

Tony Blair's legacy on international development Past achievements and failures, and future challenges

In the decade since the Labour government came to power under Tony Blair, there have been major shifts in UK policy on international development, and significant changes in the nature of the challenge posed by global poverty. This short note sets out ActionAid's verdict on 10 years of international development under Tony Blair's leadership – what has been achieved, what are the failures, and what are the challenges for his successor? - drawing on our experience of research, lobbying and campaigning on UK government policy.

Summary

- After 10 years in power, Tony Blair's government has some significant achievements to its name on international development. The creation of the Department for International Development, the refocusing of UK aid on poverty, and steady aid increases represent genuine progress.
- In 2005, Tony Blair placed Africa at the top of the international agenda at the Gleneagles G8. Although the summit fell well short of what was needed to make lasting inroads into poverty in Africa, it did secure significant pledges which – if implemented – would make a positive difference to Africa's development prospects.
- The government's 2005 focus on Africa, together with the Make Poverty History campaign, has helped to reshape UK political positions on global poverty, with the major parties now bidding to be seen as the most pro-development.
- Tony Blair leaves a major unfinished agenda for his successor, with an urgent need for action on aid, debt and AIDS to rescue the Gleneagles G8 agenda from failure. While the UK has made some initial progress on its aid pledges, it must push other countries that are currently moving in the opposite direction to the one they set themselves in 2005. A comprehensive funding plan is essential to meet the 2010 universal treatment target for HIV and AIDS
- Gender equality should be made an overarching aim of international policy, and reflected in all the UK's efforts to achieve the international development goals
- International development must be made the driving force behind trade and investment policy, with space given to developing countries to set their own policies and new mechanisms created to hold UK-based multinational corporations accountable for their development impact
- UK international policy must be made coherent with development goals, not least on climate change, where adequate funds are needed for adaptation at the same time as cuts in carbon emissions

1. International development in UK government policy

Achievements

In 1997, international development occupied a very different place within Whitehall. The Overseas Development Administration, which was part of the Foreign Office, was responsible for administering an aid budget justified on the basis of British commercial and geopolitical interests. Development did not have a voice at the Cabinet table. The UK was giving 0.26% of its national income in aid, against the UN target – agreed in 1970 – of giving 0.7%.

Three major changes were introduced in the first five years of the new government, which gave development a very different profile and role within Whitehall:

- A Department for International Development was created, separate from the Foreign Office, and headed by cabinet minister
- An International Development Act was passed in 2002, making poverty reduction the organising principle of British aid
- Two new White Papers, in 1997 and 2000, made the UN Millennium Development Goal of halving poverty by 2015 DFID's overarching aim, and led to the 'untying' of aid from UK company goods and services

These changes have given DFID some protection from the kinds of pressures that led to the Pergau dam scandal of the early 1990s, where UK aid was used to fund a project in Malaysia that was linked to a UK arms deal, but signally failed to meet development objectives. They have also given development policy a voice within the highest levels of government, and on occasion has made global poverty a factor in shaping UK foreign policy priorities – for example in the case of the UK intervention in Sierra Leone. In the area of international development, the UK has also become a more active multilateralist. Although the share of UK aid going through multilateral channels has remained roughly constant, at about 40% of the total, the UK has increased its share of funding for the World Bank's soft loan arm, the International Development Association (IDA), supported the building up of a UN standing capacity to intervene swiftly in humanitarian crises and the recognition of the 'Responsibility to Protect', rejoined UNESCO and collaborated closely with the EC on a range of issues, such as the OECD aid effectiveness targets.

