A woman wearing a red headscarf and a black patterned dress is leaning over a solar panel on a roof, cleaning it with a pink cloth. The solar panel is mounted on a wooden frame. In the background, there are other solar panels and a thatched roof structure under a clear sky.

**Eliminating World  
Poverty: Building  
our Common Future**

**Front cover:** Kamla is from a drought-affected region of Rajasthan, India. She is the first woman trained as a solar engineer and now runs a rural field station, assembling and installing solar home lighting systems and solar lanterns. Here she is carrying out routine maintenance of rooftop solar panels at the field station.

Kamla and her family's life has been transformed as a result of the support provided by the Indian authorities but also by international support from the UK and others. This White Paper is about our role in creating opportunities for millions of poor people like Kamla to improve their lives. (Panos – Robert Wallace)



# Department for International Development

## Eliminating World Poverty: **Building our Common Future**

Presented to Parliament by the Secretary of State  
for International Development  
by Command of Her Majesty  
July 2009

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# Foreword

by the Prime Minister



Even in the most difficult times, this government will never retreat from the promises it has made to the poorest. Securing global justice remains one of my top priorities, and the publication of this White Paper comes at a critical juncture in the fight to eliminate poverty.

There are new challenges to face. The global recession has left no continent untouched and threatens to drive millions of people further into deprivation. Climate change, a danger to us all, poses the greatest risk to people in the poorest countries – whether on the flooded shores of Bangladesh or the arid plains of Mozambique. And the same fragile states that provide a safe haven for drug runners and terrorists trap more than a third of the world's poorest people in a web of violence and lawlessness.

This White Paper deals with each of the new issues in turn and reaffirms that as the development challenges change, so too will the British response so that every pound we spend will deliver the maximum impact in changing and saving lives.

Some argue that in these difficult times the rich world should turn our backs on the Millennium Development Goals and retreat from the promises we have made to the poor. But I believe that amidst these challenges of

globalisation we must not lose sight of our vision of a world freed from poverty.

While others might be tempted to shy away from their development responsibilities, the United Kingdom will keep the promises we have made. We will do so because it is morally right. But also because our prosperity, security and health are increasingly inseparable from events far beyond our borders.

The early years of this century have underlined this interdependence. They have also shown that with dedication and determination, we can help people lift themselves out of extreme poverty.

Aid increases and debt cancellation have helped to get some 40 million more children into school. Polio is on the verge of being eradicated. The proportion of the world's population living in poverty has fallen from a third to a quarter.

Many of these achievements are permanent, but others are under threat. This White Paper sets out how the United Kingdom intends to work with others to safeguard and build on the progress we have made. I am grateful to Douglas Alexander and his team at DFID for the effort that has gone into it. We do not under-estimate the challenges. But we will continue to act with confidence and determination to protect the world's poorest and to deliver real global justice.

A handwritten signature in black ink, reading 'Gordon Brown'.

**Rt Hon Gordon Brown MP**

Prime Minister

July 2009

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# Preface

by the Secretary of State for International Development

## Building a better world together



We live in an increasingly interdependent world. We have made great strides over the past decade in tackling global poverty and suffering, but much remains to be done. At the same time, our world has been shaken by recent economic turmoil, thousands still suffer in conflict, and we are all facing up to the consequences of climate change.

There is a real risk that the progress the world has made in tackling global poverty, in which the UK has played a key part, could be reversed, with all that means for the welfare of the poorest and most vulnerable people in the world, particularly women, and also for the well-being and security of people living in the UK.

We must together overcome these challenges. There is a critical need for reaffirming past commitments, and fresh thinking. Business as usual is no longer adequate. This White Paper demonstrates that we have the commitment, tools and drive to begin our response.

## Our commitment to international development

Since 1997, this government has provided international leadership which has helped transform the lives and development prospects of millions. British people can be rightly proud that our collective effort has contributed to over 250 million people being lifted out of poverty, 40 million more children going to primary school and that 3 million people in developing countries are now able to access life-preserving drugs for HIV and AIDS.

This is no accident.

We have re-focused development on poverty and made it law that aid should be used only to tackle poverty, not for narrow self-interest and back-handed commercial deals.

We played a key role in the design of the UN Millennium Development Goals. We led the G8 through the Gleneagles process in 2005, at the time of Make Poverty History and Live 8, cementing international commitments to aid, debt relief and development. At the London G20 summit, we made sure the poor were at the heart of the global response to the economic crisis.

We have kept our promises on aid. We are on track to reach the historic UN target of 0.7% of national income by 2013. And we have helped deliver new international initiatives on aid effectiveness – to ensure aid has the maximum effect. Britain is now

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regarded as the leader on aid effectiveness in the G7.

We have provided leadership on climate change, making the case for supporting the world's poorest who will be hit worst and first.

We have contributed to peace, security and prosperity in places once marked by fear and violence, such as Sierra Leone.

We have worked together with others in pursuit of these goals – from developing country governments, to international organisations and global civil society.

Above all, we have put ordinary women, men and children first.

### **Working together as one**

Our government will work together as one. We created the Department for International Development in 1997, not to confine development, but rather to make sure it had enough influence across all our choices – whether in diplomacy, trade or security strategies.

We have benefited hugely from the personal commitment and leadership of our Prime Ministers, Chancellors of the Exchequer, and other members of the government.

DFID has managed large increases in aid spending which have delivered tangible results on the ground. DFID has also been a catalyst and co-ordinator of cutting edge thinking and action across government, in partnership with developing countries and with global civil society. DFID is now widely acknowledged, not just as the best

aid administration in the world, but as an outstanding development agency.

People in this country should be proud of the efforts of their campaigning and advocacy, which have maintained a strong focus on the challenges faced by the poorest and most vulnerable. Civil society organisations here in the UK and abroad play a critical role in both campaigning for change, and delivering both long-term and emergency support to millions worldwide.

### **New priorities in difficult times**

In these difficult times, our values, and our shared and national interests lead us to re-affirm and reinforce our commitment to international development. We will not turn away in fear or isolationism.

Instead, we will support the poorest through the crisis, and help fashion a world economy which is better regulated, greener and fairer to all. We will also work rapidly to agree a deal on climate change at Copenhagen which both protects the planet we all depend on – and ensures the poorest and most vulnerable are supported. We will continue to push urgently for a pro-development global trade deal.

We will help tackle the conflict and insecurity which blight the lives of ordinary people, particularly women, and which in turn accentuate the risks to the UK.

Underpinning all of this, we will help maintain progress towards the Millennium Development Goals, reducing poverty, saving lives, tackling diseases like HIV and AIDS, TB and malaria, putting children into school and tackling the inequalities faced by women.

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But we must do more. None of our goals can be reached by spending aid alone – although this remains essential. None can be reached by the UK alone – although our leadership will be key. None can be reached without global as well as local action. We must seek continued transformation.

We make the following pledges to the British public and to the world's poorest people:

### **People in poverty will remain our priority**

We will maintain a firm focus on tackling poverty across government, in setting our objectives, deciding our policies and allocating both financial and other resources. We will continue in our commitment that the purpose of UK aid remains, and is rightly, poverty reduction. We will tackle the inequalities which mean that mothers in sub-Saharan Africa are one hundred times more likely to see their child die in the first five years of its life, than in the developed world.

### **We will work to ensure every pound of UK aid is spent well**

We will work to ensure that every pound of UK aid spent contributes towards direct and tangible impacts, saving lives, putting children into school, creating economic opportunities for the poor, and preventing conflict. We will promote the highest levels of transparency, efficiency and effectiveness in our aid programme. We will ensure robust and independent evaluation of our work. We will not tolerate waste in our aid programme and will expand our efforts to crack down on corruption. We will strive to lead the world in policy coherence.

### **We will work for sustained, fairer and greener growth**

We will strive to support economic growth, without which developing countries will remain reliant on other countries for aid. But the current crisis also allows us the opportunity to address economic and environmental sustainability together. We will lead the world in 'green' development, ensuring that sustainable development and the fight against climate change and its effects are at the heart of what we do. We will promote job creation, and a responsible role for the private sector in supporting poor countries to improve their infrastructure, expand markets and trade with the rest of the world – with a new focus on environmental sustainability.

### **We will help make people safer**

We will work with developing countries to reform their security forces, police and legal systems so that poor people, especially women, do not live in fear of persecution or violence. We will provide economic opportunities to cement secure and peaceful states and societies.

### **We are committed to global approaches and global leadership**

We will respond to the global nature of current and future problems by scaling up our commitment to delivering resources and achieving agreements at the international level. The resources we invest in organisations like the UN, World Bank and EU must be matched by reforms. We will work with others on this agenda internationally.

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**We will reinforce partnerships with others to drive progress**

We will strengthen our partnerships across the board, with developing countries, civil society organisations, faith groups, trade unions, philanthropic organisations and the private sector. We will be demanding of our partners and expect them to be demanding of us.

**We will make our fair contribution**

We will carry our fair share of the cost of global transformation, including meeting our aid commitments, providing the additional resources necessary to avert catastrophic climate change and helping the poorest countries adapt to change which is already occurring.

**Charting a new course in international development**

These pledges have a purpose. We are committing to play our part in reaching the Millennium Development Goals by 2015, respond to new challenges, and to build a platform for further action on poverty beyond that date. This White Paper charts new courses. It marks our renewed commitment to the ideals of international development, but also takes us in new and fresh directions. We will work across government and the international community to make our commitments a reality.

The crises we face demonstrate starkly just how interconnected and mutually interdependent the lives of the world's 6.6 billion people have become. They also continue to highlight the degree of global injustice.

Our response is not to turn away when things get tough – but instead to re-double our efforts to make a fair, safe and sustainable world for all people.

**Rt Hon Douglas Alexander MP**

Secretary of State for International  
Development  
July 2009



Kenya, Funyula: making a telephone call at a phone booth run by Douglas Oduori (left). The handset is modified to function as a GSM wireless phone. The area has only recently received cellular coverage, so telecoms companies are fighting for a share of the new market. (Panoš – Sven Torfinn)

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# Chapter 1: Poverty Reduction in an Interdependent World

## The UK and the Millennium Development Goals

**1.1** In September 2008 governments, activists, businesses, and individuals came together at the United Nations in New York in a Call to Action to address global poverty. Over twenty years after images of suffering from Ethiopia sparked a public outcry and drove governments to action, this meeting was a testament to how far the world has come. In the years since that famine, the challenge of reducing poverty and the needs of the world's poorest people have been brought centre stage as never before.

**1.2** No one should underestimate the task we face. Today 900 million people around the world will go to sleep hungry tonight.<sup>1</sup> Some 25,000 children will die today from easily preventable and treatable diseases.<sup>2</sup> And 1.4 billion people still live on less than \$1.25 a day – more than two-thirds of them are women and girls.<sup>3</sup>

**1.3** But neither should we ignore the progress already made. The last 25 years have seen 500 million fewer people living in poverty despite the rapid growth in the world's population.<sup>4</sup> Real incomes in the developing world have doubled.<sup>5</sup> Two-thirds of countries

are now classified as electoral democracies.<sup>6</sup> Health is improving – child mortality has almost halved, and life expectancy has increased by over five years.<sup>7</sup> In the last decade alone deaths from measles in Africa have fallen by 90% and the number of children in developing countries out of school has dropped by 28 million.<sup>8</sup>

**1.4** This has been no accident. These improvements are the result of the hard work of governments and people in developing countries: entrepreneurs who create businesses and jobs; doctors and nurses who go to work each day in difficult conditions for little money to vaccinate children and deliver basic health care; citizens, civil society organisations and women's rights activists who risk harassment or imprisonment for demanding more accountable and effective government.

**1.5** But they also reflect an unprecedented effort on the part of some of the richest countries and international organisations, especially over the last decade, to address the problems facing the poorest people. Since the UN Millennium Summit set out a new consensus around reducing global poverty and the eight Millennium

Development Goals (MDGs) (see box and annex), powerful practical steps have been taken to address the problems of the poorest.

**1.6** In 2002 the Monterrey Conference on Financing for Development struck a new bargain: developing countries would make faster progress on improving government,

## Millennium Development Goals

### Goal 1 Eradicate extreme poverty and hunger

- Halve, between 1990 and 2015: the proportion of people whose income is less than \$1 a day; and the proportion of people who suffer from hunger.

### Goal 2 Achieve universal primary education

- By 2015: all children able to complete a full course of primary schooling.

### Goal 3 Promote gender equality and empower women

- Eliminate gender disparity in all levels of education by 2015.

### Goal 4 Reduce child mortality

- Between 1990 and 2015: reduce by 2/3 the under-five mortality rate.

### Goal 5 Improve maternal health

- Between 1990 and 2015: reduce by 3/4 the maternal mortality ratio.

### Goal 6 Combat HIV and AIDS, malaria and other diseases

- By 2015 halt and reverse the spread of HIV and AIDS.

### Goal 7: Ensure environmental sustainability

- Integrate the principles of sustainable development into country policies and program and reverse the loss of environmental resources;
- Halve, by 2015, the proportion of people without access to safe drinking water, and basic sanitation;
- By 2020, improvement in the lives of at least 100 million slum dwellers.

### Goal 8: Develop a global partnership for development

- Develop further an open, rule-based, predictable, non discriminatory trading and financial system.
- Official development assistance: address the special needs of the least developed countries.
- Market access: address the special needs of landlocked countries and small island developing states.
- Deal with the debt problems of developing countries in order to make debt sustainable in the long term.
- Others:
  - Implement strategies for decent and productive work for youth.
  - Provide access to affordable, essential drugs in developing countries.
  - Make available the benefits of new technologies.

while donors committed themselves to extra funding. And in 2005, against the background of the Make Poverty History campaign and the Live 8 concerts, the Group of Eight (G8) richest countries agreed in Gleneagles, chaired by the UK, to increase aid – doubling it for Africa – and provide additional debt relief.

**1.7** The amount of aid has grown and is now better directed to what works. More than \$110 billion of debt has been cancelled, releasing money to be used for clinics, schools, clean water and essential infrastructure.<sup>9</sup>

**1.8** The UK has been at the forefront of these improvements. Britain's aid budget has more than tripled since 1997 and now helps lift 3 million people out of poverty each year.<sup>10</sup> And the UK has led the way not only in increasing investment, but in changing the way development is done.

**“Since the Department was established in 1997, the UK has gained a reputation for international leadership on development. The UK is seen to offer a powerful model for development co-operation by the OECD.”**

Civil Service Capability Reviews 2009:  
Department for International Development:  
Progress and next steps

**1.9** The creation of DFID in 1997 was a crucial part of this transformation. Its mission of reducing poverty has been enshrined in law and backed by a government department with a seat in Cabinet. These changes have brought an international poverty focus to policy making across government. It has enabled the UK to build new relationships, new expertise, and new ways of working with partner governments and with those on the frontline. These have increased the effectiveness of development support, based on the recognition that developing countries are primarily responsible for their own development.

**1.10** Most importantly, it has enabled the UK to move beyond simply giving aid to support genuine, stable and sustainable development.

**1.11** Internationally too, the UK has played a role in raising the profile of poverty reduction and accelerating improvements in the way that developing countries are supported. The UK has actively promoted the MDGs as the guiding framework for development partnerships. In 2005 the UK used its Presidencies of the G8 and the European Union to press for the Gleneagles commitments on aid, trade and debt. And the UK worked closely with the UN Secretary-General to deliver the Call to Action campaign in 2008, championing the EU Agenda for Action and renewed commitment by the G8 to the MDGs.

**1.12** Much has been achieved but this is no time for complacency. The world has changed profoundly. The combination of global recession, climate change and ever more complex and enduring conflict threaten to undermine the gains already made and put further progress at risk.

## A different world: poverty reduction and our shared interests

**1.13** The world is in the middle of the worst global economic downturn for 60 years. The volume of world trade has fallen at the fastest rate in over 40 years, and economic growth has stalled. In the UK people have lost their jobs and some their homes.

**1.14** The downturn has had an effect on all of us. But the world's poor have been among the hardest hit. Lower levels of investment and money sent home from abroad have already cut annual financial flows to developing countries by over \$800 billion since 2007 – roughly six times global yearly aid flows. Some 30 to 50 million more people worldwide could lose their jobs in 2009 – and because of the global downturn up to 90 million people could remain in poverty and 400,000 more children could die each year.<sup>11</sup>

**1.15** It is difficult for numbers to convey the human cost. Lost jobs and cuts in services hit hardest those groups – including women, the young, old and the disabled – who live and work on the margins of society. Unless effective action is taken, the downturn will permanently set back progress in reducing poverty. It is not only one generation that will sink back into poverty – their children will also suffer for the rest of their lives. Girls taken out of school because their family can no longer afford it find it hard to return. Children who have too little to eat today will be physically and mentally stunted for the rest of their lives.

**1.16** The impact of the economic crisis is a stark reminder that the gains made in moving toward the MDGs can be fragile. Even temporary setbacks to growth put a

halt to poverty reduction. The lesson from recent decades and the current crisis is clear. If countries do not grow, and grow consistently, they cannot reduce poverty sustainably. Increased priority must be given to ensuring the poorest countries enjoy growth that is resilient, inclusive and enduring.

**1.17** But a focus on growth alone will not be enough. The crisis, and the experience of the years immediately preceding it have made it abundantly clear that unless the fundamental challenges of climate change and natural resource depletion and conflict are also tackled we will not be able to address the reverses of the last year, let alone make further progress towards the MDGs.

**1.18** A **climate crisis** is already upon us. The world is getting hotter, rainfall patterns are changing and frequency and levels of flooding and droughts in some areas of the world are increasing. Climate change is a contemporary problem, not a future threat. Every country, rich or poor, faces serious and possibly catastrophic consequences, including extreme weather events, water shortages, environmental degradation, large-scale migration and a collapse of agricultural production.



Bangladesh: a rise in sea levels may permanently flood 6-8% of land by 2050, forcing several million people to relocate. (DFID – Chars Livelihoods Programme)

**1.19** At current levels of temperature increase, by the end of the century there will be an extra 600 million people affected by malnutrition and 1.8 billion living in countries where water has become more scarce.<sup>12</sup> If sea levels rise by just one metre, a fifth of Bangladesh could disappear under water, displacing 30 million people.<sup>13</sup> To meet the MDGs and to build a platform for genuine and sustainable progress demands intensified effort to find a global solution to climate change and to help developing countries address its causes and effects.

**1.20** We will also need to give greater priority to our efforts to tackle the effects of **conflict and state fragility** on the poorest. Violent conflict and weak governance lie at the root causes of much poverty. Around a third of the 1.4 billion people below the poverty line today live in fragile countries, as well as half of the children who die before they reach their fifth birthday and half of the children who are not in primary school.<sup>14</sup>

**1.21** Conflict and weak governance do not only cause poverty but also act as a brake on future growth. They force out the investment and entrepreneurship needed to help lift economies, create jobs and transform prospects for people. These are countries in which the international community finds it most difficult and expensive to work.



Kenya, Nairobi: rioters block a road in the Kibera slum. Supporters of the opposition Orange Democratic Movement (ODM) led protests against suspected vote rigging after disputed election results. (Panos – Frederic Courbet)

**1.22** The provision of basic services also has a critical role to play. They are fundamental to people realising their rights and fulfilling their hopes for a better life. They are also vital to meeting the underlying challenges. Without education economies will not have the skills they need to innovate, grow and manage their environment. Without good health the burden of sickness will curb productive capacity and prevent families and communities from breaking out of the cycle of deprivation.

**1.23** Strong public services are central to ensuring that everyone, particularly women, can take advantage of new opportunities, and protect themselves from changing threats.

**1.24** The government remains committed to fulfilling its commitment to basic services. However, this alone will not be able to solve the challenge posed by growth, climate change and fragility. To do so we will also need to directly address their underlying causes.

### A common cause

**1.25** Building fair and sustainable growth, tackling climate change and promoting peace and stability are three challenges facing the world's poorest and most vulnerable people today. Unless all three are tackled the MDGs will be pushed far out of reach. This matters not just for the poorest, but for all of us. For we live in an interdependent world and our futures are tied together.

**1.26** The evidence of interdependence is all around us in the products we consume, the holidays we take and the events and issues that have come to dominate our lives. A financial crisis caused by US sub-prime lending – itself fuelled by global financial imbalances – has destabilised our banks. A flu outbreak in Mexico has led to a pandemic around the world. State failure and radicalisation such as

in Afghanistan and Pakistan has brought terror to New York and London as well as Mumbai and Islamabad. Decades of rapid industrialisation in the USA and Europe has accelerated climate change: unsustainable growth in Asia could add to the problem.

**1.27** For many, the moral imperative to end poverty is reason enough to act. As the world becomes richer and more sophisticated, we increasingly have the means to end poverty, and our excuses for failing to do so are becoming progressively more threadbare. But in the 21st Century, **development is not merely a moral cause, it is also a common cause.** The success and security of other countries profoundly affect our own success and security. Justice, security and prosperity are indivisible: none of us can fully enjoy them unless we all do. Building Britain's future and building our common future go hand in hand.



Mali: Dr Sidiki Toe with a new solar panel that will power a fridge and electric lights at the Kaara health centre. The electricity allows the doctor more time to see and treat patients in the evening. (Panos – Abbie Trayler-Smith)

**1.28** Our **common prosperity** depends on shared, sustainable growth. Britain's fastest growing export markets are low and middle income countries. Today there are more middle income people in India than the entire population of the United States. We all suffer from weak financial regulation, the financial impact of imbalances in trade, and the action of tax havens.

**1.29** Our **common security** depends on the emergence of stable and effective states around the world. Instability of fragile countries does not respect international borders. Eight of the top ten UK asylum applicant nationalities are from fragile countries.<sup>15</sup> Shipping lanes have been disrupted by pirates based in Somalia, a country with a desperately weak government. Drugs destroy lives and communities in Europe and America and are increasingly transported through poorer countries with fewer means to control the traffic. Weak government and feelings of exclusion become breeding grounds for resentment and radicalism, threatening peace and security around the world.

**1.30** We share our **common climate.** Unless steps are taken now, we will compromise our children's climate inheritance. The result will be more environmental refugees – with no way to continue living in their home country, but unwanted in other countries struggling to manage their own scarce natural resources. Large parts of low-lying countries will flood as sea defences come under pressure. The 2007 summer floods cost the UK about £3 billion.<sup>16</sup> Unless we change, the costs to the economy from climate change will be more damaging than the current recession.<sup>17</sup>

**1.31** Faced with the reality of interdependence, development is not only morally right, it is wise. The UK's National Security Strategy recognises that in tackling poverty, particularly through supporting stable, effective and responsive governance, we not only promote the security and development of poor people, but also help address the underlying drivers of conflict and fragility, which contributes to our own security.<sup>18</sup> More effective states in poorer countries could make it more difficult for terrorist organisations to recruit from, train in and transit those countries.

**1.32** The last White Paper in 2006 outlined these challenges and set us down the path to address them. But to cement progress we will need to go further. And this will require us to take some new approaches.

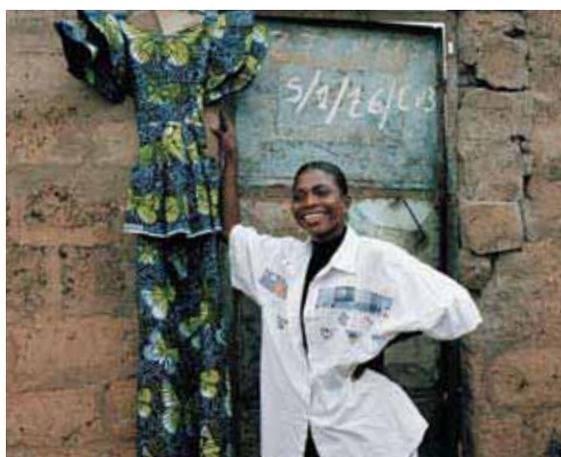
### Development co-operation in a changing world

**1.33** Meeting the challenges of interdependence requires a combination of measures to ensure the provision of services that promote fairness, well being and human rights with initiatives that attack the root causes of the three pressing crises the developing world faces. This will require a new approach to international development. Our objectives of poverty reduction and sustainable development will remain the same. With five years to go until 2015 the need to marshal our resources to make a final push in pursuit of the MDGs is more pressing. But we need to change what we do, where we do it and how we work.

**1.34** **We will need to work in places where the international community has traditionally found it hardest to have an impact.** Conflict zones and fragile countries are difficult places to work, but it would be

a mistake to focus only on easy to reach people or places. Traditional approaches to development have sometimes proved expensive and can fail to address the root causes of fragility including preventing conflict and building the basis for durable stability. We must recognise the link between politics, security and development and the way these forces shape people's lives.

**1.35** **We will need to work more internationally than before.** Climate change and its causes cross international borders and defy the ability of any single country to manage. International agreements on trade will be more important than ever for releasing the growth potential of developing countries. And tackling the causes of conflict and state fragility will need a degree of scale, resources and co-ordinated action that can only be provided at international level. The last decade has seen us work ever more closely with other donor countries, through an evolving network of international institutions. We will need to go even further in strengthening the support of, and investment in, international institutions if we are to achieve our goals.



Angola: a seamstress shows off one of her dresses made with the help of microfinance business schemes in Luanda. (Panos – Thomas Havisham)

**1.36** The new challenges, and the changing landscape of global economic power with the rise of Asia, now call for different ways of working with a broader range of international partners and a fundamental change in the way our international institutions operate. We will need to work more through international institutions but combine greater support with a drive for change to make them fit for the future, linking resources to reform.

**1.37 We will need to develop broader and deeper partnerships.** Capable, accountable and responsive states are critical for development. Yet many of the challenges cannot be solved through state action alone. In fragile countries, alternative mechanisms and deeper partnerships with civil society organisations and faith groups are needed to reach the poorest people where an effective state does not exist, for helping to build institutions and for holding those institutions to account. Climate change will require support at international level and work with communities at local level. And promoting growth will demand partnership with, and encouragement of, vibrant entrepreneurs. We need to build on Britain's world class non-government sector, universities, and many thousands of active citizens who recognize international development as essential.

**1.38 We will need to strengthen our working across government.** These problems will require far more integration of our efforts across the UK government on areas such as state fragility, climate negotiations and trade deals.

**1.39 And we will need to guarantee delivery and ensure that the money we spend counts.** Working on harder problems and in harder places will mean that we will need to be even more watchful

to ensure that our investments produce the best results. The public is right to demand that we subject all our partners – and every pound we spend ourselves – to the highest scrutiny. But we also need to focus our efforts where we can have most impact and explain not only what we will do more of, but where we will do less.

**1.40** Development co-operation is not charity – it is a partnership of mutual respect, in a common interest. This approach recognises our interdependence and the interdependence of our support to developing countries with other national objectives. Pursuing our common interest is not an add-on or an afterthought to British government policy – it is a common thread running through the way we approach global issues.

### A path of opportunity

**1.41** None of this will be easy. Britain could ignore these profound changes and try vainly to stave off threats to our future on our own, restricting foreign trade, closing our borders and building bigger flood barriers. But ultimately this is futile: unless we address the causes of these problems, we cannot protect ourselves from their consequences.

**1.42** We need to do this because it is in the interests of millions of people around the world trapped in poverty and it is also in our national interest to help them. Our path forward should be guided by recognition that prosperity, security and justice can only be sustained when they are shared. This is an opportunity to build a future that commits us to:

- renew our belief in the moral imperative of poverty reduction and achievement of the MDGs.

- 
- promote the pursuit of human rights, improved governance and equity for all.
  - work with others who also crave a prosperous and secure future.
  - release the energy and potential of every person, wherever they live: men and women, young and old.
  - move to growth paths that will prevent further damage to our planet.
  - promote peace and states that will provide a secure future for millions of the most marginalised.
  - change the policies of rich countries that hold back or put at risk development, by fighting climate change, trade restrictions and corruption.

**1.43** The financial crisis presents an unprecedented challenge to our dedication to development and our resolve to reduce poverty. But it also provides an opportunity to rethink our priorities and how to deliver them.

**1.44** Helping the developing world to overcome its challenges is not only the right thing to do, it is also in all our interests. It will require us not only to meet our existing commitments, but also to make changes in the way that we work. This White Paper explains how we will do that.



Ghana, Western Region: loading cocoa from the Kuapa Kokoo farmers' co-operative. The co-operative has 45,000 members across Ghana, all of whom are equal owners. This cocoa is processed into fair trade chocolate for the UK and other markets. (Panos – Aubrey Wade)

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# Chapter 2: Promoting Economic Recovery and Greener Growth

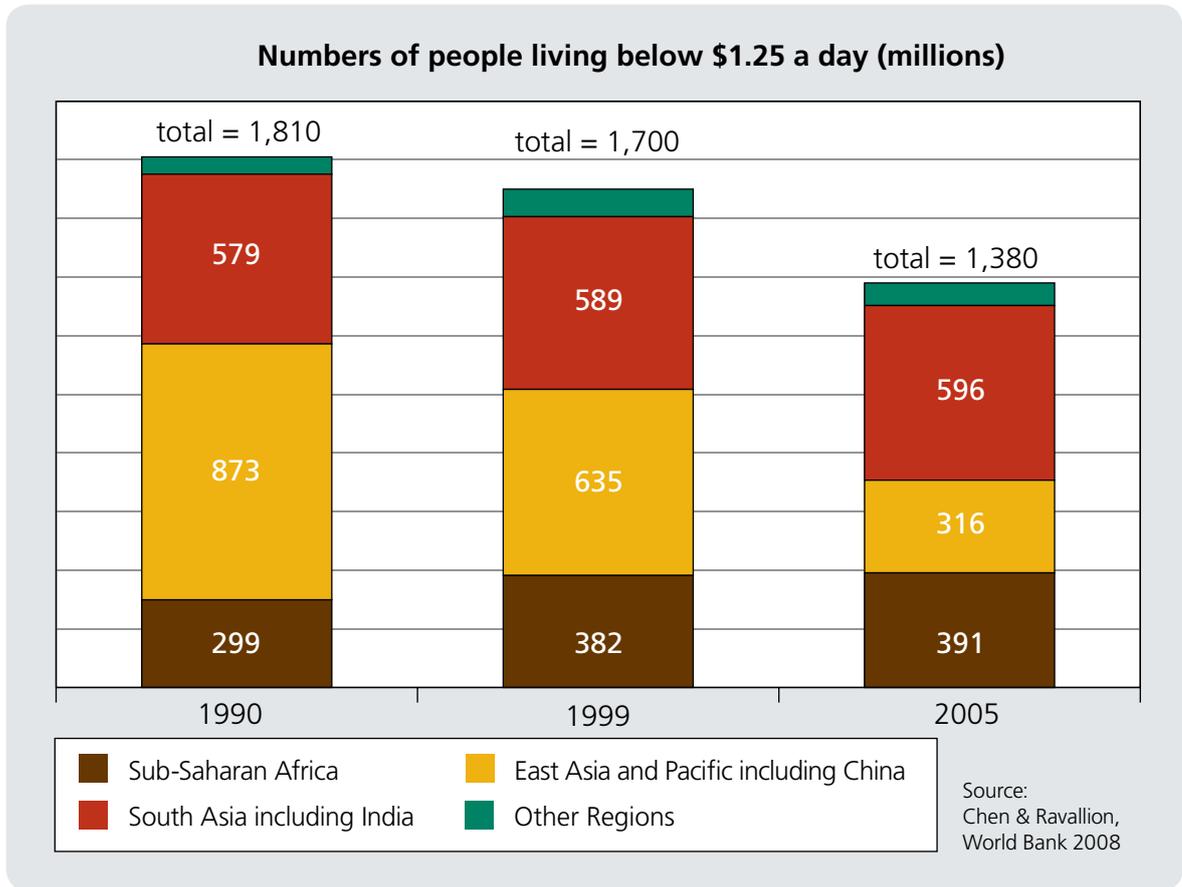
## The challenge – the power of growth

**2.1** It is easy to see why growth matters. It creates the livelihoods that support growing populations. Higher incomes lead to a reduction in infant deaths, increased school enrolment, and give us greater freedom to make our own decisions about our lives. Growth provides the tax revenue for states so they can fund public services, build accountable government and reduce reliance on external support. Growth provides countries and individuals with a ladder out of poverty.

