



House of Commons
International Development
Committee

Work of the Committee in 2004

Second Report of Session 2004–05



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Report, together with formal minutes

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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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1 Background and purpose of the report

The Liaison Committee has established common objectives for select committees in line with the resolution of the House of 14 May 2002. The Liaison Committee has further asked that the objectives should be reflected in the format of each Committee's annual report. This report describes the International Development Committee's work over the previous year in relation to these objectives and "core tasks". The format of the report is designed to show examples of the work which the Committee has done in relation to the following core tasks.

- Inquiries carried out into:
 - Government policy proposals
 - areas seen by the Committee as requiring examination because of deficiencies
 - departmental actions
 - associated public bodies
 - major appointments
 - implementation of legislation
 - major policy initiatives
- Examination of any draft legislation
- Examination of expenditure
- Examination of Public Service Agreements.

The core tasks do not apply in equal measure to all committees. The Department for International Development (DFID), the Department whose area of work we monitor, generates little by way of legislation; it has no associated public bodies; and the Secretary of State is rarely responsible for major public appointments. We have therefore to adapt the core tasks to the circumstances of the government department which we monitor. DFID attaches considerable importance to working with and influencing key multilateral development agencies (in particular the UN system, the EU, and the International Financial Institutions (IFIs)). The comments contained in this report reflect, where appropriate, the extent to which DFID works through these multilateral bodies.

2 Identification of inquiries carried out into:

Government policy proposals:

1. DFID's primary objective is to meet the Millennium Development Goals, foremost of which is the aim of halving the proportion of people living in extreme poverty between 1990 and 2015. The MDGs drive DFID's policies, programmes and spending decisions and form the main aim of DFID's Public Service Agreement. As in previous years, our activities over the past year have sought to follow the objectives contained in DFID's Public Service Agreement.

Trade

2. Our work in the previous year (2003) was dominated by two inquiries on trade and development at the World Trade Organization (WTO), before and after the Cancún Ministerial meeting. In our post-Cancún report¹ we explained the collapse of the Ministerial as due in part to the failure of the European Union to offer sufficiently radical reforms of its agricultural policies, and its insistence, in the face of overwhelming opposition from developing countries, that negotiations on the Singapore Issues should commence. We outlined a simple lesson: developing countries' concerns should be listened to and taken seriously. We also called for greater transparency and accountability in formulating EU trade policy and objectives, and emphasised the lessons which need to be learnt about the governance, role and scope of the WTO.

3. Details of our post-Cancún trade report were included in last year's annual report², but the Government's response had not at that stage been received. In its response³, the Government re-iterated its support for making the current round of WTO negotiations a "development round", acknowledged that there was a need to ensure a more effective dialogue between the European Commission and Member States on trade policy, and joined with us in welcoming the greater participation of developing countries in the Cancún Ministerial. We believe that our reports on the WTO, trade and development have helped shift DFID's approach to one which accepts that one-size fits-all trade liberalisation, with insufficient account taken of developing countries' diverse contexts and needs, will not amount to a poverty-reducing development round.

4. We also received a response from Commissioner Pascal Lamy, the European Commission's chief negotiator at Cancún⁴. Our post-Cancún report had been critical of his role, in particular as regards the apparent stubbornness of the European Commission on agriculture and the Singapore Issues. His response acknowledged the need for lessons to be learnt from the failure of Cancún, and welcomed our report as a useful contribution to the

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

2 Third Report of Session 2003-04, *Annual Report 2003*, HC 312.

3 Second Special Report of Session 2003-04, Government Response, HC 452.

4 Published as an Appendix to Second Special Report of Session 2003-04, Government Response, HC 452.

debate about how to re-launch trade negotiations following the disappointment of Cancún. We were pleased to receive a response from the European Commission. On an issue such as trade, where competence lies at the EU level, such engagement is essential if accountability is to be maintained and parliamentary scrutiny is to work. Select Committees should seek responses from the Commission on such issues.

5. Our post-Cancún trade report, and the Government's response, were twice tagged on the Order Paper: first, for an opposition day debate on trade justice for the developing world, and secondly, in European Standing Committee C in relation to a debate on a Motion on the Doha Development Agenda.

