIVING UNDER US$1.25 PER DAY

India 456
China 208
Ethiopia 29.1
Indonesia 66.1
Bangladesh 76
Pakistan 35.2
Nigeria 88.6
South Africa 11.5
Vietnam 18
Tanzania 30.2
Pakistan 14.7
Nigeria 88.6
South Africa 11.5

Figures are in millions of people, graphic courtesy The Guardian www.guardian.co.uk/global-development

15 Reproduced from Andy Sumner The New Bottom Billion In Focus, IDS Sussex 2010
5. Less well known, India has 58% of the 1.1 billion people in the world who practise open defecation. The latest estimate is 638 million in 2008, more than twice as many as in the whole of Sub Saharan Africa. Of the India total, 578 million were rural, making rural India alone over half the global total. Moreover, a further 70 million rural people had sanitation classified as unimproved; meaning that it did not meet very basic standards and so was a threat to health.17

6. To make things worse, access to improved sanitation in rural India is sharply skewed. In the poorest three quintiles only 2, 7 and 14% respectively have improved sanitation, while the two upper quintiles have 30 and 78% respectively. Open defecation is practised by 97, 89, 81, 66 and 21%18 of these quintiles. Gains over recent years have been strongly skewed to the upper quintiles, with little improvement among the poorer. An exception is the rural areas of Himachal Pradesh which has had a successful programme of Community-Led Total Sanitation (CLTS).

7. The main large scale efforts of the Government of India have had disappointing results. Since 1999 the Total Sanitation Campaign (TSC) has sought to provide hardware subsidies to BPL (Below the Poverty Line) families so that they can have toilets.19 It has also sought to educate people about the importance of safe confinement of faeces and hygienic behaviour, especially handwashing, through a programme of IEC (Information, Education, Communication). Large budgets have been passed by the Federal Government to the States for these purposes. In recent years a special effort has been made through the NGP (Nirmal Gram Puruskar) programme which has rewarded communities that successful claim to have achieved ODF (open defecation free) conditions and to have cleaned up in other ways. Progress has been disappointing, and there have been many false claims.20 Exaggerated reports of achievement have given a misleading impression. As the quintile figures above show, the intention of helping the poorest people has quite starkly not worked. Even when toilets are constructed, they are notoriously often not used or used for other purposes. Indeed programmes of individual household hardware subsidy (IHHS) like the TSC have not to my knowledge worked anywhere in the world.

8. The costs of OD and lack of hygienic behaviour are high. A recent World Bank Report has come up with the astonishing estimate that in 2006 inadequate sanitation and unhygienic behaviour cost India US$53.8 billion, equivalent to 6.4% of GDP.21 Of this total, $18 billion was associated with diarrhoea among children. India compared unfavourably with other countries: per capita losses in India were $48 compared with $28.6 in Indonesia and US$9.3 in Vietnam.

9. The more obvious human costs are appalling. Most spectacularly, child deaths from diarrhoea in India are estimated at 362,000 per annum.22 This often quoted figure is bad enough but there is much else. It does not take account of the effects of the very much larger number of cases of diarrhoea which are now sublethal because of oral rehydration treatment. Nor does it take account of many other faecally related infections. It

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16 Source: WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation, 2010 update page 22. All figures in this paragraph are from that source, based on 2008 data
17 I have used the past tense because the data are two years old. Between 2008 and early 2011 there will have been some changes in totals, but the proportions are unlikely to have changed significantly.
18 The terms latrine and toilet are often used interchangeably. I am using toilet because it is more inclusive. Many people start with a simple pit latrine with a cover over the hole. UNICEF and WHO classify this as unimproved sanitation.
19 A UNICEF survey found only 4% of NGP communities were open defecation free.
20 The Economic Impacts of Inadequate Sanitation in India http://www.wsp.org/wsp/featuresevents/features/inadequate-sanitation-costs-india-equivalent-64-cent-gdp
21 www.WASHwatch.org
also does not include the extreme discrimination and deprivations experienced by women without toilets who are compelled by custom and shame to defecate only in the hours of darkness, bearing at those times also risk of assault, snakes, accidents and trampling on fresh faeces, and being forced to abstain at other times. There are deep issues here of shame, humiliation and lack of dignity as well as many women's and girls' physical illbeing and ill-health.

10. Less obvious and gravely underestimated costs are links between OD and child illbeing and undernutrition. Prime Minister Manmohan Singh has said that the high level of undernutrition in children is “a curse we must remove”. To overcome this, food supply and access programmes are important. However, the link between sanitation and hygiene on the one hand, and nutrition on the other, is neglected. We have to ask how much of this undernutrition, this curse, results from lack of sanitation and hygiene.

11. To point towards answers to this question, the five A’s of nutrition and physical wellbeing are relevant. The first two concern food and are visible, obvious and commonsense: availability—good food must be there; and access—people, especially poor people and children, must be able to obtain it. These two A’s have been the main focus of interventions in India through school feeding programmes, fair price shops, and other measures. But three other A’s are less visible and less obvious. These are associated with faecally-related infections; absorption—food which is ingested is not absorbed because of infections in the gut, damage to the wall of the small intestine, theft by worms or other parasites, and diarrhoeas and their effects; antibodies—nutritional energy is consumed by the manufacture of antibodies to fight infections in the blood stream and the gut; and all opponents—other faecally-related pathogens such as hepatitis, schistosomiasis, typhoid, hookworm, liverfluke, trachoma, polio and some epilepsy.

12. The impact of faecally-related infections appears to have been underestimated. Let me explain why I think this is so. The diarrhoeas are dramatic, episodic, measurable and treatable. So they receive the bulk of the attention. Many of the other infections are continuously debilitating but do not show up in the same way. Tropical enteropathy, a condition where there are long-lasting infections in the bloodstream, is subclinical without marked symptoms. However, it is quite likely that it has a bigger adverse nutritional impact than diarrhoeas. And this is without taking account of worms or all opponents, which also quite often debilitate, weaken and steal food without dramatic symptoms. The questions then are: how much food is lost through malabsorption, through feeding worms and other parasites, and through producing antibodies to fight faecally-related infections? How much does child undernutrition in India result from combinations of faecally-related infections? If they could all be caught during their life cycles just below the anus and safely confined, would the impact be dramatic, and would child undernutrition be sharply reduced and even largely eliminated?

Towards Total Rural Sanitation and Hygiene

13. The Total Sanitation Programme (TSC) relies on individual household subsidy, and the Nirmal Gram Puruskar relies on rewards. Such subsidy programmes have struggled and failed in all the countries and contexts of which I am aware. The subsidies go to the wrong people. There is corruption (as so often when hardware is involved). The toilets are built but not used or used for other purposes (storing fuel or equipment, or a shrine ... or dismantled and the materials used elsewhere. Open defecation continues. The response has been brickwallitis (if you bang your head against a brick wall and it does not fall down, bang harder). The subsidies have not been abandoned but been repeatedly raised, most recently from Rs 2,200 to Rs 4,000. Nor to my knowledge have reward programmes a record of success. They lead, as they have done in India, to false claims and exaggerated achievements. The NGP has been now been tightened up, but can only apply to a small minority of communities. To tackle rural sanitation and hygiene cries out for a different approach and a breakthrough at scale.

14. Here Community-Led Total Sanitation (CLTS) offers a solution. It has had remarkable success locally, even in spite of the subsidy policies. It relies on no subsidy but instead on facilitating communities to appraise and analyse their shifting [sic] habits (the crude word is always used) and to recognise for themselves that they are “eating one another’s shit”. Done well in favourable conditions, this provokes immediate action to dig holes, build toilets and collectively move towards being ODF which is in the collective interest of rich and poor alike. This has been most successful so far in Himachal Pradesh, thanks to outstanding leadership and commitment of senior officers and the Chief Minister. In that state, through a sustained Government campaign with CLTS, those not practising open defecation have risen in only five years from 2 million to 5.4 million out of a rural population of 6 million. One key element has been that in the common interest other community members have helped those who are poorest, weakest or least able to dig and construct toilets for themselves.

15. CLTS faces obstacles. The deeply entrenched subsidy programme inhibits the self-help on which CLTS depends: people wait for what they may get free. Vested interests in subsidised hardware oppose change. Professionals prefer pucca designs. NGOs argue that the poorest cannot afford sanitation and need help from outside: however, a survey of seven districts found over twice as many households with televisions as with

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24 Jean Humphrey “Child undernutrition, tropical enteropathy, toilets and handwashing” The Lancet 19 September 2009
25 It remains to be seen what difference will be made by the tightening of verification in the NGP
26 For an international glossary with over 100 words for shit and other information about CLTS visit www.communityledtotalsanitation.org That website has much information on CLTS.
toilets and the same with mobile phones, indicating that for many households sanitation has been a low priority rather than unaffordable. Another constraint is that not everyone can be a good CLTS trainer or facilitator. And pervasively, mindsets, habits and budgets all have their own momentum and inertia hindering change.

16. The scale of the current syndrome of open defecation, poverty and undernutrition in India is indicated in Figure 3 with the coexistence of 58% of the open defecation, a third of the poor people, and a third of the undernourished children, in the world. I would argue that the links between open defecation and poverty and child undernutrition are likely to be more significant that has been generally recognised.

Figure 3

GLOBAL PROPORTIONS

- India
- Rest of the world

Open Defecation

- Impaired cognition, physical development etc
- Faecal infections and other deprivations

Under nourished Children

Poor People under $1.25 a day

17. This is even more marked when the links between sanitation and hygiene (part of MDG 7) and the other MDGs are recognised, as summarised in figure 4. CLTS is in the centre where it is also a proxy for improvements to water, sanitation and hygiene whatever their provenance. The diagram traces the multifarious gains from effective CLTS as driver to the first seven MDGs.
There are also many knock-on effects of MDGs on each other.

Figure 4

CLTS AND THE MDGS

There are also many knock-on effects of MDGs on each other.

18. The huge potential of CLTS is now clear. The challenge and opportunity are to enable it to spread and spread well, especially in the states where there are the largest numbers of poor people in rural areas. If the TSC could be progressively transformed, and good CLTS practices introduced, open defecation in rural India might be largely eliminated in a decade. But if the TSC continues in its present form, this seems unlikely. Without CLTS, an outcome could be foreseen of stark and tragic contrasts between India as a prospering Middle Income Country, and many, perhaps most, Low Income Countries. For in many LICs, CLTS has already taken root and is spreading.27

19. Taking DFID’s focus states, there are small bridgeheads of CLTS in Madhya Pradesh and Orissa, nothing yet in Bihar,28 and apart from the exceptional slum of Kalyani on the outskirts of Kolkata (where DFID was involved), nothing to my knowledge in West Bengal.

Opportunities, Additionality, Staff and Relationships

20. I have elaborated on CLTS for two reasons. First, substantially, it could be transformative in many dimensions through many linkages to the MDGs and with child nutrition. And second because it is an example where DFID could explore small or medium scale initiatives with high additionality and cost-effectiveness. Low key interventions by DFID could be welcomed locally in States and at national level, to further introduce, test and spread CLTS, with well directed interventions to support and strengthen key organisations and programmes. DFID staff and resources judiciously and professionally linked might have exceptionally high additionality through supporting action and learning on CLTS and research on faecal-infection links with undernutrition.

21. As other evidence to the Committee has stressed, DFID has a good track record of introducing and supporting innovation. I would argue that this should be built on and intensified in fields of competence and concentration—health, governance, education, civil society, social movements and other domains. More focus on sanitation and hygiene could be part of this. The current DFID budget share for water and sanitation is about 1%. With CLTS as in other fields quite small fine-pointed sums could have big impacts and large sums

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27 It is a sad irony that in many of these CLTS has been introduced by its Indian originator, Kamal Kar
28 However, in late January, Kamal Kar, the Indian pioneer of CLTS, conducted a one-day workshop in Patna with the District heads of development from all the districts
can sometimes paradoxically do harm. Where promising innovations can be identified either in India or elsewhere, DFID can facilitate their piloting in partnership with the Indian Government, civil society, movements and the private sector. They may require a higher proportion of small actions. There are implications too for sponsoring research.

22. These activities are not new but are open to being extended and deepened. They require high levels of professionalism, originality, being alert for innovations and proactive, and strong and positive relationships and trust. They are staff-intensive. They require more professional staff.

23. DFID generally has been criticised for what can be termed the “capital trap”, the way in which staff are trapped by emails, meetings, visitors, negotiations and harmonisation with other donors so that they spend little time outside the capital city. Badly managed, more professional staff could make this worse. Well managed, it should liberate all staff so that they can spend more time in the States, in the field, and with poor people.

24. In this scenario, even more than now, DFID staff would be professionally in touch and up-to-date, able to identify and pursue good initiatives. They would have time to make adequate and unrushed field visits. To achieve high additionality funding needs to be sensitive, flexible and exploratory and experimental. Rather like the Ford Foundation, relationships between DFID staff and Indian partners and colleagues would shift in balance more to professional substance compared with the transfer of funds.

25. Three potential innovations can illustrate the sort of thing DFID staff might introduce and pilot:

(a) Reality Checks. These have been evolved by a British consultant and ex-DFID Social Development Adviser in Bangladesh for Sida. A team of 15 go annually at the same (for poor people most difficult) time of year to 15 representative locations and stay for five days with a poor family. They wander around and talk and observe what is happening in the two sectors of Sida concern—primary health care and primary education. Their findings are then consolidated and reported. The insights into rapidly changing conditions are an invaluable contribution to policy. Reality checks introduced in India States could have major impacts in updating and influencing policy and practice.

(b) Immersions with their counterpart colleagues. DFID staff could not only emulate the immersions of the Minister and the Permanent Secretary but make a regular practice of immersions for longer periods like three days and nights, together with their Indian colleagues. This could form relationships and shared understandings grounded in field realities.

(c) Methodological innovation as with participatory statistics. Many DFID staff have already had brief exposures to these. Statistics are generated by people themselves, empowering them, giving them voice, and informing policy and practice. The Statistical Services Centre at Reading University are pioneers in this emerging field, usually a win-win which empowers local people while generating insightful and accurate statistics. These are illustrations to make the point that there is much that proactive professionals in DFID can do through quite small actions if they have the time.

26. All this points to a need for increasing the numbers and continuity in post of committed professional staff and giving them space. I agree with the Minister's repeated observation before the election that increasing the DFID budget while reducing the staff was ridiculous. But much more than that, with the staff-intensive and professional strategy that makes sense in India, a higher staff to budget ratio should be more cost-effective in achieving the poverty reduction objectives shared with the Indian Government and in giving better value to the British taxpayer. For this, DFID's good relationships at the personal and professional level are a precious asset. Money matters, but for good influence on policy and practice, those relationships are more significant than money.

30 March 2011

Written evidence submitted by Chatham House

1. This submission (taken in part from a forthcoming report by Chatham House on India's global role) discusses some trends in India's own assistance programme, and highlights opportunities and challenges for Western donors such as DFID aspiring to work better with India in addressing global challenges.

2. Interest in the provision of global public goods is growing in India, although it remains something of a niche interest. Attitudes towards "developmental" objectives remain seen largely through the prism of self-interest, whether profits for Indian companies or enhanced global standing for the Indian Government and in giving better value to the British taxpayer. For this, DFID's good relationships at the personal and professional level are a precious asset. Money matters, but for good influence on policy and practice, those relationships are more significant than money.

3. India appears set to continue and expand an assistance programme primarily predicated on the use of concessional lines of credit. Indian companies have a growing interest in opportunities overseas and often find it easier to operate in Africa or South East Asia than in India's immediate neighbourhood.

4. Criticism of links between India's private sector and politicians over domestic economic policy-making has not translated into concern over international policy-making. This is unlikely to remain the case over the coming years. As Indian companies become increasingly active overseas, India's foreign policy establishment
will have to determine how commercial ties fit within foreign policy. But for now countries seeking to engage better with India will need to engage with specific firms or trade associations as much as with government.