**2.2** The evidence is all around us. Today, the countries of East Asia and China sit at the heart of the global economy. This was not always the case. Fifty years ago East Asia's incomes were about the same as Africa's.<sup>19</sup> Now they are five times higher and the poverty rate is one-third that of Africa.<sup>20</sup> Children in East Asia are less likely to die as infants and more likely to go to school. There are still many poor people in Asia but a generation of growth has transformed the life chances of the great majority.

**2.3** More recently growth has helped raise living standards in Africa too. Over the last five years, half of all sub-Saharan African countries have grown by more than 5% a year, compared to just one-fifth of countries during the decade before.<sup>21</sup> As a result the proportion of people living in extreme poverty has fallen, from 58% to 51%, even though the total population has grown by a quarter.<sup>22</sup>

**2.4** Growth rates need to be sustained and raised in almost all low income countries if the MDGs are to be reached. But this will also require growth to deliver more long-term benefits for the poor. Too often growth has been damaging to the local and global environment including the climate, and has privileged the rich over the poor. Often it has failed to generate enough jobs.



### Today's crisis

**2.5** Today, the world is facing the biggest challenge to growth in 60 years. In a global economy, the prosperity of the richest and the poorest nations are deeply intertwined. Demand for goods produced by poor countries has fallen, as has growth in investment in businesses and infrastructure. Although the impacts vary, nearly all developing countries are suffering major declines in growth and increasing numbers of lost jobs.

**2.6** The effects on people are stark and for millions of families, the consequences will be permanent. Children will die of diseases that could have been prevented by medicines that can no longer be afforded. Others

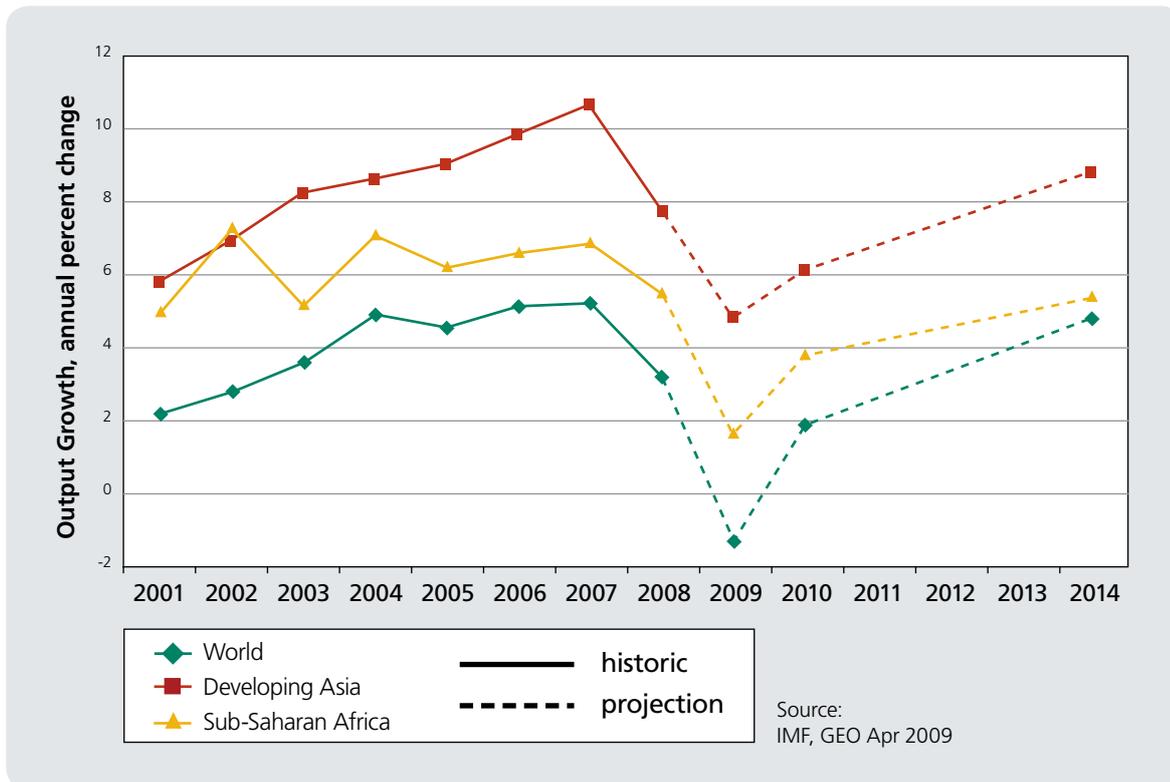
may suffer permanent damage because of malnutrition. Many, especially girls, will grow up unable to read or write because they will be denied an education.

### Promoting high quality and green growth

**2.7** The causes that lie beneath the failure of low, inequitable and unsustainable growth are complicated and specific to each country but some common themes emerge.

**2.8** Conflict and bad governance play a critical role. While governance has improved in much of the developing world, progress is uneven. Most African states with the lowest growth rates in the last 15 years have been affected by conflict.<sup>23</sup> Violence, lawlessness,

## Growth rates 2001-2014



organised crime, drug trafficking, the misappropriation of assets and corruption disrupt growth, undermine investment and discourage entrepreneurship.

**2.9** Weaknesses in economic policies continue to be a challenge. Many countries have achieved greater macroeconomic stability and improved conditions for the private sector. But too often their policies discourage business. Ineffective taxation undermines countries' ability to provide the basic services that underpin fairness as well as growth.

**2.10** Unfair trade rules prevent producers from the poorest countries gaining access to the biggest markets. Poor infrastructure, such as bad roads, prevents economies from reaching their productive potential and competing effectively in the global market.

**In the Democratic Republic of Congo setting up a business costs four times someone's average annual income. In the UK the cost is less than 1%.<sup>24</sup>**

### The global downturn is affecting countries in different ways:<sup>25</sup>

The fall in the global demand for metals has led to over a quarter of Zambian copper mine workers losing their jobs. There have also been job losses in the Democratic Republic of Congo where mine closures are expected to cause the sector to shrink by over 12% in 2009.

Remittances sent home by African's living abroad are expected to fall by about \$800 million in 2009, affecting many household incomes across the continent.

**2.11** Low growth countries lack the access to the finance they need. Two billion people still have no access to banking, saving, credit and insurance.<sup>26</sup> Typically, the small and medium-sized businesses that underpin job creation cannot secure the credit they need to expand, nor the expertise and technology to translate investment into growth.

**2.12** Critically, many countries remain reliant on mineral resources that distort their economy and politics, or on low productivity agriculture that limits their ability to grow rapidly, leaving them exposed to volatile commodity markets. Many countries need to diversify their economies but often lack the capacity to develop new areas of economic advantage. Crucial to this capacity is the innovation to generate new business models and markets. Agricultural yields remain low because of a lack of investment and a failure to find or take up new seed varieties; contributing to food insecurity.

**2.13** Past growth has also failed to take into account the full value of, and impact on, the natural environment. The failure to put a cost on, and limit, greenhouse gas emissions is one of the most pressing challenges facing the world today. But this is just one manifestation of growth patterns that have led to the widespread degradation of the ecosystems that will sustain our common future.

**2.14** The UK has long taken these problems seriously. Around one-fifth of UK aid spending is directly targeted at raising investment and growth through infrastructure, agriculture, and access to finance. Another fifth is broadly devoted to addressing the systemic barriers of weak governance, conflict, and the policy environment for growth. Internationally the UK finances multilateral organisations that fund country growth strategies and provide technical advice. UK government departments have worked together to press for the reduction of debts of the poorest countries and to promote fairer trade policies.

### An opportunity for reform

**2.15** Our immediate priority now must be to help developing countries deal with the downturn and restore growth that will drive poverty reduction and sustainability. But our response should help poor people, as well as poor countries.

**2.16** This response should also take advantage of the opportunity presented by the crisis. Crises often open political space to undertake reforms that in normal times would not be possible. We must support countries to create better policies out of the crisis, to build resilient growth so that they can absorb future shocks and still prosper.

**2.17** It is not enough to get more resilient growth going. Countries must transform long-term growth. That means helping countries break down the barriers that are holding back their next wave of growth, and helping build back more inclusive and environmentally sustainable patterns of growth.

## Dealing with the downturn

### We will:

- **support 50 million poor people through social assistance and related measures.**
- **work with the World Bank to consider the case for a long term crisis response facility to deal with shocks.**
- **ensure the London Summit commitments are delivered quickly so that countries have immediate access to international financial flows to help them through the downturn and to protect pre-crisis spending plans.**
- **monitor debt levels to protect the progress of the last decade.**

## Protecting poor people, today and tomorrow

**2.18** In earlier economic crises, the world was slow to recognise and react to the impact on poor and vulnerable people. This time must be different. As little as 15p a day can make the difference between destitution and recovery. Evidence shows that programmes that provide a safety net for people – such as cash in return for work,

money conditional on sending children to school or support for the disabled and elderly – can generate large benefits.

**2.19** Such social protection schemes stimulate economies and prevent children and households from suffering irreversible effects. The UK is the largest bilateral financier of such schemes in low income countries. Our aim is to help build social protection systems to get help to 50 million people in over 20 countries over the next three years.

**2.20** International efforts are important too. We have pressed the World Bank to pay greater attention to social protection and welcome its plans to triple support for social protection and safety nets to \$12 billion over the next two years, alongside a Rapid Social Response Programme set up during the recent G20 London Summit. The UK has committed £200 million and technical assistance to support the Response Programme to help ensure success. We will work with all the multilateral development banks to help protect low income countries' spending plans from the impact of the downturn.

**2.21** In the medium-term, we will work with the World Bank to explore the case for it to establish a much larger crisis response facility with an emphasis on long term social protection. This will channel funds quickly to the poorest countries.

**2.22** Real-time monitoring of the impact of a crisis on the poor is vital to effective response, yet is lacking at the international level. We have thus encouraged the UN to set up a Global Vulnerability Alert system that will provide immediate data on the impact on poor people of this and future crises that will trigger the rapid response mechanisms.

### Protecting poor countries

**2.23** Growth in developing countries is projected at just 1.6% in 2009 and 4% in 2010, well below the 6-8% achieved recently.<sup>27</sup> Countries need external support to protect their economies and their people.

**2.24** The London Summit in April 2009 rose to this challenge. Led by the UK Prime Minister, the G20 countries agreed to boost the global economy, to co-ordinate efforts to strengthen financial markets, to resist trade protectionism and to maintain aid commitments. World leaders agreed



- An additional \$750 billion for the IMF to boost the global economy and help developing economies cope with a huge fall in private sector investments and lending.
- \$250 billion in 'trade credit' through export credit agencies and the multilateral development banks to ensure trade is not affected by fears of non-payment for exports and imports.
- \$100 billion of additional lending by the multilateral development banks for rapid investment in infrastructure and social programmes.
- \$50 billion of this is specifically to help the poorest countries to trade, protect public spending and avoid severe impacts on people and jobs.

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a \$1.1 trillion package of global financial support.

**2.25** Ensuring the rapid delivery of London Summit commitments is a priority for the UK, to bring the maximum possible benefits to the poorest countries. Our aim is to ensure that funds are available quickly, flexibly and when they are needed, so that countries can protect themselves against the crisis.

**2.26** Some of the funds available will be in the form of low interest loans, and care will need to be taken to ensure that countries do not take on excessive debt. Fortunately, most countries are now in a much stronger macroeconomic position than in previous crises thanks to better policies and the success of debt relief. Heavily indebted poor countries have benefited from over \$110 billion in relief since 2000, delivering full debt relief to 24 countries, with another 11 receiving partial relief, and six more countries eligible.<sup>28</sup>

**2.27** Poor countries are thus in a much stronger position to weather the crisis and borrow more if necessary in the short run to finance essential investments. But debt levels will need to be monitored to ensure no return to debt problems. The IMF-World Bank Debt Sustainability Framework (DSF) will be the main instrument used to do this. As agreed by G20 Leaders, the DSF will be reviewed to ensure it has the flexibility to deal with the current crisis.

**2.28** Our leadership of the G20 successfully advocated for significant additional resources for the IMF to support poor countries, including using proceeds from the sale of IMF gold. We will make sure that poor countries benefit quickly from the doubling of IMF concessional resources and the extra

\$21 billion of foreign currency reserves that the G20 London Summit agreed they should be given. Already, since September 2008, over \$2 billion in support has been provided to support 18 low income countries – more than the lending for the previous three years.<sup>29</sup>

**2.29** We will continue to monitor carefully how the IMF works with developing countries, to ensure it does not use a one-size-fits-all approach to adjustment and that it works effectively with all countries to agree sound fiscal and monetary policies to support their economies.

**2.30** The UK will also work closely with others to ensure that the World Bank and the regional development banks provide fast, flexible financing to support countries through the crisis. We will continue to press the multilateral development banks to make full and exceptional use of existing capital, including front loading funds, fast tracking decisions and making innovative use of instruments such as guarantees. Where poor countries have sustainable debt levels we will support access to non-concessional funds. We are ready to discuss with our partners how we can further support the multilateral development banks if needed.

**2.31** The UK also supports the European Commission proposal to deliver additional EU assistance to African Caribbean and Pacific (ACP) countries to protect social spending.

**2.32** We are also keeping under review the case for accelerated support through our bilateral country programmes. We have already front-loaded some funds to a number of countries in sub-Saharan Africa, and will do so more widely if this is needed and we can make a difference.

## Building resilient growth

**2.33** The downturn presents an opportunity for countries to implement policies to help government, the private sector and social partners to work better together, to build resilient growth and weather future shocks. Three elements are particularly important as we seek to “build back better” from the current downturn.

**2.34** First, the world must work together for a fair deal on global trade. Second, we should support the efforts of developing countries to get the basics right – through reforms which improve governance and policies for the private sector. And third, we must work internationally to boost agricultural innovation and productivity, to enhance global and local food security.

### We will:

- **make growth and trade a central part of our support to developing countries and provide at least £1 billion per year over the next three years.**
- **press for a quick conclusion to the Doha trade talks.**
- **help countries establish sound taxation systems.**
- **make it easier for developing countries to benefit from the new co-operative tax environment.**
- **triple investments in efforts to track, freeze and recover assets stolen from developing countries.**
- **support partner countries to implement the UN Convention against Corruption and the Financial Action Task Force’s anti-money laundering standards.**
- **promote a better environment for the private sector including for co-operatives, investment and fair competition.**
- **support stronger financial sectors, with access to financial services for individuals and micro, small and medium-sized businesses.**
- **help lower the cost of sending home remittances.**
- **support agriculture and food security, through the new Global Partnership for Agriculture Food Security and Nutrition, doubling our support to agricultural research, delivering £1 billion of commitments, and more funding for partnerships with business.**

**2.35** The UK places growth at the heart of its approach to sustained poverty reduction and our support is needed now more than ever. Over the next three years, we commit to spending at least £1 billion a year on support to growth and trade in developing countries to generate incomes and jobs.

### Getting a fair deal on trade

**2.36** No country has ever become rich except by trading with others. That is why the UK has put trade policy at the centre of our development policies.



## Making trade work for development: the UK Joint Trade Policy Unit

Trade policies are vital to development. In 2007 the UK Government took a further step towards putting development at the centre of UK trade policy, demonstrating our shared interest in a trading system that works for developing countries. The Trade Policy Unit was created, and is now a joint department of DFID and the Department for Business Innovation and Skills (DBIS).

One example of the Unit's work is in shaping the EU Economic Partnership Agreements (EPA) that govern trade arrangements with African Caribbean and Pacific (ACP) countries. Thirty six deals have been struck in the last few years. These provide countries with:

- Duty and quota free access to EU markets.
- Long transition periods for developing countries to open up their markets.
- Safeguards that allow countries to protect vital products.

The UK is working with regional trade groups to ensure ACP countries benefit from the growth and regional integration opportunities that EPAs offer, through support for infrastructure, private sector development and improving trade across borders.

**2.37** Global markets must be re-built and protectionism must be avoided. It is crucial that the Doha Development Round of international trade negotiations is brought to a rapid conclusion. It is vital that commitments reached at the London Summit for an ambitious and balanced agreement are realised soon, building on progress already made in negotiations. The UK, at the highest levels of government, will be at the forefront of countries pressing others to make good their commitment.

**2.38** A Doha deal would boost the global economy by over \$150 billion a year and guard against losses of up to \$700 billion in global trade.<sup>30</sup> The deal would remove major distortions from global agriculture markets (including reductions of 60% in EU agricultural tariffs) and ambitious reform of the international cotton market, where subsidies and tariffs cost poor farmers in west Africa \$75-\$100 million every year.<sup>31</sup> It would also provide completely free access to developed markets for at least 97% of exports from least developed countries.<sup>32</sup>

**2.39** The UK will continue to press actively for radical reform of the EU Common Agricultural Policy, in line with our vision for open and fair agricultural markets. This includes the elimination of all trade-distorting subsidies – including export subsidies – and lowering agricultural import tariffs to match other goods and services within the EC. We will speak out against any increase in export subsidies or tariffs in the EU and US – for example, in response to falling prices in dairy and cereals – which hurt farmers in the developing world.

**2.40** To secure a truly pro-development Doha outcome, we will continue to support the involvement of the poorest countries in the negotiations. We will work with the least

developed countries to make their voices heard in Geneva: by directly representing their concerns, supporting them to make their own voices heard, and ensuring they have access to the technical advice needed to develop strong negotiating positions.

**2.41** We will push for pro-development EU Economic Partnership Agreements with ACP countries, supporting proposals to give quota and duty free access to EU markets while ensuring ACP markets open at a pace which they judge optimal; for fair EU Free Trade Arrangements with non-ACP countries; and for simpler EU “rules of origin” on what qualifies as the product of a particular country.

**2.42** The UK will continue to reduce trading costs and improve the trading climate for poor producers and traders. We will deliver on all our formal pledges for Aid for Trade, and look to an ambitious offer beyond 2010. We support a new World Bank Trade Facilitation Facility to help goods cross borders and reach markets quicker. And our support for the multi-donor Enhanced Integrated Framework for trade will help 50 of the poorest countries put the ability to trade at the centre of their growth strategies.

**2.43** In April 2009, G20 Leaders agreed to provide \$3-4 billion to the new Global Trade Liquidity Programme run by the International Finance Corporation of the World Bank. The G20 commitment will leverage up to \$50 billion of trade finance for developing countries. The UK has been one of the champions of this initiative and will make a contribution to the Programme that will leverage at least \$1.2 billion in trade finance.



Nigeria, Lagos: a trader on the floor of the Nigerian Stock Exchange. (Panos – Jacob Silberberg)

## Getting the basics right – governance and tax

**2.44** Prosperity is not just a matter of good economic policies. A fair and sustainable market economy depends on an effective state and strong political commitment. Without this enabling environment, individuals and firms will have no confidence to invest for the future.

**2.45** The UK has supported improved governance for more than a decade. It has never been more important than in this downturn and recovery. Systematic political economy analysis is needed to inform our approach to growth, to identify policies that have broad political support. This is particularly important in fragile and conflict-affected countries.

**2.46** Effective tax systems are central to effective states. Raised in ways that encourage economic growth and promote political accountability, taxes provide the

resources to fund public services, leading to an eventual exit from aid dependence.

**2.47** The UK will consult on a proposal to create a new International Taxation Centre to improve research in this area. The Centre would be a partnership hosted by a research institution and would work with international partners such as the International Tax Dialogue. It would help developing countries build the legitimacy and effectiveness of their tax systems.

**2.48** There is increasing concern that tax systems in developing countries are undermined by international banking secrecy, including in tax havens. The London Summit made real progress on this issue, and the UK will work to ensure that the commitments on standards and sanctions are met, as well as the decision to develop proposals by the end of 2009 to make it easier for developing countries to benefit from the new co-operative tax environment.

**2.49** The UK believes it is important for all jurisdictions to implement their commitments to the international standard for the exchange of tax information and will work in particular with its own Crown Dependencies and overseas territories to ensure that they can meet or exceed the agreed international standards.

**2.50** Along with other members of the G20, the UK is ready to take action against jurisdictions that do not meet these international standards. CDC, which has sought to avoid unco-operative jurisdictions in the past, will in future only commit capital to new funds and direct investments in jurisdictions substantially implementing the international tax standard. CDC will also continue to invest directly in the developing

countries they are trying to help. CDC will review all existing investments in jurisdictions committed to, but not yet implementing, the international tax standard, following the next G20 Summit in September 2009.

**2.51** In addition the Government is discussing with its international partners whether other initiatives, including country-by-country reporting of tax payments, could offer an effective and suitable means of advancing the tax transparency agenda.

### Getting the basics right – stamping out corruption

**2.52** Complementing our commitments on tax, we will redouble our efforts to stamp out corruption. Corruption is a major brake on economic development, a burden for the poor and a tragic waste of valuable resources.

**2.53** The UK already has an extensive range of safeguards in place to ensure that funds we give are used to help the poor. But we will do more to help countries prevent theft of any public funds and will go beyond preventing corruption to actively pursuing those who steal resources meant for the poor.



Sierra Leone: a poster in Freetown by the DFID-supported Anti-Corruption Commission. 'Sweet Salone' is the national 2025 vision for a peaceful and prosperous country. (Panos – Jenny Matthews)

**2.54** Already, through DFID, funds are provided to the Metropolitan Police to freeze and recover assets passing through the UK which have been stolen from developing countries. To date a £2 million investment has led to the recovery of £20 million and the freezing of £131 million of assets.

**2.55** These efforts will now be substantially increased. DFID will triple its funding to support developing countries to recover assets. Funds will be provided to support new approaches to gathering intelligence, working with the private sector and the Serious Organised Crime Agency. Funding will also be increased to the Metropolitan Police's Proceeds of Corruption unit so that they can pursue more investigations across more countries.

**2.56** In addition DFID will provide new funding for the Crown Prosecution Service to enable them to take further action against those who steal and seek to hide proceeds in the UK. The UK will report on its efforts to track, freeze and recover illegally acquired assets and will support implementation of the G20 commitments on asset recovery.

**2.57** The greatest progress against corruption will be made by integrating international and country level initiatives. We will encourage all states to implement the UN Convention against Corruption and will seek to agree an open, fair and effective review mechanism. DFID will also provide new resources to Interpol, to deal with corruption and give developing countries and the international community the reach to pursue those who steal funds.

**2.58** Complementing this we will work to help developing countries themselves establish systems and safeguards to combat

corruption. We will support a new IMF Trust Fund aimed at strengthening anti-money laundering systems in developing countries. We will also support the establishment of two new asset recovery practitioner networks in southern Africa and Latin America which will improve collaboration on tackling the proceeds of crime.

### Getting the basics right – the private sector

**2.59** It is private investment – by firms, micro-enterprises and households – that creates the incomes and resources that can deliver better education, health, nutrition, water supply and all the other elements that are required for poverty to be eliminated.



India, Uttar Pradesh: Women's Self-Help Group does the accounts. (DFID India)

## India – helping women get loans

Women are disproportionately represented among India's poor. Half of them cannot read, they do not get as many jobs as men and the gap between male and female wages has increased.

The UK has played a major role in the growth of the microfinance industry in India by providing £17 million from 2000-09 to support NGOs and entrepreneurs to become microfinance institutions. Over 100 institutions have now been providing small loans to poor people for needs such as food, shelter, income and self-employment.

Since 1997, the UK has supported 11 million people, most of whom are women, to have access to small loans.

**2.60** The UK is committed to help create the conditions in which such enterprises in developing countries play a fully productive role in the economy. We will help governments that, like us, want to promote open and fair markets in which enterprises have access to resources and skills, without being disadvantaged by the power of vested interests or corruption.

**2.61** We will work to improve the business environment for investment and growth. The Investment Climate Facility for Africa, which DFID supports, already provides practical help to reduce barriers to business. We will build on both this and our support for fair market competition, through an African-led Competition Forum that will help governments identify and address obstacles to fair competition. Internationally, we will work with the EU to advance Investment Promotion and Protection Agreements with developing countries that encourage investment in support of development.

**2.62** The poorest countries must be able to access international finance to support growth. At the international level we will work to ensure that the interests of developing countries are taken into account in the reform of the international regulatory framework for financial markets. We will provide extra support to help developing countries strengthen regulation of their own financial sectors.

**2.63** We will expand our help to improve access to finance. We will, for example, support the development of a new multi-donor facility across Africa, with the goal of delivering microfinance to an additional 10 million clients over five years, as we have in India. This is especially vital for women whose contribution to growth in income is considerable when they have access to credit.



Kenya, Naivasha: Radja's small shop sells scratch cards for mobiles and other telephone services. (Panos – Sven Torfinn)

**2.64** We will explore options for establishing a financing facility to help kick-start lending to the small and medium sized businesses that are so crucial to creating jobs. We will help them use the facility well by improving the markets for business advice and support.

**2.65** We will also launch a global challenge fund to support the use of mobile telephony and other new technologies to bring financial services to the poor. This will reduce costs, provide greater outreach and extend the range of financial services offered. It will help poor people improve their incomes, reduce their vulnerability and pay for essential services such as healthcare and education. It will support the transfer of social payments for very poor and vulnerable people and help the cheaper and safer transfer of remittances to developing countries – estimated to be \$305 billion through formal channels in 2008.<sup>33</sup> We are also working through international channels, particularly the G8 working group on remittances to reduce the cost of sending remittances. A fall in costs of 5% would free up an additional \$15 billion each year resources for development.

**2.66** Remittances are an example of the benefits of migration. In addition, well-managed migration can also bring new skills and business links for both countries of destination and origin. But migration can also have costs for countries of origin such as ‘brain drain’. The UK government aims to harness the benefits and mitigate the costs to developing countries by giving further consideration to how migration policy could help encourage and support development.

### Revitalising agriculture, improving food security

**2.67** Agriculture lies at the heart of most low income economies. It provides livelihoods for the majority of the poor, and is central in influencing nutrition and food security. Yet it has been relatively neglected by developing country governments and donors alike. The world is off-track in meeting the MDG target of halving the proportion of people who suffer from hunger.

**2.68** The food crisis of 2008 brought home the volatility of international food markets and the need for increased global food production. Prices peaked at levels not seen in a generation and the price of the supermarket shopping basket jumped in the UK. But in developing countries, the crisis meant hunger for an additional 110 million people, and permanent damage to more than 40 million malnourished children.<sup>34</sup>

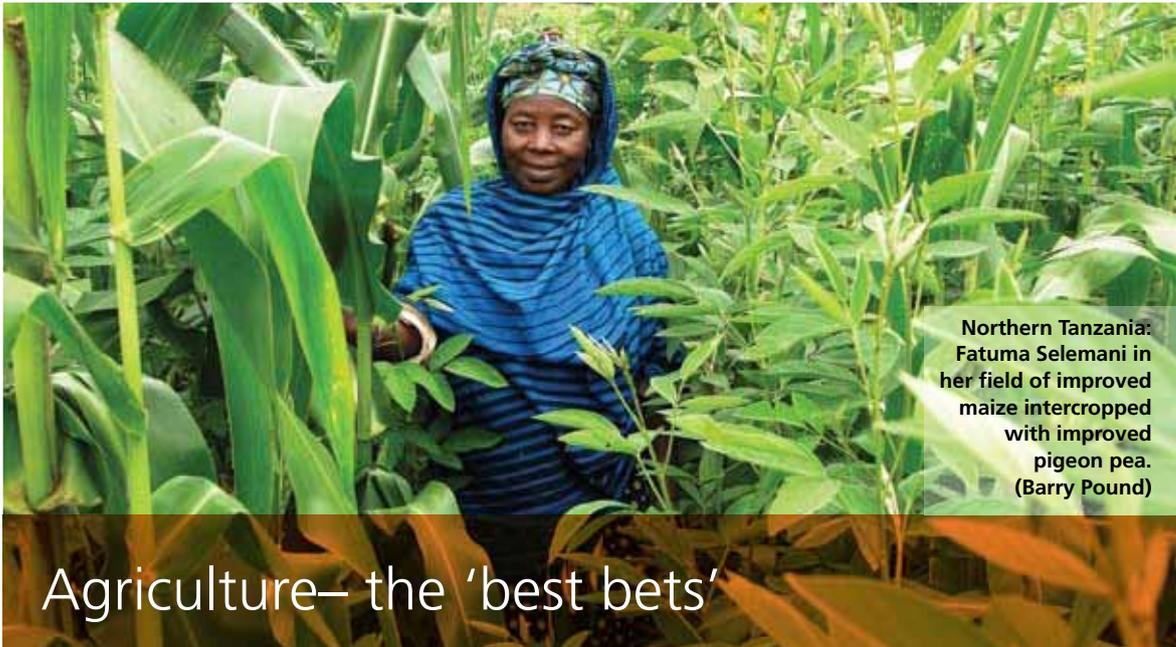
**2.69** Prices of major food staples have fallen from their 2008 peak, but remain high. The availability and price of food causes long-term problems for nearly a billion poor people. Global food demand is set to increase by 50% by 2030 and to

double by 2050 as population and incomes rise.<sup>35</sup> Climate change and water shortages also threaten future global supplies. Energy scarcity and rising demand for biofuels could add to this pressure. All this could exacerbate hunger for the planet’s poorest people.

