

Department for International Development

**Annual Report
and Resource Accounts
2008-09**

Volume I of II

Resource Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000.

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IVORY COAST Abidjan

Cocoa beans being loaded onto a cargo ship at the port. The country is among the world's largest producers of cocoa.

Photographer © Sven Torfinn/Panos Pictures

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This is part of a series of departmental reports which, along with the Main Estimates 2009-10, the document Public Expenditure: Statistical Analyses 2009, and the Supply Estimates 2009-10: Supplementary Budgetary Information, present the Government's outturn and planned expenditure for 2009-10 and 2010-11.

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Foreword: by the Secretary of State



This Annual Report sets out the progress made by the Department for International Development over the past year in tackling extreme poverty around the world.

The achievements highlighted here have helped to transform lives for the better. Thanks to DFID's work in 2008, more than three million children have been vaccinated against measles – a disease which continues to claim lives across the developing world. We have helped train over 100,000 teachers, provided clean water to almost a million people and given more than 12 million people access to better sanitation.

These achievements build on the progress made over the last decade towards meeting the Millennium Development Goals. Aid increases and debt cancellation have helped to get 40 million more children in school. The number of people with access to AIDS treatment has increased from just 100,000 to over 3 million. The proportion of the world's population living in poverty has fallen from a third to a quarter.

Yet these achievements have also come against a backdrop of both persistent poverty and new challenges. There are still over a billion people around the world living on less than a \$1 a day, nine million children die from preventable causes each year, and 70 million children are denied the opportunity to go to school.

Now a global recession, triggered by a financial crisis unprecedented in its speed, scale and scope, threatens to trap a further 90 million people in extreme poverty.

Climate change threatens the lives and livelihoods of this and future generations. If temperatures continue to rise at current levels, an extra 600 million people will be affected by malnutrition by the end of the century.

As many as a third of the world's poorest people – living in conflict-affected or fragile countries – live in constant fear of violence and lawlessness.

The Government's new White Paper on International Development, *Building our Common Future*, sets out how the United Kingdom's Government will respond to these challenges in our efforts to tackle global poverty.

It is clear that now is not the time to turn away from the commitments we have made to help in the fight against illiteracy, sickness and hunger around the world.

That is why this Annual Report reaffirms that we are meeting promises we have made as part of the global partnership for meeting the Millennium Development Goals.

We will dedicate 0.7 per cent of national income to development assistance by 2013. By 2010/11 our aid is expected to be higher than the 0.56% of national income European target. We will, by next year, have nearly trebled our bilateral and multilateral aid to Africa since 2004.

We make this investment because in the 21st century development is not merely a moral cause, it is also a common cause. The success and security of other countries profoundly affects our own success and security. Justice, security and prosperity are indivisible: none of us can fully enjoy them unless we all do.

This Government remains committed to building a safer, more secure and more sustainable world – and to delivering real justice for the world's poorest people.

A handwritten signature in black ink, appearing to read 'Douglas Alexander', written in a cursive style.

Rt Hon Douglas Alexander MP

Secretary of State for International Development

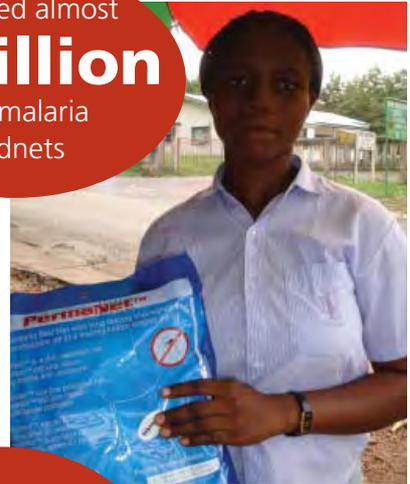
July 2009

Key Achievements

Trained over
100,000
teachers



Delivered almost
7 million
anti-malaria
bednets



Trained over
60,000
health professionals



Built or
reconstructed
12,000
classrooms



Provided
ARV drugs to almost
100,000
people with HIV

Vaccinated over
3 million
children against
measles





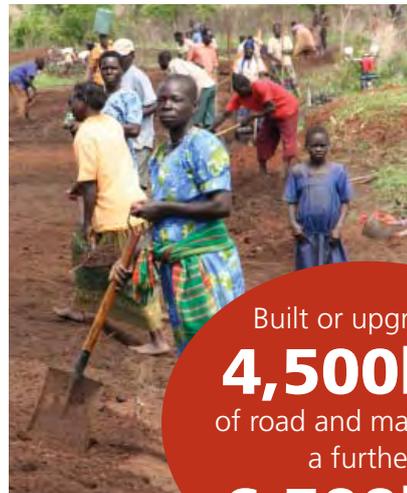
Distributed
half a billion
condoms



Provided
12.5 million
people with better
sanitation



Provided almost
1 million
people
with clean water



Built or upgraded
4,500km
of road and maintained
a further
6,500km



Provided
electricity to almost
200,000
people



Assisted over
12 million
people through food
security programmes

© Panos Pictures

Source: DFID standard indicator returns covering Public Service Agreement countries 2007/08

Chapter 1: Introduction

Aims and objectives

- 1.1 The Department for International Development (DFID) leads the UK government's effort to promote international development. DFID's overall aim is to reduce poverty in poorer countries, in particular through achieving the Millennium Development Goals (MDGs).

The Millennium Development Goals

MDG 1	Eradicate extreme poverty and hunger
MDG 2	Achieve universal primary education
MDG 3	Promote gender equality and empower women
MDG 4	Reduce child mortality
MDG 5	Improve maternal health
MDG 6	Combat HIV & AIDS, malaria and other diseases
MDG 7	Ensure environmental sustainability
MDG 8	Develop a global partnership for development

- 1.2 The Comprehensive Spending Review 2007 (CSR 2007) announced a new government performance framework for 2008/11. This includes a set of 30 cross-governmental Public Service Agreements (PSAs) reflecting the Government's main delivery and reform priorities. DFID leads on delivery of PSA 29 (Reduce poverty in poorer countries through quicker progress towards the MDGs). Our main delivery partners are HM Treasury, the Foreign and Commonwealth Office (FCO), the Department of Energy and Climate Change (DECC) and the Department for Environment, Food and Rural Affairs (DEFRA).
- 1.3 DFID is also a delivery partner on PSA 27 (Lead the global effort to avoid dangerous climate change) led by DECC and PSA 30 (Reduce the impact of conflict through enhanced UK and International efforts) led by the FCO. DFID contributes to the delivery of PSAs on counter terrorism and migration led by the Home Office. To reflect the breadth of this work DFID has

set seven Departmental Strategic Objectives (DSO) for the 2008/11 spending period. The DSOs provide an overarching framework for Ministers and the DFID Management Board to drive delivery across the organisation.

DFID's Departmental Strategic Objectives

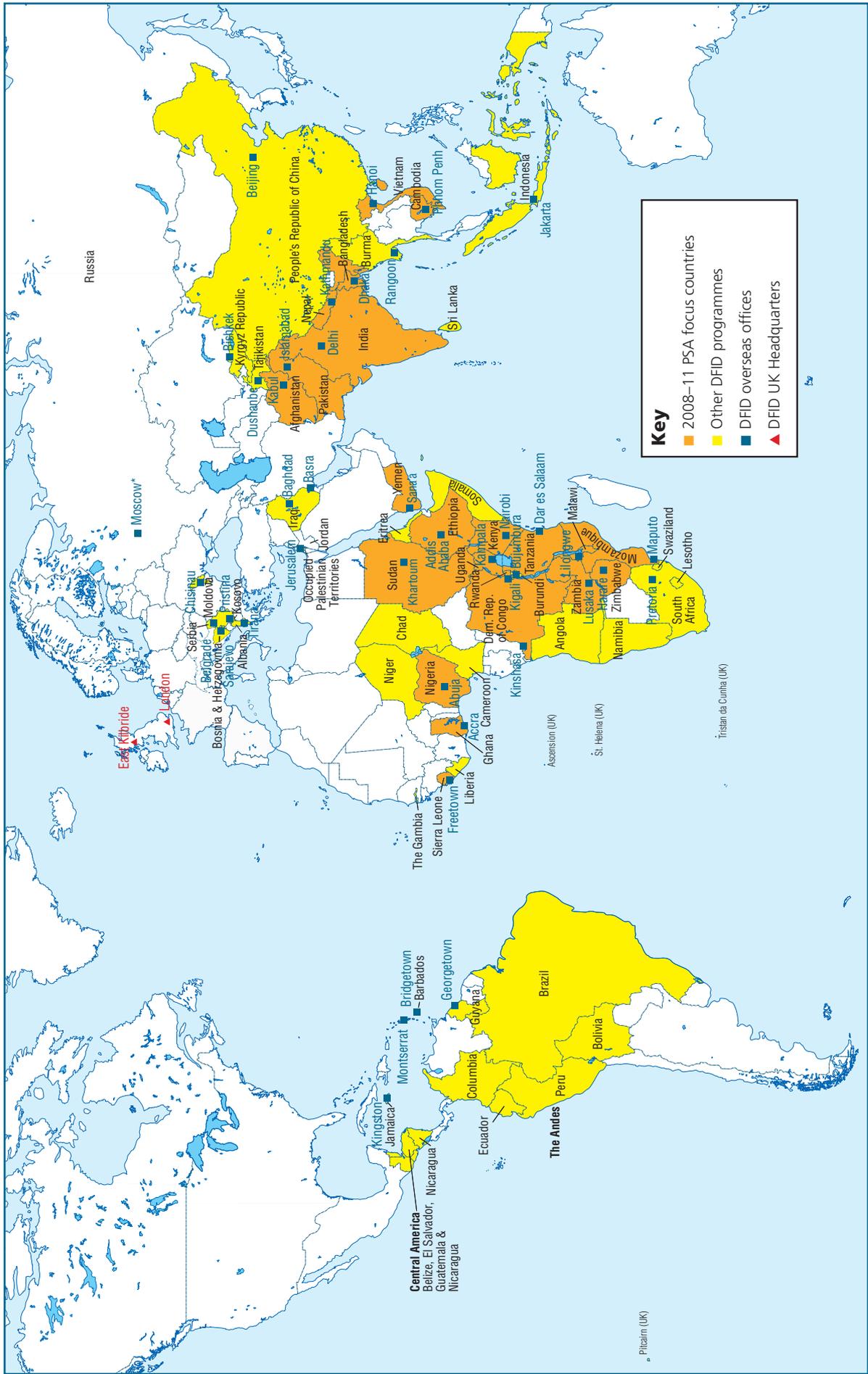
 <p>1 Promote good governance, economic growth, trade and access to basic services</p>	 <p>2 Promote climate change and adaptation measures and ensure environmental sustainability</p>	 <p>3 Respond effectively to conflict and humanitarian crises and support peace in order to reduce poverty</p>
 <p>4 Develop a global partnership for development (beyond aid)</p>	 <p>5 Make all bilateral and multilateral donors more effective</p>	 <p>6 Deliver high quality and effective bilateral assistance</p>
		<p>7 Improve the efficiency and effectiveness of the organisation</p>

1.4 This volume of the report provides a summary of progress against this overarching framework. More specific progress against the MDGs, PSA 29 and DFID's DSOs are presented in Volume II of this report.

Where we work

1.5 DFID works from two UK headquarters in London and East Kilbride, and from over 50 offices overseas. We have over 2,300 staff, almost half of whom work abroad. Our PSA focuses on progress in 22 countries – 14 in Africa and 8 in Asia. Progress in these 22 countries is at the core of our PSA commitment. The countries we support through our development assistance are indicated on the following world map. Our work also includes building support for development within the UK.

DFID's PSA countries and other DFID programmes (as at 31 March 2009)



The boundaries shown on this map do not imply official endorsement by DFID

* Representation leading on development policy work

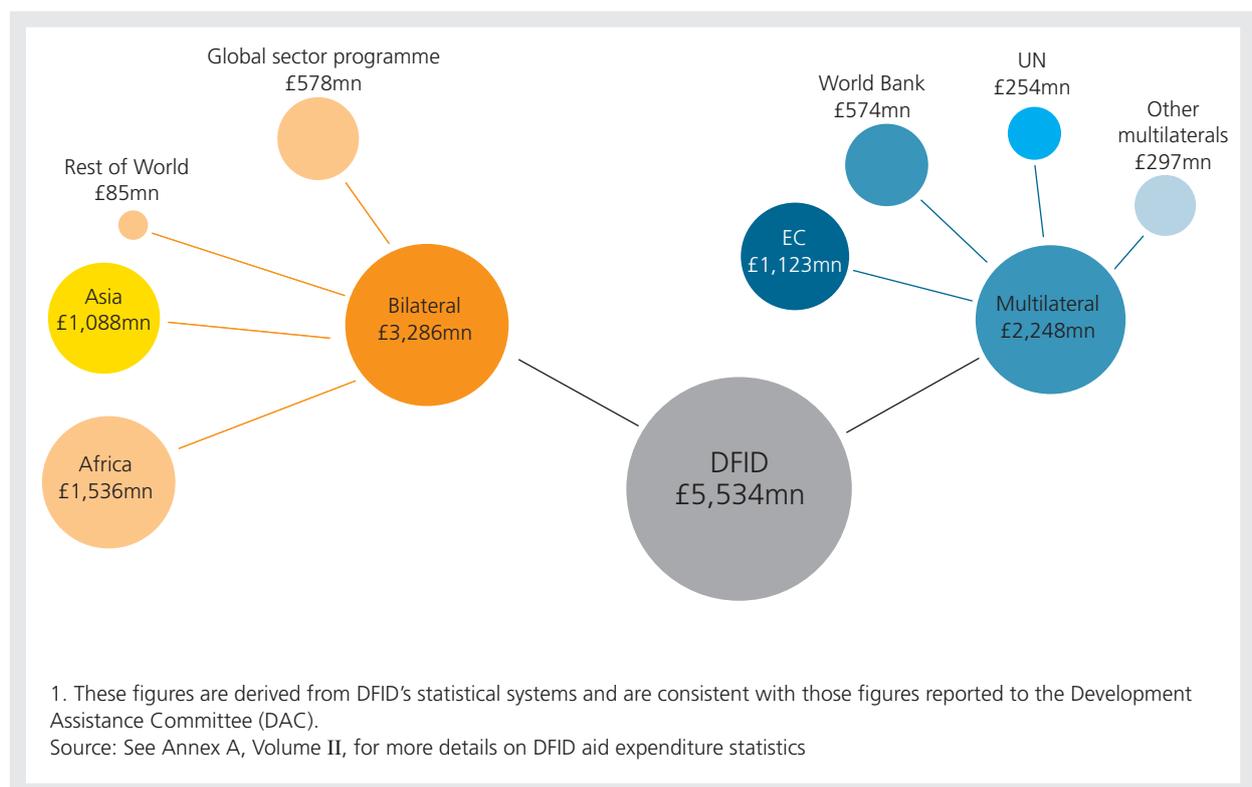
Legislation

- 1.6** DFID operates under the International Development Act, which came into force in 2002, and establishes the legal basis for UK development assistance. This means the Secretary of State for International Development can provide development assistance for sustainable development and welfare, provided they are satisfied this assistance is likely to contribute to poverty reduction.
- 1.7** The 2006 International Development (Reporting and Transparency) Act strengthens the accountability of the UK Government in delivering its pledges to help the world's poorest countries and people. The act requires DFID to report annually to Parliament on development policies and programmes, the provision of aid to partner countries and the way it is used. This report and associated annexes discharges our responsibilities under the Act, setting out DFID's activities and achievements in the year from April 2008 to March 2009.

Budget

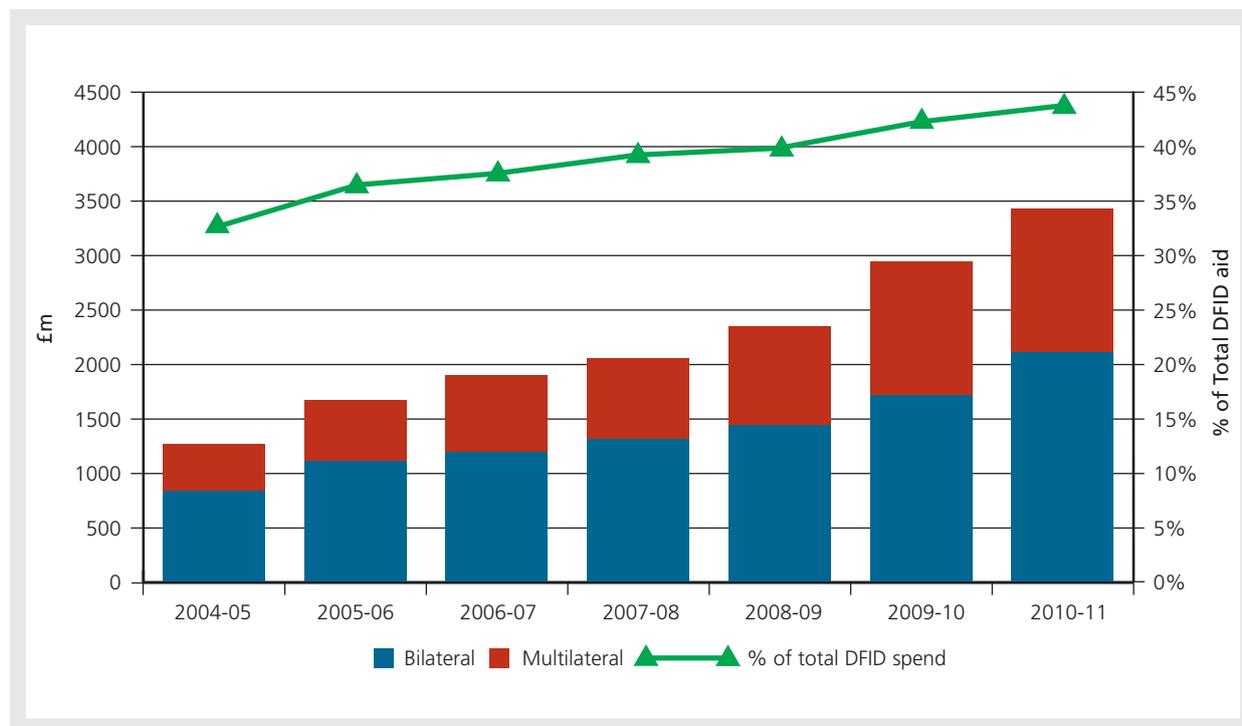
- 1.8** In 2008/09 DFID was directly responsible for £5.7 billion of UK public expenditure. Almost all of this expenditure is classed as Official Development Assistance (ODA) – official financing or other forms of assistance given to developing countries to promote and implement development. In total, including spending by other government departments, UK ODA reached £6.3 billion in 2008 or 0.43% of Gross National Income (GNI).
- 1.9** DFID expenditure is expected to be £6.8 billion in 2009/10 and £7.8 billion in 2010/11. The 2010/11 budget takes account of an additional £155 million efficiency savings identified in the April 2009 budget. However, because the CSR granted DFID substantial annual budget increases, the total 2010/11 DFID budget will still be over £2.3 billion higher than in 2007/08 and the government's projection for total ODA remains at £9.1 billion in 2010/11.

Figure 1: DFID aid expenditure 2008/09¹



1.10 Since the Gleneagles commitment of 2005, UK ODA to sub-Saharan Africa (SSA) has risen significantly. DFID's aid to SSA is projected to reach £3.4 billion by 2010/11, almost three times 2004/05 levels.

Figure 2: DFID ODA to sub-Saharan Africa



The context

“DFID is well-placed to respond to the new challenges ahead both in terms of the increased scrutiny attached to a rising aid budget and in providing global leadership at a time of economic crises and weakening international consensus on poverty reduction.”

DAC mid-term review of the United Kingdom, November 2008

- 1.11** In 2008/09 slowing economic growth, diminished access to credit as well as high energy and food prices have meant tougher conditions for many developing countries. There have also been early signs that support for aid spending amongst the UK public is diminishing. The poor are worst affected by the global economic downturn and are likely to suffer most as a result of climate change, conflict and fragility. The economic downturn has already begun to have an impact on some donors' aid commitments.
- 1.12** Our new White Paper *Building our common future* is our major policy response to this challenge and with our growing budget we are well placed to respond. Our internal change programme “Making it Happen” is designed to help rise to these challenges and further improve the efficiency and effectiveness of the organisation.

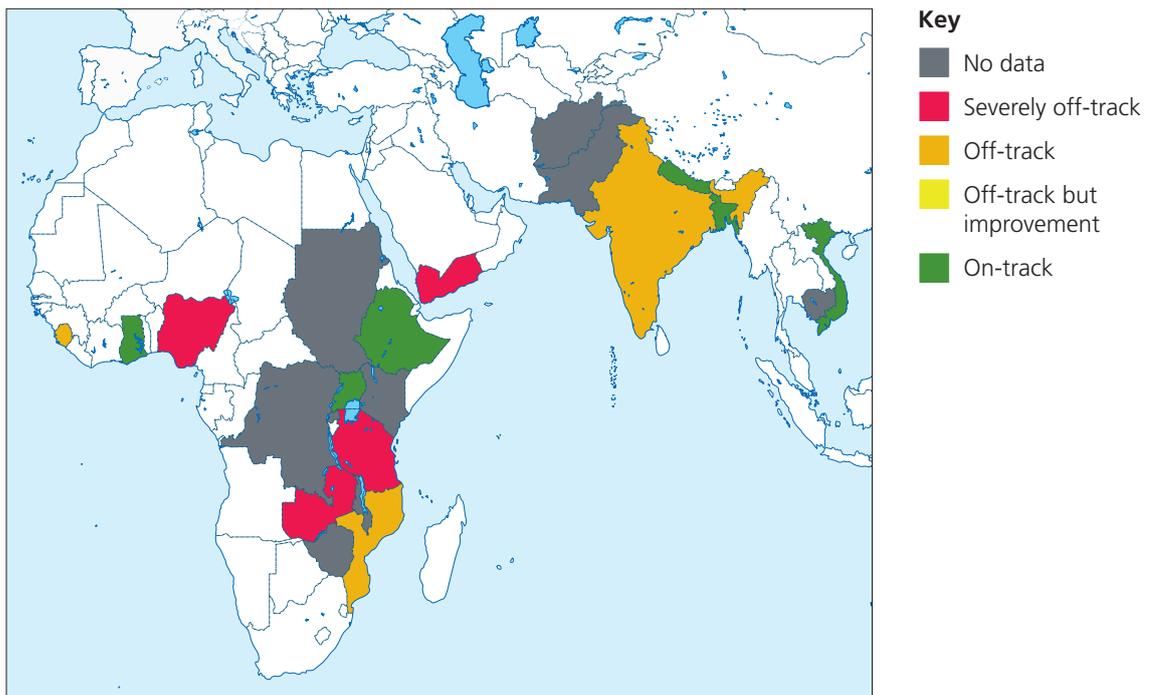
Chapter 2: Delivering poverty reduction

There are still over a billion people around the world living on less than 1\$ a day. Eliminating world poverty will remain our priority.

- 2.1** Poverty reduction is at the heart of DFID's work and we remain committed to delivery of the MDGs.
- 2.2** As a result of the economic crisis, growth in emerging and developing economies is expected to slow sharply from 6.1% in 2008 to 1.6% in 2009. Although aggregate poverty is also expected to fall over the medium term, the crisis may result in some 90 million more people living in extreme poverty after 2010 than previously anticipated. While the overall MDG target of halving the proportion of people living on less than \$1 a day remains within reach, as a result of huge economic growth in South East Asia, a large share of the world's poor (43%) remain in the South Asia region. In SSA there has been slower progress, with 50% of the population in 2005 living in extreme poverty compared with 55% in 1990. Only half of DFID's priority countries (where data are available) are assessed as being on track to meet this MDG target (to halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day).

Population below \$1 a day in DFID PSA countries

Target: Halve, between 1990 and 2015, the proportion of people living on less than a dollar a day.



DFID response to economic crisis

DFID country programmes are working with partner governments to monitor the specific impact of the crisis. As with the food and energy crises earlier in 2008, we will work to reduce vulnerability to shocks, mitigate their impact through targeted support and be flexible in redeployment of programmes. Re-allocated resources for country programmes in 2009/10-2010/11 have already been provided as follows:

- £15m for social protection in Ethiopia.
- Additional funds for social protection in Bangladesh and Mozambique.
- Scale-up of emergency aid in Kenya and Ethiopia.
- £2m brought forward for education in Bangladesh to address increased costs caused by the economic crisis.
- An adjustment, through partial credit guarantee, to the Pakistan Financial Inclusion Programme, and further work on social protection programmes.

The latest IMF projections are for slower growth in Africa (1.7% in 2009 compared with 5.2% in 2008). DFID will make additional investments in infrastructure to help sustain growth prospects, including £67m to reduce bottlenecks and increase trade flows along the North-South Corridor; and £20m for other new regional infrastructure projects. DFID is also increasing investment in basic services, in line with commitments previously made for education, water & sanitation and health. Examples include £26.5m for education and health services in Kenya and £17m for similar purposes in Ethiopia.

Delivering economic growth

Economic Growth is the most powerful tool for reducing poverty. DFID has significantly stepped up its support to economic growth in developing countries over the last year.

