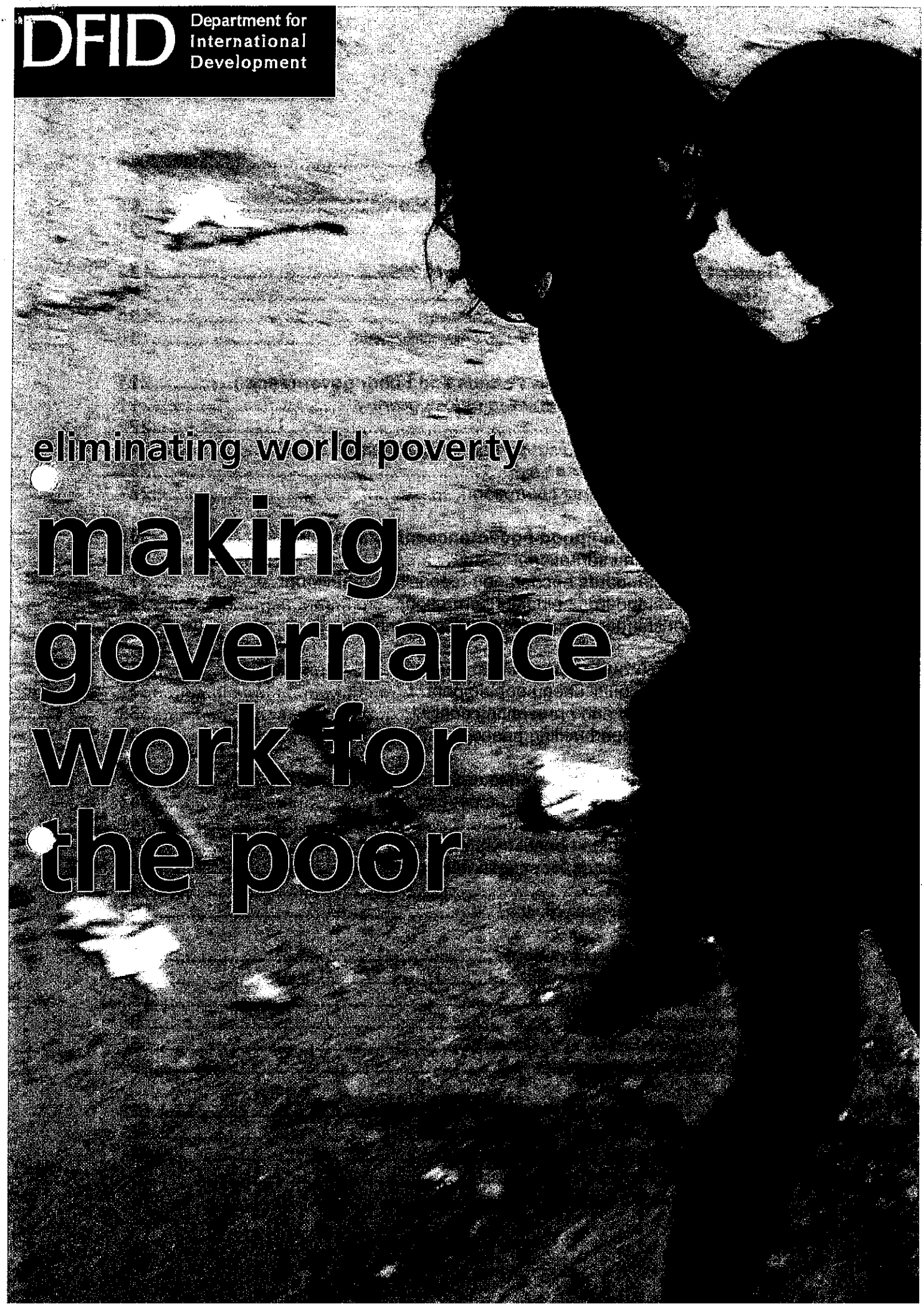
DFID Department for International Development



eliminating world poverty

making governance work for the poor

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Foreword

Tony Blair, Prime Minister

Eliminating world poverty is in Britain's interests – and is one of the greatest moral challenges we face.