Cotonou and the Economic Partnership Agreements

6. Trade negotiations between the EU and the African, Caribbean and Pacific (ACP) states have not received the same level of attention as those at the WTO. These negotiations aim to create reciprocal free trade agreements, called Economic Partnership Agreements (EPAs), between the EU and regional groups within the ACP. The EU also promised to provide the ACP with alternatives to the EPAs, which would give them at least as good access as they currently enjoy under the Lomé trade arrangements. But inadequate attention has been given to what these alternatives might be. The Committee has concerns about the manner in which the negotiations are proceeding. There is insufficient focus on incorporating development issues into what are essentially trade negotiations. In response, we held an evidence session with NGOs and DFID officials in November⁵ and are currently pursuing our concerns with the Trade and the Development Commissioners shortly.

Kenya and Somaliland

7. In January 2004 the Committee visited Kenya, Ethiopia and Somaliland. During the Kenya leg of the visit, we took part in an excellent seminar with representatives of Kenyan civil society, including private sector organisations. The subject of the discussion was DFID's draft Country Assistance Plan for Kenya, for 2004-07, which sets out how DFID will support the Government of Kenya's own development strategy. When we were in Kenya, DFID was part-way through a consultation on this Plan. We decided that by holding an evidence session at Westminster with the Secretary of State, and raising with him issues raised with us in Kenya, we could amplify the voices we had heard and ensure that they were given due weight by DFID.

8. It was never our intention to make detailed recommendations about how DFID should spend its funds in Kenya. But we did want to make some comments about the challenges which Kenya faces and about the logic and structure of DFID's Country Assistance Plan. Our report⁶ outlined the progress made by Kenya, and the challenges remaining, on education, health and HIV/AIDS and most significantly – corruption. We also emphasised the point that without economic growth there will be no poverty reduction, but that economic growth alone will not deliver poverty reduction

5 Oral and Written Evidence, 30 November 2004, HC 68-i.

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

9. We made three sets of comments on the draft Country Assistance Plan. First, that it should say more about how the Plan will enable Kenya to meet the MDGs. Second, that it should set out in more detail the rationale for DFID's plans and priorities, particularly in terms of what DFID takes to be its own comparative advantage. And third, that it should outline more clearly how progress towards the MDGs, and the impact of DFID's development assistance, will be evaluated and assessed. In summary, we suggested that DFID's Country Assistance Plan should be more goal-focused, and show more clearly how DFID fits into the wider picture of development and development assistance in Kenya. In this way, the Country Assistance Plan would more accurately, and more helpfully, paint DFID's bilateral aid relationships as part of a wider picture. In its response⁷, the Government reassured us that the MDGs remained central to its development assistance, and agreed to say more about what other donors were doing, both in the Kenya Country Assistance Plan and others. As such, our report will improve all of DFID's future Plans.

10. The Committee also followed up on its brief but memorable visit to Somaliland, by meeting Government officials to provide input into the Country Engagement Plan for Somalia. The UK Government does not recognise Somaliland's assertion of independence, and so development assistance to Somaliland forms part of DFID's assistance to Somalia. At the meeting we raised issues including: the status of Somaliland and the importance of recognising the quality of its governance and its stability compared with the rest of Somalia; the role of the Somali diaspora in providing remittances; the importance of the private sector; and the need to support the emergence of parliamentary democracy in Somaliland and Somalia as a whole. We also reiterated a point made in our Kenya inquiry: information about the UK's contribution to supporting a country's development, and the UK's areas of comparative advantage, makes more sense when information is also provided about what other donors are doing. With the exception of our emphasis on the private sector, all of these points were incorporated in the final Country Engagement Plan for Somalia.

11. Following the Committee's return from Somaliland, Tony Worthington MP, a Member of the Committee, initiated a debate in Westminster Hall on the subject of HMG's policy on Somaliland⁸. The debate was dominated by contributions from Committee members who had taken part in the visit. As a measure of the interest which the debate generated, we were informed by the Parliamentary Communications Directorate that the web-cast of the debate had received 70,000 "hits" from Somaliland itself.

International Financial Institutions

12. In November of 2004, we held our annual evidence session on the World Bank and the International Monetary Fund⁹. This evidence session was timed to reflect on the outcomes of the Autumn Meetings of the International Financial Institutions, and provides an opportunity for the Committee to explore in some detail the UK's relationships with the IFIs. The UK works very closely with the IFIs, particularly the World Bank, spending a large proportion of UK aid in this way. Parliamentary scrutiny of these relationships is

7 Fourth Special Report of Session 2003-04, Government Response, HC857

8 4 February 2004, Official Report, Col 273WH

9 Oral and Written Evidence, 9 November 2004, HC 1251-i

lacking both in developed and developing countries; the evidence session is one way in which parliamentary scrutiny of the IFIs can work.