- 2.3 DFID's regional programme continues to support economic growth and helps lift people out of poverty.
- In **Nepal**, the UK supports inclusive economic growth programmes that provide employment for thousands of people. This support reaches a total of 225,000 people annually and directly increases their incomes. Over the next 3 years we aim to expand our current work on jobs and growth so that at least 500,000 people benefit annually from these programmes.
 - In **Afghanistan**, DFID has helped provide credit to the poorest by providing £40.5 million to the Microfinance Investment and Support Facility for Afghanistan between 2002 and 2009. Over \$600 million worth of small loans have now been made to over 450,000 entrepreneurs to help them set up or expand small businesses. Approximately \$165 million of this is attributable to DFID funding.
 - In **Malawi**, DFID support has increased access to affordable farming inputs, such as seed and fertiliser, for 60% of all Malawian households which has helped to increase food production and improve incomes. The economy grew by 9.7% in 2008 and is predicted to grow by 7% in 2009.
 - DFID support to **Mozambique** has helped to upgrade the country's road network – the percentage of roads in good or fair condition increased from 40% in 2001 to 69% in 2007.
 - Technical assistance to the Ministry of Finance (Budget Office), the Federal Debt Management Office, and the Central Bank of **Nigeria** has improved macro-economic management; growth in the economy excluding the oil sector was 7.7% in 2008.

- In **Rwanda**, DFID has helped the government carry out trials of land tenure rights that are accessible to the poor. This will give 14,900 landholders written title. There are now plans to extend the land tenure rights process to an estimated 7.9 million landowners nationwide.
- Since 2000, DFID **India** has supported the rural development programmes in Madhya Pradesh, Orissa and West Bengal which have helped raise more than 2 million people out of poverty.
- In **South Africa**, DFID has contributed £10.5 million to the Making Financial Markets Work for the Poor Programme (2002/10) which has helped make banking more accessible to poor people – the Mzansi scheme has allowed 5.5 million people to open low-cost, readily available bank accounts.
- Also in **South Africa**, DFID support in the Limpopo province, since 2006, has helped small growers to become certified as producers by major European retailers. This support has resulted in a ten fold increase in the production of oranges to 4,500 tonnes and £120,000 increase in income.

2.4 DFID works across the international system to increase support for environmentally sustainable long-term growth in poor countries by encouraging others to do more on growth and contributing to institutions that work on growth. For example, DFID encouraged the World Bank to increase investment in infrastructure projects. In 2008, the World Bank invested \$11.4bn, up \$1.5bn from 2007.

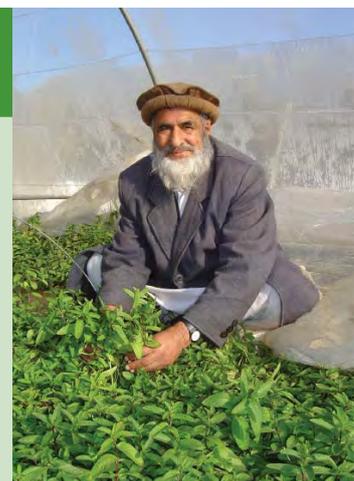
2.5 The African Development Bank (AfDB) has made a commitment in its Medium Term Strategy that more than half of all financing in 2009/2011 will be for infrastructure (such as roads, water supply, sanitation facilities, power grids and telecommunications). The AfDB has created an Emergency Liquidity Facility worth \$1.5 billion to provide fast and exceptional support to African countries and private sector operations across Africa.

Harakat (formerly the Afghanistan Investment Climate Facility)

Harakat's mission is to make Afghanistan a better place to do business. The programme helps to reduce red tape, increase access to credit, improve the use of land as an asset and facilitate joint public-private investments in new infrastructure.

Harakat was launched by the International Development Secretary in June 2008 and DFID will provide £30m in funding until 2013.

Harakat is still in its infancy but is expected to last for seven years. So far, it has approved several programmes for funding, including a hotline for traders to report insecurity and corruption. It has also funded the first assessment of the ease of doing business in Afghanistan in four years.



© Pamos Pictures

2.6 DFID is also contributing up to £17 million over four years to the Investment Climate Facility. This is a public-private initiative, which donors, through international and domestic corporations, collaborate with African governments and regional organizations to improve the investment climate at the national, regional, and continental levels.

2.7 In November, DFID agreed to contribute £7 million over three years to the IFC investment climate programme in Yemen. This programme aims to improve the business environment

through regulatory reform, training banks for lending to Small to Medium Enterprises (SMEs) and giving management training to SME entrepreneurs.

- 2.8** DFID supports Development Finance Institutions (DFIs) which are publicly owned organisations who lend and make grants to private sector businesses in developing countries. DFID is a shareholder in several DFIs including the CDC group, the UK's own DFI. CDC investments currently support some 600 businesses, employing almost one million people directly, supporting the lives of approximately four times that number indirectly and paying an estimated £250 million in taxes and other charges to local governments each year. CDC made new investments of over £430 million in 2008, despite experiencing a difficult year as financial markets fell across the world. They also attracted over £1.2 billion of other investors' commitments into the markets in which CDC invests.

How does CDC invest?

CDC provides funding to diverse businesses in the developing world. Two examples are:



Umeme, Uganda:
Upgrading an ailing power distribution network

Umeme is the principal power distribution company in Uganda. Formerly state owned, Umeme's network covers a significant proportion of Uganda and includes 230,000 poles and 17,000 km of overhead cable. Over the last 4 years CDC has invested \$40m helping Umeme upgrade and improve key areas of their business. Much of the electricity distributed by Umeme comes from hydropower, which is much cleaner than other alternatives, such as oil or coal. Umeme employ 1165 people who service 88,000 customers.



Athi River Steel, Kenya:
Providing income generation opportunities for the poorest and improving environmental management of steel production

Established in 1996, Athi River Steel is a steel smelting company which produces items such as steel spring products and building materials from recycled scrap metals. Over the last 3 years CDC has invested \$7m. Athi River Steel now employs 900 people and in 2008 their annual turnover was \$16m with \$1.1m paid in taxes between 2006/08. Athi River Steel estimate there are upwards of 150,000 people throughout Kenya who get income from sales of scrap metal to scrap metal dealers.

- 2.9** In 2008 DFID agreed a new Investment Policy for CDC which requires more than 75% of total investment by CDC until 2013 to be in Low Income Countries (LIC) and more than 50% to be in SSA.
- 2.10** The Private Infrastructure Development Group (PIDG) was set up in 2002 as a multi-donor organisation to encourage economic growth and poverty reduction through responsible private sector investment and involvement in infrastructure services. The PIDG facilities have been successful in helping to attract \$9 billion of private investment commitments to infrastructure. The projects will provide over 16 million people with new infrastructure services such as energy, transport and telecommunications.

The Global Partnership for Output Based Aid

DFID has been a key contributor to innovative development funds, such as the Global Partnership for Output Based Aid (GPOBA). GPOBA has initiated 19 projects which have already delivered services to over 250,000 people and will ultimately provide 2.7 million people with water, sanitation, energy and telecommunication services. 86% of all expected beneficiaries live on under US\$1 per day, and 99% on under US\$2 per day.

- 2.11** The Secretary of State launched the International Growth Centre (IGC) in December 2008. DFID has committed £37 million over the next three years to this initiative which will provide policy advice to help countries create high sustained economic growth. It will be run by the London School of Economics and Oxford University. It has begun work in Ghana, Tanzania and Ethiopia and the initiative will be extended to a total of 15 countries from SSA and South Asia over the coming three years.

Delivering social protection and food security

- 2.12** DFID has been influential in raising support for social protection schemes that are affordable even in low income countries. This culminated in the G20 London Summit affirming commitment to a Rapid Social Response Programme in the World Bank. The UK is contributing £200 million to support the effort to help countries scale up or extend existing social protection mechanisms, or develop new systems and capacity to protect the poorest from the impact of world recession. Examples of other specific DFID responses to protect the most vulnerable citizens from the impact of the economic crisis include:
- Several social protection initiatives were started in **Ghana** in 2008, including a government scheme that provides small sums of money as a form of social welfare to 8,200 families in the poorest part of the country.
 - The Government of **Pakistan**'s Benazir Income Support Programme launched in September 2008, has to date helped 1.9 million families receive income support payments (equivalent to £10 per month).
 - In **Bangladesh**, a regular grants scheme over nine years from 2004/05 will help lift an estimated 5.5 million people out of poverty.
 - The Productive Safety Net Programme (2005–2009) in **Ethiopia** is providing cash and food for 7.5 million chronically food-insecure people who previously depended on emergency relief for their survival.

- 2.13** In early 2008 an increase in fuel costs coupled with concerns about the supply and demand of main staples created a food crisis. The UK has championed an ambitious and coordinated international response to this crisis. At the G8 summit in Toyako in July 2008 the G8 pledged US\$10 billion for tackling hunger and called for the establishment of the Global Partnership for Agriculture, Food Security and Nutrition. The design of this Partnership was launched at the Madrid Summit on Food Security in January 2009.

Addressing food security needs

DFID Ghana is funding Care International and Action Aid, to address the immediate food needs and medium-term livelihood security of over 100 affected communities still struggling to recover from the floods and food price rises.

Alima Adamble has a household of 15, including grown-up sons and grand-children. Her family farm is in a valley, so when the rains started, it carried away all their crops. Now, in order to survive, she sells water from door to door in the town, while her husband and son both sell firewood. After obtaining seeds at the seed fair, she hopes to plant the ground nuts early to ensure a good harvest for the next season.



- 2.14** The EU's three-year Food Facility launched in December 2008 was strongly supported by the UK. €1 billion was allocated to help support poor countries most severely affected by the increases in food prices. The facility's flexibility and responsiveness allows countries hit by food price inflation to prioritise how they use the resources. Bilaterally, the UK has committed nearly £900 million in response to the Food Crisis since the start of 2008.
- 2.15** The World Bank has also launched a Global Food Response Programme (GFRP) to fast-track up to \$1.2 billion of support. Grants approved under this programme include \$8 million for the rehabilitation of around 500 small, traditional irrigation schemes in **Afghanistan**, which will be critical to the recovery of the country's agriculture.
- 2.16** In response to the Food Crisis, the AfDB reallocated project resources and restructured portfolios. For example, in Ethiopia the Bank reallocated \$61 million to savings in fertilizer and other agricultural inputs.

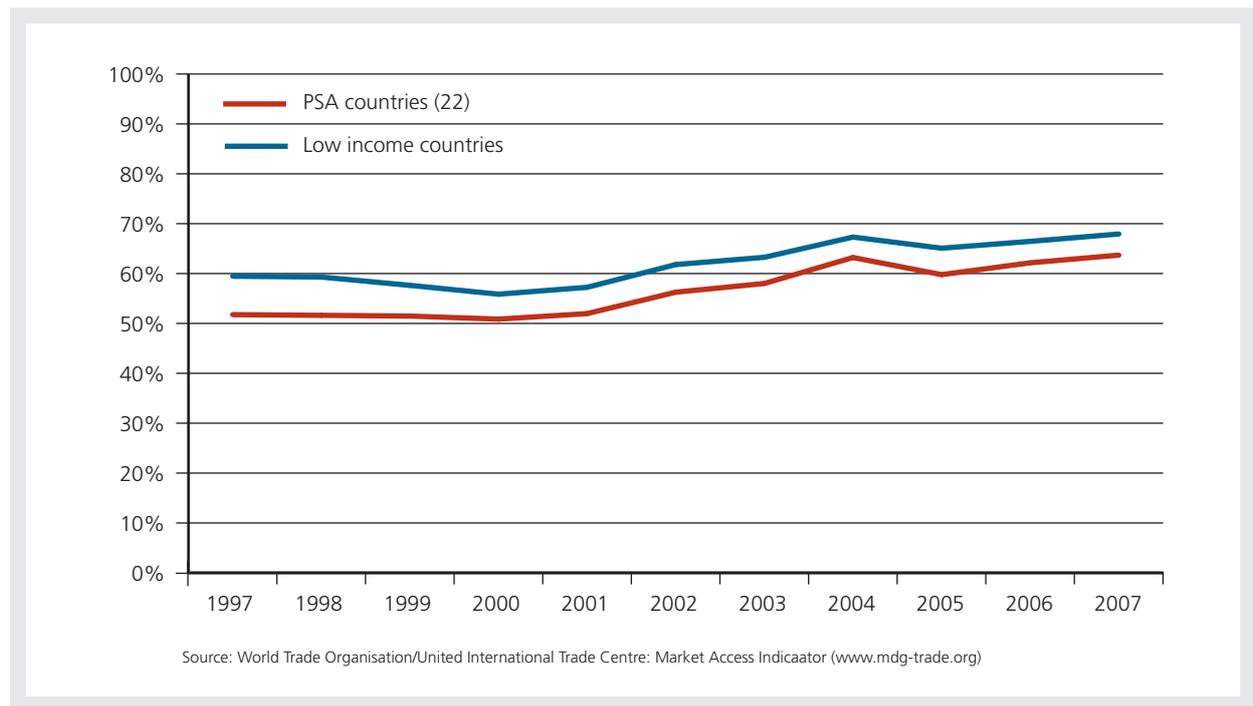
Increasing participation in global trade

"The United Kingdom has long understood [the interrelationship between trade opening and development] and DFID stands out as a global leader in advocating and actively promoting trade as an engine for growth and development."

Pascal Lamy, Director-General of the World Trade Organization

Trade drives growth. Rapid, sustained growth is the most direct route to reducing poverty. By working together, governments, consumers and the private sector can make sure poor people in developing countries are able to earn their way out of poverty.

Figure 3: Proportion of duty free imports (excluding arms and oil) into developed countries



2.17 The economic downturn has led to a slowdown in global trade and talks of protectionism. Through these difficult times, the UK continues to press the international community for outcomes that reflect developing countries’ priorities and support increasing developing country participation in global trade. This includes backing programmes that tackle the trade finance shortage caused by the downturn. DFID and the Department for Business, Innovation and Skills (BIS) Trade Policy Unit has been working with the International Financial Corporation (IFC) to promote its Global Trade Liquidity Programme (GTLP), designed to provide finance to capital constrained banks for trade finance to developing countries. The UK made a joint DFID/CDC contribution of £245 million (£200 million from DFID and £45 million from the CDC group) to the first phase of the GTLP.

2.18 The first UK Aid for Trade Strategy was launched in 2008 and sets out what the UK will do to help developing countries become more competitive traders. 2008 also saw the launch of the Enhanced Integrated Framework, set up to reinforce Trade Ministries in Least Developed Countries (LDCs).



Aid For Trade includes building productive capacities in sectors like agriculture

- 2.19** The UK's support to Fair Trade has helped deliver another year of growth in sales for 2008 above 40% (to £700 million in the UK and over €2 billion worldwide). We continue to champion practical enforcement of workers' rights through the Ethical Trading Initiative, a leading authority in working conditions that holds companies to account for practices throughout the production process and the trading chains that supply them.
- 2.20** DFID is committed to supporting infrastructure investment to facilitate growth and trade, and we are on track to deliver on our Aid for Trade commitments. This includes a £100 million contribution to the North South Corridor Project which will upgrade the transport systems servicing eight countries in East and Southern Africa. DFID's leadership has helped secure \$1.2 billion of commitments from other donors. We also support a number of other initiatives that address both national and regional constraints to integration such as:
- £575,000 to the Infrastructure Consortium for Africa;
 - £20 million to the Regional East Africa Integration Programme;
 - £15 million to the European Investment Bank's EU Africa Infrastructure Trust Fund and;
 - £25 million to the East Africa Trade and Transport Facilitation.
- 2.21** As a result of continued lobbying by the UK, significant progress was made in 2008/09 in securing development friendly trading arrangements between the EU and African Caribbean and Pacific (ACP) countries. The first comprehensive Economic Partnership Agreement (EPA) was signed in October 2008 between the EU and CARIFORUM states. Interim EPAs with Cote d'Ivoire and Cameroon were also signed in 2008/09. The remaining ACP countries who initialled EPAs at the end of 2007 are expected to sign their interim and regional agreements in 2009/10. These agreements put the trading relationship between the EU and ACP on a sustainable and development friendly footing, allowing duty and quota free access for ACP products into the EU.

The G20 London Summit – supporting developing countries

DFID was at the heart of a cross Government commitment to ensuring a pro-development outcome for the poorest countries at the G20 Summit in London.

- \$50b was made available to low income countries to safeguard development and boost growth
- \$100b of additional lending was committed by the multilateral development banks for rapid investment in infrastructure and social programmes
- Greater focus was given to the social impact on the most vulnerable, including a Rapid Social Response Fund to which DFID is contributing £200m and the establishment of a UN Global Vulnerability Alert to provide real-time information on the impact of the downturn on poor communities
- Agreement was reached to establish a process on tax information exchange to ensure that developing as well as developed countries have access to tax information and allow tax avoidance to be more effectively tackled
- Leaders made a commitment to step up the pace on reform of the IMF and World Bank, including the need for emerging and low income countries to have greater voice and representation in these organisations

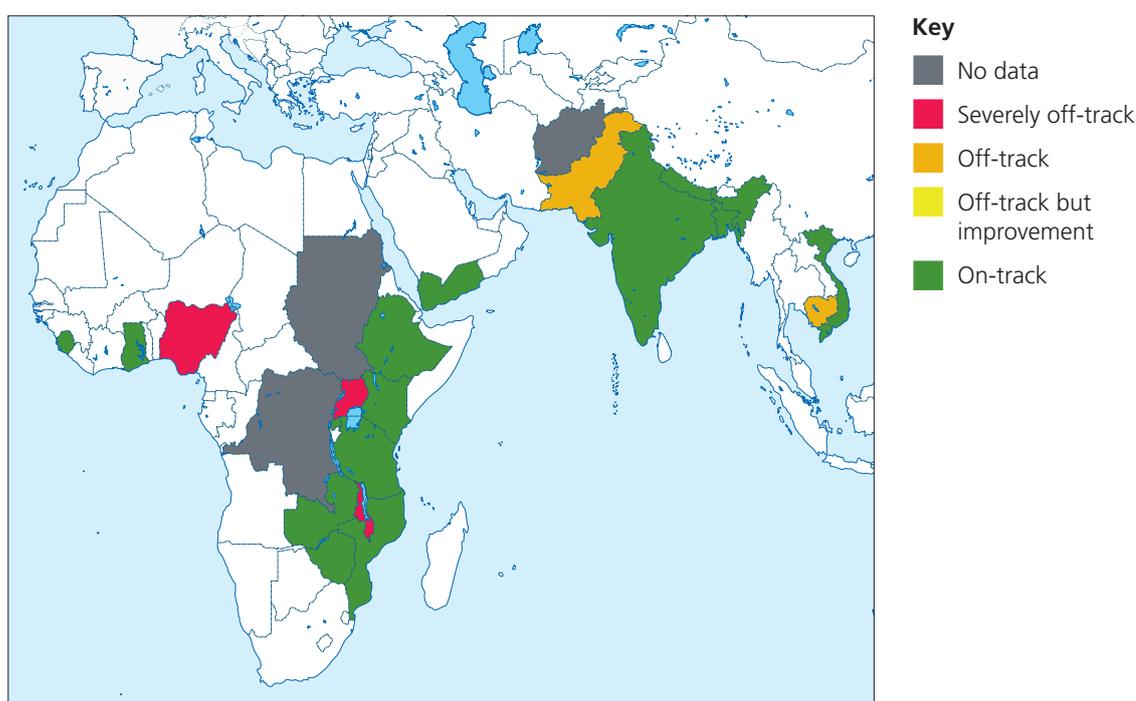
Delivering access to quality education

Education is both a right and a route out of poverty. People who have been to school are more likely to find work, look after their health and demand that governments act in their interests.

2.22 In almost all regions the net enrolment ratio in primary school is now over 90%. But there are still 75 million children, more than half of them girls, who do not go to primary school. Latest data show that among DFID's 22 priority countries, 14 are on-track to meet the MDG target. This is an improvement from 12 countries in last year's assessment.

Primary school enrolment in DFID PSA countries

Target: Ensure that, by 2015, children everywhere will be able to complete a full course of primary schooling (net enrolment ratio = 100%).



2.23 The government remains committed to its long-term spending target for education of £8.5 billion over the ten year period to 2015/16, and spending will reach £1 billion per annum by 2010. We also made a commitment to help 8 million children get access to an education or enrol at school in Africa by 2010.

2.24 DFID's interventions are having a substantial impact: our funding through government systems alone is estimated to support around 5 million children in primary school. Reviews of DFID's larger education projects show significant improvements in access to education, with all targets for net enrolment being met or on track to be met by project completion.

- In 2008/09 in **Democratic Republic of Congo (DRC)**, DFID paid for mandatory school insurance premium in state school, resulting in a reduction in school fees for around 8 million students.
- In **Malawi**, DFID funding built 544 new classrooms accommodating 46,000 primary school children in 2007/08.

- During 2008, DFID **Rwanda** paid the education cost for over 2.4 million children in primary and lower secondary schools, recruited almost 2000 additional teachers and helped construct over 2,300 classrooms. Currently, there is a 94% enrolment rate in Rwanda for both boys and girls.
- In **Tanzania**, DFID has supported a fourfold increase in spending on education, half of which is for primary schools. 4,000 extra primary schools have been built and DFID support has helped increase the number of teachers by 40%; the net enrolment rate in 2008 is 97%.
- In **Bangladesh**, the UK has helped bring a million children into NGO schools since 2004. We have also helped recruit 14,000 new teachers and build 15,000 new classrooms; primary school net enrolment has increased to 91% in 2007 from 84% in 2000.
- DFID is supporting the quick expansion of schools in **India** through the Sarva Shiksha Abiyan programme, which has established 250,000 new schools between 2003/04 and 2008/09.
- In 2007/08 DFID **Nepal** funded the Education for All Programme which helped to construct 4,670 new classrooms, rehabilitate 1,850 classrooms, and improve the water and sanitation facilities in 2,372 schools.
- Financial support from DFID **Pakistan** to the North West Frontier Province, in 2009, is helping to provide free textbooks to 4.3 million primary and secondary school children, and stipends for 300,000 girls in secondary school. This is expected to increase the numbers of girls progressing from primary to middle school.
- In **Nigeria**, a £25 million DFID grant to UNICEF helped implement a Girls Education Project in six northern states, leading to a 15% increase in girls' enrolment between 2005 and 2007. A £12.1 million grant is being provided for the second phase of the project.

DFID support for community level projects through the National Solidarity Programme in Afghanistan

Ten-year old Zarmina is too young to remember life under the Taliban, but she and her family suffered during that time. They had to leave their village and she and her sisters were stopped from going to school. After the fall of the Taliban, the family returned to their village and Zarmina returned to school.

Her school was destroyed during the war, but has now been rebuilt by the National Solidarity Programme (NSP), which the UK has supported with £32m between 2003/09. The NSP has financed over 47,000 community level projects since 2003.



© Panos Pictures

- 2.25** Our approach to education is based on international evidence of what works. DFID engages in country-led processes that strengthen developing countries' own education systems. We invest across the whole education sector with a particular focus on primary education, and increasing the proportion of girls who access education.
- 2.26** DFID uses UK membership of major political blocs and shareholdings in multilateral development institutions to shape and reform the multilateral system and to influence the volume and nature of resources available for education.

2.27 DFID actively supported the Global Campaign for Education to launch a new Education Partnership “Class of 2015” at the UN High level Event on the MDGs in September 2008. The Education Partnership event delivered more than \$4.5 billion of pledges and commitments for education, including \$450 million for the Education for All Fast Track Initiative (FTI). At the high level event DFID pledged a further £50 million to the FTI, adding to the £150 million already committed. The UK led a Task Team to develop the process and timing for the replenishment of funds needed by the FTI for 2009/10 and subsequent years.

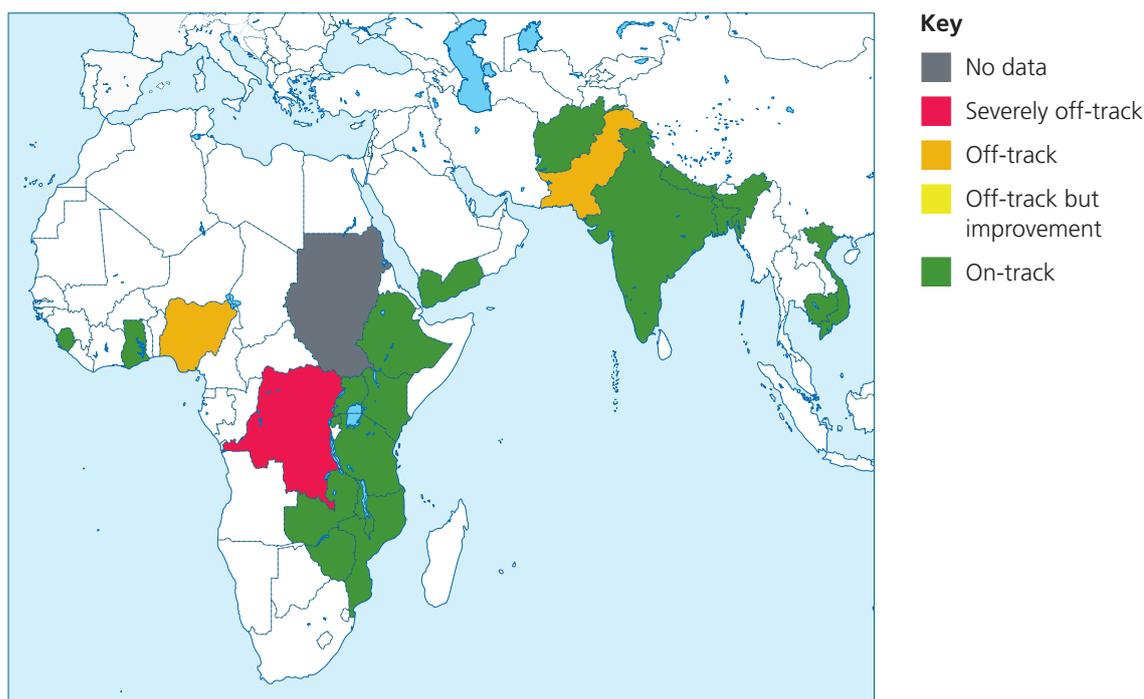
Delivering gender equality

Poverty will not come to an end until women have equal rights with men. The world is unequal and it is most unequal for women and girls. Most of the poorest people in the world are women and part of what makes them poor is the discrimination they face purely because of their gender.