In 1997, the Labour Government established the Department for International Development, to underline our clear commitment to ending extreme poverty in the world. Since 1997, we have increased aid for developing countries by 140% in real terms, from £2.1 billion to £5.9 billion. In 2004, we set a clear timetable for us to meet the UN target of 0.7%, by 2013. And in 2005 we put development and Africa at the heart of our G8 Presidency.

Backed by enormous public support from the Make Poverty History coalition and the Live8 concerts, the Gleneagles G8 Summit in July 2005 agreed a comprehensive, detailed plan to fight poverty. This included plans to support an African Peacekeeping Force, provide universal access to AIDS treatment, and promote investment and infrastructure to create jobs for poor people.

G8 countries agreed to provide an extra US$50 billion a year in aid by 2010, and to double aid for Africa. And African leaders at Gleneagles agreed in return to draw up ambitious plans to tackle poverty, and to work to end corruption, bad governance and conflict.

This new White Paper on Eliminating World Poverty sets out how the UK will work with others to deliver on the promises we made last year. This will need an effort right across Government, to put our pledges into practice, to promote better governance across the world, to tackle the threat of climate change, and to create an international development system that is fit for purpose.

We are making real progress. This White Paper shows there are many success stories. But there is still a very long way to go. It will need continuing commitment, and continuing support from the British public, to achieve this. But if we work together, it can be done. There is no greater or more just cause facing us today.

Tony Blair

July 2006

Preface The challenge for our generation

Hilary Benn, Secretary of State for International Development

The scandal of poverty...

Today, over six billion members of the human family share our small and fragile planet. A human family that is more interdependent than at any other point in history. And a family that – for the first time – has the capacity to make sure that every one of its members is lifted out of poverty.

What people want and need is enough food to eat and water to drink. A roof over their heads, a job, a school for their children, and medicine and care when they are sick. The chance to live in peace, without fear of violence or war. And the opportunity to realise the potential in each and every one of us.

This is what development – at its best – has always been about. Development is not only about care for the poorest and the most vulnerable, or a helping hand when disaster strikes. Nor is it only about addressing the root causes of poverty, whether through aid or debt relief, or fairer trade and better governance. I believe, like the economist Amartya Sen, that development is above all about freedom. In his book Development as Freedom, Sen argues that millions upon millions of our human family are living imprisoned: by economic poverty, by political tyranny, by sickness and disease, by ignorance, and by oppression and violence. But now, we have the capacity to free our fellow human beings, once and for all, so that each one can enjoy freedom's 'thousand charms'.

The scandal is not only that so many lack the chance to fulfil their potential for want of an education, basic medical care or a functioning economy. Nor is it only that each day one in six human beings has to live on less than one dollar or that 30,000 children die needlessly; or that each year half a million women still die in pregnancy or childbirth; or that we could give AIDS treatment to every single person in the world that needs it, but have not.

No, for me the greatest shame is that all this happens not in an age of famine and world war, but in an era of unprecedented plenty and potential, in a world eight times richer than it was 50 years ago.

...and what 2005 did about it.

2005 was the year in which Nelson Mandela addressed a packed Trafalgar Square and 250,000 people took to the streets of Edinburgh. In the UK, one in every six citizens supported the Make Poverty History campaign. Millions of people the world over watched the Live8 concerts and raised their voices, not just to demand justice, but to press for action to fight global poverty.

In doing so, they provided the most eloquent and inspiring response to the gloomy pessimists and the cynics who muttered that politics could not make a difference, that there was no point in trying, and that nothing would ever change no matter what we did.

Governments did change their policies and made new promises, most notably with the G8 at Gleneagles undertaking to: increase aid by US$50 billion a year by 2010,

with US$25 billion of that to go to Africa; cancel debt worth another US$50 billion; and provide AIDS treatment to all who need it by 2010. Already we have seen progress on debt cancellation, increased aid, a new humanitarian fund and funding for AIDS. The UK has changed its approach too: doubling aid since 1997; committing for the first time ever to a timetable – 2013 – for giving 0.7% of Gross National Income in development aid; writing off 100% of the debt owed to us by some of the world's poorest nations; winning support for the International Finance Facility for Immunisation which aims to save the lives of 5 million human beings over the next decade; and making Africa a priority through our G8 and European Union presidencies.

