House of Commons

International Development Committee

The Commission for Africa and Policy Coherence for Development: First do no harm

First Report of Session 2004–05

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Report, together with formal minutes, oral and written evidence

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The International Development Committee

The International Development Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for International Development and its associated public bodies.

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Committee staff

The staff of the Committee are Alistair Doherty (Clerk), Hannah Weston (Second Clerk), Alan Hudson and Anna Dickson (Committee Specialists), Katie Phelan (Committee Assistant), Jennifer Steele (Secretary) and Philip Jones (Senior Office Clerk).

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Footnotes

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Summary

As the 2015 deadline for meeting the Millennium Development Goals approaches, much of Africa is being left behind. Launched by the Prime Minister in February 2004, the Commission for Africa is a bold initiative to create an agenda for action for the G8, to make 2005 a turning point for Africa. The Commission intends to report in March 2005.

The Commission's report will primarily have recommendations for the G8 and the European Union, so as to complement rather than duplicate the work of the New Partnership for Africa's Development (NEPAD) and the African Union. The Commission must not shy away from addressing the complex issue of governance in developing countries, but this focus on the G8 makes sense. Just as governments in developing countries must put their own house in order, so too must governments in the developed world.

The world does not come neatly packaged into issue areas, ripe for policy intervention. Policies designed to address one issue are bound to have impacts on other issues too. If it is to play an effective role in building a global partnership for development, then the developed world must do more to ensure that its policies on a range of issues are coherent and do not undermine its objectives and policies on international development.

Policies which lack coherence and undermine development are all too easy to find. Aid is undermined by protectionist and trade-distorting agricultural subsidies. The poaching of doctors and nurses from countries which can not afford to lose them hampers progress on health and HIV/AIDS. Tariff escalation hampers developing countries' industrial development. Fishing subsidies damage fisheries projects supported by aid. A reluctance to put in place strong anti-corruption laws and to tighten up against money laundering in the developed world, encourages and facilitates corruption in developing countries. A legislative net which fails to catch arms dealers, leads to the proliferation of small arms and fuels conflict. Such policy incoherence is wasteful, and in many cases totally unnecessary. The developed world must ensure that it does not take away with one hand what it gives with the other.

Governments committed to enhancing policy coherence for development need to make more progress in terms of the following five steps:

- *Recognising* the importance of policy coherence in a world of interdependent challenges and issues;

- *Understanding* better the nature and strength of relationships between issues;

- *Specifying* the impacts of the developed world's policies on developing countries;

- *Assessing* the scope for enhancing policy coherence;

- And, *modifying* objectives and policies so that there is more coherence.

The UK Government recognises the importance of policy coherence and has a variety of mechanisms in place which are designed to enhance coherence. These include: Public Service Agreements where targets are shared between Departments; inter-departmental working groups on development and on specific issues such as conflict prevention and remittances; and, guidelines and codes of conduct, for instance on the recruitment of health service professionals from developing countries, and on arms exports. The effectiveness of such mechanisms varies however. The UK's direction of travel towards policy coherence for development is good, but the Government and Whitehall could move further and faster.

Much can be learned from the experience of other countries. Denmark, the Netherlands, Norway and Sweden have produced reports on their contribution towards MDG8, building a global partnership for development. These are an important first step towards more systematic and independent analysis of policy coherence. The Netherlands has a unit charged with ensuring policy coherence. Sweden has an integrated global development policy which demands coherence and requires systematic reporting to parliament. Many other mechanisms to enhance policy coherence for development have been reviewed in research by the OECD.

The Policy Coherence for Development agenda is not a magic bullet which will transform the priorities of the developed world. But, by increasing understanding of policy overlaps, and by enhancing transparency and accountability, the policy coherence for development agenda can play an important role in enabling and pushing governments to ensure that their policies are truly supportive of the needs of developing countries.

Africans say, with justification, that they are not looking to the G8 and EU to adopt new policies or make many new commitments, but they do want to see existing donor country commitments implemented—just as donors want to see NEPAD commitments implemented by African governments. The G8 has never sought to create a permanent secretariat. They are right to reject bureaucracy. But if the goals of the UK chairmanship of the G8 are for G8 member states to achieve better policy coherence for development (both individually and collectively) and to implement existing development commitments, it will be necessary to create a mechanism for monitoring compliance by G8 states with the decisions taken at the G8's July 2005 Summit. This could be achieved by retaining a panel of Heads of Government Special Representatives on Africa, or asking the OECD Development Assistance Committee to publish an annual report on the implementation of the G8's commitments to Africa, and to discuss this at each year's G8 summit.

The Commission for Africa can do much to shame and encourage the G8 into keeping its promises, taking policy coherence more seriously, and changing the policies which undermine Africa's ability to prosper in the global economy. With UK leadership of the EU and the G8, the year 2005 can be a turning point. The opportunity must not be missed.

Background and acknowledgements

The Prime Minister launched the Commission for Africa in February 2004. The Commission aims to provide a coherent set of policies to accelerate progress towards a strong and prosperous Africa, and will produce a report and recommendations in spring 2005. As part of the consultation process, views and observations have been invited. The Committee decided to make an input into the Commission, drawing on its work over the course of this Parliament, in July. This Report is the International Development Committee's submission to the Commission for Africa.

The Committee is grateful to Mr Myles Wickstead, Head of Secretariat at the Commission of Africa and Mr Robert Picciotto, Director of the Global Policy Project, Visiting Professor at King's College, London and former Director General, Operations Evaluation Department at the World Bank, for giving oral evidence to the inquiry. The Committee would also like to thank those organisations which submitted written evidence.

1 Introduction

1. Four years ago, the world's leaders promised to work together to meet the Millennium Development Goals (MDGs), by 2015 at the latest.[1] Progress is patchy. There is good progress in parts of Asia, some progress in Latin America and the Caribbean, and some progress in North Africa. There are promising signs in parts of sub-Saharan Africa too: in Malawi and Rwanda on education; in Tanzania on water; in Uganda and Senegal on AIDS; and in Mozambique on child mortality.[2] Progress is possible, but overall the picture is bleak. Unless governments in Africa and in the developed world take more radical action now, the people of sub-Saharan Africa will be left still further behind.

2. In February 2004, the Prime Minister announced the establishment of the Commission for Africa in order to re-focus attention on Africa.[3] The timing is significant. In 2005, the UK will hold the Presidency of the G8, as well as the Presidency of the Council of the European Union. The UK Government intends to make Africa, along with climate change, the focus of its G8 and EU Presidencies. The UK has made a good start, with the Chancellor's announcement of a new initiative on multilateral debt relief, increased funding for the fight against HIV/AIDS and malaria, and continued efforts to gain support for the International Finance Facility. The Commission for Africa is a bold and welcome move to listen to Africa, to amplify its voices, and to create an agenda for action for the G8, the EU and the UK Government itself, to make 2005 a year when we can begin, in the words of an emerging NGO campaign, to "Make Poverty History".[4] If the G8 deliver, 2005 will be a turning point in Africa's fortunes.

3. In July 2004, the Committee agreed to make an input into the Commission for Africa, drawing on the work that we have done over the course of this Parliament. The Commission's Secretariat informed us that they would be looking at the reports which the International Development Committee has produced. There is therefore little point in re-iterating here the recommendations we have made on specific issues in earlier reports.[5] Nevertheless, our work over the course of this Parliament amounts to more than issue-specific conclusions and recommendations.

4. In most cases DFID is the primary but not exclusive focus of our inquiries. In all cases, we are interested in how DFID works with other institutions, within the Government, outside the Government, and outside the UK. A common theme of our inquiries is the extent to which policies on a range of issues support development objectives; to what extent is there policy coherence for development? This issue has come up, for example, in inquiries about corruption, European Union aid, climate change, strategic (arms) exports, financing for development, trade, and migration. Examining the extent to which UK policy

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1   For further information about the MDGs see http://www.developmentgoals.org

2   Eveline Herfkens, *No excuses: Promises must be kept,* speech at United Nations Department of Public Information/NGO Conference, September 2004 – see http://www.ngodpiexecom.org/conference04/sections2/files/speeches/Herfkens.doc

3   For further information about the Commission for Africa see http://www.commissionforafrica.org

4   For further information about this NGO campaign see http://www.makepovertyhistory.org/

5   Annex 1 shows which of the International Development Committee's reports and evidence sessions are most relevant for each of the Commission for Africa's areas of work.

on a range of issues supports development objectives is perhaps where our comparative advantage lies; policy coherence is therefore our focus in this report.

5. In recent years, policy coherence for development has assumed a prominent place: in the MDGs, especially MDG8 (building a global partnership for development); in the Monterrey Consensus which came out of the UN's Financing for Development Summit of 2002; in UNCTAD's 2004 trade and development report, in the WTO's World Trade Report for 2004; and, in the proposed European Constitution. Particularly since its meeting in Addis Ababa in October, policy coherence for development—the responsibilities of the G8 within a global partnership for development—seems to be emerging as an important theme for the Commission for Africa too (see Figure 1: Policy coherence and Northern responsibilities). In its November 2004 consultation document, the Commission for Africa outlines one of the conundrums with which it is wrestling: "how to arrive at solutions which are sufficiently radical to make a real difference to the people of Africa, but which are not so radical that they are deemed undeliverable by donor nations."[6] By helping to identify win-win scenarios, from which both Africa and donor nations can benefit, policy coherence for development provides one way in which the Commission for Africa might successfully grapple with its conundrum. And, by helping to make Africa and its development a domestic issue for rich countries, attention to policy coherence for development constitutes an important mechanism for creating lasting commitment to Africa's development.[7]

Figure 1: Policy coherence and Northern responsibilities

The challenge for the Commission for Africa is to set out comprehensive, **coherent** and practical proposals for action by the international community which, with Africa leading the way, can accelerate and sustain Africa's growth and development. (Commission for Africa, Consultation Document, November 2004)
Given that the report is intended to provide a basis for proposals to the G8, EU and Millennium Review Summits in 2005, it will give **a particular emphasis to action by rich countries** to support Africa. (Commission for Africa, Consultation Document, November 2004).
A big push **across a range of mutually supporting areas**, to improve governance, expand trade opportunities, strengthen capacity and human capital and enhance security, will be needed. **Coherence of actions** towards these ends will be a fundamental part of the analysis. (Commission for Africa, Work programme on policy and possible implications for action, p.2)
The analysis will also ask how **developed country policy makers can take greater account of the potential impacts of their policies**. (Commission for Africa, Work programme on policy and possible implications for action, p.6)
Contributors highlighted that the **rich nations** have not one but two distinct roles to play: on the one hand, **supporting change** within Africa through appropriate financing for development and technical assistance; but, equally importantly, `**putting their own house in order**'. (Making a real difference, report of an electronic discussion organised for the Commission for Africa, September 2004, p.2)

Data source: Various Commission for Africa documents (emphasis added)

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6   Commission for Africa, *Action for a strong and prosperous Africa, Consultation Document*, November 2004, para 11
     – available at http://www.commissionforafrica.org/getting_involved/consultationdocument.htm

7   Commission for Africa, *Action for a strong and prosperous Africa, Consultation Document*, November 2004, para 14
     – see footnote 6 for web-site

6. Our focus on policy coherence for development is intended to encourage the Commission for Africa—complementing the work of the African Union and the New Partnership for Africa's Development (NEPAD)—to focus on the responsibilities of the G8. We are not overlooking the importance of African governments tackling conflict, corruption and establishing the systems of good governance which are the foundation for effective partnerships between North and South. Our reports have repeatedly emphasised the need for good political and economic governance in the South (see Annex 1). But as with any partnership worthy of the name, the primary responsibility of each partner is to do what it can to ensure that its own actions help to make the partnership deliver the jointly-agreed results. The responsibilities of the G8 are therefore our focus.

7. We continue in chapter two with some comments about the Commission for Africa. In chapter three we introduce "policy coherence for development", before, in chapter four, exploring ways in which governments such as our own could move more quickly from a recognition that policy coherence matters towards actually enhancing it. In chapter five we sound a note of caution; policy coherence for development is not a magic bullet for development. But by enhancing transparency, and providing a basis for enhanced accountability, more systematic attention to policy coherence for development can play an important role in enabling and pushing Northern governments to ensure that their policies are truly supportive of development goals. This, along with better governance in developing countries, is a key building block for an emerging global partnership for development.

8. This report, produced as a submission to the Commission for Africa as well as to inform Parliament, differs from our other reports. Its recommendations are directed primarily to the Commission for Africa—and through the Commission to the G8—rather than directly to the UK Government, or DFID. Nevertheless, our observations ought to stimulate a response from the UK Government, and we look forward to receiving it.

2 The Commission for Africa

Timetable and outputs

9. The Commission for Africa was launched in February 2004. The Commission's aim is to help to drive forward Africa's development and increase its prosperity, by seizing the political opportunities provided by 2005; the UK's presidencies of the G8 and the EU, and the United Nations review of progress towards the Millennium Development Goals. The Commission comprises 17 members, the majority of whom are African, and has a London-based Secretariat.

10. The first meeting of the Commission for Africa was held in May, in London. The second was in October, in Addis Ababa, Ethiopia. By the time of this meeting, the Commission's work was organised around three groups of themes: first, opportunity and growth, aid and debt relief; second, governance and peace and security; and third, human development, culture and inclusion. The Commission for Africa intends to produce its final report in March 2005, after a third and final meeting of the Commissioners. Between now and then an extensive series of consultations will take place, in Africa and elsewhere, based in part on a consultation document published by the Commission in November.[8]

11. Mechanisms will be put in place to track what happens as a result of the Commission's work, but the Commission will be wound up at the end of 2005. Once the report has been published, the task of the Commission, and particularly the Prime Minister as its Chairman and instigator, is to persuade the G8 to take up the Commission's recommendations.[9] As the Prime Minister has put it, the task will be to translate international <u>attention</u> to Africa, into international <u>action</u> to support Africa.[10] In evidence to us, the Head of the Commission for Africa's Secretariat, Myles Wickstead, told us that the Commission's report is expected to be "very focused, very action-orientated, setting out recommendations which must be implemented quickly if Africa is to have any prospect of achieving the Millennium Development Goals by 2015."[11]

Focus: The Commission for Africa as the "mirror image" of NEPAD

12. There has been some confusion about the relationship between the Commission for Africa and institutions such as NEPAD. But NEPAD is essentially an African initiative with actions primarily designed for African countries, whereas the Commission is "a support mechanism for NEPAD, with actions primarily designed to generate the international will that will allow resources and support to go into Africa, to support Africa's own plan".[12] The Commission for Africa is the "mirror image" of NEPAD.[13] As

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8   Commission for Africa, *Action for a strong and prosperous Africa, Consultation Document,* November 2004, para 11 – see footnote 6 for web-site

9   Q1 [Myles Wickstead, Commission for Africa Secretariat]

10   African Voices: 2nd Meeting of the Commission for Africa, 7-8 October 2004, Summary note – available at http://www.commissionforafrica.org/2nd_meeting/2nd_meeting.htm

11   Q1 [Myles Wickstead]

12   Q4 and Q18 [Myles Wickstead]

13   Q4 and Q18 [Myles Wickstead] and Commission for Africa, *Action for a strong and prosperous Africa, Consultation Document,* November 2004, para 7 – see footnote 6 for web-site

such, the Commission for Africa's report will primarily have recommendations for the G8 and the European Union.[14] We were pleased to receive this clarification; **it is important that the Commission for Africa adds value, playing to its strengths and supporting rather than undermining NEPAD.**

13. Much is known about what needs to be done, within and outside Africa, to support the continent's development. So the starting point of the Commission's work must be to ensure that the international community delivers on its existing obligations.[15] **The Commission for Africa's report must include a comprehensive checklist showing what commitments the G8—collectively and individually—has made to Africa, across a range of issues including aid, trade, debt, agricultural subsidies, arms exports, access to essential medicines, and money laundering, and showing also what progress has been made to date in implementing those commitments.** This is the starting point for accountability.

14. Beyond making recommendations on particular issues, **we urge the Commission for Africa to press for action on global governance, to ensure that Africa has a louder voice in international organisations such as the United Nations, the World Bank and the International Monetary Fund.**[16] We are pleased therefore to see this issue—the "strong enhancement of Africa's voice in the international institutions"—highlighted in the Commission for Africa's Consultation Document, although a reference to and recognition of Africa's voices in the plural would be more appropriate.[17] If Africa were better represented at a global level, it would be better able to play its part in a global partnership for development, to defend its interests globally, and to press the developed world to deliver on existing obligations and commitments.

The basis for assessment: "If nothing changes … we will have failed"

15. The Commission for Africa has the potential to focus attention on Africa, and to press for action in support of Africa's development. It is up to the Commissioners and the G8 to ensure that this potential is realised. Myles Wickstead said that "if nothing changes in the world as a result of this process and this report then we will have failed in the task that has been given to us".[18] The Commission will be judged in terms of the results that it achieves. There are clearly many issues, such as the capacity constraints faced by many African governments and ministries, in part as a result of HIV/AIDS and the migration of skilled professionals, which will not be solved in 2005. Nevertheless, the Commission can usefully draw attention to such long-term problems and speed progress towards their resolution.[19]

16. We will judge the Commission in terms of results, but some issues concern us at the outset. First, the role of the private sector. **Given the fundamental role that the private sector must play in Africa's development, we were surprised that African businessmen**

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14   Q18 [Myles Wickstead]

15   Q5 [Myles Wickstead]

16   Q11 [Myles Wickstead]

17   Commission for Africa, *Action for a strong and prosperous Africa, Consultation Document,* November 2004, section 9 – see footnote 6 for web-site

18   Q14-15 [Myles Wickstead]

19   Q10 [Myles Wickstead]

and women were not better represented on the Commission. Myles Wickstead sought to reassure us, explaining that African business interests were being consulted and that the Chancellor had helped to establish UK business groups to advise on particular issues.[20] **We trust that the voice of business—particularly African business—will be sufficiently prominent.**

17. Second, there is the issue of governance and corruption in Africa. Good governance is the basis for poverty reduction and an effective global partnership for development. It is not easy to say definitively what constitutes "good governance", but we know bad governance when we see it. Sudan and Zimbabwe currently provide clear examples of governance systems which are not working in the interests of poverty reduction and development. The Commission for Africa can do a great deal of good by holding the North to account for obligations it has made to Africa, but this does not release governments in Africa from their responsibilities.

18. Myles Wickstead, responding to questions about governance in Ethiopia and Tanzania, countries whose leaders are Commissioners, noted that the "direction of travel has been very much in the right direction".[21] Even where the direction is the right one, the speed of travel is too slow, and certain countries are heading the wrong way. The African Peer Review Mechanism is potentially a positive step but it remains to be seen whether it has sufficient teeth to provide clear and persuasive guidance to governments, or sufficient transparency to report clearly to citizens and civil society in countries under review. **The Commission for Africa, in its focus on partnership and the responsibilities of the developed world, must not shy away from addressing the issue of governance in developing countries.**

19. Nevertheless, we have some concerns about nature of the Commission's recommendations, particularly around issues of "good governance". The Commission's Consultation Document notes that "there must be an African answer to the question of the purpose of development".[22] This simple statement is deceptively radical, and is one that we endorse. It entails important implications for the sorts of recommendations the Commission should be making, not least as regards "good governance". Donors are rightly concerned to ensure that their funds are spent effectively, rather than wasted and stolen by corrupt politicians or officials, but the Commission ought not to be in the business of advocating a model of "good governance" which ignores the diverse histories, cultures, and contexts of African countries, and their answers to the question of the purpose of development.