5. There remains a preference for Indian assistance to be provided bilaterally. There is a preference for sustainable outcomes (for instance through training) rather than “three-year projects” which end when funding stops. Some trends are emerging that point to a greater willingness to pool sovereignty with international partners, for instance through the IBSA (India-Brazil-South Africa) Trust Fund. While Western countries may not be ideal partners from an Indian perspective, there is greater openness, particularly in the private sector, to ideas such as triangulation, whereby Western governments could utilise Indian capacity in third countries.

6. Greater regional integration would offer a wide range of benefits; the India-Sri Lanka free trade agreement resulted in a major surge in trade between the two countries, and offers a template for other countries in the region. Continued ad hoc integration seems most likely in the short-term; while India is pushing for the South Asian Association for Regional Cooperation (SAARC) to become a more effective institution, and steps are being taken to allow for better regional links, the organisation remains hindered by the poor bilateral relations between India and Pakistan.

7. While some voices within India are calling for greater coordination of the country’s aid programme, the establishment of a specific department for development is clearly not a priority. Policy-makers point to the positive perception for India in countries like Afghanistan, for instance, that has stemmed from its current approach which is driven by requests from the Afghan government. With the greater confidence provided by sustained economic growth over the past decade, India is increasingly willing to proactively promote its own policies on issues such as disaster-relief, if not yet on “development”. India is also likely to maintain its current policy towards peacekeeping as a means of demonstrating its commitment to the UN.

8. India’s civil society (as well as the Supreme Court) has led the way for some progressive domestic movements, such as tackling air pollution in Delhi. While most Indian NGOs will remain focussed primarily on domestic issues, a few are working in other countries. Those NGOs working on “global” issues—such as trade and climate change—are likely to acquire a greater international presence.

9. India’s domestic approach towards climate change is likely to be focussed on specific projects, such as technology transfer or the provision of energy to villages through renewable sources. On the international stage, India’s negotiating stance will remain predicated on the country’s development needs, but as the negotiations in Cancun demonstrated, there is reluctance for India to stand alone. This suggests a gradual shift towards a more accommodative position.

10. India can play a more significant role in global development, through training and through the capacity of its private sector and NGOs, but its role is likely to develop gradually. A significant escalation of its global role is unlikely until its domestic development challenges are better addressed. Until there is a belief that India has found a model that tackles issues such as poverty at home, there will be reluctance to attempt to export an Indian model of development. But increasing (and overdue) attempts at engagement with India on a host of global challenges seem likely to expedite this process.

11. In relation to DFID, engaging with India internationally requires recognition that in this context “India” consists of a variety of actors: government; the private sector and NGOs. DFID has taken some steps have been taken to engage with Indian NGOs and companies on projects in third countries. Greater engagement with India’s private sector (whether domestically or in other countries) would be beneficial. Parts of India’s private sector are keen to work in triangulated projects in other countries. Engagement with government in India should be focussed and outcome-oriented. A broad-based discussion about global public goods will be less effective than building up specific sustainable practical projects.

30 March 2011

Written evidence submitted by DFID

1. Overview

1.1 India is a growing global power and critical partner for the UK. Its economy is the world’s 11th largest in GDP terms (World Bank, 2009) and India presently accounts for 2% of global trade (WTO, 2010). Its economy is growing fast (8.5% growth predicted for 2010-11) and is projected by Goldman Sachs to overtake the UK’s by 2022 (it is already ahead in PPP terms). Its influence in the UN, G20 and other international bodies is increasing year by year.

1.2 A stable and prosperous India brings many benefits to the UK. Its multi-ethnic democracy is an example to all. It provides stability in a troubled region. It is very influential on world trade and climate change. It provides a growing market for UK goods and services. Indian businesses who invest in the UK bring jobs and income. A strong Indian healthcare system helps prevent infectious diseases from reaching UK shores.

1.3 India is an important partner for the UK on development. The Government of India (GoI) provides strong leadership on development and it has reduced the proportion of people living below the $ per day line from 60% in 1981 to 42% in 2005. India has robust Five Year Plans (it is currently on its 11th Five Year Plan)
which provide strategic direction for all development investments in India. External aid is closely managed by the Ministry of Finance to align with Indian priorities.

1.4 Growth projections suggest that poverty will fall fast in India over the next four decades. In the Indian Government’s second budget (for FY 2010–11), Finance Minister Pranab Mukherjee set out three high-level aims: (i) achieving double digit growth; (ii) generating the resources to finance an inclusive agenda; and (iii) addressing the bottlenecks and weaknesses in public administration constraining growth.

1.5 However, today, India still has a third of the world’s people living below the international poverty line of $1.25/day, more than all of Sub-Saharan Africa (World Bank, 2005). It is therefore critical to global success in meeting the Millennium Development Goals. India’s economy may overtake the UK’s by 2022 but, with a population 20 times the size of the UK, the average Indian will still have an income 1/20th of the average Briton when that happens. In GDP per capita terms, India’s economy is the 123rd largest in the world and its per capita income is only a third of China’s (World Bank, 2009).

1.6 There is a significant disparity between India’s states. States to the south and west are increasingly prosperous but the north and east remain poor. 70% of India’s poor are located in just 10 states—Bihar, Madhya Pradesh, Orissa, Uttar Pradesh, Assam, Rajasthan, Jharkhand, Chhattisgarh, West Bengal and Andhra Pradesh (World Bank, 2005). A annual income per person in Bihar is £206, four times lower than the state of Maharashtra (whose capital is Mumbai), Punjab or Gujarat, and three times lower than Karnataka (home to India’s world class IT industry).

2. RESPONSE TO THE INTERNATIONAL DEVELOPMENT COMMITTEE TERMS OF REFERENCE

2.1 Whether DFID’s programme in India has had a significant effect on reducing poverty and meeting the MDGs at national and state levels;

2.1.1 The Government of India has created a number of “centrally sponsored schemes” to finance development (DFID has focused on those supporting improvements in education, health, HIV/AIDS and urban management). These often innovative poverty schemes are directly supporting the three out of four Indians who earn less than £50 a year.

2.1.2 The Government of India’s spend through these schemes has grown. For example, spending on primary education, as percentage of GDP, increased from 1.6% in 2006 to 3.7% in 2009. Absolute spending on health has increased from £4.5 billion in 2003–04 to £8.7 billion in 2007–08 (and in DFID focal states has increased three to four fold in the last ten years); and spending on HIV and AIDS has almost doubled since 2005.

2.1.3 HMG’s development strategy has been to support the Government of India’s priorities ensuring that growth is inclusive to reach the poor. Given that our financial contribution has been relatively small in the Indian context, our aim has been to catalyse and add value to the much larger efforts of the Indian Government (at both national and state levels), multilateral organisations, private sector and civil society—by provision of resources to meet critical gaps and promote innovation, and by provision of technical expertise.

2.1.4 Our focus has been working with the Government of India and others on tackling 4 critical challenges:

- India’s poor are mainly concentrated in the large, populous northern Indian states. DFID has focused on those states with high numbers of poor, and a high percentage of poor in the population. We have developed direct financial and advisory relationships at the state level, unique among donors.
- To maximise and sustain high levels of growth and the coming demographic dividend, India needs an educated, healthy and diverse workforce. DFID has worked with national and state partners to catalyse systemic change in primary education, maternal mortality, infant health, water and sanitation and malnutrition.
- Despite high levels of growth, inequality has not been falling fast enough. To tackle the deep pockets of marginalised and excluded poor, DFID has supported rural livelihoods, women’s empowerment and microfinance to open up economic and social opportunities and increase resilience (including to climate change).
- India’s cities are both a catalyst and barrier to growth and poverty reduction. DFID has helped national and state governments and urban local bodies to tackle urban infrastructure and plan for the anticipated growth in rural migrants in the coming years, enabling cities to become growth centres for their regions.

2.1.5 Through it support, the UK has made a significant contribution to the Indian Government’s success in reducing poverty.

2.1.6 The 2010 report of the OECD DAC Peer Review of the UK stated:

“...The peer review team’s visit to India highlighted the strengths of the UK development co-operation model; DFID is perceived as an efficient, effective and appreciated partner. The high degree of alignment, flexibility and quality of dialogue were distinguishing features of the DFID approach.”

“Government partners noted the effort made by DFID in aligning its support to their priorities.”
MDG 1: ERADICATE EXTREME POVERTY AND HUNGER

India’s economy is growing fast, and the proportion of people in poverty has fallen from 49% in 1995 to 42% in 2005. 456 million Indians live on less than $1.25 a day (World Bank, 2005)—a third of the world’s total. The targets on hunger and malnutrition remain off-track. India is home a third of the world’s underweight children and one quarter of the world’s hungry people. In 2005-06, 43% of children aged under five were underweight and 48% were stunted (Government of India figures).

Examples of DFID contribution to India’s achievements:

— lifted 2.3 million people out of poverty since 2005 in Madhya Pradesh, Orissa and Andhra Pradesh through our support to rural livelihoods.
— increased income of five million households by more than 70% through microfinance from 2001-07.
— DFID India’s investment in supporting improved health services in the poorest states is estimated to be saving 17,000 lives per year (one life every 30 minutes) or securing 474,000 healthy life years per year (one healthy life year secured per minute).

MDG 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

India has almost universalised access to education for six to 14 year olds. Net enrolment for primary school is reported at 98.6% (GoI figures). Equity targets for the enrolment of girls, Scheduled Castes and Scheduled Tribes have been achieved. However, there are remaining challenges of retention to make sure that all children stay in school till they are 14 years of age, especially girls and children from marginalised groups, and that children’s learning levels improve. Only 70% of children enrolled attend school regularly (Independent Study on Student Attendance, 2005) and 75% of children remain in school till Class 5 (typically, 10-11 years old) (GoI figures). India has one third of the world’s illiterate people.

Examples of DFID contribution to India’s achievements:

— put an additional 1.2 million children in school since 2003 as part of the 60 million achieved by the Government of India’s Education for All (SSA) scheme.
— provided more than 6,000 functional classrooms and train 75,000 teachers since 2008 through our support to the Government of India’s Education for All (SSA) scheme.

MDG 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

India has achieved gender parity in primary, and is on-track to achieving gender parity in secondary education by 2015. 61% of girls do not graduate from secondary school class 10 (age 16). Disparities in secondary education remain high with the ratio of girls to boys currently at 0.82 (GoI figures). Targets on women’s empowerment, particularly on labour force participation and representation in national parliament are unlikely to be met. Disadvantaged groups remain under-represented in the formal employment sector and have lower wage rates.

Examples of DFID contribution to India’s achievements:

— helped construct over 375,000 school toilets for girls. About 1.6 million women benefited from the construction of toilets.
— reached over 1.6 million women with credit, financial and skills development support.
— mobilised about four million women into self help groups that work on women’s empowerment and local development issues.

MDG 4: REDUCE CHILD MORTALITY

India accounts for almost one-fifth of all child deaths globally. There has been progress in reducing deaths of children under the age of five years: the under five mortality rate has reduced to 74 per 1,000 live births,
estimated in 2005–06, down from 119 in estimated in 1991–92 (GoI figures). Although India’s Infant Mortality Rate (IMR) has decreased from 58/1,000 live births in 2005 to 53/1,000 in 2008, it is unlikely to meet the MDG target of 41 per 1,000 live births by 2015. A one percentage point IMR decline in India corresponds to 25,000 lives/infants saved (GoI estimates).

Examples of DFID contribution to India’s achievements:

— saved **17,000 lives per year since 2005** through our support to national and state level reproductive and child health programmes.

— DFID supported Government of West Bengal health sector reform programmes has contributed to **large reductions in infant mortality** (from 51 to 35 per 1,000 live births, 2003–09), bringing West Bengal down from 7th lowest to 3rd lowest state for infant mortality.

— In Madhya Pradesh, Orissa and West Bengal, DFID has supported reforms to improve availability of health staff. **Vacancy rates for doctors** has declined: a) from 48% to 33% in ten underserved districts in Madhya Pradesh; b) from 36% to less than 20% in Orissa; and, c) 352 more doctors and 2033 more nurses were available in 2009 as compared to 2005 in 6 poor districts of West Bengal.

— In West Bengal, our health sector reforms programme has helped to increase **full immunisation coverage from 50% in 2004 to 75% in 2008**. This means that **400,000 more children receive full immunisation** every year for all six life threatening diseases. (District level health survey).

MDG 5: **Improve Maternal Health**

India accounts for almost one fifth of all maternal deaths globally. Maternal mortality rates are estimated at 230/100,000 in 2008, down from 570/100,000 in 1990 (WHO, 2008). Progress in maternal health is too slow to meet the MDG target of 145 per 100,000 live births by 2015. However, births attended by skilled health staff in India have increased from 33% in 1992 to 47% in 2008. Impressive progress has been made during the last two years; largely through conditional cash transfer schemes to incentivise births in health facilities. Despite this progress, the MDG on quality of institutional deliveries remains a concern.

Examples of DFID contribution to India’s achievements:

— DFID supported the **design of the National Reproductive and Child Health Programme** which led to a strong focus on improving emergency obstetric care, and providing transportation for pregnant women to reduce maternal mortality.

— helped **200,000 more women give safe births at health facilities from 2005-09** in West Bengal and helped double the proportion of women giving birth in health facilities in the states of Madhya Pradesh and Orissa, since 2005.

— Working with the Government of India and the State Governments of Madhya Pradesh and Orissa helped **half a million additional women safely deliver** in institutions between 2005 and 2009.

— In Madhya Pradesh, use of DFID-funded government transport schemes for expectant mothers has helped **increase institutional deliveries** from 0.93% in 2006–07 to 42% in 2009–10.

MDG 6: **Combat HIV and AIDS, Malaria and Other Diseases**

Progress on combating HIV and AIDS, TB and other diseases remains on-track, while progress on malaria has been slower. HIV prevalence in India is stabilizing and beginning to reduce with prevalence rate coming down from 0.36% in 2006 to 0.31% in 2009. India is among 11 countries that report more than 75% condom use for high-risk sex. India’s TB programme has cut mortality rates from this disease by 43% since 1990, and saved two million lives in the last 10 years. However, India still accounts for 20% of the world’s TB burden and has the fastest rate in increase in multi-drug resistant TB. WHO reports cite 15,000 deaths and 10.6 million cases of malaria in India during 2006. However some challenge the reported cases of malaria.

Examples of DFID contribution to India’s achievements:

— provided **free-of-cost treatment to 30,000 adults and 2,000 children** through our support to the National AIDS Control Programme and supported over 150 targeted interventions to prevent HIV among high risk populations...

— provided half of the drugs used for uncomplicated TB in the national programme, helping to saved **over 30,000 lives since 2005 through TB treatment alone**.

— Distributed **100,000 long-lasting insecticide-treated nets for pregnant women** in malaria endemic districts of Orissa, and behaviour change communications to ensure their use.

— **Immunised 400,000 more children from 2004-08** in West Bengal against all six life-threatening diseases.
MDG 7: Ensure Environmental Sustainability

One quarter of the world’s population without electricity, one fifth of the world’s slum dwellers and over 40% of the world’s households without latrines are Indian. India is on-track to meet water MDG targets but off-track on sanitation. Over 88% of households in India report access to ‘improved’ water supply, but 29% have ‘improved’ sanitation facilities (GoI figures). The highest risk form of sanitary practice, open defecation, is practised by 1.1 billion people on the planet, with more than 50% from India (WHO/UNICEF).

Examples of DFID contribution to India’s achievements:

- helped 400,000 people gain access to toilets and improved sanitation in 2009-10 through ongoing urban programmes in Madhya Pradesh and West Bengal.
- helped the Government of Bihar strengthen the quality of its infrastructure proposals with technical support which assisted in accessing an additional £140 million to improve urban infrastructure (such as roads, water supply, sewerage, solid waste management) from the Government of India’s central scheme—three times what the previous amount.
- helped 860,000 slums dwellers to gain direct access to water supply, sanitation, drainage, and access roads in over 600 slums in 2004-10 in West Bengal.