True, by the end of the year, poverty had not been made history. Most poor people continued their lives in countries still far from achieving the Millennium Development Goals, and too many children had died – deaths that could have been prevented. It was not a moment for triumphalism, but it was a year that saw real progress. Things felt different, but only time – and what we do – will tell whether they really were.

So, now the challenge for the world's governments is to make good on these commitments – especially on trade where we have failed so far – and to prove that aid increases and debt relief really will make a difference. We have a double promise to fulfil: a promise to the world's poor not to let them down; and a promise to our own people that our aid will truly help those fighting for a more just tomorrow. This White Paper sets out what the UK will now do to make sure that these promises are fulfilled.

But 2005 represented more than just a change in governments' policy and spending. It was a recognition by the citizens of the world that we have all become more interconnected and more interdependent. It is no longer acceptable for the privileged few to turn their backs on the many. We can no longer claim that we did not know what was going on. Make Poverty History and the Global Call to Action Against Poverty represented both an acceptance of the responsibility that comes with this change and a belief that we can do something about it.

In a changing world...

If this belief is proved right, then it will not have come a moment too soon. Because every day that global poverty continues is a day too many.

But first, we should recognise that some things have changed for the better. Over the past 40 years, the proportion of people in developing countries who can read and write has risen from under half to nearly three-quarters. Average life expectancy has increased by around fifteen years, and there are 300 million more children now in school. Smallpox was eradicated just over a generation ago, and we are on the brink of doing the same with polio. Asia has seen a staggering reduction in poverty. China's success is not just good for its people. It has also helped lift others out of poverty across the continent, and provided opportunities for trade with other developing regions. The truth is that, in the right circumstances, development works. Aid works. Debt relief works. Things can change, and have changed, for the better.

But our world now stands at a crossroads. There are reasons for hope: the energy and politics of 2005, the power of economic development to change lives, the way that our technological and scientific ingenuity can be put at the service of the world's poor, the rapid growth of multilateralism over the past century, and a growing awareness that global co-operation is needed to match global interdependence.

But there are also causes for concern. Progress towards achieving the Millennium Development Goals is uneven, with the biggest challenge in Sub-Saharan Africa and South Asia. Women continue to be denied their rights. Over 40 million people are already living with HIV. Tuberculosis and malaria could become even greater killers as a result of the spread of HIV and of climate change. New 'flash epidemics' like avian flu or SARS could move through the world rapidly if they are not nipped in the bud.

A generation of teenagers is entering the workforce in developing economies. By 2010, 733 million more people will be of working age, compared to 50 million more in the rich world. Many of them will migrate – internally and abroad – in search of a better life. But, by 2030, two billion people could also be living in slums without access to healthcare, education or sanitation. If ways of earning a living aren't available to help this new generation to realise their dreams, then their bitterness and anger at a world that has let them down could lead instead to political instability and radicalisation.

And other trends – rapid economic change, inequality, disease, and competition for natural resources – could all push developing countries further down the path to violent conflict.

But most important of all will be the challenge of managing our world sustainably and fairly. By the middle of this century, over 9 billion people will be sharing our planet; a half more than today. Meanwhile, the consumption of those of us already here – mainly in developed countries – is running at unsustainable levels. Many of the natural resources on which we all rely, and on which our economic development has always depended, are becoming seriously depleted.

Already, a third of the world's people live in countries which don't have enough water; by 2025, that proportion will rise to two thirds. Global fish stocks are running down faster than they can renew themselves. The world's land is under pressure from deforestation, unsustainable agricultural practices, groundwater depletion, and urban spread. As I write, oil prices are at their highest level ever.