2.28 Girls’ enrolment in primary school has increased faster than boys’ in all developing regions since 2000 and around two thirds of all developing countries, including 17 of DFID’s priority countries have achieved parity at the primary level.

Ratio of girls to boys in primary school in DFID PSA countries

Target: Eliminate gender disparity in primary education by 2015.



2.29 However, in Western and Central Africa where high repetition and low retention rates are common, girls in particular fail to enrol and stay in school. Elsewhere, progress on gender equality remains slow: two thirds of women in the developing world work in vulnerable jobs as own-account and unpaid family workers. And although women are gaining some ground in political decision-making, progress is erratic and marked by regional differences.

2.30 Gender equality is at the heart of what DFID does. The Gender Equality Action Plan introduced in 2007, is yielding real progress.

Helping women find work (Challenging Frontiers of Poverty Reduction, Bangladesh)

The Challenging the Frontiers of Poverty Reduction programme allows poor women to earn their way out of poverty. The women are provided with land, money, training, livestock and seeds to set up their own businesses. They receive a regular cash allowance to help during the start up phase of their business. They also receive access to essential health care, free legal services as well as training to educate them about their rights. Following a successful first phase that benefited 100,000 women, the UK has committed £75m to a seven-year second phase, which aims to help a further 800,000 extremely poor women and their households. So far 285,000 women have benefited under this second phase.

- In **Ethiopia**, DFID's contribution to the Protection of Basic Services grant has helped put an additional 2 million girls into school since 2004/05. There are now 9 girls for every 10 boys in primary school compared with 8 girls for 10 boys three years ago
- In **Ghana**, our support to the Women in Law and Development in Africa has helped strengthen the voice of women in politics and raise the profile of gender issues in the run up to the 2008 general election. There are now 15 female ministers and 4 key political positions held by women in Ghana, including the Speaker of Parliament and the Minister of Justice
- As a result of DFID's influence, free secondary education was introduced in **Uganda** in 2007 – the number of girls enrolled in the first year of secondary school has increased by 31% since the introduction of this policy
- In **India**, with DFID's backing, the Government of India's Education Women's Equality programme (Mahila Samakhya) has reached 1 million women in 9 states during 2007/08. The programme helps women ensure their daughters go to school and promises better equality in society.
- In January 2009, DFID funding helped UNDP support a fair and democratic election in **Bangladesh**. 70 million people voted – including 46 million women and first time voters – giving the first elected government in seven years a strong mandate to deliver change.
- DFID support has also helped UNDP get more women into the police force in **Somalia**. The first women's Lawyer Association was also established, providing legal assistance to victims of rape and domestic violence.

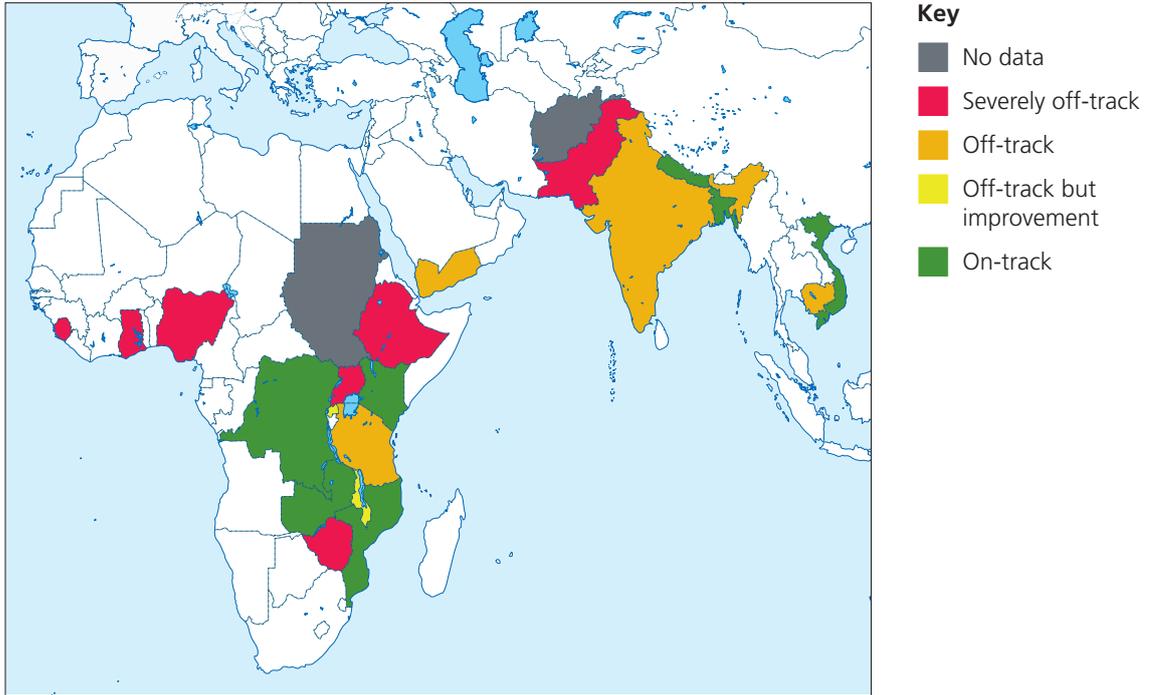
Delivering better health services

Poor people's health is a top priority. Healthy people can look after their children, hold down jobs, and help their country to grow.

2.31 Latest global data show that, for the first time since records began, deaths among children under five years old fell below 10 million. The number of DFID PSA countries on track to achieve the MDG has also risen from 4 to 7. But progress on maternal mortality and HIV and AIDS is far slower with little movement either globally, or specifically in DFID priority countries.

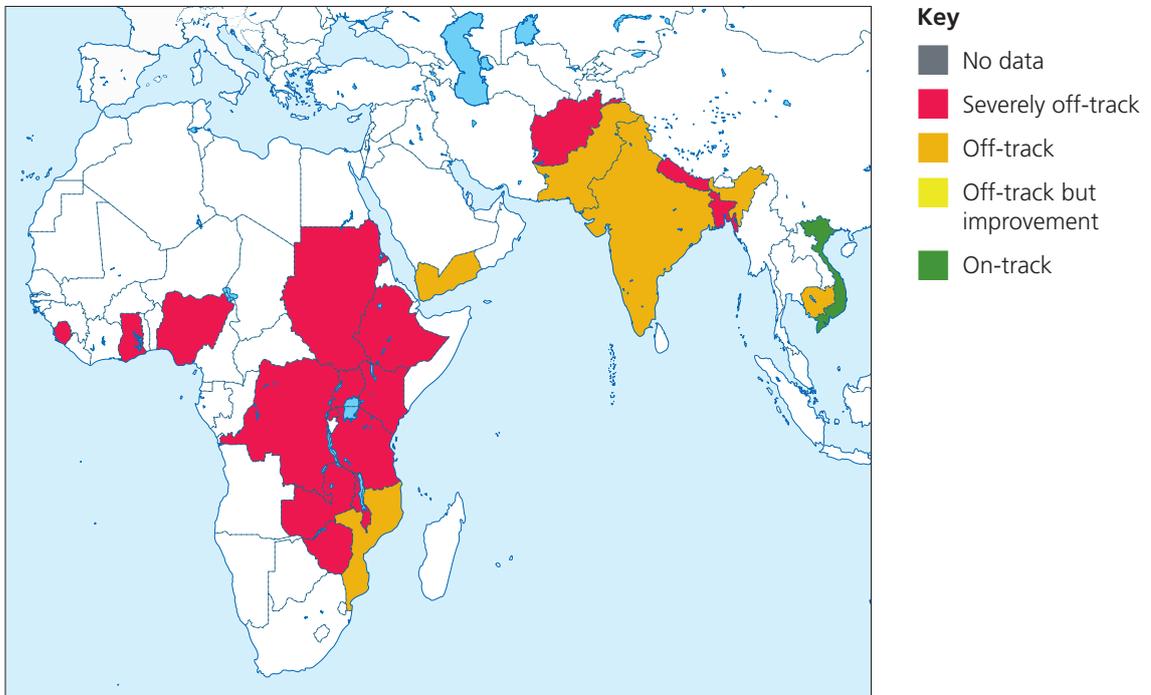
Under 5 mortality rates

Target: Between 1990 and 2015, reduce the under 5 mortality rate by two-thirds



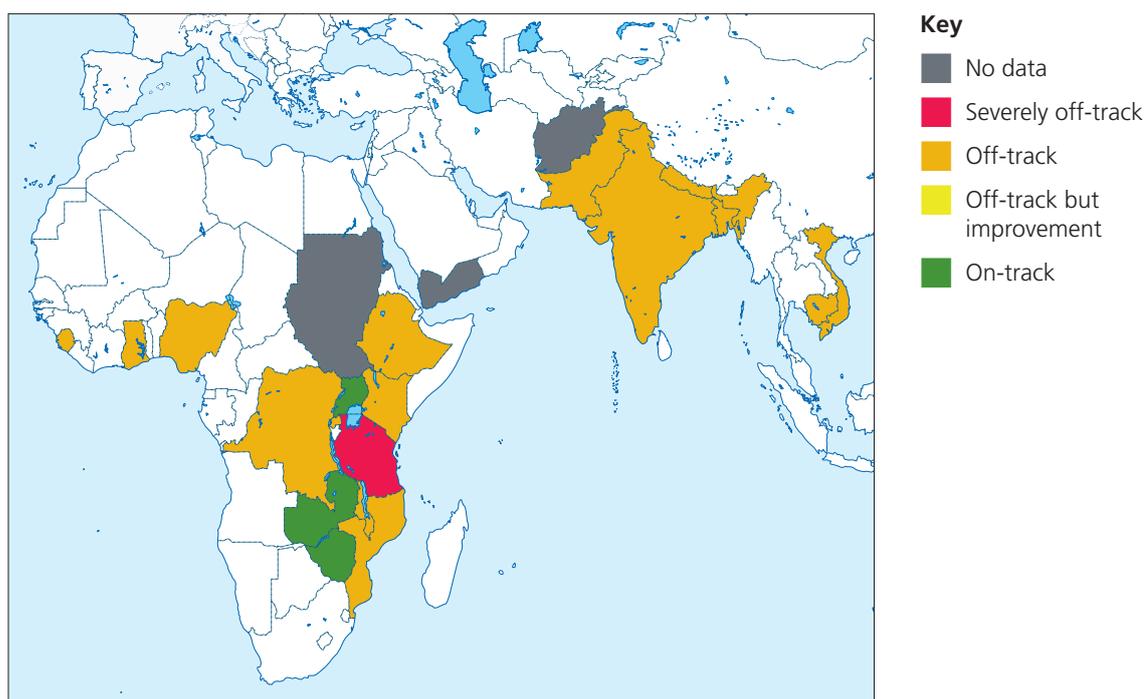
Maternal mortality ratios in DFID PSA countries

Target: Between 1990 and 2015, reduce the maternal mortality ratio by three quarters



HIV prevalence in DFID PSA countries

Target: By 2015 to have halted and begun to reverse the spread of HIV & AIDS



Delivering improved health outcomes in Malawi

Within DFID's health portfolio, the Malawi Health Sector Wide Programme is among several which have improved their performance over the last few years. DFID is the largest donor to this programme, providing £109m between 2004-11, around 19% of total health sector funds. This funding has enabled DFID to contribute to the following improvements in the health sector since 2004:

- there are now 40% more doctors and 25% more nurses working in the public health system;
- the number of HIV positive Malawians alive and on treatment has increased from 3,000 to 147,000 (up to two-thirds of those who need it);
- skilled attendance at delivery has increased from 38% to 45%;
- the Maternal Mortality Ratio has fallen from 984 per 100,000 live births, to 807;
- based on this decline in the Maternal Mortality Ratio, the health service programme has saved an estimated 1,000 mothers from dying in childbirth each year.

2.32 DFID has contributed to a number of recent successful health outcomes in partner countries.

- DFID **DRC** has bought and distributed 1.4 million bednets which have reduced the risk of malaria for over 6 million people.
- In **Kenya**, DFID support has helped provide home-based care to 64,000 living with HIV and AIDS and 110,000 orphans and vulnerable children. Social marketing of condoms (172 million from 2003-2009) has averted 85,000 cases of HIV.
- DFID, through the £30 million DFID Health Commodities Project, has provided drugs and medical equipment to a total of 1,000 health facilities in six Nigerian States since 2006. Primary Health Care centres supported by this project have shown a 58% increase in utilisation within one year of first receiving DFID support. By the end of the project in

November 2009, a total of 1,468 facilities will have been supported by DFID, ensuring the availability of drugs for an estimated 24 million outpatient consultations per year.

- In **Pakistan** over 25% of the funds of the Lady Health Workers' (LHW) ongoing national scheme are provided by DFID, who has provided funding since 2003. The LHW promotes women health workers and there are now over 95,000 LHW, 75,000 of them in remote areas. Under-5 mortality rate has reduced from 130 per 1,000 live births in 1990 to 94 per 1,000 live births from 2004-06.
- In **Cambodia** DFID's contraceptive commodities social marketing programme supports the Cambodian Government's 100% condom use programme. The programme is funding 91% of all condom distribution in Cambodia and has contributed to the rapid increase in condom use.
- From 2007-2009 DFID helped the government of **Nepal** phase in free health care for essential health services. As a result, access to emergency obstetric care has increased from 18% to 25% in 2008/09.

Improving access to vital treatment

In Malawi, Edith Mkwanda first fell ill in 2000 after delivering a baby who died five months later. She was diagnosed with tuberculosis and HIV.

Edith is now one of 147,000 people alive and on ART¹ (anti retroviral treatment), and lives a fully productive and healthy life. After dropping out of school for two years to look after her, Edith's 11-year old daughter Pronia has re-enrolled in school.



- 2.33** In September 2008 DFID launched a new strategy which sets out the way that the UK Government will work to improve the health of the world's poor population. The five-year plan highlights the critical health challenges that the UK and the rest of the world face and provides a clear set of actions to respond to them.
- 2.34** Recognising that health is a global issue, with problems in poor countries impacting upon the lives of people in the UK, the strategy looks in particular at making world health more secure, establishing strong health systems within individual countries, enhancing the effectiveness of international health organisations, supporting fairer trade between countries, and improving the use of evidence to shape new policies.
- 2.35** Also addressed in the plan are new and neglected areas such as climate change, emerging diseases, the links between health, foreign policy and national security, and non-communicable diseases in low and middle income countries.
- 2.36** The UK is committed to spend £6 billion on health systems and services over seven years to 2015, in addition to the previously announced £1 billion commitment to the Global Fund for AIDS, TB and Malaria. We continue to support the International Health Partnership (IHP+) to help build and improve access to national health systems in some of the poorest countries in the world, as well as other initiatives tackling health issues. For example, universal free health care in Nepal has led to a significant increase in use of health services at health posts.

¹ Malawi Health Management Information System (HMIS); 2008

- 2.37** DFID has committed £40 million to the Affordable Medicines Facility for Malaria (AMFm) to increase access to new treatments. We have also committed £100 million over 5 years to fund polio eradication and £50 million for neglected tropical diseases. We are supporting the Medicines Transparency Alliance which was launched in 7 pilot countries incrementally from May 2008. This alliance aims to improve access and affordability of medicines for the one-third of the world's population unable to access essential medicines.
- 2.38** In 2008, DFID contributed £20 million to UNFPA which helped provide sixty countries with contraceptives, including two new types of contraceptive for women, giving men and women more ability to plan pregnancies.
- 2.39** Improving the health of poor people is essential to help meet the MDGs and DFID supports a growing number of innovative new financing approaches to deliver better health results.
- 2.40** As well as £30 million core funding to the Global Alliance for Vaccines and Immunisation (GAVI) during 2006–08, DFID supports two major new innovations through GAVI: the International Finance Facility for Immunisation (IFFIm), which raises money on international capital markets to immunise children in the poorest countries; and a \$1.5 billion pilot for an Advanced Market Commitment (AMC) to incentivise the production by pharmaceutical companies of effective vaccines against pneumococcal diseases, which cause around 1.6m deaths annually. The UK has committed £1.38 billion over 20 years for IFFIm and will provide \$485 million over 11 years to this pilot AMC.
- 2.41** DFID also contributes to innovative funds and partnerships such as the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM); the international drug purchasing facility (UNITAID); the Taskforce on Innovative International Financing for Health Systems; and the International Health Partnership. GFATM has committed \$15.6 billion in 140 countries to support large-scale prevention, treatment and care programmes against the three diseases. These programmes have put more than 76.5 million people in the poorest countries on treatment for HIV and AIDS, tuberculosis and malaria.
- 2.42** The High Level Taskforce on Innovative International Financing for Health Systems, was established by the Prime Minister and World Bank President Robert Zoellick in September 2008, to explore new sources of finance to help developing countries achieve the health MDGs. The Taskforce recommendations, agreed in May 2009, include a menu of options to help raise additional resources for health systems (enabling donors to choose which they elect to back) and recommendations on improving delivery channels and ensuring effective monitoring and accountability.
- 2.43** The UK has led international efforts to draw up, for the first time, a Maternal and Newborn Health Consensus. The Consensus framework aligns current international momentum in politics, advocacy and finance into concrete co-ordinated action for developing countries, donors and international institutions alike to advance progress in maternal and newborn health, the most off-track elements of the MDGs.

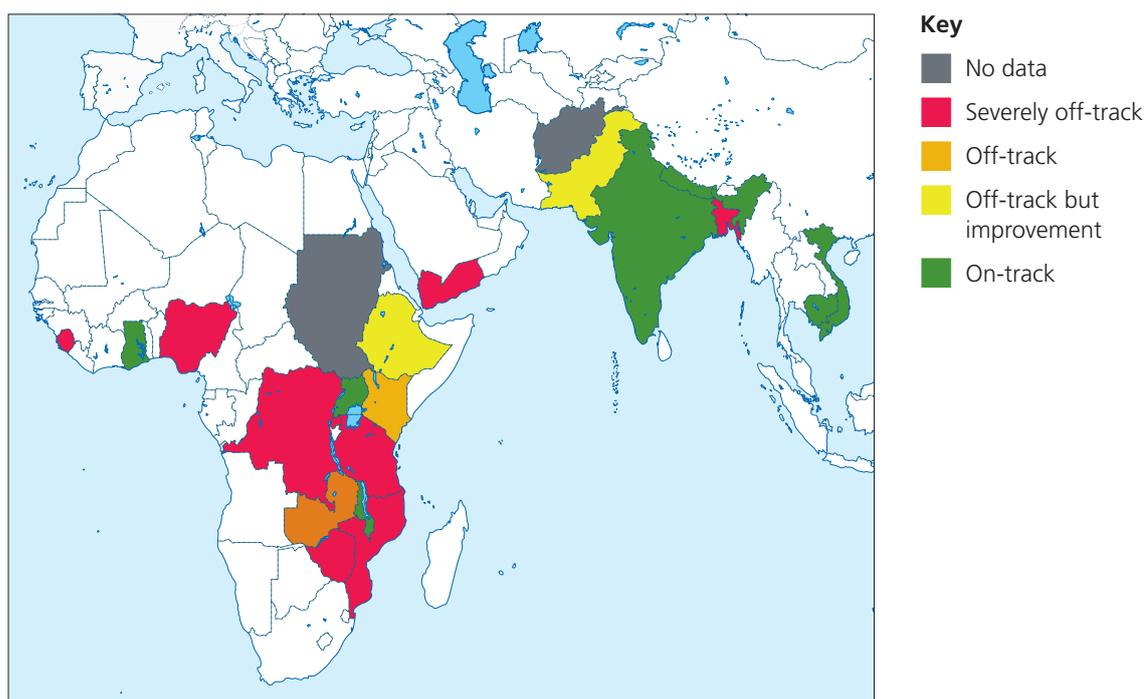
Delivering clean water and sanitation

Water and sanitation is a cornerstone of development, underpinning all of the MDGs, in particular those concerning health, education and economic growth. But most of the world's poorest countries have to cope with high rainfall variability and minimal infrastructure to store and distribute water.

2.44 Global targets on access to water remain within reach, although only 8 of DFID PSA countries are currently on track.

Access to clean water in DFID PSA countries

Target: By 2015, halve the proportion of people without sustainable access to safe drinking water



2.45 DFID launched a new Water and Sanitation policy in October 2008, which committed us to focusing on sanitation – one of the most neglected MDGs – and promoting better management of water resources across the major regions in Africa and South Asia. DFID has committed to provide £200 million by 2010/11 to address the serious water and sanitation challenges that condemn people in the developing world to poverty, hardship, disease and death, and help people to adapt to a changing climate.

Increasing access to clean water

In Kashishi village, Tanzania, wells and water pumps installed by WaterAid with DFID support helped to reduce cases of water borne diseases and also enabled women to participate in economic activities.

Rhoda Swedi was abandoned by her husband, and was able to open a food kiosk thanks to the availability of water. With the income she gets she is now able to feed her children, send them to school and take them to the hospital when needed.



2.46 In 2008/09, we supported country water and sanitation programmes that have made a real difference to people's lives:

- In **Kenya**, we are supporting the Government's Education Sector Support Programme, which includes a water, sanitation and hygiene (WASH) element and will benefit 600,000 children across 4,500 schools. We helped to construct new toilet facilities in 2,652 public primary schools, including separate cubicles for girls.
- In **Ethiopia**, our contribution of £75 million over 5 years to the World Bank's Water Supply and Sanitation programme is being used to construct new water and sanitation facilities in 200 districts and 87 small towns.
- In **Sierra Leone**, DFID's contribution of £32 million over 5 years to a joint UNICEF-Government led programme has already provided sanitation to 144 communities and latrines that are benefiting some 188,000 people.
- For the past three years in **Malawi**, DFID has delivered improved sanitation at over 400 schools reaching nearly a million pupils.
- From 2006 DFID **Sudan** has been the principal donor to the Basic Services Fund. The Fund has provided 219 boreholes and access to safe drinking water for 176,000 people, and 1193 latrines benefiting nearly 12,000 people with improved sanitation.
- In **Tanzania** DFID support to the AfDB is helping provide UAC15.5 million (\$23.25 million) to the Monduli District Water Project to provide villages with the infrastructure and expertise for a sustainable water supply and sanitation system for people and livestock.
- UK contributions to the EC are helping its Mid-western Towns Water and Sanitation project in **Uganda** provide safe, geographically accessible and affordable water to some 250,000 people.

Delivering environmental sustainability

Poor countries depend on environmental and natural resources to a far greater extent than rich ones. Poor people are particularly vulnerable to environmental disasters which affect their livelihoods. Poor countries also lack the fundamental capacity to manage the critical natural resources upon which they depend for future economic growth and human development.

2.47 Environmental sustainability is essential for poor people. They are highly dependent on the environment and its resources (fresh water, crops, fish, etc), which provide roughly two-thirds of household income for the rural poor, and are most vulnerable to its degradation. Tropical rainforests are critical for the livelihoods of about 1.2 billion of the poorest people. Ecosystems and natural resources provide a path out of poverty, support livelihoods and increase resilience to climate change and external shocks.

2.48 A key tool for improving the management of the environment is better integration of environmental priorities within development policies and planning. DFID works with the International Financial Institutions through fora such as the Multilateral Financial Institutions Working Group on the Environment and the OECD's Environment Policy Committee to encourage them to give appropriate and adequate attention to environmental considerations in

their programmes and decision making. We are providing £6 million over 4 years to the UN Poverty and Environment Initiative, which builds capacity of developing countries to better integrate environment into poverty eradication strategies.

- 2.49** At country-level we are supporting poverty reducing programmes that take account of the environment – for example:
- The Livelihood and Forestry Programme in **Nepal** (£19 million) has reduced the vulnerability of three million people, sustainably lifted 50,000 families out of poverty since the programme began in 2001 and captured three million tonnes of carbon dioxide each year, worth US\$30-50 million if traded on the carbon markets.
 - In **Bangladesh**, the Chars Livelihoods Programme (£50 million) will, by the end of 2009, have given assets (mainly cattle) and cash stipends to 50,000 women-headed households. This will have doubled household incomes and doubled the value of assets for half a million people. It will also have increased the resilience of the very poorest to climatic and economic shocks, improved their nutrition and their food security.
 - In **Tanzania**, the UK worked with UNDP to help the Government better integrate environmental management in its National Strategy for Growth and Poverty Reduction. Assistance included developing poverty-environment indicators as part of the Strategy's poverty monitoring system and budgeting processes, and work with key stakeholders in developing the strategy. As a result, 14 per cent of targets across key areas of the Strategy relate to environmental management, such as reducing land degradation, water pollution and loss of biodiversity.
 - In **Ghana**, a DFID/World Bank supported economic assessment of the contribution of natural resources has led to a long-standing engagement with the Ministry of Finance on the costs of environmental degradation. Natural resources were found to generate 25 per cent of government revenues. This initiative led to constructive engagement with the Ministry of Finance on the costs of environmental degradation – calculated to be 10 per cent of GDP per year – and on the importance of using natural resources sustainably for improved long-term growth prospects.
 - DFID's rural livelihoods programmes in the **Indian** states of Madhya Pradesh (£45 million between 2000-2008), Orissa (£43 million between 2000-2008) and West Bengal (£36 million) help communities strengthen their resilience to drought through better management of land and water and through access to improved crops, livestock and off-farm income generation. In Orissa, the programme has supported the capture of almost 800,000 tonnes of carbon dioxide, whilst also raising close to US\$ 1m in revenue for poor households. This programme has been very successful. In Andhra Pradesh for example, it has contributed to lifting 1.3 million out of poverty.
 - Through UNDP's global ozone layer protection programme UK taxpayers prevented the release of over 6,300 tonnes of ozone depleting substances in more than 100 countries through 1,900 projects.
 - The European Bank for Reconstruction and Developing (EBRD) invested €5.1 billion in 2008 in projects and initiatives across a range of sectors, supporting transition countries from Eastern Europe to Central Asia. Since 2006, the first phase of one of its major programmes, the Sustainable Energy Initiative, facilitated €14 billion of investment in energy efficiency

and renewable energy. This resulted in a 21 million tonne reduction in annual CO₂ emissions. DFID was among the first donors to support this initiative and is providing £3.4 million since 2006, for technical assistance to facilitate investment. DFID is in discussion with EBRD to agree support to a second phase of this initiative, which will include broader issues such as resilience to climate change impact.

