



Foreign &
Commonwealth
Office

Foreign & Commonwealth Office Departmental Report

1 April 2007 – 31 March 2008

Summary

Better
World,
Better
Britain



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Better
World,
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Foreword by the Foreign Secretary, David Miliband

"I'm in no doubt that we have the best diplomatic service in the world. I've seen your professionalism, creativity and energy. A professionalism that's founded on expertise, but also on commitment beyond the call of duty. Thank you for the work that you do, and please keep up your efforts to ensure that Britain has a pioneering and effective foreign policy."

The Prime Minister, Gordon Brown, speaking at the FCO Leadership Conference, March 2008

In an ever more inter-connected world, foreign policy is at the heart of the Government's drive to build a better Britain. As the pages of this report show, the FCO is engaged across the whole range of the Government's business, to help ensure that our country takes the opportunities, and manages the risks, of globalisation.

To achieve this, it is important to be clear about the profound shifts going on in the way power is dispersed in the modern world. Economic power is moving east to Asia. The spread of democracy, and the power of the internet, is giving non-governmental groups and the citizen new power

to participate in shaping policy. And the need for global solutions to the great issues of our time, like climate change, terrorism or inequality, is moving power to a global level.

The United Kingdom (UK) is well placed to benefit from these power shifts. We are an influential member of all the key multilateral bodies starting with the EU and the UN. We have strong bilateral links across the globe. Britain is emerging as a global hub, not just for financial services, but for ideas, for excellence in innovation, and for solutions to global challenges.



The FCO and its worldwide network of posts is a unique national asset. Our diplomats have world-class skills in understanding, and influencing, what is happening abroad. While preserving those strengths, it is crucial that the FCO changes to keep pace with changing circumstances and demands.

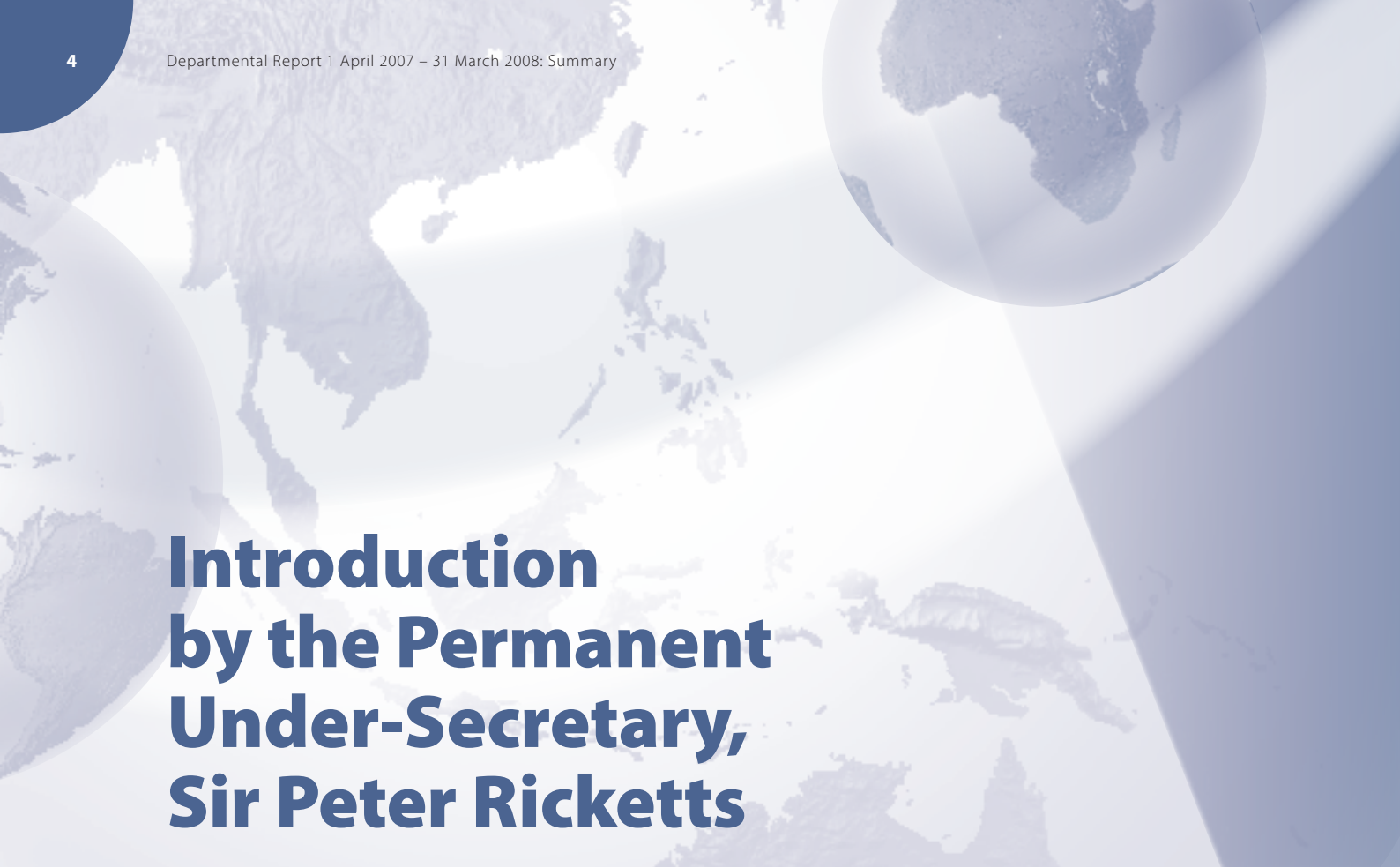
This requires clarity on the FCO's future role and priorities. That's why, when I took over this job, I set in hand a strategic review to ensure that the FCO was focused on the most important issues on which it could make the most difference.

