

ONE WORLD CONSERVATISM

A CONSERVATIVE AGENDA FOR INTERNATIONAL DEVELOPMENT

Policy Green Paper No.11



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INTERNATIONAL DEVELOPMENT

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SUMMARY OF THE ARGUMENT

Our vision for international development, as in other areas of policy, is to achieve progressive aims through Conservative means. We believe we can bring to the fight against global poverty weapons and techniques that will make more of a difference to more people: a focus on aid effectiveness and value for money; an understanding of the importance of wealth creation and the means to foster it; a recognition that security is the precondition for sustainable development and hard-headed proposals to improve conflict resolution.

But the context for our plans has changed dramatically over the past year. The global downturn has shaken up rich and poor countries alike. For poor countries, it threatens to undermine the last decade of steady growth and poverty reduction. For rich countries, it puts new pressures on the budgets of individuals, households and governments. Times are tight - and nowhere more so than in Britain, where Labour's catastrophic mismanagement of the economy has saddled us, and our children, with a heavy millstone of debt.

Any future government will have to take tough decisions to balance the books – and that means cutting back the rate of growth of government spending. The Conservative Party has made the bold pledge, even in the context of this fiscal squeeze, to increase the level of British aid. We have done so, above all, because it is morally right to do so. Cutbacks must not cost lives. That's why, in the UK, we've ring-fenced the NHS budget. And this concern extends abroad, which is why we're committed to boosting overseas aid.

Recent years have seen the end of the stale debate between the cynics who claim that all aid is wasted, and the starry-eyed idealists who think that throwing money at a problem automatically solves it. Yes, some aid in the past has been wasted or stolen. But equally, well-spent aid has worked miracles: eliminating smallpox, almost eradicating polio, supporting the Green Revolution in agriculture, helping get millions of children into school and saving millions of families from hunger and disease. The global downturn – which is a hammer blow to the world's poorest families – makes the need for well-spent aid even more urgent. And it is clear that, in a globalised world, aid has a vital role to play in tackling many of the key challenges that Britain faces: drug-resistant diseases, migration, global conflict and instability. This is a practical as much as a moral imperative.

But we are absolutely clear that, as taxpayers feel the pinch, maintaining public support for our aid programme will require a much greater focus on performance, results and outcomes. Our bargain with taxpayers is this: in return for your contribution of hard-earned money it is our duty to spend every penny of aid effectively.

We are modern, compassionate Conservatives. We bring to this policy area an enormous determination to tackle poverty. But we understand that in the post-bureaucratic age, new approaches, enabled by new technologies and a new vision of social responsibility, are opening up new opportunities to empower individuals and communities, and boost economic growth in developing countries.

We bring a natural scepticism about government schemes. We realise that generosity and good intentions are important starting points – but that what matters is results on the ground. The international development system is crying out for exactly this combination of compassion and competence.

This Green Paper sets out how our commitment to more aid for the planet's poorest people will be accompanied by a tough new approach to getting value for money from our aid budget.

As well as highlighting the amazing achievements of aid, we are candid and open about the difficulties and problems involved in turning money and good intentions into real outcomes on the ground. We identify both the systemic problems that beset the whole official aid industry, and the specific mistakes that Labour politicians have made in running our aid programme. And we set out how we will put these problems right, increasing British aid, while injecting a new post-bureaucratic focus on effectiveness and outcomes. Our aim is to spend more on what works, and end funding for what doesn't.

This paper sets out the details of this new approach:

We will ensure the impartial and objective analysis of the effectiveness of British aid through an Independent Aid Watchdog.

We will link aid directly to independently-audited evidence of real progress on the ground. Increasingly, we will pay 'cash on delivery': giving an agreed amount to a recipient government for every extra child they get into school or every extra person who receives decent healthcare. This will give British taxpayers confidence that their aid money is buying specific successful outcomes.

We will immediately review which of the 108 countries the Department for International Development currently gives aid to should continue to receive it. Our aid programme will be more focused and less scattergun. We will end aid to China, which has sufficient resources to fund its own development.

We will increase taxpayer control over the aid budget by giving everyone in the UK a say over where and how some of our aid is spent. We will create a new 'MyAid Fund', set initially at £40 million, through which individual British people will be able to vote on where and how to spend aid money. This will increase public understanding of, interest in and support for Britain's aid programme - and create a clear incentive for the Department for International Development to demonstrate and improve the quality and impact of its work.

Taken together, we believe these reforms will deliver a step-change in the effectiveness of Britain's international development effort. But on their own, they are not enough. Successful development policy is about much more than just aid. The single most important exit from the grinding poverty which characterises so much of the developing world is economic growth and trade. And the biggest cause of that poverty is conflict and dysfunctional governance. So we will reemphasise the importance of private-sector led growth and wealth creation as the only path to prosperity. And we will do more to help poor countries put in place the building blocks of development: property rights; effective public services; access to global markets; stability, security and the rule of law.

Capitalism and development was Britain's gift to the world. Today we have an opportunity to renew that gift by helping poor countries kick-start growth and development. The reward will be clear: a better life for millions of people, and a safer, more prosperous world for Britain.

INTRODUCTION

The scale of the challenge

When Disraeli surveyed this country in 1845, he saw two Britains:

“Two nations between whom there is no intercourse and no sympathy; who are ignorant of each other’s habits, thoughts and feelings, as if they were dwellers in different zones or inhabitants of different planets; who are formed by different breeding, are fed by different food, are ordered by different manners, and are not governed by the same laws ... THE RICH AND THE POOR.”¹

When we look around us today, we see two worlds. Disraeli’s observations led to One Nation Conservatism. Today we are One World Conservatives, continuing that great tradition of social concern and social action and applying it on a global scale.

9.2 million children die before the age of five each year.² Two million die on the day they are born – and 500,000 women die at childbirth.³ A third of children in Africa suffer brain damage as a result of malnutrition.⁴ 72 million children are missing out on an education.⁵ Every day 30,000 children die from easily-preventable diseases.⁶ That’s 21 children every minute. 33 million people are infected with HIV/AIDS.⁷ There are 11 million AIDS orphans in Africa.⁸ Every hour, 300 people become infected with HIV and 225 people die from AIDS...and 25 of these are children.⁹

These bald facts are an insult to our humanity. Every life is precious. Everyone has unique talents and abilities. Every time the candle of life is snuffed out by disease, we all suffer. Every time ignorance triumphs over enlightenment, we are all injured. Every time a child is born into a cycle of poverty, we are all made poorer.

Millennium Development Goals

Since the turn of the century, the world has focused its international development efforts on the Millennium Development Goals. In brief, these eight goals are to:

- 1. Eradicate extreme poverty and hunger**
- 2. Achieve universal primary education**
- 3. Promote gender equality and empower women**
- 4. Reduce child mortality**
- 5. Improve maternal health**
- 6. Combat HIV/AIDS, malaria and other diseases**
- 7. Ensure environmental sustainability**
- 8. Develop a global partnership for development**

We support all of these goals, and a Conservative government will continue to work towards them.

In future generations, schoolchildren will read in books about the scandal of world poverty and ask, in astonishment: how could this have been tolerated? Our grandchildren will ask us: what did *you* do to help tackle poverty? They will wonder at the absurdity of a world that could put men on the moon, but still let millions of people suffer and die from easily-preventable diseases.

The moral case for tackling poverty is utterly compelling. But poverty and suffering on this scale is also a direct threat to British interests. In a globalised world we are all bound together, our destinies linked. Linked by the threads of trade and commerce, and by the modern miracles of instant communications and international transport. Linked, too, by shared risks and hazards. Poverty breeds extremism, incubates disease and drives migration and conflict. Instability around the world threatens us all. Pollution anywhere can threaten the environment everywhere. So tackling poverty and deprivation is not just a moral duty, it is also in our very best national interest.

Morality, economics, geopolitics, demographics – all compel us to act urgently. This is a moral calling and a practical challenge – a challenge we will not ignore.

The new threat to development: the global downturn

Today, the global downturn poses a new threat to the progress that has been made in recent years:

- The recession could force 90 million people back into poverty by the end of 2010, and delay the achievement of the MDGs by three years. (Press Release, DFID, 9 March 2009)
- The World Bank have estimated that over two million children could die as a result of the downturn. (Economist, 12 March 2009)
- Remittances from workers in rich countries to their families in poor countries have fallen dramatically.
- Foreign direct investment to developing countries is predicted to fall by 80 per cent from \$929 billion in 2007 to \$165 billion in 2009. (Press Release, DFID, 9 March 2009)
- World trade is forecast to fall by 9 per cent in 2009, the strongest contraction since World War Two (Bloomberg, 23 March 2009)
- Economic growth in the developing world is down dramatically. The IMF has cut its forecast for growth in Sub-Saharan Africa in 2009 to 3.3 per cent from an original 6.7 per cent. (Economist, 12 March 2009)
- Some G8 countries are already backtracking on their aid commitments. (DATA Report, DATA, 2009)
- The slump in the value of the British Pound has wiped hundreds of millions of pounds off the value of British aid. (Press Release, Conservative Party, December 2009)
- The latest disruption comes on top of the dramatic food and oil peaks of 2007-08, which hit poor people hard and which increased the number of people suffering from malnutrition by 44m. (World Bank, 2008)

System failures in international development

We will see, below, the firm evidence that international aid has saved and improved the lives of many millions of people across the globe. But as well as celebrating the clear successes of aid, we need to be candid also about what has gone wrong. Too often today, the international aid system fails to translate money and good intentions into real achievements on the ground. The fault lies not with individuals: the people who work on the frontline of tackling poverty are heroes of our time. Nor does it lie with leading British NGOs, whose close engagement with local partners in developing countries, and whose direct accountability to the British public, ensures they maintain their hard-won reputation for excellence and responsiveness. The problem is that the energies and talents of people in the official aid sector are too often stifled by weak systems and structures.

The official international aid system suffers from a chronic lack of feedback and accountability. If customers at a shop receive a poor service or the prices are too high, they can choose to shop elsewhere. If voters don't like their mayor, they can turf them out. But if a poor person is let down by an aid agency, they have no way of making their voice heard. And taxpayers have very little way of knowing whether their money is being spent effectively, thousands of miles away. The feedback loop which keeps people on their toes is broken – allowing, in the worst cases, aid to be spent ineffectively. When problems are uncovered, they are often hushed up. It is too easy for people in the development community to turn a blind eye to failure and waste for fear that publicising it will undermine support for development. No official aid agency has ever gone bust for failing to deliver the goods for poor people.

Today, taxpayers have no control over, and very little knowledge about, how or where their aid is spent. Britain's aid programme is centralised and bureaucratic: money is taken from people through tax and spent on their behalf by experts in Whitehall. Personal links and feedback between British taxpayers and beneficiaries in developing countries are almost non-existent. Taxpayers don't see the impact of their aid – the lives saved, the children educated, the people lifted out of poverty. And the Government is not directly accountable to taxpayers for spending their money effectively.

Attitudes matter, as well as structures. Aid is sometimes undermined by a set of misguided beliefs about poor people and their communities. Often, people in developing countries are thought of as passive recipients of charity, not as energetic, active agents in their own development. Too often their voices are silenced or ignored, their potential neglected. Decisions about where and how to give official aid are often taken in London or New York, without any participation from the people we are trying to help. Official agencies sometimes seem blind to the fact that women bear the brunt of poverty – and that our policies and interventions need to recognise their central role in the day-to-day life of individual households.

Donors have short attention spans and are vulnerable to fashions and fads. Some things, like infrastructure and agriculture, come in and out of fashion. Meanwhile, certain basic but vital areas – like sanitation and water – are permanently neglected. DFID has admitted that it 'dropped the ball' on sanitation,¹⁰ and NGOs complain that since Hilary Benn left DFID the political profile of water and sanitation has declined within the Department.

Even where it is given in good faith, aid is often vulnerable to the law of unintended consequences. For example, much-needed money has recently been pumped into poor countries to tackle specific diseases through specialist funds. But the relatively high wages paid by these organisations have sometimes encouraged local doctors and nurses to leave their jobs, undermining national healthcare systems.

Official aid agencies have overlapping mandates and are poorly coordinated. Often, the Finance Minister of a developing country, rather than focusing on running the economy, will spend most of his time meeting different donor missions, reporting back in 20 different ways to 20 different donors. Aid is volatile, yo-yoing up and down and making long-term planning almost impossible. 21 per cent of EU aid money arrives more than a year late.¹¹

The bureaucratic age is alive and well in international development. In most countries there are many different UN agencies operating, all with their own offices and staff. Attempts to integrate these into ‘one UN’ office in some countries have been slow. International organisations like the UN attract some of the most able, idealistic people in the world – but they are often imprisoned by inflexible, bureaucratic structures.

Major emergencies often shine a spotlight on similar problems in the *humanitarian* aid system. After the 2004 tsunami, and despite the heroic efforts of local and international humanitarian workers, the relief and reconstruction effort was marred by examples of duplication, inefficiency and waste. International agencies often failed to work alongside the response of local people and governments. Some well-meaning people sent Father Christmas outfits¹² and even Viagra¹³ to areas hit by the deluge. This misguided ‘help’ was worse than useless, blocking up ports and airports and stretching already-strained logistics systems to breaking-point.

Global aid allocation decisions are often questionable and sometimes perverse. Some ‘donor darlings’ receive many times more aid per poor person than less popular ‘donor orphans’.