The UN Environmental Programme – considering the environment

The environment is both a cause and victim of the conflict in Darfur. DFID funds the UN Environmental Programme (UNEP) to improve the environmental impact of international community activities in Sudan. A major success in 2008 was to 'green' the 2009 strategic framework for all humanitarian and recovery work in Sudan, covering \$2.2b of programmes.

UNEP funded the Integrated Water Resource Management project; a major study was completed identifying 23 camps vulnerable to drought and presented a four-phase strategy for drought preparedness. This was incorporated into the 2009 UN Work Plan for Sudan.

Delivering climate change adaptation and mitigation

Climate change magnifies existing threats and stresses, exposing the dependence of the poor on natural resources. The poorest people will suffer most from the impacts of climate change, making the achievement of sustainable development even harder. However, we know what is needed to meet the challenges: a global emissions limit that will prevent dangerous warming, a global carbon market to support it, and assistance to help developing countries to adopt environmentally sustainable growth paths and adapt to climate change.

- 2.50** In 2008, DFID played a leadership role internationally on climate negotiations – working to ensure that any global agreement on climate change is 'development-friendly'. We have led the way in trying to understand what low carbon development can mean for developing countries and to help them begin to respond to the challenge. We have helped protect the most vulnerable from the inevitable impacts of climate change and worked to ensure all our programmes are climate resilient.
- 2.51** The UK is developing a multi-million pound Centre for Climate and Development which will deliver knowledge management, research and advisory services on all aspects of climate change and development. The aim is to support policy making and practice on adaptation and low carbon development in developing countries. DFID's total contribution to the Centre will be £40 million over five years. Funding arrangements will be structured in such a way to also allow other interested donors to participate in the Centre.
- 2.52** In December 2008 the United Nations Climate Change Conference in Poznań saw a clear commitment from governments to shift into full negotiating mode in order to shape an ambitious and effective international response to climate change, to be agreed in Copenhagen at the end of 2009.
- 2.53** To help developing countries effectively tackle climate change and poverty, a joint DFID/ Department for Energy and Climate Change (DECC) programme will provide £800 million over three years to the Climate Investment Funds (CIFs). In 2008/09 DFID contributed half the initial instalment of £100 million. The first three national clean technology investment

plans have now been endorsed – for Egypt, Mexico and Turkey – and will support investments in renewable energy, energy efficiency and efficient transport. The UK has been instrumental in the design of the Scaling-up Renewable Energy Programme, which will be launched early in 2009/10.

- 2.54** DFID is funding research and analysis on low carbon growth. To date we have funded studies in India, China, and Brazil through the Centre for Clean Air Policy. The UK has contributed £3.4 million to the World Bank's trust fund for the Clean Energy Investment Framework (CEIF) to accelerate public and private sector investment in low carbon technologies, climate change adaptation and energy access in developing countries. We have committed £15 million to support the design and implementation of the CEIF across all the multilateral development banks (MDBs).
- 2.55** We are working closely with other government departments, in particular DECC to reframe the United Nations Framework Convention on Climate Change (UNFCCC) debate on 'technology transfer' towards a global technology policy, that helps support immediate and long-term mitigation of greenhouse gas emissions, and improved tools for adaptation.
- 2.56** DFID is also a key partner with DECC in trying to secure a good deal for poor people in the climate change negotiations – to ensure the worst impacts of climate change are avoided, and that poor countries are supported to adapt to impacts that cannot be prevented. The UK concept of a 'Framework for Action' for effective international support for adaptation is now the EU position and gaining buy-in in the UNFCCC negotiations.
- 2.57** The UK's contribution of £225 million to the Climate Investment Funds is helping Bolivia, Bangladesh, Cambodia, Mozambique, Nepal, Niger, Tajikistan and Zambia to participate in the Pilot Programme for Climate Resilience (PPCR) which aims to build climate change resilience across their economies and societies.
- 2.58** DFID is providing £2.6 million over 3 years in support for the South Asia Water Initiative (SAWI). This will enable regional cooperation to better manage shared rivers. It will support collaboration between Afghanistan, Bangladesh, Bhutan, China, India, Pakistan and Nepal on managing the Indus, Ganges and Brahmaputra. The Climate Change and Energy Unit in New Delhi brings together DFID, FCO and DEFRA to work towards key objectives like promoting low carbon technology and supporting international negotiations on a post 2012 framework on climate change. DFID is also working with South Asian governments to increase their capacity and knowledge required to negotiate the next climate deal, and ensure the voices of the most vulnerable are heard.

Improving governance

Without capable and accountable governments that are able to provide basic services, trade and growth, we cannot achieve the MDGs.

- 2.59** DFID has been instrumental in helping many countries achieve important improvements in governance, by which we mean state capability, as well as accountability to citizens and responsiveness to their needs and demands. Our support for improved public financial management is an important part of our efforts to strengthen state capability and is crucial for reducing poverty.
- 2.60** Parliamentary strengthening and electoral assistance activities are often embedded in DFID's wider efforts to promote democratic governance and deepen democracy. DFID is currently

supporting parliamentary strengthening and better governance activities in over 20 countries around the world.

- DFID funds have supported strengthening parliamentary committee oversight of public procurement in **Kenya** and parliamentary oversight of oil revenues and expenditures in **Nigeria**.
- Our support has also increased public access to parliamentary proceedings in Ghana through live television and radio broadcasts.
- DFID support has enabled the Ministry of Finance in **Cambodia** to prepare a draft Medium Term Expenditure Framework for 2008–2011. This lays the ground for a more transparent process for allocating public resources to key strategic priorities such as education while still ensuring overall fiscal discipline.
- In **Nepal**, DFID supported the elections, held on 10th April 2008, to a new Constituent Assembly. DFID helped build the capability of the Election Commission to run these elections successfully. We worked with civil society groups to provide civic and voter education and ensure that previously excluded groups were encouraged and able to vote. DFID also gave support for election monitoring and observation by national and international observers. All this contributed towards a Constituent Assembly which truly represented all Nepali people, including women, indigenous communities and Dalits.
- In **Malawi** we are working to help tribal elders apply human rights standards to the traditional justice system. At a local level, this has enabled an orphan to successfully challenge his village headman to regain access to his family property.
- In **Bangladesh**, DFID funded the transformation of a voter list with over 21 million incorrect names into a world class photo-voter roll for 81 million voters. One of the big impacts of this is that many women, ethnic and religious minorities and hard to reach, extremely poor people, who had previously been left off the voter roll, now have the vote. And on 29th December 2008, they were happy to wait in long queues for the opportunity to use it.
- With DFID's support, **Rwanda** set about modernising the nation's tax system. A major part of this was the creation of a new body that would replace the old, unreliable and often corrupt revenue departments, and collect more legally due taxes, more effectively. Since its establishment in 1998, the Rwanda Revenue Authority has gone from strength to strength, collecting £60 million in its first year and £423 million in 2008. As a result of increased revenues, the national budget has grown and since 2003, spending on water and sanitation has increased more than five-fold, education expenditure has more than doubled and health expenditure has grown to almost five times the 2003 level. With spending increasing, poverty has fallen significantly.

2.61 The Governance and Transparency Fund (£130 million), which stems from our commitment to do more on governance in our last white paper, is supporting 38 organisations around the world to improve governance and help citizens hold their governments to account. This includes a range of civil society initiatives in areas such as anti-corruption, human rights, development of a free and independent media and civic education of poor and marginalised groups. Along with the Netherlands and Norway, DFID is also helping priority countries develop better plans to improve governance and tackle corruption by funding innovative pilot projects and in-country dialogue on governance through its new World Bank Governance Partnership Facility.

Reducing corruption

Corruption undermines the fight against poverty. It hits the poor hardest. DFID's strategy is based on a zero-tolerance approach to corruption and working to ensure aid is used for its intended purposes. We work to address the underlying causes of corruption, including the international factors that allow it to flourish.

2.62 DFID programmes are achieving results:

- In **Kenya**, an innovative education sector support programme (2005-10) to improve the quality of school building programmes has placed communities at the centre of management and oversight, thus reducing the potential for corruption. As a result 4,700 public primary schools across Kenya are being physically developed through community contracting. More than 2.5 million children are currently benefiting and the build quality is better as communities have taken on responsibility for planning, implementing and maintaining their own educational infrastructure.
- In **Uganda**, DFID has helped to clean up corruption in the public sector by helping to stop payments to 9,000 'ghost workers' (non-existent employees featuring on payrolls). The money saved through this and similar efforts have amounted to some £12 million (2006-07), which is enough to feed 1,000 children with three meals a day for over a year.
- DFID is working with the Government of **Sierra Leone** to tackle corruption, which affects the government's ability to raise revenues. In 2008, we supported the new national corruption strategy and new legislation on corruption.

2.63 Corruption is not just a developing country problem. The UK Government is proactively working to ensure that UK systems to combat international corruption are robust. For example, DFID is funding police units in the Metropolitan and City of London Police which are investigating allegations of international corruption related to developing countries. These units have returned £20 million of assets, frozen £79 million in UK bank accounts and identified a further £61 million for potential restraint.

Delivering poverty reduction in conflict and fragile states

Conflict can destroy decades of progress, and set back the prospects for further development for years to come.

Conflict affected countries account for only a fifth of the population of developing countries but include a third of those living in extreme poverty; half of children who are not in primary school and half of children who die before their fifth birthday.

Delivering development in Afghanistan

DFID is supporting the Afghan Government for the long-term, aligning ourselves with the Afghanistan National Development Strategy (ANDS) and putting the majority of our resources through Afghan Government systems: DFID has committed to spend at least 50% of its programme funding through the Afghanistan Reconstruction Trust Fund (ARTF) to build Afghan capacity. £510m will be committed over the next four years (2009/10 – 2012/13) to support four broad areas under the ANDS:

- building the state and improving governance and sub-national governance;
- encouraging economic growth;
- supporting agriculture and alternatives to poppy farming; and
- helping provide security and stability in Helmand.

The ARTF has provided small loans to over 450,000 entrepreneurs to help them set up or expand small businesses and helped pay the salaries of over 165,000 teachers.

2.64 In 2008/9 DFID spent 54% (£1.3 billion) of its regional programme budget in fragile states. This is 10 percentage points higher than in 2004/05. This spend is delivering results.

- DFID **Nepal** supported programmes which provided employment in road construction (35,000 people), forestry (75,000 people), agriculture (100,000 people), and providing vocational training (15,000 people) in 2008/09.
- In **Sierra Leone**, DFID support to the five year Sababu Education Project will provide 6,447 trained teachers and rebuild or rehabilitate 1,495 schools.
- In **Sudan**, a DFID bilateral programme in Darfur has enabled 9.2 million children to receive polio vaccinations and 6.5 million received vitamin A supplements.



Iraq: DFID funding has provided water to an estimated 1 million Baswaris

2.65 DFID is also helping to ensure improved outcomes in fragile states by working through multilateral organisations.

- UK contributions have helped the EC support the Northern **Pakistan** education programme which has provided non-formal education centres to disadvantaged children and adults, particularly women. The centres exceeded expectations, assisting over 19,000 women at 368 centres in northern Pakistan.
- In **Eritrea** in 2006, the UK jointly funded a UNICEF project which provided vitamin A supplements and measles vaccines to 95% of children under 5 years of age, and provided 33,000 vulnerable children with specialised food.

- 2.66** In 2008/9 DFID has taken forward a wide range of policy work to improve the effectiveness of our projects and programmes in fragile countries and contexts.
- 2.67** In 2008, DFID launched a Thematic Evaluation of our work in fragile states. The final report, to be published in summer 2009, will include examples of innovative risk management work in Nepal and the use of Budget Support in Sierra Leone.
- 2.68** In October 2008 the National Audit Office (NAO) audited DFID's operations in 'Insecure Environments'. The recommendations will feed into briefing papers to provide country office staff with guidance on working in fragile states. The guidance is based on the OECD-DAC's international principles of working in fragile states which aim to improve donor practice, including through a better understanding of what state-building means for donors.
- 2.69** Internationally, DFID plays a key role in building the systems and policies to deliver poverty reduction in fragile states. DFID's role includes co-chairing the International Network on Conflict and Fragility (INCAF) Task Team on Peacebuilding, State-building and Security (with the World Bank). We have also recently taken on the co-chair role of the International Dialogue on Peacebuilding and State-building Objectives, alongside the Democratic Republic of Congo. We are also pursuing the implementation of commitments made at the Accra High Level Forum in September 2008 – the Accra Agenda for Action.
- 2.70** In 2008/9 DFID has continued to support conflict prevention, peacebuilding, security and access to justice through its country programmes and funding for NGOs. For example:
- We are working to improve our understanding of grievances that lead to radicalisation, and to adapt our country programmes accordingly. In **Pakistan** and **Bangladesh**, for example, we are strengthening our work on governance and political inclusion, to ensure the poor and excluded have access to justice and security, and that education equips young people with the skills they need to get jobs and form part of a cohesive society.
 - Following peaceful elections in **Nepal** in April 2008, DFID is working to support the new Constituent Assembly (CA) in its key role to develop a constitution to cement the transition to peace. We are helping marginalised communities to develop community declarations to shape the Assembly's agenda; we are supporting the Assembly Secretariat, funding a resource centre to provide independent advice on constitution making, and providing training for women and excluded groups to fully participate in the process.
 - We are supporting NGO peacebuilding activity throughout the world;
 - in **Bolivia**, funds have helped the Carter Centre to train over 3000 people in conflict management techniques since 2007;
 - in **Angola**, we have funded Search for Common Ground media programmes, which have helped the country hold its first peaceful elections in 16 years; and
 - in **Somalia**, we are supporting the work of Interpeace to mobilise women to participate in local peacebuilding councils.

Delivering in partnership across HMG

The Stabilisation Unit (SU) is a joint DFID-FCO-MoD unit. Working with and through HMG country teams, it provides specialist, targeted assistance in countries emerging from violent conflict where the UK is helping to achieve a stable environment (stabilisation), better enabling longer term development to take place.

2008/09 was a year of considerable achievement and change for the SU. A marked increase in deployments contributed to the delivery of UK government objectives in the SU's priority countries, including:

- Renewal of the Helmand Roadmap, the UK government's military and civilian strategy for improving the stability of Afghanistan.
- Accelerated programmes in Helmand to help the government restore security and provide justice and basic services such as education.
- Improved Rule of Law programmes in Iraq.
- Advisory work to help prepare the Basra International Airport for handover of management to the Iraqi government.
- Progress on the Darfur-Darfur Dialogue and Consultation, the principal mechanism for civil society engagement in the political process and for longer-term reconciliation and rehabilitation in Darfur.
- Support to the UK military Joint Venture Exercise was a significant success, demonstrating improved engagement between our civilian and military components. The results will help us to develop guidance on cross-government mechanisms for stabilisation and to improve planning capability over the next few years.
- Meeting our obligations on UN Security Council Resolution 1325, on Women, Peace and Security, we have implemented a system to record progress on gender ratios in operational deployments and held two successful training courses.
- The SU improved collaboration with our US counterparts and supported DFID, the MoD and FCO effectively in sharing good practice for working in insecure environments internationally.

2.71 DFID has worked to ensure significant improvements to the international response. In 2008 we helped establish a donor taskforce to agree how donors can provide faster and better support to countries as they emerge from conflict. We have worked to ensure an ambitious report by the UN Secretary-General setting out his plans for reform on this agenda. In early 2009 we contributed to negotiations started at the UN to ensure the Peacebuilding Fund becomes more rapid and effective. We are working with the UN in Uganda and Nepal to strengthen UN leadership of international support to recovery efforts following years of conflict.

Delivering emergency response

2.72 Much of DFID's work is focused on achieving sustainable reductions in poverty through long term development programmes. But we also provide immediate help to meet the humanitarian needs of people whose lives have been ruined by disaster, whether natural or due to conflict. This requires close work with a wide range of international partners including the UN, international NGOs and the Red Cross movement. It also requires concerted political and diplomatic efforts to ensure the needs of the affected populations are effectively met.

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Cyclone Nargis

In May 2008 DFID assistance to Burma included food for over 230,000 people; 1,000 tonnes of essential supplies such as plastic sheeting for over 320,000 people and blankets for nearly 300,000 people; mosquito nets for 40,000 households; 5,000 tonnes of rice seeds to 56,000 farming households.

© Panos Pictures



Horn of Africa

The already serious level of humanitarian needs was exacerbated by the sharp rise in food prices. DFID provided more than £120m in 2008 which was used for lifesaving interventions, such as food aid, emergency medical and nutrition facilities to help combat child starvation and water borne disease, and for emergency surgery for victims of conflict in southern Somalia.

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Zimbabwe

In November 2008, we announced an extra £10m in response to the seriously deteriorating humanitarian situation. This is being used, for example, to provide supplies of clean water and strengthen the collapsing health services, including for treating victims of the cholera outbreak.

© Panos Pictures



Gaza

DFID responded rapidly to the humanitarian crisis caused by the conflict between Israel and Hamas. Within days, we allocated \$10m to help the UN provide food, shelter and fuel, and to support the vital work of the International Committee of the Red Cross; in total we have now committed nearly £47m. DFID also lobbied hard for improved access to Gaza for humanitarian organisations, so assistance reached those who needed it most.

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Sri Lanka

Since September 2008, DFID has allocated £12.5m of humanitarian funding to Sri Lanka to help those displaced by the conflict. This funding supports the life saving work of the International Committee of the Red Cross (ICRC), the only humanitarian agency who is allowed to work in the conflict area by the Government of Sri Lanka. It also supports various UN Agencies to provide shelter, food, medical services, water and sanitation in the Internally Displaced Persons (IDP) camps.

© DFID



Pakistan

Over 2 million people have been displaced by the recent conflict in the border areas of Pakistan (North West Frontier Province and Federally Administered Tribal areas). So far DFID has provided £22m to support those displaced by the fighting. DFID's support is helping the ICRC, UN agencies and non-governmental organisations (NGOs) provide shelter, food, medical services, water and sanitation, and protection for children and other vulnerable groups.

Reforming the international humanitarian system

- 2.73** During 2008/09 DFID continued to be a lead advocate for reform of the international humanitarian system. The key objective is to improve the international community response to major humanitarian disasters, centred on strong leadership and co-ordination from the UN.
- 2.74** The UN Central Emergency Response Fund (CERF) which provides funds to respond quickly to major disasters or under-funded crises, was established in 2006. CERF is entirely based on voluntary contributions and the way the fund is set up means any country or aid organisation can become a donor. The UK is the largest contributor: £120 million to date (\$172 million). After its first three years, 93 countries (nearly half of the UN membership) are now contributing to the CERF, which has provided more than a billion dollars to over 67 countries for food, shelter, clean water and health care for tens of millions of people around the world.
- 2.75** The CERF proved its value by providing funding in a matter of days following Cyclone Nargis in May 2008, allowing World Food Programme (WFP) to feed 750,000 people for three months. The CERF has also provided funding for longer lasting emergencies such as in Sudan, for example supporting nutrition programmes in response to the drought and rising food prices in 22 provinces across the country, benefiting over a million people, including children and pregnant women.
- 2.76** DFID and other donors are also increasingly making use of pooled funds at country-level. These allow all funding to be allocated to organisations best placed to meet those needs.
- 2.77** In 2008, the UK provided almost £145 million which included DRC (£36 million), Sudan (£35 million) and the Central African Republic (£2 million), making us the largest contributor. In the fragile and fluid security situation in eastern DRC, pooled funds facilitated a rapid humanitarian response to newly arising priority needs for food, shelter and household items. In 2008/09 we have seen a small increase in the proportion of Global Humanitarian Spend (GHS) through pooled mechanisms which now represents 8.5%. 3.9% of GHS went through the CERF and 4.6% through eight country level pooled funds.

Chapter 3: Delivering a global partnership for development

“Aid alone will not be enough to begin to tackle the gross disparities of opportunity and wealth we see.”

Kofi Annan (2008)

- 3.1** Improving the effectiveness of global aid is about maximising the impact of all funding, and ensuring that aid reaches those who need it most. It is a political as well as a technical agenda. In 2008/09, in the face of severe economic and financial challenge, the UK has been at the forefront of ensuring that development remains at the heart of the international agenda and in securing commitments from the international community to improve the effectiveness of global aid.

MDG Call to Action

DFID and Whitehall partners worked intensely during 2008 to secure the support of over fifty countries and with a broad range of stakeholders to accelerate action to get the MDGs back on track.

In May 2008, the UK and United Nations Development Programme co-hosted the Business Call to Action. This event brought together business leaders from around the world to showcase business initiatives to support growth in poor countries.

In June 2008, at the European Union's June Council, EU heads of state welcomed the Agenda for Action on the MDGs, which included specific milestones on health, education and water and set out how EU member states intended to keep their commitments and deliver their 2005 aid pledges.

In July 2008, faith groups showed their commitment to the MDGs at a rally in London, attended by more than 1,400 robed bishops and other faith leaders, to call on global leaders to deliver the MDGs. At the Leaders Summit in Toyako, Japan, the G8 reaffirmed commitments on aid, aid for trade and universal access to HIV and Aids treatment by 2010. They announced additional commitments to tackle killer diseases, including malaria, recruit health workers and invest in food, agriculture and education.

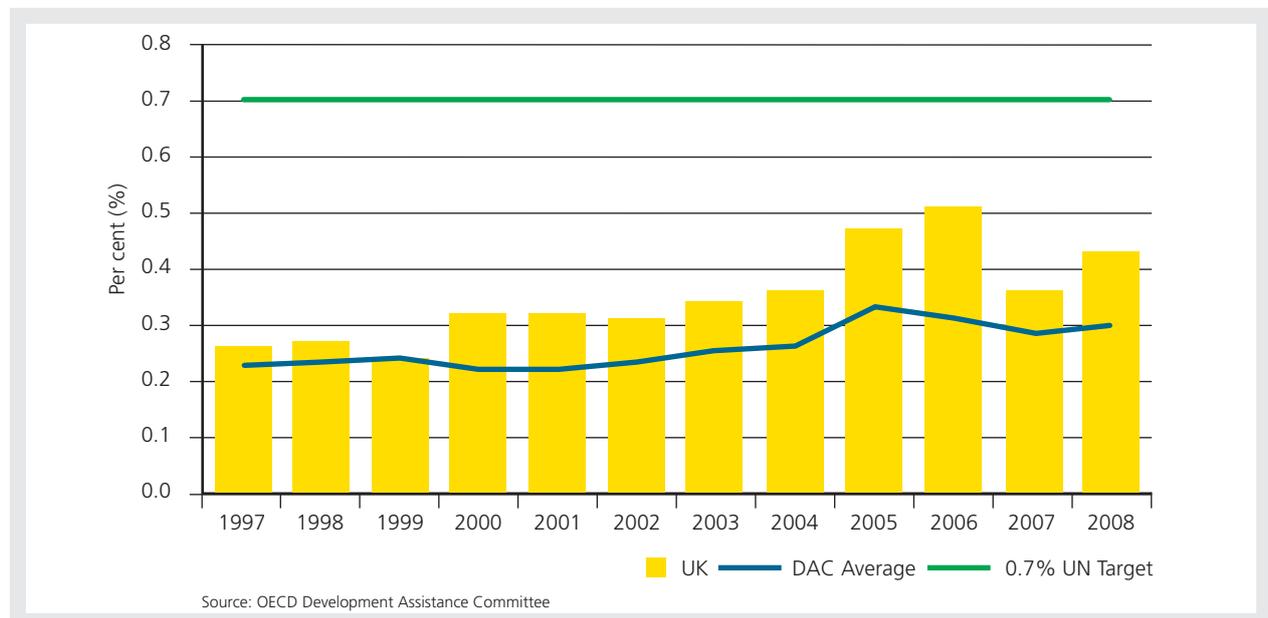
In September 2008, the UK Government helped prepare and participated in a UN High Level event in New York, hosted by the UN Secretary-General. The week long event was attended by a broad alliance of representatives from over 140 countries, businesses, faith and charity groups, and involved over 40 different partnership events. It culminated in \$16b of pledges, including \$4.5b for education and \$3b for malaria

Following the High Level event, the UK Government reaffirmed the importance of the MDGs, and of donors honouring their ODA commitments when the international community came together at the Doha “Financing for Development” meeting in November 2008.