20. The Commission for Africa, along with the international development community as a whole, has to achieve a balance, ensuring that in its promotion of "good governance", it does not simply advocate the imposition of a one-size fits-all model of governance on diverse countries and contexts. Myles Wickstead acknowledged that the Commission for Africa would not be able to resolve such tensions, but argued that it would play a useful role by encouraging open debate, so that civil societies in each African country are more

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20   Q8 [Myles Wickstead]

21   Q6-7 [Myles Wickstead]

22   Commission for Africa, *Action for a strong and prosperous Africa, Consultation Document,* November 2004, para 10 – see footnote 6 for web-site

able to demand better governance, better systems and better structures, suited to their traditions and needs.[23] We trust that the Commission will pay careful attention to the way in which the DFID-Foreign and Commonwealth Office-HM Treasury consultation paper on aid conditionality seeks to achieve this balance, including its emphasis on the importance of parliamentary scrutiny and debate about development strategies in developing countries.[24]

21. Parliaments are often side-stepped when it comes to development, as if political representation, accountability and democratisation are distractions. We were pleased to hear that the Commission for Africa has been thinking about how it can work with the Pan-African Parliament, and hope that action will follow.[25] **If governance in Africa is to be democratic, providing a supportive environment for locally-owned development strategies, rather than simply "good" by the standards of the International Financial Institutions, then the Commission for Africa must ensure that parliaments are not marginalised. Shortcuts to effective governance do not exist. If developed countries want to see sustainable and effective governance in Africa they must, whilst encouraging moves towards good governance, ensure that they do not undermine emerging systems of local accountability.**

22. But good governance at a global level, and in developed countries themselves, matters too. Just as governments in developing countries must put their own house in order, so too must the developed world. On a range of issues including money laundering, arms exports including small arms, climate change, agricultural subsidies, trade barriers, and intellectual property rights there are actions which we, as the UK, the EU or the G8 could take now to help Africa. In the remainder of this report, we focus on "policy coherence for development", examining how the UK and other developed countries could do more to ensure that they do not take away with one hand, what they give with the other.[26]

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23   Q10 [Myles Wickstead]

24   DFID, FCO and HM Treasury, *Partnerships for poverty reduction: changing aid conditionality*, September 2004 – available at http://www.dfid.gov.uk/pubs/files/conditionalitychange.pdf

25   Q16 [Myles Wickstead]

26   Q19-20 [Myles Wickstead]

3 Policy Coherence for Development

What is policy coherence for development?

23. The world does not come neatly packaged into issue areas, ripe for policy intervention. Policies designed to address one issue are bound to have impacts on other issues too. Policy coherence is about taking this into account.

24. Policy coherence for development is achieved when policies across a range of issues support, or at the very least do not undermine, the attainment of development objectives. Or, as Robert Picciotto—the former Director General of the World Bank's Operations Evaluation Department—put it in evidence to us, policy coherence for development is firstly about doing no harm, ensuring that progress towards international development goals is not undermined by policies which relate primarily to other goals, and secondly about searching for potential synergies and win-win scenarios, where policies can deliver progress towards development goals whilst securing other objectives too.[27] Put simply, it is about ensuring that time and effort is not wasted by actions in one sphere undermining actions in another.

25. The OECD identifies four types of policy coherence. Type 1 is about the internal consistency of policies; for instance, untying aid so that recipients are not forced to spend the money on donors' products and services is an important step towards this type of coherence. Type 2 is about the coherence of a government's policies, a "whole of government" type of coherence. Type 3 is about coherence and coordination between OECD and donor governments, the so-called harmonisation agenda. Type 4 is about ensuring the coherence or alignment of developing countries' policies with those of the donors, preferably through dialogue.[28] In an ideal world, all four types of policy coherence for development would be attained. In this report, our focus is on "the whole of government" type of coherence.

Policy incoherence in action

26. Policies which lack coherence and undermine development are all too easily found. The total volume of aid from OECD countries is dwarfed and undermined by protectionist trade-distorting agricultural subsidies.[29] Support for private sector development and diversification is undermined by systematic tariff escalation which discourages developing countries from processing products and adding value. OECD countries' fishing subsidies amounting to $20 billion per year promote the over-exploitation of a dwindling resource, harm developing countries' coastal fisheries, and undermine the fisheries development

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27   Q23 and Q29 [Robert Picciotto, Director of the Global Policy Project]

28   Ev 9, para 1 [Picciotto Memorandum]; see also OECD, *Institutional approaches to policy coherence for development: OECD Policy workshop*, May 2004 – available at http://www.oecd.org/dataoecd/43/35/31659358.pdf

29   Q27 [Robert Picciotto]; IMF/World Bank, *Global Monitoring Report Overview*, p.14, available at http://siteresources.worldbank.org/GLOBALMONITORINGEXT/Resources/0821358596.pdf; IDC, Seventh Report of Session 2002-03 *Trade and Development at the WTO: Issues for Cancún,* HC 400-I, para 58 – available at http://www.publications.parliament.uk/pa/cm200203/cmselect/cmintdev/400/400.pdf;IDC, First Report of Session 2003-04, *Trade and Development at the WTO: Learning the lessons of Cancún to revive a genuine development round,* para 72, HC 92-I – see http://www.publications.parliament.uk/pa/cm200304/cmselect/cmintdev/92/92.pdf

projects which the same countries have paid for with aid.[30] Tightened patent protection laws are expected to increase the flow of patent revenues from the developing to the developed world from $10 billion to $60 billion per year, effectively cancelling out the total volume of global aid.[31] The United States' energy policy has major deleterious implications for international security, development and environmental sustainability.[32] In our reports we have highlighted the importance of policy coherence for development on several occasions (see Figure 2 – emphasis is added).

Figure 2: Policy coherence for development in the International Development Committee's reports

The elimination of corruption should be central to a responsible development strategy. But it is **not only a matter for the DFID**. The actions of the Home Office, the Department of Trade and Industry (DTI) and a host of regulatory and investigatory bodies have a profound effect on corruption in the developed world. Our investigation has revealed **a lack of coherence**, focus and determination across Whitehall in tackling this subject (IDC Corruption report, executive summary, p.6).
The Commission must ensure that other EC policies which are likely to impact upon developing countries are **compatible** with the poverty reduction objectives of EC development policy; and that the goal of poverty reduction is incorporated throughout EC policy. If poverty reduction is a priority, it **must not be marginalised** within the EC's external relations policies, including those which relate to issues of trade and security (IDC European Aid report, para 13).
Policy integration and coherence are probably the cheapest and the most effective contributions any government can make towards climate protection. **Without proper integration and coherence**, policies to protect the climate will be **undermined, countered and rendered ineffective** by other policies. Climate protection needs to be a **fully integrated** component of policies on energy, agriculture, transport, trade and industry, as well as international development and cooperation (IDC climate change report, para 99).
Finally, whilst we understand that applications for export licences are considered against the Consolidated Criteria, and that DFID makes decisions about its aid allocations on the basis of other criteria which assess the needs and policies of potential recipients, the Tanzania case does reveal some inconsistencies. A **more joined-up Government** would not find itself on the one hand granting an export licence to BAE Systems, and on the other freezing UK aid to Tanzania (IDC Strategic Exports report for 2001–02, para 135)
… there should be **no fundamental contradiction** between policies which favour international development and policies which favour European agricultural, industrial or consumer interests. So **policy coherence** across UK Government Departments and between European Commission Directorates General should be achievable (IDC pre- Cancún trade report, para 148).
The EU's failure on agriculture was an own goal resulting from a **lack of coherence** between its policies on trade, development and agriculture. The developed world must accept that if its agricultural policies harm developing countries—and trade-distorting domestic support and export subsidies clearly do—then, they must be changed. (IDC post-Cancún trade report, summary p.3)
Migration relates to many other issues including security concerns, HIV/AIDS, environmental degradation, international trade, agricultural subsidies, gender inequality and arms exports. Policies which seek to manage migration will have impacts in other areas, and vice-versa. Governments—individually and collectively—must do more to **ensure that policies on related issues are coherent and support development goals** (IDC migration report, summary p.5).
It is **unfair, inefficient and incoherent** for developed countries to provide aid to help developing countries to make progress towards the Millennium Development Goals (MDGs) on health and education, whilst helping themselves to the nurses, doctors and teachers who have been trained in, and at the expense of, developing countries. (IDC migration report, para 39).

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30   Q27 [Robert Picciotto]

31   Q29 [Robert Picciotto]; see also IDC, Oral and Written Evidence, *The UK Government Response to the Report of the Commission on Intellectual Property Rights*, HC 1013, 15 July 2003 – available at
     http://www.publications.parliament.uk/pa/cm200203/cmselect/cmintdev/1013/3071501.htm

32   Q29 [Robert Picciotto]

Why policy coherence for development matters

27. Without policy coherence, policies may pull in different directions. On efficiency grounds alone this is wasteful. In some circumstances, poorly-aligned policies might be the near-inevitable result of trying to balance competing interests. But in many cases there will be scope for reducing inefficiencies by enhancing policy coherence. Moving towards greater policy coherence for development may not be easy, but it is worth the effort. As Richard Manning, Chairman of the OECD's Development Assistance Committee, and formerly Director General of Policy at DFID, put it:

> "Coherent policies for development require many policy communities in countries which lead in setting international agendas to take the development dimension into account. Such policies cannot be mandated by the development community. But we have both a need and a responsibility to ensure that the development dimension is indeed fully understood and taken into account, since if it is not, much of our spending will be merely offsetting the costs imposed on our partners by other policies of our own governments. This is undesirable in principle and certainly should not happen by inattention."[33]

28. Without policy coherence progress towards the MDGs will be slow. If the international community is to deliver on its commitments to meet MDG8 and build a global partnership for development, then it must do more to enhance policy coherence for development. In an increasingly global world, policies set domestically have widespread international repercussions. Increasing aid is not enough, just as pouring more water into a leaky bucket will not see it filled. If the developed world is serious about its commitments to the MDGs, then it must ensure that policies across the board support, or at the very least do not undermine, progress towards meeting the MDGs. **By committing themselves to policy coherence for development, and establishing an administrative process for resolving rather than tolerating policy incoherence where it exists, governments can become more effective and cost-effective, and—by encouraging debate about competing priorities—more accountable too.**

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33   OECD, *Development Cooperation 2003 Report: Overview by the DAC Chair* – see
     http://www1.oecd.org/publications/e-book/4304311E.PDF

4 The Path to Policy Coherence for Development

Steps towards policy coherence for development

29. There are five steps on the path to policy coherence for development (see Figure 3). The first is the initial *recognition* of interdependence between issues, and objectives and policies relating to those issues, and hence the importance of policy coherence. So for example, an important first step in moving towards migration policies which are development-friendly is to recognise that migration policies impact on progress towards development goals. The second step is to develop an *understanding* of the nature and strength of the relationship between issues. So, for instance, in what ways does migration shape development, and how could policies relating to migration be modified to deliver development benefits?

30. The third step is to *specify* how in practice the rich world's policies impact upon developing countries; how, and to what extent, for instance, do the developed world's policies on migration impact upon developing countries? The fourth step is to *assess* what scope there is for enhancing policy coherence for development by balancing or harmonising competing or complementary interests. In some circumstances—particularly in win-win situations where policy change can produce both domestic and international developmental benefits—it may be relatively easy to enhance policy coherence. In others, where there are competing priorities rather than simply poorly-designed policies, it may be hard. The fifth and final step *en route* to policy coherence for development is—to the extent that such changes accord with the Government's overall priorities—to *modify* the objectives, or policies designed to work towards those objectives, to ensure that they take full account of likely developmental impacts and are as coherent as possible.

31. The importance of policy coherence has long been recognised in development and other spheres. What have been lacking are effective mechanisms to enable governments to move towards it. Governments must have effective mechanisms in place to enable them to move along the path to policy coherence. And, not least, mechanisms for monitoring and evaluation must be put in place, to ensure that lessons are learnt and practice continually improved.[34]

32. Little is spent on examining the impact of the rich world's policies on developing countries. As Robert Picciotto put it to us, the rich countries "have escaped systematic scrutiny even though they determine the amount and quality of aid, debt reduction, foreign investment, trade, migration, access to intellectual property and global environmental trends on which sustainable development depends."[35] The OECD's peer review system provides some information on the coherence of aid donors' development policies. The Center for Global Development's "Commitment to development" index takes a different approach, rating the development-friendliness of rich countries' policies on aid, trade,

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34   IDC, Sixth Report Session 2003-04, *Migration and Development: How to make migration work for poverty reduction*, HC 79-I, para 152 – available at http://www.publications.parliament.uk/pa/cm200304/cmselect/cmintdev/79/79.pdf

35   Ev 11, para 10 [Picciotto Memorandum]

investment, migration, environment, security and technology.[36] Both of these approaches have their weaknesses, but they are important initiatives aimed at the more systematic assessment of the development-friendliness of the developed world's policies.

Figure 3: Five steps to policy coherence (for development)
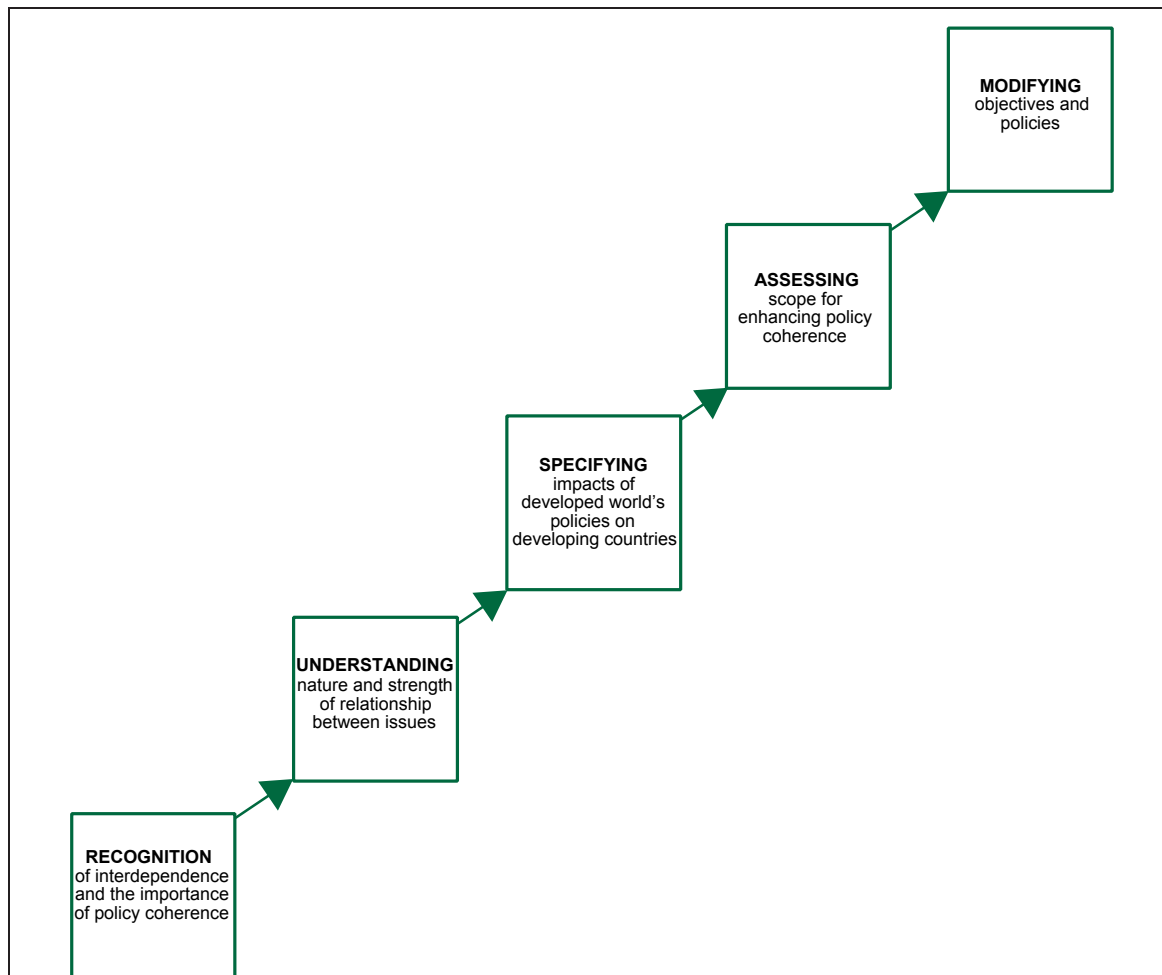
Data source: Committee's own

33. At the OECD, there is a horizontal cross-country initiative on policy coherence for development, in addition to the country-focused peer reviews and recent work on the impact of rich countries' policies in East Asia. The hope here is that presenting decision-makers with evidence-based analysis on the development impact of their policies will encourage them to think twice before adopting policies which may hinder development.[37] The OECD's Ministerial Statement on "Action for a shared development agenda" provides a clear mandate, calling on the OECD to "enhance understanding of the development dimensions of member country policies and their impacts on developing countries. Analysis should consider the trade-offs and potential synergies across such areas as trade, investment, agriculture, health, education, the environment and development cooperation, to encourage greater policy coherence in support of the internationally agreed

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36   Q32 [Robert Picciotto]; Ev 13, para 6 [Picciotto Memorandum]; see also The Center for Global Development Commitment to Development Index, 27 April 2004 – see http://www.cgdev.org/rankingtherich/inthenews.html

37   Ev 10, para 1 [Picciotto Memorandum]

development goals".[38] Thus far the OECD has paid particular attention to the developmental impact of policies on fisheries and agriculture.

34. In another useful initiative, the Global Development Network has a research project to examine the impact of rich countries' policies on poverty in poor countries, which in the process builds up developing countries' capacity for policy research.[39] **Initiatives on policy coherence for development such as those underway at the OECD and at the Global Development Network, can play an important role in helping countries to develop best practice in this area. Governments with a real commitment to development, and to policy coherence for development, should support such initiatives. The Commission for Africa should encourage G8 governments to do so.**

Policy coherence for development in the UK

35. DFID fully supports the work of the OECD on policy coherence, and recognises its central importance to global development. As we were told during our inquiry into DFID's 2004 Departmental Report, "achieving the Millennium Development Goals depends less on international aid than on national policies on trade and agriculture, migration and employment, finance, environment, science and technology, security and defence."[40]

Figure 4: DFID examples of why policy coherence for development matters

- In 2002, official aid flows to developing countries ($58.3bn) were less than official remittance flows ($88.1bn) and net foreign direct investment ($147.1bn).

- Subsidies to farmers in high-income countries were $250bn in 2000 (over four times the level of aid).

- The 49 poorest countries together accounted for 0.4% world trade in 1999—half the level 20 years previously (0.8% in 1980).

- Global warming is making an enormous impact—the number of people affected by floods worldwide has risen from 7 million in the 1960s to 150 million today.

- Of the 40 poorest countries, 24 are in or emerging from war. In 2002 there were 10.4 million refugees world wide (4.1m in Asia, and 3.3m in Africa) and 20–25m internally displaced people.

- Brain drain: Africa spends an estimated US$4bn annually on recruiting around 100,000 skilled expatriates to replace skilled people working outside the region. It is common to find that half of the medical graduates in countries such as Pakistan, South Africa and Ghana have emigrated to the West.

Data source: DFID response to written questions asked as part of inquiry into DFID's Departmental Report 2004

36. This year, according to the Center for Global Development's "Commitment to Development" index, the UK ranks 4th out of 21 countries. This is an improvement from 11th in 2003, although this is primarily due to changes made to the way the index is calculated. Rankings depend on measurement methodologies, some of which have been heavily criticised; for instance the "security" ranking takes no account of arms exports. But

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38   OECD, *Action for a shared agenda*, from the OECD Council at Ministerial Level, Final Communiqué, 16 May 2002 – available at http://www.oecd.org/document/46/0,2340,en_2649_33721_2088942_1_1_1_1,00.html

39   Ev 11, para 8 [Picciotto Memorandum]; for further information about the Global Development Network see http://www.gdnet.org/

40   IDC, Eighth Report of Session 2003-04, *Department for International Development: Departmental Report 2004*, HC 749, Ev 48 – available at http://www.publications.parliament.uk/pa/cm200304/cmselect/cmintdev/749/749.pdf

according to the Center for Global Development, in 2004 the UK ranks as follows: on aid, 9th; on investment, 4th; on migration, 12th; on environment, 5th; on security, 2nd; on technology, 13th; and on trade, 5th.[41] On the basis of this assessment, the UK is doing well, and is improving, but could do better still. There is no reason why the UK should not aim to be number one.[42]

37. The OECD's peer review of UK development cooperation from 2001 also paints a rosy picture of how the UK does in terms of policy coherence for development. Deemed noteworthy in the OECD's review are: the upgrading of the old Overseas Development Administration to DFID as a separate Department with its Secretary of State a member of the Cabinet; the Government's two White Papers on globalisation and development; the active promotion of development issues in international fora by the Prime Minister and the Chancellor of the Exchequer; the establishment of inter-Departmental coordination mechanisms; and, DFID's breadth and depth of knowledge and expertise. Nevertheless, as the OECD's review notes, the challenges of getting other Departments behind the push for development, and of dealing with vested interests remain.[43] The OECD's review noted delays to legislation on corruption, arms exports and money-laundering. Regrettably, such delays, or the watering down of legislation on such issues, continue.[44] The Commission for Africa's Consultation Document has as one of its possible areas for action, to "increase transparency and reduce corruption".[45] On this, the UK risks being rightly embarrassed when the Commission for Africa reports.