2. International Development Committee Terms of Reference

2.2 DFID’s ability to act as a catalyst for other donors, to demonstrate best practice and influence wider development outcomes in India;

2.2.1 DFID as part of HM G’s approach to working together with India has established a range of strategic and operational relationships with partners from government, non-government and donor organisations in India. DFID recognises the importance of working to catalyse the work of others.

2.2.2 Programme-based partnerships. DFID works with relevant partners to shape the direction and enhance the impact of specific development interventions. This could be as co-financiers of a specific project or programme.

Through the joint UK-Government of West Bengal Strengthening Rural Decentralisation (SRD) programme, DFID worked with the World Bank to facilitate the design and approval of a major new lending operation in West Bengal. DFID facilitated a strategic dialogue between stakeholders and the co-financing of a series of key design studies. This helped convince the World Bank and Government of West Bengal to develop a $200 million investment to strengthen public service delivery by 1000 Gram Panchayats (local village government). This lending operation builds on the success of the Government of West Bengal and DFID’s SRD programme, taking forward work on management and accounting at the local government level, integrated bottom-up planning, use of block grants for improved service delivery to the poor and social audits and disclosure processes. DFID helped a high quality lending operation to be designed and approved efficiently.

2.2.3 National-level partnerships. DFID works with partners to support common objectives and achievements in the Government of India’s large schemes. DFID’s technical assistance with the Ministry of Human Resource Development has helped to strengthen India’s national primary education assessment programme, which will provide a stronger platform for monitoring quality, targeting resources and improving school accountability.

DFID worked with the India’s National Family Health Survey to support the inclusion of confidential HIV testing. This resulted in a more accurate estimate of overall number of HIV infections, putting in place a better baseline for treatment.

DFID’s rural livelihood projects in Andhra Pradesh and Orissa were adopted and scaled up within the states. The Government of India’s 2008 Common Guidelines for Watershed Development and the £1.9 billion Watershed programme explicitly build on these projects to enshrine these approaches nationwide.

2.2.4 State-based partnerships. DFID works with a range of partners to support the delivery of state government development plans.

Bihar Strategic Partnership. In November 2006, the World Bank, DFID and the Asian Development Bank agreed a strategic partnership for a co-ordinated engagement in Bihar. The partnership was designed to agree the principles of support to the implementation of the Government of Bihar’s development strategy, aligned to the Government of India’s Eleventh Five Year Plan. The joint action plan enables ADB, DFID and the World Bank to co-ordinate their programmes in Bihar, to maximise development effectiveness and poverty reduction in the state, and minimise transaction costs for the GoB and GoI.

DFID work with the Government of Orissa to support tax system reform, including computerising tax files, has helped increase VAT collection by around £55 million from 2005 to 2009. Separate joint Government of Orissa and DFID work to design their Public Private Partnership (PPP) policy has helped attract investments worth £400 million.
DFID-supported policy and public financial management reforms with the Government of West Bengal, have helped urban local bodies access £63 million central funds, nearly twice their own source revenue.

DFID work with the Government of Madhya Pradesh has supported power sector reforms that contributed to cumulative savings of £297 million over last three years and accessing £300 million from ADB. DFID support helped in reductions in transmission and distribution losses.

2.2.5 Multilateral partnerships. DFID works with key multilaterals that have the capacity and comparative advantage to deliver significant development impact in India.

UNICEF Partnership. UNICEF is the largest UN agency in India representing over 50% of the UN Development Assistance Framework (UNDAF). DFID, with the Government of India, has been encouraging the UN to attribute results more directly. Until recently, UNICEF reported mainly on inputs (setting out detailed description of all activities it has carried out). Through joint working, UNICEF has started to describe (and plan) the results it has achieved and intends to deliver in future years. This will have profound effects on UNICEF’s forward planning and delivery.

2.2.6 Non-state actors. With the Government of India’s endorsement, DFID works with non-government partners as an important component of a balanced portfolio to improve service delivery and reduce poverty.

Civil society programmes. DFID gives grants to local NGOs working with the poorest people—Dalits; Tribal people; Muslims; women—in the poorest districts of the poorer states. DFID funds help these groups to organise, mobilise, and tackle discrimination, corruption, and public indifference—and so access health, education, employment and other opportunities that they have traditionally not been able to access. Evaluation indicates that UK investment of £3 per head gives access to new benefits and services valued at over £44.

2.2.7 Policy. India’s opinions and policies are of importance not just in India but across the region and the world. The local capacity to research, formulate, debate, evidence and implement innovative policy in the face of a quickening in policy demands is a challenge globally and in India.

Promoting Knowledge for Development. DFID works closely with Canadian International Development Research Centre, Gates Foundation and Hewlett through the global Think Tank Initiative. Together, our partnership aims to strengthen public policy debates and promote objective, evidence-based decision-making in India, the region and beyond.

Staff from the Climate Change and Energy Unit house in DFID worked with Indian counterparts in advance of Copenhagen to try and agree how we could collectively reduce emissions to avoid dangerous climate change. DFID funded a World Bank Low Carbon Growth study that contributed to the evidence base and reframing the debate to one of opportunity.

The UK and India have collaborated on energy efficiency and trading experience to support the development of the flagship Indian national “Perform, Achieve and Trade” (PAT) scheme. PAT will target large installations in nine energy intensive sectors, including power stations. For the first time, these installations will be required to meet energy efficiency targets. Similar in approach to the UK’s Climate Change Agreements, industry will have the option to meet targets by buying certificates from those that over-achieve. PAT is central to the ambitious National Mission for Enhanced Energy Efficiency.

2.2.8 Working with other donors. In 2004, the Government of India encouraged non-G8 donors to close their bilateral programmes. There are now relatively few bilateral donors. Development assistance to India is low and accounts for about 0.3% of India’s GDP. Total aid to India is only $1.50 per head, compared to $28 for Sub-Saharan Africa.

2.2.9 The UK is the biggest bilateral grant donor to India. Other major donors include: Japan, USAID, Germany and France. Although there is no Consultative Group or Development Forum in India, the UK works actively at a sectoral and state level to maximise harmonisation with other donors. There are Development Partner groups on health, education, and HIV/AIDS at the national level.

EU Development Counsellors Forum. As an active member of the EU Development Counsellors, and other EU coordination groups, such as Environment Counsellors, HMG engages with EU donor colleagues, for example on climate change and energy security in India, working through the joint UK Climate Change and Energy Unit (CCEU) housed in DFID.

2.3 What should DFID’s role be in the wider relationship between the UK and India?

2.3.1 As a stable Commonwealth democracy, with strong historical, political, language and people links to the UK, India is a key long-term partner for the UK. Prime Minister Cameron’s visit to India in July made clear the importance he attaches to an enhanced UK-India relationship.

2.3.2 The National Security Council has a coordinated strategy on India, which identifies four priority strands for the enhanced relationship: an economic and trade dialogue; an education, science and research dialogue; a sustainable development dialogue, covering development, natural resources, climate change and energy; and a foreign policy, defence and security dialogue.
Development

2.3.3 Development is an important part of the UK-India relationship. Inclusive growth and development are among the Indian Government’s top domestic priorities. The UK is the biggest bilateral grant donor to India and the Indian Government has told us they value our expertise in areas such as health and education where our assistance helps deliver results and value for money.

2.3.4 India is also an important partner on global development objectives, including on trade, climate change and growth in low income countries. DFID’s contribution to HMG efforts in these areas are set out in more detail below, under the relevant strands of the wider UK-India partnership.

Economic and trade dialogue

2.3.5 India’s trade policy is important for growth both in India and globally. The UK is India’s third largest investor and UK companies benefit substantially from trade and investment opportunities in India.

2.3.6 Development is a recognised component of UK trade policy, reflected in the work of the Department for Business Innovation and Skills/DFID Joint Trade Policy Unit. At the beginning of 2010, an India Trade Policy Unit was established, with a cross-HMG workplan. The ITPU brings together FCO, DFID and UKTI expertise and networks to pursue key HMG objectives such as the India-EU Free Trade Agreement and a successful conclusion to the WTO Doha Development Agenda.

2.3.7 As a complement to cross-HMG work on trade, DFID has provided technical support on trade through UNCTAD.29 This work includes a global development strand, supporting analysis and outreach efforts around India’s 2009 Duty Free Tariff Preference for LDCs.

2.3.8 DFID works jointly with the FCO on broader economic policy including on G20 issues and World Bank reform. We have engaged with India on the G20 development agenda centred around a focus on supporting growth in low income countries, and the benefits of trade in creating sustainable growth.

2.3.9 DFID has provided advisory support to the establishment of a Britain-India Infrastructure Group, as announced by Prime Ministers Cameron and Singh in July 2010. The group aims to identify remaining barriers to investment and solutions that will enhance domestic and international investment in the infrastructure sector in India.

Education, science and research dialogue

2.3.10 Education is central to India’s economic and social development. The Government of India has placed a high priority on education. The UK and India have a long-term mutual interest in helping UK institutions step up their engagement with potential Indian partners and in helping India improve its educational system at all levels.

2.3.11 A joint education strategy has been agreed between DFID, FCO and the British Council, underpinned by a joint network which brings together DFID’s interests in elementary and secondary education, the British High Commission’s interests in higher education and UKTI’s interests in private provision of education.

2.3.12 DFID provides funding and advisory inputs to education initiatives run by other Government department education initiatives, including the British Council-run Development Partnerships in Higher Education (DELPHE) programme, the Global Schools Partnerships link programme and the FCO funded UK-India Education and Research Initiative (UKIERI).

2.3.13 Science and research is increasingly important for the bilateral relationship, providing an opportunity to develop shared views on global challenges. DFID plays a key role in UK-India research collaborations working with other UK Government Departments and autonomous bodies. We have established a South Asia Research Hub based in Delhi that is co-located with the Science and Innovation Network and the Research Councils UK office.

2.3.14 DFID co-funds significant research programmes with UK Research Councils in India on social science and poverty reduction and ecosystem services for poverty alleviation. The Government of India, DFID, the UK Biotechnology Biological Sciences Research Council and Bill and Melinda Gates Foundation have agreed a new £20 million global programme on food security.

Sustainable development dialogue

2.3.15 As the world’s fourth largest emitter, India is critical to the outcome of global climate change negotiations and Indian energy needs have a huge impact on international energy markets. The cross-HMG Climate Change and Energy Unit (CCEU) brings together staff and resources from the FCO, DFID, the Department for Energy and Climate Change (DECC) and the Department for Environment, Food and Rural Affairs (DEFRA) to lead the HMG climate change strategy for India.

29 The United Nations Conference on Trade and Development
2.3.16 CCEU leads a co-ordinated dialogue with Government of India on UK approach to climate change. It works with a wide range of Indian partners including GoI, business, and NGOs to deliver our joint objectives on: a credible, fair and ambitious global agreement; rapid investment in low-carbon growth; and increased resilience of the poor to the impact of climate change. It also works jointly on the financial frameworks for climate change, ensuring they are effectively coordinated across HMG departments. The Unit’s joint approach has enabled it to factor development concerns into the full range of climate change discussions.

### 3.1 DFID India Project List

<table>
<thead>
<tr>
<th>Programme</th>
<th>Partner</th>
<th>Commitment</th>
<th>Duration</th>
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<td>Government of India</td>
<td>Ministry of Health and Family Welfare</td>
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<td>Ministry of Personnel</td>
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<td>Health Sector Plan</td>
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<td>Strategy and Preparedness for Trade and Globalisation in India</td>
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<td>Small and Medium Enterprises Support Programme</td>
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### 3.2.1 Sector Spend Profile 2008-09 to 2010-11

<table>
<thead>
<tr>
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<th>2008-09 (Actual)</th>
<th>2009-10 (Actual)</th>
<th>2010-11 (Forecast)</th>
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<td>Education</td>
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<td>57,440,241</td>
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<td>Social Services</td>
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<td>12,666,048</td>
<td>15,074,042</td>
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<td>1,941,780</td>
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<td>Government &amp; Civil Society</td>
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<td>3,548,392</td>
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297,028,428  295,118,889  278,661,915

Sectoral distribution of UK AID - India bilateral expenditure

- Not allocable by sector
- Humanitarian Assistance
- Research
- Environment Protection
- Economic
- Government & Civil Society
- Water Supply & sanitation
- Social Services
- Health
- Education
Sector Spend Profile

Sectoral Distribution 2008-09 (Actual)

- Health: 42%
- Education: 24%
- Government & Civil Society: 19%
- Social Services: 5%
- Economic: 16%
- Environment Protection: 2%
- Water Supply & Sanitation: 1%

Sectoral Distribution 2009-10 (Actual)

- Health: 48%
- Education: 20%
- Government & Civil Society: 13%
- Social Services: 4%
- Economic: 10%
- Environment Protection: 3%
- Water Supply & Sanitation: 1%
- Not allocable by sector: 1%
### Sectoral Distribution 2010-11 (forecast)

- **Economic** 14%
- **Environment Protection** 3%
- **Education** 19%
- **Health** 44%
- **Social Services** 5%
- **Water Supply & Sanitation** 1%
- **Government & Civil Society** 14%

### 3.2.2 Modality Spend Profile: 2008-09 to 2010-11

#### 2008-09 (Actual)

- **National Government** 40%
- **State Governments** 41%
- **Multilaterals** 10%
- **Civil Society** 1%
- **Private Sector** 2%
- **Technical Assistance** 6%
2009-10 (Actual)
- Civil Society: 1%
- Private Sector: 1%
- Technical Assistance: 4%
- Multilaterals: 14%
- National Government: 43%
- State Governments: 37%

2010-11 (Forecast)
- Civil Society: 2%
- Private Sector: 2%
- Technical Assistance: 7%
- Multilaterals: 7%
- National Government: 40%
- State Governments: 42%
3.2.3 Geographic Spend Profile: 2008-09 to 2010-11

2008-09 (Actual)

- West Bengal: 24%
- Other Low Income States: 29%
- Other Middle Income States: 16%
- Orissa: 12%
- Madhya Pradesh: 15%
- Bihar: 4%

2009-10 (Actual)

- West Bengal: 23%
- Other Low Income States: 29%
- Other Middle Income States: 15%
- Orissa: 11%
- Madhya Pradesh: 15%
- Bihar: 7%
4.1: Health and Nutrition

What DFID is doing to support Government of India and others:

The share of DFID’s total India aid framework going to health increased from 27% in 2005–06 to an estimated 44% in 2009–10. DFID has moved from disease-specific projects to supporting national programmes on Reproductive and Child Health, tuberculosis and AIDS control, which set policy directions and are targeted at the poorest states. DFID also provides sizeable financial and technical support for system-wide health and nutrition service delivery in the States of Orissa, Madhya Pradesh, West Bengal and Bihar. These states account for nearly a third of India’s disease burden. Our sector programme in Andhra Pradesh closed in 2010. All state level programmes have three top line goals of reducing child malnutrition, child deaths and maternal deaths.

DFID has made nutrition a top priority in India. Madhya Pradesh, Orissa and Bihar, with DFID support, have formulated Nutrition Strategies to scale up proven and cost-effective interventions, targeted at children under two years (the critical window for preventing early on-set of malnutrition and irreversible cognitive damage), pregnant women and mothers.

Examples of DFID contribution to India’s achievements:

— DFID’s investment in supporting India’s health systems is estimated to be saving 17,000 lives per year (one life every 30 minutes) or securing 474,000 healthy life years per year (one healthy life year secured per minute).vi
— DFID supported Government of West Bengal health programmes have contributed to large reductions in infant mortality (from 51 to 35 per 1,000 live births, 2003–09), bringing West Bengal down from 7th lowest to 3rd lowest state for infant mortality.vii
— In Madhya Pradesh, Orissa and West Bengal, DFID has worked with State Governments to support reforms to improve health human resources. Vacancy rates for doctors has declined: a) from 48% to 33% in ten underserved districts in Madhya Pradesh; b) from 36% to less than 20% in Orissa; and, c) 352 more doctors and 2033 more nurses were available in 2009 as compared to 2005 in six poor districts of West Bengal.viii
— DFID worked with India’s National Family Health Survey to support the inclusion of confidential HIV testing. The results gave India a much stronger understanding of the spread of HIV and allowed revision of overall estimated number of infections.
— The Government Madhya Pradesh has worked with DFID to set up a Nutrition Mission to focus on under twos and behaviour change.
4.3: Water and Sanitation

What DFID is doing to support Government of India and others;

Urban Water and Sanitation

DFID supports urban development programmes in West Bengal, Madhya Pradesh and Bihar (£203 million). A core service delivery component of these programmes relates to improving water and sanitation services for the urban poor. Lessons from DFID’s work in Andhra Pradesh fed into the design of the Government of India’s national flagship urban renewal programme (the Jawaharlal Nehru National Urban Renewal Mission, 2005 onwards, £6 billion).