Failures and future challenges

The 40% or so of UK aid that goes through multilateral development agencies often fails to benefit people in poverty. One key challenge is to use the rising UK aid budget to leverage urgently needed reform of the international aid system, especially the World Bank's IDA, and the European Development Fund, which receive the bulk of British funding to multilateral agencies. One challenge is that in practice, much of this aid is not focused on poverty and human rights. Another major problem is that the International Financial Institutions are in urgent need of governance reform, including greater voting share to the poorest countries, transparency, and reform of the leadership selection process. Despite these being identified as priorities in the 2005 Commission for Africa, the UK has failed to push these issues towards a resolution. The UK must also push for further reforms of the UN system, including greater coordination of UN agencies at the national level, a clearer division of labour between them, and the establishment – in line with the recommendations of the High Level Panel on UN System Coherence on which Gordon Brown sat – of a new, more effective and fully funded gender equality agency to replace UNIFEM.

Another major gap is the fact the International Development Act does not cover Overseas Development Assistance (ODA) outside of DFID, such as Commonwealth Development Corporation investment outflows. New provisions are needed to limit the share of ODA from outside of DFID, and to ensure that it is genuinely poverty-focused. Perhaps the greatest challenge – reflected in DFID's 2006 White Paper – is to integrate development objectives, with a strong women's rights focus, into all areas of government activity - from climate change and migration to trade and security. At the moment, there's little internal coherence across Whitehall on international development. Requiring all internationally focused government departments to report regularly against a new development Public Service Agreement (PSA) target would be one way of starting to build greater coherence. Applying the recently introduced gender duty to all UK activities overseas could help to ensure that women's rights are fully integrated into development programmes, as well as other international interventions.

2. Africa

Achievements

In 2005, Tony Blair put Africa and development at the top of the international agenda when it was made it a twin priority, along with climate change, of the G8 summit in Gleneagles. The Commission for Africa, written by a cross-departmental team of British civil servants, provided the analytical underpinnings for the G8's 'action plan'. While the outcomes of the Gleneagles summit were less ambitious than ActionAid believed was necessary to make lasting inroads into poverty – a partial plan rather than a Marshall plan - it did lay the groundwork for potentially significant progress on aid, debt and HIV and AIDS.¹ The UK has made initial progress on its own aid promises, and debt relief has been given to a group of 22 low income countries (see below).

Another effect of Gleneagles is that Africa is increasingly a fixed item on the G8 agenda. For example, Germany was reluctant to dilute an agenda focused on the global economy, but felt compelled to make Africa the second area for discussion at Heiligendamm in early June. There is a risk that these discussions become a token genuflection to the issues, rather than a serious stock take and spur to action. But the fact that Africa and development are visible at

all, and that African leaders are involved in some of the G8's discussion, has the potential to increase pressure on the G8 to stop doing things that harm Africa's development prospects, and do things that assist them.

Finally, the prominence given to Africa and poverty by the UK government has helped – together with the Make Poverty History campaign in 2005 – to shift public opinion and forge a nascent political consensus about the importance of international development. Under David Cameron, the Conservatives have committed themselves to preserving many of the key changes introduced under Labour, from the creation of DFID and the International Development Act, to the pledge to give 0.7% of national income in aid by 2013. Given these changes, there is a genuine possibility that the UK will build a durable cross-party consensus on international development similar to the one that exists in Scandinavia and the Netherlands.

Failures and future challenges

Internationally, progress on the Gleneagles pledges has ranged from poor to dismal. As the recent OECD aid numbers for 2006 revealed, most G8 countries are moving in the opposite direction to the one they set themselves in Scotland, with G8 aid to Africa falling once debt cancellation is excluded. As Kofi Annan's Africa Progress Panel – which Tony Blair is expected to join once he steps down as Prime Minister – reported in late April, the G8 will renege on its promises to double aid to Africa by 2010 unless its members start now to rapidly scale up their aid budgets. A major challenge for the next Prime Minister will be to build an international coalition committed to delivering on its promises. In Europe, this will need to focus on Germany, which must meet the largest share of the \$50bn pledged at Gleneagles, and on France, with its historic ties to Africa. The EU-Africa summit in Lisbon at the end of 2007 will be a first test of whether this 'coalition of the willing' can be built.