Finally, the importance of conflict has been systematically neglected and overlooked by those interested in development. It is seen as too messy, too difficult, too political. Yet conflict and insecurity, more than anything else, are key drivers of continued poverty, as Professor Paul Collier has highlighted.¹⁴ If a community is trapped by violence and oppression, its people will remain poor and vulnerable until the fighting stops – no matter how much aid or trade they receive.

These problems cost lives and undermine public faith in development. The global aid system has delivered some amazing results and achieved a lot. But in some places it is clearly broken. We must fix it. This Green Paper sets out the steps we will take to do so.

Labour’s mistakes

We will start at home, by working to improve the effectiveness of Britain’s efforts to reduce poverty.

DFID has made a good start as an independent Department. But Labour has not always taken British aid policy in the right direction. We do not doubt the sincerity and the good intentions of Labour politicians in wishing to tackle poverty. But their old-fashioned ideology, instinctively favouring top-down, bureaucratic approaches, has blunted DFID’s effectiveness and produced policies which mean our development efforts don’t achieve all they could.

Above all, Labour have an endemic tendency to focus more on inputs than on outputs. They sometimes see spending money as an end in itself, rather than as a means to end. In the UK, Labour poured billions of pounds into unreformed health and education systems, to disappointing effect. Internationally, Labour’s failure to focus on outputs and outcomes means that our aid has not achieved all it could.

Too little of DFID's aid is rigorously assessed for impact and outcomes. DFID simply doesn't know how effective a lot of our aid is in reducing poverty and improving lives. And when it gives money to multilateral organisations like the World Bank, DFID admits that it does not know which are the most effective in reducing poverty. Good intentions trump clear thinking.

Labour's obsession with spending rather than performance means that there is sometimes an incentive to get money out of the door, rather than to ensure it is spent well.

Under Labour, our aid spending is scattergun: DFID spends aid in 108 countries. It is not transparent: DFID's website provides only limited and incomplete information about its spending, undermining the ability of civil society in poor countries to hold it to account. And it is unaccountable: under Labour the Public Service Agreements against which DFID is judged are almost useless as a way of establishing how effective DFID really is. Furthermore, DFID's own evaluation process is performed in-house, not independently.

But the problems go wider than just a lack of focus on results.

Labour seek – quite rightly – to strengthen the ability of governments in poor countries to deliver public goods for their people. But too often, a desire to work with governments means Labour turn a blind eye to some of their worst aspects. In many developing countries, patronage politics means that supporting the state in fact means supporting a particular group or tribe. Labour sometimes give aid directly to governments without adequate scrutiny.

DFID has struggled in places like Iraq and Afghanistan, where violence and insecurity mean its usual ways of working are impossible. Relations with other departments like the Ministry of Defence and Foreign and Commonwealth Office have sometimes been strained, with some arguing that DFID's growing financial muscle has led to it second-guessing the Foreign and Commonwealth Office on matters of policy.

Under Labour, DFID's culture is often more like that of an aid agency than a Department of State for International Development. It lacks business sense. For a long time, it didn't sufficiently appreciate the centrality of conflict and security to development. Progress has been made on both issues recently, but there is still further to go.

Labour's disregard for effectiveness has extended to its dealings with NGOs. Labour recently announced a uniform increase in its Programme Partnership Agreements, money which it gives to support British NGOs. Many NGOs were angered that all the organisations got the same percentage increase: clearly DFID made no attempt to identify the most effective and reward good performance. Since then, the Government has announced it will move towards a more performance-related funding system. Meanwhile, restrictive, top-down rules mean that many smaller British NGOs, who are achieving daily miracles in developing countries, find it hard to get funding from DFID.

In terms of structures, we believe that the Department for International Development (DFID) should be here to stay. With a Conservative Government, DFID will continue to report to the Secretary of State for International Development, who will have a seat in the Cabinet. British aid will remain untied from commercial interests, and we will maintain DFID's focus on poverty reduction. But change is needed to ensure that we obtain better value for the money that DFID spends.

SECTION ONE: VALUE FOR MONEY IN AID

If elected, a new Conservative Government will be fully committed to achieving, by 2013, the UN target of spending 0.7 per cent of national income as aid.

Our top priority will be to ensure that every penny of this money is spent well.

This section of the Green Paper sets out the steps we will take to bring international aid into the post-bureaucratic age and increase the value we get from British aid.

- We will spark an information revolution in British aid, for the first time gathering and publishing thorough, *independently*-audited data on the impact and effectiveness of British aid.
- We will introduce payment by results, rewarding success and paying governments in developing countries for development *outcomes*, not simply for activity.
- We will focus British aid more tightly, concentrating on fewer countries so we can achieve more where the need, and our capacity to effect change, is greatest.
- We will strengthen public support for development by giving taxpayers a greater say over where and how aid is spent, supporting British NGOs who currently miss out on Government funding, and building links between individuals and communities in Britain and developing countries.
- As well as making British aid more accountable to people in the UK, we will make it more responsive and accountable to people in poor countries.
- And we will champion efforts to help developing countries respond to climate change, which presents a fundamental challenge to the whole world.

1) Value for money through independent evaluation and transparency

We live in a post-bureaucratic age, where centralised structures with a monopoly on information no longer work. The world is moving towards decentralised, open systems in which information is diffused and democratised. But Labour's international development policy has not kept up. This is a huge missed opportunity. Information about performance is absolutely vital for real accountability and feedback. **We will collect and publish comprehensive information about the effectiveness and outcomes of all forms of British aid – allowing future funding decisions to be based on evidence, not guesswork.**

Measuring aid effectiveness is not easy. Poverty is complex and multifaceted. Development is a long-term process, not an easily-identifiable, one-off event. But too often, this difficulty is used as an excuse to give up trying to measure effectiveness. Official aid agencies tend to focus on what they are putting into a project – inputs – rather than trying to measure what they get out – outputs – or, more importantly, what effect this has on poor people's lives – outcomes. Too few donors take a rigorous approach – getting the data for a proper look at 'before' and 'after', and comparing areas that got help with those that didn't. As a result, too many policy decisions in international development are made without a solid base of evidence about what works and what doesn't.

This is not acceptable. We will be more scientific about how we evaluate the projects and programmes we support.

In order to improve, the Department for International Development needs to know which of its activities have the most cost-effective positive impact on the lives of poor people and which do not. With good evaluation, it is possible to stop doing the things that don't work and do more of the things that do.

The best evaluation is independent. This principle is recognised in many areas of life: pupils are not allowed to mark their own exams and large companies must get their accounts independently audited. DFID's evaluation, however, is still done in-house. Retaining public faith in the credibility of our aid programme, particularly at a time of economic turbulence, will necessitate tougher, independent evaluation.

We will ensure the impartial and objective analysis of the effectiveness of British aid through an Independent Aid Watchdog. This will gather evidence about the impact and outcomes of different British aid projects and programmes, allowing the Secretary of State for International Development to make informed, evidence-based decisions about where spending should be directed.

We will also offer full support to the recently-established International Initiative on Impact Evaluation (3ie), an exciting global centre of expertise. **We will commit up to £10 million per year to the 3ie to commission impact evaluations of programmes supported by multilateral aid projects that DFID gives money to. We will volunteer bilateral DFID projects to be evaluated by the 3ie, and actively encourage all multilateral projects to which DFID gives money to have their programmes evaluated by the 3ie.** These studies will ideally be carried out in partnership with developing country governments: by playing a part in evaluating the use of funds, governments will be more committed to implementing the findings of the studies.

Governments in the developing world, too, need greater support to measure the impact of development programmes in their countries. As well as introducing effective British systems to assess our aid, we will work with recipient governments to beef up their capacity to scrutinise spending. We will seek to ensure that, as far as possible, British-funded evaluations include direct feedback from beneficiaries, and use the skills and capacity of experts and researchers in developing countries.

Of course, not all development can be 'scientifically' observed, quantified and measured. Some interventions may take years to mature. It is harder to measure outcomes, like how many children receive a quality education, or whether governance has improved, than outputs, like how many schools are built. And sometimes we need to experiment with innovative approaches which run the risk of failure – but which could deliver great returns if they work. We fully accept this 'venture capitalist' approach to aid. Our work to strengthen impact evaluation will give us firmer evidence about the poverty-reduction 'return on investment' of different approaches, allowing us to scale up and replicate successful new ideas.

Transparency

But information on performance must be published, not locked away in a Whitehall vault. Sunlight is the best disinfectant. Knowledge gives people the power to hold others – individuals, organisations and governments – to account.

Compared to the richness of information provided by other aid agencies, DFID's website¹⁵ remains weak. For example, on each of its national homepages, the Global Fund to Fight AIDS, Tuberculosis and Malaria¹⁶ allows the user to see exactly where the organisation's money is going. Website visitors can track any project from the initial summary proposal through all the stages of project implementation.

The DFID website, by contrast, often provides only vague background information on the countries it operates in, alongside statistics that only allow the reader to see the broad picture of spending. This hinders the ability of local journalists and activists to hold DFID and its partners to account for delivering what they have promised. There is no excuse for such a lack of clarity. **We will publish full information about all of DFID’s projects and programmes – including the results of impact evaluations – on its website, and have them translated into local languages. This information will be published in a standardised format so that it can be freely used on third-party websites.**

Full disclosure will make DFID more transparent about what it really achieves. At present, the Public Service Agreement (PSA) targets against which DFID is judged are derived directly from the Millennium Development Goals. These Goals are a crucial guiding star for the whole international community. But they are less useful for measuring DFID’s specific performance at country level. Most of them are high level targets that, in any given country, are almost entirely outside of DFID’s control. For example, DFID’s success in Africa will be measured by progress towards the Millennium Development Goals in 14 key countries. But a country could make good progress, even if DFID is performing badly: if world economic conditions favour it, if other donors do well, or if a new government comes to power and pursues better policies. Or good performance by DFID could be masked if a country suffers from a deterioration in its terms of trade, or if insecurity increases. Indeed the current DFID PSA document quietly admits this point, saying: “Linking outcomes specifically to the UK’s role is challenging. It is important to be realistic about the extent to which partner country results can be attributed to the Government’s work.”¹⁷

Labour’s whole system of PSAs is itself deeply flawed. They are the product of Gordon Brown’s obsessive desire for control over spending Departments from his days at the Treasury. They represent the high-water mark of Brown’s bureaucratic, centralising zeal. And they illustrate the ultimate vacuity of that approach: endless colour-coded tick boxes and detailed targets which are ultimately almost useless for pinning down whether Departments are actually delivering better *outcomes* for people.

Our information revolution in international development will open the door to real accountability. Transparency and the collation and publication of firm *evidence* about our performance will allow Parliament, the public, campaigning organisations and the press to hold DFID – and its Ministerial leadership – to account.

Greater transparency will also bolster initiatives to measure the performance of different donor countries and compare the effectiveness of their aid effort. By comparing donors’ effectiveness in the form of a ranking, initiatives like the Center for Global Development’s Commitment to Development Index can drive donors to compete constructively with each other and thus have a positive impact on global aid effectiveness.

We will also work for greater transparency across the whole aid system. We will require all bodies receiving DFID funds, whether NGOs, multilateral organisations or governments, to move towards greater openness and transparency. DFID spending can and should act as a battering ram for transparency across the world. All donors should publish clear, up-to-date, standardised information about what they spend and where they spend it. Full information will allow donors to target assistance more effectively and address blind spots, and will help national and local governments keep track of what is going on in their country. **We strongly support the Global Campaign for Aid Transparency**, and will press other countries to follow our lead and be part of a worldwide information revolution in development assistance.

Tackling corruption

“The most important strategy for finding either public or private employment is to use one’s “connections” and pay a bribe.” – Georgian

*This quote, along with others throughout the text, is taken from the World Bank’s seminal *Voices of the Poor* study, which collected the insights of more than 60,000 poor women and men from 60 countries in an unprecedented effort to understand poverty from the point of view of poor people themselves.*

Since we believe that transparency is the best way to fight corruption, **we will ensure that DFID reveals corruption that is uncovered in any project and programme that we have supported.** Despite the short term recrimination that may be triggered by revealing corruption, a transparent approach will allow others to learn from mistakes and create more robust programmes in the future.

With a Conservative government **all DFID country programmes will have a designated anti-fraud officer** who could be approached, anonymously if necessary, by anyone who suspects fraud – be they a local partner, an NGO or an internal whistle-blower. Their email address and a number for an anti-fraud hotline will be published on the relevant page of the DFID website, in both English and local languages.

Internationally, we will continue to support the Extractive Industries Transparency Initiative and the International Aid Transparency Initiative.

2) Value for money through output-based aid

“We keep hearing about monies that the government allocates for projects, and nothing happens on the ground.” — South African

“Tell the officials in the city that the money meant for the poor never reaches us. If they want to give assistance, they must give it directly to us and not through those men.” – A poor widow, Pakistan

At the moment, over a quarter of Britain’s bilateral development aid is given directly to poorer nations’ governments to spend as part of their own budget – budget support.¹⁸ Sometimes it is earmarked for specific sectors like health or education; sometimes it is given to spend as the recipient government wishes.

At least in theory, this is often the most efficient way to deliver aid: building capacity so that governments can deliver for their own people over the long term. But the National Audit Office¹⁹ and Public Accounts Committee²⁰ have warned of the need to be careful with this sort of aid. It is only suitable for certain countries. Poor people and British taxpayers need to know that our money is being spent effectively to help people, not being wasted or siphoned off.

