Department for International Development

Resource Accounts 2009–10

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Department for International Development

Resource Accounts 2009–10

(For the year ended 31 March 2010)

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

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Contents to Resource Accounts 2009-2010

Resource Accounts 2009-10

1. Coverage of the Accounts

The Department for International Development (DFID) is responsible for leading the Government's efforts to promote international development and eliminate poverty. These accounts cover DFID activities carried out from headquarter offices in London and East Kilbride; and offices in many developing countries. They do not consolidate the results of the limited number of non-departmental bodies or other organisations for which DFID has policy responsibility (section 2 below).

DFID also pays, from separate funds, pensions and related benefits to certain former overseas civil and public servants. A separate resource account (Department for International Development: Overseas Superannuation) reports expenditure and other information about these pension schemes. DFID accounts include the administrative costs associated with this function.

For public expenditure control purposes, DFID's resource budget includes an attributed cost for the UK share of spending from the budget of the European Communities on development purposes. UK payments to the EC budget are made from the Consolidated Fund. In accordance with the Financial Reporting Manual (FReM) rules on treatment of payments out of the Consolidated Fund, attributed costs for development expenditure are not included in the primary statements. Information about the total resource budget is included in the Management Commentary.

2. Public Sector Bodies

DFID, on behalf of the Government, owns 100 per cent of the issued share capital of the CDC Group plc. In 2004, fund management activities previously carried out by CDC were transferred to a newly formed limited liability partnership (Actis LLP). Our accounts include as assets the Government's shareholding in CDC and the cost of its investment in Actis. Both CDC and Actis publish their own annual report and accounts and these can be accessed by contacting them. (www.cdcgroup.com and www.act.is respectively). Note 15 of the accounts provides key summary data.

DFID is also responsible for the following Non-Departmental Public Body:

- Commonwealth Scholarship Commission.

This body does not employ any staff or have any facilities.

On 28 March 2008, the Crown Agents Holding and Realisation Board (Prescribed Day) Order 2008 (SI 2008 No. 921) came into force. This Order has the effect that any property, rights, liabilities or obligations which the Crown Agents Holding and Realisation Board (CAHRB) held immediately before 1 April 2008 were transferred to DFID on 1 April 2008 by virtue of this Order, to be disposed of by DFID thereafter. Any sums transferred by, or accruing under, this Order to DFID are to be paid into the Consolidated Fund. Any sums to be provided for the purposes of this Order are to be paid out of money provided by Parliament. Final accounts for CAHRB to 31 March 2008 were signed by the National Audit Office in May 2009, showing net assets of £646,000. Of this amount, non-current assets with a net book value of £273,477 were transferred to DFID's statement of financial position and the cash balances transferred to the Consolidated Fund.

3. Other Reporting

DFID publishes a report each year that supplements these accounts and provides information to Parliament and the public on DFID's activities. In accordance with Public Expenditure System guidance issued on 18 June 2010 the Annex to this report includes the required data reporting tables. In addition DFID prepares an annual report in order to comply with the additional reporting requirements set out in the International Development (Reporting and Transparency) Act 2006. The report gives details of DFID's work and key developments in 2009-10, together with indicative budget allocations for the period to 2010-11. This report is also laid before Parliament.

Each year DFID also publishes "Statistics on International Development" which contain a detailed breakdown of development expenditure. The next report, including 2009-10, will be laid before Parliament and published in Autumn 2010.

4. Ministers

During the year to 31 March 2010, DFID's Ministers were:

Rt Hon Douglas Alexander MP, Secretary of State for International Development.

Gareth Thomas MP, Minister of State for International Development.

Ivan Lewis MP, Parliamentary Under-Secretary of State for International Development.

Michael Foster MP, Parliamentary Under-Secretary of State for International Development.

Lord Tunnicliffe was the appointed Whip on DFID business in the House of Lords and Lord Brett was the appointed spokesperson on DFID business in the House of Lords.

As a result of the 6 May 2010 General Election and the formation of a new Government, DFID's Ministers, with effect from 12 (Secretary of State) and 13 May 2010 (Minister of State and Parliamentary Under-Secretary), are:

Rt Hon Andrew Mitchell MP, Secretary of State for International Development.