Delivering our aid commitments

- 3.2** In 2008, total net Official Development Assistance (ODA) from members of the OECD's Development Assistance Committee (DAC) rose by 10.2% in real terms to USD 119.8 billion. This is the highest dollar figure ever recorded. It represents 0.30% of members' combined GNI. Bilateral development projects and programmes have been on a rising trend in recent years; however, they rose significantly by 12.5% in real terms in 2008 compared to 2007, indicating that donors are substantially scaling up their core aid programmes.
- 3.3** Total net Official Development Assistance from the UK to developing countries is estimated at £6.306 billion in 2008, compared with £4.921 billion in 2007. The 2008 ODA figure represents 0.43% of GNI, compared with 0.36% in 2007, and included £362 million of debt relief in 2008 (as opposed to £39 million in 2007). By 2010/11 total UK ODA is projected to rise to £9.1 billion equivalent to at least 0.56% of GNI.

Figure 4: UK Official Development Assistance as a percentage of Gross National Income



- 3.4** In 2008, preliminary data show that net bilateral ODA from DAC donors to Africa totalled USD 26 billion, of which USD 22.5 billion went to SSA. Excluding volatile debt relief grants, bilateral aid to Africa and SSA rose by 10.6% and 10% respectively in real terms.

Delivering more effective aid

'We must ensure that aid flows are predictable and support plans formulated by national governments, not spent on priorities, however well intentioned, imposed by donors from afar.'

Gordon Brown, Prime Minister to a conference on world poverty held by the Department for International Development in London on 9 March 2009

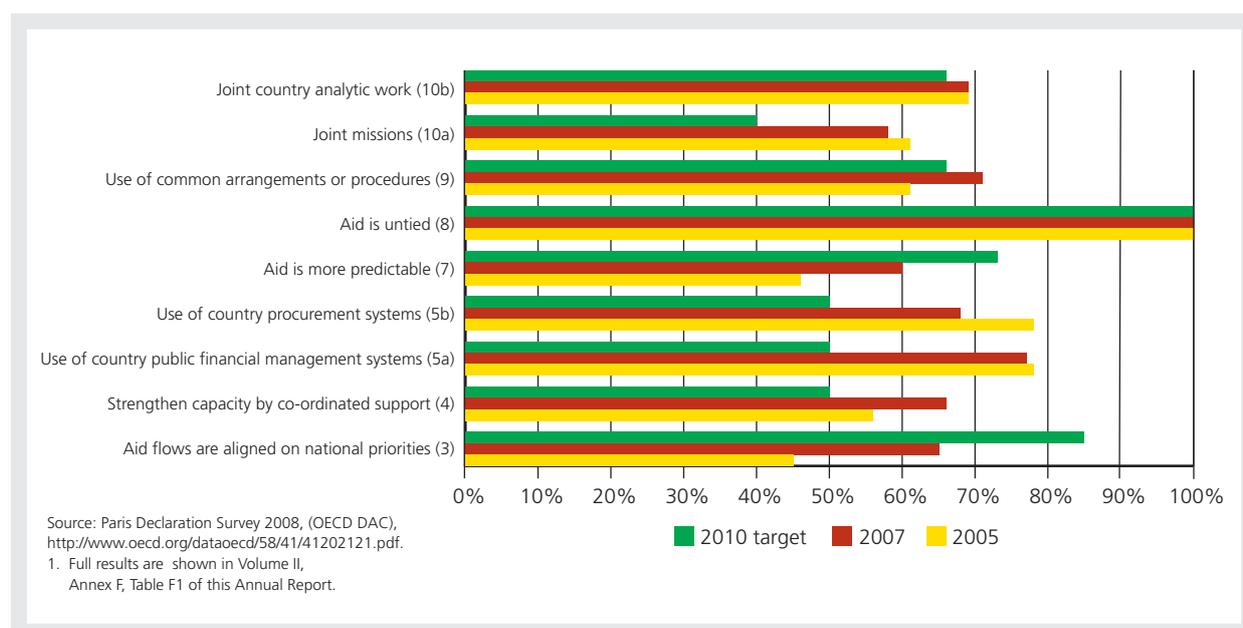
- 3.5** Aid works, but it could work better. At the Third High Level Forum on Aid Effectiveness in Accra in September 2008, donors and developing countries endorsed the Accra Agenda for Action. This contains new ambitious undertakings by donors and developing countries to speed up the process of fulfilling the Paris Declaration's pledges and further improve the

quality of aid. The Paris declaration on aid effectiveness, endorsed in 2005, outlines a set of five inter-related principles of ownership, alignment, harmonisation, results and accountability and commits donors and partners to making changes in each area. A set of quantified targets, monitored bi-annually, is used to assess progress and hold signatories accountable for achieving results. DFID played a key role in agreeing the Paris Declaration and the Accra Agenda for Action and we continue to push for faster and deeper progress in putting these agreements into action. Commitments include:

- A new target to channel 50% of government-to-government aid through country systems.
- Strengthening of national, and now international, mutual accountability mechanisms, allowing donors and partner countries to better hold each other to account.
- For the first time donors agreed to respect and support partner country led efforts to agree a better division of labour between donors at country level and now at an international level.
- New policy commitments for donors working in fragile situations, including pooled funding mechanisms to support stabilisation and peace building.
- Donors will provide for the first time partner governments with indicative resource allocations, forward expenditure or implementation plans for the following 3-5 years.
- Delivering a step change in global public availability and accessibility of information on aid flows through the new International Aid Transparency Initiative (IATI) launched by the UK.

3.6 DFID remains on track to meet the Paris Declaration targets. Results from the 2008 Paris Monitoring Survey show that we have met seven of the 10 targets that apply to donors three years early and we are on-track to meet the remaining three targets. Global progress towards the Paris targets is slower and the UK will continue to campaign for improved aid quality.

Figure 5: How we manage our aid: selected UK results from the 2008 Paris Declaration Survey



3.7 In 2008/09 the UK provided 27%¹ of its bilateral programme spending via budget support.

¹ The full list of countries involved is in Volume II, annex F, table F4.

- 3.8** DFID aid has been untied since 2001. The 2008 Paris survey showed that 88% of aid to the participating countries was untied up from 75% in the 2006 survey.
- 3.9** There is more information in UK Progress Report on Aid Effectiveness published September 2008. The report demonstrates how the UK is meeting its international aid effectiveness commitments and how this is delivering better results for poor men and women. For example
- In **Vietnam**, well co-ordinated aid supporting government-led projects has helped improve rural transport, increasing visits to health clinics by up to 40%.
 - In **Ghana**, DFID support for country-led education programmes has helped to increase school enrolments, particularly for girls, even in the most hard to reach areas.
 - In **Cambodia**, better co-ordination amongst donors is helping to free up government staff time and administration costs by 75% – giving hard pressed government officials more time to run essential services.

Making information more accessible – IATI

The International Aid Transparency Initiative (IATI) aims to make public information on aid spending and activities more available and more accessible, worldwide. The initiative brings together donors, partner countries, civil society organisations and other users of aid information to agree common transparency standards for aid flows. DFID and a group of bilateral and multilateral donors launched the IATI in September 2008. Seventeen donors have now signed the IATI Accra Declaration²

The full set of standards will be drawn up after detailed consultations with partner countries, civil society organisations and other users of aid information. The standards are expected to require donors to:

- publish core information on aid flows and activities, including full details of all aid to each country, details and costs of individual projects and their aims, and reliable information on future aid to help governments of developing countries improve their planning;
- use common formats and definitions, to make information easier to access and compare;
- make it easier for information to be exchanged electronically, between different systems and databases;
- develop a code of conduct which sets out how people should be able to access information, what they should do if information is not readily available, and how donors will be held to account if they do not comply with the standards.

Promoting a more effective international system

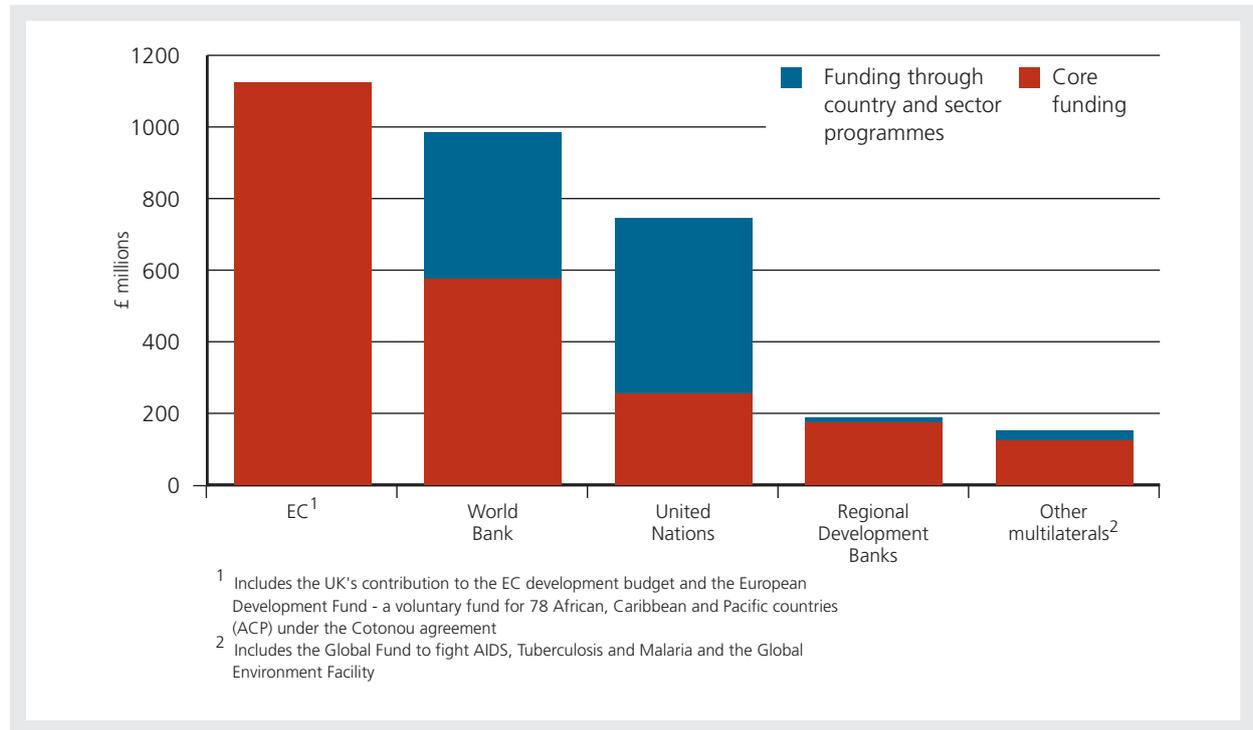
Only with the best international institutions that promote cooperation out of shared interest and predictability and accountability can large numbers of states consistently work together for the benefit of all.

Gordon Brown 2008

- 3.10** The UK is strongly committed to working through the multilateral system. Many global challenges can only be addressed through a collective international response – for example, climate change mitigation. DFID spent 41% of its programme budget on central funding of multilateral organisations in 2008/09. In addition 29% of DFID’s bilateral programme was channelled through multilateral organisations in 2008/09.

² The EC, World Bank, UNDP, Germany, Sweden, Norway, Finland, Hewlett, GAVI, Denmark, Netherlands, Ireland, Australia, Spain, New Zealand, Switzerland and the UK.

Figure 6: DFID funding through multilaterals 2008/09



3.11 We work hard to make sure the money we give to multilaterals is used efficiently to contribute to achieving the MDGs. DFID works at a systemic level to encourage greater cooperation between agencies and a better structured international aid response. We use our shareholder status in multilateral agencies to advocate for reform, steward our finance and make sure it is used well. We also work with individual agencies and partner countries to monitor effectiveness, and increase the impact of multilateral aid on the ground.

Promoting a more effective World Bank

3.12 The World Bank is the biggest global provider of development finance, has global reach, world class staff and huge influence on the international aid system. The International Development Association (IDA) is the arm of the World Bank that works in the poorest countries. The UK is now the largest donor to IDA committing over £2 billion – 14% of total funding to IDA over the three years to 2010.

3.13 UK leadership was instrumental in reaching agreement at the World Bank's Annual Meetings in October 2008 on greater voting power for developing countries, a new seat for Africa at the Board, and open and transparent selection of the Bank President. At the G20 summit leaders confirmed their commitment to speed up World Bank reform to make it more effective and give poor countries a greater say in how it is run. For the World Bank this means bringing forward the timetable for reform so that final decisions are reached by the first half of 2010.

3.14 The World Bank has played a leading role in responding to the economic and financial crisis and has taken concrete steps to increase the financial support available to developing countries. The World Bank has the capacity to almost triple lending to middle income countries in 2009 in response to increased demand. The poorest countries can claim 50% of next year's funds in advance if they need help to cope with immediate problems.

Promoting a more effective IMF

- 3.15** The financial crisis highlighted the central role of the International Monetary Fund (IMF) in the international monetary system. In early 2009 HMG worked to ensure the G20 London Summit would lead to increased resources for the IMF.
- 3.16** The total level of resources available for the Fund to lend to its members has tripled with an additional \$500 billion agreed at the Summit. These major new resources will help ensure emerging markets and middle income countries get the financing they need in the crisis. The Summit also agreed a new issue of \$250 billion of Special Drawing Rights (SDRs, the IMF's reserve currency), and agreed to double the level of financing it provides to poor countries through its low interest lending facilities.
- 3.17** In September 2008, DFID also pushed for reforms to the IMF's Exogenous Shocks Facility in the wake of high food and fuel prices last year. The reforms resulted in faster, easier and higher levels of financing, protecting the poorest from the effects of economic shocks.

Promoting more effective Regional Development Banks

- 3.18** DFID's support to the Regional Development Banks (RDBs) is an important part of our efforts to tackle poverty in Africa, Asia, the Caribbean, Latin America and Eastern Europe. The RDBs provide lending at market rates, as well as highly concessional loans and grants to the poorest countries through their development funds.
- 3.19** DFID negotiated, with partner shareholders, the untying of aid by the African Development Fund, to ensure increased effectiveness in reducing poverty. In 2008/09 the UK provided £139 million to the African Development Fund to support financing for the poorest African countries. All the RDBs now use results frameworks to set out their goals for the next few years. These include progress on the MDGs, specific project outputs and institutional targets. We are working with other shareholders to help the banks achieve their goals and become more effective development partners.

Promoting a more effective United Nations

- 3.20** DFID is working with other member states to make the United Nations (UN) system more effective. We do this by supporting the UN's own Delivering as One reform initiative, and strengthening the funding, leadership and management of the UN at country level.
- 3.21** An important element in this is agreeing that the UN resident coordinator has authority backed by money so that he or she can coordinate the work of different UN agencies, reducing overlap and inefficiency. There are now eight countries piloting the UN's Delivering as One initiative, including five where DFID has a country office. With Norway and the Netherlands we contribute to the Spanish MDG Fund that provides support to the Delivering as One pilots. Developing countries have welcomed this new way of funding the UN.

- 3.22** At the level of individual institutions, we work to improve agency performance. In 2008 we introduced performance-based funding of UN agencies. This will ensure our funding goes where it will produce results. New institutional strategies, including performance frameworks, were agreed with the United Nations Development Programme (UNDP), UNAIDS, World Health Organization (WHO) and United Nations Population Fund (UNFPA). These include targets on the agencies' contribution to the MDGs, gender equality and UN reform.

Promoting a more effective European Union

- 3.23** In 2008 the EU collectively provided 58.6% of the world's ODA, and about a fifth of that was managed directly by the European Commission (EU). 19% of DFID's total programme funds are disbursed via the EC. In 2007 the UK contributed 17% to the EC development budget and additionally 13% to the European Development Fund (latest available figures).
- 3.24** DFID's Institutional Strategy (IS) for working with the EU was launched in June 2008. It sets out priorities for the European Commission and EU Member States to work towards over the next three years. Priorities include promoting development policy beyond aid, e.g. through pro-poor trade policies; improved EC aid and humanitarian assistance; and working with the EC to support reform of the international system.
- 3.25** The IS also identified the European Investment Bank (EIB), in which the UK is a major shareholder, as a key source of finance for developing countries. In 2008, EIB backing for the EU's development aid and cooperation policy in regions including Eastern Europe, Latin America and the Africa, Caribbean and Pacific (ACP) area, totalled €6.1 billion. Stronger coordination between the EC and the EIB would help to maximise the effectiveness of financial assistance, with EIB finance forming part of a coherent EU offer to developing countries.
- 3.26** The EC demonstrated real leadership in 2008. The MDG Agenda for Action was agreed by the European Council in June 2008, and launched at the UN Secretary General's High Level Event on the MDGs in September 2008. It is an ambitious document in which the EU reaffirms its ODA commitments and sets out additional spending on health, education and water to get the MDGs back on track by 2010. With support from the UK and other like minded member states, the Commission's strong position helped to ensure ambitious outcomes at Accra and the Doha conference on Financing for Development.
- 3.27** However we want the EC to be able to demonstrate even more evidence of real results in developing countries. We want these results to be disaggregated and gender sensitive. The Commission has improved its focus on results based management: in 2007 71% of projects monitored under the Commission's Results Oriented Monitoring System (ROM) reported very good or good performance.

Cambodia: Significant increases in enrolment in traditional schools and non-formal education programmes as the government rebuilds the Cambodian education system

The Cambodian government has faced extreme difficulties in trying to rebuild its entire educational system following the destruction left by the Khmer Rouge regime during the late 1970s.

The European Commission partnered the Cambodian Ministry of Education, Youth and Sports, to provide €20m between 2003 and 2007. This funding has allowed 20% of the very poorest children to attend primary school in 2006, up from 16% in 2001. Also, in 2006, 80% of Cambodia's 11 year-olds completed education up to grade 6, whereas in 2002, only 44% reached that level. Furthermore, 117,000 students gained access to non-formal education in 2006, three times the number in 2002. The non-formal education helps those who, for various reasons, have fallen out of the regular educational system.



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Delivering debt relief

- 3.28** Debt relief frees up long term resources for poverty reduction. Much has been achieved on that front: the main international initiatives, Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relief Initiative (MDRI) have delivered over \$110 billion of debt relief since 2000.
- 3.29** The UK Government has worked to ensure poor, heavily indebted countries, committed to poverty reduction, were able to access debt relief. It promoted flexibility, where appropriate, to support countries through the HIPC Initiative.
- 3.30** Under the HIPC process, 35 out of 41 eligible countries are currently benefiting from debt relief, of which 24 countries have completed the HIPC process and received irrevocable debt relief and 11 countries are receiving relief on their debt service.
- 3.31** Debt relief under HIPC and MDRI has made a big difference. In February 2009, Burundi completed the HIPC Initiative. This means Burundi will receive debt cancellation worth approximately US\$1.6 billion, reducing its debt by more than 90%. The extra \$75 million HIPC relief provided to Burundi in 2006 and 2007 is already being used for the reconstruction and revival of social services after over 12 years of internal conflict.
- 3.32** DFID works closely with HM Treasury and the Export Credit Guarantee Department (ECGD) to promote sustainable lending and borrowing. In 2008/09, the ECGD updated its productive expenditure guidelines. These guidelines ensure that all UK export support is carefully examined, taking into account a country's debt position, and what the funds will be used for. We will continue our work on debt sustainability, by working with our partners to review the effectiveness of the debt sustainability framework.

Delivering in conjunction with emerging large economies

3.33 DFID's work with global partners on global development increasingly involves emerging economies, and especially the large ones. Examples of this work include:

- working with the World Bank to help the Russian government build technical capacity in overseas aid management at a time when Russia is stepping up its overseas assistance programmes. We are also supporting academic and civil society organisations' interest in Russia's role as an emerging donor.
- entering a formal dialogue with China about development in Africa, including joint working in the Democratic Republic of Congo, work on climate change adaptation and sustainable development which should have real impact in terms of significant lessons for other developing countries in areas such as forestry and fisheries.
- supporting Brazil's assistance to the African Union and 5 African countries on their design of social protection – which recognise Brazil's leading position in implementing effective social protection policies – between 2001-2005 incomes of the poorest 10% of Brazilians rose 8 times faster than average incomes.
- working with the Government of India, the Indian pharmaceutical industry and the Clinton Foundation to reduce the price of essential HIV and AIDS and malaria drugs. The project is expected to produce savings of more than \$100m on these life saving medicines by 2011 and heralds new ways of working for DFID India.
- helping South Africa progress with regional economic integration in Southern Africa and address the global and regional impacts of climate change. For example, the UK is supporting the South African Revenue Services to support One-Stop border posts in neighbouring countries such as Mozambique and Lesotho, which will cut transport and trading costs and reduce waiting times at border posts from 3 days to 3 hours; we also plan to work with South Africa to ensure a fair global agreement at the Climate Change Conference in Copenhagen.

Delivering with Civil Society

3.34 Civil society organisations (CSOs) play an important part in the fight against poverty. This is why DFID works with hundreds of these around the world – including non-governmental organisations (NGOs), faith-based groups and trade unions.

3.35 As well as supporting local organisations in developing countries, DFID delivered nearly £317million through UK-based civil society organisations in 2008/09:

- £15million was delivered through the Civil Society Challenge Fund to support 140 projects worldwide.
- £90million was delivered through 27 Partnership Programme Arrangements (PPAs) with major CSO partners such as Oxfam, Save the Children and ActionAid helping to support their direct action in poor countries.
- £80million was spent on tackling humanitarian emergencies.
- £132million was provided to UK-based CSO partners by DFID country programmes.

Latin America's sex workers find a voice in the fight against AIDS



ReTraSex network launching their training manual

In Latin America and the Caribbean, the very people who are most likely to be affected by HIV and AIDS are often the least likely to seek out, or be provided with, HIV prevention and other medical care. Over the last decade, a network of people employed in the sex industry has refused to allow this situation to go unchallenged. Supported by the DFID backed charity Alliance and calling itself "a movement in high heels", RedTraSex is a network of people which has grown into an organisation aiming to develop

HIV prevention programmes and improve sex workers' health.

DFID's Partnership Programme Arrangement with Alliance will provide £13.3 m from 2008-2011 and as a result of this funding:

- RedTraSex works with approximately 500 sex workers across 17 Latin American and Caribbean countries. Through these 500 representatives, the network reaches an estimated 100,000 people.
- The network has participated in the organising committees of events such as the Central American Congress on STIs, HIV and AIDS (CON-CASIDA) and the Fourth Caribbean and Latin American Forum on HIV and AIDS and STIs.
- RedTraSex has compiled guidance for health service staff dealing with sex workers, established a health centre co-managed by sex workers in Argentina, and collaborated (with UNAIDS and UNFPA) on a multi-media campaign to stamp out violence against sex workers.

'No papa!' to corrupt officials in rural Democratic Republic of Congo



Mwanso Walimbwa, head of the farmers' movement group in Kandolo Village.

Mwanso Walimbwa works as a farmer in a remote part of the DRC. A DFID-funded scheme run by the Union Paysanne pour le Progrès (UPKA), called a farmers' movement and supported by Christian Aid, has taught Mwanso and his neighbours how to tackle corruption.

Members of the farmers' movement in Maniema Province now know the correct tax rates and make sure to demand a receipt each time they pay their taxes, so they won't be billed again. Through the scheme, some have even had paralegal training to defend their claims in the face of abuses,

while tax collectors themselves have attended sessions on working within the law.

DFID's Partnership Programme Arrangement with Christian Aid will provide £17.4 m from 2008-2011 and as a result of this funding:

- UPKA has set up farmers' associations in more than 75 villages across Maniema Province.
- Alongside anti-corruption training, UPKA runs sessions in land and resource management, tackling HIV and preventing violent conflict.
- The UPKA anti-corruption project is funded through DFID's Programme Partnership Arrangement (PPA) with Christian Aid. The UPKA project began in December 2007 and will run for three years.

Delivering high quality development research

- 3.36** The new DFID Research Strategy launched on 22 April 2008, will double DFID's commitment to finance research to £1 billion over the 5 years of the strategy. This is in response to the scale of our ambition and the challenges we face to make poverty history. It makes DFID the largest funder of development research in the world, and places sustainable economic growth at the centre-stage.
- 3.37** Two DFID-funded research centres have transformed the approach of the international development community to tax reform and shown that taxation is a profoundly political state-building process central to building effective states needed for poverty reduction and delivering the MDGs. An example of the application of this research in 2008 was the South African Government's conference on 'Tax and State-building in Africa', which was co-sponsored by DFID and led to the creation of an African Tax Administration Forum and plans for an African Tax Institute.
- 3.38** We continue to play our part in food research, its importance being underlined by the food crisis in the last year. We have worked with the Consultative Group on International Agricultural Research (CGIAR) to transform it into a more effective research for development body. Effective CGIAR research has been shown to produce real benefit in the long-run resulting in high impact crop improvements and cost-benefits of 1 to 9 over its 37 year history. It is estimated that developing country food production would be between 7% to 8% lower and world food and grain prices would be 8% to 21% higher than they are now, with corresponding impacts on hunger and starvation, without CGIAR research.
- 3.39** DFID works with public and private organisations on development research. For example, in 2008 the Bill & Melinda Gates Foundation (BMGF) joined DFID in funding Galvmed research to develop a range of animal vaccines, pharmaceutical and diagnostic products. Galvmed will bring a licensed East Coast Fever vaccine to the East African market in 2009, which will help tackle a disease responsible for the deaths of 1.1 million cattle every year with an estimated cost of \$168 million annually. Galvmed has business plans for the development of products to help control 12 other key animal diseases between now and 2015.

Delivering greater development awareness

- 3.40** People are more likely to support development if they know something about the issues, including what life is like for poor people in developing countries and how governments, non governmental organisations, and they as individuals, can help. DFID spent approximately £14 million in 2008/09 on projects in the UK aimed at increasing public awareness of global poverty and of how donors including DFID are working to reduce it.