**2.70** The UK was at the forefront of a rapid international response to immediate needs during last year’s crisis. We argued for a new Global Partnership for Agriculture and Food Security to bring together governments, the private sector, civil society, and donors. The Partnership’s task will be to ensure that low income countries are supported as they develop their own policies and spending plans for agriculture.

**2.71** The UK will ensure that agriculture and food security are given the highest international attention. Last year the international community promised \$20 billion of new funding for food and agriculture and this must now be delivered. The total value of the UK bilateral support to food and agriculture is currently over £1 billion. We will help women and men subsistence farmers, smallholders and co-operatives to get seeds and fertilisers, water, credit, and market outlets, and help them adapt successfully to a changing climate (see Chapter 3). We will also support improved social protection programmes in places at risk of malnutrition or food shortages.

**2.72** Our vision is the doubling of agricultural production in Africa over the next 20 years, and the doubling of the rate of agricultural growth in South Asia over the same period – in ways that manage natural resources sustainably and are adapted to climate change.



**Northern Tanzania:**  
Fatuma Selemani in  
her field of improved  
maize intercropped  
with improved  
pigeon pea.  
(Barry Pound)

## Agriculture— the ‘best bets’

DFID’s five year investment in agriculture research will be used to develop ‘best bets’, the innovations with the greatest potential to lift poor people out of poverty, and to getting these into widespread use. Best bets include:

- tackling new pests which attack staple crops, such as virulent wheat rust and cassava viruses. This will cost £20 million but could help protect almost three billion people who depend on these crops for their food.
- breeding drought-resistance maize for Africa. This will cost up to £60 million but will help 320 million farmers in Africa who are affected by drought and will indirectly benefit many more likely to be affected by climate change.
- improving the vitamin content of staple crops. To develop these crops and get them into widespread use will cost around £80 million but it has the potential to help improve the nutrition of up to 670 million of the poorest people, many of them children.

**2.73** Farmers in developing countries can rise to this challenge. But this depends on their political leaders making tough choices about agricultural price controls, land policy and the agricultural business environment. We support the commitment of African leaders to devote 10% of public expenditure to agriculture and to the African Union’s Comprehensive African Agricultural Development Programme (CAADP).

**2.74** Rapid progress is possible and could make a huge difference. With the right research and incentives the productivity of food staples across Africa could be doubled by 2020. This would lift over 70 million people out of poverty, and transform Africa from a region of food deficit to surplus, with prices 20-40% lower.<sup>36</sup>

2.75 Agriculture research is central to unlocking this productivity. But while investment in research has tripled in India and China over the last 20 years, it has risen only one-fifth in sub-Saharan Africa.<sup>37</sup> Encouraging more and better research and ensuring that the results reach the fields of poor farmers, especially women, will put more food on plates and money in pockets.

2.76 So the UK will deliver its commitment to double support for international agriculture research over the next five years, to discover the right approaches, including those which promote climate resilience.

2.77 The UK has formed an innovative partnership with the Alliance for a Green Revolution in Africa (AGRA), to place the benefits of agricultural research into the farmers' hands. The aim is to achieve – on a sustainable basis – in Africa the kind of step change that was achieved in Asia in the original Green Revolution, where famines became history. This could be a model for public-private partnerships for agriculture in the future.

2.78 The private sector will be an important driver of agricultural growth in all economies. We have been at the forefront of encouraging business investment in agriculture, through the Africa Enterprise Challenge Fund (AECF) which leverages private investment to benefit small farmers. Support to the AECF will be doubled.

2.79 Internationally, agricultural trade reform is a top priority for the UK. It is unacceptable that rich countries continue to subsidise their farmers by over \$700 million a day, costing poor countries an estimated \$17 billion a year.<sup>38</sup>

2.80 We will also press for reformed international institutions – for UN agencies that work together more effectively. And we will provide funding to establish a network of African centres of excellence to share policy expertise and experience.

2.81 UK international policy will be shaped by the UK Cabinet Committee on Food which is reviewing food policy and security, including measures to improve the efficiency and responsiveness of global food markets. Longer term, the UK Foresight Global Food and Farming Futures project, co-sponsored by DFID and Defra, is developing further policy recommendations to ensure a sustainable food supply to feed a world of nine billion people by 2050.

2.82 Part of this is clarifying the impact of biofuels on sustainable global food supply. Work is taking place both in the UK and internationally to assess the social and environmental sustainability criteria.

2.83 Food security and nutrition for poor people will be a priority for the UK in the coming years. We will work to ensure that social protection systems are in place to help the millions of vulnerable people who cannot produce or buy enough food to feed themselves and their families. Schemes must integrate nutrition and food security, especially for women and young children. A new DFID nutrition strategy will be published by the end of 2009.

## Transforming long-term growth

**2.84** For many countries, the downturn is an opportunity to re-orient policies to transform their growth pattern over the long run: first to achieve growth that lasts; second, to move towards low carbon and environmentally sustainable growth; third, to build the capacity for increased regional growth; and fourth, to promote more inclusive growth that benefits all people.

### We will:

- **provide expertise through the International Growth Centre to help 15 countries develop transformative growth strategies.**
- **help countries value natural capital and plan for low carbon, climate resilient and environmentally sustainable growth.**
- **support regional integration and a more unified market across Africa.**
- **encourage investment in all people for equity and jobs.**
- **quadruple support to fair and ethical trade.**

## Providing expertise through the International Growth Centre

**2.85** It is exceptionally hard to sustain strong growth over a long period. The 2008 Commission for Growth and Development noted that since World War II only 13 countries have managed to sustain growth

rates of 7% or more for 25 consecutive years. Many countries have growth spurts but few sustain high growth. It is difficult because it requires countries continuously to renew policies.

**2.86** There is no fixed route for economic transformation. But the Commission emphasised the crucial role played by capital accumulation: successful states invest heavily in both infrastructure and people. They also noted the role of industrial policies that encourage effective collaboration between governments and business to identify key missing investments and help economic diversification.

**2.87** The old Washington Consensus – with its advocacy of structural adjustment and a one size fits all approach to policy making – failed because it was imposed from outside and was not tailored to country circumstances. Every country will have to pursue its own path, diagnose its own bottlenecks and work out how best to sequence reform. The UK will invest in providing expertise and advice to help developing countries chart a higher and more resilient growth course. A new International Growth Centre (IGC) is being established by the UK so countries can have access to the world's leading experts on growth. The Centre will give advice to countries responsive to their requests and tailored to the challenges they face.

**2.88** The Centre will establish long-term in-country partnerships with 15 countries over the next three years, and provide shorter term diagnostic and advisory services to a much larger group of countries. It will play a key role in helping governments and aid programmes to direct resources to the critical barriers to growth.

**2.89** This year countries are seeking macroeconomic advice to help them to manage monetary, fiscal and exchange rate concerns. In future, demands for advice on how to sustain long-term strong growth are more likely. The IGC will not only help countries set out a higher growth course, but will also help them develop models of growth that are more inclusive. Core to the work of the Centre will be advice on growth strategies that generate more jobs, on low carbon and green growth paths, and the integration of climate concerns into future plans.

### **The Economics of Ecosystems and Biodiversity (TEEB) programme**

TEEB is an international initiative to put economic values on the services provided by biodiversity and ecosystems. At present, those who benefit from degrading ecosystems – for instance from logging or fishing – do not bear the full societal cost nor the cost to poor people in particular. The aim is to put a full societal value on resources, to promote better informed decisions about their use. Valuations will allow estimates of how much revenue governments could raise while protecting that ecosystem.

TEEB is supported by DEFRA and DFID and involves working with the EU, UNEP and other partners, to ensure that TEEB is put into use and delivers real change.

### **Promoting low carbon sustainable growth**

**2.90** Past growth in both rich and poor countries has come at the cost of environmental damage that, in turn, has undermined future growth prospects. Poor people suffer most from environmental damage because they are the least able to avoid its consequences, and because they depend much more on natural resources for their livelihoods. For example, 90% of those living in extreme poverty depend on forests for some part of their income.<sup>39</sup> Forest destruction can throw them into destitution.

**2.91** Economic growth needs to take into account environmental consequences if we are to tackle climate change. In the UK we are changing our own sources of energy to help prevent the catastrophe that will happen if we all carry on as we have in the past. Our support to developing countries is also changing as we encourage their move towards low carbon and climate resilient development. This does not mean that poor countries should sacrifice growth; indeed we believe that they should grow faster, not slower.

**2.92** The goal should rather be a healthier and more sustainable pattern of growth. Many of the actions needed to stall climate change – such as improved energy efficiency – will make countries more competitive. Even low income countries will be able to benefit economically from new green industries. Our approach is laid out in the next chapter.

**2.93** But climate change is just one manifestation of a more general problem: the failure to internalise the value of the environment in the decisions we make – as individuals, firms, or nations. It is essential that this changes if forests, biodiversity and ecosystems and the services they provide are to be maintained.

**2.94** Toward this end the UK will invest in a new international initiative on valuing natural capital that builds on the existing project on the economics of ecosystems and biodiversity (TEEB). This will develop and pilot a common tool to help countries incorporate environmental values into economic decisions. It will support wider efforts to build countries' capacity for environmental management, including climate adaptation and development plans.



Fishing in Battambang, Cambodia.  
(Panos – Mikkel Ostergaard)

## Investing in connectivity and regional integration

**2.95** In many countries, growth is stunted because the costs of transportation and communications are too high to enable easy movement and trade. This prevents economies of scale, slows technology transfer, and holds back productivity gains which are the source of income growth.

**2.96** Sub-Saharan Africa has particular needs. It has a population a third as big again as Europe but it covers an area four times larger. African markets are small and fragmented, transport connections are poor and the sharing of electricity across borders is limited. Infrastructure-related costs are three times those in China. Regional and global trade is further complicated by overlapping regional trade arrangements. African countries trade little with each other, and the continent accounts for just 3% of global trade.<sup>40</sup>

**2.97** Regional integration will be essential if Africa is to build strong growth. The three Regional Economic Communities (REC) of eastern and southern Africa have agreed to create a unified Free Trade Area. They have unveiled plans for a transport corridor to connect east and southern Africa.

**2.98** The renewed efforts towards regional integration require international community support. So complementing our support to infrastructure, the UK commits to doubling the share of our Africa funding for regional programmes, to £1 billion over the next four years. Resources will primarily be for regional transport and energy infrastructure,

– including hydro and other forms of green energy – and for helping trade integration. This will include work with the African Union, African Development Bank and other African institutions, giving priority to regional integration and Aid for Trade. Support will be given to the easing of trade across borders and the harmonisation of trade policies, by providing advice on simpler trade rules and procedures.

**2.99** The world's urban population is expected to double to 6.6 billion by 2030. Cities provide opportunities for employment and investment and access to markets and services to rural producers. But rapid urbanisation also puts pressure on social services, consumes energy, and at worst can increase internal conflicts. Urban inequalities have increased as have the size and proportion of people living in slums.



Trucks delayed at the Chirundu border between Zambia and Zimbabwe. (DFID)

## Africa's North South Transport Corridor

Slow, poorly maintained roads and railways and redtape at international borders are a major hindrance for Africa's trade. Transporting copper from the Democratic Republic of Congo to the sea takes two to three weeks. In Europe, it would take 48 hours to cover the same distance.

In April 2009 eight governments and the three regional economic communities of eastern and southern Africa got together in Lusaka to tackle these problems. Their aim was to help trade through a groundbreaking initiative, the North South Corridor. Donors, including the UK, committed \$1.2 billion to the project.

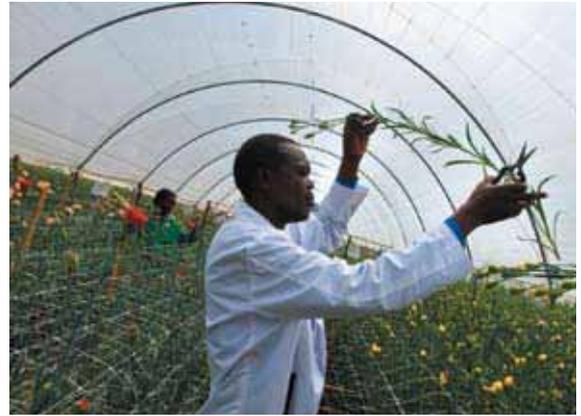
Under the scheme 4,000 kilometres of road and 600 kilometres of rail track will be upgraded, freeing up bottlenecks on the major trading routes across eight African countries. One-stop posts will reduce bureaucracy and red tape at the border, cutting waiting times in half. All of this will help east and southern African grow through regional and international trade.

**2.100** The UK is addressing urbanisation. We are a founding member of the Cities Alliance that supports slum upgrading and city planning, and we support the UN agency for human settlement (UN-Habitat). Nearly £300 million of UK aid is going to urban development programmes, mostly in India and South Asia. In Andhra Pradesh alone, nearly 3 million poor people in 1,800 slums benefited directly from our work, with access to drinking water, for example, improving from 10% to 54% over the period of our support.

**2.101** Increasing numbers of vehicles on the roads can lead to higher numbers of poor people killed or injured in road crashes. This is both a human tragedy and an enormous cost to the economy. To help prevent this, the UK will become a sponsor of the World Bank Global Road Safety Facility, and support the November 2009 Ministerial Conference in Moscow.

### Investing in people for jobs

**2.102** While we believe that economic growth is essential to reduce poverty, we also believe that it will only do so if people are understood as the subject, not the object, of growth. Making growth fairer is both a moral imperative and stimulates further growth. Shared prosperity and opportunity, open to people from all creeds, castes and classes, builds cohesive societies with stronger economies which are less prone to conflict. Narrowing differences between economic opportunities for men and women increases the pace of development.



Kenya: an employee checks fair trade flowers at the biggest farm of its type in Africa. (Panos – Steve Forrest)

**2.103** Chapter 5 sets out UK plans for education and health which will improve both people's productivity and opportunity. Developing countries need to create 50 million jobs a year to keep up with the increase in the working age population – 10 million of these in Africa. Investing in girls' education offers the very best returns for most societies, both for the welfare of households and for the wider economy.

**2.104** The UK will continue to give this the highest priority. We will also work directly with the private sector to develop business models that support the MDGs and employment opportunities (Chapter 7). We will continue to support the International Labour Organisation's (ILO) leadership role in championing labour standards and the provision of decent work for all. We believe that work must dignify and not demean the worker.



## Decent work for Bangladeshi women garment workers

In Bangladesh the garment sector is vital to export earnings and employment. Eighty percent of the sector's 2.2 million workers are women.<sup>41</sup> Jobs are needed, but conditions can be tough. The UK has worked with six major multinationals (H&M, Gap, Wal-Mart, Sears, Disney and Nike) to improve working conditions in the garment factories.

Factories supplying the multinationals have to set common working and environmental practices for both home and factory workers. ID cards, appointment letters, wage and pay slips and health and safety checks are compulsory for all staff. Over two years, the programme helped raise women's monthly income by 20% and reduce the number of accidents by a third.

### Fair and ethical trade

**2.105** Fair and ethical trade is a powerful way to boost business standards, to ensure working conditions are decent, producers and workers are paid a fair price for their products and to allow millions of individual consumers in the UK and worldwide to make a daily contribution to development.

**2.106** DFID has significantly expanded funding and support for fair and ethical trade over the last decade, working with organisations like the Fairtrade Foundation and thousands of committed citizens across Britain to make the UK one of the most advanced fair trade markets in the world.

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**2.107** In recent years we have worked with Fairtrade organisations that now certify goods worth more than \$2 billion benefiting over seven million producers and their families. The government will now look to build on this extraordinary success by making a strategic investment in fair trade that reflects the ambitions of individuals and communities, producers and consumers, to deliver development through trade. Our support will help more poor producers in the poorest countries get a fair deal, widen the product range and stimulate stronger fair trade markets in more countries. To help achieve this, we will increase our funding for fair and ethical trade four-fold over the next four years.

**2.108** The government is committed to supporting fair trade through its procurement. Last year, the Office for Government Commerce published guidance on how government departments can support fair trade through public procurement, consistent with EU procurement directives. This includes making clear in advertisements that fair trade options are welcome and, where the winning tenderer is able to provide fair trade options, stipulating that they should be provided.

**2.109** These proposals will help build a platform to help the poorest countries begin the task of transforming their growth potential. But no transformation will prove durable unless it equips countries not only to succeed today, but also to adapt to the challenges of tomorrow and in particular to those of a low carbon world. How we will help the poorest countries adapt to a low carbon world – and take advantage of the opportunities it presents – is the subject of the next chapter.



Bangladesh: by 2050, flood prone areas will increase from 25% to 40% of the country affecting 70 million people a year. (Panos – GMB Akash)

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# Chapter 3: Sustaining our Common Future

## The challenge

**3.1** We stand at a crossroads. The world's response to climate change can either be a development disaster or a development success story.

**3.2** One path is “business as usual” – dangerous climate change and a reversal in global human development, undermining the progress made in poverty reduction over the last century. If we do not change course the world is heading for a change in climate that is unequalled since the end of the last Ice Age. The scientific consensus predicts a temperature rise of as much as 6.4°C by 2100, which would have catastrophic consequences.<sup>42</sup>

**3.3** Climate change hits poor countries first and hardest. Seventy five per cent of the poor are dependent on natural resources for their livelihoods.<sup>43</sup> Africa is especially vulnerable, with agricultural yields projected to fall by up to 50% in some countries if climate change goes unchecked.<sup>44</sup>

**3.4** Poor women and children are particularly at risk. Increasing levels of water scarcity and deforestation mean that women and girls have to walk further to collect water and fuel, and work harder to maintain a family's food consumption. Infectious

diseases are expected to spread more quickly as temperatures rise. Ecosystems will degrade faster, increasing competition over natural resources such as water, grazing lands, fisheries and fuel.

**3.5** The UK is also being affected. Nine of the hottest years on record have been in the last 15 years.<sup>45</sup> An increase in temperature will lead to impacts such as more flood risk and coastal erosion in the UK. The 2003 heat wave led to 35,000 extra deaths across Europe.<sup>46</sup> Although no individual weather event can be uniquely attributed to climate change, extreme weather events of this kind are predicted to increase. The UK and its EU partners will bear the costs of the wider impacts of climate change as it exacerbates conflict, population movement and poverty in other countries.

**3.6** The other path is global collective action that limits greenhouse gas emissions, manages our environment sustainably, and builds a cleaner, safer and more prosperous world. Developed countries take urgent measures to reduce their emissions; economically advanced developing countries receive support to reduce emissions and adapt; and the low income countries are supported to adapt and reduce emissions over time. The world develops

an approach to governance reflecting the new and changing global order, and adopts development approaches that are both low carbon and sustainable.

**3.7** Many countries have already begun to take action. China has set tough targets for its most polluting industries and is a world leader in solar thermal energy. Brazil has agreed far reaching targets for reducing deforestation. The fledgling global market in green technologies is already worth £3 trillion and continues to grow.<sup>47</sup> India emerged in the last decade as a global market leader in wind power and a major new producer of solar photovoltaic technology.<sup>48</sup>

**3.8** Developed countries are also changing course. The UK Climate Change Act is the first in the world to legislate for an 80% reduction of CO<sub>2</sub> emissions on 1990 levels by 2050, and set five-year targets by which performance will be measured. The EU's emissions trading scheme generated \$92 billion in 2008, and is an important foundation for the creation of a future global carbon market.<sup>49</sup> President Obama has signalled a step change in US action on climate change by also committing to an 80% reduction of CO<sub>2</sub> emissions by 2050 compared to 1990 levels.<sup>50</sup>

**3.9** But global action needs to accelerate. The most recent research tells us that to have a good chance of avoiding dangerous climate change global temperature rise must not exceed 2°C. To achieve this, global emissions of greenhouse gases must start to fall within the next decade and be at least 50% below 1990 levels by 2050. If the world does not take action now, then it will become ever more difficult and much more

costly to stabilise our global climate in the future, loading an increasingly impossible task onto future generations.

**3.10** The global recession should not delay action. Lord Nicholas Stern, author of the definitive study of the economics of climate change, estimates that inaction would cost as much as 5-20% of global GDP every year, now and forever.<sup>51</sup> The economic recovery programmes now being implemented are an opportunity to invest in the infrastructure and technology needed for resilient and sustainable growth.

**3.11** The December 2009 United Nations Climate Change Conference will decide which of these paths we follow. World leaders will gather in Copenhagen to agree a new global deal on climate change. They must agree a new global target for emission cuts; allocate responsibilities for action between nations; set out ambitious new agreements on clean technology, finance, reform of carbon markets, forests and adaptation for the poorest countries; and ensure that the institutional architecture for implementing the deal is ready.

**3.12** The UK is working with others to push for an ambitious global deal, and to influence the future direction of the international finance institutions and the UN. The UK is also working at country level with emerging economies and the poorest countries to help build the knowledge and capacity to develop climate resilient and low carbon economies.



## Extremes in climate affect us all – wherever we live

Extreme weather events have doubled in the last 20 years.<sup>52</sup> Climate change is expected to increase their number and intensity.

- Honduras 1998: Hurricane Mitch killed 6,500 people with 70-80% of the country's transportation system wiped out.<sup>53</sup>
- Southern Africa 2002: 13 million people needed food relief because of drought.<sup>54</sup>
- Europe 2003: 35,000 extra people died because of an extreme heat wave.
- US 2005: Hurricane Katrina killed 1,800 people in New Orleans.<sup>55</sup>
- UK 2007: floods caused over £3 billion of damage.<sup>56</sup>
- India 2008: 1 million people fled floods in Bihar.<sup>57</sup>
- Australia 2009: forest fires killed 170 people and displaced 3,000 people.<sup>58</sup>

**3.13** We recognise that the development and poverty reduction agendas are central to the response to climate change. This chapter sets out how the UK government will:

- work more effectively with developing countries by forming partnerships to deliver the knowledge, tools and finance needed to tackle climate change.
- work hard for an ambitious and fair deal at Copenhagen that will reverse climate change and protect the poor.

## The global deal

### We will:

- **seek an ambitious, comprehensive and equitable global deal on climate change at the December Copenhagen United Nations Climate Change Conference.**
- **provide new and additional public finance for climate change over and above existing development assistance commitments.**

## A global deal at Copenhagen

**3.14** The UK's Road to Copenhagen, published on 26 June 2009 sets out the UK's international approach to climate change. The UK priority for Copenhagen is to reach an agreement on global emission reductions to limit global temperature rise to no more than 2°C. Such an agreement would require significant emission reductions from all developed countries. It would also require the economically advanced developing countries to make a significant reduction in emissions against "business as usual", facilitated by appropriate support from developed countries.

### Feeling the impact

Some 47 low income countries contribute only around 8% of global carbon emissions (including those due to forestry and land use change), but bear the biggest burden of climate change impacts.<sup>59</sup> 250 million people are already affected by climate-related disasters in a typical year. A 54% increase in people exposed to climate disasters is expected by 2015.<sup>60</sup>

**3.15** Our development and climate aspirations for Copenhagen overlap significantly – a comprehensive, fair and equitable deal at Copenhagen that tackles climate change effectively also has the potential to be the most important development agreement of the decade. An agreement that puts the needs of developing countries and poor people at its centre is essential for sustainable growth and poverty reduction. From a development perspective, the UK has five key objectives for a Copenhagen deal:

- A long term goal with credible interim targets: Copenhagen must agree to a global emission reductions goal of at least 50% below 1990 levels by 2050 to stand a reasonable chance of stabilising temperature rise at 2°C. The UK is also seeking agreement on ambitious interim (2020) targets.
- Fair and equitable division of effort: developed countries must take the lead to reduce their emissions. Action by others should take into account their development status.

- Reform of the carbon market: to support increased participation by developing countries, and inclusion of important new sectors such as forestry.
- Agreement on development and diffusion of low carbon technology: to ensure that we collectively develop and share the technologies we need for a low carbon future and that all developing countries are able to play a fair role.
- A package of support on adaptation for the poorest countries: the UK is seeking a new agreement on adaptation which will ensure that the poorest and most vulnerable countries get access to sufficient finance to enable them to adapt to climate change.

### Collective action is needed

**3.16** Achieving this will require action by all countries:

- The developed economies must bear the larger share of responsibility for early action. They also have the finance and technology to demonstrate that a low carbon economy is viable.
- Economically advanced developing countries must also act quickly. They will need to make significant reductions in their emissions against “business as usual” if the world is to avoid dangerous climate change. Even if the developed economies reduced their carbon emissions to zero by 2050, it would not be enough to stabilise global temperatures at 2°C. Some of these actions will need appropriate financial and technological support from developed countries.
- Low income countries need to build their resilience and consider the opportunities

and threats opened up by a global low carbon future. They have done the least to contribute to the problem. They are also least equipped to respond to the challenge. Supported by finance, information and technology, they need to plan for climate change so that they can adapt to the now inevitable impacts and grow and benefit from a low carbon world.

Global greenhouse gas emissions must be reduced to at least 50% below 1990 levels by 2050 if we are to avoid a temperature rise of more than 2°C. By 2050, the global population is likely to stand at nine billion. Lord Stern tells us that this means the global average per capita emissions will need to be around two tonnes per capita by 2050.<sup>61</sup> This means that emissions from all sectors, such as industry, transport, buildings and land use will need to be cut very sharply. That is why the UK will be pressing hard for both international aviation and shipping to be included in any new climate change deal agreed in Copenhagen.

### Tackling climate change is affordable and a good investment

**3.17** Securing adequate finance to tackle climate change now will save much greater costs in the future. Lord Stern estimates that the total bill for stabilising global temperatures at 2°C will be around 2% of global GDP (or \$1.3 trillion) per year by 2050.<sup>62</sup> This includes costs for both developed and developing countries. The United Nations Framework Convention on Climate Change (UNFCCC) estimates that between \$120-\$164 billion will be needed per year for developing countries by 2030 to cover the costs of

adaptation to climate change, and to enable them to develop low carbon economies.<sup>63</sup>

**3.18** The UK is committed to play its part in ensuring finance is provided to support developing countries move to low carbon and climate resilient growth paths. The carbon market will play a key role in delivering a substantial proportion of this finance. The UK will work with international partners to reform carbon markets to enable these markets to finance around half of the financing gap.

**3.19** Additional international public resources will also be required to respond to the global climate crisis while at the same time honouring our commitment to poverty reduction. As part of an ambitious global climate agreement the UK will provide new and additional public finance for climate change over and above existing development assistance commitments of 0.7% of gross national income dedicated to official development assistance (ODA). We would like to see all developed countries – both those that have 0.7% targets and those that do not – make the same commitment to provide additional finance on top of their existing long term ODA commitments.

**3.20** In order to provide developing countries with the assurance required that committed finance will be delivered, in the context of a comprehensive deal in which all countries play their part, some form of automatic mechanism will be required. Norway has proposed an international market-based mechanism whereby a part of each country's carbon emission permits would be held back, auctioned internationally and the proceeds used to tackle climate change. Where countries are unable to participate in such a scheme, they could use comparable domestic legislation to provide adequate predictable finance.

**3.21** The UK will also increase its poverty-related expenditure on climate change, recognising that part of the climate financing gap could legitimately come from official development assistance. But this will be limited to up to 10% of our total ODA spend. We will work towards this limit being agreed internationally so that sufficient development assistance continues to be made available for MDG achievement in the poorest countries.

**In less than half a year, an average UK citizen will be responsible for equivalent emissions of the greenhouse gas, carbon dioxide, which someone in Uganda will generate in their whole lifetime.<sup>64</sup>**

### **A compact for a changed relationship**

**3.22** As volumes of climate finance increase, we will need to deliver it at scale and quickly. To do this, the UK believes that we need to agree a new approach to delivery and governance – one which is based on a partnership between developed and developing countries in line with the principles laid down in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.



## Carbon markets and developing countries

A carbon market works by agreeing a cap on the greenhouse gas emissions of countries and/or companies, and allocating emission permits up to the level of the cap. Trading allows those who reduce emissions below the cap to sell their permits to those whose emissions are above the cap. This rewards investment and innovation in low carbon technologies, and allows emission cuts to be made where they are cheapest.

The Clean Development Mechanism (CDM) is currently the main tool for developing countries to participate in the carbon market. It works by allowing companies and governments in industrialised countries to purchase credits for projects that reduce emissions in developing countries. However, participation in the CDM has been dominated by a handful of developing countries, while many others have seen little benefit from the CDM and its flows of finance.

Reforms the UK is pushing for are:

- agreement to establish new sectoral crediting and trading mechanisms that work on a much larger scale than the CDM. This could mean advanced developing countries taking on targets for particular sectors of their economies e.g. power generation.
- for countries not yet ready to participate in sectoral mechanisms: reforms to the CDM to reduce transaction costs and improve its efficiency, effectiveness and environmental integrity.
- bringing emissions from land use, agriculture and avoided deforestation into the carbon market beyond 2012.

The international community will need to assist low income countries in identifying low cost mitigation options, and in building their capacity in a number of areas, including measurement, reporting and verification of emissions, so they can participate more fully in carbon markets.

**3.23** In line with these principles, the UK believes that decisions about spending priorities are best made locally. We are therefore proposing a “compact approach” whereby countries outline their own priorities for adaptation and mitigation (including technology and forestry) with monitoring of outcomes. As discussed above, the international community would commit to provide adequate and predictable financial support for these plans. Where countries are addressing financial risks, such support could then be sent direct to developing countries’ treasuries, in line with the UK’s broader approach to delivery of development finance.

**3.24** To make sure that the international architecture is as efficient as possible, we should aim to build on existing institutions, reformed as necessary, and only create new bodies where clear gaps in remits are identified. We have identified a need for a high level co-ordinating body that can make sure that finance is allocated to where it is needed most, for the most pressing priorities. Agreeing equitable and efficient governance arrangements will be key. We should learn from the operation of the new multi-donor Climate Investment Funds (CIFs). The CIFs boards have equal representation from donor and recipient countries, signalling a shift towards a partnership to deliver on a shared commitment to tackle climate change.

### Supporting the voice of low income countries in the negotiations

**3.25** The UK, working through the EU, is providing training and support to increase the voice and capacity of low income country negotiation teams in the international process. Acting together, the

poorest countries can have a bigger voice in calling for a high ambition outcome at Copenhagen and beyond.