38. In the UK there are a variety of mechanisms designed to enhance policy coherence, some of which have been established, or have matured, since the OECD's peer review. At the level of targets, recent Public Service Agreements include targets shared with the DTI (reducing trade barriers) and the FCO (conflict prevention). In terms of inter-Departmental collaboration, there is an Inter-Departmental Working Group on International Development, as well as more specific collaboration on conflict prevention (DFID, MOD, FCO), remittances (DFID, Treasury), and trade, global health and extractive industries (DFID, DTI). The Government's response to the crisis in Darfur, Sudan, has also benefited from a joint FCO-DFID Sudan Unit.

39. Beyond coordination mechanisms and inter-departmental collaboration, guidelines and codes of conduct have been established relating to: health-service recruitment from developing countries (the Department of Health's Code of Practice for NHS employers involved in the international recruitment of healthcare professional); strategic exports and sustainable development (Criterion 8 of the EU Code of Conduct on arms exports); and to the provision of finance and insurance cover for UK exports to poor countries (the Export Credit Guarantee Department's "unproductive expenditure" rule).[46] In addition, whilst its

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41 Q32 [Robert Picciotto]; and, Center for Global Development – see footnote 36 for web-site

42 Q32 [Robert Picciotto]

43 OECD, *Peer Review of the United Kingdom*, 2001, p.I-41 – see http://www.oecd.org/dataoecd/38/14/30716216.pdf

44 "Ministers criticised for 'shocking' concessions on corruption controls", *Financial Times*, 9 November 2004, p.3

45 Commission for Africa, *Action for a strong and prosperous Africa, Consultation Document,* November 2004, section 2 – see footnote 6 for web-site

46 IDC, Eighth Report of Session 2003-04, *Department for International Development: Departmental Report 2004*, HC 749, Ev 48 – see footnote 40 for web-site; and, OECD, *Peer Review of the United Kingdom*, 2001 – see footnote 43 for web-site

report seems to have sunk without trace, in 2001 DFID established an independent Commission on Intellectual Property Rights to examine the developmental impact of rules on intellectual property.[47]

40. The existence of such mechanisms does not in itself mean that they are used effectively, that development is given as high a priority as we would like, or that they result in development-friendly policies. The effectiveness of such mechanisms is something we have commented on in many of our previous reports, including in those on climate change, strategic export controls, trade, and migration. More work is needed to understand what mechanisms work best, in what contexts, and why.

41. The UK's progress towards policy coherence for development varies depending on the issue area in question, the scope for policy coherence, and the competing priorities and stakeholders with an interest in policy relating to that issue. The UK Government has taken the first step towards policy coherence—recognising the interdependence between issues, and objectives and policies relating to those issues—on many issues. The second and third steps—understanding the relationship between issues, and specifying the development impact of policies—have been made on issues such as rules on intellectual property rights, and to a lesser extent on migration, and on the security-development-conflict nexus. The fourth and fifth steps—assessing what scope there is for making policies more coherent and then modifying policies or objectives to deliver greater coherence—have been taken more rarely. A recent and extremely welcome example is the Government's declaration of support for an International Arms Trade Treaty.

Sharing best practice: MDG8 reports and beyond

42. The UK's direction of travel on policy coherence for development is good, but the Government could move further and faster. The Government's unduly delayed response to our report on migration and development—a report which included a variety of recommendations about policy coherence both in relation to migration and more generally—is perhaps a sign that there is still some way to go. There is no single blue-print for moving towards policy coherence for development, but much can be learned from the experiences of other countries. Sweden is perhaps in the lead, having enacted in January 2004 an integrated global development policy which calls for the country's aid, trade, agriculture, environment, migration, security and other policies to be aligned with the objective of reducing poverty and promoting sustainable development, and which entails systematic reporting to parliament.[48] This, as DFID notes, is the first "comprehensive and systematic mechanism for integrating national policies with global development goals."[49] The Netherlands is also taking policy coherence for development seriously, involving

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47   Commission for Intellectual Property Rights, *Report of the CIPR*, London 2002 – available at http://www.iprcommission.org/papers/text/final_report/reportwebfinal.htm; IDC Oral and Written Evidence, *The UK Government Response to the Report of the Commission on Intellectual Property Rights*, HC 1013, 15 July 2003 – see footnote 31 for web-site

48   OECD, *Horizontal programme on policy coherence for development: Preliminary findings,* p.9; *Development Responsibility: Sweden's Policy for Global Development*, Government Bill 2002/3:122 - see http://www.sweden.gov.se/sb/d/574/a/24520

49   IDC, Eighth Report of Session 2003-04, *Department for International Development: Departmental Report 2004*, HC 749, Ev 48 – see footnote 40 for web-site

parliament closely, and establishing a unit with the formal responsibility of ensuring policy coherence.

43. Denmark, the Netherlands, Norway and Sweden have produced reports on their contribution to meeting MDG8, developing a global partnership for development,[50] with Canada and Germany expressing a commitment to produce MDG8 reports. Earlier this year the UK Government committed itself to producing an MDG8 report by the end of 2004.[51] We now understand that there will not be a separate UK MDG8 report. Instead, there will be a report on the UK's contribution to the MDGs, an EU synthesis report based on the reports produced by Member States, and a report produced by the European Commission for the European Community (EC).[52] **The reports by the UK and the European Union on their contribution to meeting the MDGs must pay sufficient attention to MDG8, and be sufficiently detailed, so as to enable stakeholders and parliaments to hold individual governments, as well as the EU as a whole, to account.** Whilst it is not designed as a basis for holding Member States to account, the European Commission's report on the EC's contribution to meeting the MDGs is a useful document; it differentiates between those MDGs to which the EC can contribute, and those which entail specific commitments by the EC (MDG8 and part of MDG7); it pays careful attention to the EC's implementation of MDG8 commitments; and, it highlights the importance of policy coherence for development.

44. Reports on a country's contribution to MDG8, prepared by that country, are not independent evaluations, or participatory evaluations of the type that donors insist developing countries undertake, and as such are unlikely to be hard-hitting.[53] Nevertheless, **countries' own MDG8 reports are an important first step towards more systematic and independent analysis. The Commission for Africa should encourage the G8 to produce such reports, as a move towards building a real partnership for development, based on two-way accountability between the developed and developing world. The UK and EU need to show leadership on this issue, demonstrating to other members of the G8, and to the United Nations, that they are happy to be held to account for promises made about MDG8.**[54]

45. Beyond the production of MDG8 reports, there are a range of ways in which the UK and other G8 governments could move further and faster towards policy coherence for development. Indeed, in its responses to our reports—especially on corruption, on climate change and on trade—the Government committed itself to working towards greater policy coherence for development (see Annex 2). The OECD's excellent comparative analysis of institutional mechanisms to promote policy coherence for development in the EU, Japan

50   For published Donor Country Reports see http://www.undp.org/mdg/donorcountryreports.html

51   IDC, Eighth Report of Session 2003-04, *Department for International Development: Departmental Report 2004*, HC 749, Ev 49 – see footnote 40 for web-site

52   European Commission, *Report on Millennium Development Goals 2000-2004* – available at http://europa.eu.int/comm/development/body/tmp_docs/MDGs_EN.pdf#zoom=100

53   Q38 [Robert Picciotto]

54   In a chart called "Millennium Development Goals: Status 2004", produced by the UN's Department for Public Information and distributed to Members of the IDC by UN Secretary General Kofi Annan at a meeting in October 2004, MDG8 was not mentioned. This was extremely regrettable. If MDG8 disappears, then the rich world will not be held to account for its promises to work towards a global partnership for development. We are pleased to note that a revised version of this chart, produced at the end of October 2004, after we pointed out the omission, does outline progress on MDG8. See http://www.un.org/millenniumgoals/mdg2004chart.pdf

and the USA, outlines a vast array of mechanisms which might be used (see Figure 5).[55] **Governments could learn a great deal from the OECD's work on institutional mechanisms to enhance policy coherence for development. The Commission for Africa should encourage the UK and other G8 governments to consider whether and how they might adopt practices employed by other countries, as presented in the OECD's work on policy coherence for development.**

Figure 5: Building blocks for policy coherence for development

- **Government/institutional structures:** Whether the structure, form and system of the government/institution, the interaction of its different parts and the designation of responsibilities facilitates achievement of policy coherence.

- **Political context, commitment and leadership:** The priority given to development issues on an ongoing basis at the highest level of a government or institution.

- **Policy frameworks/statements:** Whether the government/institution has a clear policy (and legal) framework to ensure implementation of commitments to development, poverty reduction and policy coherence.

- **Stakeholder analysis/consultation:** The ability and willingness of the government or institution to identify, consult and balance the interests of all possible stakeholders in a policy decision or change.

- **Analytical capacity and knowledge management:** The capacity of the government or institution to clearly define the development issues at stake, gather relevant knowledge and data to fill information gaps, analyse this effectively and feed it into policy processes at the correct stage.

- **Policy co-ordination mechanisms:** The existence and effectiveness of inter-government/cross-institutional coordination mechanisms to coordinate policy, consult on policy options, and anticipate, detect, analyse and resolve policy conflicts or inconsistencies.

- **Working practices and policy-making processes:** Whether the government or institution has an administrative culture that promotes cross-sectoral cooperation, systematic information exchange/dialogue between different policy communities in informal day-to-day working practices.

- **Monitoring, accountability and lesson-learning:** The existence of policy monitoring mechanisms so policies can be adjusted in the light of new information, changing circumstances and feedback on their impacts.

Data source: OECD, A comparative analysis of institutional mechanisms to promote policy coherence for development, pp.11–12.

46. In relation to the UK specifically, Robert Picciotto made a number of suggestions, which are worthy of serious consideration.[56] At the level of legislation he suggested that the UK could follow the Swedish example by passing a global development bill, and then establishing a comprehensive policy framework that addresses all the major ways in which the UK's policies impact on developing countries. For issues where the impact is expected to be significant, more detailed impact assessments could be required. Picciotto also suggested that the National Audit Office do more to review the extent to which Public Service Agreements address policy coherence, and that civil society organisations and Parliament be involved in the production of MDG8 reports. In terms of relationships with

55   OECD, *A comparative analysis of institutional mechanisms to promote policy coherence for development*, 2004 – available at http://www.oecd.org/dataoecd/0/31/31659769.pdf

56   Q38 [Robert Picciotto]; and Ev 14, para 12 [Picciotto Memorandum]

developing countries, the UK Government could ensure that its Country Assistance Plans systematically go beyond providing aid to incorporate all policy instruments. On this and other issues the UK might persuade other donors, multilateral partners such as the World Bank, and developing countries themselves in their Poverty Reduction Strategy papers, to pay more systematic attention to policy coherence for development and the policies beyond aid which play such a huge role in determining its effectiveness.

5 Towards a Global Partnership for Development

The limits to policy coherence for development

47. Advocates of the Policy Coherence for Development agenda believe that it will result in developed countries adopting policies which are more development-friendly. On this view, the force of evidence-based rational argument will result in sound, coherent policies, which support development. Sceptics believe that developed countries' decisions about whether to adopt more development-friendly policies will not be influenced by the Policy Coherence for Development agenda. In their view, policies and priorities emerge from the jostling of interests, rather than as a result of the careful balancing of evidence-based arguments. The reality, no doubt, is somewhere in the middle.

48. Policy coherence for development is not a magic bullet which, in one shot, will transform the priorities of the developed world, making international development the primary focus. Policy-making will always be about weighing and prioritising different and sometimes incompatible interests and goals, including development goals. Nevertheless, policy coherence for development does provide an opportunity for governments to improve the policy process, by opening it up; by drawing attention to policy overlaps; by emphasising that policies must be evidence-based if they are to be effective; by making more transparent the ways in which interests and priorities are traded-off; by promoting mechanisms to enhance policy coherence; and, by pushing or enabling governments to be more accountable for the ways in which they weigh different interests and formulate policy. By nudging the policy-making process in these ways, the Policy Coherence for Development agenda may lead governments to design policies which are more development-friendly, and which—by improving governance in the developed world—provide stronger foundations on which to build a global partnership for development.

A global partnership for development

49. The developing world may be wary of the policy coherence for development agenda, fearing that it will become a way of the developed world promoting its own ideas about what is good for development and developing countries.[57] Such fears are not without foundation. At first glance the policy coherence for development agenda might seem to suggest that there is consensus about what is good for development and that all that is needed is for governments to ensure that their policies are driving in the right direction. For some issues, this is clearly not the case. On trade for instance, the EU and many of its Member States argued prior to the Cancún Ministerial that including the "new issues" on the WTO agenda was in the interests of developing countries. Many developing countries disagreed vehemently. If the developed world had pressed successfully for "coherence" around the inclusion of the new issues in the WTO's agenda—perhaps demanding their inclusion in return for reducing agricultural subsidies—this would not, in the view of most developing countries, have been a good thing. But on other issues—including the harm

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57   Bretton Woods Project, *Harmonisation and coherence: White knights or Trojan horses?* Available at
      http://www.brettonwoodsproject.org/topic/knowledgebank/coherence.pdf

caused to most developing countries by agricultural export subsidies, the need to better regulate the export of small arms, and the need to tackle corruption and increase transparency in the extractive industries and beyond—there is near-consensus.

50. For instance, it is clear to us that Africa needs more financial assistance. There are legitimate concerns about the ability of some countries to spend more aid effectively, but the appropriate response to such concerns is to work harder to increase such countries' absorptive capacity rather than to hold back aid indefinitely. If the G8 and the EU are serious about helping Africa to develop, they need to double aid as well as increasing its effectiveness. Also clear to us is the necessity of rapidly increasing the funding for the Global Fund for HIV/AIDS, tuberculosis and malaria. As regards putting our own house in order, our reports have made recommendations about many issues (see Annex 1); some are worth reiterating. The developed world needs to make more rapid progress as regards: developing a treaty to prevent the transport of small arms and light weapons to conflict regions; improving banking transparency, preventing money laundering, and tracing the proceeds of corruption; and, controlling the activities of mercenaries from G8 and EU countries.

51. To re-state an obvious but important point; **coherence in support of misguided policies, or in support of policies around which there is no consensus, is counter-productive. Policy coherence must not become a way of depriving developing countries of their policy space, their right to formulate laws and regulations suited to their own contexts and needs, based on their analysis of the evidence. This risk can best be avoided by ensuring that developing countries have an equal role in shaping the agenda, and ensuring that policy-design is driven by evidence, rather than by ideology.**

52. Enhancing the voice(s) of developing countries in agenda-setting and global governance, and building a global partnership for development, requires action by the G8, as the Commission for Africa rightly recognises.[58] **The Commission for Africa should encourage the G8 to design mechanisms of mutual accountability, so that not only do developing countries have to show that they are making good use of the aid they receive, but so that the developed world also has to show that it is working hard to ensure that its development objectives and policies are not undermined by policies relating to other issues.** This might be done through an extension of peer review processes, to peer-and-partner review processes, assessing the development impact of policies across the board. Or, starting from the recipient end of the aid relationship, it might be done through joint monitoring and evaluation by aid donors and recipients.[59] More emphasis too might be put on the role of parliaments in developing, as well as developed, countries. Parliamentary scrutiny can play an important role in monitoring and enhancing policy coherence for development, and in ensuring that the coherence promoted is supportive of locally-owned development strategies.

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58   Commission for Africa, *Action for a strong and prosperous Africa, Consultation Document*, November 2004, section 9 – see footnote 6 for web-site

59   IDC, Fourth Report of Session 2003-04, *Kenya: DFID's Country Assistance Plan 2004-07 and Progress Towards the MDGs*, HC 494, para 33 – http://www.publications.parliament.uk/pa/cm200304/cmselect/cmintdev/494/494.pdf

53. The Commission for Africa has the opportunity to make an important contribution to building a global partnership for development. For this emerging partnership to be one which works, and which improves over time, each partner must be accountable to the other for its actions. Policy coherence for development offers a way of pushing and enabling the developed world to be more accountable for its actions and inactions. The Commission for Africa can do much to shame and encourage the G8 to take more seriously the issue of policy coherence for development; to ensure that the rich countries' policies are truly supportive of development goals; and, to amplify the demands of developing countries that the developed world keeps its promises. If the Commission for Africa can promote this agenda, and put pressure on the G8 to change the policies which undermine Africa's ability to prosper in the global economy, then 2005 may be a turning point. The opportunity must not be missed.