Douglas Alexander meets Platform2 volunteers and staff at Greenbelt 2008

- 3.41** DFID's support to the Global School Partnerships Programme has enabled 1800 schools to develop an active link with a developing country. This has ensured that more than 1 million learners in the UK have taken forward joint learning with a developing country partner. Our Diaspora Volunteering Programme has enabled 98 volunteers to work in developing countries since the programme began in August 2008 and the programme intends to support a total of 600 volunteers by 2011.
- 3.42** We have also worked to make DFID more recognisable, building on research which helped to effectively focus our resources where they will have the biggest impact. Most notably:
- We have developed a completely new DFID website, which has received positive feedback, and has attracted 15% more unique visitors over the past year.
 - DFID is engaging the public through schemes such as the Platform 2 volunteering programme, which received 1,000 applications in its first year.
 - We are involving young people in development through recruiting DFID youth reporters, whose video content has been used on a number of websites, with a potential reach of 4.2 million people.
- 3.43** We have also worked to ensure recognition of DFID's work through partnering with other organisations. For example:
- We estimate that our activities with Comic Relief reached over 15 million people in the UK.
 - In partnership with First News we have reached 200,000 school children, who have signed up to our Conflict Children Campaign.

Chapter 4: Delivering an efficient and effective organisation

“DFID is a well-run department. It has impressive leadership that is complemented by high-quality and committed staff. It is admired internationally throughout the donor community, and is regarded as a leader.”

DFID’s Capability Review, March 2009

DFID Ministers and Board



Secretary of State
for International
Development
Douglas Alexander MP



Minister of State¹
Gareth Thomas MP



Parliamentary Under
Secretary of State²
Mike Foster MP



Permanent Secretary
Nemat “Minouche” Shafik



Director
General Policy
and Research
**Andrew
Steer**



Director
General
Country
Programmes
**Mark
Lowcock**



Acting
Director
General
Corporate
Performance
Sam Sharpe



Director
General
International
**Martin
Dinham**



Non Executive
Director
**Doreen
Langston**



Non Executive
Director
**David
MacLeod**

1 Responsibilities include Trade, Climate Change, Europe, Africa, Debt, Donor Relations and Parliament (supporting SofS).

2 Responsibilities include Research, South Asia, Human Development, Aid Effectiveness, Water and Sanitation, and Green issues.

A full organisation chart is shown in Volume II, Annex I.

- 4.1** The Management Board is collectively responsible to ministers for the delivery of the PSA. The Board provides strategic directions to the organisation within the policies set by the Secretary of State. The fundamental purpose of the Board is to maintain and enhance DFID's effectiveness. In addition to the Permanent Secretary, Directors General and Non-Executive Directors, DFID's Finance Director has been part of the Management Board since April 2008 to strengthen financial accountability.
- The Audit Committee helps ensure a financially sound and efficient organisation by monitoring and reviewing the risk, control and governance systems in DFID and providing advice and assurance to the Accounting Officer (the Permanent Secretary).
 - The Development Committee contributes to effective delivery of the PSA objectives and targets by providing oversight and direction on Ministerial policies.
 - The Investment Committee ensures DFID investments represent good value for money and that clear systems exist to take evidence based strategic decisions.
 - The Senior Leadership Committee manages and reviews Senior Civil Service staffing deployment and pay to support DFID's PSA objectives.
 - The Security Committee is responsible for monitoring the adequacy and effectiveness of all aspects of DFID security.

Delivering more for our money

- 4.2** DFID aims to allocate its resources where they will have the greatest impact and demonstrate increased efficiency in our spending.
- 4.3** DFID's programme budget for 2008/09 was £5.5 billion.
- 4.4** As part of the Government's 2007 Comprehensive Spending Review DFID agreed a Value for Money programme to deliver efficiency savings of £492 million over the period 2008/09 to 2010/11.
- 4.5** We delivered £168 million of Value for Money savings¹ in 2008/09, 6% higher than our 2008/09 efficiency savings target of £159 million. We are on track to achieve our overall CSR value for money target of £492 million by the end of 2010/11.
- 4.6** 2008/09 savings were delivered through:
- Multilateral efficiency savings: £53 million;
 - Bilateral efficiency savings: £74 million;
 - Portfolio Quality Index currently stands at 73% generating savings of £31 million;
 - Administration: £10 million of savings.

¹ • All gains are cash releasing, sustained and are reported net of costs.
• No spending review 2004 over delivery has been allowed.
• An internal audit review has been completed by the department to ensure structures are sufficiently robust to validate gains.

- 4.7** The allocative efficiency savings secured to date have released significant resources that we have been able to reinvest in our bilateral and multilateral programmes, helping to lift more people out of poverty. Examples of what the savings have contributed towards can be found in chapter 2: delivering poverty reduction.
- 4.8** We are also realising administrative savings across the organisation. Africa Division for example remains on track to achieve a 27% increase in efficiency measured by the ratio of programme to administrative costs by 2010/11. This will be done by reducing the size of some offices and closing others, e.g. the Gambia office closed in 2008 and withdrawal from the Cameroon, Niger and Angola programmes is underway.
- 4.9** In addition, DFID has identified an additional £155 million savings to be delivered in 2010/11. This means in 2010/11 our total savings will increase from £492 million to £647 million. These savings will be found from a variety of areas including:
- £6 million from more effective, focused communications work and using more efficient web and social media.
 - £10 million from strengthened partnerships on research and analytical work, and improved procurement and management of policy and research contracts.
 - £7 million from extending the timeframe of the Governance and Transparency Fund as requested by partners.
- 4.10** The Investment Committee has agreed a set of important work for 2009/10 which will deepen and widen Value for Money analysis across the organisation. Further work on bilateral and multilateral resource allocation will be taken forward. A review of the value for money of spending in the health sector is already underway and will report towards the end of 2009.

Improving Procurement capability

- 4.11** The Office of Government Commerce (OGC) conducted a Procurement Capability Review of DFID in early 2008 which helped us to think more broadly about procurement. As a result we have designed an Improvement Plan and new Commercial Strategy containing specific time bound targets and measures.

Commercial strategy

The 5 key outcomes of the Commercial Strategy are:

- suppliers deliver improved quality and impact
- better value for money from third parties
- strengthened national procurement capacity
- better impact achieved through increased market collaboration
- better application of procurement skills and commercial awareness across DFID

Implementation of the commercial strategy will help us to deliver faster, better quality goods/services to poor people and the potential to achieve savings which will help to lift a significant number of people out of poverty.

- 4.12** Consultancy spending on central business functions defined as “the provision of advice and/or guidance on the strategy, structure, management or operations of an organisation in pursuit of

its purpose and objectives” was £21 million in 2008/09. This figure excludes consultancy expenditure on behalf of and for the benefit of developing countries.

- 4.13** DFID aims to demonstrate that it ensures best value from consultancy. We are therefore finalising our Consultancy Category Strategy and will be implementing the Consultancy Value Programme (CVP). The CVP will drive forward the implementation of the National Audit Office (NAO) recommendations for ensuring spend on consultancy delivers the best value for money.
- 4.14** In line with the commitment in the White Paper ‘Innovation Nation’, we will develop and implement our Innovation Procurement Plan (IPP). The IPP, which links to the Commercial Strategy, will set the direction for ensuring that we can identify and procure more innovative products and services in a manner consistent with the responsibility on us to manage public money effectively.

Risk and Control

Internal

- 4.15** The Permanent Secretary is responsible for a system of internal control that supports the achievement of DFID’s objectives while safeguarding public funds and departmental issues. The system includes measures to identify risks and procedures to manage these. Our systems are assessed by the department’s internal auditors and Audit Committee, and by the National Audit Office and HM Treasury.
- 4.16** Divisional Directors provide an annual statement of assurance, covering compliance with management and control systems. Together with the Head of Internal Audit’s Annual Report, they contribute to DFID’s statement on internal control which is signed by the Accounting Officer and submitted to Parliament with the Annual Accounts.
- 4.17** Internal Audit Department (IAD) provides the Permanent Secretary and DFID managers with an independent and objective opinion on risk management, internal control and corporate governance. During 2008/09 IAD conducted 31 internal audit reports on a wide range of DFID systems and operations.

External

- 4.18** The Public Accounts Committee (PAC) is a select committee of the House of Commons responsible for overseeing government expenditure to ensure it is effective and accurate. They are a critical mechanism for ensuring transparency and accountability on government financial operations. The PAC have published the following reports on DFID’s work:
- Department for International Development: Providing budget support for developing countries – June 2008
 - Department for International Development: Operating in insecure environments – April 2009
 - Investing for Development: the Department for International Development’s oversight of CDC Group plc – April 2009

PAC reports can be accessed through http://www.parliament.uk/parliamentary_committees/committee_of_public_accounts.cfm

- 4.19** The NAO is independent of government and audits DFID's accounts on behalf of UK Parliament. They report on the economy, effectiveness and efficiency of how public money has been used. These reports are produced for the PAC who regularly meet and make recommendations to DFID based on NAO reports.
- 4.20** The International Development Committee (IDC) is appointed by the House of Commons to examine the expenditure, administration and policy of DFID and its associated public bodies. The committee also takes an interest in the policies and procedures of the multilateral agencies and non-government organisations to which DFID contributes. More information on the IDC can be found at http://www.parliament.uk/parliamentary_committees/international_development.cfm.
- 4.21** The Independent Advisory Committee for Development Impact (IACDI) was established in December 2007 to strengthen and assure the independence of DFID's evaluation function. Its findings – for example the committee minutes and the chair's annual letter – are also shared regularly with the UK Parliament through the IDC and published on the IACDI website. In response to the Chair's first annual report, the Secretary of State acknowledged the Committee's achievements which include: raising the profile of evaluation; playing a major role in shaping DFID's new evaluation policy; and enhancing our lesson-learning and follow-up action.
- 4.22** Resources for evaluation have increased with its programme budget rising from £2 million in 2008/09 to £3 million in 2009/10. The evaluation team will also grow in staff numbers and increase its professional capability in the coming year. Our systems and processes have been strengthened to ensure evaluation recommendations inform decision making and achieve value for money.

Delivering a highly skilled and diverse workforce

- 4.23** DFID is committed to creating a stronger and more resilient organisation with a talented, well-trained, highly-skilled and effectively managed workforce that is able to adapt to the changing landscape and deliver on our mission. For example:
- Human Resources Division has been reorganised: the introduction of Business Partners and a 'one stop shop' (HR Direct).
 - A new 360° line management assessment tool, a new market-driven flexible promotions and posting systems has been put in place.
 - We are driving improvement in performance management across the organisation with good examples in United Nations, Conflict and Humanitarian Division and Middle East, Caribbean, Asia (Central, North and East), BRICS and Overseas Territories.
- 4.24** DFID exceeded its original Lyons Review target for the relocation of 85 posts from London to East Kilbride by March 2006, as 88 posts were transferred. The 2009 budget announced plans to increase the target for relocating public sector posts out of London and the South-east to 24,000 posts by 2010/11. No further specific targets for DFID relocation have yet been

agreed, but independent of this, DFID is separately considering the relocation of further posts to the East Kilbride office.

DFID Staff numbers by full time equivalent (FTE)¹

	Actuals				
	Mar 05	Mar 06	Mar 07	Mar 08	Mar 09
HCS	1883	1801	1719	1612	1600
SAIC	989	932	865	834	759
Total	2872	2733	2584	2446	2359

¹ An individual who works less than full time hours is counted as a fraction.

Number of Staff by Location (excluding temporary/agency staff, consultants and non-paid staff) March 09

	East Kilbride	London	UK-Based Overseas	Staff appointed in country	TOTAL
All Staff ¹	512	901	410	763	2586
Home Civil Service (HCS) Staff	494	750	403	-----	1647

¹ All HCS pay and pensionable (P&P) or fixed-term staff and secondees on DFID's payroll.

Diversity of DFID's workforce

	March 2008	March 2009	DFID targets for 2011
Women in the SCS	37.5%	32%	41%
Women at Director level and above	35%	28.6%	38%
BME in the SCS (where ethnicity is known)	11.7%	11.5%	12%
Disabled in the SCS	2.1%	3.1%	3%

4.25 Our commitment to Diversity has resulted in DFID entering the Stonewall Top 100 Employers for lesbian, gay, bisexual and transgender (LGBT) staff.

4.26 DFID has been awarded the gold standard in the 'Opportunity Now' gender benchmarking exercise.

DFID HCS staff salaries in the UK and overseas (as at 31st March 2009)

GRADE	Salary Range	Female	Male	Total
	£107,300±	1	4	5
Senior Civil Service	£57,300 – £107,299	30	63	93
Band A1	£53,155 – £66,873	101	167	268
Band A2	£41,900 – £55,188	216	198	414
Band A2(L)	£35,000 – £42,342	66	68	134
Band B1 (D)	£30,403 – £36,017	33	31	64
Band B1	£25,663 – £33,725	129	136	265
Band B2	£19,474 – £26,676	143	92	235
Band C1	£15,555 – £22,030	97	53	150
Band C2	£13,750 – £18,550	6	13	19
TOTAL		822	825	1647

Delivering a better way of working

- 4.27** The Cabinet Secretary led a programme of Capability Reviews in 2007 which examined the workings of all government departments and recommended ways in which each might improve.
- 4.28** In early 2009 DFID was re-reviewed. The conclusion of this review was DFID remained among the best performing departments in Whitehall, and that we had made progress in many of the key areas identified for improvement in 2007. In particular it noted that ‘Governance, performance management across the organisation and financial capability have all improved.’
- 4.29** However, the review also highlighted the increasing challenge for the Department as the impact of the global economic downturn affecting poverty in developing countries, donor aid levels, and support for development amongst the UK public. We are responding to these challenges through our Making it Happen change programme. Making it Happen has 5 key workstreams (results, money, people, communications and systems).

Results

The results workstream has delivered a number of successes:

- An improved format for recording project information (logframe) is helping DFID improve the quality of project design, management and monitoring of results.
- New DFID-wide evaluation policy will be published in 2009 focussing on increasing decentralised evaluations, and more joint evaluations in line with Paris and Accra commitments.
- DFID support for the World Bank Statistics for Results Facility will help accelerate the strengthening of statistical systems in 6 pilot countries so that there is more reliable data to better manage and measure development results.
- A set of Standard Indicators at output and outcome level will enable DFID to aggregate the impact of its aid across countries.
- New Multilateral performance plans in place with clear objectives and targets which can be tracked over time.

- 4.30** The laptop refresh programme has increased the number of laptop users and strengthened the ability of DFID’s employees to work flexibly and securely in the office, while travelling and at home.
- 4.31** Activities Reporting Information E-System (ARIES) is DFID’s new finance, procurement and programme management system. This single fully integrated system replaces 14 existing IT systems and provides staff with a single source of real time information on DFID’s projects and expenditure.
- 4.32** Following a successful pilot exercise, DFID commenced the roll out of ARIES and approximately two-thirds of DFID’s departments/offices in the UK and overseas are now connected to ARIES. In the last year over 1,500 DFID staff based in the UK and Africa switched to this new single unified system that is now being used to transact much of DFID’s core business. The roll-out will be completed by the third quarter of 2009 with all of DFID’s offices in Asia and the rest of the world switching to ARIES.

Information assurance

- 4.33 DFID does not manage large volumes of personal or sensitive data, but we take our responsibility for those we do manage very seriously. We have an established governance structure for information security under which we assess and monitor our information risks, and ensure compliance with relevant guidance and instructions from elsewhere in Government. DFID is accredited to ISO/IEC 27001:2005, the internationally recognised standard for information security management. We have had a secure remote working system based on encrypted laptop computers for home workers and travelling staff since 2003. During 2008/09 there were no incidents reportable to the Information Commissioner where personal or sensitive data have been lost, and the Information Commissioner has not found against DFID for breach of Data Protection principles.

Performance in responding to correspondence from the public

- 4.34 DFID's enquiry and correspondence units received around 11,500 letters and e-mails from members of the public and organisations during 2008. Approximately 80% of these were answered within the target turnaround time. DFID also dealt with around 108,000 pieces of correspondence resulting from civil society campaigning during 2008.

Dealing with Complaints

- 4.35 The Parliamentary Ombudsman's most recently published Annual Report 2007/08 shows that the Ombudsman received no complaints relating to DFID during that year. DFID has in place clear published procedures for complaint handling, but following publication of the Ombudsman's report on Principles of Good Complaint Handling in November 2008, a central point for complaint handling will be established during 2009 to ensure that all complaints are handled effectively in line with the new guidance.

Scholarships and Fellowships

- 4.36 The Commonwealth Scholarship Commission (CSC) manages Britain's contribution to the Commonwealth Scholarship and Fellowship Plan (CSFP) which offers scholarships and fellowships to commonwealth citizens. In 2008/09 seven hundred and twenty-one scholarships and fellowships were funded by DFID through the CSC.

Public Appointments

- 4.37 DFID is responsible for 18 public appointments to the Commonwealth Scholarship Commission and CDC.

A Greener Department

- 4.38 DFID is committed to working towards the Government targets for "*Sustainable Operations on the Government Estate*".
- We have Environment Management Systems in both UK Offices and a number of our main overseas offices.

- DFID was one of the first organisations in the country to achieve the Carbon Trust Standard certification for our UK operations, in recognition of our reduced carbon footprint.
- DFID has implemented various initiatives to improve our environmental performance. These include new equipment to optimise energy use, better building management systems and awareness campaigns. We have also reduced the number of printers by 37% and replaced them with more energy efficient models. As a result of these measures we have reduced our energy consumption in the UK by 10% compared to 2007/08.
- Implementation of waterless urinals and dual flush cisterns has dramatically reduced our water consumption, which is now 55% lower than in 2007/08.
- DFID is also committed to reducing carbon emissions from energy usage and travel, and reduced the total miles flown from our UK offices by 3% compared to 2007/08.

Chapter 5: Analysis of Departmental Expenditure: Tables 1- 7

- 5.1** The tables in this chapter provide information on outturn and plans for public expenditure managed by DFID for the years 2003/04 to 2010/11. Figures on public expenditure (Tables 1, 2, 3 and 6) are derived from Treasury data systems based on DFID returns; past years' figures may be revised from those published previously to ensure consistent treatment of classification changes. Detailed programme expenditure, balance sheet and staff numbers' data (Tables 4, 5 and 7) are from DFID systems. The tables do not include an analysis of spending by UK country and region; for this analysis the benefit of DFID's programmes, and the associated administration and capital expenditure, is assumed to fall outside the UK.
- 5.2** **Table 1** shows all public expenditure managed by DFID analysed by spending in Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME); by resource and capital, and by main purpose of the spending (eliminating poverty in poorer countries, conflict prevention and overseas superannuation). Most DFID spending is resource DEL for elimination of poverty in poorer countries.
- 5.3** **Tables 2 and 3** provide a more detailed breakdown of the resource and capital totals in Table 1 by main programme activities. These activities reflect the main objectives in DFID's Public Service Agreement. The resource figures for each activity in Table 2 include programme costs and any administration costs directly associated with the management of the activity. Administration costs attributed to each objective are in Table 6. Capital spending includes acquisition of fixed assets such as office buildings, houses, IT infrastructure, furniture and vehicles; financial investments in regional development banks and other international financial institutions; debt relief payments; capital grants; and capital receipts from repayment of bilateral and multilateral loans made in earlier years.
- 5.4** **Table 4** gives a breakdown of DFID's programme resources by budget lines. Figures for 2009/10 and 2010/11 are indicative and may change depending on the progress of programmes during the year. Allocations include capital payments to international financial institutions but not spending on fixed assets purchases and other items accounted for on DFID's balance sheet. Because of differences in data sources, these figures are not comparable with those for aid spending in Annex A of Volume II of the report.
- 5.5** **Table 5** shows the total capital employed within the Department. **Table 6** shows administration budgets by main activity. **Table 7** shows numbers of staff employed by DFID.

Table 1 Total Departmental Spending

	£'000							
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Resource budget								
Resource DEL								
Eliminating Poverty in Poorer Countries (note 1)	3,402,054	3,601,376	4,074,264	4,213,989	4,435,822	4,765,690	5,353,360	6,121,910
Conflict Prevention	44,929	43,939	32,973	32,989	42,672	41,792	86,200	109,000
Total resource budget DEL	3,446,983	3,645,315	4,107,237	4,246,978	4,478,494	4,807,482	5,353,360	6,230,910
<i>of which:</i> Near-cash	3,422,815	3,540,717	4,040,945	4,138,636	4,446,574	4,765,054	5,344,560	6,132,910
Resource AME								
Eliminating Poverty in Poorer Countries	51,440	55,695	71,434	403,578	76,853	323,549	124,219	97,790
Overseas Superannuation	77,169	76,737	68,121	65,783	58,316	67,700	71,414	61,383
Total resource budget AME	128,609	132,432	139,555	469,361	135,169	391,249	195,633	159,173
<i>of which:</i> Near-cash	118,690	117,198	103,758	113,000	111,627	107,182	109,995	106,000
Total resource budget	3,575,592	3,777,747	4,246,792	4,716,339	4,613,663	5,198,731	5,635,193	6,390,083
<i>of which:</i> depreciation	30,492	24,928	22,085	16,202	19,908	16,682	20,000	25,000
Capital budget								
Capital DEL								
Eliminating Poverty in Poorer Countries (note 1)	301,682	303,589	446,493	764,934	739,254	876,174	1,366,000	1,556,000
Conflict Prevention	-	282	354	40	-	-	-	-
Total capital budget DEL	301,682	303,871	446,847	764,974	739,254	876,174	1,366,000	1,556,000
Capital AME								
Total capital budget AME	-	-	-	-	-	-	-	-
Total capital budget	301,682	303,871	446,847	764,974	739,254	876,174	1,366,000	1,556,000
Total departmental spending†								
Eliminating Poverty in Poorer Countries	3,724,684	3,935,739	4,570,129	5,366,299	5,232,021	5,948,731	6,823,579	7,750,700
Conflict Prevention	44,929	44,214	33,304	33,029	42,672	41,792	86,200	109,000
Overseas Superannuation	77,169	76,737	68,121	65,783	58,316	67,700	71,414	61,383
Total departmental spending†	3,846,782	4,056,690	4,671,554	5,465,111	5,333,009	6,058,223	6,981,193	7,921,083
<i>of which:</i>								
Total DEL	3,718,173	3,924,258	4,531,999	4,995,750	5,204,840	5,666,974	6,785,560	7,761,910
Total AME	128,609	132,432	139,555	469,361	128,169	391,249	195,633	159,173

† Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

1. To align budgeting more closely with the National Accounts treatment which scores investments in International Financial Institutions (IFIs), debt relief payments and capital grants as Capital, payments in respect of these items are classified to capital DEL. These payments continue to be shown within the totals for resource grants in Supply Estimates and Resource Accounts.

Table 2 Resource budget DEL and AME

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
	£'000							
Resource DEL								
Eliminating Poverty in Poorer Countries	3,402,054	3,601,376	4,074,264	4,213,989	4,435,822	4,741,338	5,353,360	6,117,910
<i>of which:</i>								
Reducing Poverty in Sub - Saharan Africa	678,166	858,458	1,094,656	1,096,605	1,241,576	1,341,726	1,443,320	1,696,000
Reducing Poverty in Asia	624,005	688,040	748,426	780,416	800,926	745,882	695,140	764,500
Reducing Poverty in the Rest of the World	442,367	266,850	282,332	210,069	239,863	376,609	386,750	394,000
Improve Effectiveness of Multilateral Aid	471,572	602,365	822,003	1,018,383	1,031,343	941,312	1,180,820	1,469,400
Developing Innovative Approaches to Development Programmes Contributing to Multiple Objectives (note 6)	249,966	190,811	130,840	69,505	204,699	283,301	552,066	586,200
	91,131	217,046	218,801	228,678	136,018	-	-	-
Central Departments	51,311	89,559	79,595	111,281	73,523	239,346	110,600	95,600
EC Development Programmes (note 1)	796,057	694,359	700,237	705,648	701,400	798,648	835,000	822,000
Other (unallocated CFER)	-2,521	-6,112	-2,626	-6,596	-2,569	-2,335	-	-
Unallocated Provision	-	-	-	-	-	-	123,824	256,290
International Finance Facility for Immunisation	-	-	-	-	9,043	16,849	25,840	33,920
Conflict Prevention	44,929	43,939	32,973	32,989	42,672	41,792	86,200	113,000
<i>of which:</i>								
Sub - Saharan Africa	19,312	19,990	13,631	13,765	18,388	-	-	-
Global	25,617	22,355	15,294	14,018	17,640	-	-	-
Conflict Prevention Pool (note 5)	-	-	-	-	-	34,397	79,000	106,000
Stabilisation Unit (previously Post Conflict Reconstruction Unit)	-	1,594	4,048	5,206	6,644	7,395	7,200	7,000
Conflict Prevention DUP	-	-	-	-	-	-	-	-
Total resource budget DEL	3,446,983	3,645,315	4,107,237	4,246,978	4,478,494	4,783,130	5,439,560	6,230,910
<i>of which:</i>								
Near-cash	3,422,815	3,540,717	4,040,945	4,138,636	4,446,574	4,740,720	5,344,560	6,132,910
<i>of which:†</i>								
Pay	84,302	92,362	100,711	101,826	110,811	116,422	110,000	108,000
Procurement	113,301	132,080	605,265	703,721	631,448	679,555	660,000	640,000
Current grants and subsidies to the private sector and abroad	3,227,567	3,321,524	3,333,659	3,333,851	3,704,315	3,985,707	4,601,570	5,370,000
Current grants to local authorities	-	-	-	-	-	-	-	-
Depreciation	30,492	24,928	22,085	16,202	12,908	16,682	20,000	25,000
Resource AME								
Eliminating Poverty in Poorer Countries	51,440	55,695	71,434	403,578	76,853	323,549	124,219	97,790
<i>of which:</i>								
Programmes Contributing to Multiple Objectives (note 2)	51,440	55,695	71,434	91,459	124,621	150,484	130,059	97,790
International Finance Facility for Immunisation (note 3)	-	-	-	312,119	-47,768	173,065	-5,840	-
Overseas Superannuation	77,169	76,737	68,121	65,783	58,316	67,700	71,414	61,383
<i>of which:</i>								
Overseas Superannuation (note 4)	77,169	76,737	68,121	65,783	58,316	67,700	71,414	61,383
Total resource budget AME	128,609	132,432	139,555	469,361	135,169	391,249	195,633	159,173
<i>of which:</i>								
Near-cash	118,690	117,198	103,758	113,000	111,627	107,182	109,995	106,000
<i>of which:†</i>								
Pay	-	-	-	-	-	-	-	-
Procurement	-	-	-	-	-	-	-	-
Current grants and subsidies to the private sector and abroad	-	-	-	-	-	-	-	-
Current grants to local authorities	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	7,000	-	-	-
Total resource budget	3,575,592	3,777,747	4,246,792	4,716,339	4,613,663	5,198,731	5,635,193	6,390,083

† The breakdown of near-cash in Resource DEL by economic category may exceed the total near-cash Resource DEL reported above because of other income and receipts that score in near-cash Resource DEL but aren't included as pay, procurement, or current grants and subsidies to the private sector, abroad and local authorities.