Rural Water and Sanitation

DFID has been supporting UNICEF’s partnership with the Government of India and key State governments in recent years. DFID support has enabled an expansion of UNICEF’s hygiene promotion work in support of the national Total Sanitation Campaign. Hygiene promotion interventions are a key way of ensuring that newly constructed latrines are used appropriately and accompanied by hand washing.

Examples of DFID contribution to India’s achievements:
- 400,000 people have gained access to improved sanitation in 2009-10 through ongoing urban programmes in Madhya Pradesh and West Bengal.
- Four cities property tax collection has increased from £7.8 million to £21 million between 2005-06 to 2009-10 (due to both increase in efficiency and improved collections efficiency). This has helped the state to raise a further £84 million from Government of India for city-wide infrastructure including for water and sanitation.
- UNICEF activities have supported the government in adopting the internationally accepted method for monitoring sanitation (WHO/UNICEF Joint Monitoring Programme methodology).

4.4: Education

What DFID is doing to support Government of India and others;

20% (£57 million) of the total aid framework in 2008-09 was spent on education programmes. While a major share of DFID support is in the form of financial aid, a growing percentage is being provided as technical cooperation. Our objectives in education are to:
- help India achieve universal primary education (MDG 2);
- promote gender equality and empower women (MDG 3); and
- encourage and enable young people to learn, improve their skills and enrich their lives.

DFID, along with the World Bank and EC, supports elementary education through the Government of India’s central Sarva Shiksha Abhiyan (SSA) scheme. DFID spent £210 million in the first phase of SSA (2004 to 2006) and a further £150 million in the second phase (2007 to 2013).

DFID is supporting Government of India’s programme to promote Education for Women’s Equality, called Mahila Samakhya with up to £35 million over seven years (2007 to 2014) of financial aid and technical cooperation. The purpose of our support is to improve the status of women, particularly the educational status of women and girls, in poorest areas.

We are doing joint analysis with the World Bank on issues related to increasing access to and improving the quality of secondary education in India. This analysis is informing the development of our planned support to secondary education in India.

DFID also works closely with other UK Government Departments (the Department for Children, Schools and Families (DCSF), the Department for Innovation, Universities and Skills (DIUS), the Foreign and Commonwealth Office (FCO) and the British Council (BC)) to nurture linkages between the education institutions of both countries and to support the self-development of young Indians—the main schemes utilized in this regard include:
- Development Partnerships in Higher Education (DELPHI);
- Global School Partnerships programme; and
- the HMG funded UK India Education and Research Initiative (UKIERI).

Examples of DFID contribution to India’s achievements:

There is strong evidence that SSA is working. From 2003 to 2009 SSA has helped to get 60 million additional children enrolled in school, out of which 1.2 million children can be directly attributed to DFID’s financial contribution. Equity targets for the enrolment of girls, Scheduled Castes and Scheduled Tribes have been achieved.
Our Technical Assistance:

— has helped GoI increase the supervision of the District Primary Education Programme (DPEP), Sarva Shiksha Abhiyan (SSA) and Mahila Samakhya; and

— has worked with GoI to support technical improvements in pedagogy, teacher development, curriculum development, assessment, research, monitoring and evaluation. 

4.5: Governance and Accountability

What DFID is doing to support Government of India and others;

Our governance and accountability strategy aims to use UK aid to catalyse the maximum benefits from the Government of India’s programmes and resources. It has two complementary parts—helping poorest State Governments to deliver better; and helping India’s poorest people to demand—and get—better delivery.

In our governance projects in Orissa, Bihar, and Madhya Pradesh, UK aid funds high quality Indian experts to work directly with state governments across a range of government priorities:

— Boost growth (eg through simpler industrial and investment policy);
— Increase revenues (eg simplify revenue regimes; expand the tax net);
— Reduce wasteful subsidies (eg power sector losses);
— Make human resources deliver more (eg recruit, train, and manage frontline staff; contract out delivery where this is the best option);
— Strengthen financial management (eg get better value for money by reforming procurement; audit);
— Deliver better services (eg new Management Information System has increased enrolment in literacy scheme).

We complement Technical Cooperation with Financial Aid to fund innovation and pilots—to help the Government of India to demonstrate to partners that reforms work.

Minimising Governance challenges, such as in procurement, financial management, and human resources, is an important component in DFID’s health, education, urban development, and livelihoods programmes.

We work with civil society (Community Based Organisations, national NGOs, Think tanks) to help India’s poorest people to organise, mobilise, and claim entitlements, and to work with Governments to improve policy and delivery. Success is measured in terms of the number and quality of services that people have been able to access.

DFID supports two umbrella projects: the Poorest Areas Civil Society Programme (PACS) for Indian NGOs/CSOs; and IPAP (International Partnership Agreement Programme) for International NGOs working in India. DFID also funds Indian ThinkTanks (via the IDRC international ThinkTank Initiative) to work on growth and poverty policy issues.

Examples of DFID contribution to India’s achievements:

— Orissa VAT reform: DFID support of £150,000 for Government of Orissa tax system reforms, including improving systems and computerising tax files helped increase VAT collection by around £55 million between 2005 to 2009.
— Madhya Pradesh power sector reform: DFID’s £11 million technical cooperation improved governance, reduced leakages, and helped save nearly £297 million over four years. DFID-funded consultants also helped secure an ADB loan of £300 million for upgrading power infrastructure.
— Madhya Pradesh health: DFID has supported the Government of Madhya Pradesh’s development of a new human resources system, including incentives to encourage health staff to work in remote areas. As a result the vacancy rate for doctors in ten underserved districts has declined from 48% to 33%.
— Orissa health: DFID support for the Government of Orissa’s procurement reform helped improve value for money by reduce drug costs by 25%.
— PACS mobilised 1.6 million people and 35,000 Community Based Organisations across 19,000 villages. It cost the UK tax payer £3.17 per beneficiary and leveraged an average of £45 per beneficiary of new Indian government benefits.
— £3.5 million support has helped the government of Madhya Pradesh improve its public financial management systems including revising financial accounting codes, reduce debts and guarantees with a saving of approximately £65 million and introduce decentralised participatory planning in 50 districts.
4.6: REACHING WOMEN, GIRLS AND POOREST

What DFID is doing to support Government of India and others;

Women, girls and poor people fail to achieve their full potential when their life-chances are restricted in five spheres—survival, good health and nutrition; safety and access to justice; education and skills; economic opportunity; and individual choice and control. The DFID programme in India addresses all five capabilities and focuses on the poorest States.

Using a mix of mainstreamed and targeted approach, DFID’s work at the national level and in its focus States is designed to ensure greater access to development opportunities for women and disadvantaged groups and track the differential impact of our programmes.

DFID supports the GoI’s flagship program on women’s empowerment that includes a focus on violence against women. Our work with State Government partners on health sector support includes focusing services on the most in need women. This is complemented through our civil society work to ensure inclusive access for poor households.

Preventing violence against women is an important agenda that is supported with Government and Non-Government partners through health, urban and civil society programmes.

Examples of DFID contribution to India’s achievements:
- Over 375,000 school toilets constructed for girls. About 1.6 million women benefited from the construction of toilets.
- Over 1.6 million women reached with credit, financial and skills development support.
- About four million women mobilised in self help groups that work on women’s empowerment and local development issues.
- Program reviews across portfolios show an increase in women’s self confidence, improved domestic relations and greater participation in local development issues. Women also report a reduced dependence on the money lenders.
- DFID support has strengthened evidence generation. GoI’s National Family Planning and Health Survey (NHFS) is the only reliable data set that captures data on violence against women and women’s agency.
- District Level Health Survey data can now be disaggregated by religious group.

4.7: CLIMATE CHANGE

What DFID is doing to support Government of India and others;

From June 2008 a cross-Whitehall Climate Change and Energy Unit (CCEU) has led a coordinated HMG approach to climate change activities in India. HMG already has a strong portfolio of development activities that also have co-benefits for different aspects of the climate change agenda.

These include:
- Power sector reform programmes (£28.5 million) with the Governments of Madhya Pradesh and West Bengal on energy efficiency and financial sustainability.
- Rural livelihoods programmes in Madhya Pradesh (£45 million), Orissa (£43 million) and West Bengal (£36 million) help communities adapt to drought through better management and conservation of land and water resources, and better access to improved crops, livestock and off-farm income generation.
- Projects supported by DFID India’s World Bank Trust Fund, including low carbon growth (£34,000), drought adaptation (£42,000), and Bihar flood management information system (£238,000).
- Activities to support private sector uptake of clean technologies, for example through the Orissa State Government team, and at national level through the Small Industries Development Bank of India (SIDBI).
- A project with the Ministry of New and Renewable Energy to pilot sustainable models for scaling up access to energy in remote rural areas, using carbon market revenues.
- DFID has carried out a climate risk screening and assessment of the India programme. The main outputs are i) an update on current projections of climate change, impacts, and vulnerabilities, and ii) recommendations on risk reduction and adaptation options to inform implementation of current DFID programmes and future strategy, supported by cost benefit analysis of selected investments.
The Strategic Programme Fund Low Carbon High Growth programme, the International Sustainable Development Dialogue and the UK-India Impacts & Adaptation Programme are led by FCO, DEFRA and DECC respectively. These support interventions on low carbon development, carbon markets and climate change adaptation, through collaboration with Central, State and City Governments, and outreach to business associations and civil society organisations. DFID works closely with all three Departments to ensure synergy.

Examples of DFID contribution to India’s achievements:

- In Orissa projects, low carbon activities (plantation, composting, improved cropping and water saving technologies such as surface treadle pumps) have resulted in savings of 770,842 tonnes of CO₂. Some 4,000 ha. of plantation have generated incomes for 73,431 farmers; 8,024 farmers have benefited from 933 vermi-composting units saving methane equivalent to 6,383 tonnes of CO₂ per year.
- In Orissa, smokeless stoves and solar lanterns were introduced; improved rice cropping and the introduction of 1,578 low energy consuming pumping and water saving technologies also contributed to reduced energy consumption.
- DFID has worked closely with FCO and DECC to ensure HMG’s climate change and energy engagement incorporates development objectives sensitive to the socio-economic and political drivers of policy.
- Rural projects with the Government of Madhya Pradesh have promoted climate-resilient development which benefited women from poor households: 25,000 smokeless stoves for women, 5,000 bio-gas plants installed in 500 villages, and 1,279 poorest tribal households have solar lighting.

4.8: Rural Development

What DFID is doing to support Government of India and others:

Rural livelihoods encompasses aspects of inclusive growth—engaging the poor in the rural economy through agriculture or non-farm jobs or enterprise; and social protection—building assets and supporting safety nets that prevent people from slipping deeper into poverty. DFID’s rural livelihoods programmes in India work with the Governments of three of our focal states: Orissa, Madhya Pradesh and West Bengal. The programmes focus on chronic poverty, seasonal and persistent hunger, and on people excluded from services because of caste/tribal identity or low economic status.

Examples of DFID contribution to India’s achievements:

Over the period 1990 to 2010, it invested in nine major rural development projects aimed at poverty reduction through a number of entry points like forestry, watershed development, rain-fed farming and rural decentralisation.

Reduction in income poverty: At least 1.5 million poor people (300,000 households) have been brought out of poverty over the decade 2000 to 2010 as a direct result of DFID’s rural livelihoods programme; attributed largely to increased employment opportunities, better returns from agriculture, enhanced knowledge plus access to information, and diversified small-scale enterprise opportunities with micro-finance.

Gender and equity, women’s empowerment: About 50% (over 650,000) of project households evaluated over the decade have recorded an improvements in domestic relations, and more recent data show definitively that these changes have led to a greater level of empowerment for women.

Improving nutrition and food security: About 60% (over 750,000) of project households have reported improvements in food security. Better storage has been reported through many thousands of grain banks. These efforts have led to a reduction in the number of the most highly vulnerable households (over 5,000) recording days when the food supply is not secure.

Reduced distress migration: More recent projects have reduced the worst kinds of distress migration—which translates as an average reduction in migration of households below the poverty line of 22%, and a total of 28,454 households over these three projects. This was brought by regular employment opportunities.

4.9: Urban Development

What DFID is doing to support Government of India and others:

DFID is supporting urban development programmes with the State Governments in West Bengal (£102 million), Madhya Pradesh (£41 million) and Bihar (£60 million). DFID is also providing technical support (£14.5 million) to the national Ministry of Housing and Urban Poverty Alleviation for its national urban poverty programmes, including helping to deliver the largest housing for the urban poor programme in the world.

All State urban programmes provide support to: i) governance improvements, such as decentralisation reforms, city planning, public financial management and e-governance, ii) improved service delivery to the
poor using participatory planning approaches and focusing on water and sanitation and iii) local economic development, including skills training for the poor and linking them to local employers/markets.

DFID support on urban development to the Government of Andhra Pradesh, which concluded in 2008, led to a range of successes, including on water and sanitation and skilled jobs creation. Lessons from Andhra Pradesh were highly regarded by national government policymakers and fed into the design of the national flagship urban renewal mission (the Jawaharlal Nehru National Urban Renewal Programme, 2005— to date, £6 billion). Andhra Pradesh is considered to be one of the best performing states under the current JNNURM.

Examples of DFID contribution to India’s achievements:

- Since 2000, 3.6 million slum dwellers have directly benefited from DFID and State Government joint urban development programmes, including on water and sanitation (Andhra Pradesh, Madhya Pradesh and West Bengal).
- In Andhra Pradesh and Madhya Pradesh, municipalities’ own source resources increased by 300% over the period of DFID support.
- In West Bengal, the Community Led Total Sanitation approach was piloted in Kalyani Municipality resulting in Kalyani getting declared the first open defecation-free municipal body in India. Around 10,900 slum families benefited from improved sanitation and hygiene behaviour changes.
- In Bihar, an investment of £500,000 to the State Government to strengthen the quality of its infrastructure proposals has helped it to access an additional £140 million to improve urban infrastructure (such as roads, water supply, sewerage and solid waste management) from the Government of India’s central scheme—three times what the State Governments had been granted earlier.

4.10: AID EFFECTIVENESS IN INDIA

Key facts and context

- Total development assistance to India in 2007 was relatively low at $1.2 billion. This is less than ODA flows of $1.5 billion to Bangladesh (population about 150 million) and roughly the same as ODA to Kenya (population about 40 million).
- ODA to India accounts for about 0.1% of India’s GNI (2007). The average ODA/GNI ratio for Southern/Central Asia was 0.79%. The average ODA/GNI for Sub-Saharan Africa was 4.32%. This equates to $1.02 for every person in India, compared with an average of $12.15 for other lower middle income countries.
- There are a limited number of donors in India. Multilateral partners include World Bank ($14 billion over three years), Asian Development Bank ($3 billion annually), United Nations ($240 million annually) and the European Commission (£70 million annually).
- There are few bilateral donors in India. The main donors (and their 2009–10 ODA plans): UK (£275 million); US ($50 million); Germany ($50 million). Japan has a considerable ODA loan portfolio in India ($2 billion), including $26 million in grants. France, Norway, Sweden and Switzerland also have small programmes.