Conclusions and recommendations

1. It is important that the Commission for Africa adds value, playing to its strengths and supporting rather than undermining NEPAD. (Paragraph 12)

2. The Commission for Africa's report must include a comprehensive checklist showing what commitments the G8—collectively and individually—has made to Africa, across a range of issues including aid, trade, debt, agricultural subsidies, arms exports, access to essential medicines, and money laundering, and showing also what progress has been made to date in implementing those commitments. (Paragraph 13)

3. We urge the Commission for Africa to press for action on global governance, to ensure that Africa has a louder voice in international organisations such as the United Nations, the World Bank and the International Monetary Fund. (Paragraph 14)

4. Given the fundamental role that the private sector must play in Africa's development, we were surprised that African businessmen and women were not better represented on the Commission. … We trust that the voice of business—particularly African business—will be sufficiently prominent. (Paragraph 16)

5. The Commission for Africa, in its focus on partnership and the responsibilities of the developed world, must not shy away from addressing the issue of governance in developing countries. (Paragraph 18)

6. If governance in Africa is to be democratic, providing a supportive environment for locally-owned development strategies, rather than simply "good" by the standards of the International Financial Institutions, then the Commission for Africa must ensure that parliaments are not marginalised. Shortcuts to effective governance do not exist. If developed countries want to see sustainable and effective governance in Africa they must, whilst encouraging moves towards good governance, ensure that they do not undermine emerging systems of local accountability. (Paragraph 21)

7. By committing themselves to policy coherence for development, and establishing an administrative process for resolving rather than tolerating policy incoherence where it exists, governments can become more effective and cost-effective, and—by encouraging debate about competing priorities—more accountable too. (Paragraph 28)

8. Initiatives on policy coherence for development such as those underway at the OECD and at the Global Development Network, can play an important role in helping countries to develop best practice in this area. Governments with a real commitment to development, and to policy coherence for development, should support such initiatives. The Commission for Africa should encourage G8 governments to do so. (Paragraph 34)

9. The reports by the UK and the European Union on their contribution to meeting the MDGs must pay sufficient attention to MDG8, and be sufficiently detailed, so as to enable stakeholders and parliaments to hold individual governments, as well as the EU as a whole, to account. (Paragraph 43)

10. Countries' own MDG8 reports are an important first step towards more systematic and independent analysis. The Commission for Africa should encourage the G8 to produce such reports, as a move towards building a real partnership for development, based on two-way accountability between the developed and developing world. The UK and EU need to show leadership on this issue, demonstrating to other members of the G8, and to the United Nations, that they are happy to be held to account for promises made about MDG8. (Paragraph 44)

11. Governments could learn a great deal from the OECD's work on institutional mechanisms to enhance policy coherence for development. The Commission for Africa should encourage the UK and other G8 governments to consider whether and how they might adopt practices employed by other countries, as presented in the OECD's work on policy coherence for development. (Paragraph 45)

12. Coherence in support of misguided policies, or in support of policies around which there is no consensus, is counter-productive. Policy coherence must not become a way of depriving developing countries of their policy space, their right to formulate laws and regulations suited to their own contexts and needs, based on their analysis of the evidence. This risk can best be avoided by ensuring that developing countries have an equal role in shaping the agenda, and ensuring that policy-design is driven by evidence, rather than by ideology. (Paragraph 51)

13. The Commission for Africa should encourage the G8 to design mechanisms of mutual accountability, so that not only do developing countries have to show that they are making good use of the aid they receive, but so that the developed world also has to show that it is working hard to ensure that its development objectives and policies are not undermined by policies relating to other issues. (Paragraph 52)

Annex 1: Commission for Africa – relevant reports and evidence sessions of the International Development Committee[60]

MAIN THEMES IN THE WORK OF THE COMMISSION FOR AFRICA	RELEVANT INTERNATIONAL DEVELOPMENT COMMITTEE REPORTS
OPPORTUNITY AND GROWTH	Corruption Report[61] (corruption as disincentive to investment, capital flight)
	European Aid report[62] (need for policy coherence, reform of EU agricultural policies)
	Climate Change Report[63] (vulnerability of growth to climate change, natural resource management)
	Financing for Development Report[64] (need for investment, capital flight)
	Southern Africa Report[65] (kick-starting the rural economy, role of agriculture, food security)
	Commission on Intellectual Property Rights oral and written evidence[66] (intellectual property rights and development)
	Pre- Cancún Trade Report[67] (trade, investment and growth, and protectionism)
	DFID Departmental Report 2003[68] (DFID's approach to agriculture)
	Post- Cancún Trade Report[69] (trade, investment and growth, and protectionism)
	Kenya Report[70] (necessity of growth for poverty reduction)
	Migration Report[71] (remittances as investment, human capital flight)
	DFID's Agriculture Strategy Report[72] (role of agriculture, food security)
AID AND DEBT RELIEF	World Bank and IMF oral and written evidence (debt relief, aid volumes and effectiveness)[73]
	European Aid Report (aid volumes, effectiveness and allocations)
	Financing for Development Report (aid volumes and effectiveness, debt relief)
	Southern Africa report (HIPC framework and the need to take account of development needs)

60 Focusing on reports published in the current Parliament, and also the Corruption report, published in Session 2000-01

GOVERNANCE	Corruption Report (corruption, transparency, money-laundering legislation, corporate governance)
	Financing for Development report (good governance and the Monterrey Consensus)
	DFID Departmental Report Reports 2002[74] and 2003 and 2004[75] (governance, accountability, budget support)
	NEPAD oral evidence (governance, NEPAD)[76]
	Southern Africa Report (governance, corruption and food insecurity)
	Kenya Report (corruption)
PEACE AND SECURITY	Migration Report (conflict and migration)
	Strategic Export Controls Reports 2002, 2003, 2004 (Arms exports, small arms, licensing, sustainable development criterion)[77]
	NB: Whilst not focussed on Africa, the Committee's Reports on Afghanistan and Iraq are relevant here

61   Fourth Report, Session 2000-01, *Corruption*, HC 39-I,

62   Second Report, Session 2001-02, *The Effectiveness of the Reforms of European Development Assistance*, HC 417-I

63   Third Report, Session 2001-02, *Global Climate Change and Sustainable Development* , HC 519-I

64   Fifth Report, Session 2001-02, *Financing for Development: Finding the Money to Eliminate World Poverty* , HC 785-I

65   Third Report, Session 2002-03, *The humanitarian crisis in southern Africa*, HC 116-I

66   Oral and written evidence, Session 2002-03, *The UK Government Response to the Report of the Commission on Intellectual Property Rights*, HC 1013

67   Seventh Report, Session 2002-03, *Trade and Development at the WTO: Issues for Cancún*, HC 400-I

68   Eighth Report, Session 2002-03, *DFID Departmental Report 2003*, HC 825

69   First Report, Session 2003-04, *Trade and Development at the WTO: Learning the lessons of Cancún to revive a genuine development round*, HC 92-I

70   Fourth Report, Session 2003-04, *Kenya: DFID's Country Assistance Plan 2004-07 and progress towards the Millennium Development Goals*, HC 494

71   Sixth Report, Session 2003-04, *Migration and Development: How to make migration work for poverty reduction*, HC 79-I

72   Seventh Report, Session 2003-04, *DFID's Agriculture Policy*, HC 602

73   Oral and written evidence, *The Autumn Meetings of the IMF and the World Bank*: Session 2001-02, HC 256 (published in Session 2002-03); Session 2002-03, HC 1266; Session 2003-04, HC 1251-i

HUMAN DEVELOPMENT, CULTURE AND INCLUSION	Financing for Development Report (developing countries and global governance)
	Southern Africa Report (human capital)
	Pre and post- Cancún Trade Reports (developing countries at the WTO, intellectual property rights)
	Kenya Report (progress on education)
	Migration Report (diaspora, remittances, recruitment)
HIV/AIDS (The Commission is treating HIV/AIDS as a cross-cutting theme)	Southern Africa Report (HIV/AIDS, agriculture, food security)
	AIDS oral and written evidence[78]
	Kenya report (challenge of HIV/AIDS)

74   Sixth Report, Session 2001-02, *DFID Departmental Report 2002*, HC 964

75   Eighth Report, Session 2003-04, *DFID Departmental Report 2004*, HC 749

76   Oral and written evidence, Session 2001-02, *Africa, NEPAD and the G8 Africa Action Plan*, HC 1107

77   Fourth Report, Session 2001-02, *Strategic Export Controls: Annual Report for 2000, Licensing Policy and Prior Parliamentary Scrutiny*, HC 718; Fifth Report, Session 2002-03, *The Government's proposals for secondary legislation under the Export Control Act*, HC 620; Sixth Report, Session 2002-03, *Strategic Export Controls Annual Report for 2001, Licensing Policy and Parliamentary Scrutiny*, HC 474; Fifth Report, Session 2003-04, *Strategic Export Controls Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny*, HC 390

78   Oral and written evidence, Session 2003-04, *Orphans and children made vulnerable by AIDS*, HC 573

Annex 2: UK Government commitments on policy coherence in response to International Development Committee Reports

IDC Report	IDC Recommendation	Government Response	Reference
Corruption Report (HC 39–I, Session 2000–01)	The UK response to money laundering is currently uncoordinated and piecemeal.… **the Government should take coordinated, coherent** and properly resourced action to fight money laundering.	The Government is also considering the creation of a new forum to provide a locus for greater dialogue between Government and other stakeholders with an interest in the UK's anti-money laundering controls.…Given the cross-cutting nature of money laundering, **this should produce a more joined-up, coherent, and co-ordinated approach to addressing the issues raised by money-laundering.**	Govt. response to IDC Corruption report, Cm 5280, para 60, page 20
Corruption Report	**Both DFID and the Foreign Office** have a remit to engage with the governments of developing countries on governance issues. **They must work together to ensure a coordinated and complementary approach** on governance and corruption issues.	The Government agrees. **DFID and FCO aim to work closely and collaboratively** over the development of country strategies and in international arenas.	Govt. response to IDC Corruption report, Cm 5280, para 67, page 22
European Aid Report (HC 417–I, Session 2001–02)	Greater attention must be paid to **policy coherence** so that EC policies in other areas, be they internal affairs, security, trade or enlargement, at the very least do not undermine, and preferably promote, development.… progress must be made with reforming the EU's Common Agricultural Policy.	The Government strongly agrees with the Committee's comments and is advocating radical reform of EU's unsustainable Common Agricultural Policy in all relevant fora.	Govt. response to IDC European Aid report, HC 1027, para 6, page 5

Strategic Export Controls 2000 Report (HC 718, Session 2001–02)	Coming to a clear definition of such a complex goal as ensuring that a proposed arms export would not seriously undermine the economy or seriously hamper the sustainable development of the recipient country will be far from easy, but we consider the importance of having clear criteria governing the export control regime as justifying the effort required to produce workable guidance on the application of Criterion Eight. We look forward to seeing substantial progress towards formulating clear guidance as to the interpretation and application of Criterion Eight under the provisions of the Export Control Act. We will be examining that guidance closely.	The Government agrees with the Quadripartite Committee on the importance of having clear procedures for the assessment of applications under Criterion eight. The Government also welcomes the recognition that it is serious about its commitment to sustainable development. The Committee will be aware that the Trade & Industry Secretary announced on 31 July 2002 the results of the **interdepartmental discussions** on this issue in response to a written Parliamentary Question from the hon. Member for North Norfolk (Norman Lamb MP). The procedures provide officials with a clear and agreed framework for providing advice on export licence applications where sustainable development, as defined in Criterion eight, is an issue. So far as the requirement to issue guidance under Section 9 of the Export Control Act is concerned, the Government plans to set out how it will meet the requirements of Section 9 shortly.	Govt. response to IDC Strategic Export Controls Report 2000, Cm 5629, para v, page 10
Climate Change Report (HC 519–I, Session 2001–02)	We believe that progress has to be made in bringing environmental and developmental viewpoints together.	We agree with conclusion (4) on the need to bring environment and development perspectives **closer together**.... DFID was central to the production of a major and highly influential four-agency (DFID, UNDP, European Commission and World Bank) paper developing the **important interdependency of poverty and environment** and the linkages between the two. DFID is also working hard to ensure that environment issues are effectively included ("mainstreamed") into nationally owned process of poverty eradication such as PRSPs. This extends to our approach to climate change, which clearly recognises the **interdependency of climate change, sustainable development and poverty eradication**	Govt. response to IDC Climate Change Report, HC 1270, para 5.1, pages 5 – 6
Climate Change Report	Developing countries must integrate actions on climate change into their national strategies.	We fully concur ... on the need to place climate considerations at the centre of policy-making. Achieving this is central to DFID's mainstreaming agenda and represents the primary way in which the **environment and development agendas can and should be brought together.**	Govt. response to IDC Climate Change Report, HC 1270, page 7, para 7.1

Pre-Cancún Trade Report, (HC 400–I, Session 2002–03)	We urge the Government in consultation with developing countries, NGOs and others, to establish clear benchmarks by which it will assess the success or failure of Cancún and the Round as a whole.	.... the Government will be taking regular stock of progress against targets set out in DFID, DTI and FCO's joint Public Service Agreement on trade. Govt. response to IDC pre-Cancún Trade Report, HC 1093, paragraph 34, page 1
Pre-Cancún Trade Report	Greater transparency about how various interests are balanced in the practice of joined-up Government would be very welcome.	…trade policy is generally speaking an area in which there is meeting of minds between Government Departments. Officials and Ministers meet regularly to engage in substantive discussions of policies and to reach agreement on any difference of opinions they may have. Govt. response to IDC pre-Cancún Trade Report, HC 1093, paragraph 149, page 15
DFID Departmental Report 2003 Report (HC 825, Session 2002–03)	…there should be more information about what steps it is taking towards the achievement of joint targets.	We will provide detailed information on progress against the PSA targets we share with other government departments in our 2004 Departmental Report. Govt. response to IDC DFID Departmental Report 2003, HC 231 (of Session 2003–04), conclusion 2, page 1
Post-Cancún Trade Report (HC 92–I, Session 2003–04)	The recognition by the international financial institutions and the WTO, that the impacts of trade liberalisation vary by country, and that the timing and sequencing of a country's trade reforms matters is welcome.…such a recognition necessitates increased coherence between the various multilateral institutions.	We agree on the importance of progress in collaborative working between the IFIs and WTO…. Trade liberalisation policies should progress gradually and be complemented with other policies to help maximise economic opportunities for all and minimise short-term costs and their adverse effects. The Department for International Development and HM Treasury are working closely with the World Bank, IMF and others to develop effective mechanisms to respond to the adjustment needs of different developing countries. Govt. response to IDC post-Cancún Trade Report, HC 452, para 81, pages 15–16

Data source: Committee's reports and Government responses

List of acronyms

MDGs	Millennium Development Goals
MDG8	Millennium Development Goal 8—to develop a global partnership for development
NEPAD	New Partnership for Africa's Development
OECD	Organisation for Economic Co-operation and Development
WTO	World Trade Organisation
UNCTAD	United Nations Conference on Trade and Development

Formal minutes

Tuesday 7 December 2004

Members present:

Tony Baldry, in the Chair

Hugh Bayley   Mr Tony Colman

The Committee deliberated.

Draft Report, (Commission for Africa and Policy Coherence for Development: First do no harm), proposed by the Chairman, brought up and read.

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

Paragraphs entitled 'Summary' read and postponed

Paragraphs 1 to 53 read and agreed to.

Postponed paragraphs entitled 'Summary' read again and agreed to.

Annex 1 agreed to.

Annex 2 agreed to.

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

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order 134 (Select committees (reports)) be applied to the report.

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.

A paper was ordered to be reported to the House.

[Adjourned till Tuesday 14 December at 2.15pm

Witnesses

List of written evidence

List of unprinted written evidence

Additional papers have been received from the following and have been reported to the House but to save printing costs they have not been printed and copies have been placed in the House of Commons Library where they may be inspected by Members. Other copies are in the Record Office, House of Lords and are available to the public for inspection. Requests for inspection should be addressed to the Record Office, House of Lords, London SW1. (Tel 020 7219 3074). Hours of inspection are from 9:30am to 5:00pm on Mondays to Fridays.

Memorandum submitted by Saferworld : *Tackling the availability and misuse of small arms in Africa,* October 2004

Reports from the International Development Committee since 2001

The Government Responses to International Development Committee reports are listed here in brackets by the HC (or Cm) No. after the report they relate to.

Session 2003-04

First Report	Trade and Development at the WTO: Learning the lessons of Cancún to revive a genuine development round	HC 92–I and II (*HC 452*)
Second Report	Development Assistance and the Occupied Palestinian Territories	HC 230-I and II (*HC 487*)
Third Report	International Development Committee: Annual Report 2003	HC 312
Fourth Report	Kenya: DFID's Country Assistance Plan 2004-07 and Progress Towards the Millennium Development Goals	HC 494 (*HC 857*)
Fifth Report (First Joint Report)	Strategic Export Controls Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny	HC 390 (*Cm 6357*)
Sixth Report	Migration and Development: How to make migration work for poverty reduction	HC 79-I and II
Seventh Report	DFID's Agriculture Policy	HC 602 (*HC 1273*)
Eighth Report	Department for International Development: Departmental Report 2004	HC 749

Session 2002-03

First Report	Afghanistan: the transition from humanitarian relief to reconstruction and development assistance	HC 84 (*HC 621*)
Second Report	International Development Committee: Annual Report 2002	HC 331
Third Report	The humanitarian crisis in southern Africa	HC 116-I and –II (*HC 690*)
Fourth Report	Preparing for the humanitarian consequences of possible military action against Iraq	HC 444-I and –II (*HC 561*)
Fifth Report (First Joint Report)	The Government's proposals for secondary legislation under the Export Control Act	HC 620 (*Cm 5988*)
Sixth Report (Second Joint Report)	Strategic Export Controls Annual Report for 2001, Licensing Policy and Parliamentary Scrutiny	HC 474 (*Cm 5943*)
Seventh Report	Trade and Development at the WTO: Issues for Cancún	HC 400-I and II (*HC 1093*)
Eighth Report	DFID Departmental Report 2003	HC 825 (*HC 231, Session 2003-04*)

Session 2001–02

First Report	The humanitarian crisis in Afghanistan and the Surrounding Region	HC 300-I and –II (*HC 633*)

Second Report	The Effectiveness of the Reforms of European Development Assistance	HC 417-I and –II *(HC 1027)*
Third Report	Global Climate Change and Sustainable Development	HC 519-I and -II *(HC 1270)*
Fourth Report (First Joint Report)	Strategic Export Controls: Annual Report for 2000, Licensing Policy and Prior Parliamentary Scrutiny	HC 718 *(CM 5629)*
Fifth Report	Financing for Development: Finding the Money to Eliminate World Poverty	HC 785-I and –II *(HC 1269)*
Sixth Report	DFID: Departmental Report 2002	HC 964 *(HC 357, Session 2002-03)*

Oral evidence

Taken before the International Development Committee

on Tuesday 12 October 2004

Members present:

Tony Baldry, in the Chair

John Barrett
Mr John Battle
Hugh Bayley
Mr Tony Colman

Mr Quentin Davies
Mr Andrew Robathan
Tony Worthington

Witness: **Mr Myles Wickstead,** Head of Secretariat, Commission for Africa, examined.

Q1 Chairman: Myles, thank you very much for giving time to the Committee. I think we were all pleased to see and hear the Prime Minister's speech in Addis, which was a strong reaffirmation of the Government's position and his personal position on Africa. What would be helpful to the Committee—and a slightly boring machinery of government question first—is if you could give us a feel as to how you see the Commission's work moving forward? There is a slight sense that the Prime Minister and Parliament have this idea of the Commission, a number of great and good Commissioners are appointed and there is a first meeting in London, they are sent away to think about topics, a think-piece, but, in that wonderful Civil Service phrase, "working up ideas" in the hope that everyone can work up some good ideas before 2005. It would be helpful to the Committee if we could have an understanding from you as to how you see that work moving forward in 2005. Is there going to be an end-date for the Commission's work? Will it end at the end of 2005? How is it hoped that the work or the recommendations, if there are any, of the Commission will be taken forward? Or is the purpose of the Commission that this is something that effectively finishes work by the end of this year so that it can influence the operation of the G8 during Britain's Presidency? It would be quite helpful to have some idea of the mechanics of all of this.
Mr Wickstead: Thank you very much, Chairman, and thank you for inviting me to give evidence to you. I am delighted, because we have had so much support from this Committee and the individual members and the All-Party Africa Group, and others, and I feel very much at home in this sort of company because we have had the most wonderful support from all of you across the parties, and we very much appreciate that sense of you being behind us. Let me tell you a little about the Commission's calendar. As you know, the Commission was launched at the end of February, we had the first meeting in May, and we have all just come back from Addis Ababa, where we had the second meeting of the Commission. It was the first time really that the Commission had met together as a whole team since the creation of the

Commission and people had had an opportunity to think a little about ideas, to talk amongst themselves in smaller groups about issues like peace and security, like governance, *et cetera.* My sense from the meetings that we had on Thursday of last week was that the Commission really does now exist as a coherent body. I thought the atmospherics of the meeting were absolutely excellent, and I think the sort of discussion that we had there—and I have had many development discussions in many different fora in my time—was really as good as I have ever witnessed. A really lively discussion, lots of good ideas and a real sense that this Commission was gelling, that whether the Commissioners were from the UK, from Africa, from China or wherever, everyone was determined to make a success of this. The plan from hereon in is broadly this, that as a result of the discussions that we had at the end of last week we will agree with the Commission a short paper that will act as the basis for consultation over the next two to three months.[1] That consultation paper will be used as the basis for discussion with our African consultations; we are planning flagship consultations in each of the Africa regions, with governments and civil society, so one in each of the five regions of Africa; a number of subsidiary consultations on various rather more specific issues like, for example, the role of the private sector in development; and of course we will be continuing with our contacts and consultations within this country, within the G8 and within the European Union. At the same time as we carry forward with those consultations for the rest of this year, we will be reflecting the outcomes of those consultations into the draft report, and that draft report will be largely constructed over the next three months. Our intention will then be to put the draft report to the Commissioners in January, to have a series of iterations, with a view, we hope, to having the final third meeting of the Commission some time in late February 2005 and the publication of the report coming in March 2005. The reason for that

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[1] Commission for Africa Consultation Document, *Action for a strong and prosperous Africa,* November 2004, http://www.commissionforafrica.org/getting_involved/consultationdocument.htm

timetable is that once the report has been produced we move into the next phase which is, assuming that Her Majesty's Government like what is in the Commission report, selling it, as it were, to G8 partners in particular, in the lead up to the G8 summit in early July. The Commission's work will not be quite completed at that stage. We are considering what sort of role the Commission might have, for example, in relation to the MDG summit in New York in 2005, but it has been very clear throughout that the Commission's role will cease at the end of next year. That is very important because some of the concerns that people have expressed have been a little bit of scepticism about whether a new Commission is really required; is it just going to take over from existing mechanisms and structures; is it set up as a rival to NEPAD? By saying that the Commission has a short shelf life, which is intended to give impetus, political will, as it were, to existing structures, and that it will end at the end of 2005, I think has given a degree of reassurance to people. The report that goes to the G8 will be, we expect, very focused, very action-orientated, setting out recommendations which must be implemented quickly if Africa is to have any prospect of achieving the Millennium Development Goals by 2015. It is clear that some sort of mechanism will need to be found to track those recommendations through, to find ways of ensuring that when we cease our Presidency at the end of 2005 they are not simply dropped and forgotten about. Discussions are going on now as to what sort of mechanism is required, how this could be folded into the Africa Partners Forum process or the G8 or NEPAD or some sort of combination of those, to ensure that the recommendations are followed through.