13. For the first time we took evidence from NGOs as well as from Hilary Benn and from Treasury officials – the Chancellor had declined our invitation to appear. During the evidence session we explored a range of issues including debt relief and the International Finance Facility, the attachment of policy conditions to aid and resources provided to developing countries, and governance and the voices of developing countries at the IFIs. The discussion on conditionality was particularly useful as the Government was in the process of consulting on a draft policy paper – jointly-produced by DFID, HM Treasury and the FCO – about the UK’s approach. The evidence session provided us with an opportunity to raise concerns about parliamentary sovereignty in developing countries and about the IFIs’ approach to conditionality. We also discussed DFID’s new Institutional Strategy which is intended to guide the UK’s relations with the World Bank, and the ways in which the new President of the World Bank, and of the International Finance Corporation will be selected.

14. During the evidence session, the Secretary of State agreed to a number of suggestions concerning improving transparency of the governments role in World Bank meetings. The NGOs who gave evidence would like the Government to be still more accountable and transparent. So would we. But we are pleased that our scrutiny has had some success in enhancing transparency and accountability.

Commission for Africa

15. In February 2004, the Prime Minister announced the establishment of the Commission for Africa in order to re-focus attention on Africa in the run-up to the UK’s presidencies of the EU and G8. The Committee was keen to contribute to the Commission, and rather than re-iterating recommendations made in earlier reports, chose instead to focus on “policy coherence for development”. This is a theme which has arisen frequently, in our reports on migration, on trade, on corruption, on arms exports, on climate change and on European aid. Examining the extent to which UK policy on a range of issues supports development objectives is perhaps where our own comparative advantage lies. Policy coherence for development is increasingly recognised as one of the key issues in international development, and has assumed some prominence in the work of the Commission for Africa.

16. In the report,¹⁰ we explored ways in which governments could move more quickly to enhance policy coherence for development. Policy coherence for development is not a magic bullet which will transform the priorities of the developed world. But by increasing transparency, and providing a basis for improved 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.

10 First Report of Session 2004-05, *The Commission for Africa and Policy Coherence for Development: First do no harm*, HC 123.

17. Early feedback on the report has been extremely positive. The OECD, which is at the forefront of work on policy coherence, has told the Committee that the report stands out as a model for other countries' parliaments work on policy coherence, and has promised to circulate the report to all the OECD's directorates and to OECD member country delegations. We expect that the report will galvanise the UK's commitment to policy coherence for development.

Areas seen by the Committee as requiring examination because of deficiencies:

Migration

18. Our major inquiry in 2003 was **Migration and development: How to make migration work for poverty reduction**. Migration is a highly topical issue, but despite occasional stories about the recruitment of nurses from developing countries, the development angle is often neglected in the UK. The UK Government too, along with other governments and development agencies, is only now beginning to appreciate fully the connections between migration and development.

19. Our objectives in this inquiry were five-fold:

- to raise awareness – within Parliament, Government and the wider public – of the development dimension in debates about migration;
- to examine the nature of the relationship between migration and development, especially poverty reduction;
- to identify examples of best practice, where migration has been made to work for poverty reduction;
- to examine the coherence of UK policies relating to migration with policies on other development-related matters; and,
- to make policy recommendations as to ways in which UK and European Union policies relating to migration might effectively and coherently factor in development and poverty reduction objectives.

20. The report's starting point was the increasing importance of migration, and the challenges and opportunities which it brings.¹¹ Managed properly, migration can deliver major benefits for development and poverty reduction. But the costs and benefits of migration are distributed unevenly. The balance and distribution of costs and benefits depends upon the nature of the migration in question, and on the links which migration establishes between places of origin and destination. Policy can shape the nature of migration and in so doing shape its development impacts.

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

21. Aspects of migration which we considered, and which might be shaped by policy intervention include the “brain drain”, trafficking and smuggling, migrants’ rights, and temporary mobility schemes. In addition, we considered the potential for policy to shape and utilise the links which migration establishes between home and host societies, looking specifically at remittances and the role of diasporas. We also made a series of points about the management of migration at an international level and about the need for enhanced policy coherence, with recommendations for the United Nations, the International Organization for Migration, civil society organisations, and the private sector, as well as the UK Government.