DFID works to harmonise and align with other donors through its interventions at the state level. In Orissa, for example, DFID’s technical assistance is closely aligned to the goals set out in the World Bank Development Policy Loan. In Madhya Pradesh and West Bengal, co-ordination is stronger at sectoral levels, eg DFID’s power and urban programmes in Madhya Pradesh complement ADB support and we are working closely with the World Bank on the design of their rural initiative in West Bengal. In Bihar, there is a multi-donor Strategic Partnership involving DFID, WB, and the ADB (with JICA observing), conducting jointly a strategic dialogue with the Government of Bihar. Donors have adopted a division of labour approach to sectors based on relative strengths, meeting regularly to share analysis and coordinate.

DFID India works closely with HQ to track and measure our progress in meeting Paris and Accra Agenda for Action commitments. Primarily this is through ongoing use of the “DAC Survey: Monitoring the Paris Declaration”, as well as general dialogue on key principles where appropriate. Although Paris and Accra receive much less formal air-time in India than they do in many smaller countries, DFID’s strong commitment to harmonisation and alignment as well as the Government of India’s strong leadership mean that there is a high degree of aid effectiveness.

4.11 CDC IN INDIA

CDC is a development finance institution (“DFI”) owned by the UK Government’s Department for International Development (“DFID”). It operates primarily as a private equity fund of funds organisation. Through its fund managers CDC provides capital to invest in sustainable businesses, with a particular emphasis on sub-Saharan Africa and South Asia.
CDC’s investment mandate 2009–13, requires that, of all new investments: 75% must be based in low income countries* (per capita GNI below US$905 per annum); 50% must be in sub-Saharan Africa. India and sub-Saharan Africa constitute CDC’s primary markets today.

In India, CDC has committed in excess of US$1 billion across 30 Indian funds managed by 21 fund managers. Through these fund managers, CDC has exposure to 180 underlying Indian portfolio companies. As at June 2010, CDC had total outstanding commitments of US$500 million. Some of its partner Funds include, Ambit Pragma, Baring India III, India Agribusiness Fund, IDFC Project Equity, Ascent India III, Avigo SME III, Kotak PE, Multiples Equity, Seedfund, Peepul III and VenturEast Life III.

The composition of CDC investments by sector is provided below. When viewed by location within India, CDC’s portfolio companies span 20 states, a significant proportion of which are located within the lower and middle ranges in terms of domestic product per capita. 21% of CDC’s Indian portfolio companies are located within Maharashtra, 16% in Karnataka and 14% in Tamil Nadu. CDC has conducted an exercise of mapping the net asset value of its Indian companies by the tier of city in which the company operates. 54% of CDC’s Indian portfolio was in this way found to be located in Tier III cities. At the end of 2008, 158,000 people were employed in CDC’s Indian portfolio companies and those companies paid some US$ 527 million in taxes to the India government.

**CDC’s India Portfolio - Sector Breakdown by Cost**  
*As of July 2010*

- Healthcare 22%
- Consumer 19%
- Industrials 17%
- Mining 2%
- Education 1%
- Cleantech 3%
- Agribusiness 6%
- Energy & utilities 6%
- Financials 7%
- Infrastructure 8%
- ICT 9%
- Financials 7%
- Mining 2%
- Education 1%
- Cleantech 3%
- Agribusiness 6%
- Energy & utilities 6%
- Financials 7%
- Infrastructure 8%
- ICT 9%
- Consumer 19%
- Industrials 17%

**References**

i MDG Assessments:
  - MDG 1—World Bank (2005), National Family Health Survey-3, GoI (2006),
  - MDG 2—DISE data (2009),
  - MDG 3—DISE data (2009),
  - MDG 4—Sample Registration Survey, GoI (2008),
  - MDG 6—Ministry of Health and Family Welfare, GoI (2008),
  - MDG 7—National Family Health Survey—3, GoI (2006)

ii India Health Portfolio Review

iii SRS, GoI

iv State Health MIS data

v UNAIDS Global report on HIV AIDS, 2010

vi India Health Portfolio Review

vii SRS, GoI

viii State Health MIS data

ix Colclough, C, De. A 2010

x DFID’s technical co-operation has helped to strengthen India’s national elementary assessment programme. The findings will assist Government of India in further improving quality monitoring, diagnostic analysis, remedial action, better resource targeting and school accountability. In secondary education, support is helping...
India to benchmark performance of students against the rest of the world through a pilot of the OECD Programme for International Student Assessment (PISA) in two states.

November 2010

Further written evidence submitted by the Department for International Development

ROLE OF THE PRIVATE SECTOR IN DEVELOPMENT

The private sector plays a key role in providing jobs, services and generating tax revenues in an economy. An enabling environment for business, including the availability of infrastructure and capital, are key requirements for private sector development. India ranked 133 out of 183 countries in the World Bank’s 2010 Doing Business Survey. Infrastructure, inefficient bureaucracy and access to capital feature amongst the top five issues faced by businesses.

Within India, there are wide disparities, with the poorest states attracting only one-fifth of domestic and 2.4% of foreign private investments, even though these states are home to over half the population. If best practice from progressive Indian states had been adopted across India, it would have been 67th rather than 132nd in the Doing Business 2009 global rankings.

India lags severely on investment in infrastructure, currently at 4% of GDP, compared to 10% in China, 7% in Nigeria and 11% in Mozambique. The Government of India expects that $1 trillion will be needed from 2013-17, of which $500 billion needs to be from the private sector. Infrastructure indicators in the poorest states are significantly below the all-India average eg access to all-weather roads (40% in the poorest states, while 60% is the national average).

Specific interventions are required to ensure that private investment leads to poverty reduction—microfinance, job-oriented skills training as well as investment in human development are required to ensure that the poor are able to benefit from opportunities generated by growth and private investment. The nature of the investment will influence how pro-poor its impact is, with some businesses generating higher levels of jobs and/or benefits for lower income groups and/or women as compared to others.

PROPOSED STRATEGY AND EVIDENCE

The broad areas of our proposed interventions in the poorest states, and selected evidence, are provided below. Evidence includes a mix of direct DFID experience and impact studies published by other institutions. This is under discussion with the Government of India.

Development of pro-poor sectors in the poorest states

We will focus on developing key sectors that help poor men and women and/or help them take advantage of new economic opportunities. We will start by investing in microfinance and insurance services for women in the poorest states of Bihar, Orissa, Madhya Pradesh and potentially other poor states such as Uttar Pradesh. We are also exploring whether to invest in skill training for employment.

Evidence

Evidence suggests that better access to finance is not only pro-growth but also pro-poor. It reduces income inequality and poverty, and represents a critical survival tool for poor households. Khandker, 2005, suggests that access to microfinance contributes to poverty reduction, and accounts for 40% of the entire reduction of moderate poverty in Bangladesh, with a greater impact on women and a positive spill over impact on the local economy.

DFID India’s previous £12 million microfinance programme led to an almost 70% increase in the income of at least 5 million people from 2001-07, leveraging significant additional loans from the mainstream banking. Clients used loans to expand their businesses (77%), to repay costly debt (39%) and to diversify into new activities (37%). Clients also increased their expenditure on food (66%), housing (56%), education (77%),

30 Based on surveys of Mumbai-based businesses with 10 to 50 employees.
health, clothes and celebrations. Finally, clients (59%), most of them women, felt that their social status had improved as a result of receiving microfinance.

Development of businesses across the poorest states

DFID proposes to pioneer investments where the private sector is reluctant to go by providing risk capital$^{35}$ through credible partners. We aim to invest in projects that: are commercially viable; will deliver jobs, basic services and infrastructure in the poorest states; and would not otherwise have gone ahead.

Where we demonstrate success, we expect more private capital to flow in and increase benefits to the poor at no cost to us. It is in the interest of the poor and the British taxpayer that resources are used sparingly and only where most needed, attracting private capital to do what it can. We are considering investing in the following sectors: energy, agri-business, infrastructure, skills training, low cost housing, and basic and financial services.

We will support complementary interventions to improve corporate governance standards and to build an environment that fosters responsible entrepreneurship.

Evidence

The Private Infrastructure Development Group (PIDG),$^{36}$ initiated and supported by the UK, catalyses private investment in infrastructure in developing countries. US$390 million from DFID and other agencies has to date helped secure over US$10 billion in private investment commitment for over 75 infrastructure projects, expected to deliver new or better services to over 30 million people in Sub-Saharan Africa and Asia. These services will benefit the poor and will be sustainable because they are run on a commercially viable basis.

GuarantCo,$^{37}$ a debt support facility run by PIDG, reports that £33 million invested in a housing infrastructure project in India leveraged private investments worth £736 million, and will directly benefit over 210,000 people, including 120,000 poor people.

Aavishkar,$^{38}$ an Indian Fund manager, reports that approx. $7 million invested in 17 business reached over one million disadvantaged people, two-thirds of them women, over a period of four years. Total benefits were valued at $63 million; and there was a cumulative reduction in carbon emission of 100 megatonnes.

Acumen Fund,$^{39}$ an international fund established by the Rockefeller and CISCO Foundations, has invested $21 million in India since 2001. Examples of impact include:

- Global Easy Water Products which sells low cost drip irrigation products to small holder farmers improved crop yields by 30–70%, raised farmer incomes by an average of $400/year, and reduced water usage by 30–50%. Since 2008, the company has reached 330,000 farmers in India and Pakistan;
- D Light, a low cost solar lantern producer, services off-grid rural households in 40 countries, including India. Since 2007, two million people have benefitted, consumers have saved $60 million on energy costs and carbon emissions have reduced by 82,600 tons. D Light aims to reach 50 million poor people by 2015.
- Husk Power in Bihar converts agricultural waste into clean, safe, low cost electricity. It has provided electricity to 100,000 people in 130 off-grid villages in Bihar.

Improving the enabling environment for business

We will support partner governments to attract and manage effectively private investment in agreed priority sectors. This will build on the successful support we provided in the past, where DFID supported government reforms (2001–08) which improved Orissa’s share of India’s total “proposed investments” from 3.4% to 10%, and which attained the highest conversion rates amongst Indian states (actual investment valued at £60 billion). We expect to focus on improving public-private partnerships in infrastructure and health service delivery in the focus states.

Evidence

In the past, DFID supported 30 projects for development through PPP in Orissa, leading to the implementation of four projects worth £400 million and others at various stages of the bidding process. In Madhya Pradesh, DFID supported the quadrupling of proposed private investment in the power sector (£28 billion) from 2006-12.

$^{36}$ www.pidg.org
$^{37}$ http://www.guarantco.com/
$^{38}$ http://www.aavishkaar.in/
**Nutrition** (Mr McCann, Q168–9)

DFID’s nutrition programmes across the world focus on reaching pregnant women and children in the first 1,000 days from conception to a child’s second birthday as evidence shows that this is the critical period for nutrition. Beyond this period, the effects of chronic malnutrition are largely irreversible so we can deliver maximum long term impact if we focus our resources on this period.

In India, nutrition is a top priority. One of our eight headline results is to reach over three million children with a package of direct nutrition services in the next 4 years. In particular, we are:

- Increasing the focus on nutrition in our health programmes in Madhya Pradesh, Bihar and Orissa, particularly for mothers and under 2s. We will finance programmes which provide child feeding, micronutrient supplementation, diarrhoea management and trained community health workers.
- Making a big push on sanitation and hygiene promotion because of the links between drinking water, sanitation and diarrhoea. This will enhance the effectiveness and value for money of our health investments.
- Working with the Government of India on its national policy on food and nutrition, for example by supporting them to build consensus that the national focus should be on under 2s.
- Researching answers to the big questions on nutrition, such as the impact of double fortified salt and managing severe acute malnutrition at the community level. This could have a profound impact in India and beyond.
- Working with the World Bank and others to support regional research on agriculture and food security, to help poor people in rural areas become more resilient to climate change and improve their nutrition.

**Health**

(i) Data on who accesses hospital services (Mr Hugh Bayley, Q172)

Making access to health services more equal is a central objective of DFID India’s programmes. In order to understand better who accesses public facilities in India, DFID India has supported household surveys and commissioned analysis on the utilisation of health services by wealth, religion and caste. We then used the survey results and analysis as a basis for discussions with state governments on what to prioritise within programmes to reduce health inequalities.

For example, in Madhya Pradesh the analysis of survey data on deliveries at health facilities (called “institutional deliveries”) shows an increase from 26% in 2005-06 to 47% in 2007-08. The rate of progress among scheduled tribes (three and a half fold increase) and castes (two-fold increase) has been faster than for the general population and this has led to the reduction in the gap across social groups. Yet, despite these improvements, only 29% of the tribal population and 49% of schedule castes are giving birth at health facilities. Madhya Pradesh, Bihar and Orissa all recognise that tracking progress on health service usage by disadvantaged groups would benefit from more frequent analysis and with support from DFID are planning to undertake increased assessment by region, religion and caste.

To further accelerate progress, DFID is working with the Government of Madhya Pradesh to target 10 poor (tribal and lower caste dominated) districts, including Barwani which the IDC team visited. Similar approaches in West Bengal and Orissa have produced significant results: institutional deliveries in six targeted districts in West Bengal rose by 42% between 2005 and 2009, compared to 32% across the state as a whole. In 11 targeted districts in Orissa, institutional deliveries rose by 11% between 2008 and 10, compared to 2% increase across the state as a whole.

(ii) The relationship between institutional deliveries and maternal and infant mortality (Mrs Pauline Latham, Q170)

India has seen a dramatic increase in the proportion of institutional deliveries since the Janani Suraksha Yojana (JSY) cash incentive scheme for pregnant women began in 2005. In turn, this has led to a reduction in maternal and child mortality, particularly newborn and infant mortality.

Maternal mortality in India has declined from around 254 per 100,000 live births in 2005 to 230 in 2008. India’s infant mortality rate (IMR) has declined from 58 per 1,000 live births in 2005 to 50 in 2009, with a substantial three point decline between 2008 and 2009. A one point IMR decline in India corresponds to 25,000 lives saved. Madhya Pradesh has also recorded a three point decline in IMR from 2008-09.

However, the continuing poor quality of care in some public facilities—including poor prevention of infections among newborns—means that the potential gains of more institutional deliveries has not yet been fully realised. That is why we are increasing the focus on water and sanitation for public clinics, schools and nutrition centres in all our state programmes.
(iii) Hospital in Madhya Pradesh (Mrs Pauline Latham, Q171)

The IDC team in Madhya Pradesh visited the Maheshwar Community Health Centre in Khargon district. An estimate of the cost (£22,500 or Rs. 1,600,000) to complete the electrical, water and interior work has already been submitted to the state government for financing. The plan is for the new building to be complete by September 2011.

The Public Works Department is responsible for civil constructions, including public hospitals, not the Department of Health, which is the primary contact for DFID health staff. The quality and timeliness of the work of the Public Works Department in some states has not always been optimal, including Madhya Pradesh. In 2010, Madhya Pradesh established a civil construction unit within the Department of Health. DFID is supporting this unit to speed up the pace of hospital construction in the state.

**Revenue in Madhya Pradesh, Orissa and Bihar**

State government revenues are made up of:

- Their own revenue, such as VAT, state alcohol excise, road tax;
- Revenue from the Government of India: central grants and the proportion of shared central taxes such as income tax, corporation tax and central excise.

Like most Indian states, Madhya Pradesh, Orissa and Bihar’s revenues increased and their fiscal deficits reduced from 2004–08. This reflected increasing state GDP growth rates, the introduction of a progressive VAT regime, central incentives for state level fiscal reforms and the introduction of fiscal responsibility laws. However, after 2007–08, the global recession, combined with domestic factors (such as the central government’s relatively generous civil service pay commission award and increased subsidies), halted the positive trend and increased volatility. The situation stabilised in 2010–11, when Madhya Pradesh, Orissa and Bihar’s revenue grew.

An increasing proportion of Government of India’s transfers to state governments are through its “centrally-sponsored schemes”. These are national, usually poverty-targeted, sector-specific initiatives—such as the National Rural Health Mission, and the Mahatma Gandhi National Rural Employment Guarantee Scheme. They represent some of the world’s largest development programmes. These schemes have detailed national implementation plans with mostly predetermined budget lines, which limits state governments’ discretion on local spending decisions.