The results are set out in this Report. After extensive consultations inside and outside Government, I am satisfied that we reached sound conclusions. We now have a more rigorous strategic framework for the FCO's action in three areas: providing the global network delivering for the whole of Government; service delivery to citizens and business; and four foreign policy goals. We have in the process forged closer partnerships with a number of government departments which will on certain issues be taking the lead on international as well as domestic policy-making.

As a result of careful prioritisation, we are able to commit more resources to our four leading policy goals. The challenge for the FCO now is to show that it can deliver results on these goals, and across the whole strategic framework. For this the FCO needs to become more flexible and more diverse, better reflecting modern Britain. It needs to modernise how it works and where staff are deployed. As this Report shows, far-reaching reform is under way. It needs to be pushed forward vigorously.

I'm confident that the FCO can succeed in this transformation. I've been impressed by the quality of staff, both UK civil servants and staff recruited locally by our embassies, and by their dedication and sense of public service. More are now serving in more difficult and dangerous places than ever before. This Report sets out what they achieved over the last year. I offer heartfelt thanks on behalf of the Government, and I believe the country, for what they have done.

The Rt Hon David Miliband MP
The Secretary of State for
Foreign & Commonwealth Affairs



Introduction by the Permanent Under-Secretary, Sir Peter Ricketts

I'm proud of the achievements of FCO staff this year. We delivered for Britain in difficult areas of foreign policy and helped tens of thousands of British people overseas. We've continued to modernise the way we work. And we thought deeply about the role of a foreign ministry in today's interdependent world. Under the Foreign Secretary's guidance, we have developed a new strategic framework. This enables all our staff, wherever they are serving, to understand how their contribution fits into the FCO's overall purpose of improving the prosperity and security of the British people. We've sought to sum this up in our new mission statement: Better World, Better Britain.

A key part of the FCO's role is to serve the citizen overseas. Over the last year our consular staff gave assistance to some 35,000 British people in difficulty or distress around the world. Our visa service – for foreign nationals wishing to come to this country – is world class. UK Trade & Investment (UKTI) helped keep the UK the number one inward investment destination in Europe.

On foreign policy, FCO staff in the UK and in our global network of posts have responded to crises such as the upheavals in Burma, Pakistan and Kenya. They have worked in dangerous conditions helping to bring stability in Afghanistan and Iraq. They have lobbied and negotiated to reduce tensions in the Middle East and to secure the release of hostages. The FCO has worked with other Whitehall departments to counter terrorism, halt nuclear proliferation, campaign for climate change and tackle inequalities and poor governance in many countries.