22. Particularly noteworthy among our evidence sessions were those held with organisations from diaspora communities and organisations in the UK: with the African Foundation for Development; with the British Bangladeshi International Development Group; with the Commonwealth Business Council’s AfricaRecruit programme; and with members of the Sierra Leonean diaspora in Southwark Town Hall. As with our trade inquiry, we also took evidence from the European Commission.

23. The Government’s response¹² to our report was delayed in part due to the inter-departmental discussions which it stimulated. When we finally received the response it was comprehensive, and commended our report for its “wealth of practical suggestions and observations that will feed into DFID’s evolving work in this area”, and for its emphasis on the importance of cross-Whitehall working. More specifically, the Government’s response: acknowledged the need for better evidence on migration; noted a current review of the NHS Code of Practice on recruitment of health professionals in developing countries, which will close some of the loopholes in the Code; outlined ongoing work about how to make temporary migration schemes, and remittances, deliver more development benefits; and, acknowledged the need to engage more effectively with diaspora organisations.

24. Following the publication of our report a training programme for 30 civil servants from a range of Departments – DFID, FCO, DWP, Home Office, Dept. of Health – was held, based around a discussion of the report’s recommendations. We were pleased to hear about this event; this is one way in which our report’s recommendations about policy coherence, and about not neglecting the development dimensions of migration, can be put into practice.

25. The Government has been seeking to make its policies on migration more effective, with DFID keen to highlight the development dimensions. DFID intends to publish a policy statement on migration in the first quarter of 2005. We believe that our report - by setting out an innovative, clear and systematic framework for thinking about the relationships between migration and development – will have played an important role in shaping DFID’s thinking, and, through DFID, that of the Government and DFID’s development partners.

12 First Special Report of Session 2004-05, Government Response, HC 163.

Agriculture

26. Anyone who has spent as much time as we have travelling along the roads of rural Africa could not fail to be shocked by the poor state of its agriculture. We have been concerned over a long period by DFID's lack of an agricultural strategy *per se*. As an alternative, DFID has sought to encourage a climate which encourages markets and private sector investment in agriculture. But how this can be done in poor countries which are unattractive to investors is unclear. The result, in our view, has been a strategy which is piecemeal and incoherent.

27. At the end of 2003, DFID's publication of its consultation paper entitled: "Agriculture and poverty reduction; unlocking the potential" gave us the opportunity to feed in our concerns about DFID's approach to agriculture. We contributed to DFID's consultation on emerging policy by taking evidence and producing a short report highlighting what we see as the key components of a development strategy for agriculture. Our first evidence session examined policy foundations with reference to past experiences and the NGO perspective; while the second session concentrated on exploring practical solutions to the problems faced by farmer, including an examination of the role of research and of new technologies.

28. In a hard-hitting report, **DFID's Agriculture Policy**, we called on DFID to develop a strategy which not only worked on developing markets but helped smallholders build their capacity to access and take advantage of such markets.¹³ DFID needs also, in our view, to help find sustainable solutions to the recurring problems faced by smallholders. Some may have a romantic view of smallholder farming; if so, we do not share it. Economic development necessitates an eventual reduction in the role of agriculture, especially small-scale agriculture. But the central issue is one of timing and circumstance. In its response to our report¹⁴ DFID took on many of our comments and suggestions, but significant differences remain between our viewpoints, most acutely on what we regard as an unavoidable role for governments in providing agricultural services. Agriculture is fundamental to poverty reduction in sub-Saharan Africa and is not a subject which can be dealt with and moved on from. The discussion with DFID on the role of agriculture in development will continue in the next Parliament.

Orphans and children made vulnerable by AIDS

29. The Committee's work on Africa has fuelled our concern about the impact which HIV/AIDS is having on the continent and, in particular, the impact of the disease on the number of children orphaned by AIDS. There are expected to be 25 million such children by 2010,¹⁵ the majority of whom are absorbed into the extended family structure – but often imposing heavy burdens on already struggling grandparents. Some 10% of orphans and vulnerable children (OVCs) fall outside even this basic safety net. Our concern led us to hold an evidence session with a group of NGOs and allow the Parliamentary Under-Secretary of State to respond to their concerns in a session which followed immediately

13 Seventh Report of Session 2003-04, *DFID's Agriculture Policy*, HC 602.

14 Fifth Special Report of Session 2003-04, Government Response HC 1273.

15 Oral and Written Evidence, Session 2003-04, HC 573.

afterwards. We followed this evidence session with a new innovation, that of hearing OVC children themselves through a videolink from Kampala. The children's testimony gave them a voice and provided a moving tribute to their courage and resilience.