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<td>881.82</td>
<td>1,155.67</td>
<td>1,511.31</td>
<td>1,797.56</td>
</tr>
<tr>
<td>Non-Tax Revenue</td>
<td>164.76</td>
<td>238.63</td>
<td>179.92</td>
<td>426.56</td>
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<tr>
<td>Grants from GoI</td>
<td>1,137.45</td>
<td>1,080.59</td>
<td>1,664.61</td>
<td>1,952.95</td>
</tr>
<tr>
<td>GoI-Shared Taxes</td>
<td>2,527.50</td>
<td>2,600.37</td>
<td>3,264.70</td>
<td>3,852.34</td>
</tr>
<tr>
<td>Total revenue</td>
<td>4,711.53</td>
<td>5,075.26</td>
<td>6,620.54</td>
<td>8,029.41</td>
</tr>
</tbody>
</table>
### Percentage Share of Revenue

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Madhya Pradesh</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from own sources</td>
<td>50.5%</td>
<td>57.1%</td>
<td>50.2%</td>
<td>50.4%</td>
</tr>
<tr>
<td>Grants from GoI</td>
<td>17.4%</td>
<td>16.1%</td>
<td>21.4%</td>
<td>20.2%</td>
</tr>
<tr>
<td>GoI-Shared Taxes</td>
<td>32.0%</td>
<td>26.7%</td>
<td>28.4%</td>
<td>29.5%</td>
</tr>
<tr>
<td><strong>Orissa</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from own sources</td>
<td>46.6%</td>
<td>44.4%</td>
<td>40.9%</td>
<td>41.9%</td>
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<tr>
<td>Grants from GoI</td>
<td>21.0%</td>
<td>21.6%</td>
<td>26.5%</td>
<td>24.3%</td>
</tr>
<tr>
<td>GoI-Shared Taxes</td>
<td>32.5%</td>
<td>34.0%</td>
<td>32.6%</td>
<td>33.8%</td>
</tr>
<tr>
<td><strong>Bihar</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Revenue from own sources</td>
<td>22.21%</td>
<td>27.47%</td>
<td>25.55%</td>
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<td>Grants from GoI</td>
<td>24.14%</td>
<td>21.29%</td>
<td>25.14%</td>
<td>24.32%</td>
</tr>
<tr>
<td>GoI-Shared Taxes</td>
<td>53.65%</td>
<td>51.24%</td>
<td>49.31%</td>
<td>47.98%</td>
</tr>
</tbody>
</table>

8 April 2011

**References**

i Revised estimate as final figures not yet available.

ii Budget estimate for current financial year.

#### Written evidence submitted by Rosalind Eyben, Institute of Development Studies

**Summary**

1. To justify the continuation of UK aid to India, DFID needs to re-evaluate how it works in India so that poverty reduction becomes its central goal, not only on paper but in practice. I submit that DFID could make a greater impact with a smaller budget, provided it does not cut back on its programme staff—its frontline workers.

2. The current volume of aid expenditure in India is distracting DFID from learning how to work effectively. Too big a budget may be counterproductive to the impact DFID could achieve in a middle-income country with deeply entrenched inequalities. DFID needs to focus more on how it works in India, including ensuring that its experience in India is used to benefit its aid programme elsewhere in the world, as well as back home in the UK.

3. This submission is based on my research into power and relations in international aid and also draws on experience as a social development adviser and consultant for the UK aid programme in India between 1985 and 2004.

**Influencing Pro-poor Change in Non-aid-dependent Countries**

4. The argument against aiding a middle-income, non-aid-dependent country such as India is that the amount we provide is relatively a drop in the ocean in relation to the country’s domestic budget, that the Government of India should take responsibility for its equitable development, and that our money is therefore better spent elsewhere. The argument in favour—that one third of the world’s poor live in India and that we can and should help—is however subject to criticisms, including from within India, that our assistance has been ineffective in reducing poverty or actually harmful, and that it should be better stopped.

5. I start from the premise that we should continue an aid programme in India. The intolerable persistence of deep poverty and inequality in a country with a growing and prosperous middle class indicates the challenge to Indian society. External agencies such as DFID have the potential to facilitate and support fresh perspectives and approaches to this challenge.

6. India is striking for its high levels of inequality and resultant chronic poverty—as well as for the diversity and wealth of social movements that are struggling to deepen India’s democracy and enable all its citizens to realize their rights. DFID has had some successes in this regard. For example, as part of its rural livelihoods project in Madhya Pradesh it supported vulnerable and exploited migrant workers, seeking to change the power relations of poverty in many different ways: mobilising workers to assert rights and respond to injustice, creating a “voice” and a constituency for the workers, but also recognising their immediate need for social protection and welfare. The agencies and levels involved—local NGOs, unions, government authorities and donor—require careful relationship management by all concerned.40

7. Such small-scale local-level action may have the potential over time to change the wider system more effectively than significant financing of central or state level government budgets and programmes. A recent study of donor support to the education sector in India found that when switching from supporting local innovation through experimental projects to funding government sector-wide programmes, many of the innovative elements were lost—along with the donor-added value. Yet part of the reason for this switch has been the pressure to disburse large sums of money, despite these being relatively trivial amounts in relation to the Indian government’s own budget.

8. The problem was compounded by the decision made some years ago to “do more with less”. The reduction in advisory staff numbers made it increasingly difficult to find the time and develop the contacts and relationships for identifying possibilities to support and strengthen local-level efforts to change the power relations that keep people in poverty as well as spread the news of such efforts to central government departments and others.

9. Has DFID’s impact on poverty reduction and social exclusion declined as a consequence of it simultaneously increasing the amount it spends and decreasing its staff numbers? High levels of spending may distract from the construction of effective relationships that are informed and tested by their capacity to support poor people’s empowerment. When the purpose of aid is to reduce inequalities, a donor may need to be there for the long haul with a commitment and preparedness to invest staff time in developing and maintaining institutional relationships. DFID’s own evaluation of its India programme in 2006 noted that substituting long-term staff by short-term consultants could undermine capacity to build and sustain such relationships.

Supporting Social Innovation

10. Current approaches to effective aid assume that we are in control and that change is predictable. Neither assumption is true: and these assumptions are blocking donors from responding effectively to a largely unpredictable and dynamic policy environment. To make aid more effective, new ways of thinking about it are needed. For example, it may be worthwhile to finance simultaneously two or more different approaches to solving a problem, facilitating variously-positioned actors to tackle the problem according to their different diagnoses and consequent purposes, and thus supporting a diversity of actions.

11. Relatively small interventions through small grants and technical co-operation assistance may have disproportionately significant impacts. For example, a DFID-financed project offered two-week training programmes for rural bank branch managers in two districts in Andhra Pradesh, addressing personal, institutional, social and economic issues connected with working with poor people and poor clients. It is now run in Pune with totally local financing as a regular training programme for rural bank managers from all over India. That a relatively small investment (under £200,000) led to a nationwide initiative is attributed to the synergies in the relationships established between the key people involved.

12. Because such interventions often cost little money they often pass under the evaluation radar screen and DFID fails to learn about and communicate the conditions for success or failure of these initiatives. My 13-year experience as a DFID Social Development Adviser has lead me to conclude is that success is more likely when DFID staff:

   — have a good understanding of local context,
   — invest time in relationships,
   — are open to a diversity of views, and
   — are allowed to experiment, take risks and learn to alter their approach accordingly.

13. All this however requires a significant re-thinking of how DFID should work in a middle-income country such as India. The advantages of what I recommend are that DFID could make a greater impact with a smaller budget, provided it does not cut back on high quality programme staff, its front line workers.

Relationships Matter

14. Understanding the context and investing in relationships are the two interconnected and iterative activities that are the primary means for supporting locally-generated processes of innovation. Country office staff are a key resource for DFID in that respect, equivalent to the front-line workers in UK domestic line ministries. DFID’s slogan needs to be “Trust the front line”. Fixing their number in relation to the size of the budget they spend ignores the fact that staff, not money, is the key driver of effective aid.


15. The figure on the next page attempts to summarise this approach. The solid uni-directional arrows represent appropriate behaviour from DFID employees (staff/consultants) vis-à-vis other organisations and institutions whose appropriate behaviour leads to real-world positive changes in the lives of poor people. The dotted, two-way arrows represent the iterative, non-sequential process of understanding, learning and reflection. Note that the evaluation of DFID’s India programme in 2006 found that staff were paying insufficient attention to this process of learning.

![Diagram](http://www.ssireview.org/images/articles/2010WI_FirstPerson_WrongRisks.pdf)

16. The principles of this approach are:

- Any investment in relationships should be informed and tested by its capacity to support and not undermine poor people’s empowerment;
- A recognition that empowerment is political and is about changing the inequitable power relations which keep people in poverty;
- DFID must see itself not as the director but as one of the actors on the stage in a script not yet written. DFID’s role may be not much more than the “second gentleman” who delivers a crucial line in just one scene.
- Societal change is neither sequential nor linear and DFID needs to design its aid accordingly.

17. There are implications for how DFID assesses and reports its impact and on what it requires in that respect from those it is financing. Although unintentional, the current emphasis among all donors on “results” can undermine recipient organisations’ capacity to tackle India’s poverty challenge. The organisations more capable of making a difference might actually refuse to partner with DFID for that reason. I recently received an email from the director of a small Indian NGO stating:

> Sometimes the big donors are themselves ok, but the systems they have set up and the people they have employed to manage their funding have put in a lot of “reporting” initiatives that takes all the time. We have just had a big transformation within our organization—shifting from big to smaller donors so that we can focus better on the needs in the communities.

18. Sheela Patel of SPARC, the Indian NGO that supports slum dwellers federations has written that when SPARC was founded in 1984:

> "Donors gave money to us because there was a sense of trust. These funders did not set our priorities; communities of poor people did..... we were given all the space we needed. Consequently, SPARC and its partners now operate in nine states of India and help some 750,000 households..... I cannot imagine donors in today’s world granting an organization like SPARC the kind of latitude it required in its early years. Instead,[they] have become more focused on developing portfolios of projects, managing risks, and producing outcomes rather than on listening to communities, healing deep inequities, and supporting innovation”

WIDER BENEFITS FROM A UK AID PROGRAMME IN INDIA

19. DFID and the UK gain more widely and directly from working in India. The strong poverty reduction focus of the UK aid programme in India since the 1980s has led it to experiment with, learn from and influence participatory approaches to support poor people’s empowerment. The innovations first adopted by DFID in India and then spread to the rest of the aid programme include:

   — The process approach to project planning, of the kind described by Patel;
   — Indicators of success identified by partners and beneficiaries with joint monitoring and evaluations;
   — Participatory rural appraisal and other empowering methods for involvement of the beneficiaries;
   — Methods for assessing effectiveness of participation;
   — Locally-owned development communication methods, such as “theatre for development”;
   — Developing the capacity of those citizens with less voice and influence.

20. More recently, DFID’s “citizenship approach” to poverty reduction has also benefited from innovations in India which DFID has learnt from and in a small way contributed to. Furthermore, lessons from India are proving to be useful back home in the UK. In 2007 the Institute of Development Studies organised an event for local and central UK government staff and the voluntary sector to learn from developing countries about supporting active citizenship. The conference was opened by the Indian Minister for Local Government, whose speech inspired UK participants to reflect on what still has to be achieved in the UK, including the greater participation of women in local government, in which we are lagging behind India.

30 March 2011

Written evidence submitted by Lawrence Haddad, Institute of Development Studies

A midst all the reports about whether the UK will end aid to India and whether the Indian Government will end its request for aid, it is worth stepping back to think about the reasons for UK aid to India.

These are the poverty-related arguments that feel strong to me.

1. DFID works in three to four of the poorest Indian states. These are the size of medium countries with populations in the 50–60 million range and if ranked as countries, they would have some of the highest poverty numbers in the world. But this argument only goes so far. These states are not countries, they are part of India. The central government may not be a terribly effective donor to the states, but it is one, nevertheless.

2. But often it is difficult for States to get money from the donor centre. States need to have very strong administrative systems and capacities to do so effectively. The poorest states have the weakest tax base and hence the weakest administrative systems. DFID helps these states to access these central resources to boost investments in child health, nutrition and education where they are most needed.

3. DFID can help state governments take risks and innovate. There is a great demand for innovative programming but a sense that the political risks are high and prohibitive. DFID can act as a support and a lightning rod for risk-taking.

4. DFID has to back up this work by programming resources. They have to be seen to be willing to invest in innovative ideas they support. These investments leverage much larger state investments in areas such as nutrition that have benefit cost ratios of up to 17:1.

5. India contains approx 400m people living in poverty, about the same as in Sub-Saharan Africa. DFID’s rationale for focusing on sub Saharan Africa is that many of its countries are poorer than India but, more importantly from DFID’s perspective, the people living in them are trapped in poverty. But we do not know if the poorest living in India are more or less trapped than the poor living in governance traps or conflict traps or resource curse traps in the countries of Sub-Saharan Africa. We need evidence that ODA is more effective at eradicating persistent poverty in sub Saharan Africa than it is in India if ODA to India is to cease.

6. It is easy to be seduced by the hype of “IncredibleIndia”. But despite the rapid growth, GDP per capita is still just over $1,000. This is six times lower than its frequent comparator, Brazil and 3.5 times lower than China.

7. India is still a poor country with the lion’s share of the world’s poor. DFID still has a key role to play.

November 2010
Further written evidence submitted by Lawrence Haddad, Institute of Development Studies

INTRODUCTION

India is home to one third of the world’s undernourished children. That is an alarming statistic for any country, especially for a G20 member, but it is the persistence of undernutrition in the face of India’s economic growth that is truly extraordinary. In 1992-93 52% of infants under three years of age were underweight. In 2005-06 the corresponding figure was 46%. At that rate of decline the MDG1 target will be attained in 2043 rather than 2015. Can India afford to wait the extra generation for nutrition status to improve? Not if it wants the next generation to maximise survival, minimise brain damage, perform well in school and sustain India’s rapid economic growth.

Growth has been very impressive in economic terms. The past 25 years have seen one of the greatest spurts of GDP per capita in modern history, one that has the admiration of the world. From 1980 to 2005 Indian real GDP per head grew at 3.95% per year. Put another way, in 1950 real per capita income in India was two thirds of Kenya’s while today it stands at two and a half times the Kenyan level (Deaton and Dreze 2009). But the contradiction between economic growth and nutrition stagnation is striking. It is no wonder that in his August 2008 Independence Day speech Prime Minister Manmohan Singh called undernutrition “a curse that we must remove”.

Economic powerhouse and nutritional weakling—how does India move away from this Dr Jekyll and Mr Hyde existence? This is the focus of the authors in this IDS Bulletin, nearly all of whom are Indian or India-based. The Bulletin first reviews child nutrition in India: what is going up and what is going down, and for whom and where? As we will see while the direction of change is far from clear, movement is sluggish. We then ask why economic growth is not doing more to reduce undernutrition. We know that income and nutrition are not always tightly wedded, but are at least related. In India they seem to be ships passing in the night. Why is this? The papers conclude that it is a rather toxic mix of incentives that prioritise the delivery of social inputs over outputs and practices that exclude large groups of individuals, including women and girls, from access to quality services. The delivery of nutritional services, involving behaviour change and coordination across sectors, suffers more than most from this misalignment of incentives, resulting in a mismatch of services and needs. On discrimination, the enduring legacy of the incidental and active exclusion of historically less favoured castes keeps the stock of undernutrition high. In other words, the governance of nutrition resources in India is highly problematic.

