

## **Oxfam's response to the DFID 2006 White Paper: Eliminating Poverty**

### **Aid and development**

The new DFID White Paper puts the state at the heart of development, recognising the need for capable, responsive and accountable governments in order for development to be successful. Oxfam warmly supports this position, along with DFID's commitment to increase the amount of UK aid spent on supporting developing country governments to provide basic social services for their citizens. The commitment to provide more long term predictable financing using budget support, where possible, is also greatly welcomed. As is the recognition that health and education user fees must be abolished.

The DFID White Paper announces the introduction of a governance assessment system in order to determine where and how UK aid money is spent. However, the paper is not clear on what criteria will be used and how these will be applied in relation to specific countries – such as Uganda, where DFID's development and conflict objectives pull it in different directions. Oxfam entirely agrees that DFID has a job to do in establishing a framework to examine such potential 'trade-offs' more systematically than it has done in the past, but would like to know more detail about what this means in practice, before making a judgement about it.

Oxfam welcomes the White Paper's recognition that fragile states will require particular assistance in order to get them back on track towards meeting the MDGs.

Oxfam supports the greater emphasis on regional actors, such as the Asian and African Development Banks, and on further reform of the EU's development assistance given both the size of its budget and its strategic position.

We welcome DFID's commitment to persuading the International Financial Institutions to avoid economic policy conditionality in areas such as privatisation and trade liberalisation.

We also agree that the system for independent monitoring of international aid commitments needs to be strengthened. However, Oxfam is rather more sceptical about using the OECD's Development Assistance Committee (DAC) for overseeing this, even if it is reformed to include new donors such as China and India, as it only has ad hoc representation from recipient countries.

### **HIV and AIDS**

Oxfam welcomes the White Paper's statement on long-term, predictable, budget support because this will enable governments to increase expenditure on human resources that are desperately needed for the prevention of HIV infection and treatment and care of people living with AIDS. We are

concerned, however, that the document is weak on financing commitments, saying only that Dfid “will work with others to close the financing gap’ for international initiatives. The Global Fund currently has a financing gap of \$700 million that must be filled by November if the approved plans are to be financed. This should be given urgent priority.

## **Conflict and humanitarian**

In relation to conflict, the document makes a number of useful suggestions, such as proposing an independent World Humanitarian Report, which we would support.

With regard to further reform of the international humanitarian system, while we agree with DFID on the need for the UN to play a key role, Oxfam would also emphasise the roles of national governments, the Red Cross and NGOs in responding to crises. We share DFID’s view on the great majority of reforms to the UN humanitarian system. We would add that reform of the UN system is a means to an end, and given that in terms of service delivery, non-UN agencies deliver around 80% of humanitarian response, we perceive dangers in an overly UN-centric approach to reform.

Similarly, Oxfam would have a more ‘challenging support’ to the Cluster Approach, which we believe continues to have a number of weaknesses that need to be addressed if its added value is to be realised.

On arms, we are pleased that the White Paper reaffirms the Government’s commitment to securing an Arms Trade Treaty (ATT). We are, however, concerned that reference to inclusion of all the “world’s major arms exporters” implies support for a broad but weak ATT, whereas Oxfam and other NGOs championing the ATT would prefer to secure a strict ATT, if necessary ratified by a smaller number of governments, and build from that base. We would like to see DFID joining us in making the case for this tougher ATT across Whitehall and internationally.

On other issues, such as the responsibility to protect civilians, additional support for peace-keeping missions, and the Peace Building Commission, we very much hope that DFID’s new conflict strategy, currently being drafted, will expand on the White Paper by setting out how DFID plans to use its influence, both domestically and globally, to ensure that its desired goals are achieved in specific conflict and post-conflict countries.

The White Paper’s analysis of specific countries, such as southern Sudan, Sierra Leone and DRC is often more optimistic than our own, and we believe the new conflict paper needs to do more to highlight the very real levels of suffering that persist in many of these half peace/ half war situations around the world.

In short, the forthcoming DFID Conflict Policy has a lot to cover. The White Paper does not sufficiently show how DFID will carry out its purposes on

poverty reduction and conflict coherently. Through the 'governance assessment' or otherwise, the Conflict Policy has to explain this.

## **Private Sector**

With regard to the role of the private sector, Oxfam is pleased that the White Paper includes a number of measures aimed at improving corporate accountability, such as re-vamping the National Contact Point to enhance the effectiveness of the OECD Guidelines on Multi-national Enterprises, and moves to support a UNGA resolution on EITI as a means of legitimising and internationalising this initiative. At the same time, we would like DFID to have gone further in promoting corporate accountability, for example by supporting the inclusion of social and environmental impact measures as a within the Company Law Reform Bill.

We also encourage DFID to go further and promote social and environmental corporate accountability within its portfolio on enterprise growth, and feel that this is currently missing from that section of the White Paper. Oxfam's own experience and analysis suggests that the delivery of employment opportunities, market access and goods and services by the private sector only has a net positive impact on poverty reduction where companies ensure that their core business operations are socially and environmentally responsible. Without this, simply making it cheaper and easier to do business does not automatically lead to pro-poor growth and can, in some cases, be counter-productive unless the right kind of business is done.

Oxfam would urge DFID to go further in supporting developing country governments to gain the necessary "policy space" to define and implement their own industrial policies in such a way as to ensure that economic growth genuinely contributes to poverty reduction.

The same applies to FDI, where the absence of pro-poor regulation can limit governments' options for seeking to ensure that the activities of TNCs contribute to, rather than undermine, equitable and sustainable development.

Specifically in relation to agriculture, Oxfam welcomes the White Paper's commitment to expand productivity while urging greater support for small and medium sized enterprises as a means of ensuring pro-poor growth and tackling increased corporate concentration that adversely affects producers, agricultural workers and consumers alike.

Finally, we believe that DFID needs to address what mechanisms should be put in place to ensure that international capital flows can effectively be used to promote sustainable development.

## **Climate Change**

The White Paper rightly emphasises the enormous challenge of climate change, and we are pleased that it acknowledges both the absolute necessity and the enormous costs of meeting the clean energy needs of developing

countries. Just as we and the development community as a whole were initially slow to recognise the huge developmental impact of the HIV/AIDS pandemic, we believe there is a risk of this happening in relation to climate change. We ourselves recognise that we have a lot to do to become effective in this area. Consideration of climate change should be built into everything that we all do. We look forward to the publication of the Stern Review for further analysis on this issue.

## **Trade**

Our main area of disappointment concerns trade, where we feel that the White Paper had too little to say. While we appreciate that trade was the main focus of the last White Paper, the debate has moved on since then. We would have liked the document to acknowledge the costs, as well as the benefits, to developing countries of the sort of proposals currently on the table in the WTO negotiations.

We are also disappointed that the White Paper did not reiterate the manifesto commitment that poor countries should be able to set their own trade policies, and that it failed to acknowledge widespread concerns about EPAs.

Recognition that CAP reform has not gone far enough, and that this needs to be addressed and that this needs to be looked at again in the 2007/8 review is, however, welcome.

## **Conclusion**

In summary, there is much in the White Paper with which Oxfam agrees. The challenge ahead is for DFID to explain how it will deliver on the many welcome proposals contained in this policy statement. To achieve this, we encourage the expansion of DFID's role as an advocate, both for development and for humanitarian reform, across government, within the EU and internationally.