1. European Union spending on overseas aid from the the Community budget; this is paid from the Consolidated Fund but for public expenditure purposes is treated as part of DFID's budget.

2. Cost of capital charge for DFID's investment in CDC Group plc

3. Accounting provision for future cost of payments to IFFIm (cash payments show as negative AME and positive DEL)

4. Resource cost under FRS17 for the interest costs from unwinding of the discounted provision for superannuation payments to former colonial civil servants and others.

5. From 2008-09, the Africa Conflict Prevention Pool and the Global Conflict Prevention Pool have been merged into a single pool. Plans for 2010-11 reflect the total budget for the Conflict Prevention Pool, some of which will be allocated to the Ministry of Defence and the Foreign & Commonwealth Office as the other participants in the conflict prevention pool.

6. Expenditure shown under this heading until 2007-08 is included within Central Departments Resource DEL expenditure from 2008-09.

Table 3 Capital Budget DEL and AME

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
£'000								
Capital DEL								
Eliminating Poverty in Poorer Countries	301,682	303,589	446,493	764,934	739,254	876,174	1,366,000	1,556,000
<i>of which:</i>								
Reducing Poverty in Sub-Saharan Africa	4,100	4,518	4,919	4,496	16,357	2,323	110,000	110,000
Reducing Poverty in Asia	1,250	1,432	2,327	1,331	4,538	1,058	52,000	52,000
Reducing Poverty in the Rest of the World	28,648	19,512	13,234	-1,709	9,662	21,165	38,000	27,000
Improve Effectiveness of Multilateral Aid	259,249	270,909	423,314	751,529	691,123	822,327	848,000	1,296,000
Developing Innovative Approaches to Development Programmes Contributing to Multiple Objectives	200	82	9	1	-	50,000	300,000	50,000
Central Departments (note 1)	-	1,965	44	411	-	-	-	-
Other (unallocated CFER)	20,412	7,569	9,801	17,630	17,574	-12,088	8,000	14,000
DFID Unallocated Capital	-12,177	-2,398	-7,155	-8,755	-	-8,611	-	-
	-	-	-	-	-	-	10,000	7,000
Conflict Prevention	-	282	354	40	-	-	-	-
<i>of which:</i>								
Stabilisation Unit (previously Post Conflict Reconstruction Unit)	-	282	354	40	-	-	-	-
Total capital budget DEL	301,682	303,871	446,847	764,974	739,254	876,174	1,366,000	1,556,000
<i>of which:</i>								
Capital expenditure on fixed assets net of sales†	47,535	30,804	29,920	25,229	66,132	19,207	28,000	34,000
Capital grants to the private sector and abroad	41,000	54,700	49,500	65,800	88,480	130,775	399,000	560,000
Net lending to private sector	196,048	199,625	350,965	673,102	583,848	726,192	929,000	955,000
Capital support to public corporations	17,099	18,742	16,462	843	794	-	-	-
Capital AME								
Total capital budget AME	-	-	-	-	-	-	-	-
Total capital budget	301,682	303,871	446,847	764,974	739,254	876,174	1,366,000	1,556,000
<i>Of which:</i>								
Capital expenditure on fixed assets net of sales†	47,535	30,804	29,920	25,229	66,132	19,207	28,000	34,000
Less depreciation†††	30,492	24,928	22,085	16,202	19,908	16,682	20,000	25,000
Net capital expenditure on tangible fixed assets	17,043	5,876	7,835	9,027	46,224	2,525	8,000	9,000

† Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.

†† Included in Resource Budget.

1. From 2008-09, all fixed assets expenditure is shown within Central Departments. All capital receipts are shown within this line for all years.

Table 4: DFID Allocation by Programme

DFID's available programme resources are allocated to country or regional specific aid programmes, international bilateral aid programmes, or other programmes in the annual resource allocation round. This establishes an aid framework allocation, approved by the Secretary of State, which provides divisions within DFID with a firm budget for the current year and planning figures for the subsequent two financial years.

The figures in this table are expenditure and plans set in resource budget terms.

The figures up to and including 2008/09 show the actual resource outturn for that year, and for 2009-10 and after, indicative planning figures are presented. Detailed plans are not currently available beyond 2010-11.

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
	£'000							
AFRICA¹								
East and Central Africa								
Ethiopia	40,395	66,246	62,018	88,656	140,200	155,564	166,000	196,000
Tanzania	79,819	94,666	109,199	109,752	120,550	130,210	150,000	150,000
Sudan	14,655	88,241	130,835	108,704	115,776	103,629	115,000	140,000
Democratic Republic of the Congo	13,157	38,758	51,892	88,149	77,851	82,797	105,000	133,000
Uganda	54,493	60,591	67,337	73,993	71,610	73,219	75,000	95,000
AED Other	33,713	42,920	44,314	39,663	15,997	1,447	-	-
Kenya	26,001	39,451	64,219	61,268	50,900	69,110	65,700	86,000
Somalia ²	-	-	-	-	27,500	34,687	21,000	21,000
Rwanda	28,134	44,337	68,128	16,942	46,313	51,015	50,120	55,000
Burundi ²	-	-	12,262	10,021	10,000	10,622	10,000	10,000
Total	290,367	475,210	610,204	597,148	676,697	712,300	757,820	886,000
West and Southern Africa								
Nigeria	31,876	45,101	80,952	81,482	101,200	99,298	120,000	140,000
Ghana	58,022	71,387	85,387	68,665	75,411	95,062	86,000	85,000
Malawi	53,107	62,559	70,014	60,936	70,000	65,312	75,000	80,000
Mozambique	36,608	48,291	56,237	54,131	65,000	69,496	70,950	77,950
Sierra Leone	35,160	35,439	32,093	36,189	40,700	47,826	45,000	50,000
Zambia	24,664	26,793	47,128	39,948	42,200	44,401	48,600	54,600
Zimbabwe	33,148	23,717	37,336	32,048	45,245	50,669	40,000	49,000
West Africa Other							8,000	2,000
Southern Africa Regional (inc Lesotho, Angola) ³	58,637	32,924	17,484	28,796	43,817	29,740	66,000	63,000
South Africa ²	-	23,074	35,343	21,940	20,000	29,188	20,000	20,000
Liberia	-	-	-	-	9,300	9,225	10,000	10,000
Lesotho	3,311	-	-	-	-	-	-	-
Total	334,533	369,285	461,974	424,135	512,873	540,217	589,550	631,550
Pan-Africa Strategy and Programmes								
Africa- ATP	-	-2,644	-	-	-	-	-	-
Africa Reserve	-	-	-	-	-	-	35,950	92,450
Africa Regional Budget	-	-	5,658	-	28,210	33,292	66,000	94,000
Humanitarian Assistance	3,815	1,712	3,597	2,719	9,325	13,215	41,000	40,000
Africa Directorate							6,000	6,000
Africa Conflict Prevention Pool ¹						4,752	-	-
Other	3,245		-	-	-	-	-	-
Africa Policy Fund	7,014	10,816	10,718	15,604	14,000	-176	-	-
Total	14,074	9,884	19,973	18,323	51,535	51,083	148,950	232,450
Africa Total	638,974	854,379	1,092,151	1,039,606	1,241,105	1,303,600	1,496,320	1,750,000

Table 4: DFID Allocation by Programme... continued

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
	£'000							
SOUTH ASIA								
South Asia								
India	214,425	244,983	249,938	240,755	266,033	285,860	275,000	280,000
Bangladesh	57,300	125,341	117,573	112,416	116,700	122,847	125,140	150,000
Afghanistan ⁴	68,604	81,943	98,506	98,709	107,000	129,840	123,500	123,000
Pakistan	66,221	24,983	71,651	89,333	91,000	119,973	140,000	175,000
Nepal	27,778	32,178	33,535	34,364	43,000	52,622	46,000	56,000
Asia Regional Policy and Programmes	22,552	3,081	3,625	3,985	4,000	3,284	4,000	4,000
Sri Lanka	-	-	-	2,323	500	234	5,000	-
Asia Reserve (inc Post Tsunami Rehab)	-	-	-	-	-	-	-	-
Asia – ATP	-	-	10,628	7,791	10,850	-	-	-
SOUTH ASIA Total	456,880	512,509	585,456	589,676	639,083	714,660	718,640	788,000
EUROPE, MIDDLE EAST AMERICAS, CENTRAL AND EAST ASIA								
Europe/Central Asia								
EU Accession/Pre Accession Countries ⁵	7,756	6,735	649	-	-	-	-	-
Central Asia, South Caucasus, Moldova ⁶	15,269	18,230	20,114	18,372	19,500	20,717	22,000	14,000
Balkans ⁷	18,197	12,813	13,449	13,650	11,500	11,449	14,000	7,000
ECAD Regional	-	-	-	-	5,500	-	-	8,000
Ukraine	6,745	5,444	5,874	5,954	3,000	-	-	-
Russia	21,498	12,543	6,471	4,894	-	-	-	-
Total	69,465	55,765	46,557	42,870	39,500	32,166	36,000	29,000
Americas/Overseas Territories								
Latin America ⁸	23,529	20,632	11,265	11,166	11,500	7,419	-	-
Caribbean ⁹	12,246	19,196	11,151	8,481	10,100	8,590	20,000	17,000
Overseas Territories ¹⁰	38,341	36,153	30,835	35,135	42,900	46,995	61,000	70,000
Latin America –ATP	-	-	-	-	-	-	-	-
Total	74,116	75,981	53,251	54,782	64,500	63,004	81,000	87,000
Middle East/North Africa								
Yemen	2,425	5,651	12,336	8,341	12,000	19,130	35,000	50,000
Palestinian Authority	16,868	16,606	14,757	14,964	44,748	41,004	47,000	52,000
Middle East Regional	4,713	7,420	3,258	2,107	2,400	8,588	9,000	-
UN Relief & Works Agency for Palestinian Refugees	23,646	17,148	14,985	15,015	15,600	19,000	20,000	22,000
Iraq	211,656	64,296	65,974	43,071	36,800	20,992	15,000	10,000
Total	259,308	111,121	111,310	83,498	111,548	108,714	126,000	134,000
EMAD Regional Programmes								
Research/Consultancy/EMAP Regional	278	-249	62	7391	7,900	1,520	-	4,000
EBRD subscription (Capital)	16,778	16,469	16,295	-	-	-	-	-
Other ^{2,8}	25,990	-	-	-	-	-	-	-
Total	43,046	16,220	16,357	7,391	7,900	1,520	-	4,000
South East Asia								
China	21,652	42,409	33,036	38,416	33,160	37,375	30,000	20,000
Vietnam ²	-	-	55,330	49,500	50,000	51,524	50,000	50,000
South East Asia ¹¹	59,938	84,348	69,103	61,759	59,850	60,960	64,750	60,000
Total	81,590	126,757	157,469	149,675	143,010	149,859	144,750	130,000
TOTAL EUROPE, MIDDLE EAST, AMERICAS, CENTRAL AND EAST ASIA	527,525	385,844	384,944	338,216	366,458	355,263	387,750	384,000
TOTAL – COUNTRY/REGIONAL PROGRAMMES	1,623,379	1,752,732	2,062,551	1,967,498	2,246,646	2,373,523	2,602,710	2,922,000

Table 4: DFID Allocation by Programme... continued

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
UN, CONFLICT AND HUMANITARIAN								
Conflict, Humanitarian and Security								
Security and Justice	3,120	3,749	4,883	9,209	12,834	11,464	12,800	14,000
Humanitarian Response	15,845	58,967	63,662	27,101	19,660	58,629	19,679	29,000
Humanitarian Policy	48,072	54,797	72,800	54,520	73,602	46,148	65,142	64,000
Avian and Human Influenza	-	-	-	-	-	3,041	3,202	-
Conflict	-	2,430	1,426	4,491	4,554	4,327	4,500	5,000
UN Peacebuilding	-	-	-	6,421	20,530	20,704	19,000	24,000
Disaster Risk Reduction	-	-	-	7,580	10,530	11,620	7,305	7,000
Central Emergency Response Fund	-	-	40,000	43,770	36,083	-	40,000	40,000
Stabilisation Unit	-	1,215	1,432	2,695	4,273	4,660	4,000	4,000
Global Conflict Prevention Pool	25,617	22,345	15,294	12,944	18,180	9,911	79,000	106,000
Total	92,654	143,503	199,497	168,731	200,246	170,504	254,628	293,000
United Nations and Commonwealth								
UN Development Programme	37,000	30,250	54,750	50,000	55,000	55,000	45,000	55,000
Commonwealth Programmes	7,751	24,930	19,163	25,688	24,955	28,477	27,700	28,000
UNICEF	17,000	19,000	20,350	20,142	22,700	16,650	26,000	31,000
UNFPA Core Grant	18,100	28,001	30,000	20,422	24,578	25,000	40,000	45,000
UNAIDS	-	-	16,000	10,000	19,000	10,000	10,000	10,000
WHO Core Grant	12,500	23,854	3,125	19,457	17,417	12,500	14,000	12,500
Other UN Institutions	14,000	15,872	13,562	14,264	18,350	18,519	16,000	11,000
Technical Cooperation for UN	5,500	21,156	9,289	16,982	7,449	1,736	7,000	4,000
IFAD	3,610	4,600	12,131	1,386	250	29,411	14,000	18,000
FAO (Subscription)	11,000	13,000	8,950	13,700	13,800	16,000	15,533	16,000
UNESCO (Subscription)	12,500	10,076	11,767	11,111	12,000	13,145	12,000	12,000
Other UN & Commonwealth	-	-	1,321	-1,321	-	19	-	-
Policy Partnerships	-	-	3,900	3,909	3,500	94	199	-
Agency Performance Funding	-	-	-	-	-	-	10,000	30,000
Business Practice Reform	-	-	-	-	-	-	1,500	-
UNDOCO	-	-	-	-	-	-	2,500	4,000
Unallocated Multilateral Contributions	-	-	-	-	-	-	9,000	2,000
Total	138,961	190,739	204,308	205,740	218,999	226,551	250,432	278,500
TOTAL UN, CONFLICT AND HUMANITARIAN	231,615	334,242	403,805	374,471	419,245	397,055	505,060	571,500
EUROPE & DONOR RELATIONS								
European Development Fund (Resource)	230,883	257,982	234,431	237,957	280,041	360,176	400,000	451,000
Other EU Programmes	5,339	4,327	4,153	3,924	3,915	3,029	7,000	57,000
EU Attribution ¹²	796,057	694,359	700,237	707,000	725,000	798,648	835,000	822,000
Donor relations	-	-	-	-	-	2,252	3,000	1,000
Global Statistics Partnership	-	-	-	-	2,700	2,754	22,000	24,000
Europe Regional	-	-	-	-	-	-	2,000	-
TOTAL EUROPE & DONOR RELATIONS	1,032,279	956,668	938,821	948,881	1,011,656	1,166,859	1,269,000	1,355,000
INTERNATIONAL FINANCE AND DEVELOPMENT EFFECTIVENESS								
International Financial Institutions								
IDA	149,500	150,000	364,800	493,333	493,333	524,806	506,000	921,000
African Development Fund	40,598	40,597	-	146,627	59,564	139,000	168,000	170,000
Asian Development Fund	26,154	21,179	-	57,068	28,534	28,534	29,000	29,000
Caribbean Dev Bank Special Dev Fund	4,374	4,374	-	5,873	5,873	5,873	13,300	7,000
Other IFI Programmes	1,535	1,979	1,396	36,680	70,000	494	9,835	28,300
IMF Funds	-	1,000	-	15	-	-	20,075	20,300
HIPC Trust Fund Contributions	-	-	-	-	-	13,706	14,000	-
HIPC 100% Bilateral Policy	-	-	-	-	-	226	5,000	-
Debt relief	44,731	54,812	61,657	96,499	100,160	52,830	25,225	71,000
Reg Dev Banks (Cap Sub)	841	1,530	854	843	794	-	1,000	-
Rapid Social Response Fund	-	-	-	-	-	-	50,000	50,000
Total	267,733	275,471	428,707	836,938	758,258	765,469	841,435	1,296,600

Table 4: DFID Allocation by Programme... continued

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
	£'000							
Global Funds/DFIs								
Private Sector Infrastructure	17,183	15,687	33,649	30,582	32,500	32,322	47,000	58,000
Making Aid more Effective	-	-	419	2,532	5,450	7,724	9,925	10,000
IFF for Immunisation	-	-	-	312,119	-38,725	189,914	20,000	33,920
Global Funds, AIDS, TB and Malaria	-	-	-	100,000	100,000	50,033	115,500	195,000
GAVI	-	-	-	-	-	-	2,000	3,000
UNITAID	-	-	-	-	-	-	25,000	45,000
Malaria Initiative	-	-	-	-	-	-	10,000	30,000
Fast Track Initiative	-	-	-	69,939	7,367	72,365	38,900	105,300
Multilateral Efficiency Savings	-	-	-	-	-	-	-	-30,000
Total	17,183	15,687	34,068	515,172	106,592	352,358	268,325	450,220
TOTAL INTERNATIONAL FINANCE AND DEVELOPMENT EFFECTIVENESS	284,916	291,158	462,775	1,352,110	864,850	1,117,827	1,109,760	1,746,820
POLICY & RESEARCH								
Policy Programmes								
Global Environment Funds	61,928	37,929	46,987	35,106	43,629	90,000	144,000	286,000
Global Health Partnerships	60,190	63,438	92,465	37,452	24,201	28,906	27,500	28,500
Health, AIDS and Education	17,331	11,323	15,738	15,487	23,519	12,193	11,540	12,000
Growth and investment	45,610	30,232	21,946	20,112	17,236	17,212	34,882	30,000
Sustainable Development	-	-	9,904	10,452	12,612	-	-	-
Governance and social development	11,704	7,679	823	1,770	2,500	12,812	25,100	10,700
Other	-	-	-	-	-	-	-	11,000
Partnership Programme Agreements	56,764	66,054	82,149	89,141	90,491	108,909	103,000	148,000
Civil Society Challenge Fund	7,000	11,959	7,113	14,594	14,280	15,750	17,000	20,000
Global Transparency Fund	00	00	00	00	5,000	15,120	41,500	34,000
Total	260,527	228,614	227,125	224,114	233,468	300,902	404,522	580,200
Research								
Human Development Research	27,843	28,757	41,348	43,129	48,000	46,704	61,569	69,000
Growth and Livelihoods Research	27,946	37,073	41,838	39,697	45,000	47,917	6,800	-
Social, Political and Environmental Change Research	10,847	15,355	13,958	15,411	27,500	-	-	-
Climate and Environment	-	-	-	-	-	22,814	44,675	41,500
Governance in Challenging Environments	-	-	-	-	-	15,681	20,000	17,000
Research Uptake	-	-	-	-	-	11,012	15,000	17,000
Agriculture Research	-	-	-	-	-	-	49,000	54,000
Other	-	-	-	-	-	-	10,000	20,000
Communications Research	12,727	4,099	6,309	6,974	8,000	-	-	-
Total	79,363	85,284	103,453	105,211	128,500	144,128	207,044	218,500
TRADE POLICY								
Global Trade Liquidity Programme	0	0	0	0	0	0	200,000	-200,000
Trade-Related Technical Cooperation	3,064	6,989	9,263	6,749	14,500	14,360	20,000	17,000
Total	3,064	6,989	9,263	6,749	14,500	14,360	220,000	-183,000
COMMUNICATIONS								
Development Awareness	2,681	6,626	7,113	10,025	14,400	13,707	24,000	23,000
Strategic Grants	470	847	1,244	732	-	-63	-	-
Volunteering initiatives	-	-	-	-	-	-	-	-
Information & Communications for Development	4,013	7,027	5,037	5,677	3,524	-	-	-
Media & Marketing	667	1,552	1,101	1,348	2,105	1,971	7,600	7,600
Other	3,806	-	-	-	-	-	2,000	-
Total	11,637	16,052	14,495	17,782	20,029	15,615	33,600	30,600
TOTAL – POLICY PROGRAMMES	354,591	336,939	404,336	353,856	396,497	475,005	865,166	646,300

Table 4: DFID Allocation by Programme... continued

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
FINANCE & CORPORATE PERFORMANCE								
Evaluation	558	897	338	607	1,050	1,954	3,000	3,000
FCPD Other Programmes	626	759	911	825	1,600	675	1,000	1,000
TOTAL –OTHER PROGRAMMES	1,184	1,656	1,249	1,432	2,650	2,629	4,000	4,000
GRAND TOTAL	2,495,685	2,716,727	3,334,716	4,998,248	4,941,544	5,532,898	6,355,696	7,245,620

1. Outturn includes spending on programmes from Africa Conflict Prevention Pool. The initial pool allocation for 2008/09 is £21,094,000 (see 'Africa Conflict Prevention Pool'), future years are indicative only. Plans do not include the unallocated provision.
2. Earlier years are included in regional allocations.
3. Includes South Africa until 2003/04. Includes Angola from 2005/06.
4. Most expenditure in Afghanistan until 2003/04 is in Conflict and Humanitarian spending.
5. In later years only Romania and Bulgaria.
6. Includes Kyrgyz Republic, Tajikistan, Uzbekistan, Armenia, Georgia, and Moldova.
7. Includes country programmes for former Yugoslavia and Albania.
8. Includes current programmes in Nicaragua, Bolivia, Brazil, and regional programmes, and those countries which have graduated – Peru, Mexico and Honduras.
9. Caribbean Community (CARICOM) countries in the independent Caribbean, including Guyana, Jamaica, Belize and the Windward Islands. There are current programmes in Guyana, Jamaica and Caribbean region
10. Includes St Helena, Anguilla, Monserrat, Turks and Caicos, and Caribbean Dependencies programme. We have graduated from Anguilla and Turks and Caicos, but are providing budget support for Pitcairn.
11. Includes country programmes for Indonesia, Cambodia, Burma, East Timor and Vietnam (until 2004/05).
12. Share of EU spending on development programmes attributed to the UK.

Table 5: Department for International Development Capital Employed

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	outturn	outturn	outturn	outturn	outturn	outturn	plans	plans
Assets and liabilities on the balance sheet at end of year:								
Fixed assets								
Intangible	550	350	162	1,588	1,105	614	600	400
Tangible	70,290	75,411	82,997	88,313	113,008	113,975	112,740	111,932
<i>of which:</i>								
Land and buildings (including leasehold improvements)	40,976	39,618	41,233	42,673	59,012	61,338	63,556	63,182
Vehicles	2,840	3,647	3,072	3,090	2,575	2,662	2,227	2,301
Office and domestic furniture and equipment	8,209	9,231	9,406	9,819	9,912	9,520	7,926	7,122
IT equipment & systems	15,927	17,372	15,857	8,930	10,587	28,335	28,109	28,404
Assets in the course of construction	2,338	5,543	13,429	23,801	30,922	12,120	10,922	10,922
Investments	1,751,249	2,521,400	2,978,750	2,920,358	3,322,561	4,125,643	4,389,052	4,608,504
Current assets								
Long term loans (due after more than one year)	1,094,206	307,300	278,736	224,178	174,989	188,224	163,224	138,224
Debtors, prepayments & cash	185,247	217,126	146,790	156,525	141,700	365,604	160,000	160,000
Liabilities								
Creditors (due within 1 year)	-584,915	-528,169	-455,747	-580,052	-1,231,247	-1,887,288	-1,548,930	-1,394,037
Creditors (due after 1 year)	-216,408	-258,118	-375,747	-375,490	-36,747	-36,818	-39,000	-38,000
Provisions for liabilities and charges	-127,127	-109,523	-98,790	-437,515	-336,862	-514,667	-600,000	-600,000
Capital employed within main department	2,173,092	2,225,777	2,557,151	1,997,905	2,148,506	2,355,287	2,637,686	2,987,024
NDPB net assets	-	-	-	-	-	-	-	-
Total capital employed in dept'l group	2,173,092	2,225,777	2,557,151	1,997,905	2,148,506	2,355,287	2,637,686	2,987,024

Table 6 Administration Costs

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Outturn	Outturn	Outturn	Outturn	Outturn	Outturn	Plans	Plans
Administration Expenditure								
Paybill	45,843	53,679	64,261	61,921	74,713	80,082	74,000	72,000
Other	104,462	108,801	103,056	131,530	81,241	88,793	89,950	87,950
Total administration expenditure	150,305	162,480	167,317	193,451	155,953	168,875	163,950	159,950
Administration income	-4,600	-4,950	-5,099	-2,998	-5,241	-6,146	-5,000	-5,000
Total administration budget	145,705	157,530	162,218	190,453	150,712	162,729	158,950	154,950
Analysis by activity								
Eliminating Poverty in Poorer Countries	145,705	157,151	159,525	187,504	147,808	159,534	155,750	151,950
Conflict Prevention	-	379	2,693	2,949	2,904	3,195	3,200	3,000
Total administration budget	145,705	157,530	162,218	190,453	150,712	162,729	158,950	154,950

1. Administration costs have been restated from previously published figures for all years up to 2007-08 to reflect costs of overseas front-line programme staff now included in programme costs.

