

Submission by Bond to the International Development Committee inquiry examining the 2009 DFID White Paper

5 October 2009

1. Bond is the UK membership body for non-governmental organisations (NGOs) working in international development.
2. Bond was very active in the White Paper consultation process and coordinated a joint submission reflecting the key priorities of Bond members¹. We welcome that the IDC is doing this inquiry and would like to raise some issues and questions in relation to this new White Paper for your consideration².
3. Bond welcomes the new DFID White Paper and is pleased to see that DFID has acted to include very many of the concerns of UK development NGOs and our partners. Many issues which BOND raised in the consultation process have been addressed. Yet, now the challenge is to actively include these commitments into DFID's work and to link this new White Paper to previous strategies.

Questions:

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

Promoting Economic Growth

4. Bond welcomes that the White Paper explicitly acknowledges that the Washington Consensus has failed and that the IMF and World Bank need to move away from a one-size-fits-all approach to growth. DFID commits to support countries to "chart a higher and more resilient growth course"(2.87). The International Growth Centre now needs to take this challenge forward and support governments to build a pro poor growth agenda based on a fair distribution of wealth.
5. The stated refocus on support for infrastructure, agriculture and focus on food security is welcome but should not come at expense of other sectors. Health and education and other basic services need to remain equally important. Therefore, Bond members appreciate the commitment to "spend half of future UK direct support for developing countries on public services" (p.93).
6. The White Paper also acknowledges the key role of trade in development. It also calls for "a quick conclusion to the Doha trade talks" (p.28). Yet, the major concern by international civil society and developing countries of not pushing through any harmful trade deals is not addressed. While Bond welcomes the increased support for fair and ethical trade in the White Paper, we would like to highlight that the UK must also work towards negotiating a

¹ The Bond White Paper submission can be found at:

http://www.bond.org.uk/data/files/bond_submission_for_2009_dfid_white_paper_27_05_2009.pdf

² This submission highlights key points from a summary and analysis of the White Paper which is published on the Bond website: <http://www.bond.org.uk/pages/white-paper-2009.html>

new international trade deal that puts the poorest first. A quick conclusion to Doha will not make the international trade system fairer.

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

Questions:

- How will DFID promote a more equal growth on country level? What changes will be made to existing projects and programmes?
- In the context of the G20 committing to bring the Doha Round to a conclusion in 2010, what is DFID doing to ensure a development outcome especially given the deal on the table is not pro-poor?
- What is DFID doing to push the government to demonstrate coherence and commitment to a 'green' economic growth and prosperity model, which builds on the government's low carbon agenda?

Tackling climate change and promoting environmental sustainability

8. Bond welcomes that the White Paper clearly acknowledges the threats associated with climate change and commits to an "ambitious, comprehensive and equitable global deal on climate change" (p.50). It also sets out a commitment to strong domestic action, including urgent and stringent measures to reduce emissions, and five year commitment periods for emissions reductions. Bond stresses the utmost urgency of climate change and the need for the UK Government to take a leading role in the negotiations to ensure an effective deal in Copenhagen.
9. While promising to use up to 10% of UK ODA for climate change related development projects, the White Paper also commits the UK Government to provide new and additional resources for climate change. Yet, it is not clearly stated where this new money will be coming from and how it will be disbursed.