The FCO is becoming a more modern, flexible and efficient organisation. To make the most of the talents of all our staff we have introduced a new Strategic Workforce Plan. We have improved business planning and updated our finance function. We are introducing a new IT system that will enable us to work more flexibly in future.



The Foreign Secretary, David Miliband, refers in his Foreword to our new strategic framework. One benefit of developing this has been a new focus on how the FCO works with other Whitehall departments. Our Ambassadors and their staff are there to deliver the overseas priorities of all government departments. In some areas, we have agreed new partnerships with Whitehall colleagues who will take on a greater leadership role on the international aspects of policies on which they lead domestically.

We are now aligning our resources with these priorities, and shifting a number of staff within our global network to the areas of the world where they are needed the most. We will not be closing posts as part of this exercise: we are determined to maintain global reach.

Since the new strategic framework will be the organising principle for the FCO's work in the coming years, this year's Departmental Report follows the structure of our new Departmental Strategic Objectives in reporting the activities of the FCO for the past year.

FCO ministers and the Board have worked closely with our staff and stakeholders in producing our new strategic framework. This has been a rigorous process, and a healthy one for the organisation. We now have a clearer focus, a resource settlement for the next three years, and revitalised partnerships with other departments in Whitehall. Our big task now is to deliver the objectives ministers have set. I'm confident the modernising FCO is in good shape to do so.

Peter Ricketts
Permanent Under-Secretary
(Chairman)

Highlights of the year

The FCO, in the UK and through its network of 260 posts worldwide, was active in lobbying on, influencing and negotiating a huge range of international issues, while providing services to British citizens and business abroad. A selection of the year's highlights are set out below.

The Global Network

A flexible global network serving the whole of the British Government

- The FCO's network of posts worked on behalf of all government departments. We were involved in securing the agreement on the Bali road map on **climate change**. Posts also played a key role in delivering the UK's **counter-terrorism** strategy in countries like Pakistan, and the Government's **migration** strategy in Asia, the Americas and Africa.
- The FCO has started to **shift resources** (people and money) from Europe to the Middle East, Asia and parts of Africa to reflect the Government's changing priorities.

Essential services

Support the British economy

- UKTI, the joint FCO and BERR department, co-ordinated the Prime Minister's visit to China and India in January 2008, during which a new \$60 billion **trade target with China** and £10 billion worth of **future contracts with India** were announced.
- Latest UKTI figures showed that more than 7,500 companies improved their performance as a result of UKTI support, generating around £2.5 billion.
- The UK maintained its position as the number one inward investment destination in Europe through the 1,400 **inward investments** into the UK.

- UKTI launched **new marketing strategies** for four priority sectors (information and communication technology, life sciences, energy technologies and creative industries), which aim to place the UK as the leading international partner of choice in these fields.

Support British nationals abroad

- The FCO helped nearly 35,000 **British nationals in serious distress** abroad. In a typical week in Thailand, we dealt with five deaths, one rape, three arrests, one assault, one hospitalisation, one missing person report and 29 lost passports.
- The FCO sent rapid deployment teams to help British nationals caught up in five **crises** around the world, including Hurricanes Dean and Felix in the Caribbean and plane crashes in Cameroon and Thailand.
- Our **'Know Before You Go'** campaign¹ won a Travel Advertising Industry Award and received two nominations for the European Public Relations Awards.
- During political unrest in Pakistan and Kenya, our online **travel advice** and a phone line helped tens of thousands of people to make decisions about their travel plans.
- The FCO played a key role in passing the Forced Marriage (Civil Protection) Act and hosted a major EU conference on **forced marriages**.

Support managed migration for Britain

- In June 2007, the FCO launched *Managing Global Migration*,² the Government's new international **migration strategy** with the Border and Immigration Agency (BIA). From 1 April 2008, the BIA will become the UK Border Agency.