Alan Duncan MP, Minister of State for International Development.

Stephen O'Brien MP, Parliamentary Under-Secretary of State for International Development.

5. Management Commentary

5.1 Aims and objectives

DFID's aim is the elimination of poverty. It works with developing countries and the international community to achieve eight Millennium Development Goals (MDGs), endorsed at the UN Millennium Summit in September 2000 as milestones of global progress in tackling poverty. The Goals are to:

- Eradicate extreme poverty and hunger;
- Achieve universal primary education;
- Promote gender equality and empower women;
- Reduce child mortality;
- Improve maternal health;
- Combat HIV/AIDS, malaria and other diseases;
- Ensure environmental sustainability; and
- Develop a global partnership for development.

5.2 Legislation

The International Development Act 2002 allows the Secretary of State for International Development to provide development assistance for sustainable development and welfare; in doing so he has to be satisfied that the assistance is likely to contribute to poverty reduction. The Act allows him to provide support for development awareness and advocacy work, and to use a wider range of financial instruments including securities and guarantees; it also provides for continued assistance to the UK's Overseas Territories and allows DFID to provide rapid humanitarian assistance.

In July 2006, the International Development (Reporting and Transparency) Act 2006 passed into law. The Act requires the Secretary of State for International Development to report annually on various areas, including expenditure on international aid, progress towards the United Nations' target for Official Development Assistance (ODA) to make up 0.7% of gross national income (GNI) by 2013, and the effectiveness and transparency of aid.

5.3 Performance measurement

We measure the *resources we use for development* in two main ways:

- Spending from agreed resource budgets as reported in these accounts; and
- UK Official Development Assistance (ODA), including as a proportion of UK Gross National Income (GNI).

DFID's final budget (Departmental Expenditure Limit) for 2009-10 was £6.7 billion, increased from £5.7 billion in 2008-09. The budget is planned to increase to £7.7 billion by 2010-11 and this was confirmed in the Main Estimate submitted following the 24 March 2010 budget. This is an average annual increase of 11 per cent in real terms over the 2007-08 baseline.

ODA is a measure agreed by members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development. Net costs reported in these accounts are a major part of ODA. However, ODA also includes items not reported in these accounts (e.g. equity investments made through CDC and Export Credits Guarantee Department (ECGD) debt relief plus other government department spending) and is measured by calendar rather than financial years.

There is a longstanding target that donors' ODA should reach 0.7 per cent of GNI. In 2009, UK ODA is estimated at £7.4 billion, 0.52 per cent of GNI (2008: £6.31 billion, 0.43 per cent of GNI).

5.4 Outputs and outcomes

Through 2009-10 we measured *the results we aim to achieve* and we manage our performance against Departmental Strategic Objectives (DSOs) and Public Service Agreement (PSA) targets.

Thirty PSAs were agreed across government as part of the Comprehensive Spending Review 2007 (CSR07). Each PSA had a lead Government Department but delivery relies on several Departments' contributions.

DFID led on the delivery of the following PSA over the CSR07 period:

- PSA 29 – Reduce poverty in poorer countries through accelerated progress towards the Millennium Development Goals.

Further details of 2009-10 performance in relation to PSA and DSO indicators is given in Table A8 of the Annex. The Statement of Operating Costs by Departmental Aim and Objectives in the accounts shows how much we spent in 2009-10 against each of the main objectives.

5.4.1 Delivery

We work with a wide range of partners and rely on a wide range of official, commercial and non-governmental delivery agents to achieve our aims. We regularly assess the performance of delivery agents and consider whether our partnerships and the channels we use are still the right ones and whether we should support different, or help create new, institutions.

In 2005, donors and partner countries agreed the "Paris Declaration on Aid Effectiveness". This outlined five partnership commitments to improve aid: *ownership* by partner countries of the development process; *alignment* by donors to country priorities, institutions and systems; *harmonisation* of donor support; *management for development results* to improve decision making and resource management; and *mutual accountability* of donors and partner governments for development results.