So we will only use budget support in countries where we are satisfied that our duty to the British taxpayer can be discharged through transparency and accountability for the way the funds are used and the results they deliver. We will not be as willing as Labour have been to give the benefit of the doubt to governments where we are not completely clear about the probity of the audit and accountability systems.

Whenever Britain gives budget support to a poor country, we will earmark up to 5 per cent of the total amount to help local parliaments, civil society and audit institutions track where the money is going. This will help build civil society and local democratic institutions and increase scrutiny, whilst reassuring British taxpayers that their money is being well spent.

Payment for results

We will take steps to hard-wire British aid to clear, independently-audited evidence of progress on the ground. This will ensure that aid pays for results – not for promises of action or fine-sounding strategy documents. We need performance-based aid, actually rewarding results.

We will adopt and champion the promising idea of ‘cash on delivery’ aid, pioneered by the Washington-based Center for Global Development. We will commit to pay a certain amount to a recipient government for a specific measure of progress – for example, £100 for every extra child who attends school, or for every extra mother who gives birth in a proper medical facility. A baseline survey will establish the present situation. After a year, an independent audit will reveal how many more children are in school or how many more mothers are giving birth safely. Then the payment will be released to the government. So, in this example, if a government gets 10,000 extra children into school, they would receive £1 million. If they get an extra 20,000 extra children into school, they would receive £2 million, and so on.

Aid will pay only for specific, measurable progress, bolstering taxpayer confidence that their support is delivering real results. We will explore ways to test and encourage this form of aid. Clearly it will be most suitable for observable, measurable outputs: it is much harder to make judgments about whether institutional and policy changes have been meaningfully achieved. And we will need to ensure that developing countries are able to finance the up-front investments necessary to achieve the desired outputs.

In countries where we give budget support but have not implemented output-based aid, **we will be assertive in demanding real increases in spending on health, education and other poverty-focused sectors. We will support the use of Public Expenditure Tracking Surveys to show where money is ending up. And we will support programmes which publicise to patients and parents how much money their local clinics and schools should be receiving, and what the money should be achieving, so that they can raise concerns if the funds don’t materialise.**

We will be hard-headed. Donors are often loath to cease funding programmes or projects even in the face of a breach of conditions, fearing the impact that loss of funds will have on innocent people. Our approach will be firmer: continuing with underperforming projects or with support to bad governments is, in the long run, a betrayal of poor people. **We will be very prepared to walk away or stop our funding if essential conditions are not met.** If we find it necessary to stop funding through direct budgetary support, we will of course look at other ways of helping poor people in that country. But we will not view it as a failure on our part.

Working with multilateral agencies

We will link DFID funding to multilateral agencies more clearly to results and performance.

Britain spends 37 per cent of its international development budget – over £2 billion – through over 20 different multilateral agencies.²¹ Most of this goes through the European Union, the World Bank and the United Nations. There are very good reasons for working with multilaterals: they offer access to specialist skills and expertise and provide an opportunity to influence large sums of money given by other donors.

Yet many of the multilateral agencies do not produce solid evidence to demonstrate that they are using our money effectively. The National Audit Office found that “information on what multilaterals do with their funding is frequently of limited use” and that “it can be difficult to determine what outputs have been achieved by the funding”. DFID publishes Multilateral Development Effectiveness Summaries – but admits that they “do not measure actual development results on the ground or the merits of the organisation’s development objectives.”²²

It is clear that DFID has not historically viewed effectiveness as the primary goal when engaging with multilaterals, and has been reluctant to withdraw funds from multilateral agencies even when their performance has been disappointing. This, of course, has meant that there is little incentive for the multilaterals to improve. We will take a tougher stance. Just as we will expect DFID to take a more rigorous, results-focused approach, so we will expect the same from our multilateral partners. We expect multilaterals, over time, to take careful note of the more scientific, evidence-based methods that we will require from DFID.

We will look particularly closely at aid spent through the EU to ensure it is effective, swiftly-disbursed and properly focused. There is little point in channelling more money through the EU if it merely replicates our own priorities in countries where DFID already has a programme. In such countries it is clearly less efficient and more costly than funding bilaterally.

Labour’s current approach can breed complacency. **DFID should cut funding to organisations that fail to demonstrate real results on the ground, and reward those who are making a proven impact on poverty.** We need to reward success – and create a clear incentive for bad performers to raise their game.

Predictability of aid

One of the great challenges that faces recipients of international aid is the short-term and unpredictable nature of funding. Money is often allocated on a single year basis for perfectly understandable reasons, leaving governments and project partners unsure of whether they will receive renewed funding the next year.

We advocate a more far-sighted approach. **DFID should where possible make three-year rolling commitments and give indicative ten-year projections for aid.** However, such a commitment on our part will require something in return. Projects and programmes must demonstrate that they are performing, delivering what they said they would deliver. When projects and programmes under-perform, DFID must quickly agree a reasonable timetable for rectifying the problem, and be genuinely prepared to cease funding if the problems are not put right within the required timetable. This will in some cases lead to difficult decisions. However, it is a rigorous and fair approach which, over time, will help to drive up the quality of projects.

Debt relief

Conservatives took the lead in offering debt relief for highly indebted poor countries. It was a Conservative Chancellor, Nigel Lawson, who initiated the first round of bilateral debt relief in 1987. John Major led the international community in securing agreement for deeper and more comprehensive debt reduction. Ken Clarke was a great champion of debt relief long before it became a high-profile public issue. In 1996, he played a key role in establishing the Heavily Indebted Poor Countries initiative, which began the process of cancelling debt owed to multilateral institutions. Subsequently, Labour have built on these foundations.

We will continue with this proud tradition in the future. **We support steps to accelerate the process of relieving Heavily Indebted Poor Countries of their debt.** Once debts have been written off it is important that countries should not start down the path of unsustainable indebtedness again. However, we recognise that the development of capital markets, in time, will play the same role in Africa that it has in the rest of the world.

We will continue, as far as possible, to give aid as grants not loans, and will encourage other donors such as the World Bank to give aid for social objectives, whenever possible, as grants.

Outcomes from effective aid programmes

When aid works, it performs miracles, as these examples show:

- ***Smallpox***

In 1966, there were approximately 10 to 15 million cases of smallpox in more than 50 countries, and 1.5 to 2 million people died of the disease each year. The onset of the disease was terrifying and caused immense pain and suffering to people affected by it. An unprecedented global effort managed to eradicate smallpox, with no new cases reported since 1978. (Millions Saved, Center for Global Development, 2004)

- ***Polio***

As recently as 1988, polio was endemic in 125 countries, with an estimated 350,000 cases every year. Thousands of children were left permanently disabled by it every year. A global effort, led by the World Health Organisation, has reduced this dramatically, and today we stand on the brink of eradicating it – though continued funding is necessary to prevent it returning. In the first half of 2006, just four countries were re-reported endemic for polio, and fewer than 700 cases were reported worldwide. It has been eliminated from Latin America and the Caribbean. (Millions Saved, Center for Global Development, 2004)

- ***Measles***

In 1996, the seven countries of southern Africa reported a total of 60,000 measles cases and 166 measles deaths. That year, these countries agreed on a plan to eliminate measles. The strategy consisted of routine immunisation for babies at 9 months, and a nationwide catch-up campaign to provide a second strategy for immunisation to all children aged 9 months to 14 years. The estimated cost of the programme was \$26.4 million, with the average cost per immunised child of just \$1.10. This cost was met mainly by national budgets, with help from international aid agencies. Between 1996 and 2000, the number of measles cases across southern Africa fell from 60,000 to 117. The number of measles deaths fell from 166 to zero. (Millions Saved, Center for Global Development, 2004)

- ***Oral Rehydration Therapy (ORT)***

In 1978, the World Health Organization launched a worldwide campaign, funded by donor nations, to reduce mortality related to diarrhea, with ORT – a simple mix of salts and sugars – as one of the principal elements of that program. Between 1980 and 2000, ORT helped cut the number of children under five dying of diarrhea from 4.6 million worldwide to 1.8 million. (Rehydration Project, www.rehydrate.org)

- ***River blindness***

A campaign against river blindness, led by the World Health Organisation and funded by donors, has prevented 400,000 people from going blind and allowed farmers to operate on 25 million hectares of previously uninhabitable land, an area twice the size of England. (34 million people protected from river blindness in West African success story, Press Release, World Health Organisation, February 1999)

- ***Education***

In 2005, there were 41 million more children in primary education than there had been in 1999. In Kenya, education was made free for all in 2003. To make up for the lack of school fees, the Kenyan education budget is supported by outside agencies, including Britain. Overall, the number of Kenyan children in education has increased dramatically in the last five years. (Education, DFID website, 2009)

- ***The Green Revolution***

Research into new crop types, undertaken in the middle of the twentieth century with funding mainly from the United States, succeeded in dramatically increasing global food production and ending famines in much of Asia. While not a perfect model, many lives have been saved and improved by this agricultural revolution.

These compelling examples show what can be achieved with well-spent aid and a real commitment to development. We are determined to ensure that all our aid is spent this effectively.

3) Value for money through greater focus in British aid

DFID currently spends aid in 108 countries. **We will conduct a root-and-branch review of where and how British aid is spent, and ensure it is disbursed in the countries where it will do the most good and through the channels which are most effective.** For example we will end DFID's bilateral aid to China – which spent £20 billion on hosting the 2008 Olympics – once all commitments to multi-year programmes have been honoured. Any money released by ending individual bilateral aid programmes will be immediately redirected to other countries where it will do more good. In some countries where we end a stand-alone bilateral programme, we may continue to give aid through multilaterals like the World Bank, or through other national donors, if the quality of their programmes is clear.

As we have seen, the international aid architecture is riddled with duplication, lack of coordination and a proliferation of donors. **We are strong supporters of the efforts at 'harmonisation' embodied in the 2005 Paris Declaration and strengthened at the Accra Summit in 2008.**

The Commonwealth

As Conservatives we believe strongly in the Commonwealth as a force for good which crosses barriers between the rich and the poor world and which promotes accountability and democratic institutions which enable people to hold their politicians and leaders to account. Labour have neglected the potential of the Commonwealth as a powerful tool for development. It is a unique forum, bringing together historically-linked countries from both the developed and developing world. We are bound to these countries by the threads of history, culture, migration and common institutions. Many developing countries which were not originally linked to Britain are eager to join. **We will promote our special relationship with these countries, and look at ways of boosting and building on the links and ties of the Commonwealth to foster development.**

Building vibrant and successful British Overseas Territories

From outstanding natural beauty to rugged volcanic landscapes, tropical weather to scientific advancement in the Antarctic, the British Overseas Territories all have distinctive qualities and face unique challenges. But they are all united by their intense historical links to Britain, which retains sovereignty over them.

Four of the territories receive aid from the Department for International Development: St Helena, Pitcairn, Montserrat and the Turks and Caicos Islands. But Labour Ministers sometimes appear to regard the Territories as embarrassing remnants of empire to be ignored as far as possible. We reject this blinkered approach, and see the Territories as important assets to be protected and nurtured. We will reverse Labour's neglect and look at new ways to intensify the effectiveness of the support we give to the Overseas Territories. Our ultimate goal will be, wherever possible, to help them take advantage of their unique advantages and move towards self-sufficiency.

We will honour the commitment in the 1997 DFID White Paper that “the reasonable assistance needs of the Dependent Territories are a first call on the development programme.”²³ **We will carry out a detailed analysis of each of the Territories to fully understand their opportunities and needs, enabling us to determine what support each Territory requires to become financially sustainable and self-dependent over the long term.**

We will carry out a detailed value-for-money analysis of the major UK Government funding streams for the Overseas Territories. And we will enhance the role of the Overseas Territories section within DFID and strengthen cross-Whitehall cooperation on issues that affect them.

Our overall vision is of flourishing and vibrant Territories freer from financial dependence on Whitehall, proudly retaining their British identity and generating wider opportunities for their people.

Review of emergency aid

“Three years ago it was a very bad year. The flood washed away all of our crops, and there was a lot of hunger around here, to the point that many people actually died of hunger.” – Farmer, Benin

Times of crisis often bring out the best in the human spirit. The extraordinary generosity of the British public saved countless lives after the Asian Tsunami of 2004. When tragedy strikes, even on the other side of the world, DFID’s professional emergency response team stands ready to spring into action, assessing needs, channelling funds to priority sectors, and saving lives. They are ably assisted by outstanding British organisations like RedR and Rapid UK.

However, the world’s overall response to disasters and humanitarian emergencies is often confused and uncoordinated. **We will instigate a full review of Britain’s emergency response process, and press hard for improvement internationally.** As far as possible, we want to let governments and civil society in poor countries take the lead in coordinating the response to disasters which affect their people: they have the legitimacy and the local knowledge, and can be held to account locally. **When the international community steps in, we need much better coordination between bilateral players, UN agencies and NGOs.** There are concerns that EU coordination mechanisms sometimes fail to work with those of the UN – a confusion that needs to be put right. **We also need more sustained funding for the ‘silent’ emergencies.** For example, the unprecedented response to the 2004 tsunami raised some £3,900 per affected person – yet the Bangladesh floods of the same year, which left more than a million people homeless, generated just £1.63 per head.²⁴ The UN Central Emergency Response Fund championed by Hilary Benn is a step in the right direction, but it should not seek to replace Britain’s ability to effect direct humanitarian relief.