¹ See www.fco.gov.uk/en/travelling-and-living-overseas/about-kbyg-campaign

² See www.bia.homeoffice.gov.uk/sitecontent/documents/managingourborders/internationalstrategy/internationalstrategy.pdf?view=Binary

- Our close co-operation with the BIA meant the Government exceeded its target of returning 4,000 **foreign prisoners** to their countries of origin.
- The FCO and BIA successfully concluded an agreement with China on the return of **Chinese nationals** illegally in the UK.
- The FCO supported 48 projects globally as part of the **Migration Fund**. In 2007 we reached agreement with BIA and the Department for International Development (DfID) on a new and expanded trilateral Returns and Reintegration Fund for 2008/09.
- During 2007 the FCO contributed to 62 of BIA's country of origin reports, which provide a basis for determining asylum claims.
- A **new points-based system** started to manage the entry of people who want to work or study in the UK (this system is being rolled out globally in 2008/09).
- UKvisas, our joint operation with the Home Office, completed the global introduction of **biometric data collection**, under budget and ahead of schedule.
- The FCO created a new network of **migration officers** in key priority countries to deliver the Government's objective of returning to their country of origin those immigrants who have been convicted of criminal offences and to deliver other objectives.
- The FCO worked intensively to secure the release of BBC reporter **Alan Johnston** after 114 days of captivity in Gaza, and of the 15 Royal Navy personnel detained in Iran.
- The FCO successfully negotiated the return to the UK of three former UK residents held at **Guantanamo Bay**.
- The FCO worked closely with the other E3+3 countries (UK, France and Germany, plus the USA, Russia and China) and the UN Security Council to agree a further sanctions resolution (UNSCR 1803) on 3 March 2008.
- The FCO helped make further progress towards an **Arms Trade Treaty**, with detailed multilateral discussions starting in February 2008.
- The then Foreign Secretary, Margaret Beckett, set out a renewed vision of a world free from **nuclear weapons** in a keynote speech in Washington.
- In 2007 the UK provided £3.25 million worth of funding to more than 20 projects to support multilateral efforts to stop the proliferation and illegal spread of small arms and light weapons.

Prevent and resolve conflict

Policy goals

Counter terrorism, weapons proliferation and their causes

- Significant **additional resources** were allocated to countering terrorism and weapons proliferation – a top FCO priority – as part of the Comprehensive Spending Review settlement.
- A visit by a delegation of British Muslims to **Sudan** led to an FCO-supported fundraising concert called 'Muslim Live 8 for Darfur'.
- In **Burma, Zimbabwe and Kenya**, local FCO staff and across the network worked with international partners to provide political solutions to the crises and to avert future conflicts. We have used diplomatic contacts and targeted governance projects to support civil society and promote **political reform**.
- In the Middle East, the FCO supported the **Annapolis negotiations** and tackled Palestinian humanitarian, economic and security issues.
- In **Afghanistan**, we nearly doubled the number of our staff working in Kabul and Lashkar Gar. With the team in London (also nearly doubled in size), they continued to play a leading role in the Government's comprehensive strategy to improve Afghanistan's capacity to govern itself effectively and to improve reconstruction and development efforts.

- In **Kosovo**, the FCO and our staff in the region focused on supporting the international process to resolve Kosovo's political status, and since the declaration of independence have continued to work with the UN, EU and NATO to encourage stability in Kosovo and the region.
- In **Iraq**, the embassy in Baghdad and consulate in Basra worked with Iraqis to take responsibility for their governance, leading to the UK handing over security responsibility for Basra in December 2007.
- On **Darfur**, the UK Mission to the UN led international efforts to adopt UNSCR 1769 which led to the deployment of a joint UN and African Union peacekeeping force. On the ground in Khartoum and in Darfur we have kept up the pressure on all parties for a ceasefire and political solution.

Promote a low carbon, high growth global economy

- The FCO's global network has campaigned to raise global awareness of the urgent **climate change** challenge, and we played a key role at the **UN conference in Bali** in December 2007, by helping launch detailed negotiations towards a framework to reduce greenhouse gas emissions from 2012³ onwards.
- The FCO promoted and secured the first ever **UN Security Council debate** on the issue. At the **G8** summit, our contribution achieved major progress on action to tackle climate change. And it was our activity that prompted the EU towards introducing ambitious climate change and energy goals, and helped launch negotiations on a global climate deal for 2012 onwards.
- The FCO worked internationally to build support for the Prime Minister's Millennium Development Goal 'Call to Action' initiative,⁴ aimed at creating a new partnership that goes beyond governments to end **global poverty**.
- The FCO helped reach the agreement to raise the status of the **UK-China** high-level economic and financial dialogue. This will be led in 2008 by the UK's Chancellor and the Chinese Vice President.