Q2 Chairman: Are you and your team at some stage, during the course of next year, going to become sherpas for working out these proposals for the other G8 colleagues, or who is going to take that on—DFID, the Foreign Office?
Mr Wickstead: That would essentially be a British Government role.

Q3 Chairman: Do you see that as being DFID? FCO? Who is going to do that?
Mr Wickstead: I think it will go into the normal sherpa mechanisms; I think that the FCO and DFID will both have roles to play.

Q4 Hugh Bayley: Where, Myles, in policy terms do you think progress was made last week in Addis? Where do you think the biggest problems are of buy-in, of cooperation with the Commission from African institutions, the African Union (AU) in particular? And what work is being done to achieve buy-in commitment to the Commission's agenda prior to the UK Presidency, from other G8 countries and other EU countries?
Mr Wickstead: Perhaps I could frame your questions a little by saying that we see very much that the Commission is, as it were, the mirror image of NEPAD; that NEPAD is essentially an African initiative with actions primarily designed for African countries; that the Commission is a support mechanism for NEPAD, with actions primarily designed to generate the international will that will allow resources and support to go into Africa to support Africa's own plan. So to answer your direct question, it is therefore very important to our work that we keep in touch with all our European colleagues, with the other G8 colleagues, to explain to them what it is we are trying to do; to discuss with them the emerging conclusions, which will begin to come out over the next two or three months, and we have already had a number of discussions with other European Member States, with the European Commission, with most of the G8 now. As far as the AU and other African organisations are concerned, of course they will be delighted, I think, with any mechanism that does not seek to replace existing mechanisms, which recognises the important work that the African Union and NEPAD are already doing, and which gives international support to the processes which they already have in place. To come to your very specific question about areas of progress, *et cetera*, there was a very strong determination at the end of last week's meeting to work very closely with the African Union in a number of areas, but including particularly peace and security, where the African Union has shown itself, I believe, extremely willing to take the initiative. They have some extremely good people working in that part, but there is no doubt that there is a lack of capacity and a lack of resources in order for them to be able to deliver on parts of the peace and security agenda. So I think by us getting behind that we can reinforce what Africa is already doing for itself.

Q5 Hugh Bayley: There seems to be a growing debate about whether the Commission should be setting a new agenda, setting new priorities even for a developed country partnership with Africa's development, or whether we should be simply driving forward the implementation of existing commitments and policies. Can you reflect on how much of each you would expect the Commission to do, and in particular say something about the changing of western policy where western policy compromises development in Africa, for instance on the arms trade or on banking secrecy, on those sorts of issues, on which we could actually make changes ourselves, which would benefit Africa without necessarily having a buy-in from Africans?
Mr Wickstead: I think the answer to your first question is that we will be very much in the business of driving forward what is already known. I very much doubt if, at the end of this process, the Commission is going to come up with half a dozen new ideas, saying, "Why did nobody think of this before?" I think we know, broadly speaking, what needs to be done in Africa by Africans and what the international community needs to do to support what Africa is doing. I think that our starting point must be to ensure that the international community delivers on its existing obligations, delivers on all the things that it has already signed up to. I think the

Commission's report will be much more ambitious than that, but I think that is a very important, crucial starting point. Yes, I do think there are many things that the international community can do in that respect which, basically, carry forward either existing obligations or the way that the debate is moving. On existing obligations, things like the arms trade, which you mentioned, or on repatriation of stolen assets, financial assets, for example, are things where there is either legislation in place, which has not been enforced sufficiently vigorously, or perhaps where new legislation is required. Perhaps the most obvious areas where the West needs to change existing practice are in the areas of trade and agriculture. Trade, which really prohibits Africa from developing finished products, makes it very difficult for them to export into Europe or the US; and agricultural subsidies, we all have the facts and figures about those, more or less, at our fingertips.

Q6 Mr Robathan: Mr Wickstead, I think I applaud the Commission for Africa, and I was struck by what you said, moving forward an impetus behind good ideas, political will, driving them forward, and I think that is all to be encouraged. But I also rather take the view that we should expect people to put their own houses in order, be it Britain or anywhere else, before they tell other people how to act. To that extent—and I know you have just served a couple of years in Ethiopia—when, for instance, we have the Prime Minister of Ethiopia on the Commission, and I read on the Foreign Office website, updated a couple of months ago, "The human rights situation in Ethiopia is poor. Detention without trial is frequent and often open-ended. Prison conditions are bad and torture widespread," *et cetera, et cetera*, I wonder what the Prime Minister of Ethiopia, who has been in power now for 15 years, since he was part of the Ethiopian Revolutionary People's Front—I think he seized power, not very legitimate—or indeed President Mkapa of Tanzania—I have just been in Tanzania on holiday, lovely place, GDP less than a dollar a day because of past government policies, it has been in power for nine years and, as it says on the website, corruption is widespread; and I could go on about Côte d'Ivoire or indeed Nigeria, where we went a couple of years ago. The point is this, that whilst I applaud the intention, these people are in positions where they can already do some good in their own countries. Fifteen years in power is a long time; Hitler managed to destroy the whole of Europe in 12. These are people that are in power and can do good, and yet seem not to have achieved a great deal. So what I would say to you is that whilst I applaud the intention, where is going to be the beef, because fine words are all very well but action is what is required for the starving and poor people of Africa.
Mr Wickstead: I think that in both countries that you have mentioned, Ethiopia and Tanzania, there is much to take heart from what has happened over the last 10 or 15 years. As you say, I have been in Addis Ababa myself for three years prior to taking on this responsibility and at one stage in the mid-90s I was also responsible for development programmes in East Africa, which included Tanzania. I think that the direction of travel in both countries has been very much in the right direction. Things are not perfect in either, but I think in Tanzania they have pulled a great many people out of poverty who were previously in poverty. In Ethiopia I think that democratisation has really begun to take hold. Having been there and seen, for example, the Press freedoms which are enjoyed—and I know that is not complete and that more progress needs to be made—my strong sense is that things are moving ahead. These leaders, Prime Minister Meles and President Mkapa, made a huge contribution to the discussions that we had at the end of last week, and I think that if you wanted to find an African leader who was committed to poverty reduction, who knew a huge amount about what needed to be done in terms of agricultural development and food security, which were the problems that beset Ethiopia in particular 20 years ago, you would be hard pushed to find a proponent of what needs to be done who is more articulate than Prime Minister Meles. I think it is very constructive. I do not want to stray too far away from the Commission's work and get on to Ethiopia too much, but I think the situation last year, when potentially the food situation was worse than in 1984—in 1984 somewhere between half a million and a million people died because food was being used as a weapon of hunger, *et cetera*—last year very few people died, even though the situation was potentially worse because the cooperation between the government and the international community was extremely strong. So I think that all our Commissioners have a great deal to offer, and I think President Mkapa and Prime Minster Meles bring something very special to the table.

Q7 Mr Robathan: I thought your talk about direction of travel was encouraging although, I have to say, I remain somewhat sceptical. If I could pick up on one thing you said, which is that you said we need to discover what needs to be done in Africa by Africans. It seems to me that one thing that is probably the overriding issue is the question of what is now termed good governance, and people know that. I have to say that they need to not just shout about it but to put it into practice. You may say that is easier said than done, but actually quite a lot of things are relatively easily done and they do not seem to be being done. Incidentally, I note that journalists in the independent Press in Ethiopia remain at risk of arbitrary arrest and detention, but that is only what the Foreign Office say.
Mr Wickstead: I agree with you that governance is crucial and in much of the survey work that we have done about 80% of people come up, when you ask them what is the most fundamental question of "What needs to be gripped?", and governance is what is at the top of the pecking order. The UN Economic Commission for Africa actually is today publishing a report on governance in Africa[2] and the conclusion from that is—and I am sorry to use the

[2] United Nations Economic Commission for Africa (UNECA) 2005 African Governance Report: http://www.uneca.org/agr/

12 October 2004   Mr Myles Wickstead

words again—that the direction of travel is a broadly positive one. I take particular comfort from the creation of the Africa Peer Review Mechanism, which is part of the NEPAD process, and under it countries agree to subject themselves to peer review across the board. This is something that perhaps many western countries would find some difficulty with, but 23 countries now have put themselves forward for peer review. The process is still in its early stages, we do not know exactly how it is going to work, but I think the very fact that the mechanism has been created and that a number of countries have volunteered to put themselves forward is, I think, probably an indication that things are indeed moving the right way.

Q8 Mr Colman: Like Mr Robathan, I was disappointed at the list of people who were Commissioners, but for a different reason. I was very surprised that there was not, if you like, more prominence given to African businessmen. If we look at how in China or India, other parts of the world, people are pulled out of poverty, it has been largely tremendous expansion in foreign direct investment and in terms of development of the business community, and Africa is suffering from a strike of investment because people will not invest there. Your African facts, which you have issued, clearly show that, with South Korea having a higher GDP by far than the whole of Africa, yet receiving no overseas aid at all, but clearly being done by business. I see you have four meetings in Accra, Yaounde, Dar es Salaam and Algiers coming up in November. What is the agenda going to be for these meetings? Is it one you are able to share with us? Do you believe there is a major move forward? And following up on the last comment that has been made about good governance, the OECD launches today a set of rules for good governance[3] that they are asking member countries to support in terms of good governance of companies that operate within those countries, membership of the OECD, both in terms of private sector companies and public sector parastatals. I would recommend it to the Commission to have a look at. But is there a similar pressing push, as it were, from the Commission for Africa to ensure that the African business community is totally engaged and are being listened to?
Mr Wickstead: I think I can answer yes to that question. It is perfectly true that there are not many people on the Commission with direct private sector experience, though I think there are two crucial ones: one of them, Tidjane Thiam, who was formerly Minister of Planning in Côte D'Ivoire, who is now working in the private sector in Europe, and William Kalema, who is Chairman of the Uganda Business Group, and who has been extremely active in promoting the importance of the private sector for the Commission's work. He and Trevor Manuel, the South African Finance Minister, and I participated in an African Investment Forum about a month ago in South

Africa, where business interests from all over the continent came together and the Commission was given a specific slot to talk about its work and to take evidence from people about what they saw as being the key constraints, what needed to happen in Africa, in order to encourage people to invest, not just foreign direct investment but also investment within Africa and developing investment between and across regions. The Commonwealth Business Council and NEPAD jointly are conducting on our behalf these five regional consultations around the continent, which are precisely designed to build on what we already did in Johannesburg, which is to find out what are the concerns that business people have and to reflect those in our report, so that there is a very clear indication as to what the enabling environment needs to be for the private sector to operate, because I think we are all clear that although Africa may need a substantial injection of concessional resources in the short-term, in the medium and long-term the private sector is where the opportunities for growth, on which everything else depends, must come. In addition to that, following a breakfast meeting with the Chancellor of the Exchequer in early September a number of business groups have already been set up within this country too to give particular advice on particular areas of the investment. Thank you for pointing out that OECD publication, which I will make sure we have a look at.

Q9 Mr Colman: You did not mention amongst that the CDC partners, which of course is still involved with DFID, and is clearly involved in getting venture capital into Africa in many different ways. Is that as an institution giving evidence to you, working with you in terms of developing a business side to the Commission for Africa?
Mr Wickstead: Yes, it is, and the CDC is chairing one of eight little groups that were set up following the Chancellor's breakfast, to give us advice.

Q10 Tony Worthington: I applaud the Commission and support it fully and I am pleased it is short-term and I am pleased it is being linked in with G8 and EU, and that is great. If we are going to have lift-off, that is the way to do it. But I am a bit concerned, because of it being very short-term, what you do about the things where we do not know what we want to do. At the moment we are all acting as if we all know what needs to be done, like the finance facility and so on, but there are some areas where we have arrived at where we are still not clear what we should do. You mentioned agriculture there and I think there is utter confusion about what should be done about Africa and agriculture; a lack of capacity in the ministries; a failure by the developed countries to appreciate that you cannot solve that before next May, and you do not have the international mechanisms that work. The example I would give as well to that is governance. This wonderful word which means goodness, or something, and everyone is to have good governance. The more I see Africa the more

[3] OECD Principles of Corporate Governance (2004): http://www.oecd.org/dataoecd/32/18/31557724.pdf

I think we have a lot of work to do on how we fit ideas of democracy and universal human rights into that, and it is not working at the moment, the idea of sending across the American pattern or British pattern of two parties with sort of ideological differences. I think there is a vacuum there at the moment about what good governance that fits African traditions would look like. Do you agree? What could come that would continue the work for the next 50 years rather than the next six months?
Mr Wickstead: I do agree with you. I think there is perhaps inevitably tension between a report which we want to be short-term, very action-orientated, very focused, and some of the needs and requirements which are definitely long-term. There is also a tension about writing a report—and I repeat which we hope will be short and focused—which will apply to 40 or 50 African countries in a really rather short space, when each of them has their own individual histories and their individual models. I think the way I would cover the governance question is that one thing which I hope distinguishes this Commission from other Commissions is the effort that is being put into the consultation and participation process. I mentioned the civil society consultations, which we plan to hold across Africa. We are very actively talking to the Diaspora in this country, and I think what we are trying to do in some ways is to stimulate the open environment, which will allow civil societies in each African country to demand what it wants in terms of better governance, better systems, better structures. I agree with you that there is no short-term answer to this, but I think by helping to open up, by trying to stimulate open debate we can make progress on that. We have talked, for example, to the President of the Pan African Parliament about having a session on the Commission at their next session, which is likely to be early next year, and I hope that that is precisely the sort of discussion we might get into with them. On your other point about capacity, yes, of course, clearly we are not going to resolve Africa's capacity problems over the next six months and we have to look at ways of supporting Africa's development at the same time recognising that it may take a new generation of people to come up through the education system who can then fully bear that burden. I do not think we have any answers to that yet, but we may have some better ideas in six months' time than we have now.

Q11 Tony Worthington: One of the areas that interests me is at the same time you have this review of the United Nations and these organisations going on, and these have all just grown. People often talk about the overlap, but I think there are gaps as well. Do you have the idea that one of the things that your experiences might lead to is to be able to have a continuing work, that is about international institutions and how they relate? Because if you simply put it back into nation states I think that has its own inadequacies.

Mr Wickstead: I think I can answer you in a rather general way, which is there is a strong sense within the Commission that Africa in particular needs to be given a greater voice within the international organisations, not only the UN system but the international financial institutions in Washington. There is not time, for reasons we have explained, for this Commission to come up with a detailed paradigm of how that might be done. What it can do, I think, is flag that this is a really important issue that then needs to be addressed, and that work needs to be taken forward. So that could be one of the recommendations where the Commission recommends very clearly that action needs to be taken, but that action then needs to be taken in a different sort of forum.

Q12 John Barrett: Mr Wickstead, I think expectations are high about the work of the Commission and how things are going to develop next year, but there are already a number of papers, reports, opinions, investigations, and so much has been done over the years. What has been done by the Commission that has not been done by any other group or organisation, or what is its unique selling point?
Mr Wickstead: As I said earlier, I do not think, as a result of our analysis or our research, or whatever, we are suddenly going to come up with half a dozen new ideas that nobody has thought of before. I think this is a political opportunity; it is an opportunity to bring together all the best of what is already out there. We have a team of analysts working with us to bring that all together, to identify any gaps in the research and the analysis, to do some new work as required, but, broadly speaking, these recommendations will be based on what is already there, what already exists. I think that what is different about this Commission is that opportunity to bring it all together in a year when the UK really has an opportunity to carry forward the recommendations of the Commission, with a reasonably good chance that the UK, through its Presidency of the G8 and the European Union, will be able to drive through recommendations on things that we all know should be done, but which have always fallen short at the last hurdle. Issues on the volume of development assistance, on aid effectiveness, on debt, on trade policy, on agriculture, all those things where I think there is broad consensus that action needs to be taken but which, for whatever reason—and I think the reason is political will—has not yet been done. This is all about political will, I think.

Q13 John Barrett: Can I just follow up on the political dimension? There is a probability or a possibility of the reports produced in March, that between March and the G8 in July there will be an opportunity for the report to be used as a bit of a political football. The Government, giving credit where credit is due, has done a lot of good stuff. The problem I would see is that the Commission report is then hijacked during April, in the run-up

to a potential general election. Has some thought been given to that by the Commission, that this must not happen?

Mr Wickstead: I am not sure that we have given it much thought in the Secretariat to date. I think my answer to your question would be that we have been tremendously encouraged by the cross-party support that we have received for the work of the Commission; that I think there is across the board a recognition that we need to do more for Africa. If you got that uniformity of purpose and will perhaps there is not that much that the report could be used for in terms of short-term political ends. I think probably at the end of the day that is not a question for me, it is a question for political parties and the Government to address, but I very much hope that on this issue at least politicians of all persuasions can be persuaded to get behind a common agenda.

Q14 Mr Davies: Mr Wickstead, two questions, if I may. You are clearly not a naïve man and you will be aware that there is some scepticism among cynics—and the British public are a very cynical public now where politics are concerned—about this initiative, and there is a feeling in some quarters that it will have been dreamt up by spin doctors with the aim of giving the Prime Minister at once a caring, humane and also an international statesmanship image at the right moment in an electoral cycle, and of course it is an agreeable travelling circus for you and for the African politicians and Civil Servants taking part, and so everybody can be happy about it. If, in fact, as you have just told us this afternoon, you do not expect to come up with any original ideas, you merely expect to repeat or reinforce arguments that are very important but that are familiar about the need to remove trade barriers and the damage done by the CAP and American agricultural policy, and so on and so forth; and if also, as you have told us this afternoon, this is not going to be a forum at which a decision is going to be taken, whether by African countries or by ourselves, all you are going to be doing is making a report and passing on your recommendations to other groups and other meetings, the G8 and the EU, and what have you, are you not in danger of validating that cynicism? If I may say, I do not necessarily share that cynicism. My attitude in life is if someone comes up with a constructive proposal it should be looked at on its merits and one should take it at face value until there is a reason not to do so, and obviously you do not share that cynicism. But there must be a danger of that cynicism being reinforced if the ideas are not original and there is no action taken during the course of the Commission's life; is that not right?

Mr Wickstead: I think it is absolutely right that if nothing changes in the world as a result of this process and this report then we will have failed in the task that has been given to us. I think that all I can ask you to do is withhold judgment and look

back on this process at the end of next year and see whether this report and this process have led to a truly significant—

Q15 Mr Robathan: Will you come back in a year's time?

Mr Wickstead: I will be delighted to appear before this Committee any time I am invited. I sincerely believe that we can make a difference, that there is a genuine political opportunity here, which we must seize, because I think if we do not take these actions next year Africa really will be left behind in moving towards the Millennium Development Goals. If the report does not have action-orientated, focused recommendations, which are then implemented, we will not have done the job that we set out to do. So I have encountered some of the scepticism, the cynicism myself, and I think all I can say to people at the end of the day is that I do not think that that scepticism and cynicism will be justified, but you will have to judge us by the results.