4) Taxpayer control over aid

We will take steps to bolster public support for Britain’s international development efforts by involving British taxpayers more directly in our aid programme.

MyAid

“I think it’s a basic human instinct to want to help. But sometimes you just don’t know where the money’s going.” – Member of the British public²⁵

We are determined to strengthen public support for aid by giving individual British taxpayers a greater say over how and where it is spent.

We will establish a new MyAid fund, worth £40 million in its first year. Every taxpayer will be able to log on to the MyAid website and view details of ten ongoing DFID-funded aid programmes, and vote for which one they think should receive the extra money. The options will include programmes run directly by DFID, as well as those run by respected NGOs. The Fund will then be distributed between the ten programmes in proportion to how many votes they receive. For example, if 25 per cent of people vote for the DFID programme in Malawi, that programme would receive 25 per cent of the Fund – £10 million. Everyone who votes will be kept up to date with regular email updates about the progress of ‘their’ project.

We will consult carefully on the technical aspects of the voting system. The projects will be chosen so as to illustrate the range of activities in which DFID and NGOs are involved and the variety of countries they work in. This will increase public understanding of, interest in and support for Britain's aid programme – and create a clear incentive for DFID to demonstrate and improve the quality and impact of its work. If this idea proves successful, we will scale it up in future years. One option would be to set the level of the fund so that it equals the total amount raised by Comic Relief.

Poverty Impact Fund

“We have no more malnutrition thanks to the NGO in our village.” – Farmer, Mali

There is a wealth of talent and energy in the many ‘little platoons’, small charities and NGOs who are making an impact on poverty in a thousand different ways all across the world. We want to support and bolster these organisations. Yet Labour's current funding rules are restrictive, with money earmarked for specific but limited sectors.

In addition to the existing funding structures which exist, **we will establish a demand-led, performance-based Poverty Impact Fund, worth £40 million in its first year.** The Fund will be open to British NGOs and charities, working alone or in partnership with local organisations in developing countries. The Fund will invite submissions for projects and programmes to reduce poverty in developing countries. Fund managers, drawn from DFID, NGOs and the private sector, will assess the applications, and allocate funds on the basis of their anticipated effectiveness in reducing poverty.

The Fund will maximise innovation and enterprise, letting ‘a thousand flowers bloom’, tapping into a wide range of NGOs and supporting a wider range of projects than the current structures allow. To balance risk in the portfolio, the Fund will also support projects which are well-established and have a demonstrable performance record. NGOs will have a clear incentive to maximise the effectiveness of their work in order to secure and retain funding.

We will retain the present system of Partnership Programme Agreements (PPAs) through which DFID supports leading NGOs and development organisations. As far as possible we will link funding increases to evidence of effectiveness and results, rewarding good performance and ensuring our aid achieves the most it possibly can.

Health Systems Partnership Fund

Encouraging direct, hands-on involvement in development is a crucial part of building and maintaining public support for development.

As well as bolstering NGOs, we will support individuals who want to volunteer abroad. **We will establish a Health Systems Partnership Fund,** worth £5 million a year to begin with, to help fund international placements for British health workers and support strong, enduring links between the NHS and health systems in poor countries. We will work closely with the Department of Health to ensure that where possible any health professionals who practice temporarily in the developing world will not be disadvantaged in terms of their career progression. We will give strong encouragement to hospital twinning as a practical means of tapping into the energies and talents of British healthcare professionals and helping them to assist colleagues in the developing world.

5) Respect and responsiveness

“We poor people are invisible to others – just as blind people cannot see, they cannot see us.” – Pakistani

“At last those above will hear us. Before now, no one ever asked us what we think.” – Citizen, Guatemala

We will ensure that our approach to tackling poverty is based on respect as well as compassion. We will listen. **In deciding which projects to support, we will consider how far they have been designed in conjunction and with the active participation of the people they are intended to help.** We are enthusiastic about Participatory Poverty Assessments, pioneered by the World Bank, through which people in developing countries are able to express their needs and aspirations, helping to ensure that poverty reduction programmes are designed with the wishes of the ‘customers’ in mind. **We will also look at ways to encourage and support participatory budgeting,** where local communities vote on how government money is spent in their area. This has been pioneered with great success in a number of developing countries, particularly Brazil.

We will seek to trust and empower poor people, for example through investigating the use of direct cash payments and aid vouchers. Given directly to poor people or communities, the vouchers would be redeemable for development services of any kind with a supplier of their choice. Such an innovation would help demonstrate what poor people really want – and who they perceive to be most effective in meeting their needs. Clearly, this will only work where there is a genuine choice between different service providers, and is not a substitute for comprehensive efforts to strengthen the capacity of national governments to guarantee access to essential services for their people. We will also examine carefully the case for using a more limited type of voucher in certain emergency situations, where providing people with aid vouchers rather than food would enable them to access products through local markets, rather than shipping in imports and putting local providers out of business. This approach has already been tested in a number of countries.

We will also investigate new ways to channel resources directly to poor people. There are interesting precedents for this. For example in Vietnam Oxfam gave substantial lump sums to some 500 poor households in eight deprived villages, and monitored how the villagers spent the money.²⁶ This proved to be excellent value, with the money spent on immediate needs and investment for the future. New mobile-based banking services like M-Pesa in Kenya could be used to bypass bureaucracy and transfer money directly to people.

The present government has been criticised by the National Audit Office²⁷ for failing to ensure that DFID staff spend time in rural areas, where many poor people live. **We will introduce ‘poverty immersions’,** similar to those of the World Bank and the Swedish development agency SIDA. DFID staff in poor countries will spend a week living with a poor family, sharing their experiences, listening to their views and learning from their insights. Senior London-based members of DFID will also be expected to undertake such immersions. We are working with the world’s poorest; we must understand their lives in order to serve them well.

We will also extend this principle to the public, by **using part of our growing aid budget to create opportunities for more young people to carry out voluntary work in developing countries as part of our plan for National Citizen Service.** In recent years we have seen the power of this kind of direct, personal experience through Project Umubano, the Conservative Party’s social action project in Rwanda.

6) Tackling climate change

“Little by little the environment is dying and people don’t understand that the problem comes from the fact that man is killing the environment.” – Mother of seven, Guatemala

We are committed to tackling both the causes and the consequences of global climate change. As well as working towards a low-carbon economy in Britain, **we will help poor countries to manage and protect themselves from the effects of climate change, and push hard for an ambitious, comprehensive international agreement to limit greenhouse gas emissions.**

Climate change is already affecting the world’s poorest people. Farmers in Uganda who used to plant their crops by the seasons can no longer predict when the rain will come. Families in the mountains of Nepal face increasingly frequent and ever more devastating floods. Communities in Bangladesh – and, in fact, whole island nations like the Maldives and Tuvalu – fear that their homes will be submerged as temperatures and sea levels rise. Desertification in Sudan has contributed to the tensions in Darfur. Put bluntly, climate change threatens to drown, starve or kill many people in developing countries in the years ahead, and to undermine the livelihoods of millions more.

Action to tackle and adapt to climate change will permeate international development policy with a Conservative government. It requires a multi-faceted approach.

We will include environmental impact assessments in decisions on large-scale development projects that DFID funds. We will support development activities that reflect the changing nature of the climate and that promote low-carbon development. To give just one example, we will support farmers to diversify their crops as they deal with soil desalination and unpredictable seasons.

We will support governments to make and implement adaptation plans that will help minimise the impacts of climate shocks such as floods and droughts. Experimental solutions, such as innovative insurance policies, will have a role to play. **We will ensure that DFID and the Department of Energy and Climate Change support the research and development of new technologies to deal with changing weather patterns.**

As well as setting the framework for carbon markets, international agreements will be key to establishing additional support for adaptation. **We believe that Britain must work towards an ambitious global deal at Copenhagen that will limit emissions and see substantial financial resources made available for adaptation.** Decisions about how to channel resources for adaptation will be made on the basis of evidence as to the effectiveness of different channels. Both the UN and the World Bank will have an important role to play.

We will ensure that DFID works closely with the Department of Energy and Climate Change so that the UK’s position in international climate negotiations is consistent with the interests of the world’s poorest countries. And we will look at ways to help the very poorest developing countries take part in negotiations and ensure their voice is heard, for example through **establishing an advocacy fund** to provide ongoing support to countries which are constrained by limited personnel and legal capacity.

One way in which emissions can be reduced is through the progressive implementation of agreements with rainforest countries that help those countries to foster sustainable development of their forest areas. Our aim will be to help local populations to find means of obtaining a living that involves the introduction of new agricultural techniques, the sustainable management of forests and the manufacture of sustainable forest products, rather than continued deforestation.

A Conservative government will work with the rainforest countries, and with other industrialised countries, to establish agreements that enable the international community to achieve these aims. **We will use part of our growing aid budget to support the promotion of sustainable forest development**, ensuring as we do so that this aid is provided only where it can be shown to produce results in terms of reduced deforestation.

SECTION TWO: WEALTH CREATION

Nations become prosperous not through charity or redistribution but only when they are able to create their own wealth. Providing aid is a means to an end, not an end in itself. The key to development is sustained economic growth. Our aim must be to help poor people rise out of poverty, permanently, through their own efforts. And we believe that this progressive aim is best achieved through Conservative means.

So this section of the Green Paper sets out how we will help poor countries put in place the building blocks of wealth creation: a vibrant private sector, property rights, access to finance, productive agriculture, and the infrastructure necessary for growth. It explains how we aim to help build effective public services to nurture human capital and open up new horizons for individuals. And it sets out the critical importance of a free, open and fair international trading system.

Prospects for wealth creation and growth have been hit hard by the global downturn, so this section starts with the impact of the world economic crisis on the poorest countries.

1) Our response to the downturn

The global downturn has hit poor countries hard. Our first step must be to do all we can to stop the crisis getting worse, by resisting the siren voices of protectionism and championing a free and open – and crucially, fair – trading system. Second, we need to ensure that pressure on budgets does not force governments in poor countries to cut back on vital social spending. And third, we need to take the opportunity to reform global institutions like the International Monetary Fund and World Bank which are at the heart of the response to the crisis. Above all, we need to ensure that alongside the world's financial rescue package there is a human rescue package that puts the poorest first.

Championing a free, open and fair trading system

At times of economic disruption, the dangerous lure of protectionism grows stronger. Yet beggar-my-neighbour protectionism would hurt the countries which erect tariff barriers, risk triggering a tit-for-tat trade war, and ultimately prolong the recession and delay recovery. So **we will continue to push hard for the EU to adopt a progressive, liberal trading posture.** Ultimately, we remain keen to see the conclusion of the Doha Round of trade talks. And, more immediately, we will press Europe to 'first do no harm' and resist erecting new barriers. **We will highlight and challenge EU governments who slip into the comfortable but destructive temptations of protectionism. We will support systems to monitor and 'name and shame' new protectionist moves.** In particular, we will watch carefully for abuse of anti-dumping legislation, which so often amounts to protectionism by the back door.

Overt tariffs and subsidies are not the only threat to trade flows: we will also look at ways to safeguard finance for trade, which has been squeezed by the credit crunch. Above all we will continually make the case for free, open and fair trade. The grim lessons of the 1930s show us what awaits if protectionism takes hold.

Protecting the poorest

The financial squeeze is placing massive strain on the budgets of governments, households and individuals around the world. It is vital that decision makers in developing countries do all they can to shield their people and resist cutting spending on health, education and other social sectors. They need international support to do so.

There is a real risk that if social programmes are scaled back, we will see a damaged generation of children. A lack of proper nutrition in the first two years of life permanently damages the physical and mental development of a child. If the downturn hits nutrition, we may see a whole generation of children scarred by the effects of the recession. There is a similar risk with education: if children are pulled out of school during the downturn, they may never return. A whole generation could have their opportunities and horizons limited forever.

So we need to do all we can to help developing countries protect social expenditure. Britain must keep up its aid levels: this hour of need is an opportunity to reaffirm our commitment to the world's poor, not abandon it. **And the IMF and World Bank should look to expand and, in some cases, bring forward planned lending and spending.**

Reforming the World Bank and IMF

It makes sense for the IMF and World Bank to be the main emergency vehicles of assistance to developing countries during the downturn. They already operate in almost all the countries of the world, and have a crucial role to play in helping to ensure macroeconomic stability, offer balance of payments support and fill the fiscal gap. The Bank and Fund also have an important role to play in mapping the impacts of the crisis, and scanning for threats on the horizon through monitoring and surveillance of the global economy.

This hour of crisis also presents us with an opportunity for reform. **We need to strengthen the legitimacy of the Bank and Fund by giving developing countries a greater say in decision making, and we need to make the organisations more effective and efficient.**

The World Bank is too centralised, with staff sitting behind desks in Washington rather than getting out into the field. Decisions need to be made with real knowledge of the countries they will affect. The bureaucracy around the World Bank Executive Board is excessive. **The Board should set the strategy and direction of the Bank, but it shouldn't micromanage individual projects. Where different arms of the Bank operate in a developing country, they should share offices and resources so as to reduce costs. And we should also move towards a system where the President of the World Bank is selected on merit, not nationality.**

Overall, the World Bank is one of the most effective development actors. The current crisis is an opportunity for it to come to the fore – and for its funders to make it more effective and accountable.