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

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

11. DFID also needs to recognise that climate change plays out first through the natural environment and the ecosystem's goods and services. The poorest rely first hand on natural resources, ecosystem services and biodiversity. It is vital that the close links and interdependence between climate change, people, poverty reduction, biodiversity and ecosystems are realised and integrated, using approaches that achieve mutually supportive outcomes.
12. Bond welcomes the White Paper commitment to "...seek new ways of raising finance to pay for forest management and reduce deforestation and degradation" (p. 58). However, this needs to be given the priority and urgency it deserves, particularly the immediate need for interim financing for Reducing Emissions from Deforestation and Degradation (REDD) capacity building ahead of any 2012 commitment. As Lord Nick Stern has shown, conserving the remaining natural forests is one of the best ways to limit climate change, support sustainable development, and benefit the poor who rely on forest resources.³
13. DFID needs to recognise much more the links between critical development sectors and the environment, such as in agriculture. Food production systems and the environment are inter-dependant and key to attaining genuine food security. The recently published UN and World Bank sponsored IAASTD report (International Assessment of Agricultural Science & Technology for Development) which DFID is signatory to, has made it clear that conventional, industrial agricultural systems have degraded the environment to such an extent that 'business as usual' is not an option'.⁴ This model of agriculture is not sustainable and should clearly not be pushed upon developing countries
14. Bond agrees that urgent action is needed on adaptation in vulnerable natural resource sectors and that DFID has a vital role to play in providing this. We particularly welcome DFID's renewed commitment to address water resource management and trans boundary water issues. Integrated water resource management provides a fundamental basis for providing the long-term environmental security necessary for sustainable development and the provision of water and sanitation required to meet the MDGs.

Questions:

- How will DFID climate change related development projects funded through ODA be distinct from projects funded through new and additional climate finance? How will they be categorized?
- Is DFID planning to show financial leadership behind the UNFCCC to build the confidence of the G77/China group within the international negotiations and signal a strong message to the COP?
- What percentage of DFID's climate finance will be committed to the UNFCCC, and what percentage will be channelled through the World Bank?
- What is DFID doing to ensure that their emphasis on climate change is not at the expense of investments into other critical natural resources?

Conflict and fragile states

15. Bond welcomes the new emphasis on conflict and fragile states in this new White Paper including the commitment to increased spending of aid funding in fragile and conflict affected states. Bond also welcomes the promise of

³ Stern Review Report on the Economics of Climate Change (2006). See the full Stern Review Report at: http://www.hm-treasury.gov.uk/stern_review_report.htm.

⁴ The report can be found at <http://www.agassessment.org/>.

better alignment and coherence across UK Government responses to conflict. Many Bond members have for some time been raising concerns about the danger of diverting aid funds to serve military spending in conflict zones. Therefore, we support but will also closely monitor the planned UK cross government strategies for engagement in all fragile states.

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

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

Questions:

- How is DFID planning to implement its new focus on fragile and conflict states? Will this new focus result in structural changes within DFID and specialised training for civil servants?
- How will DFID ensure that programmes in fragile and conflict states have a long term focus and respond to politically sensitive environments?
- How will be ensured that cross-governmental strategies promote policy coherence but do not divert the purpose of aid?

International institutions

17. Bond welcomes DFID's commitment to strengthen its support for multilateral institutions. A new emphasis in the White Paper on promoting performance improvements of multilateral institutions such as UN agencies, the World Bank and the IMF can be very significant, but needs to be developed further. In particular, scrutiny of the performance of the World Bank needs to be given greater attention, as the White Paper makes UN funding conditional on its performance but fails to do so for the World Bank.
18. The White Paper also highlights that international institutions need to be more accountable and responsive as we highlighted in the Bond submission. With an increasing role for the World Bank and particularly the IMF as agreed at the London G20 Summit, it is very important to move forward on governance and conditionality reforms of these institutions. It is therefore disappointing that the White Paper is not clearer about the type of governance reforms DFID envisions for the IMF and World Bank and the need for parity of voice and vote between developed and developing countries.
19. DFID has called for the World Bank to increase its "clean energy" portfolio to 60% in the next 3 years. These reforms in the Bank's portfolio are welcome; however there is a crucial need for clarity on what is considered "clean" by both DFID and the Bank. The World Bank needs to be greened and its role on health, social protection, gender equality and environment reviewed to see how it could best support development efforts of bilateral donors, civil society, the UN and others.