Meanwhile, climate change is becoming the most serious and urgent problem the world faces. Unless we take radical action now, we face the shadow of a century of rising sea levels, droughts, hurricanes, heatwaves, glacial melting, floods, crop failures and forced migration. All of this will affect the poorest and most vulnerable people; the very people least responsible for the problem.

The scarcity of resources and climate change could stop development in its tracks. Yet on the other hand, there is the uncomfortable realisation that development, if not managed well, can itself make resources more scarce. The challenge, then, is to ensure that development is sustainable and also fair. Fighting on both of these fronts – the need to use resources wisely and within sustainable limits, whilst allowing the poorest countries and people a chance to prosper – will be at the very heart of 21st century development.

...global good governance...

In order to meet these global challenges, we will need to act globally more than ever. When we look at the principal institutions of multilateralism – the United Nations, the World Bank and International Monetary Fund, the World Trade Organisation, and the European Union – the chief characteristic they share is that they were all the result of the 1945 post-war settlement. They were, in other words, institutions built for a world very different from today's.

Back in 1945, the burning challenge of the day was to rebuild Europe and Japan and to avoid the new cold war becoming a third world war. If we were creating the multilateral system from scratch today, the foremost challenges in mind would be trade and investment, climate change and scarcity of resources, state failure, conflicts within states, the movement of people, international corruption and terrorism. So it is natural that we should look at the multilateral system critically, ask whether it is working, and be ready to help make it work better.

The European Union is also evolving swiftly. EU countries will account for the lion's share of the new aid commitments agreed last year at Gleneagles. Countries that were until recently recipients of aid have now, with accession to the EU, become donors. So it makes sense for the UK to work more closely with other European countries, both to influence their thinking and to make Europe's development effort much more effective.

Global good governance is not just about big organisations. It's also – just as importantly – about the framework of global governance to help create a safer world. One example of this is building capacity to deal with conflicts. Another is the UK's call for a new Arms Trade Treaty. Yet another is the need for greater co-operation in combating corruption and dealing at the global level with problems that can undermine governance in countries, such as illicit international markets for natural resources like minerals and timber.

...and good governance in countries will make all the difference.

Ultimately, it is within individual countries that poverty will be eliminated. Nation states are central to the change that is needed. The commitments made in 2005, in particular relating to Africa, represented a deal. A contract in which increased aid and debt relief were offered in return for a commitment to better governance.

Good governance and development are about people and governments of developing countries working out this deal for themselves. Each country needs to decide its own economic and social priorities, and the best people to hold governments to account are those who live in the country and are most affected by its decisions.

Whether states are effective or not – whether they are capable of helping business grow, and of delivering services to their citizens, and are accountable and responsive to them – is the single most important factor that determines whether or not successful development takes place. Good governance requires: capability – the extent to which government has the money, people, will and legitimacy to get things done; responsiveness – the degree to which government listens to what people want and acts on it; and accountability – the process by which people are able to hold government to account.

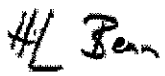
To achieve lasting improvements in living conditions for large numbers of people, the capacity and accountability of public institutions needs to be strengthened. That's why DFID already does so much to help developing countries build their capacity in areas like public financial management, police and civil service reform, and health and education. We will continue with this work and build on it. But we will also do much more at the grassroots end of political governance, working with organisations that train citizens' groups in budget monitoring to make sure that money is spent where it's
supposed to be; increasing our support to a free press and media in developing countries; and offering much more support in areas like elections, human rights, parliaments and trade unions.

I am determined to ensure that our rising aid budget is used for the purpose for which it is given – helping to lift people out of poverty. We have to show results. That's why we will make a careful assessment of the best way to do this in each country and vary the way we give our aid accordingly. And we will be resolute in the fight against corruption.

In the end, governance – from the global right down to the village level – is about people and their relationships, one with another, more than it is about formal institutions. What makes the biggest difference to the quality of governance is active involvement by citizens – the thing we know as politics.

This, more than anything, lay at the heart of Make Poverty History last year. It's the only thing that can in the long run transform the quality of decision making in developing countries, and the effectiveness of states. It's why DFID's partners are not just governments but also people with the energy, courage and vision to make poverty history in their own countries.