30. We used the information gathered to press DFID to improve its new AIDS/HIV strategy. The strategy should encourage African governments to include OVCs in their Poverty Reduction Strategy Papers. While DFID, for its part, needs to include OVC concerns in its country strategies for those countries where there is a generalised HIV/AIDS epidemic. Simply mainstreaming OVC needs within the wider realm of HIV/AIDS will not be enough.

Departmental actions

31. We questioned witnesses—particularly DFID and NGO witnesses—on specific departmental actions as and when they arose during the course of the year. In addition to questions during evidence sessions, we have maintained a flow of correspondence with DFID about issues of concern as they have arisen. We see our scrutiny role extending beyond DFID to the multilateral bodies through which DFID spends so much of its budget. In both correspondence and in informal private meetings, we have raised questions on actions taken by the World Bank, the European Commission, and UN agencies.

Iraq

32. In our report on DFID's Departmental report 2004 we commented on the diversion of funds from Latin American programmes to Iraq.¹⁶ The size of the Iraq programme and the difficulty of operating in the country have led us to maintain a close interest in DFID's spending in Iraq. We initially held a single evidence session with Sir Jeremy Greenstock, the former UK Special Representative for Iraq, on the role of humanitarian agencies in post-conflict situations.¹⁷ This oral evidence was tagged on the Order Paper in relation to a debate on Iraq in the House on 20 July. Later in the year we began an inquiry into **Development Assistance in Iraq**, with an emphasis on the role for DFID and its development partners in reconstruction and meeting humanitarian needs.

33. The inquiry is not due to end before March 2005 but, based on the evidence we have heard to date, the reconstruction phase has been slower than expected. Despite the massive injection of international funds improvements in basic infrastructure - water, electricity, sewerage - are limited. Many basic needs remain unmet in parts of the country. The failure to ensure security constitutes a major threat to reconstruction. To give some sense of the seriousness of the problem, DFID has spent £17 million of its £63 million bilateral aid money on security for its own projects and staff protection alone. Concern has also been expressed about the loss of "humanitarian space". NGOs believe that they are subject to attack because they are in some way associated with the "occupation" forces. Consequently many NGOs have either ceased, or severely limited, their work in Iraq or operate remotely from neighbouring countries.

16 Eighth Report of Session 2003-04, *Department for International Development: Departmental Report 2004*, HC 749, paragraph 23.

17 Oral Evidence, 14 July 2004, HC 918- i

Palestine

34. The Committee seeks to divide its work between themed inquiries which address areas of development policy and inquiries into specific situations. The inquiry into **Development Assistance and the Occupied Palestinian Territories** fell into the latter category. The Report which we published in January 2004 was based largely on a visit which we made to the West Bank and Israel in October 2003.¹⁸ In the report we examined how DFID works towards its humanitarian objective of alleviating suffering in the short term and, in the longer term, its political objective of laying the basis for a viable Palestinian state. The report was seen as controversial in some quarters but only because it reflected what was so clearly seen on the visit; that the problems of the occupied territories were rooted not in a shortage of development assistance, but in a man-made disaster which requires a political solution. Israel's security measures were destroying the Palestinian economy and creating widespread poverty. To drive that point home, we cited the World Bank's calculation that removing Israeli imposed access controls would increase GDP by 21%, whereas a doubling of development assistance on its own would only reduce the numbers living in poverty by 7%.

35. The report was the subject of a considerable amount of post-publication activity. It was the subject of a well-attended and at times passionate debate in Westminster Hall on 29 April. On 11 May, the report informed a debate in European Standing Committee B on a Motion relating to EU development assistance in the West Bank and Gaza Strip. The relevance to the debate in the latter case was our criticism of the Israeli military for not compensating the European Commission for its destruction of development projects in Gaza. Later in the year the report formed the basis for our comments on DFID's draft Country Assistance Plan for Palestinians 2004-06. The UK Government was not alone in their interest in the report's findings.¹⁹ The Swedish Development Agency (SIDA) took the report as the analytical basis for its own Country Assistance plan for the Occupied Territories and the Chairman and one other member of the Committee travelled to Stockholm to discuss our recommendations with SIDA, the Swedish Ministry of Foreign Affairs as well as Swedish NGOs.