India: a night school in the village of Cheeri, lit by solar lanterns. Most of the students are girls from lower caste/untouchable backgrounds who must work in the fields during the day. (Panos – Robert Wallace)

### Supporting action on the ground

**3.26** The UK is working with developing countries, directly and through others, to help them address the challenge of climate change – providing valuable lessons and knowledge in the lead up to Copenhagen and for the future. The Copenhagen deal will be critical to allow for scaled-up action on the ground in developing countries. Ambitious agreements on adaptation, reform of the carbon market, technology and forestry are essential if developing countries are to receive the support they need to tackle climate change.

**3.27** Climate change is so critical to the prospects of development that it will take centre stage in the UK’s international development efforts: from this White Paper, to joint Department of Energy and Climate Change (DECC)/ DFID collaboration on meeting climate change targets and also in individual DFID country programme plans. DFID’s work is supported by a new Climate and Environment Group that works closely across government departments.



Bangladesh, the Chars: DFID has helped to raise 66,000 homes onto earth platforms to protect them from flooding. (DFID – Chars Livelihoods Programme)

## Bangladesh – adapting to climate change

“We are courageous people. Nothing can stop us – we can eventually overcome any crisis”. Fisherman Salam Sarder, Katakhal, Bangladesh.

Climate change is a crucial development issue for Bangladesh. A rise in sea levels may permanently flood 6-8% of the low lying lands by 2050 and force several million people to relocate. Flood-prone areas will increase from 25% to 40% by 2050 affecting 70 million people a year. Extreme weather events are increasing. 3000 people were killed by Cyclone Sidr in 2007, most of them women.<sup>65</sup>

In 2008, the UK and Bangladesh signed a joint agreement to tackle climate change. The UK committed funds over five years to help pay for enhanced early warning systems, raised plinths for villages to protect them from flooding, renovated embankments and roads, multi-purpose cyclone shelters and climate resilient crops.

The UK has also invested in the Chars Livelihoods Programme to help the extreme poor – especially women – build livelihoods that are more resilient to climate change. In the past four years, 66,000 homes on sand islands were raised onto earth platforms, protecting more than 400,000 people and their possessions from severe monsoon floods.

**3.28** The UK's country aid programmes have stepped up their engagement with climate change. In Nepal, DFID is helping the government to develop a national climate change strategy. In Rwanda, Ethiopia and Afghanistan, the governments are being supported to assess the impact of climate

change on the economy so that they can develop effective adaptation and mitigation strategies. In Kenya and Tanzania, DFID is supporting research into how to integrate climate change into malaria epidemic predictions so that health officials can plan more effectively. In China, the UK is helping

local governments and communities identify and adapt to the impacts of climate change on agriculture, water resources, health and disaster management.

**3.29** Working closely with DECC and FCO, DFID is leading a new approach on climate-smart development through its country programmes. DFID is investing in three priority areas:

- Building climate knowledge and capacity.
- Scaling up investments in low carbon development through energy and forest sectors.
- Supporting countries to adapt to climate change.

## Building climate knowledge and capacity

### We will:

- **invest in research into climate science for better predictions of local impacts on poorer countries.**
- **establish a Climate Change Knowledge Network to deliver policy advice and knowledge to over 60 developing countries.**
- **expand support for southern civil society organisations to campaign for action on climate change and deliver change on the ground.**

**3.30** Developing countries need access to the best science and evidence on climate change to help them plan to meet the challenge. Although there is international consensus on the scientific evidence, there are still gaps in our knowledge, particularly the detailed impacts of climate change at local level. We will invest in research into global climate science to provide better prediction of the local impacts of weather patterns and climate change on poorer countries, and especially to help to predict rainfall in Africa through a new partnership between DFID and the Hadley Centre.

**3.31** One-hundred million pounds will be invested by DFID in climate change research over the next five years. New approaches to managing soil fertility, improving water retention and diversifying crops are being tested across 34 African countries: in Kenya, new ways of communicating weather forecasts by radio to poor farmers are being trialled and in Morocco new community water agreements are being tested to help manage possible conflict over increasing water scarcity.

## Climate Change Knowledge Network

The UK is establishing a Climate Change Knowledge Network of existing southern and northern research institutions to provide policy advice and knowledge to over 60 developing countries around the world. The Network will help them to decide how best to adapt and what measures are best suited to build resilience to climate change.

The expertise available within the network of organisations will provide demand-led, tailored and independent advice to developing country governments, civil society, universities and private sector clients.

The Network will use the latest science to provide information on likely climate change scenarios and support national diagnostics on potential impacts for a country and region. It will help to map out options for low carbon development, including choice of technology and financing sources. It will provide support on monitoring the impacts of climate change on the lives of the poorest and most vulnerable. And it will bring together northern and southern researchers to undertake new research to cover knowledge gaps on request from developing countries.

**3.32** The UK will support more than 60 countries so they can access world class knowledge by establishing a Climate Change Knowledge Network. The network will bring together existing southern and northern research institutions to provide policy advice and knowledge to developing countries around the world.

**3.33** The Network's expertise will be available to developing country governments, NGOs, private sector, research organisations, and UK development programmes so that they can take informed and early action. It will support developing countries to undertake national diagnostics on the potential impacts on their economies and develop evidence-based policy to respond.

**3.34** Many citizens in developing countries do not have the resources to participate meaningfully in national and international debates on climate change either as individuals or interest groups. Internationally, the voices of vulnerable countries are not being heard enough in formal or informal discussions. Over the next four years the UK will support southern networks of civil society groups in their work as climate champions and to deliver change on the ground.

## Scaling up investment in low carbon development

### We will:

- **deliver on our commitments to invest in clean technology and renewable energy in developing countries through the Environmental Transformation Fund.**
- **seek stretching targets for the multilateral development banks to increase their proportion of energy sector lending to clean technology by 2012.**
- **pilot climate change innovation centres and seed funding for clean technology.**
- **explore the use of advance market commitments to stimulate demand for renewable energy and other low carbon technologies in developing countries.**
- **deliver on our commitments to invest in sustainable forestry management.**
- **seek new ways of raising finance to pay for forest management and reduce deforestation and forest degradation.**

**3.35** To avoid dangerous climate change, the world needs to continue to grow but use less carbon and avoid environmental degradation. Developed countries and economically advanced developing countries need to act quickly, as they contribute most carbon to the atmosphere. Low income countries are under less pressure to act as

their emissions are small. But in the long term, they will need to grow and compete in an increasingly carbon constrained world.

### What is low carbon development?

Low carbon development means using less carbon for growth:

- Using less energy, improving the efficiency with which energy is used and moving to low or zero carbon energy sources.
- Protecting and promoting natural resources that store carbon (such as forests and land).
- Designing, disseminating and deploying low or zero-carbon technologies and business models.
- Policies and incentives which discourage carbon intensive practices and behaviours.

**3.36** The UK will engage with country partners in low and middle-income countries and international partners to:

- increase investments in clean and low carbon technology.
- drive innovation through new partnerships with the private sector and civil society.
- invest in forestry.

### Scaling up the use of clean, low carbon technology

**3.37** Some 1.6 billion people are without access to energy – a quarter of the world's population.<sup>66</sup> Energy demand is likely to treble in developing countries by 2030. A

revolution in clean and efficient technology is needed to help developing countries leapfrog over old, carbon intensive technologies. They will also be able to participate in a growing global market in green technologies providing jobs and creating new industries.

**3.38** Over the next three years, the UK investment in the Clean Technology Fund will support 15-20 countries with rapidly rising emissions to transform their use of renewable energy, and make their transport and energy use more efficient. For example, in Egypt, the Fund will increase the capacity of tramlines, the biggest form of mass transport for poor people, by a factor of six (from 70,000 to 400,000 passengers a day) providing more adequate transport and reducing local pollution.<sup>67</sup>



Mali: Fulani man cleaning solar panels with his headscarf. Solar power is a cheap energy source for Africa. (Panos – Giacomo Pirozzi)

**3.39** In five to eight low income countries, the Scaling-up Renewable Energy Programme will focus on stimulating the spread of renewable energy linking it with productive industry (such as milling, manufacturing) and domestic consumers. By 2015 we expect that the programme will provide enough energy to support over 2.5 million households and reduce expenditure on imported diesel.

**3.40** Multilateral development banks are helping to transform energy use and supply in developing countries. This will help promote low carbon growth. The World Bank Group has increased its investment in energy efficiency and renewable energy to \$2.7 billion in 2007-8, representing 35% of their energy lending for that year.<sup>68</sup> But they can do much more.

**3.41** The UK, in consultation with development partners, will seek targets for clean energy investments of 80% for the European Bank for Reconstruction and Development, 60% for the World Bank Group and Asian Development Bank and 40% for the other regional development banks. These proportions will be a stretch, but also a challenge the banks must manage. The UK will seek to ensure the MDBs meet these targets by 2012. Achieving this target for the World Bank alone would result in additional investment in renewables and energy efficiency of around \$2 billion a year by 2012 based on current lending.

### Incubating innovation

**3.42** Clean technology requires innovation – to change business models, raise finance and develop new technologies. The UK will establish pilot centres in at least three countries to provide a national focal point for innovation in the green technology sector, leading to the creation of new jobs and businesses. Seed finance to get the centres up and running will aim to secure £10 of private sector investment for every £1 of public money they spend.

**3.43** Helping developing countries to develop large scale, low carbon technologies such as wind and solar power can only be achieved if the right conditions are in place. One way to do this is to establish better

incentives for the private sector, for example, by setting a fixed price for each unit of clean energy produced. Such measures – sometimes called Advance Market Commitments (AMCs) – would help ensure stable, longer-term returns for companies and would help stimulate more investment in low carbon energy in developing countries. DFID will seek to use AMCs to develop low carbon technologies for energy, as well as for other sectors such as waste management and transport.

### Protecting forests

**3.44** Deforestation and changes in land use are responsible for 18% of global emissions – more than the entire global transport sector.<sup>69</sup> The UK is seeking an agreement at Copenhagen that helps to reduce tropical deforestation by at least 50% by 2020 and halt global forest cover loss by 2030 at the latest.

**3.45** Standing forests are crucial to the livelihoods of 90% of the world's poorest people.<sup>70</sup> Protecting and managing forests will help reduce deforestation, maintain biodiversity, ecosystem services and secure livelihoods. Resources, such as forests, need to be allocated an economic value so that they are more valuable standing as a living, sustainably used resource, than they are when cut down.

**3.46** The UK will use its experience on sustainable forest management to inform discussions on a global mechanism for the reduction of emissions from deforestation and degradation (REDD) under the UNFCCC. Forests can be managed to provide the products that people need while storing carbon at the same time. But this is difficult where governance is weak – where

institutions lack capacity, where rights of local people to use forests are not protected and laws are not enforced, and where global demand for cheaper food and fuel drives unsustainable agricultural expansion.

### Sustaining forests and reducing poverty

Over the past twenty years, the Government of Nepal has handed responsibility for management and use of forests to local communities. Almost 33% of Nepal's population are members of a community forest user group, who harvest a range of products for their use and sale.<sup>71</sup>

The UK Livelihoods and Forestry Programme is helping 527,000 households – 11% of Nepal's population – to make a living from the forests. More than 90% of villagers report that their forests are in better condition now than they were twenty years ago, that wildlife is returning and that water sources are more reliable. These forests also store about 70,000 tonnes of carbon a year.

Livelihoods have improved. Average household income has increased by 60% over the last 5 years. Every £100 spent by the UK gave an increased income of £230 per person over this period.

**3.47** The UK is working with others to help 37 countries to develop plans to combat deforestation and consequently reduce emissions. And we have committed to provide up to £100 million from the Environmental Transformation Fund to help selected countries to implement their REDD plans.



Cameroon: community forest enterprise worker takes a break. The Congo Basin Forest Fund supports forest-based livelihoods which follow sustainable harvesting practices. (DFID – Andrew Inglis)

## Protecting the Congo rainforest

The Congo Basin is home to the second largest rainforest in the world. The forests provide food, shelter and livelihoods for over 60 million people and play a vital role in regulating the global atmosphere by absorbing and storing large quantities of carbon.<sup>72</sup> But logging, agriculture, oil and mining activities are increasing deforestation, with potentially devastating consequences for poor people's livelihoods and the global climate.

In June 2008, the Congo Basin Forest Fund was launched with £100 million support from the UK and Norwegian governments. Managed by the African Development Bank, the Fund will help local communities from eight countries in the Congo Basin to make a living from the forest while at the same time protecting it. The Fund will help communities reforest degraded areas; promote community land tenure rights; and sustainably harvest and sell forest products. It will also help quantify carbon stocks and emissions, ensure community participation is at the heart of a Reduction of Emissions from Deforestation and Degradation mechanism for the region, and help build capacity to participate in this mechanism and future forest carbon markets.

**3.48** The UK will work with development partners, including the private sector, to find new ways of raising finance to pay for forest management to reduce emissions from deforestation. We will press to include forests in the global carbon market so that

countries are paid to protect them. The UK will also explore the role of forest backed bonds to raise private capital.

## Supporting developing countries to adapt to climate change

### We will:

- **deliver on our commitment to help vulnerable countries plan for climate change through the Environmental Transformation Fund.**
- **continue to invest in agricultural research to help poor farmers respond to climate change.**
- **support new water resource management programmes in five developing countries; invest in two new cross-border water initiatives; and strengthen UN coordination on water.**
- **pilot approaches to affordable micro level insurance services for the poor.**

**3.49** Climate change impacts are already being felt. The world is already seeing rising sea levels, changes in rainfall patterns, declining fisheries, land degradation and more frequent and severe climate related disasters. Development, as a means of reducing poverty, is the most effective way to build resilience to the consequences of climate change and to preserve our natural resource base.

### Planning for climate change

**3.50** The UK will help countries plan and implement new climate resilient development strategies through the Pilot Programme for Climate Resilience (PPCR).

Working with eleven of the most vulnerable countries, and drawing on the Climate Knowledge Network, the PPCR will help identify vulnerable sectors and people, and target investments needed to build resilience. Depending on the priorities and vulnerabilities identified by these countries, the programme will support the introduction of climate resilient crops; redesign existing and planned infrastructure for water storage, irrigation, flood protection and hydropower; protect ecosystems; improve weather monitoring and data collection programmes; and introduce guarantees and risk mitigation for the private sector. It will demonstrate how such action can be replicated and expanded.

**3.51** Supporting over 250 million people in countries such as Nepal, Bolivia and Zambia, the PPCR will help ensure that sectors such as water, agriculture, energy and health maintain progress with poverty reduction even if climatic conditions are very different in decades to come.

**3.52** The UK, through its bilateral aid programme, is helping countries plan for climate change. In Western Orissa in India, rural communities are being supported to develop better management and conservation of land and water resources, improve access to drought resistant crops and have better access to social protection measures. The programme has already directly assisted about 250,000 people, enabling almost 72,000 of them to move out of poverty. In Brazil, the UK is supporting a national economic study of climate change. This is showing that climate change will have major impacts on agriculture and Brazil's hydroelectric system (the mainstay of its power supply), and threatens to reverse progress on tackling inequality.

## Investing in vulnerable sectors

**3.53** Natural resources and ecosystems – soil, water, fisheries, forests – are essential for life. The 2005 Millennium Ecosystem Assessment shows that nearly two-thirds of the world's ecosystems are now under threat from current patterns of growth. Unchecked climate change will accelerate the collapse of ecosystems with disproportionate

consequences for the poor. Urgent action on adaptation in vulnerable natural resource sectors is needed.

**3.54** Agriculture – the main source of livelihood for three out of four of the world's poor – is one of the sectors most vulnerable to climate change.<sup>73</sup> Significant investments will be required for its adaptation. The UK



Mozambique, Niassa Province:  
women and girls collect water.  
(Panos – Fred Hoogervorst)

## The personal cost to women

Poor women and girls bear the physical burden of climate change impacts. Increasing water and fuel scarcity will require women and girls to walk further to collect wood and water. Women are responsible for 75% of household food production in Africa and will need to work harder to meet the family's food needs as agricultural productivity declines. Women are 14 times more likely to die than men during climate related disasters – mostly because they are not warned, are unable to swim, are not able to leave the house alone or because they are taking care of children and the elderly.<sup>74</sup>

Learning more about the gendered impacts of climate change and involving women in decision-making on adaptation can reduce the impact on women. For example, community-based cyclone preparedness projects in Bangladesh now involve women, resulting in a reduction in women killed.

is increasing its support to the Consultative Group on International Agriculture Research (CGIAR) to help build responses such as developing climate resilient crop varieties, providing better information on the local impacts of climate change on agriculture, and maintaining agricultural biodiversity.

**3.55** Fisheries are the main source of protein for over one billion people in the world. Yet fish stocks and the marine environment on which they depend are under threat from poor governance, over-fishing and climate change, with adverse impacts on livelihoods, food security, growth and trade. DFID and Defra are working together to support the sustainable management of fisheries and aquaculture. The recently launched fisheries partnership with the New Partnership for Africa's Development and the African Union will be a central focus of this work.

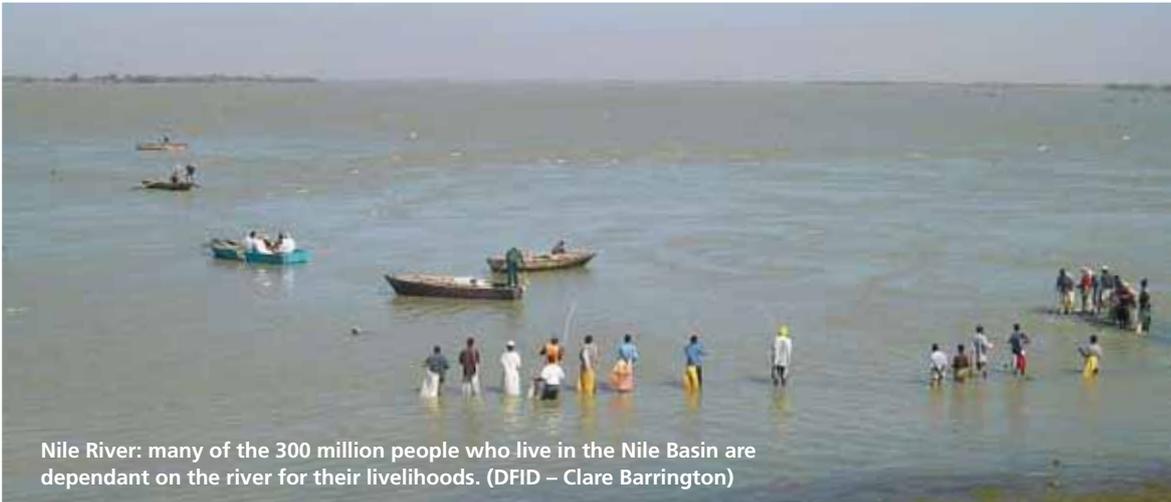
**3.56** Ninety per cent of countries share some of their water with their neighbours.<sup>75</sup> Countries will need to find new ways of co-operating over shared resources. Melting Himalayan glaciers will affect three billion people dependent on food and power from the shared waters in South Asia.<sup>76</sup> In such situations, both natural and artificial systems for storing water could help manage flows.



South-eastern Nigeria: catch of the day – fish are the main source of protein for over one billion people in the world. (Barry Pound)

**3.57** The UK will step up its investment in water resources management. We will support two new major cross-border initiatives, and support new watershed management programmes in five countries. We will also strengthen UN Water to improve global leadership and coordination on water.

**3.58** By 2015, the number of poor people affected by climate related disasters is predicted to increase by 50%.<sup>77</sup> But in developing countries less than 3% of household and business losses from natural disasters are insured.<sup>78</sup> Insurance can often be the single factor that prevents a poor family slipping into destitution after a drought or flood. The UK will help to increase insurance coverage for poor people by working with the private sector and international financial institutions to pilot different insurance approaches in three countries and help develop climate insurance markets that offer affordable products.



Nile River: many of the 300 million people who live in the Nile Basin are dependant on the river for their livelihoods. (DFID – Clare Barrington)

## The Nile Basin Initiative – investing in peace and prosperity

The River Nile is crucial for peace and economic development in Africa. Historically the waters of the Nile have been a source of tension between the ten countries sharing the river. Climate change threatens to exacerbate these tensions as water flows are affected and droughts and floods increase. In 1999, nine of the ten Nile basin countries established the Nile Basin Initiative (NBI) with an agreed vision for the sustainable development of the Basin.

The NBI represents a huge leap forward in one of the most complex and politically challenging river basins in the world, helping to secure peace and prosperity for 300 million people. The UK supported the NBI from the start. Projects being brokered include watershed management, flood preparedness, irrigation, water storage, and hydropower generation. The initiative is also breaking new ground in international water law by supporting the negotiation of a treaty between nine of the countries to share the benefits of water.

## Transforming development practice

### We will:

- **continue to integrate climate change into development policy and practice.**
- **conduct a strategic review of the UK's development programme to improve our efforts on climate change.**
- **make all of DFID's operational activities, both in the UK and overseas, carbon neutral by 2012.**

**3.59** The UK is committed to integrating climate change into its development policy and practice. Staff expertise in DFID has been expanded and new tools and approaches developed for aid programmes, including a new climate risk assessment tool and making climate assessment part of mandatory environmental screening.

**3.60** DFID will, in collaboration with country partners, conduct a strategic review of the UK's development programme to assess how it can improve our efforts on climate change. We will pilot the approach in eight flagship countries and roll it out to all our priority countries by 2013.

**3.61** We will also make all of DFID's operational activities, both in the UK and overseas, environmentally efficient and fully carbon neutral by 2012. We will do this by implementing office environmental management plans to increase energy efficiency and by offsetting our remaining carbon emissions.

**3.62** The UK will meet its own climate change obligations. Domestically, through our commitments in the Climate Change Act and as outlined in DECC's forthcoming climate change and energy White Paper. We will also continue to stretch ourselves and challenge multilateral and bilateral development partners to be more ambitious internationally.

**3.63** But countries will not be able to grow, reduce poverty and pursue climate resilient and low carbon development without peace and stability. The next chapter outlines how we intend to work to build peaceful states and societies.

A woman, Toyota Maombi, is the central figure in the image. She is wearing a vibrant red long-sleeved shirt and a dark brown headwrap. She has a slight smile and is looking towards the camera. She is holding a white placard with black text in French. A colorful patterned cloth is draped over her chest. To her left, a man is partially visible, looking towards the camera. In the bottom right corner, a young child is looking towards the camera. The background is a green fabric wall.

Nous voulons  
l'unité et la  
réconciliation

DRC, Goma, North Kivu: Toyota Maombi, a 35 year old mother of five, attends a camp for internally displaced persons. Her placard reads 'We want unity and reconciliation'. (Panos Jenny Matthews)

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# Chapter 4: Building Peaceful States and Societies

## The challenge of conflict and fragility

**4.1** We cannot eradicate world poverty if we ignore countries affected by conflict or bad governance. While they account for only a fifth of the population of developing countries, they include a third of those living in extreme poverty, half of children who are not in primary school and half of children who die before their fifth birthday.<sup>79</sup>

**4.2** In fragile countries, governments cannot or will not deliver core functions – such as security, schools or clinics – to the majority of their people. Countries range from those affected or emerging from conflict to those with strong governments which are not committed to poverty reduction and where human rights are routinely abused. Some suffer from a prolonged crisis or see development reversed.

**4.3** Instability, violence and insecurity still blight the lives of millions of men, women and children. To reduce poverty effectively, and allow each person to achieve their full

potential, we need states that are capable, accountable and responsive and where a flourishing civil society empowers citizens to realise their rights.

**4.4** The rights to life, liberty, a fair trial, freedom from torture, freedom of expression, and equality before the law, among others, are essential in building peaceful and prosperous societies. So too are the rights to food, water, education and health, which are at the heart of the Millennium Development Goals.

**4.5** We know we can make a difference. The number of conflicts is declining. International action has been successful in stopping wars. Since 1946 fewer than 6% of conflicts ending in a peace agreement have returned to conflict within five years.<sup>80</sup>

**4.6** But the conflicts that remain have become more entrenched – half of current conflicts are deemed intractable, having continued for more than 20 years.<sup>81</sup> The global economic crisis is putting an additional strain on states and societies.

More than 20 countries experienced disorder over high food prices in 2008.<sup>82</sup> As the world becomes more urbanised, we have to pay even more attention to crime and violence in cities and the growing problem of international organised crime. And climate change is placing additional pressures on water, land and food supplies. It will generate new and increased migratory flows, which will create opportunities for many but also new tensions.

**4.7** To address these increasingly complex challenges, we need to put into practice what we have learned over the last few years, based on our successes as well as our failures. A new approach is needed. We must focus directly on what makes states fragile and fuels violence.

**4.8** We should not underestimate the scale of the challenge. The risks of providing aid to countries where institutions don't work, criminality and corruption go unchecked and repression is a daily occurrence, are real. But, the alternative of a world of growing instability is not acceptable. It would bring significant threats to both the lives of the poorest women, men and children and to our own security. The costs of inaction would be too high. Rather than turn away, we must work in new ways and build a new international consensus.<sup>83</sup>

**4.9** We must focus more than ever on building peaceful states and societies, working more politically to achieve that end. The best way to stem the rise of violence and create a platform for sustained growth is to build a state that is capable of delivering basic services effectively and fairly, and is

accountable and responsive to its citizens. It also requires working more politically. Conflict and fragility are inherently political. They are about how power and resources are shared in society, between ethnic groups, social classes or men and women. Their solutions must be rooted in politics.

**4.10** We must make security and justice a priority. It is often easy to forget the effect everyday instability can have on individuals and economies. Insecurity prevents investment and stifles growth. Even less noticed is the direct impact it has on poor people. The effects of lawlessness, the fear of victimisation and a sense of powerlessness overshadow their daily lives. We know because, when asked, poor men and women put it on top of their list of priorities: they want to feel safe in their neighbourhoods, markets, roads and towns. They want institutions that protect their rights. Women are often more vulnerable to violence, but less able to get protection. Not enough is being done to address these demands. Governments and donors too often fail to include security and justice in their development priorities. This needs to change.



Eastern DRC: nurses from the Panzi hospital, which treats victims of rape and sexual violence. (DFID – Laure-Hélène Piron)

**4.11** We must focus more on creating economic opportunities. Social injustice and lack of opportunity perpetuate cycles of violence and can render peace fragile. Unemployment is a grievance that can fuel conflicts, making it easier for warlords to recruit, from Sierra Leone's civil war to the Maoist insurgency in Nepal. And the mismanagement of natural resources – such as oil in the Niger Delta – robs communities of their potential, leaving elites wealthier and state revenues empty.

**4.12** We must continue to improve effective work across government departments. Development agencies have a major role to play – they can help governments and their people address the underlying causes of conflict and fragility and build capable, accountable and responsive public institutions. But in fragile countries, development cannot be separated from politics and security. It is critical to bring together development, defence and diplomacy efforts to forge a comprehensive approach towards a shared outcome: peace.

**4.13** And we must work with our international partners to create a faster and better co-ordinated international response in the immediate aftermath of conflicts. Helping a fragile country back onto its feet is difficult. Many of the principal lessons have been identified. The scale and complexity is simply too big for one single partner. More often than not, we need to work through the international system, drawing on its resources for conflict prevention, peacekeeping, humanitarian and post-conflict recovery. Too often the international community struggles to quickly exploit windows of opportunity in the immediate aftermath of conflict which could build strong foundations for peace.

**4.14** This chapter describes how the UK will change what we do and how we work to:

- help build peaceful states and societies as a foundation for sustainable development.
- treat access to security and justice as a basic service.
- support economic opportunities.
- work more effectively across government departments.
- deliver a faster and coordinated international response in the immediate aftermath of conflicts.

## A new approach: prioritising peace and state-building

### We will:

- **allocate at least 50% of all new bilateral country funding to fragile countries.**
- **focus our development support in fragile countries on four new objectives to promote peaceful states and societies.**
- **expand our use of political analysis to inform the choices we make.**
- **consider commitments to peace and security as part of our development partnerships.**
- **increase support for democratic politics, including peaceful, free and fair elections.**



Nepal: Maoist candidate Pumphas Bhusal celebrates her victory in Nepal's historic 2008 election aimed at redrawing the country's constitution. The proportion of women in Parliament rose from 6% to 33% at these elections. (Panos – Tomas van Houtryve)

## Sustaining the peace in Nepal

The UK is increasing its political and financial support to assist Nepal after 10 years of civil war through:

- supporting the implementation of the peace agreement by helping the integration of former combatants into a single national army under civilian control.
- fostering a political settlement by supporting successful elections in April 2008 and the drafting of a new Constitution. Women, 'untouchables' and tribal groups were helped to have a voice in the political process through cross-party networks of women politicians and training, and civic education for young activists.
- strengthening the core functions of the state by supporting the police to maintain law and order; central government to manage its finances more efficiently and openly; and local government to be more accountable to the people through greater representation of excluded groups.
- contributing to stability and the perception of a 'peace dividend', for example financing free healthcare in the facilities that poor people use most.
- helping to generate 100,000 short term jobs to build 800 km rural roads. The skills of 35,000 job seekers will be improved, particularly young men and women and excluded groups, linked to real jobs with decent pay and working conditions. In the longer term, an estimated 50,000 jobs in agriculture and tourism will be created, by improving the investment climate.
- producing up-to-date political economy analysis such as on the rise of identity politics, to inform the UK and the international community's contribution to longer-term peace.

'I have greatly benefited from...capacity building support in my journey to the Constituent Assembly. My party realised my potential after I participated in the women's development network'. Krishna Kumari Pariyar, one of the first female Dalit members to be elected in a Nepali parliament elected in April 2008 and assisted by DFID.

4.15 Over the last five years, the UK has doubled its aid to fragile and conflict-affected countries to £1.2 billion a year, and is now the third largest bilateral donor to these countries.<sup>84</sup>

4.16 The UK will maintain this momentum, by allocating at least 50% of all new bilateral country aid to fragile and conflict-affected countries.

4.17 We will adopt a new approach to build peaceful states and societies in these countries, giving priority to four objectives in order to create the conditions for effective longer-term poverty reduction:

- support inclusive political settlements – forging a common understanding about how political power is organised and shared in society. For example, by assisting peace negotiators, or helping women and minorities take part in politics.
- directly address the underlying causes of conflict and fragility – such as discrimination against marginalised groups or high numbers of unemployed young men.
- support states to carry out core functions essential for state survival – usually security, rule of law and revenue-generation. For example, making sure police officers and judges are trained, paid, and trusted.
- help states meet the expectations of women, men and children. This is crucial to ensure that the state has legitimacy, and can include schools, clinics, roads as well as respect for human rights and free

and fair elections. We will support service delivery in ways that reduce the potential for conflict and do not undermine state capacity.