Questions:

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

European Union

20. Bond welcomes the fact that the new White Paper recognises the importance of the EU as a development actor and commits to increase aid channelled through the European Commission (EC). The commitment to ensure that good progress in the performance of EC projects is maintained (6.26) is positive although it is not clarify how this will be carried out.
21. Bond welcomes the commitment to push for a single European Commissioner for development and humanitarian aid, with a strong voice within the Council of Commissioners and for a more efficient and coherent administrative structure dealing with all developing countries (6.29).
22. The White Paper states that “the UK will work to make poverty reduction a primary aim of the EU’s external policies” (6.23) – an important commitment to effectively promote policy coherence for development. This is a very positive statement, although it remains to be seen whether this is matched by active pressure on EU level to make external policies (trade, climate, peace and security) really coherent and supporting development policies.
23. The White Paper proposes to boost the role of the European Investment Bank (EIB) (6.27) in international development. This is worrying if the issues around transparency and accountability of the EIB are not tackled and it is particularly concerning that the White Paper does not mention the need to reform this Bank.

Questions:

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

Improving performance and aid effectiveness⁵

24. The White Paper places a strong focus on aid effectiveness stressing that DFID takes its own effectiveness and the need to increase value for money seriously. Bond welcomes that long overdue commitments to increase transparency and provide greater support for accountability work in-country to complement the delivery of budget support were made. However, these commitments now need to be delivered on in the fullest possible sense.
25. The White Paper encouragingly confirmed international commitments made in the Paris Declaration and the Accra Agenda for Action. However, with the Paris Declaration reaching its target year and expiring in 2010 and signatories way behind in delivering on their promises around ownership, harmonisation and other areas, it was hoped that the White Paper would focus more on how

⁵ More specific issues on aid effectiveness are raised in the submission to the IDC by the UK Aid Network.

the Paris targets are to be achieved and the principles that should be at the heart of a post-2010 agenda.

Questions:

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

The role and resourcing of civil society in international development

26. Bond welcomes the White Paper's acknowledgement of the role that civil society, in both North and South, plays in development, and DFID's commitment to significant increases in funding for both UK and Southern CSOs. This is demonstrated strongly in the doubling of non-humanitarian central funding for civil society to £300 million a year by 2013 (7.44), £50 million of which will be available by April 2010 (7.49). The recognition of CSOs' roles as both campaigners and deliverers of development and humanitarian response (p.7) is encouraging, as is the acknowledgement that the expectations of the partnerships between DFID and CSOs must cut both ways (p.9), and the recognition of the "power and value of international voice and advocacy" (7.42). The extension of Partnership Programme Agreements (PPAs) to include Southern CSOs is particularly welcome.
27. The White Paper commits to strengthen existing partnerships with all facets of civil society in both the UK and the South, as well as more clearly defining the relationship between government and CSOs with a new "'compact' (7.43). While welcome, consideration must include the degree to which such an approach has benefitted the UK domestic voluntary sector as well as the innovative ideas of civil society in the UK on this area and the leading edge practice where it exists across the world.
28. A renewed emphasis on performance assessments and proven impact, as well as a "clearer understanding of rights and responsibilities between DFID and civil society organisations" (7.47) must be practical and based on past experience of what works.
29. Bond welcomes DFID's commitment to "help partner governments to improve the way in which they work with local and international civil society with support from the Charity Commission" (7.48). Good working relationships and enabling legislative and operational environments for a vibrant civil society are vital to ensure effective development.

Questions:

- Given the current economic climate, how will DFID ensure it disburses the increased funding for civil society in a timely fashion?
- How will DFID ensure it resources civil society's role as campaigners and advocates sufficiently so that the voices of marginalised Southern communities are heard?
- How will DFID define its relationship with civil society in a new 'compact' and how will it consult with key stakeholders on the parameters of this?
- How will DFID work together with civil society to ensure performance management demands take into account past learning and do not carry high costs for NGOs?
- How does DFID propose to work with partner governments in the South which restrict civil society's ability to operate independently and freely?