And politics is also what all of us will rely on here in the UK to sustain support for international development. When citizens get involved in any one of a hundred ways, it puts life into politics. It shows how we can turn our burning hope for a better world into helping the poorest billion people on our planet to change their own lives for the better. As Nelson Mandela said in Trafalgar Square last year "Sometimes it falls upon a generation to be great." It is up to us to accept that responsibility and do what needs to be done.



This White Paper is about delivering the promises made in 2005 and responding to the four big challenges for international development.

First and foremost, the fight against poverty cannot be won without good governance. We need to help governments and citizens make politics work for the poor. And we need to make global governance better, because the international economy affects what happens in each country.

Second, we must help countries – especially those at risk of falling ever further behind the rest of the world – do better in ensuring security, achieving sustainable growth, and delivering health and education for all.

Third, if we do not act urgently, the threat posed by climate change will derail development.

And finally, because no country can do this alone, we must make the international system fit for the 21st century.

To this end, over the next five years, the UK will, in summary:

...deliver our promises...

1 Fulfil the commitments we made in 2005, and work through the G8, United Nations, and European Union to ensure that our partners do the same.

2 Increase our development budget to 0.7% of Gross National Income by 2013 and, working with others, press ahead with innovative financing mechanisms like the International Finance Facility and an Air Solidarity Levy.

3 Concentrate our development assistance on countries with the largest numbers of poor people, particularly in sub-Saharan Africa and South Asia; and on fragile states, especially those vulnerable to conflict.

4 Make sure that our wider policies, as well as aid, support development; and work with the European Union, G8 and others, including large developing countries such as China, India and South Africa, to create an international environment that promotes development.

5 Double our funding for science and technology research, including efforts to find better drugs, and new technologies for water treatment, agriculture and to manage climate change.

.....help to build states that work for poor people...

6 Put support for good governance at the centre of what we do, focusing on state capability, responsiveness and accountability, working in particular with citizens, civil society groups, parliamentarians and the media. Adopt a new 'quality of governance' assessment to guide the way in which we give UK aid, and launch a new £100 million Governance and Transparency Fund.

7 Tackle corruption; follow up the Extractive Industries Transparency Initiative with further steps to bring greater transparency into public revenues and procurement; and work internationally to tackle bribery, corruption and money laundering.

8 Decide how to provide UK aid based on partner countries' commitment to reduce poverty, uphold human rights and international obligations, improve financial management, promote good governance and transparency, and fight corruption.

...help people have security, incomes, and public services...

9 Work to help states promote peace and security. Where states are unable to protect their citizens, we will work with our international partners to prevent, manage and respond to conflict.

10 Promote rapid growth by supporting private sector development and employment, investing in infrastructure and agriculture, and working for international trade rules that maximise the opportunities for the poorest countries.

11 Commit at least half of all future UK direct support for developing countries to public services, to get children into school, improve healthcare, fight HIV and AIDS, provide more clean water and sanitation, and offer social protection; and agree ten year commitments with developing countries to do this.

12 Seek to make sure that growth is equitable, and that natural resources are used sustainably.

...work internationally to tackle climate change...

13 Work for international agreements on climate change that stabilise greenhouse gas levels in the atmosphere, enable developing countries to grow, create incentives and generate investment for clean energy, and help poor countries to adapt to the impact.

14 Work with developing countries to make sure that they are fully involved in future international discussions on climate change, and provide international support to help developing countries adapt.

...and create an international system fit for the 21st century.

15 Work with others, and use our resources and influence, to push for change in the international system. This means: reform of the UN; a more effective UN-led system to deal with humanitarian crises; more responsive international financial institutions; supporting the growing roles of regional organisations such as the African Development Bank and the African Union; and a strong focus on merit-based appointments, and greater accountability to developing countries.

16 Work more closely with European partners to promote development.

17 Push for the Organisation of Economic Co-operation and Development's Development Assistance Committee to monitor and hold donors to account on their development commitments, and to work more closely with new non-OECD donors such as India and China..

Full details of our proposals are set out in the following chapters.