Develop effective international institutions, in particular the UN and EU

- The FCO was centrally involved in the negotiation of the **Lisbon Treaty** and the preparations for its passage through parliament. This Treaty provides the EU with a more stable and lasting institutional framework, which allows nation states to respond effectively to the challenges of globalisation, and to deliver on key issues such as employment, growth, security, the environment and foreign policy.
- The FCO played a key role in creating a system of scrutiny within the **UN Human Rights Council** for every UN member.
- The FCO helped create a new UN special rapporteur to consider modern **slavery issues** and make sure that a UN General Assembly resolution on the **death penalty** calling for a worldwide moratorium is adopted.
- The FCO helped to achieve a more targeted **UN budget** and to set up a new body to audit the UN, which delivers more effective quality, oversight and value for money.
- In 2007/08 the FCO funded the involvement of around 300 UK election observers in support of OSCE **election observation**.
- At the **Commonwealth Heads of Government Meeting** in November 2007, the FCO helped secure mandates on climate change, Millennium Development Goals, human rights and reform of international institutions.
- The FCO worked to make sure that the **Council of Europe** remained focused on the promotion and protection of human rights. Conventions dealing with child protection, human trafficking and terrorism came into force.
- The FCO was at the heart of efforts to make sure that **human rights** are protected and those guilty of crimes against humanity called to account. In January 2008 the Special Court for Sierra Leone started to hear evidence in the trial of former Liberian President Charles Taylor.

³ The Kyoto protocol's emissions targets expire in 2012.

⁴ See www.dfid.gov.uk/mdg/default.asp



The FCO's work in context

We live in an increasingly inter-connected world. Britain has always been an outward-facing nation with international interests and responsibilities, and extensive overseas trade and investments. But the pace and scope of globalisation means that, across an ever-increasing range of activity, the well-being of people in the UK is directly affected by what happens elsewhere in the world.

The FCO has a key role to play in making sure that the Government:

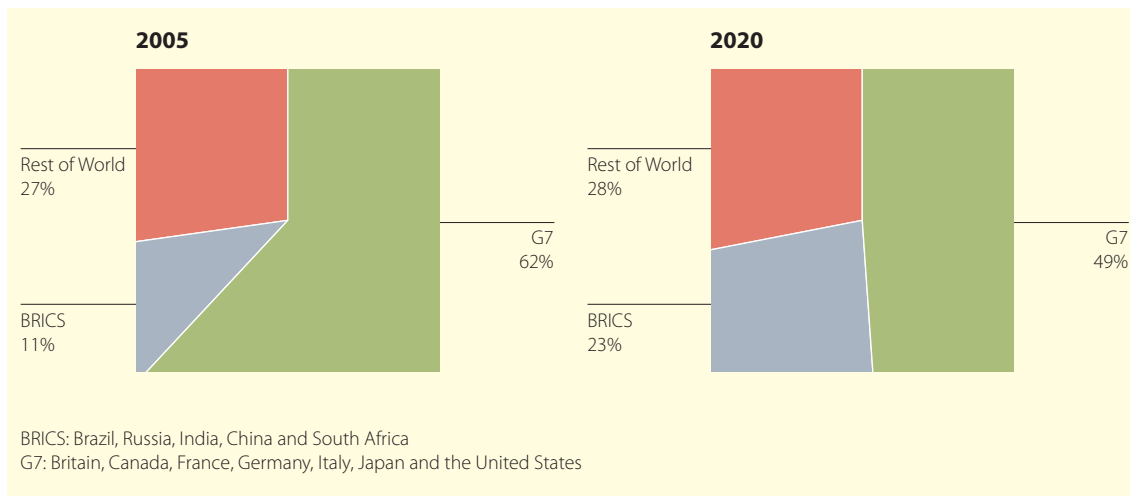
- fully understands these trends
- is able to influence them
- manage the risks and
- harnesses the opportunities.

We are also actively involved with the much wider range of those with an interest in foreign policy and international developments, from business to religious groups, non-governmental organisations and international citizens. Globalisation is dispersing power towards these groups.