2) The building blocks of wealth creation

Harnessing private enterprise

“A happy man is an employed man.” – Citizen of Niger

Private enterprise is the single most important driver of development. Nothing – no point or argument in international development – is more important than this. It creates jobs, wealth and opportunities. It harnesses the talents and enterprise of entrepreneurs who, through their ingenuity and drive, create opportunities for all to prosper.

We will embrace the potential of the private sector, not treat it with suspicion. We will ensure that DFID recruits and works with people from commercial and financial backgrounds who can bring their expertise to bear in helping to create programmes that give poor people the opportunity to create their own prosperity.

Businesses are increasingly recognising the benefits of investing in developing countries. Instead of simply viewing the people living in these countries as passive recipients of aid or corporate responsibility programmes, they are recognising their potential as active consumers, potential employees, or entrepreneurs who can become valued suppliers.

Investment in developing countries is crucial to meeting our development goals. It not only helps create new jobs and enterprise opportunities for people living in some of the world’s poorest countries; it can also help to meet broader development goals, including the improvement of public health outcomes.

For example, Unilever’s Blue Band margarine, which is sold in Africa, contains vitamins A, B and D, which are lacking in many African diets. Vodafone’s investment in mobile phone technology in Africa has generated jobs and business opportunities, including mobile phone banking and mobile phone rental services.

We stand ready to support private sector investment in the developing world through government-led trade delegations to developing countries and exploring ways in which DFID could co-invest in developing countries alongside private sector companies.

We will also examine how DFID spending could better stimulate and support private sector growth in developing countries, for example through procurement policies which wherever possible stimulate local enterprise. This would help deliver a double dividend by creating jobs and boosting enterprise in developing countries whilst also meeting other development goals such as improving public health or dealing effectively with emergencies.

Legal infrastructure and property rights

“There is no hope of someone to help us. I wanted a loan, but they are requiring the land title, but I can’t provide it.” – Survey respondent, Ecuador

Private enterprise cannot flourish unless governments put in place the right conditions: not only the physical infrastructure but also the legal infrastructure. In Britain, there are fundamental rights and rules that we take for granted, but which are the basis of our stability and prosperity.

We can trust our legal system to operate in a fair and consistent manner, enforcing rules that underpin our lives, and reinforcing contracts taken out between two parties.

In particular, we can rely on the law to uphold our right to keep our own property. But in many developing countries, property rights are weak or non-existent. This creates vast uncertainties and obstacles to development. In Britain, entrepreneurs can raise start-up capital by taking out a mortgage. But in many developing countries, lack of certainty about land and property ownership means that people can find it hard or impossible to use their assets as collateral to raise bank loans and start a business.

Reform of property rights is not straightforward, either in principle or in implementation, and requires serious political will on the part of the national government concerned. But it is fundamental to economic development, so **a Conservative government will place much greater emphasis on property rights.**

And it is not just the absence of property rights that prevent private enterprise from flourishing. In Egypt, starting a bakery takes 500 days, compliance with 315 laws, visits to 29 agencies and costs the equivalent of 27 times the monthly minimum wage.²⁸ **We will work with developing country governments to reduce the hurdles that entrepreneurs face when trying to set up companies.**

Microfinance

“When we want a small loan, we do not have to go after people, and we do not have to waste our time at the bank.” – A woman from Wewala, Sri Lanka, speaking of the local credit group run by women

Businesses cannot grow without finance. Like everyone else, poor people need money to start an enterprise. However, normal banks often do not want to deal with them. We are hugely supportive of microfinance, which provides loans to the world’s poorest people – often women. In some countries, particularly India and Bangladesh, microfinance is well established and works successfully. The Grameen Bank, which pioneered microfinance in Bangladesh, is still the leader in this field. In other countries, including most of Sub-Saharan Africa, there is much more work to be done. **We will take a proactive approach in seeking ways to support microfinance providers to establish workable programmes. We will also champion the extension of other micro-financial services, like micro-savings and micro-insurance, which help poor people to shield themselves from risks and unexpected events.**

While microfinance focuses on very small loans, further up the scale small and medium-sized enterprises often face great difficulty in accessing the range of financial products that we take for granted in the UK. Whilst some financial institutions have begun to turn their attention to this area, there is plenty of scope to develop innovative approaches and share information about schemes that have been proven to work.

We will place greater emphasis on this area, for example through support for peer-to-peer lending, a post-bureaucratic approach to development that has been enabled by the internet. Entrepreneurs in developing countries can use innovative websites to post details of their loan requirements online, so that individual donors can provide them with small loans that are then repaid over time. In addition to financial support, donors are also able to provide business advice and support to entrepreneurs by email. By bypassing traditional bureaucratic systems, this approach is empowering individuals and opening up new sources of capital for entrepreneurs in developing countries.

We support this type of post-bureaucratic innovation, and we will consider providing matched funding for peer-to-peer loans to entrepreneurs in developing countries.

Agriculture

“After one poor crop, we need three good harvests to return to normal.” – Farmer, Vietnam

“Lack of work worries me. My children were hungry and I told them the rice is cooking, until they fell asleep from hunger.” – An older man from Bedsa, Egypt

The world food crisis is an urgent wake up call. Dramatic food price increases have hit the poorest hardest – and led directly to civil unrest and political instability. Seven out of ten of the world’s poor still live in rural areas but in recent years agriculture has been neglected by DFID. **We must focus now on finding ways to improve agricultural productivity in poor countries.**

Asia has already had a “Green Revolution”, with dramatic improvements in agricultural productivity. But Africa is still realising only a fraction of its potential. Many farmers in the developing world lack tools and fertilizers which would drive up their productivity. In Britain, farmers can borrow money to buy fertilizer, seeds or tools, knowing that they can repay the loan once their crop is harvested. In poor countries, farmers often cannot get credit. In Sub-Saharan Africa, although agriculture accounts for 32 per cent of Gross Domestic Product, it only accounts for 12 per cent of bank loans.²⁹ Access to finance, along with training and support, is key to unlocking the potential of these farmers.

Kofi Annan, the former Secretary General of the United Nations, has pointed out that Africa needs not only a Green Revolution but also a Blue Revolution, to revolutionise the way in which it conserves and uses water. The greatest risk for many farmers is a lack of rain at the right time. There has been a dramatic increase in the number of droughts in Africa over the past twenty years and rainy seasons have become shorter and less predictable as climate change disrupts well-established rainfall patterns. Often there is enough rainfall in total but no means of storing water for times of drought. **We will promote investment in risk-management projects, such as low cost rainwater collection and irrigation systems, which have the potential to lessen the risk of crop failure in all but the most serious of drought years.**

Growing more food will only tackle hunger if poor people can afford to buy it. So as well as working to boost production, **we will support targeted nutrition programmes and act to strengthen social safety-nets, particularly for children.**

Infrastructure

Physical infrastructure is essential for growth. The poorest countries and regions are those most isolated from international markets and particularly from the sea arteries of the global economy. So help in developing transport infrastructure – roads, railways and ports – is vital.

Transport costs in Africa are on average double those in Asia. Road networks are often limited and of poor quality. Railways are under-used because they are badly maintained and lack rolling stock. One railway system in Africa with nearly 2,500 km of track has only 12 functioning locomotives. Yet aid spending on infrastructure has declined from 36 per cent of total world aid to 14 per cent since 1997.³⁰

During the Cold War, huge sums were wasted on prestige projects. Tendering process were all too often liable to corruption. And throughout Africa there are grim examples of roads and railways rendered unusable through lack of maintenance. But none of these problems are inevitable or insurmountable: we are inspired by success stories like the rapid growth of mobile phone infrastructure across Africa.

So we will seek to increase productive investment in infrastructure, where possible using ‘Build, Operate, Maintain’ contracts. All projects must have a convincing business case and will be carefully monitored and audited. Measures to ensure integrity in procurement and tendering will be particularly important. As far as possible, projects should use local staff and supplies. In sum, we are convinced that effective support for infrastructure has a central role to play in boosting growth and development around the world, particularly in Africa.

3) Health and education

Strengthening public services

The world is off track to meet the Millennium Development Goals on health and education. We need a radical expansion of access to quality schools and healthcare.

We will harness the energies of both the public and private sectors to achieve this aim. What matters is results: we will not be prescriptive about how they are achieved, nor do we have any ideological preconceptions. The countries of Europe have, through the democratic process, chosen a variety of different approaches to how to structure their healthcare and education systems, striking a balance between public and private provision. We see no reason why this should be different in developing countries. There are many different paths to achieving the goal of health and education for all, and there is no ‘one size fits all’ solution.

A pragmatic approach to education

“The future lies in the education of our children.” – Parent, Uganda

“I never used to worry about my illiteracy and the fact that I was not able to send my children to school, as long as we had something to eat. But now...I realise that my children are in trouble for life because they cannot get any decent job if they don’t know how to read and write.” – Parent, Swaziland

Every child deserves a decent education. It should be a right for all, not a privilege for the few. Yet over 72 million children are missing out on school, most of whom are girls and many of whom are disabled. Every child that goes uneducated is a loss of human potential: hundreds of thousands of talented children with the potential to transform their own communities have their life-chances limited and their potential wasted. We are all poorer as a result.

Governments should guarantee access to education for all their people. Poverty should never be a barrier. Donors have a vital role to play in helping to guarantee and fund this access.

However, this does not mean that the state has to be the sole *provider* of education. As well as working to expand public provision, we will seek to harness the accountability and responsiveness of the private sector to help drive up standards and get more children into school.

Recent studies show that in poor areas of Africa, South Asia and China, the private school system is growing rapidly. Many poor parents are choosing to pay for ‘budget’ private schools rather than use public schools. In the poor urban and semi-urban areas of Lagos State, Nigeria, 75 per cent of schoolchildren attend budget private schools. In the slums of Hyderabad, India, 65 per cent of schoolchildren are in private unaided schools.³¹ These schools charge very low fees, affordable to parents on low wages. For example, schools in Hyderabad charged about 7 per cent of the monthly wage for a breadwinner on a typical low wage.³² These schools are run for poor people, by poor people.

Researchers who observed lessons and tested the achievement of 24,000 children in five countries (Nigeria, Ghana, Kenya, India and China) found that, even adjusting for children’s backgrounds, results achieved in private schools were significantly higher, in every country studied and on every measure used, than in public schools.³³ They concluded that this was due partly to lower levels of motivation in the public sector, which resulted from lack of accountability and led to higher rates of teacher absenteeism. They found that the high levels of competition between these budget private schools created an incentive to keep standards high, in order to retain their pupils.

As in other areas of development, we will take a results-focused approach, supporting and encouraging national governments to choose whatever path will enable them to grow the provision of education fast and effectively. We stand ready to work with the public, not-for-profit and private sectors. We will consider funding insurance schemes, bursaries, or targeted vouchers for the poorest children to attend a school of their choice. We will be particularly sympathetic to schemes which will help disabled children get the education they deserve and which help get girls into school.

We will be guided above all by one question: does it deliver for the poorest?

Strengthening health systems, saving lives

“We face a calamity when my husband gets ill. Our life comes to a halt until he recovers and goes back to work.” – Wife, Egypt

The eradication of smallpox in 1979 is one of humankind’s greatest achievements. A disease that used to cause hundreds of thousands of people a painful death every year has been banished. And today we stand tantalisingly close to eliminating polio once and for all. Progress has been made on delivering access to prevention, treatment, care and support for HIV/AIDS, although there is still much further to go. The immense amount of good that has been done by investment in public health is a standing rebuke to those who say that aid does not work.

Malaria continues to kill over a million people per year despite the fact that it is easily preventable and treatable. This is a scandal. **As George Osborne has set out, we will spend at least £500 million per year tackling malaria until the Millennium Development Goal on malaria has been met. We will strongly support efforts – now with increasing prospects of success – for the development of a malaria vaccine.**

We will press for urgent action to defuse the ticking time bomb of drug-resistant viruses incubating in the developing world – viruses that respect no boundaries and may soon come to threaten us all.

However, as well as focusing on individual diseases, **we must work to build long-term health systems.** Keeping people healthy, and preventing the emergence of drug-resistant diseases, is not just about ensuring access to bed nets and anti-retroviral drugs. It requires a proper, sustainable system, incorporating doctors, nurses, hospitals, clinics and pharmacies. It requires long-term financing and support, not short-term projects.

Everyone deserves access to proper healthcare – it should be a basic human right. No one should miss out because they are too poor, but millions do. Governments around the world should do all they can to guarantee access to decent healthcare for all their people. **Donors should support this, with a particular focus on ensuring that the poorest and most vulnerable groups can access healthcare.**

There are many different ways to provide healthcare. All health systems feature a mixture of private and public provision. We will not insist that developing countries follow the exact path that we in Britain have taken - that is a choice for them to make.

In many developing countries, state-run services are not the primary source of healthcare provision. In 2005, total health expenditure in Sub-Saharan Africa was around \$16.7 billion, and around 60 per cent of this was financed by private contributions, with many people paying directly out of their pockets.³⁴

Rather than aiming to replace or eliminate the private sector from healthcare, **we will seek to work with governments and the private sector to help them achieve the MDGs.** This could involve regulating providers and creating a framework that allows both private and public provision to grow in a coherent way, until ultimately all people have access to affordable healthcare.