India

36. Much of the Committee's activity in the second half of the year was dominated by an inquiry into **DFID's programme of bilateral assistance to India**. In October we spent two weeks visiting Delhi and four of India's states. The India programme is DFID's largest bilateral programme but though the amount which DFID gives is large by DFID's standards (£250 million), in terms of India's GDP it is (at 0.06%) a drop in the ocean. Clearly DFID's assistance buys no influence or leverage with the Government of India. And even in the four focus states where DFID concentrates its efforts, though the states are unsurprisingly glad to have DFID involved, the extent of DFID's impact is hard to measure. India has experienced rapid growth since the early 1990s and has a large and prosperous middle class. There are questions therefore as to whether DFID should be engaged in India at all.

18 Second Report of Session 2003-04, *Development Assistance and the Occupied Palestinian Territories*, HC 230.

19 See Third Special Report of Session 2003-04, *Government Response*, HC 487.

37. But despite its achievements in reducing income poverty, India has had less success in reducing social exclusion, and remains way off-track on several MDGs. There are marked disparities in levels of poverty between different Indian states and 300 million people remain below the UN's poverty line. The inquiry goes to the heart of the core tasks which select committees have to address – overall issues of value for money and monitoring are key. The report will seek to ensure that if DFID is to remain in India then it will need to make a coherent case and continually revisit its rationale for being there.

Darfur, Sudan

38. In September, the Committee held a one-off evidence session²⁰ with NGOs about the ongoing crisis in Darfur, Sudan, before commencing a full inquiry into **Darfur, Sudan: Crisis, Response and Lessons** in November. The crisis in Darfur has been described as the world's worst humanitarian crisis, a label which indicates the scale of the crisis but which perhaps obscures the complex causes of the crisis and the need for a political as well as a humanitarian response. To play to its strengths, to add value, and to fulfil its core tasks - particularly identifying and examining areas of emerging policy, or where existing policy is deficient, and make proposals - the Committee's Darfur inquiry is focused on the role played by the UK Government.

39. The UK Government has played a leading role in responding to the crisis, as well as being a key player in encouraging the Government of Sudan to conclude a comprehensive peace agreement relating to the long-running North-South conflict in Sudan. Indeed, there have been some suggestions that the UK's response to Darfur, particularly the UK's willingness to press the Government of Sudan to end its support for counter-insurgency operations in Darfur, has been tempered by its desire to see the North-South peace process reach a successful conclusion. This, and the reliance placed on the African Union by the UK Government are perhaps the two central issues. Other key issues include the humanitarian response to Darfur (its effectiveness, speed and coordination), the multilateral political response to Darfur (the UN Security Council), and the "genocide" question (whether Darfur is - 10 years after the Rwandan genocide - an instance of genocide, and if so what the implications are). With the world's attention focused on the Asian tsunami at the start of 2005, the Committee's continuing work on Darfur can play an important role in keeping this issue high on the Government's list of priorities.

20 Oral and Written Evidence, 14 September 2004, HC 1058-i.

3 Examination of expenditure

40. DFID's Departmental Report 2004 formed the basis for the evidence session with the Permanent Secretary.²¹ That session tends to focus on the more visible areas of DFID activity. But in addition we pursued in writing questions which arose from the department's resource accounts and spring supplementary Estimates. These related to the increase in staff numbers and costs as well as transfers from the central reserve and a predicted shortfall in capital receipts.

41. The aims of our report **Department for International Development: Departmental Report 2004** were to make DFID more accountable to Parliament and other stakeholders, and to encourage DFID to reflect on how it manages and spends the increasing UK aid budget, so as to help DFID to make a more effective contribution to meeting the MDGs. Our report explored a range of issues including: the volume of UK aid (how much?); the allocation of UK aid (where to and why?); the mode of delivery of UK aid (how?); and, monitoring the impact of UK aid (with what results?).