Globalisation brings opportunity and risk

As trade, capital, people, information and culture become more globally mobile, this opens up significant markets for British goods and services. It also speeds up technological progress and creates commercial opportunities in developing countries, which will lift millions of people out of absolute poverty. By 2030 it is estimated that 90% of the world's labour force will live in the developing world, with China and India together accounting for 40%. China is likely to be the world's second largest economy by 2020, with India as the sixth largest. These economic trends are shifting the global balance of power towards Asia. The growth of emerging economies opens markets for strong, competitive companies, while consumers benefit from cheaper manufactured goods and services.

The emerging economies' share of the global economy will double between 2005 and 2020

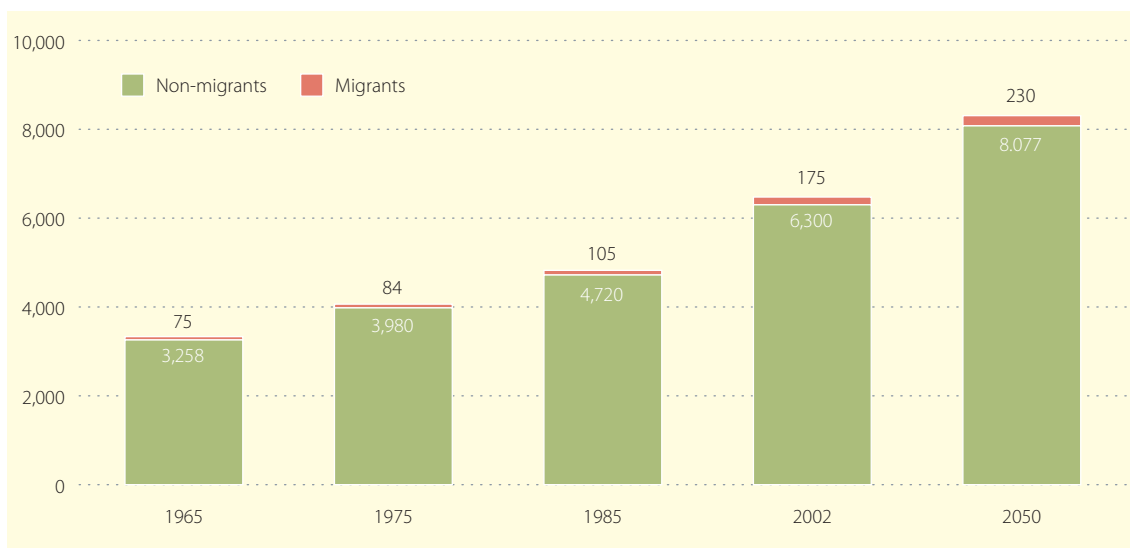


However, these emerging economies have increased competition within the global economy, raising the risks of a protectionist response (that is, governments adopting measures to protect home industries). Rapid growth can also lead to inequality within and between countries. Globalisation has also made the trafficking of drugs, people and arms possible, and made it easier for criminals and terrorists to move across borders. Recent events have shown how financial instability can rapidly spread from one region of the world to another. As we have seen, problems starting in the US sub-prime mortgage market led to difficulties in lending between banks across the world. This episode has highlighted the challenges that interconnected financial markets bring for those markets and regulatory authorities across the world.

Continued population growth fuels migratory pressures

The world's population continues to grow at a fast pace. The global population is expected to increase from 6.5 billion in 2005 to 7.7 billion in 2020 and then to 9.1 billion in 2050. In the period to 2020, 38% of this growth to 2020 is expected to be in Africa, with rapid growth also expected in the Middle East. The challenge is that the countries experiencing the most significant growth are also those least likely to cope with the corresponding pressures on land, resources and services. By contrast, parts of Europe and East Asia are already seeing declining populations, and the social and financial pressures this brings on their economies.

Increase in world population from 1965 to 2050 (millions)



Alongside changes in population numbers, there is a trend towards increased urbanisation (in other words, living in towns and cities). Most of the African population growth will occur in urban areas, doubling the urban African population to more than 700 million by 2030. By 2015 five of the six largest cities in the world will be in Asia, India and Latin America. The UN expects the number of people living in urban slums to double to 1.8 billion by 2030. In sub-Saharan Africa, urban population growth could lead to an increase in the number of people living in absolute poverty.