Tackling maternal and child mortality; empowering women

As we have seen, the scale of maternal, newborn and child mortality is shocking. An estimated 9.2 million children die before the age of five each year. Four million die within their first 28 days. Three million babies die within one week of birth, including up to two million who die on their first day of life. 500,000 women die each year from complications of pregnancy and childbirth. 68 low and middle-income countries account for 97 per cent of all maternal, newborn and child deaths worldwide.³⁵

The vast majority of these deaths could be easily avoided. **We will make it a priority to ensure that mothers can access basic health services and clean water.** Child and maternal mortality figures are an excellent barometer of the condition of a nation's healthcare system. Progress in tackling maternal and child mortality will be a crucial measure of the effectiveness of our efforts to improve healthcare systems.

Around the world 200 million women who want to control their reproduction still do not have access to modern contraception.³⁶ With the exception of a few oil-rich states, no country has risen from poverty without lowering their birth rates. Giving women choice over whether they have children is incredibly important and helps open the door to economic progress. And as prosperity spreads, the economic need for parents to have large families diminishes. **We will place renewed emphasis on empowering women to take decisions about their reproductive and sexual health.**

Sanitation and water

“I repeat that we need water as badly as we need air.” – A woman from Tash-Bulak, The Kyrgyz Republic

In 2008, there are still 2.6 billion people who live in homes without latrines, and 60 per cent of Africans do not have proper access to sanitation. This has a disastrous effect on people’s health. Looking back at our own history, it is almost impossible to overestimate the impact that installing mains drainage and sewage systems had on the development of Victorian Britain. Moreover, safe drinking water is the development priority of poor people. Poor women and men themselves often prioritise safe water in their own hierarchy of needs. This is frequently reflected in participatory poverty assessments, the consultations which produced the quotes from poor people which appear throughout this Green Paper. Such assessments are often used in the development of Poverty Reduction Strategy Papers (PRSPs) agreed between recipient governments and the World Bank. The Cameroon PRSP reports 60 per cent of people identifying lack of water as a cause of their poverty. In Malawi 88 per cent of Village Development Committees in Salima district put water in their top three priorities, and PRSP-related district-based consultations in 26 districts confirmed water as the third overall priority of communities. In Zambia, water came top of all the poverty consultations in 1994, 1996 and 1999.³⁷

Sanitation is the single most effective development intervention for improving public health – yet it is one of the most neglected. **We will lobby for global action to push water, sanitation and hygiene up the development agenda. We will ensure that the water and sanitation advisors in DFID are properly linked in to their colleagues working on health issues.**

4) Trade

The importance of a trade deal

For 50 years, trade has been getting freer and the world has been getting richer. Global trade has helped lift entire nations out of poverty. In Britain access to cheaper products through global markets has raised the real standard of living of our poorest households. Free trade is a progressive and powerful tool for social justice.

The world economic crisis poses a grave threat to this. We must avoid a repeat of the 1930s. Now more than ever is the time to champion a free, open and fair trading system.

World Trade Organisation

A deal at the World Trade Organisation (WTO) would be an important ‘firewall’ against backsliding in the face of protectionist pressures. Yet the talks remain deadlocked. Politicians and negotiators trade insults instead of letting their people trade with each other. Countries resort to tit-for-tat squabbling through anti-dumping measures and trade disputes, rather than compromising to find a real deal. As long as this deadlock continues, the entire world trade architecture is in danger of losing credibility. This would be a tragedy for the world, and particularly for the poor.

For all its faults, the multilateral, rules-based trading system overseen by the WTO is a boon for poor countries. A world without the WTO would be a world in which poor countries negotiated one-on-one with rich countries – and we all know where the power would lie. With the WTO, even the smallest country has a veto on any deal. Further, poor countries would lose access to the WTO’s impartial dispute settlement mechanism.

Our overriding priority, then, must be to reignite the negotiations. We will put political energy and capital into doing so. **All players at the talks need to move further. This includes the EU, which should table ambitious cuts in trade-distorting agricultural subsidies and tariffs.** Our ultimate goal remains the comprehensive dismantling of trade barriers, at a pace that allows British producers to adapt to a truly open market. It was a tragic missed opportunity that the Labour Government in 2005 – despite its Presidency of the EU, the G8, and Tony Blair’s close relationship with then European Commissioner Peter Mandelson – did not do more to tackle French vested interests and move further on agriculture.

Most of the world’s poorest people live in rural areas. According to one account, global income could increase by \$290 billion by 2015 if trade-distorting policies in merchandise trade were eliminated – half of which would come from ending agricultural protectionism in rich countries.³⁸ Such reform, in turn, could lift between 52 and 95 million people out of poverty.³⁹ **As a real step the UK should push for an immediate end to all production-related support under the Common Agricultural Policy.**

At this time of crisis we should also take measures to strengthen the legitimacy of the WTO. One way to do this would be – as with climate negotiations – through an **advocacy fund**, which would help poor countries field the expert analysts and negotiators that they need to participate and benefit fully from trade negotiations.

Immediate action for the very poorest

But we are impatient for change. That’s why in Kigali, Rwanda, in 2007 David Cameron called for immediate action to open up EU markets. **We will push for the EU and other rich countries unilaterally to drop their trade barriers for low income countries by 2013 at the latest. And we will push for the abolition of all export subsidies from the EU and other developed countries.**

This would go beyond Everything But Arms (EBA), the current EU preference scheme. EBA does not cover some of the world’s poorest countries, and excludes large poor countries like Kenya, Ghana, Côte d’Ivoire and Nigeria. And much of the benefit of preferences – even for countries that get EBA status – is lost because of complex rules of origin.⁴⁰ This means that preferential access is available only to goods which contain very few parts, materials or ingredients from other countries.

We will press for more liberal rules of origin. Although a technical measure, this would have a real impact. For example, the US introduced a waiver to its standard restrictive rules of origin for clothing and textile exports under the African Growth and Opportunity Act (AGOA), allowing African countries to use Asian textiles as inputs for clothing exports. The initiative has seen African textile exports to the US rise from \$600 million to \$1,500 million, creating 10,000 new jobs in Lesotho alone in 2001.⁴¹ In contrast, while the same duty-free access is enjoyed under the EBA, the restrictive rules of origin applied under the EBA have seen Lesothan exports of clothing to the EU virtually cease.

We are strongly supportive of the cross-party Trade Out of Poverty Campaign, which aims to mobilise popular support to force politicians to tackle protectionism and help the poorest countries rise from poverty. **We are also enthusiastic about the achievements and future potential of the Fair Trade movement**, which allows British consumers to send a voluntary signal, through the market, about the conditions in which they want their goods to be produced.

South-South trade

Most of the debate has so far focused on trade between rich and poor countries. But in fact tariffs are highest between poor countries. As a result, only 10 per cent of African trade takes place between African nations.⁴²

This compares extremely poorly with other regions. 40 per cent of North American trade is with other North American countries, while 68 per cent of trade by countries in Western Europe is with other countries in Western Europe.⁴³

The key problem is the persistence of high African trade barriers. While OECD countries cut tariffs from an average of 24 per cent to just 4 per cent between 1983 and 2003, tariffs in Sub-Saharan Africa fell by less than 5 per cent, from 22.1 per cent to 17.7 per cent.⁴⁴

These barriers mean that it is actually harder for most Africans to trade across African borders than with Europeans and Americans.

We will press for inventive measures to encourage trade between poor countries. One idea is movement towards complete free trade within Africa through the creation of a **Pan-African Free Trade Area**. There is already momentum towards regional integration, and **we will examine ways to support and hasten this process, for example through technical assistance in the drafting of trade agreements. We will also explore the case for funding to support non-corrupt and efficient customs services and compensation for short-term falls in trade tariff revenue.** In addition, a ‘quick win’ would be the immediate abolition of so-called ‘killer tariffs’ – the shocking tariffs that some governments levy on imports of anti-malarial bednets and vital medicines.

Aid for trade

Often the biggest obstacles to trade are geography and weak infrastructure, not tariffs. So **we will champion aid for trade. We will set up an expert group with private sector representatives to work on trade facilitation issues and identify bottlenecks, and assist developing countries to simplify and streamline customs and other bureaucracy.**

SECTION THREE: CONFLICT, STABILISATION AND PEACEKEEPING

“Where there is no security, there is no life.” – A man from Dagaar, Somaliland

It is conflict and bad government above all which undermines faith in international development and condemns people to poverty and misery. Preventing and resolving conflict around the world is a moral imperative, a development necessity and crucial to Britain’s national interest. We will give it high priority.

Conflict is a development issue

Peace and stability are a pre-requisite of development: where people are free, safe and secure, they create wealth and spur economic growth. War and insecurity prevent progress: where lives are dominated by fear and dislocation, growth stalls, fuelling further violence. If a community is trapped by violence and oppression, its people will remain poor and vulnerable until the fighting stops – no matter how much aid or trade they receive.

The human suffering caused by conflict is staggering. Civilians, particularly women and children, bear the brunt of it. Since 1990, there have been 125 wars, killing 7 million people, three quarters of whom were civilians.⁴⁵ In the Democratic Republic of the Congo alone, over five million people have died since 1998, the largest loss of life from war since World War Two. Nine out of ten countries with the highest infant and child mortality rates have suffered conflict in recent years.⁴⁶ Clearly, no country can prosper and develop while conflict persists.

The bottom billion: the new ‘third world’

Conflict is taking place in a changing world. The Cold War categories of a developed ‘first’ world, a communist ‘second’ world, and an underdeveloped ‘third’ world are no longer relevant. One of the most striking and welcome developments of our generation has been the dramatic climb of many countries up the ladder of prosperity. Relative peace and security, integration into the world economy and better policies have fostered growth and development around the world – most notably in China and India. Millions of people have been lifted out of poverty. Although shocking poverty remains, people in these countries can look to the future with a measure of hope.

Yet, in the midst of this progress, a ‘bottom billion’ live in countries which have yet to reach the first rung of the ladder of prosperity.⁴⁷ Wracked by conflict, violence, and insecurity, blighted by bad government, predatory neighbours, and arbitrary borders, affected by environmental degradation, these fragile states languish at the bottom of the world league tables for development. 22 of the 34 countries furthest away from reaching the Millennium Development Goals are in or emerging from conflict.⁴⁸

So the old image of a rich billion people in the West and a poor five billion in the rest should be turned on its head. Five billion people live in countries which are developed or developing – but one billion have been left behind in nations that are standing still or going backwards.

Helping these states and their peoples onto the ladder of prosperity is the central challenge of our time – and a challenge to which conflict prevention, resolution and reconstruction is central.

Britain's national interest

In a globalised world, no nation can seal itself off. Conflict around the world puts British lives, prosperity and security at risk. Nations racked by war and civil strife are often the source of migration, illegal drug production, and disease, and create conditions in which extremism can flourish. So, tackling global conflict is not only a moral imperative but a clear national security concern.

How we will work

These are global challenges that demand a global response, so **we will work multilaterally**. Half of all countries that emerge from conflict return to conflict within five years, so **we will stick to the task for the long haul**: helping to rebuild states is a job of years and decades, not months. Spending money effectively in fragile states is not easy as local institutions are weaker, so **greater supervision and monitoring will be needed to ensure that money is used properly**.

1) UN reform and the Responsibility to Protect

The United Nations: the need for reform

The United Nations is an organisation in urgent need of reform. It lacks the capacity to meet today's challenges, and to live up to the expectations heaped upon it by both member states and vulnerable populations. It was set up to tackle a post-World War Two world of conflict *between* nation states. Today the UN confronts new challenges and threats, most of which are *within* nation states: organised crime, drug syndicates, regional warlords, and terrorist organisations which threaten peace and international security in ways unimagined by the architects of the UN Charter.

As a result, too many UN operations lack the training, military assets and political authority to cope with the chaotic reality of conflict in the twenty-first century.

Moreover, a lack of resolve on the part of member states means that the gulf between the noble ideals proclaimed at the UN, and the grim reality on the ground, is growing ever wider. In September 2005, world leaders gathered at the UN global summit in New York and solemnly pledged that “we are prepared to take collective action, in a timely and decisive manner, through the Security Council ... should ... national authorities manifestly fail to protect their populations from genocide, war crimes, ethnic cleansing and crimes against humanity.”⁴⁹

And yet, a quick look around the world shows that these fine ideals are not being honoured in practice. The regime in Sudan has created misery for millions. In Burma, a military junta oppresses its people. In Zimbabwe, the regime of Robert Mugabe has turned the breadbasket of Africa into a husk of its former self. A river of conflict and strife runs through Africa from Sudan, through the Horn of Africa and the Democratic Republic of Congo, to Zimbabwe.

Tackling these crises will take renewed resolve on the part of member states, not just technocratic tinkering with UN structures. But, equally, we need an effective UN in order to translate global resolve into results on the ground when UN forces are deployed. So we will press for thorough reform and modernisation of UN peacekeeping structures.

At present, global peacekeeping structures do not work as they should. The UN's current "stand by" system does not permit peacekeeping forces to be deployed in sufficient numbers when they are really needed. In addition, peacekeepers are often not given the authority to protect civilians effectively. It is not acceptable that UN peacekeepers can be deployed but are then structurally incapable of defending vulnerable people.