4.18 The UK's recent development strategy in Nepal has adopted this new approach.

4.19 To put this new approach into practice, the UK will increasingly put politics at the heart of its action. We need to understand who holds power in society, so we can forge new alliances for peace and prosperity. This requires close co-operation between FCO and DFID. Our country strategies to reduce poverty are already based on political and governance analysis. In the future, understanding political dynamics will shape more of our programmes. This will change the decisions we make about how we spend our aid budget, what we want to focus on and who we want to work with.

4.20 The UK believes an effective aid partnership should be based on a shared commitment to three principles:

- reducing poverty.
- respecting human rights and other international obligations.
- strengthening financial management and accountability.<sup>85</sup>

4.21 The UK will explicitly consider a country's commitments to peace and security under the human rights and international obligations partnership principle, for example tracking the fulfilment of partner governments' responsibilities on peace agreements and the protection of civilians.

**4.22** Elections play a pivotal role in helping to forge a better deal between citizens and the state. But they can also increase tensions and result in violence. The international community must not only focus on election day, but work throughout the political cycle – for example with parliaments. The UK will support programmes to deepen democratic politics. We will provide additional help to African regional organisations that offer technical support for credible elections and mediation before or after contested elections to reduce violence.

## Treating security and justice as a basic service

### We will:

- **treat access to security and justice as a basic service and triple our direct project funding.**
- **give priority to measures to tackle violence against women.**
- **build an international partnership to promote security and justice.**



Kenya, Nakuru: people flee violence following disputed election results (Panos – Sven Torfinn)

## Successful AU mediation in Kenya

Through the Africa Conflict Prevention Pool (a tri-departmental pool that brings together DFID, FCO and Ministry of Defence (MOD) resources), the UK government responded quickly to the 2007 Kenyan election violence. We supported the mediation efforts of a Panel of Eminent African Personalities, led by Kofi Annan under the auspices of the African Union. The mediation brokered a power-sharing arrangement and led to the creation of a government of national unity. It also set in train the Kenya National Dialogue and Reconciliation Process.

**4.23** Security and access to justice are essential for sustainable development in both fragile and more stable environments. The poor themselves cite insecurity and powerlessness as some of the biggest impediments to a better life.<sup>86</sup> Women and children are disproportionately affected, particularly in conflict and post-conflict situations where they face high risks of sexual violence. Delivering access to security and justice for ordinary people is at the heart of ensuring that our aid is both effective and does not ignore some of the most immediate threats to poor people's lives.

**4.24** The UK will treat security and access to justice as a basic service, on a par with health and education, and a fundamental right as recognised in the Universal Declaration on Human Rights. The UK government's vision is that everyone – without discrimination – should have access to appropriate, affordable and accountable services that protect their rights, keep their families safe and resolve disputes fairly and promptly. To deliver this, we will do three things.

**4.25** First, the UK will triple bilateral project funding for security and justice to £120m by 2014, supporting better service delivery at state, local and non-state level. Our funding will help protect men, women and children from physical violence, crime, torture or arbitrary arrest; make sure their property is secure; and give them access to legal advice and a fair trial, with representation if needed.

**4.26** Through approaches such as security sector reform – for example working with Ministries of Defence or parliamentary committees – we will help the poor benefit from accountable and effective security organisations they can trust, operating

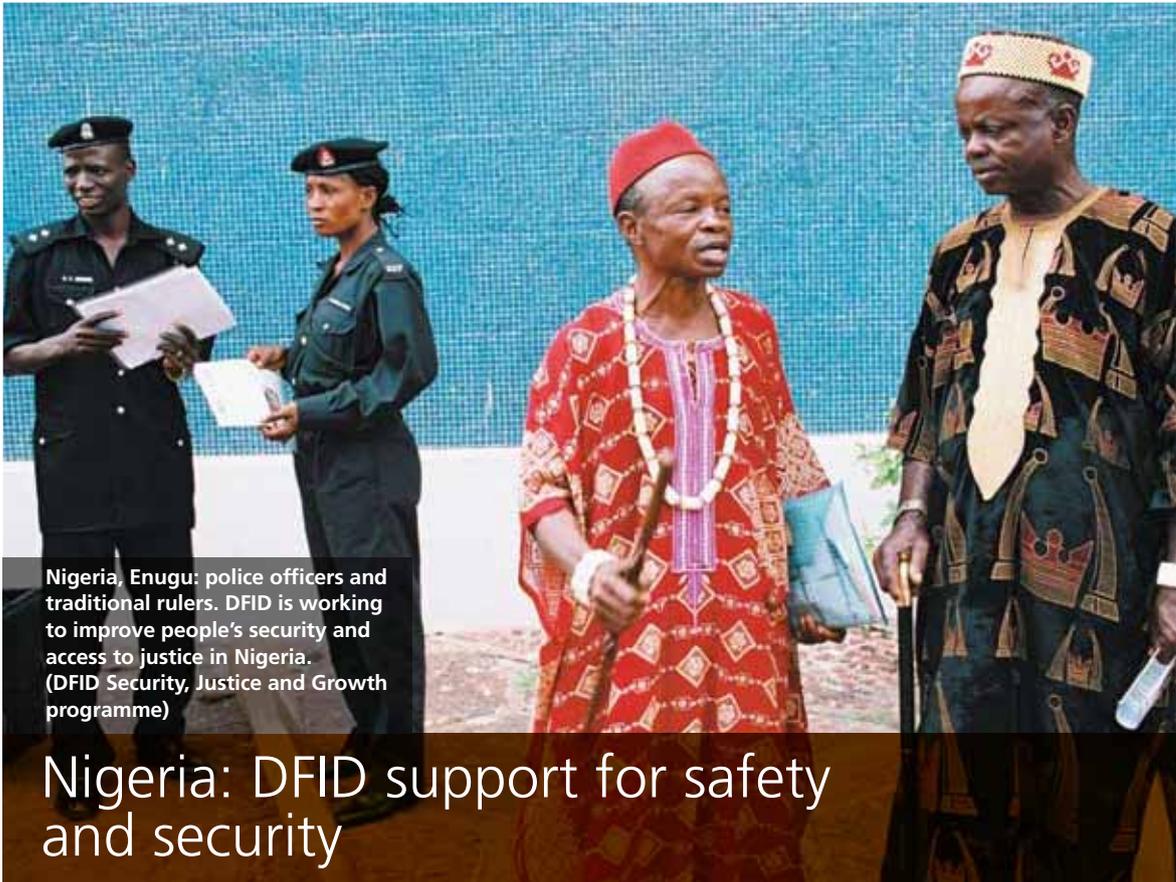
within the rule of law and adhering to human rights standards. We will help build effective criminal justice systems – encompassing police, prosecutors, judges, lawyers, prisons and probation officers – as well as civil justice systems that deal with family, commercial, land and other non-criminal matters important to reduce poverty. At the community level, we will support traditional leaders or community members with a basic training in law to assist citizens in claiming their rights and solving disputes.

**4.27** Second, the UK will ensure all new security and access to justice programmes include measures to support women and girls affected by violence, in particular in conflict and post-conflict situations. Worldwide as many as one in three women are beaten, coerced into sex or otherwise abused in their lifetime.<sup>87</sup> We want to prevent such violence from occurring in the first place, and also offer support in the aftermath of violence, by training the police and judiciary so they can respond in the right way, and helping victims re-establish livelihoods.

**4.28** Third, the UK will build an international partnership to promote security and justice. By collaborating internationally, we can be more effective. But the main bilateral, regional and international organisations working on this agenda often have different

**“It is now more dangerous to be a woman than a soldier in DRC”**

Major General Patrick Cammaert, UN deputy Force Commander for eastern DRC



Nigeria, Enugu: police officers and traditional rulers. DFID is working to improve people's security and access to justice in Nigeria. (DFID Security, Justice and Growth programme)

## Nigeria: DFID support for safety and security

'Until community policing we had to sleep with one eye open; now we can sleep with both eyes shut. We pray that all of Nigeria adopts this system'. Community member Gwagwalada, Nigeria.

As a result of DFID assistance, community policing has now been adopted as policy both by the Nigerian Police Force and by the Ministry of Police Affairs. DFID has supported implementation of community policing in 18 of Nigeria's 36 states with improvements in public perceptions of policing. In Kano State over a 12 month period: fear of crime was down by 20% (68% to 48%), 56% of respondents reported less corruption, 30% reported more co-operation, 93% reported improved police behaviour. Evidence from Lagos and Abuja shows proactive intelligence-led policing and beat patrols are resulting in more effective preventive policing – and ultimately safer communities.

policies and are not coordinated on the ground. As a first step, we will improve access to expertise, including among developing countries themselves. British advice is regularly sought, for example on law enforcement, and we are investing in

making sure our experts are well prepared. In 2007, the government established the Justice Assistance Network to coordinate the activities of over 20 departments and agencies which has developed a new course for UK experts going overseas.

## Generating economic opportunities and managing natural resources

### We will:

- **expand support for economic opportunities in fragile and post-conflict countries.**
- **support a new initiative to better manage natural resources.**

**4.29** Economic development can help tackle instability and insecurity by giving everyone a stake in peace. But in difficult environments, especially just after a conflict, investment does not flow.

**4.30** Short-term employment generation schemes can provide immediate relief, offering alternatives to violence for former combatants or young men. Labour-intensive public works programmes improve roads and schools, so farmers can sell their products and children can get an education, and put cash in the hands of families.

**4.31** Developing women's skills is vitally important, especially contributions to the "informal" and "invisible" sectors where most of their economic activity takes place. The best support is for productive activities and decent work.

**4.32** UK assistance already creates livelihoods opportunities, for example, in Afghanistan through agriculture, rural enterprise or private sector development programmes. In the future, the UK will help fragile and post-conflict countries generate economic opportunities which will benefit 7.5 million

men, women and their dependents in five priority countries over five years.

**4.33** Ultimately, sustained growth comes from a flourishing private sector, backed up by a safe environment to invest. The International Growth Centre (see Chapter 2) will make research and advice on growth and job creation in fragile countries a priority.

### Creating economic opportunities

DFID is funding the Palestinian Facility for New Market Development which encourages Palestinian businesses to take risks in an unstable environment. After only ten months, exports from partners have already reached over ten new countries: including organic soap to Norway, Malaysia and Yemen, stone to Jordan, Taiwan and USA: IT programmes to Sudan and United Arab Emirates and toys to Spain and France.

**4.34** The mismanagement of natural resources can increase fragility and lead to conflict. Money from oil, minerals, gemstones and timber has fuelled some of the world's most intractable wars – in Angola, DRC, Liberia and Sierra Leone. Iraq's future stability and the health of its democracy depend on achieving a sustainable settlement to the sharing of oil revenues.

**4.35** The UK has spearheaded important initiatives to improve transparency and accountability in the responsible management of natural resources – for example the Extractive Industries Transparency Initiative and Kimberley Process that certifies "conflict-free" diamonds.

**“Now we have security but no jobs – so the peace is not complete”**

Farmer, Paghman, Afghanistan

**4.36** The time is right to build on these voluntary initiatives with a new, more comprehensive model. The UK will lend its support to the Natural Resource Charter, written by an independent group of experts, and already welcomed by the African Development Bank. This initiative sets out 12 guiding principles to help societies and governments use natural resources for peaceful ends – from the decision to extract resources to how the revenues they generate should be managed.

## Working across government

### We will:

- **develop new joint government strategies in fragile countries.**
- **establish a cadre of 1,000 civilians to operate in the most unstable environments.**
- **publish a UK strategy for the protection of civilians in armed conflict.**
- **support an international treaty to regulate the arms trade.**
- **continue support to clear unexploded ordnance.**

**4.37** In fragile countries, poverty reduction cannot be separated from progress on politics and security. British diplomats, development and defence colleagues now adopt a comprehensive approach, working closely together in distinct but complementary ways. Public service agreements are an important means of coordination.

**4.38** We will strengthen our efforts in five main ways.

**4.39** First, we will agree more joint UK government strategies. In 2009, the UK will produce a Conflict Strategy to guide how we tackle conflict globally. By June 2010 we will develop joint strategies in all fragile countries where they do not already exist and where the UK has a substantial development programme, agreeing joint objectives within the framework of individual departmental mandates and capacities. The recent UK government strategy towards Afghanistan and Pakistan shows how development assistance plays a vital part in a coherent UK effort.

**4.40** Our work on conflict will be supported by the UK's Peacekeeping Budget and the Conflict Pool.<sup>88</sup> In 2003–4 UK spending on peacekeeping and through the Conflict Prevention Pools was £426 million. For 2009–10, £627 million has been allocated for peacekeeping, conflict prevention and stabilisation activities.<sup>89</sup> The evidence shows that international peacekeeping and conflict prevention are sound investments. We will ensure that cross-government funding arrangements continue to support conflict prevention activities in priority countries whilst continuing to meet our future peacekeeping obligations.

**4.41** Second, more civilian expertise for conflict situations. International military efforts are often needed to keep the peace following a political settlement, to prevent further violence and create a secure environment. But to build sustainable peace, a comprehensive approach is needed. This includes civilian efforts to improve state legitimacy and capacity, deliver basic services and kick-start economic recovery.

**4.42** In crisis situations where international agencies can operate more effectively, the UK will seek to strengthen and support them to lead the civilian effort. In more insecure environments, DFID will play a leading role, through the tri-departmental Stabilisation Unit, in planning and delivering the UK's contribution to peace, the re-establishment of state authority and recovery.

**4.43** This means building the capacity to deploy civilian experts – from engineers to lawyers – alongside UK and international military deployments. By the end of 2009, the UK, through the Stabilisation Unit,

will have established a capability of at least 1,000 civilians with a wide variety of expertise able to operate in unstable environments. This includes 800 stabilisation experts, a cadre of around 200 civil servants, and a wider network of professionals willing to assist in conflict-affected environments.

**4.44** The Stabilisation Unit will help develop cross-government plans integrating civilian and military efforts, and pull together lessons to improve the impact of future UK efforts. Cross-government plans will be supported by the Conflict Pool so that the UK is able to help prevent and respond to conflicts that affect the lives of millions of people in fragile countries.

**4.45** Third, a UK strategy for the protection of civilians in armed conflict. During armed conflict, men, women and children are caught up in the violence. Sometimes they are deliberately targeted and sometimes they have to flee their homes to escape fighting. We want to make sure we are doing everything we can to protect these

### High level government coordination through Public Service Agreements

The 30 Public Service Agreements (PSAs) agreed at the Comprehensive Spending Review in 2007 set out the government's highest priority outcomes for 2008-11. They are, in essence, a contract between the UK government and citizens on what government departments will deliver. Each PSA has a lead department responsible for driving and coordinating delivery, supported by other government departments.

DFID leads on PSA 29 (Poverty Reduction). Delivery partners are: FCO, Defra, DECC and HMT. DFID is a delivery partner for PSA 30 (Conflict) led by the FCO and PSA 27 (Climate Change) led by DECC and makes a contribution to PSA 26 (Counter Terrorism) and PSA 3 (Migration) led by the Home Office.

PSAs serve as important mechanisms for high level coordination across departments. They are interdependent, with progress in one area closely linked to progress in others. Sustainable progress on all of the above requires departments to work closely together.



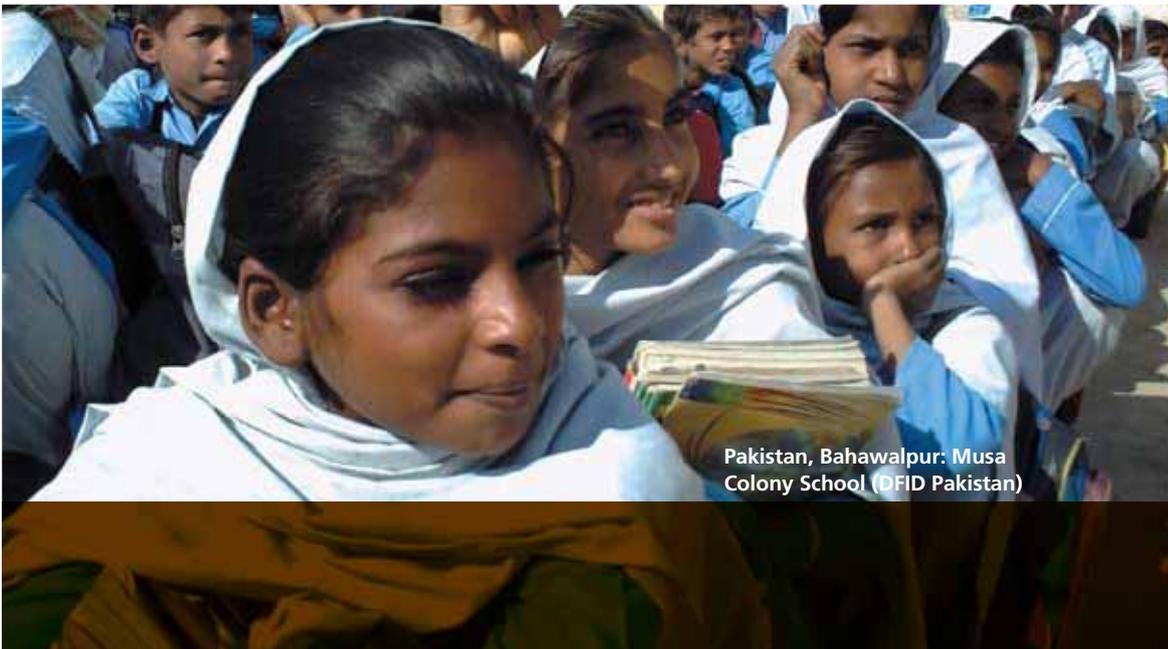
Afghanistan, Helmand: Lashkar Lal: legal education shura  
(Frazer Hirst)

## UK Policy in Afghanistan and Pakistan

The challenges facing Afghanistan and Pakistan are substantial and complex: ranging from security and governance, to poverty and human rights, including women's rights. But it is vital to the region, to global security and to our own security, that these challenges are met. The situation in both countries has changed significantly in the last year. We have adapted our activities across development, diplomacy and defence, as part of an integrated approach – described in the new strategy “Afghanistan and Pakistan: The Way Forward”.<sup>90</sup> The strategy is clear that whilst Afghanistan and Pakistan are very different countries, they require complementary policies. Efforts must be led by the Afghan and Pakistani governments, with the international community's support.

In **Afghanistan**, we are supporting the Afghan government, both nationally and in Helmand Province. We are focusing on building Afghan capacity, so they can take control of their own security, governance and development. Over time the UK will shift the balance of its military effort away from front line combat and towards training the Afghan police and army. This will be integrated with civilian efforts to help build effective Afghan institutions. We are committed to strengthening Afghan democracy, including by supporting credible and inclusive elections, sub-national governance and rule of law, and backing Afghan efforts to tackle corruption and take forward the process of reconciliation.

These efforts will only be sustainable if Afghans are given a stake in their future through economic development. At least 50% of DFID's £127.5 million annual aid to Afghanistan will be channelled through Afghan government systems, to spend on basic services. For example this will help fund 165,000 teachers to educate 6.5 million children. We will spend £25 million over the next four years to help the Afghan government with revenue-



Pakistan, Bahawalpur: Musa Colony School (DFID Pakistan)

raising and budgeting. DFID support to Helmand will help 400,000 people with clean water, better roads and the opportunity to earn a decent wage. Improved coordination between civilians and military in Helmand, working to a joint plan for the key population centres, shows how we have adapted to the challenge of delivering support in difficult security conditions. We will continue to support the Afghan government on counter-narcotics. In Helmand we are supporting the development of markets for alternatives to poppy that will benefit more than 38,000 farmers.

In **Pakistan**, UK policy is based on principles shared with the Government of Pakistan. These include the need for good governance and economic development, as well as providing security and tackling terrorism. To help meet these needs, the Prime Minister and President Zardari of Pakistan launched a UK-Pakistan Strategic Dialogue on 13 May 2009. They agreed to work together on high priority issues. Increased co-operation on security and diplomatic issues is complemented by UK aid to Pakistan, which focuses greater attention on the basic human challenges Pakistan faces.

That is why the UK has increased development assistance to Pakistan to £665 million over 2009–13, providing more support for education, health, making governance more effective and growth work for everyone. This will contribute to five million more children in primary school and train 15,000 health facility staff. Increasing our work in the areas of Pakistan that border Afghanistan (including on education and governance) will also help the Government of Pakistan to tackle grievances that can fuel violent extremism.

Maintaining long-term vision and commitment will be essential. The success of UK and international efforts to help the governments of Afghanistan and Pakistan bring stability, democratic governance and prosperity to the region depends on it.



Eastern DRC: bridge over the Ituri River (Eddy Bynens)

## Joined up assistance in eastern DRC

In eastern DRC, UK departments are joining forces with the UN to replace a key bridge across the Ituri river. This bridge is on the main transport corridor between the Atlantic Ocean, Kisangani – the main trading hub of the North East – and on to East Africa. Built in 1948 and 125 meters long, it had collapsed recently under excessive load.

With Conflict Prevention Pool funding – procured through an existing MOD framework agreement – DFID is managing the project to build a stronger bridge, and providing technical oversight. The FCO is working closely with the government to ensure their full support. The UN mission to DRC is providing logistics and military engineers to erect the bridge. Without such UK and international collaboration, there would be no new bridge, and a crucial trade route to eastern DRC would remain blocked.

vulnerable people, in line with international law. So in 2009, the UK will publish a new strategy on the protection of civilians in armed conflict which will include political, military, humanitarian and development efforts.

**4.46** The UK already plays a leading role in ongoing UN dialogue and activity on the protection of civilians in Afghanistan. We

intend to keep this issue prominent on the political agenda.

**4.47** The UK believes that combating impunity for the most serious crimes – genocide, crimes against humanity and war crimes – is essential to build peace and to deter future crimes. We are a strong supporter of the International Criminal Court and the international tribunals and

we match our words with action. As well as political and financial support, we actively facilitate the tribunals' work, including through sharing information, witness protection and sentence enforcement agreements. We also support national and community efforts to seek truth, justice and reconciliation, from Guatemala to Rwanda.

**4.48** Fourth, an international Arms Trade Treaty and work to ban cluster munitions. Armed violence kills at least 740,000 people a year, with many more injured or disabled.<sup>91</sup> Well-trained and publicly-accountable police and armed forces can make societies safer. We want a responsible, regulated arms trade that reduces the risk of weapons falling into the wrong hands, corrupt practices, and excessive, unaccountable spending. FCO, MOD, DBIS and DFID are working hard together to promote action on an Arms Trade Treaty. In October 2008, a record 147 United Nations member states expressed support to move forward with negotiations. This would complement the UK's own export measures which have been recently improved to cover issues such as UK brokers working overseas and tightening controls on the export of small arms and light weapons and cluster munitions.



Mozambique: the artist Makolwa sits on a chair made out of machine guns and mines. (Panos – Alfredo D'Amato)

**4.49** In May 2008, the Prime Minister announced UK support for banning cluster munitions. This proved a pivotal moment in the negotiations on the Convention on Cluster Munitions, which led 96 states to sign it. The UK has now stopped using cluster munitions and begun destruction of stockpiles. Subject to parliamentary approval, UK ratification of the Convention should take place in 2010. The UK will spend £10 million a year until 2013 to clear unexploded ordnance, including landmines and cluster munitions.

**4.50** Fifth, preventing violent extremism. The UK will ensure that our poverty reduction work also addresses those grievances that contribute to violent extremism. This is an important component of the government's counter terrorism-strategy (CONTEST) which emphasises addressing the root causes of terrorism. Providing better community security, education or jobs is not only the right approach to fight poverty in fragile contexts. It can also help address some of the deep social and economic grievances which can make communities more susceptible to extremist messages.

**4.51** Community policing which addresses the everyday concerns of ordinary people also builds confidence in the state. Education reform that emphasises independent thinking and tolerance helps people move away from hatred, bigotry and reliance on violence. Development can help address these drivers of radicalisation. In Pakistan DFID is increasing spending on education and for civil society organisations, and in Bangladesh on skills training and police reform.

## Working internationally to lay the foundations for peace

### We will:

- seek improvements to the management of UN peace support operations.
- invest in the AU's capacity to manage peace support operations.
- increase funding to the UN Peacebuilding Fund contingent on its performance.
- press the UN, World Bank and EU to agree clear roles and responsibilities in fragile and conflict-affected countries.
- support the implementation of the Responsibility to Protect.

4.52 We need to accelerate the international response to conflict and fragility.

4.53 At the centre of international efforts is the UN. Through the UN's Security Council, member states mandate international and regional peacekeeping and political action to maintain international peace and security. The UN's own "conflict toolkit" includes political mediation, peacekeeping, peacebuilding, recovery, human rights and humanitarian work. In addition, the UN often co-ordinates the international community's civilian efforts to help post-conflict recovery.

**"Prevention pays: each £1 spent on conflict prevention generates over £4 in savings to the international community"<sup>92</sup>**

4.54 Other main actors include:

- the European Union, which covers the spectrum from political and security to development and humanitarian assistance.
- the African Union, which in recent years has proved itself in political mediation and peace support operations.
- the World Bank, which provides technical assistance and financial management for critical aspects of post-conflict recovery, paving the way for longer-term development.

4.55 The UK wants to improve the way the international community works in five main ways.

4.56 First, we want to strengthen international peacekeeping. Peacekeeping operations are normally established following a political settlement, to assist the transition from conflict to peace. Successful UN operations have made a difference to the lives of millions around the world – from Haiti to Sierra Leone to East Timor. And the African and European Unions and NATO have important roles in putting peacekeepers on the ground too.

Liberia, Monrovia: the Ethiopian battalion of the United Nations Mission in Liberia (UNMIL). (UN Photo – Christopher Herwig)



## A successful UN peace support operation in Liberia

For over eight years since he completed high school, John Mulba struggled to support his wife and two children: ‘When a man lives from hand-to-mouth, even his own children will not be proud to call him father.’ This situation looks set to change thanks to the work of UN peacekeepers deployed in Liberia. Six years after the end of a brutal civil war the focus of the UN’s work here has shifted from winning hearts and minds to capacity building. Mulba has recently graduated as a carpenter after attending a vocational training course conducted by UN peacekeepers deployed in Liberia. ‘With the skills I have acquired, I will no longer go about begging in order to feed my family’, he says.

4.57 UN peacekeeping works. It can reduce the risk of war restarting by up to 85%.<sup>93</sup> It is less costly than letting wars fester – the total cost of civil war is estimated at over \$60 billion.<sup>94</sup> And it is significantly cheaper than putting UK troops on the ground.

4.58 The UK will continue its strong political and financial support for UN peacekeeping. This includes actively pressing for more effective UN peacekeeping operations through ensuring the Security Council has:

- better access to conflict analysis and military advice to ensure mandates are clearly focused, addressing both security and peacebuilding concerns and incorporating ways to measure progress.
- closer engagement with troop and police contributors.
- more regular look at wider peacekeeping challenges.

**4.59** We will also continue to work with international partners towards providing predictable funding and logistical support for African Union (AU) peacekeeping. We will continue to invest in the capacity of the AU's Peace and Security Directorate, so it can plan and manage peace support operations better. And we will maintain strong support for the Africa Peace Facility, an EU funded but Africa-led initiative, which has helped sustain financing for AU operations.

**4.60** Peacekeeping alone cannot address the underlying causes of conflict. We need to boost civilian efforts so that the peace is durable and peacekeeping troops can leave.

**4.61** Second, we will strengthen the UN's work on post-conflict recovery. The UN Secretary-General recently issued an important report on peacebuilding to improve the UN's response.<sup>95</sup> We will ensure rapid progress to implement its recommendations.

**4.62** We will seek to strengthen the UN Peacebuilding Commission and Peacebuilding Fund. They have had some modest successes but could achieve much more. We want the Peacebuilding Commission to facilitate real progress working at country level bringing together post-conflict governments, diplomats,

peacekeepers and donors around shared political and aid commitments and making sure they hold each other to account.

## UN Peacebuilding

The UN Peacebuilding Commission and Peacebuilding Fund were established in 2005 to help the international community work more effectively in post-conflict countries. The Commission brings together donors, troop contributors and representatives from UN inter-governmental bodies and the World Bank. It aims to mobilise political attention and funding for countries emerging from conflict. The \$300 million Peacebuilding Fund provides funding to meet post-conflict recovery gaps and has supported 11 countries.

In Burundi, the Peacebuilding Commission defused a potential security crisis when the IMF signalled its intent to halt loans. And in Sierra Leone, the Peacebuilding Fund provided crucial assistance to the running of credible, free and non-violent elections in 2006. This included interim finance to keep electricity running in Freetown over the election period and the recruitment and payment of salaries of 37,000 polling staff.

**4.63** The Peacebuilding Fund needs to fulfil its potential as the rapid-response source of financing for post-conflict recovery, and to support a unified UN effort at the country level. The UK will increase its funding if its effectiveness improves: if it becomes more strategic, disburses more quickly, implements projects faster and monitors results.

Sudan, Darfur, El Fasher: Nigerian female peacekeepers, part of the first contingent of the United Nations and African Union Mission in Darfur (UNAMID). (Panos – Sven Torfinn)



## How the African Union is transforming Africa

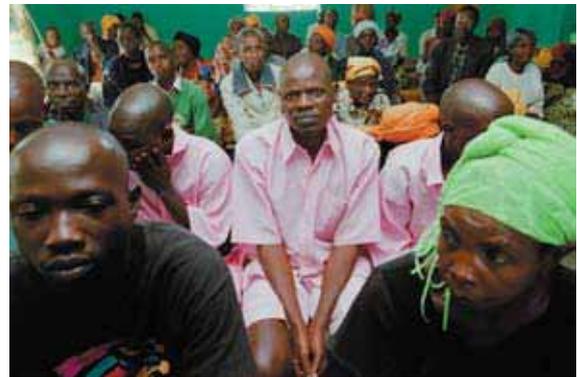
- Peacekeepers for African conflicts – AU peacekeepers deployed in Somalia and in the joint UN-AU mission in Darfur.
- Mediation to prevent conflict – the AU provided crucial support for Kofi Annan's mediation following the post-election violence in Kenya in 2007-8.
- Capability to deal with crises – the AU is building, with support from UK and others, the ability to address future crises through an Africa Stand-by Force, a Continental Early Warning System and its 'Panel of the Wise' mediators.
- Promoting good governance – the AU is criticising poor governance and conducting peer review amongst its member states and strengthening its election-monitoring capability.
- Protecting human rights – through the recently established African Court on Human and People's Rights.
- Promoting low-carbon growth – through its ClimDev programme.
- Strengthening regional economic integration – through the regional economic communities.