3. Aid and debt

Achievements

Since 1997, the Labour government has increased aid from 0.22% of national income to 0.38% excluding debt relief (and 0.52% including it). In 2004, the UK also finally committed to meeting the UN aid target of 0.7% by 2013. Equally significantly, the UK has shifted the focus of its aid squarely onto the poorest countries. The UK now gives approximately 90% of its bilateral aid spending to low income countries, and has increased the proportion going to essential services that can have a direct impact on people in poverty. Education is a case in point. While the UK gives just over half of its estimated fair share of the sum needed to achieve Education for All, it still outperforms other G8 donors, and is committed to roughly doubling its education spending by 2010 to £1bn.

Since 2001, all UK aid has been officially untied – that is, recipients cannot be required to spend it on UK companies' goods and services. This policy was a powerful symbol of the commitment to make UK aid more poverty-focused. Further changes in UK aid policy have also had an impact. In particular, the 2005 decision to stop linking UK aid to specific policy conditions, and the pressure put by the UK on the World Bank to review its own use of conditionality, has focused attention on the need for donors to respect policy space in developing countries and stop using aid as an ideological tool.

On debt, the UK has shown leadership within the G8 in pushing for agreements on cancellation in 2000 and 2005, as well as by cancelling most of the bilateral debts owed to it by low income countries. The cancellation of debts owed to the World Bank, IMF and African Development Fund by 21 countries in 2006 was one of the few examples of the G8 doing what it said it would do at Gleneagles.

Failures and future challenges

While aid has increased, the headline figures are artificially inflated by counting in debt relief and other examples of 'phantom aid'. The underlying rate of increase is still slightly too slow to take the UK to its target of 0.7% by 2013, and the UK remains a middle-ranking donor in terms of how much it gives as a share of national income. The UK must show greater leadership by bringing forward the target date for 0.7% to 2010, and by not counting debt relief as part of aid.

Roughly two thirds of countries identified as potential candidates for debt cancellation have so far not received it. The UK has yet to follow Norway's example and recognise the principle of creditor co-responsibility for the debt crisis, and the fact that some debts are illegitimate, having been caused through the lender's own irresponsibility. The UK should recognise some debts are illegitimate and call for their full cancellation.

Too much UK aid continues to be of questionable value to poor people. Technical Assistance (TA), which gets spent on capacity building, research and training, and accounts for over a fifth of the total budget, is a case in point. DFID has yet to reform its TA, which continues to be heavily driven by UK priorities and – according to DFID's own evaluations - rarely has a sustainable positive impact. Despite untying, little has changed in practice: contracts for TA, and other areas of UK aid, continue to be overwhelmingly awarded to British firms – in 2005-06, 80% of contracts from DFID headquarters went to the UK. DFID needs to make an active commitment to increasing the share of its aid going to suppliers from developing countries, and to adopt a clear position on its TA that ensures it is managed and led by the recipient.

Despite the commitment to stop tying UK aid to conditions, aid channelled through institutions like the World Bank continues to be tied to economic policy conditions. The UK should make a share of its funding for the current replenishment of the World Bank's IDA contingent on a phasing out of these conditions.

4. HIV and AIDS

Achievements

At the Gleneagles summit, the UK recognised the threat posed by the HIV and AIDS pandemic to broader development objectives, when it successfully pushed the G8 to commit to the target of achieving universal access to treatment by 2010. This target was amongst the most ambitious in the Africa action plan, and could have a massive impact on over 5 million people with HIV who currently lack access to Antiretroviral drugs (ARVs). It also reflects a shift in donor thinking, after years of arguing that it was unrealistic to roll out ARVs in the poorest countries. Since 2003, the number of people in Africa on ARVs has increased from more than tenfold to over one million. The UK has played a significant role in this effort, and now gives \$800m a year towards the fight against AIDS – less than is needed given the estimated annual financing gap of \$10bn – but the second largest sum of any donor after the United States.