Next we turn to existing interventions, focusing largely on the Integrated Child Development Scheme (ICDS), and review how they could be fundamentally changed to accelerate undernutrition reduction. These papers give some cause for optimism. Despite much evidence that ICDS is deeply flawed (see Gragnolati et al. 2006 for a good summary of its strengths and weaknesses) the papers cite examples of success within ICDS that have clear implications for the next-generation programme. Most of these examples and innovations revolve around (a) focusing strongly on the infant 0-24 month age group, (b) matching services to needs (eg not being so exclusively food-focused), (c) moving away from centralised tracking of inputs to lower levels of accountability, including community monitoring, (d) improving outreach to traditionally excluded groups, and (e) investing in the quality of services as well as their coverage, with a special emphasis on the number, skills and incentives of ICDS workers. These papers also clearly highlight the constraints to making progress in reducing undernutrition. These include weak ability of civil society to demand improved services, weak incentives for ICDS to improve nutrition outcomes, few consequences of poor ICDS performance, and a weak ability to link ICDS services to improved outcomes due to the weak state of M&E, flawed impact evaluations and very patchy nutrition data.

Does the co-existence of these two personas-Jekyll and Hyde—reflect a failure of governance? The papers that follow would argue strongly that this is the case. A poor capacity to deliver the right services at the right time to the right populations, an inability to respond to citizens’ needs and weak accountability at the local level are all features of weak nutrition governance. The papers also highlight many ways in which the governance of nutrition can be strengthened to rapidly make undernutrition history. Throughout the papers there is an additional cross-cutting message—the need for a new research emphasis on the politics and governance of nutrition.

NUTRITION STATUS AT THE ALL-INDIA LEVEL

The data confirm that the very impressive wave of economic growth has crashed against the rock of undernutrition. International evidence shows that for every 3-4% increase in per capita income, undernutrition rates as measured by low underweight rates should decline by 1% (Haddad et. al. 2003). For India, this relationship does not seem to hold. Income increases do not seem to move nutrition status significantly even though they seem to translate through to declining poverty rates.

Table 1 indicates stasis, albeit wrapped in confusion. The National Family Health Survey data show that underweight rates (low weight for age) are stuck, stunting rates (low height for age) are declining quite fast, but with wasting rates (low weight for height) increasing. The National Nutrition Monitoring Bureau data

44 National Family Health Survey Data (see Table 1 in this paper).
45 See Figure 1 in Aguayo, Menon and Swaminathan in this volume for a graphic representation of how undernutrition happens early in life in India.
indicate that underweight is declining slowly, stunting increasing and wasting decreasing. We cannot therefore say if undernutrition in India is increasing or declining. What one can say is that the movements—in either direction—are not rapid. Given the rapid price increases of 2008 and the current global financial crisis the nutrition situation is only likely to get worse. Addressing undernutrition now is the best way of denying the current global crisis an intergenerational legacy.

### Table 1

<table>
<thead>
<tr>
<th>Percent of infants</th>
<th>National Family Health Survey Data (NCHS standards. Children under 3 years of age)</th>
<th>National Nutrition Monitoring Bureau Data (NCHS standards. Children aged 1-5 years of age)</th>
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</thead>
<tbody>
<tr>
<td>Underweight</td>
<td>52  47  46  69  62  60  55</td>
<td></td>
</tr>
<tr>
<td>(weight for age below 2 standard deviation cutoff)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stunting</td>
<td>n/a  46  38  65  58  49  52</td>
<td></td>
</tr>
<tr>
<td>(height for age below 2 standard deviation cutoff)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wasting</td>
<td>n/a  16  19  20  19  23  15</td>
<td></td>
</tr>
<tr>
<td>(weight for height below 2 standard deviation cutoff)</td>
<td></td>
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</tbody>
</table>

Source: Adapted from Deaton and Dreze. 2009.

The Government of India has committed to tackle this national “curse”. There are plans to expand resources for the main platform for nutrition interventions, the ICDS. The political will is there at the most senior levels—just read the foreword to this volume from Montek Ahluwalia, the Deputy Director of the Planning Commission. We know which interventions are most cost-effective and we know which age windows in which it is most important to act. Is this cause for optimism? Resources do need to be increased—for example we know that one worker per ICDS centre is insufficient. Political interest at the top is needed to keep the issue near the top of a very crowded agenda. But does the allocation of more resources channelled through existing institutions and structures under existing incentives and governance models represent a case of throwing good money after bad? Many of the papers argue yes. Their case is bolstered by the rather weak inter-state correlations between ICDS coverage, ICDS expenditures and underweight rates (see Gragnolati et. al. 2006) though while not conclusive do not suggest strong ICDS impacts on undernutrition.

The papers in this collection argue that additional resources must be accompanied by a complementary effort to strengthen governance—at all levels—to improve: (a) the capability to deliver services, (b) the responsiveness of the state to the needs of all its citizens and (c) accountability to those the interventions are intended to benefit. The papers identify a number of institutional and incentive roadblocks in the efforts to improve infant nutrition and make recommendations on how those blockages can be dissolved, sidestepped or overcome.

Why isn't economic growth doing more?

How credible is the assertion that governance matters for nutrition? What is the prima facie evidence that incentives and institutions for spending existing and additional resources matter if they are to actually have an impact on infant nutrition? One has to look no further than the inter-state variation in infant nutrition rates and spending on infant nutrition (Gillespie and Haddad 2003). Some states spend more per undernourished child and some achieve more in terms of reduction per unit of resource. In other words, there are choices to be made about resource levels and their deployment. These are both mediated by the governance of nutrition resources.

We know that different states have very different performances in terms of undernutrition reduction and this begs the question why? Harris and Kohli's paper in this collection sets the stage by presenting suggestive but inconclusive correlations at the state level between more rapid declines in undernutrition and (a) higher elasticity of growth for poverty reduction (capability), (b) better state service delivery (responsiveness) and (c) electoral balance of power (accountability). Econometric analysis of these kinds of variables is not possible due to data limitations. The Menon et. al. paper vividly indicates the different choices states make in terms of which nutrition gaps they tackle. From their data it is difficult to see how the nature of the problem guides resource allocation at the state level, bolstering the "good money after bad" argument. One also needs to look within states. Several papers document increasing welfare disparities within states, often along caste lines which, it is argued, exacerbate India's sclerotic nutrition performance (Thorat and Sadana, Himaz, and de Haan et. al.).

Walton argues that much of this sclerosis is due to the clash of two fundamental drivers: the nature of the social contract between the state and agents of social service delivery and the complex and demanding nature of nutrition public goods. He argues that there are two social contracts which result in political stability and wealth creation in India—between the state and business and between the state and social groups. Both of these contracts are underpinned by rent creation and capture by relatively small groups, to the detriment of broader social welfare. In the past 10 years, the contract between the state and business has been reformed and
has reduced the rent-based nature of it, generating substantial growth especially at the upper reaches of the income distribution. But the contract between state and social groups—state patronage in return for political loyalty—has remained static; there have been laudable shifts in spending and policy, but within the existing system. This results in effort levels within the state that focus more on rent preservation rather than on service delivery. Much public action on social issues is therefore poorly aligned with these political and administrative incentives. Nutrition action is especially poorly served because it involves a complex mix of public goods (a mix of behaviour change and more vertical health delivery); and fragile cross-departmental alliances between health, agriculture and women’s ministries. While fully acknowledging the different circumstances, Walton describes examples of public policy reform from Mexico (on the conditional cash transfer issue) that could usefully influence the debates in India.

De Haan et al. tell us a tale of two states, Orissa and West Bengal, both poor, but each with different experiences. On the one hand there is Orissa, seemingly impervious to external initiatives, with rapidly growing inequality which, as the authors imply, is going to be the main driver of change. On the other hand, West Bengal’s leadership has embraced the idea of meaningful decentralisation of resources, responsibility and authority and initial impact assessment results from these suggest that things are improving in terms of nutrition outputs and outcomes.

A counter view of Orissa is provided by Saxena and Srivastava. Using NFHS data they point out that Orissa’s average underweight rates have improved the most in terms of reductions in percentage points between NFHS-2 (1998–99) and NFHS-3 (2005–06). Has this improvement in the average state of nutrition been at the expense of marginalised groups? We need more disaggregated nutrition data to answer that question. We know from Sharma et al. that low castes—Scheduled Tribes and Scheduled Castes—in Orissa have higher stunting and wasting than the state average, but we do not know if these rates have declined as much as for all Orissa. As Sharma et al. note, Orissa is culturally diverse with 93 castes, 62 tribes and three to four main religious groups. It is too much to expect ICDS alone to converge nutrition status across these divides—other more fundamental political determinants of undernutrition also need to address these differences.

Thorat and Sadana’s paper confirms the negative correlations of low caste and nutrition and health: child mortality, morbidity and nutrition are all worse for these groups by 50–100% compared to the more favoured castes. Differences are maintained even when controlling for education and welfare levels. Access to general health services is also worse. Conversely, the use of ICDS centres (Anganwadis or AWCs) is higher and this may simply represent an exclusion from better quality services. Thorat and Sadana call for ICDS to undertake a number of measures to reach out to the lower caste children, including locating more AWCs where these children live, giving greater control to these casts in the running of community health schemes, and generating greater incentives for all to serve the lower caste groups. However, as with Sharma et al. Thorat and Sadana also note that the perceptions and beliefs that fuel inequalities run deep in culture and will require more than a child development programme—no matter how big—to address them.

Himaz’s preliminary econometric results from longitudinal data in Andhra Pradesh confirm the negative associations of caste and nutrition. She demonstrates the persistence of nutrition by tracking children from birth to school age. Her results on the caste variables in her equations suggest that the hurtful power of exclusion is not easily shaken as childhood progresses. Being from a scheduled caste or a backward tribe substantially increases the probability of a child being stunted—and persistently so. The only other variables to have this effect were lack of mother’s education and height both reflecting discrimination from a generation past.

How to strengthen existing interventions?

The papers by Ved and by Saxena and Srivastava focus on the design of ICDS. They show that India-wide only 33% of children under six living in an area served by an AWC utilise a centre, only 20% of eligible children have received even one immunisation and only 12% of mothers received a health care check up during pregnancy.

The design flaws they identify include: (a) an insufficient focus on children under two—the critical window to address because development losses here are irreversible, (b) an overemphasis on food as a determinant of nutrition status to the exclusion of care behaviours, sanitation and health, (c) the complexity of the ICDS leading to heavy coordination and management demands and services often simplified by convenience—not by need and impact, (d) location of AWCs in ways that exclude the most marginal and vulnerable with little outreach capacity to compensate, (e) the need to improve AWC staffing up to two workers per site, (f) the need to improve the support to AWCs in terms of training, ICT, and mentoring of AWC workers (Menon et al.), (g) the need to improve the capacity of the Ministry of Women and Child Development to monitor non-ICDS inputs needed to combat undernutrition and, crucially, (h) a need to move to nutrition outcome reporting, building in more credible impact designs as part of doing business, including community feedback for a complete service, learning and accountability package.

There is consensus on these issues from the papers that assess ICDS in this Bulletin. Some of these improvements are planned for the next phase of ICDS (eg the 2 Anganwaddy worker norm, a greater focus on the youngest infants, and greater access for marginalised groups). But these plans for “universalisation with quality” cannot rely on mere multiplication. Using a scaling up management model Ved emphasises that the
skill needed to develop an effective pilot are not the same as the skills for effective scale up. Past and current scaling up of ICDS (at present there are approximately 940,000 AWCs with a target of 1.4 million) have faltered because (a) of the demanding nature of delivering the intervention (high behaviour change content, many interventions and subgroups, need to adapt to local contexts) and (b) the failure to involve and think through the role of the institutions intended to deliver effective pilots at scale (eg an inability of ICDS to converge with health departments—there is no cadre of staff assigned to this unlike in the successful pilots). To sum up Ved notes “It appears that in scaling up the interventions, in principle fidelity to the model was considered more important than the capacity of the implementing organisations to deliver outcomes” (p.4).

Many of the papers argue that this weak average performance of ICDS to date reflects the supply-side incentives that Walton describes, but also the weak demand-side accountability of service delivery to those they are intended to benefit. Memon et al. describe some of the above supply and demand incentives for Bihar and Karnataka, giving us some insight as to how coverage of 10 major inputs to overcome child undernutrition can fall so far short of the goal of universalisation.

Ved and Saxena and Srivastava describe how the supply side can be strengthened. This requires data to make the choices about how to allocate scarce resources that have alternative uses. A dhikari and Bredenkamp describe some of the data and analytical need to improve the supply side of ICDS in terms of its impacts. They note that significant amounts of data are already collected on ICDS functioning, but they often focus on inputs not outcomes such as appropriate infant care and feeding behaviours (nutrition status data are useful, but attribution is difficult and hence should be collected judiciously). When data are collected they are not fed back to field workers and administrators at the sub-State Block and District levels. Moreover data are often processed by those with limited technical capability, monitoring needs to converge across sectors (the Ministry of Women and Community Development cannot monitor all nutrition relevant data), and we need to be careful about collecting too much data (a temptation when ICDS has six interventions and four age groups).

Sharma et al. attribute much of the decline in undernutrition in Orissa to innovations in ICDS service delivery. ICDS functioning may well have improved with these innovations, but it is impossible to say how much this contributed to undernutrition reduction without constructing some counterfactual scenario (ie what would have happened without improved ICDS functioning). Many of the innovations they cite are ICDS specific (capacity building of AWWs, AWW reward systems, community based nutrition analyses, and citizen charters to help close the gap between ICDS policies and implementation) at the project level. But the authors also cite the importance of institutional innovations that promote intersectoral convergence with the Department of Health on immunizations, treatment of diarrhea, deworming and referrals.

Kumar et al. describe a USAID funded programme, IHNP-II operating on an ICDS platform, operationalised by CARE. Using an “innovate-demonstrate-advocate-replicate” approach they aimed to tackle exclusion, including caste-based, through enhanced outreach methods such as tracking those left out of ICDS, prioritising home visits, and selecting volunteer change agents in each hamlet to promote system responsiveness and convergence across different delivery agents. The authors suggest these innovations worked, although again, in the absence of a control group it is impossible to be conclusive. If effective, the authors are optimistic that the innovations are scalable because what works for the excluded should work for all. But as Ved notes, the level of complexity and whether or not the innovations can be embedded in existing institutional capacities and incentives are key determinants of scalability.

On the demand side, Swain and Sen describe recent efforts to generate feedback loops from citizens to local government through social audits in Andhra Pradesh (AP) and Orissa. Social audits are processes whereby the state and civil society work together to monitor and evaluate the planning and implementation of a programme. They require a partnership between the two. In Orissa the social audit was led by a CSO without the cooperation of local government. Many ICDS deficiencies were identified, but it is not clear whether any improvements were made. In AP, local government was involved and service uptake and community participation in ICDS have improved, although no effort to estimate the impact on nutrition has yet been made. The authors speculate on whether another state, Madhya Pradesh, is ready for social audits and conclude that not enough of the preconditions are in place: a readiness for a shift in the balance of power, a culture of social audit in government programmes, strong civil society capacity, the culture of public debate and commitments to long term grassroots capacity building. As with so many issues analysed in this Bulletin, the main innovations are absent in the areas that can least afford them to be.

Addressing the Governance Gap

It is perhaps no coincidence that India, the country 34% of the world’s undernourished infants (Lancet 2008) has produced some of the world leaders in thinking about undernutrition. MS Swaminathan, is one of those. The paper he co-authors with Aguayo and Menon outlines a domestic leadership agenda for action on undernutrition. The paper notes the leadership demonstrated by India in so many areas and urges new leadership to “make child nutrition history”. The 10 interventions and 10 priority approaches outlined are indeed urgently needed. Despite being developed in a consultative participatory process, will they influence the central and state politicians? Will they be implemented as conceived by health workers? The papers here would argue only if the governance gap is recognised and tackled head on.
Biswas and Verma deliver a compelling agenda for action on governance. Using a conventional but useful governance model, the capability-responsiveness-accountability model also used by Harriss and Kohli, they outline changes needed to strengthen governance in addressing undernutrition. On capacity, they urge the GoI to continue to spend political capital on the issue and find ways to work across Departments with the National Council on India's Nutrition Challenges as a potential coordinating mechanism that needs to be replicated at several levels. On responsiveness, continue responding to the Comptroller and Auditor General reports on ICDS as standard. On accountability, stronger systems from below need to be built for demanding rights and holding panchayats, SHGs and anganwaddys accountable, recognising that capacity development is also needed for those duty bearers so they can better deliver on their obligations.