**4.64** Third, the UK will press the UN, World Bank and EU to agree and implement clear roles and responsibilities in post-conflict recovery work, including closer joint arrangements between the UN and the World Bank in at least two countries. They also need to deliver effective support more quickly for key post-conflict sectors – including economic recovery, security and rule of law, and public administration. We will work to ensure a more coordinated international approach to rosters of experts so that there are more civilians available to work in fragile situations – including individuals from developing countries. And the Bank needs to become more effective in fragile contexts through further decentralisation of staff and decision-making authority, and more suitable planning and financing procedures.

**4.65** Fourth, the UK will press the EU for a stronger, more coherent effort in fragile and post-conflict countries. The EU has the full range of instruments to help prevent conflict and build peace – from peacekeeping missions to election support as well as aid. All of these – including European Security and Defence Policy missions, the Instrument for Stability and European Commission development programmes – should be much better co-ordinated at an early stage.

**4.66** Fifth, the UK will continue to promote a shared understanding of the Responsibility to Protect. In 2005, all UN member states agreed that the primary responsibility to protect a population from genocide, war crimes, crimes against humanity and ethnic cleansing lies with that population's government. When

necessary, the international community should provide assistance. The UK will include a Responsibility to Protect dimension to our work across conflict, human rights and development agendas and will support the EU and UN to implement a cohesive approach.



Rwanda, Nyahza: grassroot courts (gacacas) are trying those accused of involvement in the 1994 Rwandan genocide. (Panos – Martin Roemers)

**4.67** We will not be able to overcome the challenges posed by growth, climate change, conflict and fragility unless we address them directly. But we will only be able to make progress towards the MDGs if we combine that with action to address the poor's most basic needs. The two are inseparable. How we will continue to do this, fulfilling our pledges and going further, is the subject of the next chapter.



Mozambique: girl drinking clean water at a tap.  
(Panos – Giacomo Pirozzi)

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# Chapter 5: Keeping our Promises in a Downturn

**5.1** We will only sustain progress towards the MDGs if we tackle the challenges of growth, climate change and conflict set out in the previous chapters.

**5.2** But, we must also meet our pledges on financing, and further extend access to quality public basic services.

**5.3** Good public services are central to poor people's prospects of a decent life. Going to school, having access to healthcare, quality water supply and sanitation are basic rights.

**5.4** None of us wants to live in a world where 75 million children are still out of school, 41 million of them girls.<sup>96</sup> It is unacceptable that 7,000 people are infected with HIV every day, and that a child under five dies every three seconds.<sup>97</sup> Every minute, a mother dies in pregnancy or childbirth.<sup>98</sup> Children can be left with physical or learning disabilities due to complications at birth.

**5.5** More than half of all child deaths and a fifth of maternal deaths are associated with malnutrition, and for those who survive the damage can never be reversed.<sup>99</sup> Some 900 million people still lack access to safe drinking water and 2.5 billion to adequate sanitation.<sup>100</sup>

**5.6** As well as being important in their own right, access to basic services underpins sustainable and equitable growth, green futures and peaceful and stable states.

**5.7** Growth and skills are inextricably linked. Education must be at the centre of any country's strategy to escape reliance on highly vulnerable low-tech sectors like subsistence farming. Improved access to quality education increases growth up to three times more than improving access alone. Without good health, productive capacity is lost. Every year, two million people die from HIV and AIDS, many of them wage earners leaving behind a generation of orphaned families heading into poverty.<sup>101</sup> Poor nutrition in the first two years of life damages cognitive skills. A 5% improvement in child survival rates can raise economic growth by one percentage point a year over the following decade.<sup>102</sup>

**5.8** Climate change doesn't just require new technologies and information, but people able to respond, change their behaviour and find new livelihoods. Good quality education and top class research and knowledge in institutions throughout the world will drive innovation and technological change. Population

growth is likely to make climate and environmental change worse. Good health systems worldwide are the best response to containing and preventing diseases which, if not controlled, can cross borders as quickly as people do. Over the last 30 years, 30 new communicable diseases have emerged and more may do so as a result of climate change.<sup>103</sup> The 2003 Severe Acute Respiratory Syndrome epidemic alone is estimated to have cost the global economy £30 billion.<sup>104</sup>



China, Xi'an, Shaanxi: a health worker uses an infra-red gun to measure the body temperature of travellers at the airport to check for Severe Acute Respiratory Syndrome (SARS). (Panos – Qilai Shen)

**5.9** Sources of fragility and instability can lie in the inability or unwillingness of a state to provide the basics of life to all its citizens. Providing services can be a step toward building peace, changing the relationship between citizen and state and empowering people to hold their government to account. This can start to address some of the underlying grievances that can fuel conflict and radicalisation.

**5.10** Access to quality basic services also promotes greater equity. Talent is distributed equally across the world but opportunity is not, particularly when states fail to provide a decent start in life for children, and fair access to basic services from birth through to old age. Focusing on women and children's health and education can be one of the most effective means of addressing population growth and breaking the cycle of poverty across generations. Good health and education, and improving women's access to economic opportunities and assets can help ensure that the gains from growth are better distributed and that even the poorest can adapt to shocks brought on by climate change or conflict.

**5.11** For these reasons the UK remains committed to building capable, accountable and responsive states that can deliver quality basic services to their people.

## Financing the MDGs

### We will:

- **dedicate 0.7% of national income to development assistance by 2013.**
- **press others to live up to their commitments on financing and support to the MDGs.**

**5.12** The government's first and most fundamental commitment is to ensure that development has the resources it needs. Even though global public finances are under pressure everywhere, we cannot afford to let our support for poverty reduction slip. This would be both morally wrong and economically short sighted.

**5.13** The UK will deliver on its promises of finance. The UK remains on track to spend 0.7 percent of Gross National Income (GNI) on ODA by 2013 and to reach at least 0.56 percent of GNI by 2010-11 in line with the European Union's collective commitment. Total UK ODA is projected to be £9.1 billion a year by 2010-11. DFID spending in sub-Saharan Africa in 2010-11 is now projected to be £3.4 billion – nearly three times 2004-05 levels.

**5.14** The UK will use its position in the G8, Europe, and the UN to continue to press other countries to deliver their promises on financing, and to accelerate progress towards the MDGs. We will push for a mechanism in the G8 through which countries report on what they have delivered and in the EU we will support reporting by the European Commission on progress by member states.

**5.15** The MDG framework has provided a remarkable rallying point for generating public support and finances around a set of shared objectives to 2015.

**5.16** As the UN prepares for a review of the MDGs in 2010, thoughts will turn to what a post 2015 framework should be. The question is important and the UK expects to engage in a debate over a range of options. But this should not distract us or others from the primary task – over the next five years – to step up and pursue the delivery of the MDG goals as quickly as we can.

## Financing the delivery of basic services

### We will:

- **continue to spend half of future UK direct support for developing countries on public services.**
- **prevent 165,000 child deaths through support of the delivery of 10 million bednets each year from 2010 to 2013.**
- **support 8 million children in school in Africa by 2010 and support FIFA's campaign to make the World Cup legacy Education for All.**
- **launch a new UK global education strategy.**
- **scale up international support to maternal and newborn health to help save the lives of 6 million mothers and babies by 2015.**
- **mobilise support for the recommendations of the High Level Taskforce for Innovative International finance for Health Systems.**
- **support a second Advanced Market Commitment to help develop life-saving vaccines.**
- **give higher priority to tackling the problem of malnutrition.**



Pakistan, Sindh: a health worker gives advice to a mother. (DFID)

**5.17** Disparity in global financing of basic services is stark. In Ethiopia \$13 a year is available to spend on each person for health services compared to over \$2,000 in the UK.<sup>105</sup>

**5.18** Extra funds are urgently needed: around \$40 billion a year, at current spending levels, to adequately fund health services; \$7 billion a year more aid to support education and a doubling of funding in water and sanitation to meet the MDGs.<sup>106</sup>

**5.19** DFID remains committed to devoting 50% of its direct support to countries' basic services. And the UK will continue to work with international partners to honour our collective agreements.

**5.20** UK support to global education will double, reaching £1 billion by 2010 as part of a commitment to spend at least £8.5 billion on education in the 10 years to 2015. In keeping with our G8 promises, we have provided over £200 million directly to the Education Fast Track Initiative (FTI).

**5.21** The UK will remain one of the world's largest health funders. As part of the collective G8 commitment to spend \$60 billion on health the UK will:

- spend £6 billion on health services and systems by 2015.
- give an additional £1 billion to the Global Fund to fight AIDS, TB & Malaria over the same period.
- supply 20 million malaria bednets by 2010.
- help eradicate polio by 2014.

**5.22** Increased support to water and sanitation by 2010 will be sustained to provide a total of £1 billion to Africa over five years.

**5.23** The impact of this work is far reaching. In education the UK is helping keep at least five million children in school each year. In India alone, the UK directly supports almost 400,000 primary school children, and in Northern Nigeria, UK support to girls' education has helped increase girls' enrolments by 15%.<sup>107</sup>

**5.24** Support to HIV and AIDS and the Global Fund has already produced results. The proportion of adults living with HIV and AIDS has levelled off and three million people now have access to anti-retroviral (ARV) treatment. The UK remains committed to the goal of universal access to comprehensive HIV prevention programmes, treatment, care and support. In the fight against TB, 4.6 million people have been provided with effective treatment. And 70 million bed nets have been distributed to protect families from malaria. The UK will

continue to call on others to match our long term financing. Many poor countries have taken on the responsibility for treatment and we all have a responsibility to provide the long-term financing they need.

### Where next on malaria?

**5.25** Every year some 247 million people are infected with malaria with nearly 1 million of those dying from the disease.

The majority of those deaths occur in Africa and are children. But there is some good news as many countries have seen significant reductions in malaria incidence with the scale up of effective interventions – especially increased bednet delivery and expanded access to effective anti-malarial drugs. DFID has been at the forefront of these efforts and will continue to take a lead role beyond 2010.



Mozambique, Comoio, Manica:  
37 year old Casilda sits under a  
mosquito net at her home. Malaria is  
spreading due to rising temperatures.  
(Panos – Alfredo D'Mato)

## The power of bednets

Sleeping under insecticide treated nets can reduce malaria deaths. Countries like Kenya show what can be done. With UK help the number of children sleeping under bednets has increased from 5% in 2003 to 52% in 2007. A study in four districts showed use of nets was associated with a reduction by over four-fifths in child deaths – seven deaths averted for every 1000 nets distributed.<sup>108</sup>

**5.26** Following the Prime Minister's pledge in April 2008, the UK will deliver 20 million bednets by the end of 2010. This will help prevent some 110,000 child deaths.

**5.27** We will take further action over the coming years:

- We will support the delivery of 10 million long lasting insecticide treated bednets each year from 2010 to 2013, to help ensure all women and children that need to be sleeping under a bednet and to help replace existing bednets where required. This will help prevent a further 165,000 child deaths.
- We are currently providing £40 million over two years to the Affordable Medicines Facility for Malaria (AMFM) pilot. Beyond 2010, we will maintain at least this level of support for the roll out and expansion of the AMFM if shown to be effective in improving poor people's access to effective malaria treatment.
- We will support the technical work to assess the feasibility of an Advanced Market Commitment (AMC) for a range of vaccines by the end of 2009, with special attention to malaria. And based on the advice of this work we will stand ready to commit significant financial support to put in place a new AMC.
- We will from 2010 provide £19 million to the Medicines for Malaria Venture to support the development of new drugs to combat malaria, including those to treat children.
- We will continue to advocate and support action to galvanise political leadership and commitment and public awareness

about malaria with the goal of reaching the Global Malaria Action Plan target of reducing deaths to near zero by 2015, taking advantage of the 2010 World Cup and working closely with campaigns such as United Against Malaria.

**5.28** Poor water and sanitation accounts for about 10% of the global disease burden.<sup>109</sup> WHO (2008) Safer World, Better Health. Diarrhoea is the second biggest killer of children.<sup>110</sup> WHO and UNICEF (March 2008) Joint News Release. The UK will help up to 25 million people gain access to water and sanitation in Africa over the next five years and a further 30 million people in South Asia to gain access to sanitation by 2011. And we are seeking to strengthen international efforts – through our support to the Global Framework for Action for Water and Sanitation – to ensure that, not just the UK's resources, but those of the entire international system are reaching the poorest people.

**5.29** However, on present rates of progress the MDGs will not be met (see Annex).

**5.30** The reasons for slow progress are varied. User fees in education stop children from going to school. Health costs deter families from seeking care or can plunge families into debt. In Nepal, the use of health facilities more than doubled in one year following the abolition of fees. Enrolments in Uganda, Tanzania and Kenya increased by 1 million children in each country once primary school fees were abolished. In many countries, however, many users seek health care from the private sector – sometimes because they have no alternative. The UK favours the abolition of user fees and will work with others to help finance their removal.

**5.31** Making faster progress requires supporting leadership at every level in society – from national politicians to community, neighbourhood, local government, faith groups, private sector and public servants running schools and health clinics.

**5.32** It also requires a continued commitment to good governance.

## Supporting capable, accountable and responsive states

**5.33** The 2006 International Development White Paper set out the government's commitment to making governance work for the poor through the development of capable, accountable and responsive states. A Country Governance Analysis was proposed to monitor the quality of governance and to help us make choices about how to spend our aid money.

**5.34** To date, 22 of these analyses have been undertaken, contributing directly to a greater focus on strengthening democracy and government accountability. Seven major programmes have been launched in Asia and Africa to support deeper democracy and accountability and a further three major programmes are under preparation. We also established the Governance and Transparency Fund (GTF) to support the work of over 34 different civil society organisations and networks worldwide – ranging from Transparency International to the Zimbabwe Human Rights NGO Forum.

**5.35** The UK has published strategies on Global Health and in HIV and AIDS. Our priorities will further evolve in two areas: education, and maternal mortality, the most off-track of the MDGs.

## A new education strategy

**5.36** The UK has set a target to support eight million children in school in Africa by 2010. But this is not enough by itself. Supporting children in school also means making sure they have a quality education – an appropriate curriculum, good leadership, monitoring of outcomes and sufficient teachers, classrooms and textbooks. It means ensuring that girls in particular do not drop out because of the threat of violence in or on the way to school, the lack of separate facilities, or the burden of domestic chores. Those who finish primary school often find there is no secondary place available.

### Recruiting teachers

Without good teachers schools can't operate and children cannot learn. Class sizes at the lower levels of primary school of over 100 children to one teacher are commonplace in the poorest countries. If we are to achieve Universal Primary Education (UPE) by 2015, an additional 18 million teachers will need to be recruited.<sup>111</sup>

Progress is being made. Between 1999 and 2005 the total number of primary school teachers in the world increased by 1.4 million, or 5%. Almost one-third of this increase was in Sub-Saharan Africa – where the need is greatest. In Nigeria alone, the UK trained 7,500 teachers in two years, and in early 2009 has supported more than 700 female trainees from rural areas where there are currently very few female teachers.<sup>112</sup>

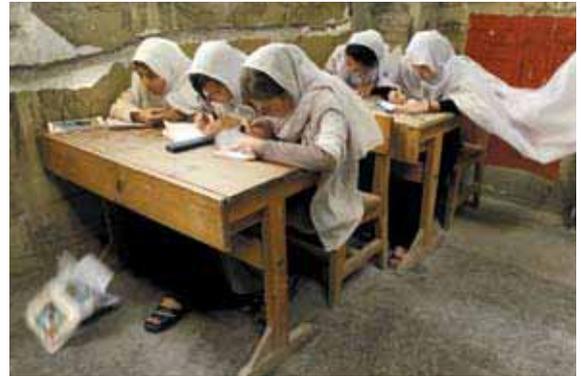
**5.37** A new global education partnership is needed to keep attention on delivering the education MDGs. As part of the 'Class of 2015' partnership – a coalition of governments, civil society, faith groups and the private sector launched in New York in 2008 – the UK will seize the opportunity of the FIFA World Cup in South Africa to engage 30 million new supporters of education for all.

**5.38** In 2006 the UK announced increased support to the Education Fast Track Initiative (FTI), designed to boost support to education globally. African countries participating in the FTI have increased primary school enrolment at more than double the rates of other countries. Most FTI supported countries will get almost all their children into the first year of primary school by 2010.

**5.39** The UK will support the FTI to deliver more assistance to countries furthest from achieving the MDGs, including an increased focus on fragile countries. To do this the FTI requires reforms to its governance structures, and to the ways that it raises and channels money. Our future financial support will be linked to an assessment of progress on these reforms and the FTI's impact.

**5.40** To get the best value from our investments in education, the UK will focus on three complementary priorities:

**5.41** First, increase access to education everywhere – including fragile countries – and ensure that all children, girls as well as boys have the same opportunities.



Afghanistan, Kabul: girls study in a makeshift school in an abandoned building. (Panos – Lana Slezic)

**5.42** Second, give priority to improving the quality of education through protecting and establishing cognitive functions in early childhood; better measuring of learning outcomes; ensuring more teachers are trained, and helping countries to access knowledge on how to raise standards.

**5.43** Third, strengthen the links between schools, skills and employment by supporting, at international and country levels, programmes which expand investments in early years, in secondary education, and in technical and vocational education.

**5.44** Before the end of 2009 the government will launch a new Education for Development strategy laying out Britain's new approach to global education.

## Maternal and child health

**5.45** Every country needs a health system that trains and deploys skilled doctors, midwives and nurses, provides reliable infrastructure, equipment to deal with emergencies such as pregnancy complications, and can deliver enough drugs and vaccines to where they are needed and on time.

5.46 That is why the UK remains committed to supporting ambitious country-led, long term plans to improve health systems, including ways of recruiting and training more doctors and nurses. The UK-led International Health Partnership is designed to rally support around good quality health plans, led by partner governments, and to make sure they are funded.

5.47 One priority must be to address maternal and newborn health. The UK will work with the international community to accelerate progress around five priority interventions:

- Political and operational leadership and community engagement and mobilisation.
- Effective health systems with interventions in:
  - comprehensive family planning: advice, services, supplies.
  - safe abortion services (where abortion is legal).
  - antenatal care.
  - quality care at birth, including skilled attendance and emergency obstetric and neonatal care.
  - postnatal care for mother and baby.
- Remove barriers to access, with quality services for women and children being free at the point of use.
- Skilled and motivated health workers in the right place at the right time, with the necessary infrastructure, drugs, equipment and management.

- Accountability for credible results.



Kenya, Magunga: Beatrice Achieng Ochieng, right, is a volunteer community health worker. She helped Jane, left, get to maternity hospital in the DFID-funded motorcycle ambulance. DFID is supporting improvements to maternal health care in rural districts. (Caroline Irby for DFID)

5.48 We want to make a difference. We want to ensure that every pregnancy is wanted and every birth safe. With our partner countries and organisations, by 2015 we want to save the lives of 6 million mothers and babies by providing:

- services that will ensure that 240 million more births take place in safe facilities.
- a rise by one-third in the number of contraceptive users.
- over 1 million more health workers and managers with the resources to do their jobs effectively.

5.49 A distinct approach is needed to tackling maternal and newborn health in fragile and conflict-affected countries, where there is no immediate prospect of a functioning health system.



Ethiopia, Nr Kole, Somali region: medical staff from Médecins Sans Frontières inject a child with a measles vaccination. (Panos Dieter Telemans)

**5.50** Through our joint leadership with the World Bank on the High Level Taskforce on Innovative Financing for Health Systems, the UK will work to mobilise an increase in the level of resources available for health services and encourage the development and availability of drugs, vaccines and other products.

**5.51** We will build on and expand existing financing mechanisms; including raising money on international bond markets so that we can invest even more in saving lives now. The UK will make a further contribution to an expanded International Finance Facility for Immunisation (IFFIm) to support health services.

**5.52** We have already supported an Advance Market Commitment for pneumococcal vaccines (a disease which kills over 800,000 children a year). Advance Market Commitments speed up the availability of vaccines by providing an incentive for manufacturers to invest in research and development and building production capacity in return for guaranteed future sales. We will explore the potential for a new Advance Market Commitment potentially for malaria.

**5.53** We will also support other mechanisms to raise voluntary contributions from the public that can be channelled to health systems.

**5.54** We will support the Global Alliance for Vaccines and Immunisation (GAVI) to secure a predictable funding base. The vaccination programmes of GAVI have already prevented 3.4 million deaths.<sup>113</sup>

**5.55** DFID will continue to work with the WHO, Department of Health and others on global threats to health such as the influenza pandemic. A new DFID nutrition strategy will be published by the end of 2009.

**5.56** And the £220 million UK investment in health research over the next five years will continue to identify new ways to make a difference quickly, building on recent successes including:

- A new, effective treatment for malaria in children, in the form of a sweet tasting drink – a child dies from malaria every 30 seconds and this drug has the potential to save many young lives.<sup>114</sup>
- Research in Ghana which means that a million babies could be saved each year if they begin breast-feeding quickly.
- A study which shows that cotrimoxazole (an antibiotic) can reduce deaths in HIV-infected children.<sup>115</sup>

**5.57** The UK promises on delivering basic services will be met. But tackling the root causes of the triple threats which face the developing world will require new approaches to development delivery.



Ethiopia, Addis Ababa: a troop of children build a human pyramid as part of an HIV and AIDS education campaign. The performance was organised by PLAN International. (Panos – Iva Zimova)

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# Chapter 6: Acting Together through the International System

## We need to act together

**6.1** The current challenges highlight just how interdependent we are. No country can afford to ignore them. No country acting alone can address them. But by acting together, we can create a fairer, safer and sustainable future.

**6.2** The economic crisis has shown how the problems of the rich quickly become the problems of the poor as markets contract and jobs are cut. Only through collective action can we achieve a well-regulated global economy and thriving international trade.

**6.3** If we fail to help in fragile countries, poor people are trapped in poverty by conflict and insecurity. But the UK can't intervene in every security crisis. Only the international community, working together, can marshal the scale and scope of response needed.

**6.4** And nothing less than the health of our planet depends on all nations agreeing to reverse dangerous climate change, and to help the most vulnerable countries adapt to its impact.

### We will:

- as the aid programme grows, put a higher proportion of our new resources into multilateral organisations, in response to delivering reforms.

### Development works: we achieve more when we act together

Our international organisations and partnerships are the foundation for a co-operative world. They do more than just provide financing. Through them we can aspire to:

- new international agreements on global issues. These are the means for ensuring all countries, including the poorest, have a voice in global solutions, and that we hold each other to account.
- better international standards, on issues that matter to all of us – like human rights, the environment, and the economy.
- development programmes on a scale bilateral donors can't match and in places we can't reach.
- accelerated progress on development, through new partnerships and new financing.
- a fast, effective response in the face of humanitarian and security crises.

**6.5** When we act together we can achieve more. In 1987 we agreed how to protect the ozone layer for future generations through the Montreal Protocol. Thanks to concerted, global action, polio is now on the verge of eradication. In the past decade, UN peacekeepers have helped disarm more than 400,000 ex-combatants.<sup>116</sup> In April this year, the G20 agreed an historic set of finance measures to counter the effects of the financial crisis. And through the Commonwealth 53 countries come together to promote international understanding and consult on shared interests.

**6.6** As we address the big global challenges, our collective efforts will become more important not less. We believe in global solutions to global problems. That is why as the aid programme grows, we are committed to putting a higher proportion of our new resources into multilateral spending.

**6.7** Our international institutions are only partially ready for this. They have evolved too slowly and given birth to a proliferation of different agencies: some with overlapping mandates. They do not take enough account of the rise of new powers like China, India and Brazil, often fail to represent the concerns of the poorest countries and, above all they have not adapted quickly enough to the new challenges we face.

**6.8** So the UK will insist that more resources are matched by reform to make our international institutions more accountable, responsive and representative of all their constituents. A profound change is needed in the way our international institutions operate – not just their governance structures, but also what they do and how we, the member states and shareholders, engage with them. And while a degree of healthy competition is a good thing, it needs to be clear who leads on what.



Peru: Pisco town centre following the earthquake, August 2007.  
(François Duboc)

## Saving lives: how the EU responded to the Peru earthquake

On 15 August 2007, an earthquake of magnitude-8 shook the southern coast of Peru. More than 500 people were killed, 2,700 injured and 150,000 made homeless. Local services were unable to cope with the humanitarian needs of such a catastrophe. That same day, two experts from the European Commission Humanitarian Aid Office were sent to the disaster zone to begin to evaluate the damage with the partners in the field. On 17 August, a fast track 'primary emergency decision' allocated €2 million to provide aid for around 135,000 people.

6.9 Looking ahead, the UK will concentrate on:

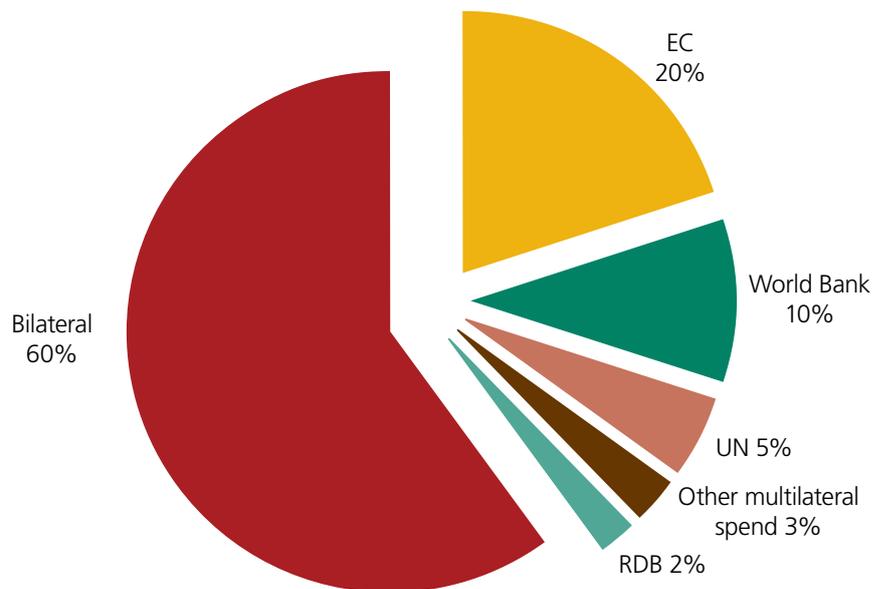
- strengthening three critical pillars of the international development system – the UN, the European Union, and the Bretton Woods Institutions – the International Monetary Fund (IMF) and the World Bank.

- reinforcing the regional development banks – particularly the African Development Bank.
- meeting growing humanitarian demands with a swift and effective response.

As well as supporting other bodies such as the Commonwealth

### DFID expenditure by channel of delivery, 2007/08

*£4.95 billion DFID programme on development (excluding administration costs)*

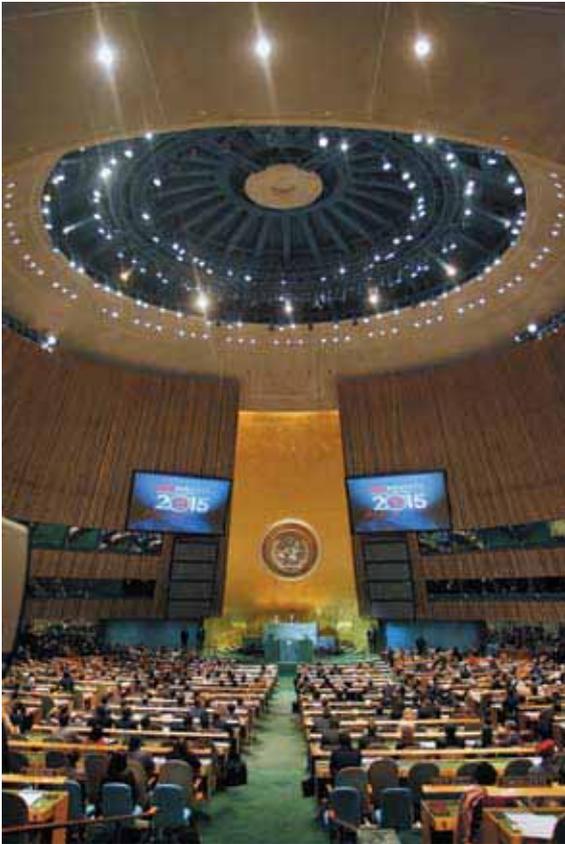


#### Excellent leadership: UK policy on senior international appointments

We will encourage a good quality field of candidates for the heads and senior leadership of all international institutions. In some cases we may encourage other countries to put forward good candidates, in order to generate the strongest possible field. In other cases we may wish to promote UK candidates, where they are best qualified for the post. In all cases we will promote open, transparent, merit-based selection processes.

#### Reaching the most vulnerable through the United Nations

**6.10** The UN has the potential to do what no other international institution can do. It has the widest global membership and the broadest presence of all the international organisations, giving it unique legitimacy and authority.



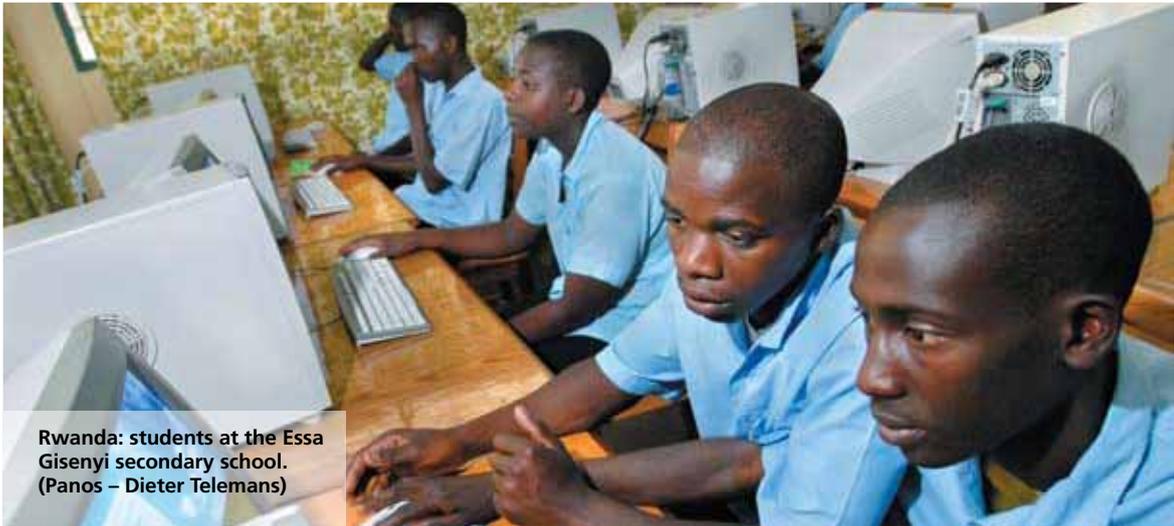
UN: the UN General Assembly hall during the MDG Call to Action High-Level Event, September 2008. (UN Photo/Marco Castro)

**6.11** The UN is the custodian of the MDGs with good reason. It pulls countries together to find common solutions to critical global challenges, especially those that affect the poor. It did this in September last year at the MDG Call to Action High-Level Event in New York. And later this year, it will convene the climate change negotiations in Copenhagen (see Chapter 3). It also has the tools to help the most conflict-stricken countries achieve peace (see Chapter 4) and the ability to respond to major disasters fast enough to save many lives.