42. Our report included recommendations about DFID's activities, and about DFID's reporting of its activities. In terms of its activities, we questioned the diversion of aid funds from Latin America to Iraq, and explored at some length the seemingly elastic nature of DFID's interpretation of what constitutes poverty reduction. We continued our examination of Direct Budget Support (now called Poverty Reduction Budget Support) as a way of delivering aid. We stressed that DFID's funds should be spent in places, and on activities, where they will have the maximum impact on poverty reduction, and that the roll-out of PRBS must be evidence-based. In terms of DFID's reporting on its activities, we recommended that more information be provided about the poverty focus of the multilateral organisations through which 43% of UK aid is channelled, and urged, not for the first time, DFID to improve its "traffic light" system of showing progress on its PSA targets by explaining what will be done in cases where progress is unsatisfactory.

43. We were pleased to see that DFID's Autumn Performance Report for 2004²² includes, for the first time, a section on tackling under-performance. Incrementally, our reports on DFID's Departmental Reports have helped DFID to become more transparent and accountable for its actions. This should enable DFID to become a still more effective player in the fight against global poverty.

21 *Op Cit.* HC 749.

22 Cm 6405

4 Examination of public service agreements

44. The Government response to our report on the DFID 2003 Departmental Report was received in January 2004.²³ The Government accepted that DFID needed to improve its reporting on its progress towards the PSA targets and its contribution towards meeting the MDGs. We had made recommendations along these lines in previous years too. So we were particularly pleased to see that DFID's Departmental Report for 2004, as well as its Autumn Performance Report, was organised in terms of DFID's PSA targets.

45. During the evidence session with the Permanent Secretary and in follow-up written questions to DFID, we examined progress against the targets contained in the Department's 2003-2004 Public Service Agreements. While the Department is on course to meet several important targets, progress has slipped in some key areas and is judged "too early to say" in others. Once again, the Departmental Report contained, in our view, inadequate information about how the department was addressing this underperformance. We cited two cases of underperformance in the 16 key countries in Africa: maternal mortality and under-five mortality rates. The lack of information on the steps which DFID could take to increase the likelihood of meeting targets makes it difficult for us to assess whether an improvement is likely to be made.

46. DFID's PSAs continue to raise problems of attribution. Many PSAs are affected by a wide range of factors that are not within DFID's remit. This raises questions about the suitability of some of DFID's targets. The problem is compounded by the lack of reliable data on which to measure progress against some targets and we noted a risk that poor data and an inability to measure performance could invalidate some targets. To its credit, DFID is well aware of the problem of poor data and is working with international bodies and bilaterally to support the development of statistical systems.

23 First Special Report of Session 2003-04, Government Response, HC 231.

5 Other areas of activity

Major appointments

47. We have not had the occasion to interview any new appointees to major posts in the last year. As DFID has no associated public bodies, the Secretary of State makes very few major appointments.

Associated public bodies

48. DFID has no associated public bodies.

Examination of draft legislation

49. The Department has not produced draft legislation.

Quadripartite Committee

50. The International Development Committee continued its contribution to the 'Quadripartite' Committee, together with colleagues from the Defence, Foreign Affairs and Trade and Industry Committees. The Quadripartite Committee's task is to examine strategic export controls, which it has done since 1999. The Committee published a report on the Government's Strategic Export Controls Annual Report for 2002,²⁴ which included concerns about the end-use of British equipment in the Aceh region of Indonesia. The report also covered small arms proliferation and called on the Government to use its position on the UN Security Council; its chairmanship of the G8; and its presidency of the European Union to promote international consensus in this area. If the proposed International Arms Trade Treaty is not the right solution, then another one needs to be found urgently. Towards the end of the year the Committee took further evidence to take forward this work in to 2005.

24 First Joint Report of the Quadripartite Committee of Session 2003-04, *Strategic Export Controls*, HC 390.

ANNEX A

Table 1: Subjects covered by International Development Committee, 2004

Subject	Evidence sessions in 2004	Outcome
Development Assistance and the Occupied Palestinian Territories	-	Report, February 2004
Kenya: DFID's Country Assistance Plan 2004-07 and progress towards the Millennium Development Goals	1	Report, May 2004
Strategic Export Controls: Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny [Quadripartite Committee]	2	Report, May 2004
Migration and Development: How to make migration work for poverty reduction	9	Report, July 2004
DFID's Agriculture Policy	2	Report, September 2004
DFID: Departmental Report 2004	1	Report, November 2004
The Commission for Africa and Policy Coherence for Development: First do no harm	1	Report, December 2004
Darfur, Sudan: Crisis, Response and Lessons	3	Report to be published
Development Assistance in Iraq	1	Report to be published
DFID's bilateral programme of assistance to India	4	Report to be published
The European Union's trade agreements with African, Caribbean and Pacific countries	1	Report to be published
Orphans and children made vulnerable by AIDS	2	Evidence, July 2004
Iraq: the role of humanitarian agencies in post-conflict situations	1	Evidence, July 2004
The humanitarian crisis in the Darfur region of Sudan	1	Evidence, November 2004
The Autumn Meetings of the IMF and the World Bank [2004]	1	Evidence to be published