As a lead donor to the UN, we will exercise leadership by working with allies to push for a review of the mission and rules of engagement of the UN's Department of Peacekeeping Operations. We will look closely at ways to ensure that UN troops are properly trained and equipped for the challenges they face. And we will press for the Security Council to approve peacekeeping missions with rules of engagement designed to protect civilians from grave harm.

2) Regional Security

The primacy of a regional approach

Central to our approach will be building regional capacity for peacekeeping. Direct military intervention by a developed country in the developing world can and does sometimes work. Britain's intervention in Sierra Leone represents the best single example of a combination of hard and soft power successfully bringing violent conflict to an end in Africa. But there is a limit – in terms of resources, skills, expertise and perceived legitimacy – to what outsiders and the West can achieve in conflict situations. And sustainability is key: there are few 'quick wins' in this field. So we must strengthen the capacity of regional organisations and provide them with training in conflict prevention and resolution. We stand ready to work with all regional organisations, but will focus our efforts on Africa, where the cost of conflict is currently highest and the dividend of peace and security will be greatest.

Championing the African Union

Since its foundation in 2002, the military side of the African Union (AU) has been given a baptism of fire, operating in hostile conditions in Sudan and Somalia. It has a long way to go, but it offers the single best hope for a robust regional response to conflict in Africa.

The next Conservative government will look closely at ways to give the most senior officers from African Union troop-contributing nations the opportunity to train in the UK, for example at the military colleges at Shrivenham. Our aim is to help establish a standing cadre of senior professional military officers, multinational in scope, fully ready to deploy when the AU is called upon. **We will also work with the Kofi Annan Peace Academy in Ghana and bolster regional centres of excellence for military training.**

We believe that the British Government has an important role to play in assisting the development of the African Union, and supporting a steady growth in its capabilities and stature.

3) Arms control

International Arms Trade Treaty

Uncontrolled arms sales help to fuel brutal and destabilising conflicts around the world. There is a profound moral imperative to ensure that the global arms trade is governed by firm, consistent and fair rules.

An International Arms Trade Treaty would provide a set of common minimum standards for the control of arms transfers, and a workable mechanism for the application of these standards. Such a treaty would ensure that suppliers of arms are made accountable and will not contribute to brutal and destabilising wars around the world. It would be in the British national interest: the British arms industry already operates to some of the highest standards in the world and welcomed the Treaty. An International Arms Trade Treaty would help force less scrupulous countries to raise their game, and stop selling arms to unsuitable regimes.

4) DFID and Whitehall: working together to achieve development

We will work to improve effective coordination between DFID and the Foreign and Commonwealth Office in poor countries, so as to increase the impact of our aid.

DFID will remain an independent department, focused on development. We will strengthen it by looking at ways to improve how DFID and the Foreign and Commonwealth Office interact both in Whitehall and in the field. Too often at the moment, effective cooperation is down to personal relationships and chemistry between the leaders and staff of the Departments in each country. We will look at ways to institutionalise best practice, utilising DFID's particular expertise and tapping into the formidable skills of the Foreign and Commonwealth Office.

Development is about much more than just aid, and the Department for International Development should work closely with other UK government departments whose policies impinge on poverty around the world. Trade, environmental policy, migration, defence, national security, health recruitment, development education for UK students, corporate responsibility: DFID must take the lead in articulating how policies in these areas affect people in developing countries.

We will aim to make DFID more like a department for development in the developing world and a little less like an aid agency. But at the same time, DFID should not encroach on the FCO's role in shaping and articulating British foreign policy. There are times when DFID appears to come perilously close to pursuing its own foreign policy agenda. We will work hard to address such concerns and to achieve better coordination with other Whitehall departments.

Experts estimate that some 40 per cent of African military spending is financed by aid money. It is vital that aid given to governments ends up where it is needed, and we will be clear in demanding this. We will not hesitate to cut aid where necessary, and redirect it to more effective channels. Aid is most effective when it is stable and predictable. **But in the event that countries actually start a conflict the UK should be ready to cut aid to their governments unilaterally and rapidly.**

5) DFID in insecure environments: helping to win the peace

In Iraq and Afghanistan there have been serious problems in getting the Ministry of Defence, the Foreign and Commonwealth Office, and the Department for International Development to work together effectively to deliver development and ‘win the peace’. Relations between the military and DFID have been dogged by friction, misplaced expectations and misunderstanding. When a new village, town or even country is freed, there is a ‘golden period’ – typically the first 100 days or so – when local people look closely at the new forces to see what positive change they will bring to their lives.

In Iraq, this period was squandered. Having won the war on the battlefield, a development vacuum was created. Repairs weren’t made to damaged infrastructure. Local people saw that the promise of reconstruction and development was hollow. Insecurity eroded people’s faith in the ability of the military to deliver their needs. This was true throughout the country, including in the areas for which Britain was responsible.

Some blamed DFID for this. But the fact is that DFID is not mandated, equipped or staffed to rush forward in the immediate aftermath of a conflict and start digging wells and building schools. Its comparative advantage lies in working with the host government in order to nurture long-term structures and systems. This work is vital: there is little point in building a school if there is not a functioning education system to provide teachers or textbooks. But it does mean that there is a vacuum in the immediate post-conflict period, particularly as the Armed Forces are neither trained nor resourced for sustained reconstruction operations.

The Government has tinkered repeatedly with the structures and mechanisms for coordinating the British approach to this problem. Initially it created the Post-Conflict Reconstruction Unit, designed to entwine the military, political and development strands together. But the Unit was undermined by inter-departmental wrangling and culture clashes, and was renamed the Stabilisation Unit in 2007. This has made some progress, but it is understaffed and, crucially, sits *underneath* its three parent departments and lacks the power to make them cooperate effectively.

The Ministry of Defence has taken steps to fill the development gap through the Joint Civil-Military Co-operation Group, which is designed to enable the army to work more effectively with civilian actors like local authorities and NGOs. And a small number of Specialist Stabilisation Advisers have been embedded in Forward Operating Bases in Afghanistan and throughout the military hierarchy at company, battalion and brigade level. But these welcome moves have only scratched the surface of the problem.

We will take significant steps to build on these limited reforms and bring about a step change in the effectiveness of the British civil-military development effort.

We will enhance the Stabilisation Unit so that it can break through departmental rivalries and jealousies. We will make the Stabilisation Unit the main driver of post-conflict reconstruction policy, reporting with a strong voice to the new National Security Council that a Conservative Government will create.

We will recruit significantly more Stabilisation Advisers, so as to meet staffing requirements. They will be integrated more clearly into military structures. Whilst in theatre, they will report to the military chain of command, most likely as part of a Provincial Reconstruction Team. Closer integration would give them more flexibility in their deployment, as they would be able to get out and about in the communities in which they are working. It would also dramatically reduce the cost of each Adviser, as it would remove the need for expensive private security when they leave base. This would enable the Stabilisation Advisers to go beyond their current advisory role and get involved in the practicalities of reconstruction on the ground. The role of the Adviser would become far less desk-bound, enabling them to identify sustainable projects and co-ordinate delivery via local contractors.

Taken together, these steps will herald a new approach to securing development in situations where the British military is involved – and help ensure that the mistakes of recent years are not repeated.

6) Afghanistan and Pakistan

In Afghanistan and Pakistan the confluence of our moral commitment to development and our national interest is particularly clear. Building the capacity of the state in both countries to guarantee security and stability, deliver development and reduce poverty is absolutely central to defeating violent extremism and protecting British streets. Improving the quality and impact of our aid there, as part of a joined-up British regional strategy, will be a top priority for an incoming Conservative Government.

Real progress has been made in Afghanistan since the fall of the Taliban: millions more children are in school, and girls are getting an education for the first time. Health services have improved significantly: previously only one in ten people had access to basic healthcare; now that has increased to eight in ten.⁵⁰ But much more needs to be done. Afghanistan is still one of the poorest countries in the world. Life expectancy is only 43 years. The average annual income is, in real terms, under a dollar per day. Poverty and unemployment are direct contributors to the ongoing Taliban insurgency and to opium cultivation. Similarly, Pakistan faces acute problems of poverty, and the deteriorating security situation threatens to stifle future development and creates a fertile ground for radicalisation.

Quantity of aid

DFID spent £109 million in Afghanistan 2007-08: less than it spent in Bangladesh, Ethiopia and Tanzania. It spent £87 million in Pakistan, less than it spent in Ghana. The Government has recently announced plans to increase support for both countries. But there are still questions as to whether it has really grasped the urgent need to intensify and reinvigorate our development efforts there.

As part of our review of British bilateral aid spending, we will look particularly closely at our work in Afghanistan and Pakistan to see whether it would be possible to raise support further and faster. There are limits to the capacity of these countries to absorb more aid without sacrificing quality, and we will measure success by outputs and outcomes, not inputs. But our mission in these countries cannot be allowed to fail for lack of effort.

Quality of aid

We have set out how we aim to improve immediate post-conflict reconstruction. We will also take steps to improve the systemic development work coordinated from Kabul and Islamabad.

It is striking that President Obama's recent review of US policy in the region calls for "a complete overhaul" of the American civilian assistance strategy in Afghanistan. The international aid effort in Afghanistan is too often confused and poorly coordinated. Although there has been progress in some areas (notably the army and the Ministry of Rural Affairs), corruption and weak capacity remain enormous problems.

We will continue to work closely with the Afghan Government to build its ability to deliver the basic prerequisites of peace and development: secure borders, law and order, and basic services. This is a project of state building that will take generations to complete, and no one should be under any illusion about the scale of the challenge.

We will subject our aid programme in Pakistan to the same level of scrutiny. An internal DFID evaluation found that the Department's strategy there "provided insufficient guidance on how to incorporate security concerns or work with other UK government departments" and overemphasised budget support.⁵¹ The report also found that the programme was often short-staffed. **As Pakistan moves to the core of our efforts to tackle violent extremism, we must ensure that our development programme there is effective and fully harmonised with the rest of the British diplomatic and military engagement in the region.**

Working effectively in these very testing conflict situations requires specific skills and institutional experience. Yet staffing has often been a problem. The nature of the posting in Afghanistan – no wives and children are allowed – and the obvious inconveniences and sense of danger mean that it is mainly young, single DFID employees that go out, meaning that some of the most experienced and senior staff never get there. And as with the military, tours of duty are short, so as soon as someone has started to get to grips with the country they are moved on, to be replaced by a newcomer. **We will examine ways to encourage DFID staff to work in these areas, and to ensure that their courage and dedication is rewarded in their future career development.** This will also help build within DFID a cadre of staff who understand the unique realities of operating in difficult environments, in partnership with British diplomatic and military personnel.

7) International Criminal Court

Deterring human rights violations, and securing justice for their victims, is an important aspect of development. Justice is best delivered at a national or regional level. But many countries lack the will or the resources to investigate and punish those responsible for crimes against humanity. The International Criminal Court is intended to fill this gap.

Although the UK provided strong diplomatic support to the creation of the International Criminal Court, the Government's efforts in recent years to support the Court have remained limited. There needs to be stronger co-ordination within the Government to ensure a clear, consistent and focused UK strategy towards the International Criminal Court.

We will encourage more countries to sign up to the International Criminal Court. We will help developing countries take practical steps to make the Court more effective, for example by providing technical support to assist in bringing national legislation into line with International Criminal Court provisions. And, where appropriate, we will help build the capacity of national judicial systems to address crimes against humanity and war crimes.

Conclusion

Our vision and commitment to Britain's international development policy is clear. We will build on the undoubted progress made in recent years, underlining the fact that Britain's development policies and commitments are not party political, but are above politics. Just as Conservatives started Britain's work to dismantle the burden of debt under which many developing countries languished, so Labour have made their contribution in the setting up of DFID. This cross-party resolve represents our country's determination to deliver on an agenda which encompasses not only a moral commitment which the Conservative Party passionately supports, but also an agenda which is profoundly in our national self-interest.

This Green Paper has set out a number of changes we would make, bringing international development into the post-bureaucratic age, and bringing Conservative approaches to bear on our shared progressive aim of ensuring that Britain continues to lead the world in its commitment to effective development:

How we will work more closely with the private sector to promote economic development, which is the key to lifting poor people out of poverty.

How we will put conflict resolution and good governance at the heart of our work to eradicate poverty.

How we will treat people who are poor with respect and dignity – and empower them to become masters and owners of the international development system, not just passive recipients of it.

How we will look at innovative ways to transmit the preferences, desires and priorities of poor people to decision makers.

How we will test new ideas and make our aid more transparent.

How we will base decisions on evidence, not hunches, and challenge vested interests and stale ideas.

How we will demand accountability from the governments we work with on behalf of their citizens and British taxpayers.

And, above all, how we will focus relentlessly on outputs and impact.

The next Conservative Government will build on Britain's past achievements and ensure that this vital area, which attracts the passionate commitment of so many of our fellow citizens, receives from the government the support it so clearly deserves.