Failures and challenges

At present, the G8 are well off course on reaching the 2010 treatment target they set themselves, and will need to triple their current financial effort to achieve the goal of universal access to prevention, treatment and care. Already, 31 developing countries have come forward with costed, timebound plans for reaching the target, 16 have identified a financing gap of \$1.5bn. The UK urgently needs to follow through on the Gleneagles commitment, and secure agreement amongst donor countries on a comprehensive and predictable funding plan. This plan needs to be part of a wider drive to help build the health systems of developing countries, and must be rooted in efforts to tackle the causes of the increasing feminisation of AIDS. One of the key challenges in this respect is to work with other governments to address violence against women.

5. Women's Rights

Achievements

After its establishment, DFID built a reputation for being one of the leading bilateral donors in terms of how it integrated gender into its programme and policy work. The White Papers of 1997 and 2000 recognised that inequality between women and men played was an obstacle to poverty reduction, and set out strategies to address it. The influence of the MDGs on the UK government's approach to poverty has meant that attention has focused most heavily on girls' education, sometimes to the exclusion of the broader goals of political, social and economic empowerment. Although DFID's focus on gender equality has fallen off in recent years, DFID policy on sexual and reproductive rights and the establishment of the Safe Abortion Fund in 2006, challenging the US Global Gag Rule, has been widely welcomed by women's rights advocates.

Failures and future challenges

In common with many organisations, the move to ‘mainstream’ gender in UK development policy after 2001 in practice weakened DFID’s commitment to the issue. A 2006 independent evaluation of DFID’s work on women’s rights found that it was not given priority, seen as an ‘add-on’ and in competition with other development goals, due to inconsistent internal leadership. The 2006 peer review of the UK aid programme by the OECD-DAC came to similar conclusions. DFID was also criticised for not thinking through the implications of new ways of channelling aid, such as direct budget support, on work on women’s rights and gender. Research by AWID, the Association of Women in Development, shows that with less funding available for civil society organisations, the important role that grassroots women’s rights organisations play in holding developing country governments to account has been threatened. Renewed impetus is now being given to work on gender and women’s rights in DFID, with the recent launch of a Gender Equality Action Plan. Political-level leadership is needed to ensure the plan is fully implemented and monitored. Embedding gender equality indicators within the new PSA target on international development, and identifying an international dimension to the cross-departmental PSA on gender equality will be important measures to cement government commitment to this issue. With a new gender duty in place in the UK, which requires public bodies proactively to promote gender equality, there is an opportunity for the new Prime Minister to apply the principles of the duty to the UK’s international policies.

6. Trade and investment

Achievements

As a response to pressure from Trade Justice campaigners, DFID and Treasury in particular have recognised that the development benefits of trade liberalisation are not automatic. Trade and investment have increased massively since 1997, but while this has led to prosperity for some, others have been increasingly marginalised. In the past decade, the government’s stated position on global trade talks has become increasingly nuanced. Increasingly, the government argue for a gradual approach to liberalisation in the poorest countries, and for efforts to mitigate its worst social impacts.

Failures and challenges

There have been three major failures on trade and development under Tony Blair. First, despite adopting some of the language of ‘trade justice’, this has typically not been reflected in EU trade policy. Over the past decade the EU has made stronger demands on developing countries for reciprocal liberalisation in exchange for access to European markets, and continued to dump heavily subsidised agricultural products in developing country markets, undercutting the livelihoods of smallholder farmers. The ‘Singapore Issues’ of investment and services liberalisation, which were rejected in WTO negotiations, have crept back into bilateral trade negotiations between the EU and the Africa, Caribbean and Pacific (ACP) group of countries. Secondly, the UK government has failed to halt the use of trade conditionality. Conditions on World Bank and International Monetary Fund loans – supported by the UK - have continued to prise open markets, often with scant regard for the social and economic impact this might have on people in poverty.