Many of these critiques and suggestions also apply to external partners. Improved nutrition is in everyone's interest but few international agencies have taken responsibility up to now. There are signs that this may be changing. DFID, for example has recently increased their commitment to nutrition. Their renewed focus reflects many factors—the food price crisis, a critical report from a UK government oversight committee, and several pieces of analysis that were critical of their previous efforts. As Amery and Philpott note, DFID have responded to these critiques with new energy and a new nutrition strategy. Their co-funding of this collection of papers is one small sign of renewed interest. As Amery and Philpott note, DFID's comparative advantage is not in funding more direct interventions (those directly aiming to improve nutrition) but in making indirect interventions in the areas of agriculture, social protection and health more nutrition-friendly—and that requires a nutrition strategy. DFID is also a leader on governance, and this as we have seen is a core gap for nutrition—both at the national and international levels. Finally, drawing on historical experiences from the UK and contemporary experience from the HIV/AIDS field, the Amery and Philpott paper notes that international advocacy for undernutrition will only grow if elites in rich and poor countries alike can connect with the issue, much as in the way they connected to HIV/AIDS. One precondition for this is a coming together of the international community to agree on vision, messages, and roles, including fundraising. DFID is vastly experienced in facilitating the development of such coalitions and I hope this is a role they would see themselves playing in the future.

Conclusion and Key Messages from the IDS Bulletin

So, what are the key messages coming out of this IDS Bulletin?

First, India is the world's Jekyll and Hyde: an economic powerhouse and a nutritional weakling. At current rates of progress the MDG1 target for nutrition will only be reached in 2043. This will have severe consequences for human wellbeing and economic growth.

Second, more resources and leadership from the top will help, but the missing link is improved governance of nutrition at the community, local, state, national and international levels. Indeed the weak link between growth and nutrition is the very definition of weak nutrition governance.

Third, a number of recommendations emerge on where and how to strengthen governance:

Generally,

- open up space for public debate on social policy alternatives to ICDS (e.g. conditional cash transfers);
- improve cross-Departmental working at state and national levels to coordinate multiple nutrition inputs and outcome monitoring;
- allow the Comptroller and Auditor General Reports to set operational standards and audit performance in nutrition;
- strengthen efforts to promote the status of women through improved education and greater representation in local government— their ability to make decisions about fertility, health care and their own time allocation is vital to their own health and to the health of the 0-24 month old group; and
- generate and make available more data on nutrition status—this is the lifeblood of change agents in the media, civil society and government. We don't need more mega surveys like the NFHS, but more frequent and slimmer surveys. Annually streamlined comparable data will support debate on policy formation and performance and sustain pressure on the need to improve performance.

On ICDS,

- make community monitoring of ICDS—in partnership with local government—the norm;
- support civil society to find ways to claim spaces to ensure previously excluded groups are involved in nutrition budgeting, ICDS operation and evaluation;
- focus on tracking ICDS outputs and outcomes, not only inputs—this is especially important for the under 2's and the interventions most vital to them;
- ICDS should engage women from excluded SC/ST communities in actively participating in the running and using of ICDS services;
- plan for and resource the scale up of an ICDS that can adapt to different governance realities;
use a more transparent rationale for the distribution of new health and ICDS centres to serve communities where they are most needed and where nutrition indicators are worst; and
— ICDS desperately needs decent impact evaluations in nutrition. Before and after surveys without control groups will not do. We are groping in the dark without them.

These are not technical suggestions, but are recommendations on the operational processes and institutions that should form the basis of future resource allocation in nutrition.

Finally, we need a new type of research programme around nutrition governance. It would use disciplines that are sensitive to power, voice and accountability with quantitative and qualitative methods to identify and learn whether innovations in institutional and governance arrangements can improve the capacity, responsiveness and accountability of the state and civil society to generate improved nutrition outcomes.

The existence of so many stunted and wasted children amid a sea of rapid economic growth defies casual observation and must seem like a curse. But as this collection of papers has shown there is no shortage of ideas from within India about what to do to lift that curse—many of them relate to strengthening governance. In building on some of these ideas and by lifting the curse, the Indian government will raise the stature of its children. It will also raise its own standing in the world.

30 March 2011

References


Written evidence submitted by Prof James Manor Emeka Anyaoku Professor of Commonwealth Studies, School of Advanced Study, University of London

This note contains comments on the work of the UK Department for International Development in India. (An earlier note that I sent from a dubious computer in a remote Indian town did not reach you—hence the delayed arrival of this message.) I will be happy to elaborate on these statements when I meet the Committee in January.

I have often interacted and occasionally worked with DFID in India over the last 14 years, so I know much of their work reasonably well. I have a high opinion of their efforts—as do a great many enlightened people in India—so that I can offer a strong endorsement. Despite rapid economic growth in India, vast numbers of people here remain poor, and governance issues remain important. On both fronts (which are my specialities), DFID’s contribution has been extremely valuable.

DFID has recruited a very strong staff in Delhi, mainly as the result of a shrewd policy of hiring outstanding Indian personnel. Some are taken on secondment from key government ministries, and others have splendid records in high quality civil society organisations and in academic circles. This gives DFID a more sophisticated understanding of India than other development agencies here—including (to my certain knowledge) the World Bank and most of the United Nations agencies. Those other agencies and government officials in India look to DFID for perceptive insights on constructive policy innovations—and DFID has seldom disappointed.

Its role has become especially important since a previous Indian government invited smaller international development agencies to leave some years ago. I have also worked with DFID in Bangladesh, Cambodia and four African countries, and I am convinced that its contribution here surpasses its work elsewhere. It has also developed ideas here, through productive interactions with the government and civil society, which can be applied in other developing countries.

DFID’s work on poverty reduction in India is impressive. This derives in large part from their sophisticated view of what “poverty” is. They see it not just as a severe shortage of funds, incomes and assets, but also as a severe shortage of liberties, opportunities and the capacity of poor people to operate effectively in the public sphere. DFID’s personnel here are also adept at devising development initiatives which can make an impact upon both types of poverty. Their efforts are well appreciated by enlightened people in the Indian government.

I have heard this directly from senior officials in the Ministry of Rural Development, the Planning Commission and the Prime Minister’s Office. It is quite remarkable that similar views have been expressed by leading figures in Indian civil society organisations, whose perspective differs from government actors.
I have often interacted with DFID specialists in Delhi on governance issues and social policy. The people who work for it in these areas have performed very admirably. They have a realistic, subtle understanding of what works well, what goes wrong, and how feasible improvements might be made—which is saying a great deal because this is often not true of most other international agencies that work in India.

Criticisms of DFID sometimes arise here on two fronts. First, DFID tends strongly to consider support only for projects which carry very large price tags. But it is difficult to blame DFID for this since it is the inevitable result of rising UK development funding and shrinking staff which has been forced upon all British government departments over the last few years. Second, some of India’s most accomplished development specialists complains that DFID is too intrusive once funds are provided for projects, and that it seeks to micro-manage too much. This latter criticism has some substance. But it is a minor quibble alongside the quite major contributions that DFID has made in India. It is very important that the DFID programme here be sustained over the years ahead.

December 2010

Written evidence submitted by Save the Children

Introduction

1. Save the Children is the world’s leading independent children’s rights organisation. We’re outraged that millions of children are still denied proper healthcare, food, education and protection and we’re determined to change that. Save the Children UK is a member of Save the Children International, working to change children’s lives in more than 120 countries.

2. In conjunction with Save the Children India, we draw attention in this submission to the fact that despite India’s middle income country status it is the home of many of world’s poorest people. India is currently off track to meet most of the Millennium Development Goals (MDGs), and the world cannot meet these goals whilst ignoring India.

Why Support India?

A pragmatic, hard-headed commitment to poverty alleviation

3. In India, the average annual rate of decline in child mortality between 1990 and 2008 has been 2.25%. We need to be reducing child mortality three times faster if we are to meet the Millennium Development Goal (MDG) on child survival (6.28% per year). If India fails to meet the MDGs so does the world, and according to current predictions India is off track on most of the MDG commitments. In this context we have a collective responsibility to ensure that the Government of India takes action to accelerate progress towards the MDGs, and is accountable for reducing poverty across the whole of India.

4. While the main drivers of change must come from India, aid can play a vital complementary role. Aid can empower and enable communities to hold government accountable for its promises on inclusive growth, health, education and the welfare of its people.

India’s top line poverty data

- 456 million people live in poverty.46
- 42% of India’s population is classed as living in poverty (one third of the world’s poor).47
- 1.83 million children under five die every year.48
- Highest rate of maternal and child mortality in the world.49

Causes of poverty

5. India is a lower middle income country but the financial reforms of the 1990s, which led to the current high growth rates, have not translated into significant reform and development of the health, education and welfare systems. Rapid growth has also failed to generate rapid improvements in social indicators, with India continuing to experience stubbornly high levels of undernutrition, and child and maternal mortality. Research by Andy Sumner of the Institute of Development Studies found that three-quarters of the world’s poorest people live in middle income countries including India.50

46 Suresh Tendulkar Committee, REPORT OF THE EXPERT GROUP TO REVIEW THE METHODOLOGY FOR ESTIMATION OF POVERTY http://planningcommission.nic.in/reports/genrep/rep_pov.pdf
47 Suresh Tendulkar Committee, REPORT OF THE EXPERT GROUP TO REVIEW THE METHODOLOGY FOR ESTIMATION OF POVERTY http://planningcommission.nic.in/reports/genrep/rep_pov.pdf
6. While the barriers to poverty reduction in Middle Income Countries (MICs) are primarily distributional and political, donors need to work closely with MIC governments such as India to improve health care and education (including through increased domestic resource allocation) and generate secure livelihoods. In some of the poorest states, systems and capacities still need to be built to deliver effective public services.

7. On corruption, India slipped to 87th out of 170 countries, with a Transparency International rating of 3.3 out of 10—scale from 10 (very clean) to 0 (highly corrupt). On gender equality India ranked 112 out of 134 (lower than its neighbour Pakistan). The Government of India has committed to producing a caste based census which highlights the ongoing strength of the caste system, which is repressive, reinforces hierarchy and breeds inequity.

Lessons from DFID Funding in India

DFID must use bilateral aid to leverage change from the Government of India

8. Currently DFID directly funds the Government of India (GOI) at both the national and state level. In 2009-10, DFID funded the Government of India to the tune of £257.9 million (90.5% of the total aid to India) and in 2010-11 they are projected to directly fund the Government of India £255 million (92.4% of the overall budget). For each pound the British government spends, India spends £400 in return. Maintaining a strong focus on social sectors in the UK’s aid spending can help leverage greater commitment from the Indian government, which by comparison with other countries under-invests in this area.

9. DFID bilateral aid to the social sector in India is mainly targeted at centrally sponsored schemes such as the Reproductive and Child Health programme, National AIDS Control programme and Sarva Shiksha Abhiyan (Education for All). Aid needs to be targeted at the poorest states and districts, and traditionally socially excluded communities within these areas. With rapid urbanisation, attention also needs to be given to the urban poor as well as remote rural areas.

10. A recent study showed that India has more poor people in just seven states than all of Sub Saharan Africa. DFID needs to work with the Indian government to ensure a stronger focus on low performing states and the poorest districts within these states. Attention should be paid to building capacity at the state level to absorb funds and roll out inclusive services in health and education. Evidence of what works at the state level can then be applied across other Indian states and in other parts of the world.

11. DFID also funds international agencies like the World Bank, the Asian Development Bank, UN organisations and the European Commission (8.6% of overall budget). These funds in turn get spent mainly through the Government of India.

Civil society funding should be used to improve accountability

12. In 2009-10 civil society received 0.9% of total DFID funds spent in India. These funds are critical in ensuring that services reach the most excluded, and in empowering people to demand their rights to information, health, education, gender equality and secure livelihoods. While the government has developed numerous programmes and schemes, many fail to adequately reach the poorest and most excluded. Programmes like SSA (Education for All) need to target specific areas and groups of children who are discriminated against, not just in terms of access but also in relation to the quality of schooling they receive.

13. While DFID funds SSA centrally through the GOI, this weakens DFID’s ability to influence where this money is spent. Spending through civil society organizations can often better reach the poorest and most marginalized groups in a cost effective manner. Creating stronger civil society organisations also increases accountability of government services, and ensures better community participation and ownership.

Civil-society-led Breakthrough Change

14. In India, civil society has had a decisive influence on some of the major policy and legislative changes over the last five years, including:

- the Right to Information Act 2006, which has helped lead to greater accountability of government officials and has empowered the population by increasing access to information;
- the National Rural Employment Guarantee Act 2007, which is the biggest work scheme in the world and ensures a welfare safety net so that every rural family has a right to 100 days of work each year paid at 100 rupees per day; and
- the enactment of the Right to Free and Compulsory Education Act 2009, which for the first time in India’s history mandated government to ensure that all children aged 6-14 can access schooling.

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Although none of these Acts have been implemented perfectly, the fact that they exist, and their positive impact on millions of the poorest people, reflects the growing ability of civil society to influence government to implement a rights-based agenda.

15. DFID has funded Save the Children and a number of civil society organisations through the International NGO Partnerships Agreement Programme (IPAP) which represents a UK commitment of £20 million over the next five years. The aim of the programme is to empower communities to break barriers and make poverty alleviation possible.

16. Through the IPAP, Save the Children is working specifically on social exclusion issues in Bihar, Orissa, Rajasthan, Jammu and Kashmir, West Bengal, Delhi and Andhra Pradesh, targeting the hardest to reach groups and influencing policy. Through our operational work, we promote good governance and children’s rights. We also target and empower the most marginalised groups of children and families so that they can access government education and health programmes, and ensure they are able to learn, play and be healthy while also being protected.

17. We are working with the government to put in place child protection systems. Save the Children drafted the “Quality Standards of care for orphanages in Jammu and Kashmir” which were accepted and launched by the Chief Minister Omar Abdullah in February 2010.

Empowerment

18. By building the capacity of state and district government, and by funding Indian civil society to develop research, campaigns and policies, aid can be used to both pressure and assist the Indian government to take action to reduce poverty.

19. The International NGO Partnerships Agreement Programme (IPAP) is an excellent example of how UK taxpayers’ money can be targeted at the most marginalised communities to break social barriers like caste, gender, disability and HIV/AIDS discrimination. This breaking of barriers leads to communities being able to stand up and demand the government fulfill rights to education, health, food and nutrition, and secure livelihoods. This is the breakthrough change that aid should focus on making.

20. In the future DFID could fund civil society to develop research, campaigns and policies on issues like the Right to Health, and inspire community mobilisation and high level legislative change around improving health access for the poorest and most marginalised people in both rural and urban settings.

UK leadership role in overseas aid

21. Save the Children believes that with such high rates of poverty, there is a strong case for the UK to continue an aid programme, at least in the medium term, that supports the achievement of the Millennium Development Goals. Without this aid, children’s lives will be at risk, and fragile gains in health, education and other areas will be more difficult to sustain. Aid is not a stand alone strategy, but it does play an important complementary role alongside other UK efforts, for example to boost trade links.

22. By pledging to invest 0.7% of UK national income to poverty eradication through foreign aid, the coalition government is taking a leadership role on poverty eradication. At a difficult time for the global economy, this commitment to international development should be commended, and used to leverage commitments from other countries in forums such as the G20 and G8.

23. The UK government aims to ensure that UK aid has the maximum possible impact on poverty eradication. Save the Children believes that government to government funding should target social sector spending in the lowest performing states and districts, thereby building capacity to effectively deliver essential services. Best practice models to build state-level government capacity and instill accountability and good governance should be adapted and scaled up by other states in India and other countries.

24. In India’s current situation, with its wide economic and social disparities, DFID should also increase its support for civil society organisations that work with and empower communities, so that they can effectively participate in the growth and development of India. The model for global poverty reduction must be one of partnership between the State, civil society, community and other actors. DFID is well positioned in India to help deliver this change.

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