LIST OF RECOMMENDATIONS

INTRODUCTION

- If elected, a new Conservative Government will be fully committed to **achieving, by 2013, the UN target of spending 0.7 per cent of national income as aid**
- We believe that the **Department for International Development (DFID)** should be here to stay. With a Conservative Government, DFID will continue to report to the Secretary of State for International Development, who will have a seat in the Cabinet. British aid will remain **untied from commercial interests**, and we will maintain DFID's focus on **poverty reduction**
- We support and will continue to work towards the **Millennium Development Goals**

SECTION ONE: VALUE FOR MONEY IN AID

1) Value for money through independent evaluation and transparency

We will:

Independent evaluation

- collect and publish **comprehensive information** about the effectiveness and outcomes of all forms of British aid
- ensure the impartial and objective analysis of the effectiveness of British aid through an **Independent Aid Watchdog**
- commit up to £10 million per year to the **International Initiative on Impact Evaluation (3ie)**
- **volunteer bilateral DFID projects to be evaluated by the 3ie**, and actively encourage all **multilateral projects** to which DFID gives money to have their programmes evaluated by the 3ie

Transparency

- publish **full information** about all of DFID's projects and programmes – including the results of impact evaluations – on its website, in English and local languages, and in a standardised format so that it can be freely used by third-parties
- require all bodies receiving DFID funds, whether NGOs, multilateral organisations or governments, to move towards **greater openness and transparency**
- support the **Global Campaign for Aid Transparency** and encourage all donors to publish clear, up-to-date, standardised information about aid spending

Tackling corruption

- ensure DFID **reveals any corruption** that is uncovered in any project or programme it has supported
- establish a designated **anti-fraud officer** for all DFID country programmes, and publish the number of a local anti-fraud hotline on the DFID website, in both English and local languages
- continue to support the **Extractive Industries Transparency Initiative** and the **International Aid Transparency Initiative**

2) Value for money through output-based aid

We will:

Payment for results

- champion, test and encourage output-based “**cash on delivery**” aid, committing to pay recipient governments for independently-audited evidence of development results – for example, paying a government a fixed amount (say £100) for every extra child they get into school
- demand **real increases in spending on health, education and other poverty-focused sectors** from governments which receive our aid
- earmark up to 5% of any budget support to help **local parliaments, civil society and audit institutions** track where the money is going
- support the use of **Public Expenditure Tracking Surveys** to show where money is ending up
- support programmes which **publicise to patients and parents** how much money their local clinics and schools should be receiving
- be prepared to **stop or redirect our funding** to projects or governments if essential conditions are not met

Working with multilaterals

- increase funding for multilateral agencies who are making a **proven impact on poverty** – and cut funding for those who fail to demonstrate evidence of results on the ground
- press for **EU aid** to be more effective, swiftly-disbursed and properly focused

Predictability of aid

- where possible make **three-year rolling commitments** and give indicative ten-year projections for aid
- when aid projects and programmes underperform, agree a **timetable for rectifying the problem** – and be willing to redirect the funding to more effective programmes if the timetable is not met

Debt relief

- support steps to **accelerate** the process of relieving Heavily Indebted Poor Countries of their debt
- continue, as far as possible, to give aid as **grants** not loans
- encourage other donors such as the **World Bank** to give aid for social objectives, whenever possible, as grants

3) Value for money through greater focus in British aid

We will:

Targeting British aid more carefully

- conduct a **root-and-branch review of where and how British aid is spent**, and ensure it is disbursed in the countries where it will do the most good and through the most effective channels
- **end DFID’s bilateral aid to China**, once all commitments to multi-year programmes have been honoured, and redirect the savings to poorer countries
- support the aid effectiveness efforts of the 2005 **Paris Declaration** and the 2008 **Accra Summit**

The Commonwealth

- look at ways of **boosting and building** on the links and ties of the Commonwealth to foster development

Building vibrant and successful British Overseas Territories

- carry out a **detailed analysis** of each of the Territories to fully understand their opportunities and needs, enabling us to determine what support each Territory requires to become financially sustainable and self-dependent over the long term
- carry out a detailed **value-for-money analysis** of the major UK Government funding streams for the Overseas Territories
- enhance the role of the Overseas Territories section within DFID and strengthen **cross-Whitehall cooperation** on issues that affect them

Emergency aid

- instigate a full review of Britain's **emergency response process**
- push for better **coordination** between governments, NGOs, and bilateral and UN agencies in emergencies
- encourage more **sustained funding** for 'silent' emergencies

4) Taxpayer control over aid

We will:

MyAid

- strengthen public support for aid by establishing a new **MyAid fund**, worth £40 million in its first year, which British citizens will vote on how and where to spend

Poverty Impact Fund

- establish a demand-led, performance-based **Poverty Impact Fund**, worth £40 million in its first year, to support innovative British NGOs which find it hard to access government funding at the moment
- retain the present **Partnership Programme Agreement** system and link future funding changes to evidence of effectiveness and results

Health Systems Partnership Fund

- establish a **Health Systems Partnership Fund**, worth £5 million a year to begin with, to help fund international placements for British health workers
- work closely with the Department of Health to ensure that health professionals who practice temporarily in the developing world are not disadvantaged in their **career progression**
- give strong encouragement to **hospital twinning** between the UK and developing countries

5) Respect and responsiveness

We will:

- in deciding which projects to support, consider how far they have been designed in conjunction and with the active **participation** of the people they are intended to help

- look at ways to encourage and support **participatory budgeting**, where local communities vote on how government money is spent in their area
- trust and empower poor people, for example by investigating the use of **aid vouchers** given directly to poor people or communities
- investigate new ways to channel resources directly to poor people, for example through **cash transfers**
- investigate how new mobile-based banking services could be used to bypass bureaucracy and **transfer money directly to poor people**
- introduce a policy of ‘**poverty immersions**’ with poor families for DFID staff
- use part of our growing aid budget to create opportunities for more young people to carry out voluntary work in developing countries as part of our plan for **National Citizen Service**

6) Tackling climate change

We will:

- press for the achievement of an **ambitious global deal at Copenhagen** in 2009 to limit emissions and make substantial financial resources available from innovative mechanisms for adaptation
- ensure that DFID works closely with DECC so that the UK’s position in **international climate negotiations** is consistent with the interests of the world’s poorest countries
- look at ways to help the very poorest developing countries take part in negotiations and ensure their voice is heard, for example through establishing an **advocacy fund** to provide ongoing support to countries which are constrained by limited personnel and legal capacity
- factor in **environmental impact assessments** to DFID funding decisions on large-scale development programmes
- support development activities that reflect the changing nature of the climate and assist with **low-carbon development**
- support governments to make and implement **adaptation plans** to help minimise the impact of climate shocks
- ensure that DFID and the **Department of Energy and Climate Change (DECC)** support the research and development of **new technologies** to deal with changing weather patterns
- use part of our growing aid budget to support the promotion of **sustainable forest development**

SECTION TWO: WEALTH CREATION

1) Our response to the downturn

We will:

Championing a free, open and fair trading system:

- push hard for the EU to maintain a progressive, **liberal trading posture**
- **highlight and challenge** EU governments who resort to protectionism
- support systems to monitor and ‘**name and shame**’ new protectionist moves
- look at ways to safeguard **finance for trade**

Protecting the poorest:

- help developing countries **maintain social expenditure** to shield the poor from the impact of the crisis
- encourage the IMF and World Bank to **expand** and in some cases **bring forward** planned lending and spending

Reforming the IMF and World Bank:

- seek to strengthen the legitimacy of the Bank and Fund by giving developing countries a **greater say** in decision making
- encourage the World Bank to **decentralise** and base more staff in developing countries
- press for the World Bank Board to set the strategy and direction of the Bank, but **not micromanage projects**
- encourage different branches of the Bank operating in the same developing country to **share offices and resources** to save costs
- help move towards a system where the President of the World Bank is selected on **merit, not nationality**

2) The building blocks of wealth creation

We will:

Harnessing private enterprise

- embrace the potential of the **private sector**
- ensure that DFID recruits and works with people from **commercial and financial backgrounds**
- support private sector investment in the developing world through **government-led trade delegations to developing countries**
- explore ways in which DFID could **co-invest in developing countries** alongside private sector companies
- examine how DFID spending could better stimulate and support private sector growth in developing countries, for example through **procurement policies** which wherever possible stimulate local enterprise

Legal infrastructure and property rights

- place greater emphasis on promoting **property rights** in developing countries
- work with developing country governments to reduce the hurdles that **entrepreneurs** face when trying to set up companies

Microfinance

- take a proactive approach to supporting **microfinance**
- champion the extension of other **micro-financial services**, like micro-savings and micro-insurance, and look at ways to help **Small and Medium Sized Enterprises** access capital
- consider **providing matched funding for peer-to-peer loans to entrepreneurs in developing countries**

Agriculture

- support efforts to improve **agricultural productivity** in poor countries
- promote investment in **risk-management projects**, such as low cost rainwater collection and irrigation systems, which have the potential to lessen the risk of crop failure in all but the most serious of drought years
- support targeted **nutrition** programmes, especially for children

Infrastructure

- seek to **increase productive investment in infrastructure**, where possible using ‘Build, Operate, Maintain’ contracts

3) Health and education

We will:

Education

- work with governments to guarantee access to **education for all** their people, particularly girls and children with a disability
- work with **the public, not-for-profit and private sectors** to deliver education for all, and consider funding insurance schemes, bursaries, or targeted vouchers for the poorest children to attend a school of their choice

Health

- work to build long-term **health systems** in developing countries
- spend at least £500 million per year tackling **malaria** until the Millennium Development Goal on malaria has been met
- strongly support the search for a **malaria vaccine**
- press for urgent action against **drug-resistant viruses** incubating in the developing world
- work with governments to guarantee access to **healthcare for all** their people, and work with both **public and private** health service providers to make this happen, with a particular focus on ensuring that the poorest and most vulnerable groups can access healthcare
- prioritise steps to ensure that **mothers** can access basic health services and clean water
- place renewed emphasis on empowering women to take decisions about their **reproductive and sexual health**

Sanitation and water

- lobby for global action to push **sanitation, water and hygiene** up the development agenda
- ensure that the water and sanitation advisors in DFID are properly **linked in** to their colleagues working on health issues

4) Trade

We will:

World Trade Organisation

- press for an ambitious deal at the **Doha Round** of trade talks
- push for the EU to table **ambitious cuts in trade-distorting agricultural subsidies and tariffs**: our ultimate goal is the comprehensive dismantling of trade barriers, at a pace that allows British producers to adapt to a truly open market

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- push for an immediate **end to all production-related support** under the Common Agricultural Policy
 - take measures to strengthen the legitimacy of the WTO. One way to do this would be – as with climate negotiations – through an **advocacy fund**, which would help poor countries field the expert analysts and negotiators that they need to participate and benefit fully from trade negotiations

Immediate action for the very poorest

- push for the **EU and other rich countries unilaterally to drop their trade barriers for low income countries** by 2013 at the latest
- push for the **abolition of all export subsidies** from the EU and other developed countries
- press for more liberal **rules of origin** in the EU's Everything But Arms preferential access scheme
- support the cross-party **Trade Out of Poverty Campaign**
- support the **Fair Trade movement**

South-South trade

- encourage the development of a **Pan-African Free Trade Area** and examine ways to support and hasten regional integration, for example through technical assistance in the drafting of trade agreements. We will also explore the case for funding to support non-corrupt and efficient customs services and compensation for short-term falls in trade tariff revenue.
- press for the abolition of **'killer tariffs'** levied on imports of anti-malaria bednets and vital medicines

Aid for trade

- set up an expert group to work on **trade facilitation issues** and assist developing countries to simplify and streamline customs and other bureaucracy

SECTION THREE: CONFLICT, STABILISATION AND PEACEKEEPING

- We will give far **greater prominence** to promoting conflict prevention and resolution

1) UN reform and the Responsibility to Protect

We will:

- look at ways to ensure that UN troops are **properly trained and equipped** for the challenges they face
- press for the Security Council to approve peacekeeping missions with **rules of engagement** designed to protect civilians from grave harm
- work with allies to push for a **review of the mission and rules of engagement of the UN's Department of Peacekeeping Operations**

2) Regional security

We will:

- look at ways to give the most senior officers from African Union troop-contributing nations the opportunity to **train in the UK**
- work with the **Kofi Annan Peace Academy in Ghana** and bolster regional centers of excellence for training

3) Arms control

We will:

- support an **International Arms Trade Treaty** to ensure that suppliers of arms do not contribute to brutal and destabilising wars around the world

4) DFID and Whitehall: working together to achieve development

We will:

- work to improve effective **coordination** between DFID and the Foreign and Commonwealth Office in poor countries, so as to increase the impact of our aid.
- ensure that DFID **works closely with other UK Government departments** whose policies impinge on poverty around the world

5) DFID in insecure environments: helping to win the peace

We will:

- make the Stabilisation Unit the main driver of post-conflict reconstruction policy, reporting with a strong voice to the new **National Security Council** that a Conservative Government will create
- **recruit significantly more Stabilisation Advisors** and integrate them more clearly into military structures

6) Afghanistan and Pakistan

We will:

- look closely at our aid in Afghanistan and Pakistan to see whether it would be possible to raise support further and faster
- look at ways to **improve the performance** of our aid programmes in Afghanistan and Pakistan, and ensure they are fully harmonised with the rest of the British diplomatic and military engagement in the region
- examine ways to encourage DFID staff to **work in conflict zones**, and to ensure that the courage and dedication of those who do is rewarded in their future career development

7) International Criminal Court

We will:

- encourage **more countries to sign up** to the International Criminal Court (ICC)
- help developing countries take practical steps to make the ICC more effective, for example by providing **technical support** to assist in bringing national legislation into line with ICC provisions
- help build the capacity of **national judicial systems** to address crimes against humanity and war crimes

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