### We will:

- put more money through UN system-wide funds like the MDG Fund, Central Emergency Response Fund and Peacebuilding Fund, subject to good performance.
- link UK core funding for individual UN agencies to impact, efficiency and reform.
- strengthen the role of UN leaders so they can pull together the work of UN agencies in individual countries.
- push to conclude negotiations on the creation of a single, powerful UN agency for women with a strong and visible leader.

**6.12** But the UN is not all it could be. It mirrors the complexity and diversity of its 192 member states. Its many agencies have cumbersome arrangements for coordinating with each other, which weakens their overall impact.



Rwanda: students at the Essa Gisenyi secondary school. (Panos – Dieter Telemans)

## Value for money: getting the most out of international institutions

The UK will review and agree a new approach to multilateral funding, to ensure our resources are directed where they can be used most effectively. In making new funding decisions for the World Bank, Regional Banks, European Development Fund, Global Funds and the UN Family, we will consider:

- focus on the poorest countries, fragile states, most vulnerable people and the key challenges facing them.
- speed and responsiveness of funding and implementation, including average times for appraisal and from approval to disbursement.
- reduced burden of conditionality and transaction costs on partner countries, including evidence of serious efforts to meet all international aid effectiveness targets by 2010.
- evidence of strong and effective leadership by boards and management and commitments to continuous improvement, value for money and reform.
- specific progress in giving developing country governments representation and a greater say in decision making.
- opportunities for civil society to engage in policy debate.
- strong evidence of accountability for performance and transparency.

### UN number crunching

- \$25 billion = total UN system contributions in 2007<sup>117</sup>
- \$12 billion = voluntary contributions to UN funds and programmes 2007<sup>118</sup>
- \$6.8 billion = assessed contributions to UN peacekeeping 2007<sup>119</sup>
- \$146m = expected size of MDG Fund 2009<sup>120</sup>

**6.13** Our long-term vision is of a focused and effective UN, where the agencies plan, manage and deliver as one for the most vulnerable people. This will mean hard choices about the areas where the UN can add real value – and where it cannot. It also means we, the member states, need to take responsibility for finding better means of supporting the UN. We will seek to do this in four main ways.

**6.14** First, the UK currently provides almost £750 million a year in development and humanitarian funding through the UN.<sup>121</sup> We will increasingly provide money through system-wide funds that deliver for poor people and encourage and support UN agencies to work together and deliver as one. Examples of system-wide funds are the MDG Fund (development), the Central Emergency Response Fund (humanitarian) and the Peacebuilding Fund (peacebuilding). They provide predictable, flexible funding to UN country teams, for use across the programme, rather than earmarked by agency or theme.

**6.15** Second, we will increasingly link UK core funding for individual UN agencies

to impact, efficiency and reform. We will do this by agreeing stretching targets for performance with each agency. Our funding will depend on progress towards these targets, with more on offer only for those agencies that deliver on their commitments. We have agreed targets for UNICEF and UNAIDS on increasing the number of mothers that get treatment so they don't pass HIV/AIDS to their babies; for WHO on setting up an independent external audit; and for UNDP and others on strengthening in-country leadership by the resident co-ordinator. And in consultation with our partners, we will consider new mechanisms to provide system-wide core funding to the UN

**6.16** Third, the UN's country-level work should have one programme and budgetary framework which all agencies share, one office and perhaps most importantly, one strong leader. The UK will seek to increase the authority and competence of the UN's country leaders – the resident co-ordinators – so they can pull together the work of UN agencies. We will support the set-up of pooled funds in individual countries to underpin joint UN work. And we will invest in better recruitment and training for resident co-ordinators and provide support to their offices to strengthen planning, communications, funds management and monitoring and evaluation.

**6.17** Our investments will focus on ensuring strong UN leadership in difficult environments such as humanitarian crises and post-conflict countries. We welcome the Secretary-General's intention to strengthen the accountability of his Special Representatives (SRSGs) – the most senior UN official in countries with a UN peacekeeping or political mission – reflecting their substantial duties and responsibilities.



(Stephanie Ziebell)

## UN protection and empowerment of women

The UK was instrumental in securing agreement to two historic UN Security Council resolutions – 1325 and 1820. These resolutions acknowledge the devastating impact of sexual violence on women and girls in conflict situations and of women's contributions to conflict resolution and sustainable peace.

To help realise the aims of the resolutions, the UK has funded the UN to support women's engagement in the peace negotiations between the Ugandan government and the Lord's Resistance Army in northern Uganda. Our funding has enabled 200 women – representing more than 25 organisations from the area – to have official observer status in the negotiations.<sup>122</sup>

**6.18** Fourth, the UK will push hard to conclude negotiations on the creation of a single, powerful UN agency for women with high level leadership, a broad mandate and first-class expertise. The UN is the international bastion of women's rights and should be at the forefront of efforts to empower women. But its efforts are currently fragmented, under-resourced and poorly accountable. We will press for the merger of four existing UN structures that deal with women's issues into the new agency.

**6.19** The UK will at least double its core funding for the UN's work on women's equality through this new body. It will go towards women's programmes in developing countries, UN policy leadership on equality, and global monitoring of how women and girls benefit from development. Our support will be conditional on old structures being merged into the new agency, so that we reduce, not add to, the overall number of UN bodies.

## Delivering global change through the European Union

**6.20** The European Union is the world's largest single market, the main trading partner for most developing countries and the world's largest donor, responsible for 59% of global aid – some \$70 billion in 2008.<sup>123</sup>

### We will:

- **work to make poverty reduction a primary aim of the EU's external policies.**
- **push for EU aid budget resources to be reprioritised towards fragile countries in Asia and the Middle East.**
- **maximise the benefits from the EU's highly predictable aid during the downturn.**
- **boost the role of the European Investment Bank to help Africa trade its way out of the economic downturn.**
- **lobby for a single European Commissioner covering all development and humanitarian aid.**
- **strengthen the EU's global lead on development financing and aid effectiveness.**

**6.21** For the UK, our place in the EU is perhaps our best opportunity to make an impact on global challenges beyond what we could achieve by ourselves. This is where the policies on trade, agriculture, energy and climate change and environment of the

world's largest economic region are forged and where EU development and foreign policies come together.

**6.22** But it is not just the breadth of remit that makes the EU an important development actor. European Commission aid has the advantage of being large and very predictable, with financial perspectives spanning seven years. The Commission has field offices and aid spending in many countries where the UK does not, including fragile countries. And the Commission's aid portfolio has major strengths – infrastructure, aid for trade, and humanitarian aid. The UK will seek to improve the impact of the EU's development effort in six areas.

**6.23** First, the UK will work to make poverty reduction a primary aim of the EU's external policies. EU member states are currently trying to improve the coherence of the EU's actions outside its borders, an issue underlined in the Lisbon Treaty. Under Lisbon, the eradication of poverty would become the primary aim of all EU development aid. But, with or without Lisbon, the UK will seek to make poverty reduction a priority for EU external policies on climate, environment, trade, energy, agriculture, migration, foreign affairs and security. And we will push for the new Commission to have sufficient development expertise in all relevant departments.

**6.24** Second, for the EU aid budget the UK will push for a bigger role in fragile countries in Asia and the Middle East, within the European Council and in dialogue with the new European Parliament. Commitments in 2007 to these countries totalled only £450 million. The government believes that resources should be reprioritised towards

commitments to fragile countries in these regions, and they should increase by at least £100 million a year.

**6.25** Third, the UK will seek to maximise the benefits of the European Commission's highly predictable aid, which will make a major contribution to helping developing countries through the economic crisis. A new aid instrument, the Commission's

MDG Contract, helps developing country governments pay for recurrent costs like salaries for teachers and health workers linked to results. The UK will deliver on its promise to provide an additional £200 million to support this work. And we will work to ensure that seven MDG contracts are disbursed, in accordance with the Commission's commitment to improve predictability.

**Brussels: european flags in front of the Headquarters of the European Commission.**  
(Panos – Mark Henley)



## Value for money: a better performing European Commission

- **Better expertise** – the European Commission has built up substantial expertise in areas such as health, infrastructure and budget support.
- **Better implementation** – a central implementing organisation in Brussels, EuropeAid, supported by decentralised country offices. Disbursements are 40% quicker than five years ago<sup>124</sup>. Independent reviews of projects show a roughly consistent 70% good to very good feedback on performance.
- **Increased efficiency** – despite a decline in staff numbers, commitment and disbursement levels increase, year on year – with 2008 showing a record level of almost €5 billion in European Development Fund commitments.<sup>125</sup>

**6.26** The UK will also work to ensure that good progress in the performance of European Commission projects is maintained. By 2011, we want the proportion of Commission projects recorded with very good or good performance to increase by 3% over the starting baseline of 71% in 2007; and the proportion of projects classed as non-performing to reduce from 8% to 5%.

### European Commission number crunching

- €13.4 billion = EC ODA 2008<sup>126</sup>
- €22.7 billion = European Development Fund (EDF) 10 (over 6 years)
- €3.3 billion = UK share of EDF 10 (14.8%)

**6.27** Fourth, the UK will work to boost the role of the European Investment Bank (EIB) in response to the downturn. The UK will work with the EIB, European Parliament and shareholders to ensure that the EIB can lend an extra €2 billion to support development. The EIB should support sectors such as reducing carbon emissions through support to cleaner technology, small and medium enterprises, and access to credit for the poor.

**6.28** The UK will also work with other EU member states to support the EU Africa Infrastructure Trust Fund. The Trust Fund could total €500 million in 2010, which would unlock up to €2.5 billion of subsidised loans in the coming years. This will help the EIB and other institutions to finance energy, transport, information and communications technology and water projects across Africa.

**6.29** Fifth, the UK will lobby for a single Development Commissioner covering all development and humanitarian aid. Currently three Commissioners and five Directorates-General share these responsibilities. A more streamlined structure would be more efficient and, working closely with the Council and other relevant Commissioners, a strong Development Commissioner should help the EU use its resources and influence more effectively to reduce poverty and promote stability.

**6.30** Finally, the UK will press the EU to continue its political leadership on aid, so that more people per euro are pulled out of poverty. A new European Parliament has just been elected. A new Commission will be appointed this autumn. And the Lisbon Treaty may be agreed later this year. The EU should encourage its member states to meet their aid promises and to set the standard for providing really effective aid.

### Responding to the food crisis through the EU

In these times of crises, the UK has backed the EU to show leadership. In 2008, the EU created a €1 billion fund – the Food Facility – to help developing countries increase agricultural production and protect the most vulnerable.

In Pakistan, a major FAO-WFP joint project has recently been launched under the Food Facility. Over 1.1 million people will benefit from provision of agricultural inputs, tools, irrigation and water harvesting schemes, training, and food-for-work for farmers engaged in activities to improve agricultural infrastructure.



**Uganda: new toilet facilities built as part of the Mid-Western Towns Water and Sanitation project (Hoima Town Council Water and Sanitation Board)**

## Development works: how the European Commission improved access to clean water in Uganda

“Since I got this water connection, I’ve been able to make more juice for my customers; this has increased my income and I am now able to pay school fees for my children.”  
(Joyce Namutebi, local business woman).

Before the Mid-Western Towns Water & Sanitation Project, the towns of Mubende, Hoima and Masindi in Uganda faced water scarcity, high tariffs and health risks due to inadequate water treatment and sanitation.

The European Commission provided €14.75 million between 2001 and 2007, contributing to successfully securing safe and uninterrupted water to around 25,000 people in the region.<sup>127</sup> The water sources are available within short walking distances and the region has experienced a notable decrease in child mortality rates and incidences of waterborne diseases.

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## The Bretton Woods Institutions

**6.31** At the G20 Summit in London in 2009, world leaders added renewed urgency and impetus to the reform efforts already underway in the “Bretton Woods Institutions” – the International Monetary Fund (IMF) and World Bank. Reform is needed more than ever now, to create a robust global financial system and to ensure that the World Bank is able to implement its development mandate.

**6.32** G20 leaders agreed that the relevance, effectiveness, legitimacy, credibility and accountability of the institutions needed to be strengthened. And that both the World Bank and the IMF needed modernisation so that they could assist all their members and shareholders to manage the current economic crisis and prevent future crises.

### Making the IMF more effective

**6.33** Leaders at the London Summit set the context for sustained global growth by agreeing to treble IMF resources to \$750 billion and support a new allocation of Special Drawing Rights, the IMF’s international reserve asset, of \$250 billion. Leaders also agreed to provide \$6 billion additional concessional and flexible finance for the poorest countries over the next two to three years.

**6.34** These new resources flowing through the IMF must go hand in hand with more effective instruments and more say for developing countries in how resources are used. Building on the outcomes of the April 2009 London Summit, we will work with G20 partners to propose reforms to improve the responsiveness and adaptability of the

International Financial Institutions such as the IMF and World Bank, particularly when dealing with crises.

### We will:

- **work with G20 partners to propose reforms to improve the responsiveness and adaptability of the international financial institutions.**

**6.35** The Fund has improved its facilities for poor countries and as outlined in Chapter 2, these reforms have helped a swift crisis response. Shortly before the London Summit, further fundamental reforms to instruments and policies were agreed. A new instrument, the Flexible Credit Line (FCL) gives countries finance as and when they need it, to prevent and resolve liquidity crises. The FCL is particularly useful for crisis prevention purposes and is available to countries that have sound macroeconomic fundamentals and employ prudent policies. And the IMF has made major reforms to its conditionality policy.

**6.36** Major failures in financial regulation and supervision were fundamental causes of the crisis. G20 Leaders agreed that the IMF, working with the newly established Financial Stability Board, should provide much better early warning of macro-economic and financial risks.

### **Making a difference: less conditionality at the World Bank and IMF**

In March 2009, the IMF made major reforms to its conditionality policy that applies to all countries. Structural measures are no longer used as binding conditions and may only be used as benchmarks to monitor progress. So now, the IMF no longer bases its programme financing decisions on policies such as countries' approaches to privatisation and capital market liberalisation. The UK government and UK NGOs led the way in calling for this wholesale reform. Its achievement is testimony to a good partnership between the Treasury and DFID.

The UK has also pressed the World Bank to reduce unnecessary conditionality over a number of years. The average number of conditions in a typical Bank loan has fallen from 32 in 1999 to 12 in 2007.<sup>128</sup> More importantly, the Bank has stopped imposing conditions on sensitive policies such as privatisation and liberalisation if country ownership is uncertain or the political environment is fragile.

**6.37** Governance reform is an important element of the overall package that leaders agreed in London and will help ensure the long-term relevance, effectiveness and legitimacy of the IMF. The UK has advocated a stronger voice and representation of emerging markets and poor countries for

many years and will continue to work closely with international colleagues to ensure that the next quota reform can build on the achievements agreed in the April 2008 reform package.

### **Tackling global and local challenges through the World Bank**

**6.38** An effective World Bank is essential for global development efforts, including our own. Thanks to its extensive funding, expertise and influence, the Bank is at the heart of the international development system. It shares our ambition of eradicating poverty.

**6.39** The World Bank has a proven track record. It scores better than any other multilateral organisation against the Paris indicators on aid effectiveness and also DFID's own assessment of multilateral effectiveness. It has a strong culture of innovation, evaluation and continual improvement.

**6.40** The World Bank responded quickly to the food and fuel crises last year, immediately helping to protect poor people from the effects of high prices. In response to the financial crisis, it has trebled its lending to hard-hit middle income countries, fast-tracked resources for the poorest countries, and launched new initiatives to support private sector and global trade recovery via its private sector arm, the International Finance Corporation (IFC).

## We will:

- **seek governance reform at the World Bank, building on the momentum of the G20 process, to give developing countries a stronger voice.**
- **help the World Bank act more quickly and flexibly in response to current and future challenges, including by proposing new instruments and more decentralisation.**
- **encourage the World Bank to put climate change and environmental sustainability at the heart of its poverty reduction work.**
- **support the World Bank in transforming its health programmes.**
- **promote mainstreaming of gender equality in all the World Bank's work.**

**6.41** With help from the World Bank, developing countries can make faster progress towards the MDGs. But a greater UK investment in the Bank should go hand in hand with performance improvements. The Bank needs better governance and greater prioritisation. It must continue to get closer to its clients in developing countries. And it needs to show that its speed, adaptability and flexibility in handling the global financial and food crises permeate all that it does.

**6.42** Progress against these issues will influence our future funding decisions, including next year's negotiations on the

replenishment of the Bank's International Development Association (IDA) – the concessional loans and grants it uses to support the poorest countries.

**6.43** The UK will work to improve the World Bank's performance in five main ways.

**6.44** First, the Bank needs to become more legitimate. The UK will work to secure shareholder agreement on changes to voting reform by April 2010 that would give developing countries more say. We will continue to promote corporate governance reforms that result in greater accountability between shareholders and management. At the London Summit we reached agreement that the next Heads of the World Bank and IMF will be selected in an open, transparent and competitive process, regardless of nationality.

**6.45** As a shareholder, the UK will encourage the World Bank to be more responsive to the development priorities of its partner countries. We will seek further decentralisation of staff and decision making to country offices, especially in fragile countries. The UK will press for the percentage of senior Bank staff working on Africa who are based in the field, to increase to at least 70% by 2012, with particular consideration being given to fragile countries.

**6.46** Second, the World Bank needs to become more flexible and swift in its delivery. As part of this, the Bank should quickly finalise the design of their new Investment Lending Instrument so that the average time it takes the Bank to process its most common loan is reduced from the current 18 months to no more than 12 months. We will also encourage other



Central Asia: potato farming with support from the World Bank Food Crisis Support Programme (@Gennadiy Ratushenko/World Bank)

## Making a difference: World Bank Food Crisis Response Programme

In July 2008 Aida Satybaldev and her husband Urmat told social workers they could no longer afford to feed their four children. Like many farmers in the Kyrgyz Republic, they couldn't make ends meet as seed and fertilizer costs soared, and food and dairy prices tripled. By Spring 2009 Aida's family was on a more stable footing thanks to the distribution of seeds and fertilizer from the Global Food Crisis Response Fund established by the World Bank to help developing countries deal with the impact of the food crisis.

shareholders to withdraw their objections to the Bank's use of partner country procurement and financial management systems. In addition we will work with the World Bank to develop, by next year, a new crisis response instrument, to allow financing to flow to the poorest countries and households most affected by shocks.

**6.47** Third, the World Bank must put climate change and environmental sustainability at the heart of its poverty reduction work. It must help poor countries take advantage of a possible climate change deal and to prepare for a low carbon world, without compromising their capacity for growth.

The UK will work with the World Bank to increase the amount it invests in a low carbon growth and reduce its investments in high carbon projects.

**6.48** As proposed in Chapter 3, we will promote binding targets to increase the proportion of its energy sector lending to clean technology by 2012 and scaling up lending for the use of renewables. We will also help the Bank develop a robust Environment Strategy which improves its staff resources and skills to deal with environmental issues, including the sustainable use of natural resources.

### World Bank number crunching

- \$46.8 billion = total estimated commitments of IDA and IBRD 2009 fiscal year<sup>129</sup>
- \$24.5 billion = total commitments of IDA and IBRD 2008 fiscal year<sup>130</sup>
- \$4.3 billion = UK contribution to IDA15

**6.49** Fourth, the World Bank should transform its health programmes. Its technical leadership is helping drive forward the International Health Partnership. But it needs to make real improvements to its own operations to provide more predictable financing to governments for salaries and drugs. It should conform to the principle of 'one plan, one budget, one results framework' in all International Health Partnership countries and implement its commitment that at least 80% of new health support is joined with other donors or uses country systems. The Bank should support countries' decisions on health service provision, whether a public or private model is favoured. And the Bank should ensure that more of its financing for health reaches the poor and vulnerable.

**6.50** In all its work, we want the Bank to make stronger commitments towards building gender equality in its lending, analytical work and dialogue with country partners. We will also seek to ensure mechanisms are established for increasing investments on gender equality through the next replenishment of the IDA, in line with commitments made last year by the World Bank President.

### Helping countries grow through the regional development banks

**6.51** Strong regional coherence and co-operation are essential for helping countries tackle regional and global challenges. The regional development banks (RDBs) are particularly important for developing countries. They can provide this coherence, and often have legitimacy and regional knowledge that global institutions struggle to match.

#### We will:

- **seek governance and performance improvements at all the RDBs.**
- **support and invest in the African Development Bank to help it become a world class development institution.**

**6.52** These banks give valuable support to the countries in their regions. They help their borrowers invest for growth and poverty reduction and have responded quickly to the economic crisis – agreeing to spend an additional \$33 billion by 2011. Increasingly, they are also helping countries address important issues such as regional infrastructure, climate change, water use and fragile countries.

**6.53** Most regional development banks have made considerable performance and governance improvements in recent years, but there is still more progress to be made.

**6.54** The UK will seek further improvements in governance and performance at all the RDBs. We want the RDBs to make full use of their new results systems; to delegate decision making to regional or country offices, and to ensure that some of their income from loans and investments is transferred to programmes that benefit the poorest countries in their regions. We will work to ensure that all the RDBs select their Presidents on merit, irrespective of nationality. Our future funding decisions for the RDBs will consider progress against these reforms.

**6.55** The UK believes the African Development Bank has made huge improvements in its performance, and has the potential to have an even bigger impact on poverty in the region. So we will continue to support and invest in the African Development Bank as it improves its effectiveness and efficiency. We demonstrated our commitment and confidence in the African Development Bank by doubling our contribution to the African Development Fund, which provides resources for the poorest countries on the continent.

**6.56** Ahead of the next Fund replenishment, we will be looking for continued reform and performance improvements at the African Development Bank. In particular we expect the Bank to streamline its systems to reduce the time between approving projects and releasing the money to less than 12 months; make significant progress to decentralise, with 15 fully-staffed offices operating effectively with appropriate levels of decision making authority; and establish results frameworks for all its country strategies. We will also use the replenishment negotiations

to push the Bank to increase and improve its regional investments in infrastructure, growth and integration.



Donald Kaberuka, President of the African Development Bank. (Geoff Crawford for DFID)

## Meeting growing humanitarian demands

**6.57** Humanitarian needs are growing. Climate change is increasing the threat from extreme weather events on top of the continuing caseload of chronic humanitarian crises in fragile countries. More people are being pushed into extreme vulnerability, as dwindling natural resources and fluctuating commodity prices put pressure on land and resources.

### We will:

- lobby internationally and bilaterally for a stronger humanitarian system and humanitarian access.
- support an enlarged UN Central Emergency Response Fund (CERF).
- invest 10% of the funding provided by DFID in response to each major natural disaster to prepare for and help prevent future disasters.
- invest in the evidence base for really effective humanitarian aid.
- actively support humanitarian action by NGOs and the Red Cross Movement.

**6.58** Some estimate that by 2015 more than 375 million people are likely to be affected by climate related disasters alone.<sup>131</sup> Recent reports suggest that global humanitarian aid spending will need to increase from its current level of \$14 billion, to at least \$25 billion a year to keep pace with future demands.<sup>132</sup>

**6.59** In addition to disaster-related demands, the large caseload of chronic humanitarian crises in conflict and fragile countries is set to continue. And, in some cases, it appears that access for humanitarian agencies is worsening.

**6.60** We need to make sure the international system and national governments can meet these needs. The UK will do this in four ways.

**6.61** First, the UK will deepen efforts that have already improved the humanitarian system. There is now faster, more flexible humanitarian funding, at the country level, and through the UN Central Humanitarian Response Fund (CERF). And there is better trained humanitarian leadership and a more predictable response led by the UN.

**6.62** The UK will increase funding for the CERF up to £60m annually, if other donors also increase contributions, to double the size of the CERF by 2013. The UK will work towards an increase in the percentage of humanitarian appeals being funded. This will require better quality appeals which prioritise the right humanitarian projects, and more funding from UN member states.



DRC, North Kivu: a boy collects water for his family in Kibati Camp for internally displaced people. (Panos – Jenny Matthews)



**Vietnam: a Red Cross project to build safer housing. (Ngoc Bich/International Federation of the Red Cross and Red Crescent Societies)**

## Vietnam – a case study in national disaster resilience

Vietnam is one of the most disaster-prone countries in the world. Over 70% of the population is at risk from typhoons, floods, storm surges, flash floods, landslides or mudflows.

The World Bank's Facility for Disaster Reduction and Recovery (GFDRR), funded by DFID, is working with the Government of Vietnam to design innovative insurance mechanisms that will protect the country against increased losses from weather-related disasters.

UNDP's Bureau for Crisis Prevention and Recovery, also funded by DFID, supported the Government to establish a Disaster Management Unit. This Unit has focused on the management and dissemination of disaster information, resulting in better prepared local authorities and populations. A national community-based disaster risk management programme aims to reach more than ten thousand of the most vulnerable communities. Anecdotal evidence suggests that small investments can result in real reductions in loss, damage and disrupted livelihoods.

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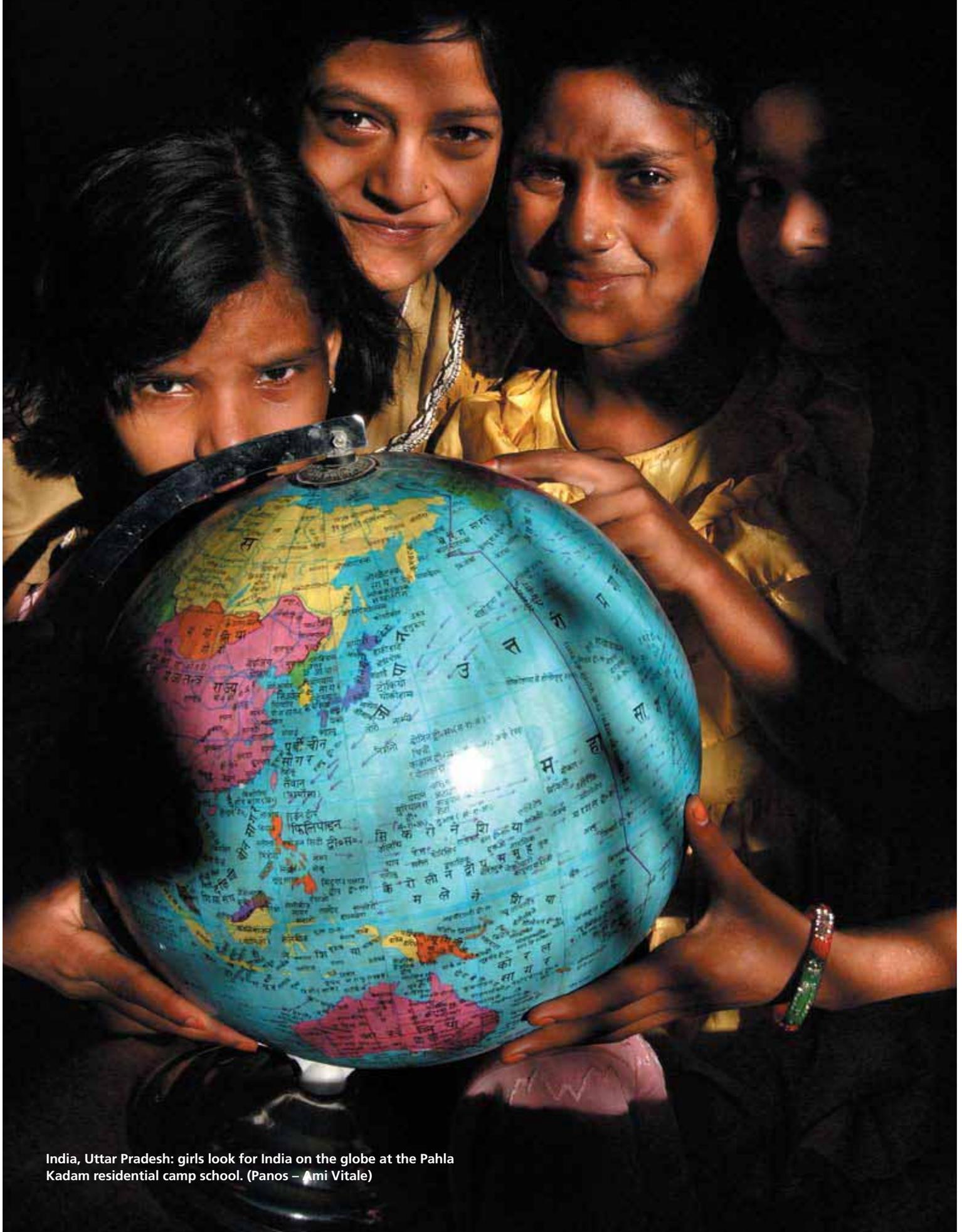
**6.63** The UK will also lobby strongly for improved humanitarian access, and to hold countries to their human rights commitments and obligations under international humanitarian law. We will seek a broader international consensus – with newer donors as well as traditional donors – about the role of humanitarian agencies and support for humanitarian principles.

**6.64** Second, the UK will continue to invest 10% of the funding provided by DFID in response to each major natural disaster to prepare for and help prevent future disasters.<sup>133</sup> Vulnerable countries will be helped to increase their resilience, by funding work to strengthen national systems and institutions in risk reduction, preparedness, response and recovery capacity.

**6.65** Third, the UK will invest in building a deeper humanitarian evidence base. We need better needs assessments and better evidence of the kinds of assistance which is successful in order to make good funding decisions. The UK will work to improve humanitarian assessments and reporting by humanitarian agencies.

**6.66** Fourth, the UK will commit at least £5 million a year in new core funding to NGOs for humanitarian action. This will be in addition to existing ongoing funding arrangements for NGOs' response to humanitarian emergencies. We will work to ensure that our funding enables NGOs and the Red Cross to continue to operate alongside the UN.