Such population growth is increasing pressures for migration. This presents opportunities for countries like the UK to attract highly skilled workers, who can help support an increasingly ageing population and contribute to social and cultural vitality. However, migration needs to be managed to maximise its benefits and minimise the risks. Britain also has a high number of people migrating abroad, which contributes to our role as a 'global hub' for the world economy.

Terrorism, WMD proliferation and conflict pose major challenges

The UK faces a serious and sustained threat from violent extremists, claiming to act in the name of Islam. Our task is to undermine their appeal and to strengthen our – and our partners' – abilities to disrupt their networks and protect the UK's interests overseas from attack. Terrorist groups continue to try and acquire weapons of mass destruction (WMD), which reinforces the need to strengthen international efforts to prevent this.

While the overall number of conflicts has declined since the end of the Cold War, conflict, particularly within states, continues to threaten development and contributes to wider global instability.

Environmental pressures demand growth in alternative energy

Environmentally speaking, the world is living beyond its means. Climate change is accelerating, affecting global wealth and security and this directly affects British interests. The Stern Report⁵ suggests that if the effects of climate change are not reduced, climate change will cost the equivalent of a 5 to 20% reduction in global consumption per person by 2100. Developing countries are expected to be affected most rapidly and with more devastating results. Drought, flooding, higher instances of disease and a serious loss of food productivity are predicted.

Environmental damage also continues, with significant destruction of forests and a decline in biodiversity (diversity of plant and animal life) taking place in developing countries. The global demand for energy is expected to be 53% higher in 2030 than it was in 2004, largely due to growth in emerging economies. The UK will become increasingly dependent on energy imports as our domestic supplies run out. This means we will have to manage risks from:

- higher and more volatile energy prices
- potential disruptions to supplies due to disputes, accidents or sabotage and
- nations using energy as a bargaining tool in negotiations.

The UK's increasing dependence on energy imports also means that we have to invest in carbon markets and other energy technology (for example, wind farms and water power).

⁵ The chancellor announced on 19 July 2005 that he had asked Sir Nicholas Stern to lead a major review of the economics of climate change, to understand more comprehensively the nature of the economic challenges and how they can be met, in the UK and globally. See www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_index.cfm

Technological advances create new international networks

Technological innovation and the spread of technology across the globe continue to drive significant changes, such as increasing prosperity, allowing information to be shared across continents and helping us to tackle disease and food shortages. Biotechnology (such as the genetic engineering of micro-organisms) and nanotechnology (such as molecular engineering) are key future advances that could transform living conditions for all of us. The spread of information and communications technology is already helping to transform developing countries, by linking them to the rest of the global economy.

Technological advances have enabled people across the globe to connect and communicate with a range of international networks, sharing ideas and socialising. For example, the number of internet users worldwide has risen from 16 million in 1995, to 1.173 billion in mid-2007, and is expected to reach the two billion mark by 2011. These exchanges strengthen the ability of civil society and individual citizens to participate in debate and policy formulation.

As a result of these developments, events that happen abroad have a more direct impact than ever before on the lives of people in the UK. There are exciting new opportunities to tackle global challenges and for collaboration on technological advances. However, technological change also brings risks. As the world becomes more reliant on complex technological systems, it also becomes more vulnerable to criminal and terrorist groups exploiting the flows of information.

Global mobility makes the FCO's consular work all the more important. The number of people travelling on long-haul flights to and from UK airports has grown from 32 million in 1996 to 47 million in 2006. The UK has the third highest

number of outward travellers of any country in the world. Our citizens are travelling abroad in greater numbers, and they are also going to more difficult and dangerous places. Our staff are helping more people every year who are the victims of crime, accidents or natural disasters.

The issues outlined here represent just some of the general trends that are affecting the UK's interests at home and overseas. The FCO is itself changing so that we reflect these trends in our priorities and resources.

Better World, Better Britain: the FCO's new strategic framework

When David Miliband took over as Foreign Secretary in June 2007, he set in hand a review of the FCO's strategic priorities. This began with his first speech, on 19 July 2007 at Chatham House,⁶ where he invited staff and stakeholders to consider the key issues on which the FCO should focus and where the FCO could add the most value.