Q16 Mr Davies: I shall personally be very happy to keep an open mind, exactly as you ask, Mr Wickstead. Mr Wickstead, you may be aware that we discussed this matter a few months ago with your colleague, Mr Chakrabarti, and some of us suggested that with a view to broadening this exercise beyond the often rather narrowly constituted—if I can politely put it that way—executive branches of government in many African countries, and also to give a boost to our commitment to the growth of African democracy, we should try to involve national parliaments, and we volunteered to take part in any meetings or initiatives which might come forward with that in view. Mr Chakrabarti was rather favourable to this idea but absolutely nothing has emerged as a result. Do you know why that is?

Mr Wickstead: We have been talking to a number of your colleagues precisely about that point, about how we can work with national parliaments in Africa, with the Pan African Parliament, with the European Parliamentarians for Africa [AWEPA] group, that Helen Jackson, your colleague in the Commons is very active with; we have arranged with the Pan African parliament that the Commission will be invited to give evidence to their next session at the beginning of 2005. We ensure that in our consultations around Africa we talk as much as we can to civil society, including parliamentarians. So I think there is rather a lot going on on those links, and I am very aware that you and many of your colleagues are keen to become involved in this, and I will get back and find out in detail what is going on and we would be delighted to have your support and help in this.

Q17 Mr Davies: I think both those phrases, "We would be delighted to have your support and participation" and "We will get back to you" were the exact quotations of what we heard from Mr Chakrabarti, but it was only two or three months ago and two or three months is probably a very short time in DFID's perception of life.

Mr Wickstead: Let me make it clear, if I may, that of course we are an independent Commission and an independent Secretariat. Although we are very grateful to DFID for the funding they provide to our Secretariat and our offices, *et cetera*, and of course we talk to DFID about some things, we are kind of on separate tracks and it is important that we are seen to be and are perceived as being independent and separate. Of course the Government has a responsibility to carry forward the recommendations of the Commission but the report itself will be an independent report and we will be taking that forward in our own way and not linking up with the Government in all respects.

Q18 Mr Davies: We have noted your words and will remember them. Mr Wickstead, finally, do you expect, in so far as you can anticipate—and I am sure as a good Chairman you have a pretty clear agenda in your mind—that your recommendations will be largely directed at British government or at other developed country potential donor governments in terms of what we ought to be doing or how we ought to be doing it, to what extent they will be directed at African governments or potential or actual recipient governments in terms of what policy initiatives or reforms they might be undertaking, and to what extent (if at all) you will be focusing on the link between the two, which is really conditionality, which is the extent to which we have been successful in the past in trying to use our own aid effort as leverage to procure more positive, less perverse policies on the part of recipients, and to turn this thing into a more effective partnership? Can you give us a feeling as to how you weigh in your own mind at this fairly early stage the relative importance of those three aspects?

Mr Wickstead: Yes, I can. I think the answer to your question is that the report will primarily have recommendations for the G8 and the European Union. As I explained earlier, I see the Commission for Africa being very much the mirror image of NEPAD, that NEPAD is an Africa-owned initiative, which is designed to put together actions really which are essential for African governments and African civil societies, without which development cannot take place. It is then the role of the international community to get behind that NEPAD agenda and the Commission's recommendations will be essentially geared towards that, to what the international community needs to do to support NEPAD. Of course, development, as we know, cannot work well where you do not have good governance, where you do not have peace and security. But I think we have detected very significant progress in a number of those areas in a number of African countries recently. On the issue of ownership it was interesting—and I am sure he will not mind me quoting him—that at the Africa Investment Forum four weeks ago Trevor Manuel, the South African Finance Minister said, "If I were a donor or if I were a private sector company I would neither give aid nor would I invest in any African country which has not signed

up to the Africa Peer Review Mechanism." I think that is a bit of an indication of that shift that we must give Africa the sort of policy space that it needs to make its own decisions. But I think there is a large and important role for us to support in particular those countries which make those right and brave decisions.

Q19 Mr Battle: While of course there is a challenge to Africa and other countries, I thought that the killer fact in the Africa facts that were before the Commission at the October meeting was the fact that Africa's share of world trade has declined, it has gone down, and I take the view—perhaps rather naïvely—that the poor are offered a teaspoon of aid with one hand while the other hand grips the windpipe with the word "trade" blazed across the arm. I just ask the question because I wonder whether the real challenge is integrating policies and ideas, rather than simply looking at governance, and by that I think the words used are "policy coherence". When we look at trade issues, migration issues, arms exports, climate change, corruption and debt, I am perhaps not as sanguine as you when you said that there was a broad consensus on trade and debt. I do not think there is. I think often those policies can be completely operated in contradiction to development for African countries. So the challenge then echoes back—I was reminded when we were talking about the war by one of my colleagues, it was the great Northern Irish poet, MacNeice, who used the word "coherence" and he said, "Remember that coherence faces a flux of bonfires". You talk coherence but all around are bonfires and I wondered whether this report not just ought to be noted by the G8 and the EU, but ought to be a real challenge to the policies of G8 and EU countries. Perhaps time would be better spent in Brussels lobbying Peter Mandelson, the new Trade Commissioner, rather than meeting in Addis Ababa.

Mr Wickstead: I think there is space for each of those things. I think coherence is vital and I think the international community has not been coherent in the past. Many trade and agricultural policies are completely contrary to what the international community has sought to do through its development programmes. I think for many countries in Africa or elsewhere, if you simply lifted all of the restrictions on trade and removed agricultural subsidies that would be much better for them than however much development assistance you could put into those countries. Again, perhaps I am naïve, but I do feel that there has been a shift recently, and in the discussions which we have had with the Commission in Brussels we have spent some time with them as well as having meetings in Africa.

Mr Battle: Good.

Mr Wickstead: I do detect, at least amongst officials, that there is a recognition that the order of trade policy and agricultural policies is no longer sustainable; that it is wrong and that it must be changed. Whether we can change it completely in

one go, I do not know, but I am clear that it is timely that that shift will now happen and that we are going to be pushing on doors which are beginning to open, which were completely closed before. It will be very important that the senior members of HMG interact, as you suggest, with the new Commission, which will be in place as a whole over the next few weeks, in order to persuade them, I hope, that massive change is required in these important areas of trade policy and agriculture subsidies.

Q20 Mr Battle: I am almost tempted to suggest that we need an Integration Commission rather than an Africa Commission.
Mr Wickstead: I think it is very, very important that one should not be giving with one hand what one is taking away with the other. We all know stories of the European Commission on the one hand supporting livestock projects in Botswana and then on the other hand not allowing that livestock to be exported into the European Union.

Q21 Mr Battle: I would hope that the report causes trouble at the G8 and the European Union meetings, rather than it is just noted as a report. Do you think there is a possibility of that? Could it be controversial and light a few bonfires in the right places?
Mr Wickstead: I think with the composition that we have on the Commission of very lively, thoughtful, energetic people, it is extremely unlikely that we will end up with a tame report. I think it will be controversial. The trick for the Commission will be to make it radical, make it controversial, make it difficult but not so off the wall, if you like, that the G8 leaders simply say, "Sorry, we are not interested in this." That is their political judgment to reach that point.

Chairman: Myles, thank you very much for spending time with us. Just picking up on a few points that were made. I think Quentin's point about parliamentarians, as we visited a lot of countries in Africa we have been very conscious that there is a lot of support for governance, there is a lot of engagement with civil society, but that African parliamentarians tend sometimes to get lost in this. I think there is a general feeling in this House that this was an area where, through the Commonwealth Parliamentary Association and other ways, we could and should be able to do a lot more in trying to help to improve the capacity and build capacity of fellow parliamentarians in Africa. We will certainly be submitting a response to the consultation document when it is put out. I think it will be a fairly blunt think-piece, fairly pointed and, I suspect, hearing the voices of this Committee, you have heard the difficulties that we as a Committee and I am sure that you as a Commissioner are grappling with all the time, on the one hand are articulated by the points that John has just put forward about the need for coherence on trade and debt and other areas of policy from us, but also I think this Committee would also want the Commission to go away and recognise the points that Andrew, Quentin and others have made, that this is not a one-sided exercise; that governance has also to come from our partners in Africa, and the House and our constituents and others are as concerned about Darfur and about Zimbabwe. I think for many of us the fact that President Museveni looks as though he is going to go on beyond 2006, for all of us Uganda was one of those countries that we held up as a great example—that is pretty depressing. So I think we will want to see the Commission face up to both sides of that equation if it is really going to be doing its work effectively. Thank you very much for coming and spending time with us this afternoon.

Memorandum submitted by Mr Robert Picciotto, Director of the Global Policy Project

POLICY COHERENCE FOR DEVELOPMENT

The meaning of coherence

Coherence connotes logic, consistency and reliability. The concept combines diversity and synergy. It has a precise meaning in physics and philosophy. Not so in economics. In government, policy coherence is the alignment of policy objectives with instruments and resources to achieve a clear set of goals. More prosaically it has to do with putting one's house in order.

Policy coherence for development (PCD) aims at achieving positive changes in the conditions that poor countries face in the world. It is a worthy ideal but one should not be naïve and ignore the political constraints decision makers face in a pluralistic society. Alan Winters has observed that the "here" in policy coherence is hard to find because, in a democracy, policies must satisfy competing interests and multiple constituencies.

Within a national jurisdiction, policy coherence has two dimensions. First, individual policies must be internally consistent (tying bilateral aid illustrates an internally incoherent policy of this type: it raises the cost of goods and services provided to poor countries by 15–30%). Second, all relevant policies (eg trade, agriculture, finance, FDI, environment, migration, etc) must "cohere". This calls for a "whole of government" approach in policy formulation.

When it comes to PCD two additional and far more demanding sets of challenges must be faced. First, all major OECD countries should pull in the same direction whether in security or economic matters. Second, the policies of the poor countries themselves must be aligned with the objectives that the development assistance community has endorsed. In particular, aid provided to a country that has no commitment to poverty reduction is likely to be wasted.

This means that four types of coherence must be achieved together (internal, whole of government, OECD-wide and north-south) to achieve PCD. This is extraordinarily demanding. Indeed, it is foolhardy and, given limited administrative resources, wasteful to aim at perfect coherence for development. Here as elsewhere, priorities must be set.

Coherence and politics

OECD's definition of PCD has relatively modest aims: "PCD means working to ensure that the objectives and results of a government's development policies are not undermined by other policies of that same government which impact on developing countries, and that these other policies support development objectives where feasible."

Thus, doing no harm and seeking synergies through informed and transparent decision-making is what PCD requires. In working towards PCD, legitimate differences must be respected. Some of the most intractable policy coherence issues arise from conflicts among principles and the necessity of trading one off against the other. The balancing of such principles in concrete situations is what politicians are paid to do.

So, PCD is about politics but it is about principled politics in a world in which other people's problems are increasingly our own. All politics used to be local. They are now "glocal": it is getting harder and harder to disentangle the local from the global. PCD makes political choices more explicit and ensures that policy options that are both in the national interest as well as supportive of global development are selected while decisions that hurt the poor of the world and only benefit the rich in rich countries are set aside.

To be sure even if the majority benefits from a reform some poor people in rich countries may be negatively affected by policy reforms but if the overall benefits to society are positive (as in trade reform) remedial and compensatory measures should be designed to ensure that the policies selected are politically feasible and sustainable.

Rich countries have long preached to poor countries that they should make hard choices and adjust their policies to achieve poverty reduction. It is simply a case of practicing what one preaches but it is also a case of being realistic and looking for Pareto optimum solutions where no one gets hurt and the poorest and most neglected benefit to make the world a better and safer place.

Rationale of policy coherence for development

PCD is important for the security and the prosperity of OECD countries as well as for altruistic reasons. First regarding security, horizontal inequalities, social fragmentation, corruption and criminality make up the combustible combination of factors that leads to violent unrest and the spread of terrorism. The number of failed and failing states is large which means a proliferation of platforms for international crime, terrorism and a breeding ground for infectious diseases and other "problems without passports".[1]

Economic growth in OECD countries is increasingly dependent on growth in poor countries that account for a third of export sales and half of oil supplies. The underlying factors are of a long-term nature. At the turn of the century, the world population was 6.2 billion. By mid-century, it will approach 9 billion. Virtually all of the growth will be in developing countries where the population will rise from 5.1 billion to 7.7 billion. Ethical considerations are also at stake. Since the end of the cold war, the gap in *per capita* annual income between rich and poor countries has grown from about $17,000 to $24,000.[2] This is not what globalization with a human face was expected to deliver.

PCD is not only an academic concept. It is a legal obligation. It is embedded in the Maastricht treaty. In the 1990s the EU decreed (#176 of the ECT) that it "shall take account of the objectives of its development policy in the policies that it implements which are likely to affect developing countries". The Cotonou agreement (Article #12) states that the Commission must inform ACP countries in good time about regulatory proposals that may affect their interests. If the Commission rejects ACP proposals it must provide a justification.

Finally, PCD has become an operational priority for the EU. Together with coordination and complementarity it makes up the trilogy of "the triple C" currently being evaluated under a European collaborative evaluation initiative. The importance of systematic consultations with developing countries was reaffirmed in the 2002 Action Plan of the Commission about the Regulatory Environment. The draft constitution for Europe has a clear reference to compliance with the MDGs and the pursuit of good global governance.

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[1] Annan, K A (2002), *Problems Without Passports,* Foreign Policy, September–October 2002, Washington DC.
[2] World Development Indicators Data Base, 2002.

Role of OECD

The OECD PCD agenda seeks to encourage its members to present to its politicians the development consequences of their decisions in the hope that they will think twice before adopting policies that may have deleterious impacts on poverty reduction.[3]

Thus, the framers of the PCD horizontal initiative expect that concrete evidence and compelling analyses will help promote win-win outcomes, avoid flagrant policy contradictions, minimize the probability of negative impacts on development and amplify the voice of the global poor in the corridors of power, especially when new policy initiatives are debated, designed and approved.

The objective is to ensure that each OECD country pursues policies that support or at least do not undermine the development process in poor countries. Building political support for PCD among stakeholders so that OECD countries actually initiate adjustment of a wide range of policies that affect developing countries would help accelerate progress towards the MDGs. For the OECD Secretariat, this will entail delivery of analytical underpinnings for informed policy-making, providing a platform for policy dialogue and monitoring of PCD performance.

In particular, as proposed by the DAC Chair,[4] beyond the traditional focus on making development assistance more effective—type (i) coherence—the OECD should be encouraged to (i) tool up to promote the creation of analytical capacity on coherence issues, (ii) support research on the impact of rich countries' policies on poor countries, (iii) commission "just in time" coherence analyses, conduct political economy assessments geared to strengthening public support for increased aid and other development friendly policy reforms and (iv) strengthen PCD monitoring and independent evaluation.

Globalization and PCD

Policy coherence for development has emerged as an important issue of international relations because of the increased interconnectedness of national economies and societies. On a *per capita* basis, exports from developing countries generate over 30 times as much revenue as aid—12 times in the case of the least developed countries. Remittances from migrants are at least twice as large as aid flows. FDI inflows to developing countries stood at $156 billion in 2002 ($172 million in 2003) compared to aid flows of about $58 billion. The World Bank estimates that the TRIPS agreement will raise the current licence payments that poor countries pay to rich countries from $15 billion to about $60 billion, thus wiping out all aid contributions.

Thus, given globalization, non-aid policies now matter more (given their relative weight) than aid policies. Bangladesh illustrates the need to shift towards a development cooperation paradigm that goes beyond aid. Ten years ago Bangladesh earned $1.6 billion from foreign aid, $2 billion from exports and $0.8 billion from remittances. By 2001, aid had shrunk to $1.4 billion; exports had gone up by more than six times (to $6.5 billion) and this despite eroding terms of trade (10% over the past two decades). Furthermore, remittances have gone up by more than twice to $1.9 billion and foreign direct investment ($222 million) is seven times the level of 10 years before.

Examples of policy coherence

The policy conditions of accession to the EU constitute a good example of macro policy coherence for development. This model of engagement has proved successful in achieving economic development in the poorest members of the Union. This demonstrates that shared objectives, distinct accountabilities and reciprocal obligations are critical ingredients of policy coherence. Policy coherence is achieved more easily in relatively small and homogeneous groups that are better able to overcome dilemmas of collective action (free riding etc).

A recent example of PCD in action is the way the EU recently dealt with the dossier of non-tariff measures in international trade. This is notable because DG Trade, DG Dev and DG Agriculture tend to operate as silos. In this case, it proved possible to arrange for (i) systematic inter-service consultations within the Commission, followed by external consultations, explanatory memoranda and a careful review of the special and differential treatment provisions prescribed by the WTO for developing countries; complemented by (ii) provision of capacity building support to developing countries through a trade-related technical assistance program; and (iii) a systematic evaluation of these programs.

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[3] An example of inadequate PCD is the announcement of EU Ministers on 22 March 2004, that they would cut off aid to countries not cooperating in the fight against terrorism (*International Herald Tribune,* 23 March 2004). This laid bare the potential contradiction between aid focused on global poverty reduction and aid driven by geopolitical considerations.

[4] Development Assistance Committee, *2003 Development Co-operation Report: Chapter 1: Overview by the DAC Chair,* Organization for Economic Cooperation and Development. 23 October 2003. (DAC/2003/24). Paris.

Examples of incoherence

Fishing subsidies by OECD countries absorb $15–20 billion a year, benefit large companies more than poor fishing communities and deplete fish populations on which poor countries' coastal fisheries depend and aid projects often focus on. The agricultural trade policies of rich countries that use $1 billion a day provide many other examples. Agricultural subsidies in OECD countries are equivalent to the entire gross domestic product of sub-Saharan Africa and they benefit the few at the expense of the many not only in the developing world but also in the OECD countries themselves.

Consider aid for agriculture projects in Africa. They have succeeded in producing very high yields in the irrigated areas of West Africa. But the subsidies paid to grain farmers in OECD countries (combined with the availability of cheap grain imports procured through food aid) have depressed domestic prices and constrained domestic production. This is a case where aid policy and trade policy do not add up.

Cotton provides another spectacular example: the US spends $11 million a day on cotton subsidies compared to $3 million a day on all aid to SSA. Neither are dairy development projects in poor countries in a position to succeed given the competition with EU exports that are sold at half their production costs.

The best can be the enemy of the good. Civil society activists have been pressing the World Bank to stop funding energy projects in developing countries except for renewables. The paradox is that OECD countries (home to 15% of the world's population) account for 63% of carbon dioxide that has accumulated in the atmosphere since 1900.

Climate change threatens the most severe and widespread impacts on developing countries. A doubling of CO_2 emissions is likely to cause economic losses of 1.6–2.7% of GDP for developing countries. Small island economies are especially vulnerable. Africa's food security is likely to be set back. Severe flooding threatens many parts of the world, especially Asia.

Research and evaluation

A vast policy research and evaluation industry has grown within the development business. It is mostly centered in the north with most of its intellectual guns pointed south. Millions of pages are churned out to tell developing countries what they should do to improve their lot. By contrast, the attention paid to PCD in the north has been modest and the resources allocated to building research capacity in poor countries have been negligible.

A start towards a systematic assessment of development impact assessments for rich countries has been made. Following workshops I organized in Cairo and Paris in 2003, Japan has launched a program of PCD research focused on East Asian countries in collaboration with the OECD Development Center.

In addition, the Global Development Network (an organization dedicated to building up policy research capacity in developing countries) has launched a fund-raising effort to promote impact assessments of development policy incoherence. A specific program involving developing countries' researchers will be presented to donors at the GDN annual conference in Dakar next January. I hope that the UK will provide leadership to get it funded in full. It is a very worthwhile program.