**6.67** Transforming how international institutions work – and how the UK works with them – will be critical to delivering on our new priorities. But we will also need to change the way DFID and the UK government delivers development itself. This is the subject of the next chapter.



India, Uttar Pradesh: girls look for India on the globe at the Pahla Kadam residential camp school. (Panos – Ami Vitale)

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# Chapter 7: Transforming our Impact and Ensuring Value for Money

## New challenges, new approach to delivery

**7.1** The development community has often stood accused of making big investments and bigger promises without taking enough care in ensuring they deliver outcomes on the ground.

**7.2** That situation has changed over the last decade. The UK's approach to increasing the flow of aid through developing country governments to better target assistance, coupled with a focus on aid effectiveness and results, has improved the impact of our aid. Reforms like de-linking aid to the purchase of goods from the donor country are estimated to reduce the cost of aid by up to 30%.<sup>134</sup>

**7.3** This is a significant achievement, but the challenges of growth, climate change, conflict, and the rightful concerns of the public require new approaches to delivery.

**7.4** These challenges demand greater efficiency and focus on value for money. At a time when public finances are tight it is even more pressing that the government makes sure that the public both here and in the developing world have the chance to scrutinise where aid goes and ensure that none is wasted.

**7.5** They require a different approach to working with developing country governments that recognises the need to collaborate on the challenges of interdependence, and ensures mutual accountability for our achievements. Many of the countries that have developed the most have seen the capabilities of their states increase. We will need an approach that responds to differences in state capability, applying scrutiny where it is needed.

**7.6** They require deeper and broader partnerships with civil society organisations (CSOs), faith groups, trade unions and the private sector. Many facets of the problems presented by growth, climate change and conflict will require more engagement with non-governmental partners. Civil society can help spread awareness, education and support through the poor communities that will most directly bear the brunt of changes to our environment. The private sector can in some cases provide the innovation and risk-taking necessary to reduce greenhouse gas emissions.

**7.7** And working in some conflict-affected and fragile countries, where the state is ill-equipped to provide services and often lacks legitimacy, will require us to work more with these organisations.

**7.8** It will require a broader base of finance. Aid while necessary will never be sufficient to fund the levels of investment needed, for example, in innovation, new technology and new skills to address problems of climate change and low carbon growth. We will need to find ways of using aid to leverage additional finance if we are to effectively address such global problems.

## Ensuring effectiveness and value for money

**7.9** The government has always taken value for money seriously. But it is now more critical than ever that we do everything we can to ensure that we honour our commitments to scrutinise spending decisions and ensure effectiveness.

### We will:

- **continue to allocate aid based on the principles of country income, population size and confidence that resources will be used effectively.**
- **allocate an amount equivalent to 5% of budget support funding to help build accountability.**
- **support increased aid transparency including leading the International Aid Transparency Initiative and revamping the DFID website.**
- **conduct portfolio reviews of UK aid spending.**

## Allocating UK aid where it has most impact

**7.10** Allocating aid multilaterally or bilaterally involves making choices. The UK believes that these choices should reflect our international development objectives.

**7.11** Decisions on where UK bilateral aid should go are initially guided by three principles: levels of income per person (the poorer the country the higher the aid); population size; and confidence on whether the aid resources will be used effectively (based on assessments of country policy and institutional performance).

**7.12** A strong UK focus on Africa and South Asia will continue. A sufficiently broad country coverage will be maintained to ensure we can learn and transfer lessons from a variety of country experiences.

**7.13** The UK remains committed to this objective led approach but will continue to review the criteria in the light of lessons and international evidence on what works.

**7.14** The government also reaffirms its responsibilities to the overseas territories. It will continue to meet their reasonable assistance needs as a first call on the development programme.

### Transparency, scrutiny and accountability

**7.15** In 2005 the Paris Declaration on Aid Effectiveness set out concrete international commitments on how to make aid more effective. The UK is committed to deliver on the commitments made in Paris and reaffirmed in Accra, ensuring that development is driven by partner countries and helps build capable, accountable, and responsive states.

**7.16** Central to delivering this will be increasing transparency and accountability.

**7.17** This is not just about internal accounting procedures. Accountability to citizens for how and where public money is spent is the bedrock of government legitimacy. Where accountability is good, audit commissions and parliaments work as strong and effective institutions to ensure that governments are responsive to the needs of poor people. The UK has supported over 30 parliamentary strengthening projects since 1998. We also support media and civil society organisations which are important mechanisms for holding government to account.

### The Accra Agenda for Action

In September 2008, the UK helped to secure the 'Accra Agenda for Action'. This set out concrete actions for those giving and receiving aid. Donors committed themselves to:

- making greater use of countries' own financial systems to deliver aid, helping to strengthen those systems and improve accountability to parliaments and citizens.
- working with developing countries to develop stronger mechanisms to hold each other accountable, at both the national and international level.
- working with other donors to improve the division of labour between themselves, helping governments to deal with multiple donors.
- improving the way they deliver aid in fragile states.
- helping recipient governments to plan their use of aid more effectively by informing them in advance about the aid they can expect.
- ensuring that gender equality is recognised as a cornerstone for achieving enduring impact on the lives and potential of poor women, men and children.

**7.18** But, we must go further. The UK will commit to setting aside an amount equivalent to at least 5% of its budget support funds to strengthen mechanisms for making states more accountable to their citizens. This will ensure that citizens groups, local media, parliaments, audit bodies and others are able to monitor how governments use these resources.



DRC, Kinshasa: Congolese Parliament in session. (Panos – Dieter Telemans)

**7.19** Improving transparency will help partner country governments to better plan and manage aid; and citizens in both donor and partner countries to track spending and hold their governments to account.

**7.20** The UK will lead the International Aid Transparency Initiative (IATI) to improve transparency of aid flows by bringing together donors, partner countries, civil society organisations and experts to agree common standards for sharing information about aid.

**7.21** Part of making international aid more transparent is each donor publishing information of the projects they fund. The UK will make information about the projects we fund available to the public both here in the UK, and in the countries we work, through the launch of a new searchable database on the DFID website.

## Improving efficiency

**7.22** As well as improving scrutiny, it is critical that all programmes are chosen and designed so they provide maximum value for money. This involves using the right information, but also that we have the right systems and skills in place to be able to take the decisions necessary. This will lead to a leaner, stronger, and more efficient organisation. The UK will:

- review our aid investments and deliver an additional £155 million of value for money savings by 2010-11. This will be achieved by driving stronger cash management in the multilateral organisations that we fund, focusing our communications efforts, and improving value for money in the research budget. DFID will undertake a series of reviews of its spending portfolio to identify savings.
- build the evidence about what works. The UK is providing up to £1 billion on development research over five years in part to ensure that decision makers have the best evidence of what works.
- integrate gender equality into development policy and practice. A gender and social exclusion analysis assessment tool has been adopted. As part of our approach to tackling social exclusion we will take account of the views of disabled people's organisations.
- Focus our efforts. As we change what we do, we also need to decide what we won't do. As the aid programme grows, we will put a higher proportion of our new resources into multilateral spending as reforms progress (Chapter 6). We will also narrow our country coverage, to focus our efforts where we can have



(Panos – Ami Vitale)

## Using data to improve the opportunities for women and girls

Making gender issues a priority has real results and can change people's lives. Carefully analysing data that separates gender as part of programme preparation can make a real difference. For example, in south Sudan, DFID's support has significantly increased girls' education rates from 14% in 2005 to 36% in 2009, as a proportion of total primary school enrolment<sup>135</sup>.

Women are more vulnerable to poverty than men. Two-thirds of the more than 700 million illiterate people across the world are female; and almost two-thirds of women in developing countries work in vulnerable jobs<sup>136</sup>. We will therefore ensure that all our programmes monitor and report the impact on women and girls, so we can be much clearer about the effect of our work on gender equality.

the biggest possible impact on poverty reduction. Since 1997 we have cut the number of countries we give aid to by over a third, and in the three years to 2010 will have closed nine offices. Our modest aid programme and DFID country office in China will be reviewed in 2010. Around 90% of our country expenditure is now in 23 countries. This allows our

staff and aid budget to focus on where they add most value.

**7.23** A range of voluntary agencies, as well as the devolved administrations and local government, provide support to projects in developing countries and can provide lessons on which to draw.

## A commitment to independent evaluation

**7.24** The UK is stepping up its aid evaluation effort. Identifying the results of our efforts and the lessons of what does and does not work, is important both for accountability and for making the most of future spend.

**7.25** An Independent Advisory Committee (IACDI) on evaluation has been established which reports to the Secretary of State for International Development. Its findings – for example the committee minutes and the Chair’s annual letter – are also shared regularly with the UK Parliament through the International Development Committee and published on the IACDI website.

**7.26** A major new evaluation policy for DFID has been prepared and endorsed by IACDI, setting new standards of quality and independence. DFID will support at least 40 independent evaluations of its country work, policies and sectors over the next four years. This is in addition to regular internal reviews and independent audits. We will respond to and address the concerns raised by our independent evaluators to ensure our aid continues to be used in the most effective ways.

**7.27** DFID is also working internationally to increase rigorous evaluation of international development programmes. The UK has helped establish the International Initiative for Impact Evaluation (3IE), in collaboration with the Gates and Hewlett Foundations. 3IE will channel up to \$100 million from private sector foundations, developing countries and donors into rigorous impact evaluations.

## Changing the way we work with partner countries

### We will:

- **strengthen control and special measures for all our financial aid.**
- **establish a network of development professions in integrated UK government teams working on key G20 economies.**
- **support the strengthening of the UN Development Co-operation Forum.**

**7.28** UK aid is delivered in a variety of ways: direct disbursement in humanitarian support; individual projects working with communities or local government; through third parties, or channelling support direct to government budgets.

**7.29** The challenge ranges from working in countries with governments who are not committed to helping their citizens; countries that are, but have limited capacity to deliver and where risks of corruption and misuse are high; to countries that have a high degree of policy capability and robust systems of control and scrutiny.

**7.30** To meet these contrasting challenges we need an approach that recognises the broadening range of our engagements, rewards sound systems and prevents abuse.

**7.31** The starting point is to assess the degree of risk. To help determine how best to disburse aid an independent assessment is made of the strength of financial institutions and systems of partner countries for all the UK’s large aid programmes.

**7.32** Where the degree of risk is too high, aid will only be provided directly or via third parties.

**7.33** Where the risk is lower, we consider using the government's own systems to deliver and track aid, supported by safeguards which improve the way expenditure is controlled. This includes the option of providing budget support. Safeguards may include tracking how funds are spent and the quality of services that are delivered as a result. The weaker the systems, the more additional measures we use. The stronger the system, the greater flexibility we give to partner countries.

**7.34** We will expand the criteria for evaluating the risk of funds being misspent to include reviewing commitments to international anti-corruption standards and the condition of partner country anti-money laundering systems. We will send our proposals on safeguards for independent review to assess their adequacy. In all cases we will work with other international partners and the government itself to ensure that the action plan setting out such measures is supported.

### Working with emerging powers

**7.35** By 2050, economic projections suggest that the combined size of the seven leading emerging economies (China, India, Brazil, Russia, Indonesia, Mexico and Turkey) will be around 50% larger than the current G7. China is expected to overtake the US as the largest economy in around 2025, whilst Gulf countries are also becoming increasingly important in addressing today's global challenges.<sup>137</sup>

**7.36** We need to work with emerging powers as partners on the world stage. This will require us to work more effectively across government departments to achieve broader ends. The success of integrated teams already established to deal with climate change and trade show that the approach can work.

#### Working with emerging powers: UK Climate Change and Energy Unit

Since January 2009, a cross-government team has led UK work on climate change and energy security in India. The joint Climate Change and Energy Unit brings together staff and resources from the FCO, DFID, DECC and DEFRA.

The creation of the Unit has led to a step change in British engagement on climate change in India, including:

- ensuring all UK development work in India takes account of climate change.
- increasing resources for solar energy for deprived communities and low carbon strategies for cities.
- factoring climate change adaptation into political negotiations and increasing work with the Indian authorities on Copenhagen.

**7.37** The 2009 UK strategy towards China shows the integrated nature of our co-operation. The UK has worked closely with China on sustainable development in Africa, on all aspects of climate change and on the dissemination of lessons to other developing

countries of China's experience in reducing poverty over the last 30 years.



China, Beijing: night view of Chaoyang, the Central Business District. (Panos – Mark Henley)

**7.38** We will now increase our engagement by establishing a network of development professionals working with UK government teams in key emerging economies to address global development issues more effectively. This will be tailored to each country and may include strengthening links with research networks, private sector and civil society.

**7.39** The government will also support a strengthened UN Development Co-operation Forum. This will provide an avenue for stronger engagement with partner countries and emerging powers, and a platform for greater accountability between development partners.

## A new approach to civil society

### We will:

- **double our central support to civil society organisations to £300 million a year by 2013.**
- **expand partnership agreements to organisations based in developing countries and working on new issues.**
- **offer new development innovation funding to support small scale funding for UK individuals and communities activities overseas.**
- **double funding to faith based groups.**
- **expand work with trade unions.**
- **make £50 million of this increased support available from April 2010.**

**7.40** The work of governments alone will never be enough. For lasting change, states must interact with voluntary groups, charities, faith and diaspora groups, trade unions, co-operatives and others. These organisations can and do often deliver basic services where states cannot or will not. They can challenge governments to ensure that policies benefit ordinary people, including the poorest. And they can help citizens hold their states to account.

**7.41** Since 1997 we have significantly increased aid funding to CSOs and expanded our range of partner organisations to include over 300 UK and international CSOs in more than 50 countries worldwide. And we have

agreed performance measures with those that we support.



Disabled People's Organisation campaigning in Ghana. (Action on Disability in Development)

**7.42** This White Paper signals an intensified engagement on issues such as growth, climate change and conflict. That means more work in fragile countries where civil society and faith groups play an important role, providing direct assistance to the poor and tackling poor governance. And the global nature of these issues has the potential to take the power and value of international voice and advocacy to new levels.

**7.43** This requires us to reconsider how we can build a more strategic partnership with civil society. We will consult with the UK Office of the Third Sector and CSOs to define the parameters of a new development "compact" between the UK and civil society organisations.

**7.44** First, this new deal will mean an escalation of funding and support across the spectrum of non-profit organisations. DFID will double its non-humanitarian central support for CSOs to £300 million a year by 2013.

**7.45** Second, it will mean that the UK looks beyond its traditional partners. There are many small UK community groups and individuals with fresh ideas to tackle poverty who struggle to access seed funds. It is also clear that faith groups and trade unions have different yet potentially powerful roles in development. And as civil society grows in strength in partner countries, we should do more to extend trusting relationships towards them.

**7.46** Third, it will mean that our funding allocations to CSOs will be based on more rigorous performance assessments – considering both the capacity of organisations to deliver and their proven impact on poverty.

**7.47** Fourth, it will mean a clearer mutual understanding of rights and responsibilities between DFID and civil society organisations.

**7.48** As part of this expansion, DFID will:

- offer new Development Innovation Funding to help community groups and individuals support small scale, innovative work.
- improve arrangements with CSOs to ensure better performance and results.
- expand partnership agreements by 2013 to include at least five new UK civil society partners and up to ten high performing CSOs rooted in the developing world to help drive global action on priorities such as security and justice, social exclusion and fair trade.

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- double support to faith based groups recognising the unique contribution that they can make in both delivering development on the ground, and connecting with communities here and abroad.
  - develop its work with international trade unions in poor countries to protect decent jobs, labour standards, and prevent exploitation. DFID has been working with the TUC and British trade unions over several years to promote employment and better working conditions in poor countries. DFID country offices also involve trade unions in the preparation of country plans. We greatly value this collaboration. That is why we recently agreed a new £2.4 million programme of work with the TUC. Through this programme and other means, we will be further expanding our support to trade unions in the south.
  - help partner governments to improve the way in which they work with local and international civil society with support from the Charity Commission.

### **Examples of civil society in action**

In Uganda and Tanzania, DFID supports MIFUMI to help protect 15,000 girls and young women from domestic violence, through life skills training in remote areas.

In Afghanistan, DFID funding supports War Child to help 1,000 acutely poor and marginalised children to access basic services, legal support and advice, so they can avoid abuse and drug addiction.

In Sri Lanka DFID is supporting APT Enterprise to help 200 disabled people become economically active. And in Ukraine, we are supporting Age Concern to establish a volunteer advocacy service for older people, giving them a united voice in their dealings with pensions, health, housing and other services. Some 3,000 older people have already benefited.

In South Africa DFID is funding Childhope to ensure that 8,500 children with HIV/AIDS can access their right to education.

**7.49** Recognising the particular challenges CSOs face in the current economic climate £50 million of this increased support will be made available from April 2010 by extending partnership agreements and setting up the development innovation funding.

## Building understanding of global interdependence in the UK

### We will:

- **introduce a new aid logo to be clearer about where UK public resources are being spent.**



**7.50** The UK public remains one of the most active and engaged on global issues in the world. Two in every three people believe that failure to tackle global poverty now will leave future generations facing worse problems.<sup>138</sup>

**7.51** Better communication on global issues and UK involvement is therefore essential, and we are committed to building support for global development issues in the UK. Young people in particular need to be encouraged to think about development issues for themselves and come to their own conclusions. The government will continue to focus on promoting learning about development through the UK education system, seeking to deepen our collaboration with the education departments and institutions that influence schools and teachers in the UK.

**7.52** We also want British people to know that their taxes are being used to tackle global poverty, deal with issues that will affect us all such as climate change, and help some of the most vulnerable people on the planet. We want them to be proud of our development programme, just as they are proud of the BBC and the National Health Service. Our ultimate objective is that Britain meeting its international obligations to provide development aid is seen as central to Britain's sense of identity and part of who we want to be as a nation in the 21st century.

**7.53** DFID is introducing a new logo to be clearer about where UK public resources are being spent. We will work with our partners on the best way to use the logo to deepen understanding of the government's role and the difference we are making.

## Stronger partnerships with the private sector

### We will:

- **launch the Business Innovation Facility to support business and develop new partnerships that create jobs and incomes.**
- **increase support for innovative financing for health.**

**7.54** The private sector is an invaluable part of development.

**7.55** In 2008 the UK launched the Business Call to Action, to mobilise companies to use their core business and skills to create jobs and stimulate growth. More than 60 leading business people committed to take action

and invest in developing countries. The Reuters Market Light service, for example, provides more than 100,000 Indian farmers with weather updates and price information

each day via text message, enabling better business decisions. It will now be scaled up to reach several million small farmers across India and other regions across the world.



## Creating global citizens: linking Govan High School in Scotland and Milonde Secondary School in Malawi

What do children in an inner city school in Glasgow and a rural community in Malawi have in common? It turns out a huge amount.

Children in both schools share a passion for art, are concerned about the environment, and worried about HIV & AIDS. These are just some of the issues that Govan High School and Milonde Secondary School have explored together over the past two years as a result of DFID's Global School Partnerships Programme.

Together they have learned about differences and similarities in each other's countries, and through joint projects on renewable energy, transport and fair trade have looked at the ways each others' lives are interconnected. Pupils have also set up an image gallery for their parents and communities to see what life is like in their two countries.

Children in the UK and 18 partner developing countries are directly learning about each others lives through DFID's Global School Partnerships programme. Joint projects between linked schools mean teachers in any subject area can add a global dimension to their lessons, ensuring children experience development issues first hand.



Former Ghanaian president John Kufour speaks to global business leaders at the Business Call to Action event in London, May 2008. (DFID)

**7.56** We will expand our collaboration with business to widen the number of international and domestic companies taking action, to ensure that developing countries secure a larger percentage of global investment, working in four main areas.

**7.57** First, we will increase our work with private foundations focusing on technological innovation. For instance we are working with the Gates Foundation on areas of common interest, such as improving access to financial services for the poor, developing new agriculture technologies, and strengthening health research and evaluation.

**7.58** Second, we will increase innovation through risk sharing ventures such as challenge funds which offer grants to businesses. DFID launched the Food Retail Industry Challenge Fund which supports projects that aim to get more African products onto UK supermarket shelves. This brings commercial benefits as well as income and employment to thousands of farmers, labourers and their families in developing countries.

**7.59** Third, we will promote responsible business through initiatives to increase transparency, accountability and ethical practices. We support the OECD guidelines for multinational enterprises which provide standards for corporate responsibility. Our support for fair trade makes sure that farmers and workers in poor countries get a fair deal in exchange for their products.

**7.60** Fourth, a new Business Innovation Facility will be launched in early 2010, supporting at least 30 new business initiatives in six pilot countries to boost employment and incomes. This will provide advice, training, and support to business to develop new and profitable ways of working, and brokering partnerships between businesses, governments and NGOs.

### Partnering the private sector for skills and finance

**7.61** The government remains committed to fulfilling its pledge to dedicate 0.7% of gross national income to development by 2013. However, government spending on its own will not be enough. Private funding and entrepreneurship will be needed to tackle problems on the scale of climate change.

**7.62** Our objective is to use innovative ways of working with the private sector to help meet financing gaps and to secure better performance, value for money and investment. A good example is our support to innovative financing in health (Chapter 5) through an expanded International Finance Facility for Immunisation, Advance Market Commitments and voluntary contributions.

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**7.63** We will continue to support the investment of public finance in businesses and attract private investors from rich and poor countries to do the same. Fully owned by the UK government, CDC has since 2004 committed £2.7 billion in the poorer countries of Africa, Asia and Latin America and attracted £2.3 billion of other investors' capital to invest alongside its own. It has invested in some 600 businesses that employ nearly one million people and pay an estimated £250 million in taxes and other charges to developing country governments. In late 2008, the government approved a still more poverty-focused investment policy for CDC through to 2013: on all new funds to which CDC commits, at least half will be in sub-Saharan Africa, three-quarters will be in low income countries, and up to £125 million will be in small and medium enterprise funds in other developing countries.



Sri Lanka, Netolpitiya: a schoolgirl, a survivor of the tsunami that struck South Asia in 2004, outside Rekawa school. (Panos – Alfredo Caliz)

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# Conclusion – Shared Interests, Shared Values, One Endeavour

8.1 The previous chapters have outlined how the UK will adapt its approach to development to ensure continued progress towards the MDGs despite the economic disruption of the last 18 months.

8.2 We have argued that the UK will complement its pledges on basic services with an increased focus on protecting growth, preparing for the impact of climate change and addressing conflict and fragility. We showed how we need to do things differently at national, international and community levels to deliver on those goals.

8.3 None of this will be easy. But it is in all of our interests that we grasp the opportunity we have to bring about real and lasting change. The problems facing developing countries affect us all. Our prosperity, our security and the future of our environment is tied to theirs. It is in our national interest and our shared interest with others that we address these problems.

8.4 It is also right. The world may have changed, but our values have not. A world with poverty, where too many lack not only for the basics of life, but also the opportunity to fulfil their aspirations, demeans us all. By helping build a path out of poverty, we do not just reduce suffering, but give people power over their own lives. Development is a profoundly moral cause.

8.5 That is why the government remains more committed than ever to international development.

8.6 The cause is right and the goal shared, but government cannot do it alone. Development is about more than aid. It must be about countries taking responsibility for their own development. It must be about the international community working together. And it must be about citizens everywhere doing their bit. Our shared interests are best served when supported by shared endeavour.

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8.7 In August 2005, millions of people around Britain and around the world answered the call to Make Poverty History, taking to the streets to take world poverty to the top of the international agenda. It showed what we can achieve when we work together. Today, we need a new call to action. Times are tougher, the way forward harder. But the need is no less. If we all contribute, we can build a common future that is in all of our interests.

# Annex

## Will the Millennium Development Goals be met? 2008 Progress Chart

Goals and Targets	Africa		Asia				Oceania	Latin America & Caribbean	Commonwealth of Independent States	
	Northern	Sub-Saharan	Eastern	South-Eastern	Southern	Western			Europe	Asia

### GOAL 1 | Eradicate extreme poverty and hunger

Reduce extreme poverty by half	low poverty	very high poverty	moderate poverty	moderate poverty	very high poverty	low poverty	–	moderate poverty	low poverty	low poverty
Productive and decent employment	large deficit in decent work (youth and women moderate productivity)	very large deficit in decent work (women), very low productivity	large deficit in decent work (youth), moderate productivity	large deficit in decent work (women), low productivity	very large deficit in decent work (women), low productivity	very large deficit in decent work (youth and women), moderate productivity	very large deficit in decent work (youth), very low productivity	small deficit in decent work (women), moderate productivity	small deficit in decent work, moderate productivity	small deficit in decent work (youth), moderate productivity
Reduce hunger by half	very low hunger	very high hunger	moderate hunger	moderate hunger	high hunger	moderate hunger	moderate hunger	moderate hunger	very low hunger	high hunger

### GOAL 2 | Achieve universal primary education

Universal primary schooling	high enrolment	low enrolment	high enrolment	high enrolment	high enrolment	moderate enrolment	–	high enrolment	high enrolment	high enrolment
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### GOAL 3 | Promote gender equality and empower women

Equal girls' enrolment in primary school	close to parity	almost close to parity	parity	parity	parity	close to parity	almost close to parity	parity	parity	parity
Women's share of paid employment	low share	medium share	high share	medium share	low share	low share	medium share	high share	high share	high share
Women's equal representation in national parliaments	very low representation	low representation	moderate representation	low representation	low representation	very low representation	very low representation	moderate representation	low representation	low representation

### GOAL 4 | Reduce child mortality

Reduce mortality of under five-year olds by two thirds	low mortality	very high mortality	low mortality	low mortality	high mortality	moderate mortality	moderate mortality	low mortality	low mortality	moderate mortality
Measles immunisation	high coverage	moderate coverage	high coverage	moderate coverage	low coverage	moderate coverage	moderate coverage	high coverage	high coverage	high coverage

### GOAL 5 | Improve maternal health

Reduce maternal mortality by three quarters*	moderate mortality	very high mortality	low mortality	high mortality	high mortality	moderate mortality	high mortality	moderate mortality	low mortality	low mortality
Access to reproductive health	moderate access	low access	high access	moderate access	moderate access	moderate access	low access	high access	high access	moderate access

### GOAL 6 | Combat HIV/AIDS, malaria and other diseases

Halt and reverse spread of HIV/AIDS	low prevalence	high prevalence	low prevalence	low prevalence	low prevalence	low prevalence	moderate prevalence	moderate prevalence	moderate prevalence	low prevalence
Halt and reverse spread of tuberculosis	low mortality	high mortality	low mortality	moderate mortality	moderate mortality	low mortality	moderate mortality	low mortality	moderate mortality	moderate mortality

### GOAL 7 | Ensure environmental sustainability

Reverse loss of forests	low forest cover	medium forest cover	medium forest cover	high forest cover	medium forest cover	low forest cover	high forest cover	high forest cover	high forest cover	low forest cover
Halve proportion without improved drinking water	high coverage	low coverage	moderate coverage	moderate coverage	moderate coverage	high coverage	low coverage	high coverage	high coverage	moderate coverage
Halve proportion without sanitation	moderate coverage	very low coverage	low coverage	low coverage	very low coverage	moderate coverage	low coverage	moderate coverage	moderate coverage	high coverage
Improve the lives of slum-dwellers	moderate proportion of slum-dweller	very high proportion of slum-dwellers	high proportion of slum-dwellers	moderate proportion of slum-dwellers	high proportion of slum-dwellers	moderate proportion of slum-dwellers	moderate proportion of slum-dwellers	moderate proportion of slum-dwellers	low proportion of slum-dwellers	moderate proportion of slum-dwellers

### GOAL 8 | Develop a global partnership for development

Internet users	moderate usage	very low usage	moderate usage	low usage	low usage	moderate usage	low usage	high usage	high usage	low usage
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The progress chart operates on two levels. The words in each box indicate the present degree of compliance with the target. The colours show progress towards the target according to the legend below

- Already met the target or very close to meeting the target.
- Progress sufficient to reach the target if prevailing trends persist.
- Progress insufficient to reach the target if prevailing trends persist
- No progress or deterioration
- Missing or insufficient data

\* The available data for maternal mortality do not allow a trend analysis. Progress in the chart has been assessed by the responsible agencies on the basis of proxy indicators

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# Glossary

ACP	African Caribbean and Pacific countries
ADB	Asian Development Bank
AECF	Africa Enterprise Challenge Fund
AfDB	African Development Bank
AGRA	Alliance for a Green Revolution in Africa
AIDS	Acquired Immunodeficiency Syndrome
AMC	Advance Market Commitments
ARV	Antiretroviral
AU	African Union
CAADP	Comprehensive African Agricultural Development Programme
CDC	Commonwealth Development Corporation
CDM	Clean Development Mechanism
CERF	Central Emergency Response Fund
CGIAR	Consultative Group on International Agriculture Research
CIFS	Climate Investment Funds
CSO	Civil Society Organisation
DBIS	Department for Business Innovation and Skills
DECC	Department for Energy and Climate Change
Defra	Department for Environment, Food and Rural Affairs
DFID	Department for International Development
DRC	Democratic Republic of Congo
EC	European Commission
EDF	European Development Fund
EIB	European Investment Bank
EU	European Union
FCL	Flexible Credit Line (IMF)
FTI	(Education) Fast Track Initiative
FAO	Food and Agriculture Organization (UN)
FCO	Foreign and Commonwealth Office
GAVI Alliance	The Global Alliance for Vaccines and Immunization
G8	Group of 8 leading industrialised countries
G20	Group of 20 leading industrialised countries
GNI	Gross National Income

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HIPC	The Heavily Indebted Poor Countries Initiative
HIV	Human Immuno-deficiency Virus
HMG	Her Majesty's Government
HMT	Her Majesty's Treasury
IATI	International Aid Transparency Initiative
IBRD	International Bank for Reconstruction and Development
ICT	Information and Communication Technology
IDA	International Development Association (World Bank)
IGC	International Growth Centre
ILO	International Labour Organization
IMF	International Monetary Fund
MDB	Multilateral development bank
MDG	Millennium Development Goal
MOD	Ministry of Defence
NBI	Nile Basin Initiative
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PPCR	Pilot Programme for Climate Resilience
PSA	Public Service Agreements
REC	Regional Economic Communities
REDD	Reduction of emissions from deforestation and degradation
RDB	Regional development bank
SREP	Scaling-up Renewable Energy Programme
TB	Tuberculosis
TEEB	The Economics of Ecosystems and Biodiversity
TUC	Trade Union Congress
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV and AIDS
UNCCC	United Nations Climate Change Conference
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
WFP	World Food Programme
WHO	World Health Organisation
WTO	World Trade Organization

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