Table 7: Staff numbers (full-time equivalents)

	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Dec-06	Mar-07	Mar-08	Mar-09
	Actual								
Home Civil Servants	1,447	1,620	1,907	1,883	1,801	1,754	1,719	1,612	1,600

Table 7 shows the number of full-time equivalent civil service staff employed by DFID in the UK and overseas, including those working overseas on aid projects. Part-time staff are counted according to percentage of time worked. In accordance with Cabinet Office requirements, numbers prior 2003 include casual staff and a notional figure to represent the amount of overtime worked by our permanent staff.

Glossary and abbreviations

Accession countries

Countries in the process of joining the European Union.

Administrative costs

DFID administrative costs include the running costs of DFID Headquarters, overseas costs of staff in agreed diplomatic posts concerned with full time aid administration, including Staff Appointed in Country employed by DFID; expenditure in respect of residual rent liability on the Chatham Maritime site arising from the terms agreed for the privatisation of DFID's former next steps agency, the Natural Resources Institute; and those elements of Foreign and Commonwealth Office and CDC Capital Partners, formerly known as Commonwealth Development Corporation, administration costs which are related to aid delivery.

Aid effectiveness

A measure of the quality of aid delivery and maximising the impact of aid on poverty reduction and development.

Aid untying

Aid that is given where donors do not insist that it is spent on goods and services from the donor country in favour of giving unrestricted access to those who can compete best on price, quality and service.

Alignment

When donors base their overall support on partner countries' national development strategies, institutions and procedures.

Bali Action Plan

This is the outcome of the Bali Summit (December 2007) where after two weeks of intense negotiations, governments of more than 190 countries reached agreement on a roadmap for achieving a global climate change deal by the end of 2009.

Bilateral aid

Bilateral aid is provided to developing countries and countries in transition of the Development Assistance Committee List on a country to country basis, and to institutions, normally in Britain, working in fields related to these countries.

BRICS

A group of 5 countries, Brazil, Russia, India, China and South Africa, with a growing influence and impact on regional and global issues.

The UK works in areas where our BRICS partners want UK involvement as they develop their approaches; the BRICS strategy is very much a cross government strategy, and in some cases our work will take place through and with other UK government departments.

Budgetary assistance or budgetary support

See Direct budget support or General budget support.

Civil society organisations

All civic organisations, associations and networks, which occupy the ‘social space’ between the family and the state who come together to advocate their common interests through collective action. It includes volunteer and charity groups, parents’ and teachers’ associations, senior citizens’ groups, sports clubs, arts and culture groups, faith-based groups, workers’ clubs and trade unions, non-profit think-tanks and ‘issue-based’ activist groups.

Concessional resources

A loan, the terms of which are more favourable to the borrower than those currently attached to commercial market terms, is described as concessional (or a soft loan) and the degree of concessionality is expressed as its grant element.

Conditionality

When donors require their developing country partners to do something in order to receive aid. If the condition is not fulfilled it will generally lead to aid being interrupted or suspended. The UK policy on conditionality is that our aid is based on three shared commitments with partner governments: poverty reduction and meeting the MDGs; respecting human rights and other international obligations; and strengthening financial management and accountability and reducing the risk of funds being misused through weak administration or corruption. If partner governments move away from these conditions, we can suspend, interrupt, delay or change how we deliver our aid. We do not use conditions to impose specific policy choices on countries.

Countries in transition

Term used to describe former Soviet countries in Eastern Europe and the former Soviet Union, and China, Mongolia and Vietnam.

Country Assistance Plans

DFID has produced or is producing Country Assistance Plans for all countries where we provide development assistance programmes of more than £20 million. These papers, produced in consultation with governments, business, civil society and others within the country concerned and within the UK, set out how we aim to contribute to achieving the international development targets in the country in question. Country Assistance Plans are normally intended to cover a three- to four-year period. For some groups of countries a Regional Assistance Plan is produced.

Country-led approaches

Where donors allow partner countries to take the lead in the design and delivery of development and provide support to partner countries (see ownership and alignment).

Debt relief

Debt relief may take the form of cancellation, rescheduling, refinancing or re-organisation. Interest and principal foregone from debt cancellation forms part of DFID programme expenditure whilst other debt relief is funded from other official sources.

- a. Debt cancellation (or Retrospective Terms Adjustment) is relief from the burden of repaying both the principal and interest on past loans.
- b. Debt rescheduling is a form of relief by which the dates on which principal or interest payments are due, delayed or rearranged.

- c. Official bilateral debts are re-organised in the Paris Club of official bilateral creditors, in which the UK plays its full part. The Paris

Club has devised increasing generous arrangements for reducing and rescheduling the debt of the poorest countries, most recently agreeing new terms for the enhanced Heavily Indebted Poor Countries Initiative.

Developing countries

See Development Assistance Committee: List of aid recipients.

Development Assistance Committee

The Development Assistance Committee of the Organisation for Economic Co-operation and Development is a forum for consultation among 22 donor countries and the European Commission on how to increase the level and effectiveness of aid flows to all aid recipient countries. The member countries are Australia, Austria, Belgium, Canada, Denmark, European Commission, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the UK and the United States.

Development Assistance Committee: List of aid recipients

This list used to be in two parts (Part I for countries and territories eligible to receive official development assistance (ODA) and Part II for countries and territories eligible to receive official aid (OA)). From December 2005 there is only one list. Those countries eligible for ODA and details of these countries are shown in Annex 1 of Statistics on International Development. The list is designed for statistical purposes and not as guidance for aid or other preferential treatment. In particular, geographical aid allocations are national policy decisions and responsibilities.

Direct budget support

Direct budget support is a form of programmatic aid in which:

- a. Funds are provided in support of a government programme that focuses on growth and poverty reduction, and transforming institutions, especially budgetary.
- b. The funds are provided to a partner government to spend using its own financial management and accountability systems.

Donor

See Development Assistance Committee.

European Community

The 27 member states and the common institutions, notably the European Commission, co-operating on a range of economic and other issues in supra-national integration.

European Development Fund

The European Development Fund is the main route through which funds committed under the EC's Cotonou Convention are channelled.

European Union

Created by the Treaty of Maastricht 1992, which enhanced the integration of the European Community but also enabled the member states to co-operate together in an inter-governmental, not supra-national, way in the areas of Common Foreign and Security Policy Justice and Home Affairs.

Financial aid

Financial aid in the wider sense is defined as a grant or loan of money which is the subject of a formal agreement with the recipient government or institution. In practice it is all bilateral aid except technical co-operation and administrative costs.

Fragile states

Those states where the government cannot or will not deliver core functions to the majority of its people, including the poor. General budget support

See Direct budget support and Poverty reduction budget support.

Globalisation

The growing independence and interconnectedness of the modern world through increased flows of goods, services, capital, people and information. The process is driven by technological advances and reductions in the costs of integrated transactions, which spread technology and ideas, raise the share of trade in world production and increase the mobility of capital.

Gross domestic product

The total value of goods and services produced within a country.

Gross national income

Previously known as gross national product, gross national income (GNI) comprises the total value of goods and services produced within a country (i.e. its gross domestic product), together with its income received from other countries (notably interest and dividends), less similar payments made to other countries.

G7/G8 Group

The G7 Group of major industrialised democracies comprises Canada, France, Germany, Italy, Japan, the UK and the United States. The Group of Eight (G8) includes Russia. Their heads of government meet annually at the G7/G8 Summit to discuss areas of global concern.

Harmonisation

Where donors co-ordinate their aid and use common procedures to ensure they are not duplicating work or placing unnecessary demands on their developing country partners.

Heavily Indebted Poor Countries Initiative

An initiative launched by the International Monetary Fund and the World Bank in 1996 to provide debt relief to the poorest countries.

Revised in 1999 to deliver twice as much debt relief as the original initiative.

Humanitarian assistance

Humanitarian assistance comprises disaster relief, food aid, refugee relief and disaster preparedness. It generally involves the provision of material aid (including food, medical care and personnel) and finance and advice to save and preserve lives during emergency situations and in the immediate post-emergency rehabilitation phase; and to cope with short- and longer-term population displacements arising out of emergencies.

Income groups

The classification of aid recipient countries by income groups is based on GNI per capita figures in 2004 according to the thresholds set out below. These are updated regularly but the 2004 income

groups are used for reporting against the 2008–11 PSA. These thresholds are identical to those used by the World Bank as follows:

Low income group: countries with a GNI per capita in 2004 of below \$825.

Lower middle income group: countries with a GNI per capita in 2004 of \$826 or above but not exceeding \$3225.

Upper middle income group: countries with a GNI per capita in 2004 of \$3226 or above but not exceeding \$10,065.

High income group: countries with a GNP per capita in 2001 of \$10,066 or above.

Institutional Strategy Papers

Institutional Strategy Papers are designed to set our partnerships with multilateral development institutions in a strategic framework. The papers are prepared in consultation with that institution and other interested parties and set out the objectives for our partnership with that institution. Institutional Strategy Papers have been or are being prepared for our main partner institutions and will normally be produced every three to four years.

Internally Displaced Persons

Persons who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalised violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally recognised state border.

Intellectual property rights

National and international systems provide for the protection and enforcement of intellectual property rights. Intellectual property constitutes private property rights over ideas and inventions. The principal intellectual property rights are copyrights (material which can be reproduced only with permission of the owner, who can charge for it), patents (product designs or processes which can be used only with permission of the owner, who can charge for it), trademarks (registered marks that exclusively identify a product or economic entity, which cannot be used by others), and industrial designs.

International Development Association

Part of the World Bank Group that makes loans to countries at concessional rates (i.e. below market rates) of interest.

Least developed country

Least developed countries are those assessed as having particularly severe long-term constraints to development. Inclusion on the list of least developed countries is now assessed on two main criteria: economic diversity and quality of life.

Low income countries

Countries in the low income group, as defined in Income groups.

Managing for results

Management strategies that focus on performance and improvements in country outcomes and provide a framework in which performance information is used for improved decision making.

Middle income countries

Countries in the lower middle and upper middle income groups (see Income groups).

Millennium Development Goals

A set of eight international development goals for 2015, adopted by the international community in the UN Millennium Declaration in September 2000, and endorsed by IMF, World Bank and OECD. These are set out in full in Annex three.

Multilateral aid

Aid channelled through international bodies for use in or on behalf of aid recipient countries. Aid channelled through multilateral agencies is regarded as bilateral where DFID specifies the use and destination of the funds.

Non-governmental organisations

Private non-profit making bodies, which are active in development work. To qualify for official support, UK non-governmental organisations must be registered charities.

Official aid

This refers to countries on the DAC Part II list of countries which ceased to exist from 2005. To qualify as official aid, resource flows should have had the same concessional and qualitative features as ODA.

Official development assistance

Official development assistance is defined as those flows to developing countries and multilateral institutions provided by official agencies or by their executive agencies, which meet the following tests:

- a. It is administered with the promotion of the economic development and welfare of developing countries as its main objective.
- b. It is concessional in character and conveys a grant element of at least 25%.

From 2005 only aid to countries on the DAC List of Recipients of Official Development Assistance is eligible to be recorded as ODA.

Organisation for Economic Co-operation and Development (OECD)

A group of major industrial countries promoting growth and high employment among its members, fostering international trade and contributing to global economic development.

Ownership

Partner countries exercise effective leadership over their development policies and strategies and co-ordinate development actions.

Paris Declaration

The Paris Declaration is an international agreement in which over one hundred countries and organisations committed to continue to increase efforts in harmonisation, alignment and managing aid for results with a set of monitorable actions and indicators.

Source: www.oecd.org.

Paris Declaration baseline survey

The Paris Declaration is an ambitious set of 56 commitments group under 5 principles of ownership, alignment, harmonisation, management for development results and mutual accountability. The Declaration includes 12 indicators with targets to monitor progress, these were assessed in a baseline survey in 2006 and 2008.

Poverty reduction budget support

Poverty reduction budget support is a form of financial aid in which funds are provided directly to a partner government's central exchequer to support that government's programmes. This can be in the form of general budget support (not directed at particular sectors) or sector budget support.

Poverty Reduction Strategies (PRSs)

PRSs are prepared by partner country governments, often in collaboration with development partners. They describe the country's macroeconomic, structural and social policies and programmes to promote growth and reduce poverty.

Predictability

A measure of how predictable flows of aid to developing partner countries are. This includes the extent to which aid promised within a given year is delivered and how many years in the future donors provide information about aid to be provided.

Programme aid

Programme aid is financial assistance specifically to fund (i) a range of general imports, or (ii) an integrated programme of support for a particular sector, or (iii) discrete elements of a recipient's budgetary expenditure. In most cases, support is provided as part of a World Bank/International Monetary Fund co-ordinated structural adjustment programme.

Programme-based approaches

Programme-based approaches are funds provided to a sector to deliver a single programme, led by the partner country, with a single budget and a formal process for donor co-ordination, and that make efforts to increase the use of developing partner countries' systems.

Public financial management

A PFM system has three key objectives: to maintain fiscal discipline (securing stewardship), keeping spending within limits created by the ability to raise revenue and keeping debt within levels that are not prohibitively expensive to service; to promote strategic priorities (enabling transformation) – allocating and spending resources in those areas that make the greatest contribution to the government's objectives; and to deliver value for money (supporting performance) – efficient and effective use of resources in the implementation of strategic priorities.

Public/private partnership

A public/private partnership brings public and private sectors together in partnership for mutual benefit. The term public/private partnership covers a wide range of different partnerships, including the introduction of private sector ownership into businesses that are currently state-owned, the Private Finance Initiative, and selling government services into wider markets.

Public Service Agreement

A set of measurable targets for DFID's work, as required by the White Paper Public Services for the Future: Modernisation, Reform, Accountability

(CM4181). See Annex four for DFID's Public Service Agreement 2005-08.

Regional development banks

International development banks, which serve particular regions, for example the African Development Bank or the European Bank for Reconstruction and Development.

Remittances

Remittances are monies sent from one individual or household to another. International remittances are those sent by migrant workers who left their home country. Domestic remittances are those sent by migrant workers who left their home village or town to work elsewhere in their home country (e.g. rural-urban migration; sometimes also referred to as national remittances). Communal or collective remittances are monies sent by migrant associations or church groups to their home communities. Typically remittances are in cash rather than goods. Imports or goods purchased on location are, however, also common.

Scaling up

Identifying the most effective ways to channel additional resources in order to maximise impact on the MDGs.

Sector

One of the areas of recipient countries' economic or social structures that aid is intended to support. DFID categorises its aid into eight broad sectors: Economic, Education, Health, Governance, Social, Rural Livelihoods, Environment and Humanitarian Assistance.

Sector wide approaches or sector investment programmes

A sector wide approach is a process that entails all significant donor funding for a sector supporting a single, comprehensive sector policy and expenditure programme, consistent with a sound macro-economic framework, under government leadership. Donor support for a sector wide approach can take any form – project aid, technical assistance or budgetary support – although there should be a commitment to progressive reliance on government procedures to disburse and account for all funds as these procedures are strengthened.

Security sector

The security sector is defined as those who are, or should be, responsible for protecting the state and communities within the state.

This includes military, paramilitary, intelligence and police services as well as those civilian structures responsible for oversight and control of the security forces and for the administration of justice.

Spending review

A fundamental re-evaluation of priorities, objectives and targets by the UK government, which establishes a three-year planning cycle including spending plans, for all Departments. The 2007 Comprehensive Spending Review runs from 2008/09 to 2010/11.

Technical co-operation/technical assistance

Technical co-operation is the provision of advice and/or skills, in the form of specialist personnel, training and scholarship, grants for research and associated costs.

Untied aid

See Aid untying.

World Bank

The term World Bank is commonly used to refer to the International Bank for Reconstruction and Development and the International Development Association. Three other agencies are also part of the World Bank, the International Finance Corporation, the Multilateral Investment Guarantee Agency and the International Centre for Settlement of Investment Disputes. Together these organisations are referred to as the World Bank Group.

World Trade Organisation

The World Trade Organisation exists to ensure that trade between nations flows as smoothly, predictably and freely as possible. To achieve this, the World Trade Organisation provides and regulates the legal framework that governs world trade. Decisions in the World Trade

Organisation are typically taken by consensus among the 146 member countries and are ratified by members' parliaments.

Abbreviations

- 3EI** International Initiative on Impact Evaluation
- A4T** Aid for Trade
- ACP** Africa, Caribbean and the Pacific
- ACPP** Africa Conflict Prevention Pool
- ADB** Asian Development Bank
- AECF** Africa Enterprise Development Fund
- AfDB** African Development Bank
- AIDS** Acquired Immune Deficiency Syndrome
- AMC** Advance Market Commitments
- APF** African Partnership Forum
- APRM** African Peer Review Mechanism
- ART** Anti-retroviral treatment
- ARTF** Afghanistan Reconstruction Trust Fund
- ARIES** Activities Reporting Information E-System
- AsDB** Asian Development Bank
- AsDF** Asian Development Fund
- ATP** Aid and trade provision
- AU** African Union
- BAP** Bali Action Plan
- BBSRC** Biotechnology and Biological Sciences Research Council
- CAP** Country Assistance Plan
- CDC** CDC Group plc formerly Commonwealth Development Corporation
- CDM** Clean Development Mechanism
- CEIF** Clean Energy Investment Framework
- CERF** Central Emergency Response Fund
- CHAP** Common Humanitarian Action Plan
- CHF** Common Humanitarian Fund
- CHOGM** Commonwealth Heads of Government Meeting
- CfA** Commission for Africa
- CHAI** Clinton Foundation for HIV & AIDS Initiative
- CIPFA** Chartered Institute of Public Finance and Accountancy
- CIS** Commonwealth Independent States
- COMESA** Common market for Eastern and Southern Africa
- CPEs** Country Programme Evaluations
- CSCF** Civil Society Challenge Fund
- CSOs** Civil Society Organisations

CSR Comprehensive Spending Review

DAC Development Assistance Committee of the Organisation for Economic Co-operation and Development

DBIS Department for Business, Innovation and Skills (Formerly known as the Department for Business, Enterprise and Regulatory Reform)

DECC Department for Energy and Climate Change

DEFRA Department for Environment, Food and Rural Affairs

DDA Doha Development Agenda

DFI Development Finance Institutions

DFID Department for International Development

DoC Drivers of change

DOTS Directly Observed Treatment Short-course for tuberculosis

DPA Development Partnership Agreement

DPF Divisional Performance Frameworks

DRF Debt Reduction Facility

DRR Disaster Risk Reduction Policy

DSF Debt Sustainability Framework

DSOs Departmental Strategic Objectives

EAIF Emerging Africa Infrastructure Facility

EBRD European Bank for Reconstruction and Development

EC European Commission

ECA Export Credit Agency

ECDG Export Credit Guarantees Department

EDF European Development Fund

EEAS Energy Efficiency Accreditation Scheme

EIB European Investment Bank

EIF Enhanced Integrated Framework for Trade Related Technical Assistance

EITI Extractive Industries Transparency Initiative

EPAs Economic Partnership Agreements

ESPA Ecosystem Services and Poverty Alleviation

ETF-IW The international window of the Environmental Transformation Fund

EU European Union

EvD Evaluation Department

FAO Food and Agriculture Organisation of the United Nations

FCO Foreign and Commonwealth Office

FCPF Forest Carbon Partnership Facility

FLEGT EU Forest Law Enforcement

FRA Fiduciary Risk Assessment

FTI Fast Track Initiative

G7/8 Group of seven/eight leading industrialised nations

G20 Group of twenty leading industrialised nations

G90 Group of ninety nations

G110 Group of one hundred and ten nations

GAVI Global Alliance for Vaccines and Immunisation

GBS General Budget Support

GCPF Global Conflict Prevention Pool

GDP Gross domestic product

GEF Global Environment Facility

GFATM Global Fund to Fight AIDS, TB and Malaria

GFP Global Funds and Partnerships

GHGs Greenhouse Gases

GNI Gross national income

GPOBA Global Partnership for Output Based Aid

GSIF Global Science and Innovation Forum

GTF Governance and Transparency Fund

GTZ Gesellschaft für Technische Zusammenarbeit (international cooperation enterprise mainly engaged on German Technical Co-operation).

HIPC Heavily Indebted Poor Countries

HIV Human Immunodeficiency Virus

HLF High Level Forum Meeting

HMT Her Majesty's Treasury

IACDI Independent Advisory Committee on Development Effectiveness

IADB Inter-American Development Bank

IATI International Aid Transparency Initiative

ICF Investment Climate Facility for Africa

ICPD International Conference on Population and Development

ICRD Canada's International Development Research Centre

ICSU International Campaigns and Strategy Unit

IDA International Development Assistance

IDC International Development Committee

IDP Internally displaced person

IEA International Energy Agency

IFAP International Federation of Agricultural Producers

IFAD International Fund for Agricultural Development

IFC International Finance Corporation

IFF International Finance Facility
IFFIm International Finance Facility for Immunisation
IFI International financial institution
IFRC International Federation of Red Cross and Red Crescent Societies
IHP International Health Partnerships
IIP Investors in People
ILO International Labour Organisation
IMF International Monetary Fund
IS Institutional Strategy
JAS Joint Assistance Strategy
KPCS Kimberley Process Certification Scheme
LDC Least developed countries
LIC Low income country
MDB Multilateral Development Banks
MDES Multilateral Development Effectiveness Summaries
MDG Millennium Development Goal
MDRI Multilateral Debt Relief Initiative
MENA Middle East and North Africa
MIC Middle income country
MOD Ministry of Defence
MSU Mediation Support Unit
NAO National Audit Office
NATO North Atlantic Treaty Organisation
NCP National Contact Point for OECD's Multinational Enterprise Guidelines
NDPB Non-departmental public body
NEPAD New Partnership for Africa's Development
NGO Non-governmental organisation
NONIE Network of Networks on Impact Evaluation
OCC Office of Climate Change
OCHA United Nations Office for the Co-ordination of Humanitarian Affairs
ODA Official development assistance
OECD Organisation for Economic Co-operation and Development
OFT Office of Fair Trading
OGC Office of Government Commerce
OPD Overseas Pensions Department
PBC United Nation's Peace Building Commission
PCD Policy Coherence for Development

PCRU Post Conflict and Reconstruction Unit

PD Paris Declaration

PDPs Product Development Public-Private Partnerships

PEFA Public expenditure and financial accountability

PERT Programme for the Enhancement of Research Information

PIAF Public Infrastructure Advisory Facility

PIDG Private Infrastructure Development Group

PPA Partnership Programme Agreements

PRBS Poverty Reduction Budget Support

PRS Poverty Reduction Strategy

PRSP Poverty Reduction Strategy Paper

PSA Public Service Agreement

RAM Resource Allocation Model

RAP Results Action Plan

RBM Roll back malaria

REDD Reduced Emissions from Deforestation in Developing Countries

RRI Rights and Resource Initiative

RTA Regional Trade Agreements

SADC South African Development Community

SAIC Staff appointed in country

SARID Sustainable Agriculture Research for International Development

SBS Sector Budget Support

SCS Senior Civil Service

SDAP Sustainable Development Action Plan

SDC Sustainable Development Commission

SDD Sustainable Development Dialogue

SDIG Sustainable Development in Government

SME Small to Medium Enterprises

SOGE Sustainable Operations on the Government Estate

SPA Strategic Partnership for Africa

SRH Sexual and reproductive health

SRSA Strategy for Research on Sustainable Agriculture

SSA sub-Saharan Africa

SSR Security Sector Reform

TACIS Technical Assistance for Commonwealth of Independent States

TB Tuberculosis

TPU Joint Trade Policy Unit

UK United Kingdom of Great Britain and Northern Ireland
UKCDS UK Collaborative for Development Sciences
UN United Nations
UNAIDS Joint United Nations Programme on HIV & AIDS
UNCAC United Nations Convention Against Corruption
UNCCD United Nations Convention to Combat Desertification
UNDP United Nations Development Programme
UNEP United Nations Environment Programme
UNESCO United Nations Educational, Scientific and Cultural Organisation
UNFCCC United Nations Framework Convention on Climate Change
UNFPA United Nations Population Fund
UNHCR United Nations High Commissioner for Refugees
UNICEF United Nations Children's Fund
UNIFEM United Nations Development Fund for Women
UNITAID United Nations International Drug Purchasing Facility
UNGEI United Nations Girls' Education Initiative
USAID United States of America Agency for International Development
UNSG United Nations Secretary General
VFM Value for Money
VPA Voluntary Partnership Agreements
VSO Voluntary Service Overseas
WASH Water, Sanitation and Hygiene Programme
WFP World Food Programme
WHO World Health Organization
WRI World Resources Institute
WTO World Trade Organisation

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