On the evaluation front, massive resources have been mobilized to track the progress of developing countries towards the millennium development goals and to evaluate developing country policies and programs. Almost three fourths of the MDG performance indicators point south. In all low-income countries, country based poverty reduction strategy papers are mandated to guide the allocation of aid resources. These strategies are subject to public disclosure and to systematic review by the World Bank and the IMF.

No similarly integrated effort is underway to evaluate the development effectiveness of rich countries' policies. They have escaped systematic scrutiny even though they determine the amount and quality of aid, debt reduction, foreign investment, trade, migration, access to intellectual property and global environmental trends on which sustainable development depends.

More and better aid

Aid alone will not tackle global poverty. The baseline for all the MDGs is 1990. Most MDGs have been set for 2015. Halfway to the deadline, we know that progress is too slow to achieve most of the goals.[5] Only a third of developing countries are on track. Regional differences are striking. The zones most in need of development (most of Africa and large parts of South Asia) are lagging if not regressing. At current growth rates, East Asia alone is likely to achieve the agreed income and poverty reduction objectives.

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[5] The development record is not all bleak. Average life expectancy has increased by 20 years in the last 40 years. Illiteracy has been halved in the last 30 years. During the 1990s the share of people living on less than $1 a day has been reduced from 29% to 23%. This means that 125 million fewer people are living in abject poverty. Almost 80 countries have created the capacity to educate all their primary school age population. Seventy-two countries (with 58% of the world's population) are on track to eliminate gender disparities in schooling. There has been progress in reducing maternal deaths in all regions except sub-Saharan Africa. Eighteen developing countries have halved the proportion of people without access to safe water and another 32 are on track to meet the target.

Aid flows now account for only about 0.90% of the national income of developing countries and 0.23% of the national income of developed countries. This is well below the ratio of 0.33% consistently achieved until 1992. It is about half the level achieved in 1967 (0.65%). 70% of all aid is bilateral aid. Of this, only 30% is available for expenditures geared to development projects and programs. The rest goes for technical assistance, debt relief, emergency and disaster relief, food aid and aid administration.

Only five out of 21 OECD countries currently meet the United Nations target of 0.7%. Another three have given a firm date by which they will reach the target. This will not be sufficient to achieve the MDGs. Conservative World Bank estimates suggest that even if improved policies have been adopted by developing countries and growth is accelerated, a doubling of current aid levels will be needed.[6]

Debt relief remains a priority. It helps a great deal: the 27 HIPCs that have reached the decision point have seen their debt service/export ratio fall from 17% in 1998 to 9% in 2004 and their poverty reduction expenditures jump from $6 billion to $11 billion. But other poor countries are in dire straits. As a share of GDP, external debt still stands at 56% in East Africa; 70% in West Africa and 31% in Southern Africa. The high dependence of Africa's trade on primary commodities means that the pressure to export to meet debt service obligations depresses world market prices for Africa's exports, a vicious circle that is extraordinarily hard to break. Equally, curbing imports hinders development and poverty reduction. Thus, debt sustainability measured in terms of a debt to export level has unintended consequences

Halving global poverty by 2015 or even later will require more than simply increasing the volume and effectiveness of aid. Even if aid goes up to $76 billion by 2006 as projected by DAC it will not do the trick. The rules of the game of the global economy will have to be adjusted. This would be in the interest of rich and poor countries alike.

Beyond aid

The most serious constraint to global poverty reduction is the protectionism that characterizes the dealings of rich countries *vis à vis* poor countries. The poorest countries have seen their share in world trade cut in half over the past two decades. This is not surprising: tariffs on agricultural products from developing countries average 14% and tariffs on labor intensive products from developing countries are 8%. This compares to average tariffs of 3% on manufactured products from developed countries. Bangladesh paid import duties of $331 million to the US in 2001—an average of 14%. France paid about the same amount in import duties with exports 13 times as large.

Liberalized trade in services and ultimately less restrictive migration policies are vitally important to developing countries. Given that goods, capital and ideas have become more mobile and that rich countries face an unprecedented demographic transition, migration makes eminent economic sense. Remittances are five times the amounts of aid to Latin America and the Caribbean. They account for a fifth of Jordan's national income. They are the largest foreign exchange earner of El Salvador, Honduras and the Dominican Republic.

Between one-quarter and one-third of migration flows move through illegal channels. Tacit tolerance of illegal migration is widespread, as it fills genuine labor needs in destination countries. However, it induces petty corruption, opens up profitable smuggling opportunities for criminal networks, perpetuates unfair treatment of migrants and discourages their integration into the fabric of the host country.

Neither the United States nor Europe can be considered "full". There are more deaths than births in 43% of the 211 regions that make up the European Union. Even if immigration is taken into account, one out of four regions in Europe is facing population declines. Many towns and villages in eastern Germany, the south-west of France, Italy and Spain are shrinking or even disappearing altogether.

Current immigration policies obstruct the entry of asylum seekers; interdict entry by unskilled migrants and ration immigration deliberately towards well-trained professionals and skilled workers in high demand. Such discriminatory immigration policies are cumbersome to implement and they induce a "brain drain" and a "skill drain" from poor to rich countries. Thirty per cent of Mexico's PhDs and three quarters of Jamaicans with higher education live in the United States. Albania has lost a third of its qualified people.

Security and PCD

OECD should be considering a broadening of its PCD agenda to cover security issues. The end of the cold war brought some proxy wars to an end but new wars started and the carnage continued. Since the end of the cold war, the world has seen 58 armed conflicts in 46 locations, most of them in developing countries. Conflicts have lengthened and spread as local warlords loot natural resources, secure external financial support from like-minded groups and access the booming illegal weapons trade. Insecurity is widespread.

Compared to a total United Nations budget of about $10 billion, global military expenditures amounted to $956 billion in 2003. Further increases are likely. A large share of current expenditures is directed to cold war threats that are no longer present while resources needed for new security challenges including conflict

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[6] According to Nicholas Stern, "the cost of achieving the goals is likely to run to at least an additional $50 billion from rich countries" (Development Committee Spring Meeting Press Conference, 14 April 2003).

prevention and engagement with fragile states are severely under-funded. Thus, global military expenditures are at least 16 times larger than aid expenditures. The UK spends seven times more on the military than on aid ($527 per person for the military compared to $75 dollars for aid). The US spends 40 times more.

Given that most of the new wars are fed by resource scarcity and the war on terrorism is a long twilight struggle for hearts and minds, a dollar invested in aid may be a better investment in security than a dollar invested in defense. Over a billion people and a third of the absolute poor live in conflict affected and conflict prone countries where governance is weak, poverty is rampant and economies are depressed. Among the 70 plus low-income nations that qualify for IDA credits at least 25 are affected by conflict. Poor countries that are conflict affected or conflict prone pose security risks as well as critical development challenges.

Current aid allocation processes do not take account of the enormous benefits of conflict prevention. Based on six case studies, Bradford University has estimated that the cost benefit ratio of investment in conflict prevention is over 3:1 for the international community and 10:1 for the world as a whole. These investments are high risk (only 58% of them are successful) but the ratios are excellent because estimated conflict prevention costs average about $23 billion while a major conflict costs much more to the country concerned (average: $188 billion); to its neighbors (average: $57 billion) and the international community (average: $122 billion) for a total cost of $367 billion.

There is also a humanitarian dimension. A century ago, most conflicts were between states and 90% of casualties were soldiers. Today most wars take place within states and 90% of the victims are civilians. The incidence of local wars trebled in the second half of the century. Women and children are especially victimized. Over the past decade 10–15% of countries have been involved in civil wars. About 35 million people have been driven from their homes by conflict and repression. About 300 million small arms are in private hands (more than half the world total of 550 million). Some 300,000 children have been compelled to bear arms and fight in 36 countries. Land mines perpetuate the violence of past conflicts causing 15,000–20,000 victims a year.

Measuring PCD

As currently framed and resourced, the OECD peer group review system does not deliver rigorous assessment of PCD performance at the country level since it does not respond to uniform standards and remains heavily dependent on the degree to which individual OECD governments willingly contribute information and analyses on PCD issues.

So we need a more rigorous and independent evaluation system and also better statistics. Reliable data are lacking (eg on migration) and we still lack a sound research base that would allow systematic comparisons between the relative development impact of policy measures and how to trade off one against the other.

Still a lot can be done with existing knowledge as demonstrated by the Center for Global Development in Washington in its "ranking the rich" project. The CGD "commitment to development" index rates the development friendliness of each of the following OECD countries' policies: aid, trade, investment, migration, environment, security and technology. While the exercise is very worthwhile, I have two reservations about it.

First, the commitment to development index (CDI) uses rich countries' contributions to United Nations peacekeeping operations as a proxy for the quality of security policies pursued by rich countries. This is misleading considering the massive arms trade flows originating in the same countries.[7] The proliferation of such arms greatly contributes to the deadly impact and the ferocity of civil wars in developing countries.

Second, the technology index includes the contribution of rich countries to research and development on the grounds that they are public goods that benefit poor countries as well as rich countries but it fails to assess the negative impact on poor countries of the rigorous application of patent protection under the TRIPS agreement of the WTO that rich countries have imposed on poor countries.

UK's Performance

Last year's CDI ranked the UK in the middle of the league tables—11th out of 21. This year, largely as a result of methodological adjustments, it is in fourth place. In parallel the US jumped from next to last to seventh place. These latest adjustment in rankings are not easy to defend and have been greeted with scepticism. They have also induced unwarranted complacency on both sides of the Atlantic.

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[7] According to the US Congressional Research Service, Conventional Arms Transfers to Developing Nations, 1994–2001, the value of official arms transfer agreements to developing countries amounted to $16 billion in 2001. The United States accounts to over 40% of these agreements; Russia and France rank next with 23% and 7% of the agreements respectively. Conventional arms used in local conflicts contribute to about 300,000 deaths annually in developing countries.

My overall assessment is that the UK has done relatively well in PCD and that its performance is improving. It has provided strong intellectual leadership at the cutting edge of the development debate, especially in the area of debt relief. But it can still do better. Both in 2003 and in 2004 the Netherlands was the leader of the OECD pack. There is no reason why the UK should not aim to replace the Netherlands at the top of the PCD list.

Out of 21 countries, the UK ranks ninth in the aid league table. In 2002, UK aid was 0.31% of its GNI compared to EU average of 0.35% and Denmark's 0.96%, Sweden's 0.83%, Netherlands' 0.81% and France's 0.38%. To be sure, UK plans substantial increases in aid commitments. By 2006 it will have reached 0.4% of GNI—but this will still be below the EU average of 0.42%.

The UK ranks fifth in trade (as do some other members of the EU); fourth in investment; fifth on the environment and 12th in migration. UK's rating on trade is better than average because its measured protection is less than 10% compared to an average of 12% and its revealed openness is 10% compared to an average of 12%. The investment rating is good because the UK has been a leader in promoting policies that support healthy investment in developing countries.

On the environment, the UK ranks well largely because of its high gasoline taxes, low fishing subsidies and better than average emissions of greenhouse gases. The UK rating on migration is weaker largely because its net migrant rate per 1,000 population is about eight compared to 26 for Australia, 24 for Canada and Ireland, 13 for Denmark, 11 for Germany and New Zealand.

As in the UK, the Dutch aid minister has Cabinet status but in addition, the Netherlands has already delivered an annual report on its contribution to MDG8. It has set up a coherence unit in the foreign ministry to track the policy formation process across the entire government and it has provided strong leadership to the informal network of coherence contact points across the EU. In terms of laying strong legislative foundations for PCD, Sweden stands out. Its development legislation makes clear that global development is the responsibility of all government ministries and agencies—not just the ministry for foreign affairs where the aid function is lodged.

PCD Reporting

Denmark, Sweden and the Netherlands have produced reports on their contribution to MDG8, which captures the obligations of rich countries. The UK Government is committed to producing one this year. How might such a report help the UK Government to move towards greater policy coherence for development? It depends how well it is done and what use is made of it. If it is conceived as a public relations exercise it will add little value. If it is an independent evaluation that is embedded in policy making and constitutes an important element of the accountability framework it will be highly useful. Specifically, it would make sense for the civil society and academia to play an explicit role in ensuring that the annual assessment is done objectively.

Furthermore, the National Audit Office and other independent evaluation bodies should be encouraged to strengthen their oversight of the UK's contribution to MDG8. For example, an independent review of the PCD content of PSA targets would be highly valuable. The scorecard approach should be supplemented by policy evaluations that benchmark UK performance against the performance of other developed countries.

Finally, as the UK gets ready to assume the leadership of the G8 and the EU, it should gear itself to play a leadership role in inducing international organizations (the OECD, the EU, the WB etc) to come up with more rigorous and independent reports on PCD and to involve developing countries and the civil society in the process.

The preparations for the 2005 MDG stock taking exercise by the United Nations, the EU and other partners provides a unique opportunity to raise the political profile of PCD especially with respect to Africa. 2005 is also the year when the EU proposes to review its Policy on Trade and Development and to issue a Development Policy Declaration. PCD could be the centrepiece for both exercises.

Upgrading PCD Processes

There is no doubt that the UK has made major global contributions to PCD through its advocacy of debt reduction and trade liberalization and the intellectual leadership of DFID in policy work and international forums.

The upgrading of DFID's Secretary of State position to Cabinet status has been very helpful to the cause of coherence given the Inter-departmental Working Group on Development chaired by DFID, the involvement of DFID in the Ministerial Committee on FA and Defense and its participation in subcommittees dealing with trade and defense, and other more informal methods.

But to keep up the momentum, even more solid foundations need to be laid. First, the UK Government may wish to strengthen the legal foundations of PCD and consider emulating the Swedish model of a global development bill. Second, the executive branch should be encouraged to construct a comprehensive policy framework that addresses all the major transmission belts of globalization. Some of the pillars of this

architecture already exist, notably on trade and development. Security and development is another area where the UK is ahead of the game (especially given that it has set up multi-departmental conflict prevention funds and is now apparently setting up an integrated post conflict reconstruction unit). Of course, a White Paper on globalization was produced a few years ago.

But the policy framework needs updating to take account of the emerging security challenges that are casting a cloud over the entire development enterprise. Valuable work is underway on security and development in the PM's office and DFID. The Commission for Africa is also probing the interface between security and development. Coherence would be facilitated if a White Paper combining these different perspectives and integrating security and development concerns could be prepared.

Third, a multi-year policy strategy plan should be formulated. It might cover sequentially and on a rolling basis aid, migration, foreign investment, intellectual property and the environment. It should involve all relevant branches of government and buttressed by a research program. Your own work program (backed up by an independent evaluation capacity) might then be connected to this calendar of work thus giving it additional leverage.

Fourth, the country assistance strategy papers produced by DFID should systematically go beyond aid to incorporate all policy instruments at the command of the UK Government. Inclusion of PCD aspects in the PRS process should also be encouraged and the CSPs of the World Bank should become better connected to its global monitoring report. Finally, the UK Government should push for PRSPs that include material about all relevant donor countries' policies not just aid and debt reduction programs.

Fifth, it would make sense to further strengthen analytical capacities and processes devoted to PCD in order to screen all policy decisions that may have an impact on global development, participate actively in interdepartmental consultations and further strengthening the UK's role in international standard setting and multilateral policy with respect to aid, trade, migration, intellectual property, foreign investment, security and the environment.

Sixth and finally, the UK should increase its contribution to raising awareness and build research and advocacy capacity within developing countries about PCD issues.

Role of Parliament

Parliamentary scrutiny is central to PCD. First, Parliament might request that all legislative proposals of the executive branch address PCD issues explicitly in explanatory memoranda. Second, Parliament might require impact assessments where likely effects on developing countries are major along the lines of the two-step approach (preliminary and detailed where warranted) as proposed by the European Commission in its 2002 Action Plan.

Third, Parliament might emulate the two-track approach of the EU by requiring future aid programs to make explicit provision for technical support and capacity building needs in developing countries that are particularly affected by defective global policies. Fourth, you should encourage the other committees of Parliament to incorporate PCD in their deliberations as appropriate. Fifth and finally, the UK Parliament might encourage existing international parliamentary networks to include PCD in their work programs.

October 2004

Witness: **Mr Robert Picciotto,** Director of the Global Policy Project, Visiting Professor at King's College, London, and former Director General, Operations Evaluation Department, World Bank, examined.

Q22 Chairman: As I understand it, Mr Picciotto, you are now Visiting Professor at King's College, London, and you were formerly Director General of the Operations Evaluation Department at the World Bank. You are very kindly going to share with us some thoughts on policy coherence for development and the Commission for Africa, which obviously is going to be of help to us when we make our submission on the Commission for Africa. I suppose in shorthand policy coherence is what in British political terms we now describe as joined-up government, which is the buzz-phrase here. One of the difficulties in many African countries it strikes me is that it is very difficult having joined-up government when the capacity within the civil service is so thin. In many African countries that have gone through periods of conflict one has seen those that can get up and go getting up and going—outward migration. Countries have been hit by the HIV/AIDS epidemic so a lot of the best and brightest civil servants have succumbed to HIV/AIDS, and in many countries the number of people making or implementing decisions is incredibly thin. I am sure we will talk about coherence in the west but what more can be done to help African countries deliver more joined-up policies? We often have governments which have huge numbers of ministers because that is a way of paying off political favours, and overlap between ministerial departments. We are not quite clear who is taking the lead, as a consequence of which either the president or the vice-president or some similar figure ends up having to take practically every serious executive decision. I just wonder what your thoughts are on how we make policy development in Africa more coherent?

Mr Picciotto: I think this is a very pointed and very good question because what we have found out in development is that investing in health does not

mean simply investing in the health ministry. It may also mean investing in water supply or health education. Health returns on clean water investments may have a much higher return, particularly if the health ministry is corrupt or lacks competence. So a "whole of government" approach is as important in Africa as it is in western nations. How to do this? First of all, I would say that one should "do no harm". One should not be naïve about this principle of coherence because it is only a stable and highly competent dictatorship which can achieve perfect policy coherence. Pluralistic, democratic government involves trade-offs and compromises. And we are pushing governments to be more pluralistic and democratic. One can expect a lot of principled compromises for the resolution of competing interests, as societies embark on democratic forms of government. Thus, one should focus on the "art of the possible" in achieving policy coherence for development, both in the south and in the north. This means doing no harm and looking for synergies intelligently and elegantly. In terms of policy coherence on the ground, let me point to two specific areas worthy of support. First, that the Poverty Reduction Strategy Process which is a practical way of achieving the objective that you are highlighting since it assigns the responsibility for poverty reduction squarely to developing country authorities and facilitates an integrated approach without going back to the old central planning days by involving the civil society and the private sector. Evaluation of these processes under PRSP, some of which I launched when I was at the World Bank independently from management, suggests that in fact the private sector should be more involved and civil society representation should not be as dominated as it now is by the northern NGOs. Therefore it is going to take time for this process to deliver what you are asking, but the process is to be supported. I attended a meeting recently of the United Nations which was very interesting because it had four representatives from developing countries—Bolivia, Zambia, Laos and Nepal. They all supported the PRSP process. When the UNDP asked them, "How can we help you?", they said, "You can help us by improving our capacity to handle the PRSP process" in order to achieve the "joined up" approach, Chairman, that you are suggesting. The second point just came up in the ODI session with the Africa Commission: development assistance should be delivered in a way that does not decapitate local capacity (to use Simon Maxwell's phrase). I have heard an African minister talk about, "aid bombardment". He was referring to the current predicament of poor countries saddled with thousands of little projects which do not amount to much, with huge transaction costs and administrative confusion about different reporting requirements and all the rest of it. This diminishes domestic capacity. The big dilemma of the aid community, which unfortunately evaluators have tended to accentuate, is to say, "We want to see a result out of each little project". This leads to the set up of many project units with salary supplements that distort civil service scales. This illustrates the dilemma of pursuing results at the project level that may not add up to results at the systemic level. From a coherence perspective therefore, DFID's initiative to induce the development community to move gradually towards a more "pooled approach" to funding makes a lot of sense. On the other hand I can well understand the concerns of politicians with this approach when there is no assurance that funds will be used for the purposes intended when there is corruption in government. Public expenditure management and fiduciary frameworks are at the heart of sound and coherent economic governance and these have tended to be neglected.