Thirdly, the UK government has failed to take the measures needed to make overseas investment pro-poor. In particular, it has failed to curb the abuses of Multinational Corporations based in Britain, beyond promoting voluntary codes which tend to be ignored by the worst culprits, or are too weak to effect meaningful change.

The key challenge for the Prime Minister’s successor is to ensure that trade and investment is good for development, by regulating supply chains of UK companies, introducing binding corporate accountability measures for UK MNC activity overseas, and by ensuring that trade deals between the EU and developing countries allow the space for countries to set their own policies.

New Challenges

The context in which development must happen has changed dramatically in the decade since Tony Blair became Prime Minister. The global economy has become increasingly

integrated, and income poverty has reduced significantly in China and India. At the same time, Africa has continued to be largely excluded from growth and prosperity. Inequality, between regions, within countries, and between women and men, is a major obstacle to eradicating poverty and achieving the Millennium Development Goals. Education is a case in point. While the number of children out of primary school has reduced from 125 million to 80 million, the target of equal provision for girls and boys has been missed, and the world is off track on meeting the goal of universal primary completion. The health MDGs are on track to be missed by a wider margin still, in part because of the effects of HIV and AIDS and the lack of access in the poorest countries to basic life-saving treatments.

The developing world is becoming increasingly differentiated, between middle income countries and low income countries, and is ever more urbanised. Conflicts are more and more within states rather than between states, and civilians, and in particular women, are increasingly the victims. Perhaps most significantly, climate change is a present as well as a future threat to the development gains of recent decades, and is having an especially negative impact on the poorest countries in Africa, where amongst other dangers it threatens crop yields and access to water. With climate change, as with many of these other challenges, the UK has both contributed to what is a global problem, and must now work for a collective solution. This must include adequate funding for adaptation, as well as measures to cut carbon emissions. This is the development challenge facing Tony Blair's successor.

Summary verdict

The last ten years have seen significant achievements on international development in the UK. In the first five years of government, UK development policy was substantially redrawn, in a way that has increased its profile and influence within Whitehall and has laid the foundation for steady increases in UK aid and a refocusing of that aid on poverty. In 2005, Tony Blair demonstrated leadership by placing Africa at the top of the G8 agenda, and by securing some potentially significant commitments from other G8 governments on aid, debt and AIDS. Since 2005, the UK has started to implement its pledges to increase aid and the political landscape has changed, with the Conservatives now bidding with Labour to be seen as the most pro-development party. In part, this responds to shifts in UK public opinion brought about by Make Poverty History.

At the same time, Tony Blair will travel to the G8 in Heiligendamm in early June knowing that without further progress on the 2005 commitments, a major question mark will hang over his legacy on international development. While the UK has made some initial progress, the countries that had furthest to travel to reach their Gleneagles pledges – Italy and Germany in particular – have done the least to meet them. A substantial unfinished agenda confronts his successor. This challenge is threefold: first, the UK must demonstrate that it is serious about poverty eradication and gender equality both through its aid budget, and through its wider international policies. A settlement in the forthcoming Comprehensive Spending Review that takes the UK on a straight line to 0.7%, and a clear ongoing effort to improve that aid, is crucial. But so too is a greater effort to ensure that development objectives are mainstreamed across Whitehall, especially in areas such as trade and investment, where they have previously been marginal.

Secondly, the UK must work with other G8 and donor countries to build a coalition that is serious about implementing its pledges on aid. This will require close collaboration with the governments of Germany, with its pivotal role in meeting the Gleneagles aid pledges, and of France, with its historic ties to Africa. It will also require a strong role for the EU, which – if the aid pledges are met – will become the largest donor bloc by a large margin in the coming five years. Finally, the UK must work multilaterally, through the EU and through global forums, to respond to new and emerging development challenges - like climate change - and ensure a clear focus on the needs and priorities of the poorest and most vulnerable countries.

ⁱ See ActionAid's verdict on 2005 - http://www.actionaid.org.uk/content/documents/AA_2005_verdict_1312006_155350.pdf