The review drew on the views of external experts from academia, non-governmental organisations and businesses. FCO staff across the network, along with partners across Government, also contributed to the debate.

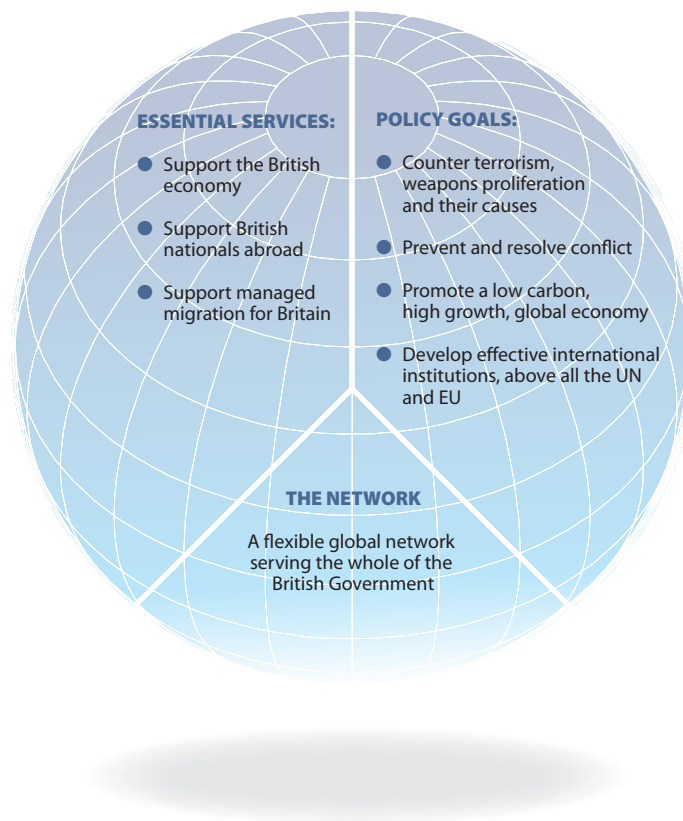
This review complemented work already under way to respond to the results of the FCO's *Capability Review* in March 2007,⁷ and the outcome of the 2008/11 Comprehensive Spending Review.

One of the key messages of these discussions was the conclusion that the existing framework of ten international strategic priorities (see annex A) was no longer appropriate. This framework had first been set out in the 2003 white paper *Active Diplomacy for a Changing World*.⁸ Although the framework had been useful in helping the FCO plan its work and allocate its resources, there was agreement that we needed a new framework to drive our work forward.

6 See www.fco.gov.uk/en/newsroom/latest-news/?view=Speech&id=1892864

7 Cabinet Office, *Capability Review* of the Foreign & Commonwealth Office, March 2007: www.civilservice.gov.uk/documents/capability/pdf/Capability_Review_FCO.pdf

8 See www.fco.gov.uk/en/about-the-fco/what-we-do/funding-programmes/public-diplomacy/



The new strategic framework consists of three core elements.

1. A flexible **global network** of staff and offices, serving the whole of the British Government.

This is a national asset that allows Britain to operate effectively across the world. Our network of 260 posts in 145 countries not only delivers on our traditional foreign policy agenda, but also on the enormous range of economic, social and security issues that affect British citizens and businesses abroad. This network is also responsible for the security and good governance of the Overseas Territories.

2. Three **essential services** which:
 - support the British economy
 - support British nationals abroad and
 - support managed migration for Britain.

We deliver these services through UK Trade & Investment (UKTI), UKvisas, our consular teams and the Borders and Immigration Agency (BIA).

3. Four **policy goals**, to:
 - counter terrorism and weapons proliferation, and their causes
 - prevent and resolve conflict
 - promote a low carbon, high growth global economy and
 - develop effective international institutions, in particular the UN and the EU.

These are the FCO's priorities in advancing the UK's foreign policy, through which we aim to shape the international agenda, to protect our citizens, promote our economy, and spread our values. The FCO's embassies abroad also have an important role in working on behalf of all government departments to deliver their objectives abroad.

Together these elements provide our new set of **Departmental Strategic Objectives**, agreed with HM Treasury. These are the basis on which the FCO – like all government departments – receives its funding from the taxpayer, and against which its performance is judged.



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