Q23 Mr Battle: You heard the last debate and you mentioned looking for synergies. The one thing that I would ask you to enlighten me on from your experience and wisdom is that within Africa there does not seem to have been that regional development that there has been in both Latin America and south east Asia. Sometimes we look at the macro global economics and the micro village integration, water and health, but there is not a regional economic development structure or strategy that is emerging. Am I wrong or is there real potential for regional support structures among African countries that enable them to draw better comparators with the development process that has been successful in both Latin America and south east Asia?

Mr Picciotto: I presume you are talking about multi-country programmes?

Mr Battle: Yes indeed.

Mr Picciotto: A key question in this area is transport. Transport corridors in Africa are badly missing. In particular landlocked countries are essentially strangled by transport costs. There is a really high priority improving regional transportation systems but the effort should not be limited to infrastructure investment. Interventions should address the administrative problems of customs and trade facilitation at the borders. Institutional development has to go along with the infrastructure investment. It is not simply a matter of bricks and cement. It is a matter of building institutions. In the trade round there was a question of trade facilitation which was set aside, I think for good reasons, to move towards an agreement on the fundamentals of trade liberalisation but the underlying problem of trade facilitation is certainly a development related issue. It is a real issue in Africa to try to improve the institutions. The customs, the ports, are usually very corrupt. In Bangladesh, for example, in Chittagong, is a project which I was personally involved in, and they put a lot of money into it but there was a hell of a lot of difficulty getting a better institutional framework in there. Also, in education for a long time we have tended to say that all they need is primary schools but you cannot really run a global knowledge economy in a country without universities and there again you have economies of scale. African countries tend to be small. It would make sense to build intellectual centres of excellence to serve the entire continent and bring back some of the talent which has been

squeezed out of some of the old universities in Tanzania and other institutions of higher learning that used to produce high quality talent. It goes without saying that security is another priority area for regional cooperation. This is the area that I have been focusing on at King's College, where Sir Lawrence Freedman is seeking to explore the security and development nexus. In the security area it is absolutely clear that a regional approach is the way to go because very often military expenditure at the national level does not add to security.

Q24 Mr Battle: Myles Wickstead and the whole Commission have focused on building on NEPAD really and the purpose of NEPAD was to try and construct that multi-country approach. Has it got anywhere in your view? Is it a solid enough base to work with?

Mr Picciotto: I must say I do not know too much about NEPAD but from what I know of it, it is a long term project. One cannot expect immediate returns from it. The way it is structured involves a risk of political gridlock. This brings us back to the question of coherence. Coherence is hard enough to get within a country but to achieve it across countries, which is really what policy coherence for development is about, adds an additional element of complexity and difficulty. As an evaluator I am not all that optimistic about the peer group review evaluation system that NEPAD is based on. They have essentially adopted the OECD model which leaves a lot to be desired because it is not truly independent. It is politically appealing but essentially it has a contradiction in it. It is the most advanced countries and the leaders that are most ready to be transparent and to be accountable who end up receiving the toughest assessments, while those that have things to hide manage to do so because the peer group review is essentially a voluntary system. I am not saying that it is useless. What I am saying is that peer group review is not really an independent evaluation system. I think we need to start thinking about genuinely independent evaluation structures to assess what both the south and the north are doing together to achieve policy coherence for development. There is a gap, which is not surprising because there is a global governance gap and therefore there is a global evaluation gap as well.

Q25 Mr Davies: First, Mr Picciotto, can we move from the abstract and the generalised to the more specific and more concrete? Could I ask you to give the Committee what you consider to be the most striking, the most egregious, examples of co-ordination failure, of incoherence in the development area at the present time? If you had to give your students some specific and striking illustrative examples what would they be?

Mr Picciotto: Of incoherence?

Q26 Mr Davies: Of incoherence, of failure of co-ordination.

Mr Picciotto: I do not want to be too abstract but I think we must make a distinction—

Q27 Mr Davies: No, not abstract—specific examples.

Mr Picciotto: To put the specific into some kind of logical construct I would say that we need to focus on avoiding unnecessary incoherence. By unnecessary incoherence I mean policy decisions which help nobody, neither the north nor the south. If you have a win-win situation it should be politically feasible for politicians to get it done. What is really disturbing is not situations where you are balancing two goods but when policies are adopted that make both the north and the south worse off. For example, fishing subsidies constitute a scandal because they consume $20 billion a year to overexploit a resource which is in decline because of the depletion of fish stocks that end up hurting everyone including coastal fisheries in developing countries while aid is funding development projects to develop fisheries in the south. This is an example of absolute hypocrisy and incoherence. Agriculture offers similar obvious examples—a billion dollar a day agricultural subsidy, but this is well known as Oxfam and others have advertised the consequences: the entire GDP of Africa is not larger than the agricultural subsidies of OECD countries. You are familiar with the New Zealand Government's estimate that you could fly all the 41 million cows one and a half times around the world first-class with a thousand euros left for their hotels and subsistence. It is not that the policy adjustment in the north would have only positive effects; if you abolished the subsidies tomorrow, there would be adjustment problems in the south as well, for example for food importing countries. Let me mention another example which people do not talk too much about despite excellent policy work funded by DFID on Intellectual Property. The World Bank made an estimate that because of patent protection laws which are applying now to developing countries, as they do to developed countries, the patent revenues are going to go up to a level of $60 billion which is essentially going to wipe out all the aid.

Q28 Mr Davies: Which is what? I missed that last phrase.

Mr Picciotto: The patent protection which has been strengthened under the TRIPS agreement of the WTO, and we have an excellent report which has been done,[4] funded by DFID, but this report has fallen into a black hole as far as I can tell. Nothing much has happened. I think the private sector was very unhappy with it.

Q29 Mr Davies: I missed your summary of what this is about. You say £60 billion—

Mr Picciotto: Sixty billion dollars will flow from the south to the north to pay for patent protection compared with something like $10 billion now, which means the reverse flow will wipe out all the aid sent from the north to the south. I am talking about the aggregates. India is not going to suffer too much from this because it has a lot of

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[4] http://www.iprcommission.org/home.html

knowledge and a lot of talent. That is an interesting example of incoherence as well. I know that some people think that climate change should not be given priority. Another example of incoherence is the United States policy on energy which really does not help either the United States or security or development. Yes, it is a long term issue but already Africa is starting to suffer from climate change and there are estimates that 2 or 3% of the GDP will be wiped out from developing countries because most of the costs of global warming will be borne by developing countries. I think this is where the focus should be, on the high profile issues which are good neither for the rich countries nor for the poor countries. I could go on about examples but I think you get the drift.

Q30 Chairman: We have got some fellow parliamentarians from Bangladesh present in the room. I would just like to welcome them to the meeting.

Mr Picciotto: As you mention Bangladesh let me give a few numbers which highlight the need to go beyond aid in development policy. A decade ago—and the Bangladesh officials can correct me if I am wrong—Bangladesh earned $1.6 billion in foreign aid, two billion from exports, $0.8 billion from remittances. Ten years later aid has remained more or less flat. Exports went up six times. Bangladesh is an under-reported success story on poverty reduction. Trade is now far more important to Bangladesh than aid. Aid is very important but trade is more important. It is six times what it used to be only a decade ago, and despite deteriorating terms of trade (they lost 10% in terms of trade) they still manage to get their exports up, which is something Africa has not managed to do.

Q31 Chairman: Highlight again what is the conclusion that you think the Committee should take from that?

Mr Picciotto: Conclusion one is that rich countries should go beyond aid and work towards policy coherence for development, a concept that embraces all major policies (including trade, migration, intellectual property, foreign investment, the environment etc). Conclusion two is that the much-abused adjustment policies that Bangladesh adopted have paid off and poverty has come down. World Bank bashing is popular and I indulged in it myself as an evaluator but the fact of the matter is that aid combined with policy adjustment does a lot of good. Remittances have gone up twice and foreign direct investment has gone up seven times. Maintaining that kind of momentum is going to require further adjustments when China comes in with a big force in the market following the removal of quota restrictions and so Bangladesh will have to continue adjusting to a volatile and changing world situation, but Bangladesh is very deserving of additional support, not only in aid but also in trade, in migration and across the board.

Q32 John Barrett: What could the UK Government learn from the practices of other countries who are more successful in having good policy coherence? Where do we stand in the league table? Are we good, bad or somewhere in the middle?

Mr Picciotto: That links to the question of can you measure coherence? There is one particular exercise in which I have been involved at the origins and which I am also critical of called the Commitment to Development Index.[5] It has been put together by the Centre for Global Development in Washington DC. They have done two reports. Unfortunately they changed the methodology from one to the other. Maybe the committee is familiar with this work. What it says about the UK is interesting. Basically—and that is my assessment—the UK has done relatively well in policy coherence for development and its performance has improved. One of the key aspects of the UK's performance has been its intellectual leadership in the development debate and also in development advocacy e.g. on debt relief. But out of 21 countries the UK ranks ninth in aid out of 21 countries, i.e. it is a middle performer. In 2002 UK aid amounted to 0.3% of the national income. Even with the increment which is promised it will still remain below the average of the EU by 2006 so you should not be too complacent on the aid side. The aid indicator compares with Denmark at almost 1% of national income, the Netherlands at 0.8% and at France 0.38%. In trade the UK ranks fifth out of 21 along with other members of the EU. Thus the UK is better than the average in this aspect of coherence. Performance is also quite good on foreign investment; where the UK ranks fourth. On the environment the UK is number five. It may surprise this committee that on migration it is not quite as good. The UK ranks 12th in the league table. Partly because of the way the CGD measures security and technology in the latest edition of the index the UK has moved up from eleventh place to fourth place. I do not buy this ranking because the security numbers surprisingly only cover contribution to humanitarian assistance. They do not cover the performance areas which came up earlier in the discussion, i.e. the issue of the arms trade and its impact on the intensity of wars in the south. That is why I would discount that factor. In terms of examples from other countries, I see no reason why your committee and this government should not aim at being number one because you have the talent and you have the focus. The number one position has been held by the Netherlands for two years in a row. I could talk about what the Netherlands is doing that you are not doing if you like.

Chairman: We will come back to that.

Q33 Tony Worthington: I am interested in human resources and policy coherence on that. Do we, the developed countries, put more into health and education services than we take out? We get figures

5 http://www.cgdev.org/rankingtherich/home.html

about more Ghanaian doctors in New York than there are in Accra. What sort of analysis have you got of that?

Mr Picciotto: This is an area which is very neglected in research. In fact, the whole coherence area is under-researched. DFID has put some money into research in migration. A key fact is that remittances are now almost twice the level of aid and growing very rapidly. In Latin America remittances are five times the level of aid. In Africa this is not the case. The continent only gets four billion dollars of remittances out of an aggregate of about $100 billion. We have discriminatory policies in the north e.g. the US is very good at bringing in mostly talented people and yes, the brain drain issue is a really tough issue. As you suggested, the UK health system is dependent on importation of doctors from Ghana and also Malawi nurses while there are empty clinics in Malawi due to skills shortages. We do not really know the cost-benefit ratio of the brain drain, i.e. whether the benefits in terms of remittances and connectivity to the global system are higher than the costs of skills exports. We do not have good data. The migration statistics are very poor. The OECD is working on improving the data but I think the United Nations lacks a specialised agency that deals with all aspects of migration. It would be very helpful for this committee to push for more coverage of this development issue in the international arena so as to secure good answers to your policy questions. I would not recommend not importing nurses from the south since some countries have little else to export except their people. The Philippines have done quite well with this. There are issues of human rights in some cases with domestics and so on but by and large my judgement is that a more open migration regime would be of enormous help to developing countries. Alan Winters has done a model which focuses on trade in services. It shows that if rich countries were to liberalise trade in services it would be even more beneficial to developing countries than liberalising trade in goods. Why? Because developing countries have a surplus of people and capital is mobile while people are not. This helps to explain why the global rules of the game hinder developing countries' prospects. That does not mean that there are no problems with immigration. But labour market needs in rich countries combined with immigration restrictions mean that about a third of immigration is illegal, which is a great boon for criminal networks. There are of course, tough real questions of how to manage migration but well managed liberalisation of immigration would favour rich and poor countries alike.

Q34 Tony Worthington: The other area that is intriguing is that when we get crises we tend to respond with vertical funding.

Mr Picciotto: HIV.

Q35 Tony Worthington: Like funding for HIV, exactly the point. I get very apprehensive. If you take a country like Ethiopia, which will receive quite a lot of funding from the global fund and a lot of funding

from the American initiative as one of the chosen countries, the impact of that on the general health system I think is likely to be pretty disastrous in terms of destroying the basic health care system which does not yet exist.

Mr Picciotto: It depends how it is done, of course. There is a risk and that is an issue in general for global public goods. MDGs have strengthened these verticalities you are talking about, but I fully agree with you and I come back to the Chairman's question; it is very important also not to forget horizontal coherence and institutional development. HIV is a problem not only of drugs and delivery systems; it is a poverty problem and there is a link to tuberculosis. The best cure to HIV is development. Still some WHO vertical programmes have been successful, particularly those in terms of eliminating infectious diseases. One has to be careful not to overdo it. In water supply, for example, to have a vertical global programme or to supply anything may not be the right approach but for TB, for example, I think it is the right approach because you can really organise it fairly centrally. HIV is in between, I would say.

Q36 Mr Colman: We do not often have a person who has worked within the World Bank for the last 40 years and it is very interesting, this juxtaposition now of the PRSP process which you describe as offering policy coherence, yet alongside that you have said that Bangladesh, by adopting what I call the Washington consensus, has succeeded. Which side are you actually on now in terms of delivering coherence? Is it the PRSP, which is about health, education, capacity building, or is it the Bangladesh experience, which perhaps is more about setting a framework for good fiduciary balance, balance of payments, to be able to have a sound currency and to be able to export? Which one are you going to jump down on? The consensus or the PRSP?

Mr Picciotto: The PRSP is not simply about social services. It is also about policy. In fact, a lot of the criticism of the PRSP (and some of it is justified) is that the World Bank and the IMF have not let go. Every PRSP in the end, if it is to be an agent for debt reduction and if it is to be eligible as a way of co-ordinating the aid, gets a second opinion from the World Bank and the IMF. Both boards discuss every one of these documents and the governments have to pay attention to what the IMF and the World Bank say. In some cases the advice is so narrowly macro-economic, and Joseph Stiglitz has made a lot of pointed criticism of this state of affairs by pointing out that the international financial institutions may have thrown out the baby with the bathwater by focusing too much on the narrow budgetary balances. As you say, I have been at this game for a long time and I have seen a sea-change in the mentality of economic management in Africa. Few policy makers in Africa today talk about having lots and lots of deficit spending. They are trying to live within their means even though this is very hard to do: Africa is exporting capital if you take account of commodity price declines. In many ways

the easy battles on macro adjustment, inflation and balancing the books have been won. We are now involved with second or third generation reforms, which are much more complicated and require more involvement on the social and institutional side where you need to strike trade-offs that require a broader view than the macroeconomists (who are the aristocrats of the international financial institutions) tend to tolerate.

Chairman: Before the next question, our Bangladeshi colleagues need to go. Thank you very much for joining us today. It is very good to have seen you, not least because it has prompted some lively discussion on why some countries are performing and succeeding and others are not.

Q37 Mr Colman: One of the areas that the World Bank used strongly to invest in was infrastructure in roads, in bridges, in railways, and you have largely moved away from that and are investing in softer areas such as hospitals and schools. Do you believe again perhaps that it is a good idea to make sure that that which was done in the eighties is not forgotten, if you like, in terms of ensuring that there is proper infrastructure backed by the World Bank rather than simply going into the softer areas of health and education?

Mr Picciotto: Absolutely. There is no question that the decline in lending for agriculture, (as well as the decline in lending for infrastructure), has not been helpful. The question is why did we go down in both sectors? First, we were enthused by the potential role of private finance for infrastructure and privatisation of infrastructure services. While there is certainly room for privatisation, well conceived, well managed, carefully done, the flows of private investment that was expected in these sectors have not materialised. That is in a way why the comparative advantage of the World Bank view remains with infrastructure and agriculture and I think that Mr Wolfensohn has recognised this and that both sectors will now receive greater attention although it is going to take a while to rebuild our skills (I should not say "our" because I am no longer there), especially in agriculture where we used to have a lot of talent, including from the post-colonial civil service.

Q38 Hugh Bayley: You said, Professor Picciotto, that we need independent evaluation of policy both in the south and in the north. Is it possible to quantify the effect of policy coherence or incoherence? UNDP has this human development index. Could we create a similar index which would tell us how far the value of a country's aid programme is aided or hindered by time or how far the value of its aid is undermined by its trade agriculture subsidies? Policy coherence is so important but we need some tool that focuses attention in the right areas where policy change is needed for donor countries because if we do not do this we spend $50 or $60 billion a year on development assistance. If we are wasting a third of it because of policy incoherence that is a disaster

for development. Surely some kind of evaluation could get donors to look at the areas where they are throwing money away.

Mr Picciotto: You are absolutely right. Let us distinguish between research and evaluation. The two are very important. On research we know a great deal. Rumsfeld says that we have to distinguish between what we know we know and what we know that we do not know and so forth. The fact is that we know a great deal about development in the south. We have invested a lot of research in the policies poor countries need to adopt while we have done relatively little research in the area of policy coherence in the north and in fact I have been trying very hard to promote that research. Let me mention two initiatives which need support. I did a seminar with the OECD and as a result the Japanese are now doing exactly the kind of research you are talking about, partly because they are listed last on the league table and they do not believe the numbers (or do not want to believe the numbers). They are doing research in policy coherence for the development of East Asia, with the OECD development centre. It would be very helpful for the OECD to expand the research to other parts of the world. The second is support for a Global Development Network. They are launching a very important initiative—it will be discussed in Dakar (Senegal) in January and I hope to be there—to try to see if we can get developing countries think-tanks involved in the assessment of the impact of policy changes in the north on their economies. I very much hope that there will be a European dimension to this project in terms of the research support to think-tanks in the south. The US think-tanks are already at work. Europe has a comparative advantage in helping African research institutions and I hope DFID will put more effort there. If you move to evaluation the asymmetry is even larger. Seven of the eight goals and three-fourths of the indicators are pointed south. The targets for MDG8 that address rich countries are not very precise and they are partial in terms of policy coherence for development: we need an MDG8-plus concept that tracks all aspects of coherence. For example, migration is not part of MDG8. Thus, we need to revisit MDG8 and we need to set up a system which is symmetrical where we evaluate the performance on MDG1-7 as well as the performance of MDG8. This is not being done. You have been promised an annual report from DFID about what the UK is doing for MDG8. I do not know where that stands but I think you should pursue that. But even the reports that have been produced recently by, say, Denmark and Holland, are not independent reports. They are nice reports and they are certainly self evaluation documents but they are not independent evaluation documents; they are not hard-hitting enough along the lines of what you are requesting from the Commission for Africa. We need an independent evaluation of policy coherence. There should be a role for civil society in such reviews and frankly there ought to be a role for Parliament. It seems to me that Parliament has a comparative advantage in

overseeing evaluation, like the GAO does in the United States. It seems to me that this committee could have its own evaluation unit that would carry out independent reviews. The National Audit Office should perhaps review public service agreements and see to what extent they actually address coherence. There is a large agenda for evaluation in PCD which you could take up and you have a lot of very good evaluators in the UK Evaluation Society who could help implement such exercises. It is a very big issue for the welfare of the planet and the UK is uniquely placed to exercise intellectual leadership not only on policy as it has done but also on evaluation of whether policies are working or not and the extent to which they are being adjusted.

Chairman: Professor, Thank you very much. You have given us a lot of food for thought. I think you have given us some prompting to look at why the Netherlands is doing better than the UK and I think the members of the committee will re-read the transcript of your evidence with considerable interest, particularly as we come to draft our submission to the consultation on the Commission for Africa. Thank you very much indeed.