ANNEX B

Table 2: Visits by the International Development Committee in 2004

Location	Purpose of visit
Kenya and Ethiopia	Inquiry into Migration and Development and oversight of DFID country programmes
India	Inquiry into DFID's bilateral programme of assistance to India
Paris, France and Brussels, Belgium	Inquiry into Strategic Export Controls (Quadripartite Committee)
Paris, France	Meeting of Parliamentary Network of the World Bank (delegation - 1 Member)
Stockholm, Sweden	Meeting with Swedish International Development Cooperation Agency (SIDA) (delegation - 2 Members)
Dublin, Republic of Ireland	EU Parliamentary Development Cooperation Committees (delegation - 1 Member)
Sao Paulo, Brazil	UNCTAD XI Ministerial Conference (delegation - 1 Member)
Cape Town, South Africa	European Parliamentarians for Africa [AWEPA] Conference (delegation - 1 Member)

ANNEX C

Table 3: Liaison Committee criteria relevant to 2004 inquiries

	Government and European Commission policy proposals	Examination of deficiencies	Departmental actions	Implementation of legislation	Expenditure	Evidence from Minister	Public Service Agreements
Development Assistance and the Occupied Palestinian Territories			✓			✓	
Kenya: DFID's Country Assistance Plan 2004-07 and progress towards the Millennium Development Goals	✓					✓	
Strategic Export Controls: Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny [Quadripartite Committee]				✓		✓	
Migration and Development: How to make migration work for poverty reduction		✓				✓	
DFID's Agriculture Policy	✓	✓					
DFID: Departmental Report 2004		✓	✓		✓		✓
The Commission for Africa and Policy Coherence for Development: First do no harm	✓	✓					
Darfur, Sudan: Crisis, Response and Lessons			✓			✓	
Development Assistance in Iraq		✓	✓				
DFID's bilateral programme of assistance to India			✓			✓	
The European Union's trade agreements with African, Caribbean and Pacific countries	✓						
Orphans and children made vulnerable by AIDS	✓	✓				✓	
Iraq: the role of humanitarian agencies in post-conflict situations		✓	✓				
The humanitarian crisis in the Darfur region of Sudan			✓				
The Autumn Meetings of the IMF and the World Bank [2004]		✓	✓			✓	

ANNEX D

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 2004-05

First Report	Commission for Africa and Policy Coherence for Development: First do no harm	HC 123
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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 (HC 163, Session 2004-05)
Seventh Report	DFID's Agriculture Policy	HC 602 (HC 1273)
Eighth Report	Department for International Development: Departmental Report 2004	HC 749 (HC 327, Session 2004-05)

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 (<i>HC 633</i>)
Second Report	The Effectiveness of the Reforms of European Development Assistance	HC 417-I and -II (<i>HC 1027</i>)
Third Report	Global Climate Change and Sustainable Development	HC 519-I and -II (<i>HC 1270</i>)
Fourth Report (First Joint Report)	Strategic Export Controls: Annual Report for 2000, Licensing Policy and Prior Parliamentary Scrutiny	HC 718 (<i>CM 5629</i>)
Fifth Report	Financing for Development: Finding the Money to Eliminate World Poverty	HC 785-I and -II (<i>HC 1269</i>)
Sixth Report	DFID: Departmental Report 2002	HC 964 (<i>HC 357</i> , <i>Session 2002-03</i>)

Formal minutes

Wednesday 9 February 2005

Members present:

Tony Baldry in the Chair

Hugh Bayley
Mr John Battle
Mr John Bercow

Mr Tony Colman
Mr Piara S. Khabra
Tony Worthington

The Committee deliberated.

Draft Report (Work of the Committee in 2004), proposed by the Chairman, brought up and read.

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

Paragraphs entitled 'Background and purpose of the report' read and agreed to.

Paragraphs 1 to 50 read and agreed to.

Annexes A, B, C and D agreed to.

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

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

[Adjourned till Tuesday 22 February at 2.15pm]