The Paris Declaration also includes a set of quantified targets, monitored bi-annually, which is used to assess progress and hold signatories accountable for achieving results. The results from the most recent survey, reported in 2009, are based on data from 2008. The next survey will be published in Summer 2011, using 2010 data.

5.4.2 Risks to delivery

There are significant risk factors which will affect whether or not the contributions we make will produce the results we aim to achieve.

The main risks to the achievement of our goals include:

- Macro-economic trends in developed and developing countries and economic shocks;
- The impact on developing countries of climate change and conflict;
- Major public health trends which affect development (such as HIV/AIDS); and
- Any potential weakening of commitment to poverty elimination by partner governments.

We identify and monitor these and other risks; the Management Board reviews how we should react to them, or respond where we can mitigate the risk; and systems for monitoring and managing risk are embedded at all levels in the organisation.

We also monitor and manage the risks arising from weakness or failure in DFID's own processes and systems, e.g. IT and financial. The Statement on Internal Control provides more detail on the management of risk.

5.5 Current and future trends

We continue to plan our activities in response to progress against the Millennium Development Goals (MDGs).

5.6 Financial Review

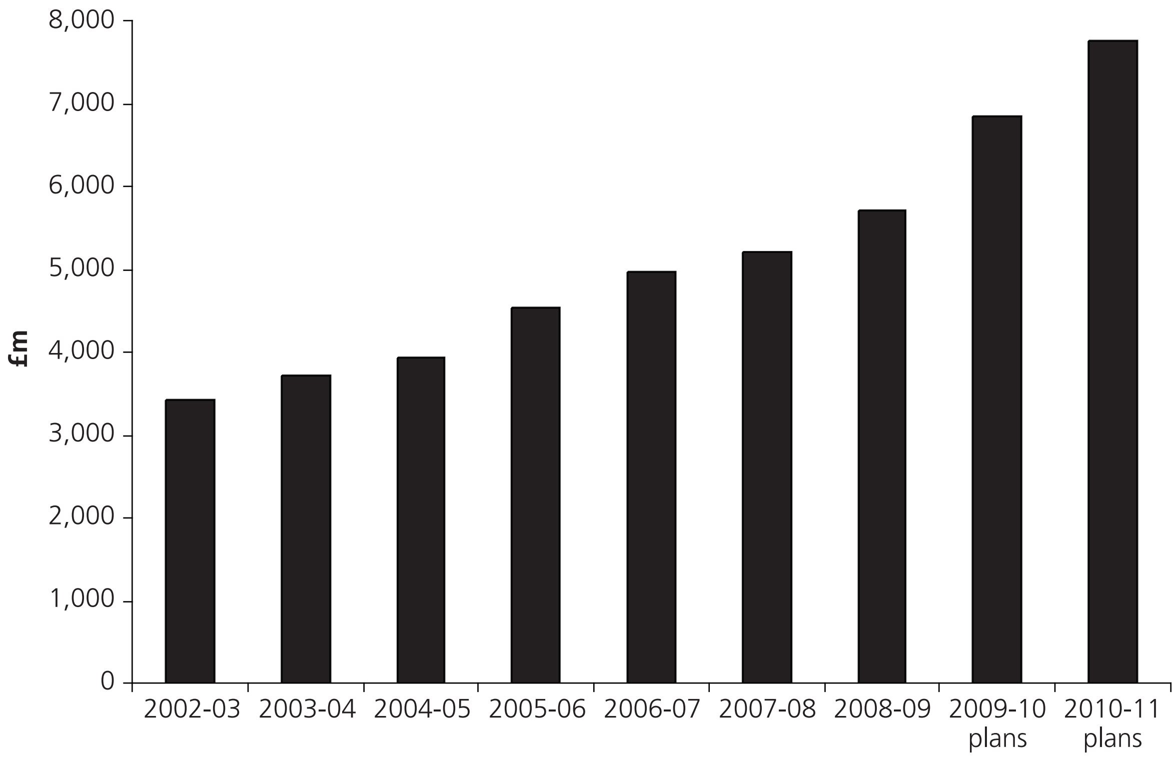
5.6.1 Resource budgets

DFID has two separate budget allocations within the total amount of public expenditure which are controlled through setting of Departmental Expenditure Limits (DEL). The two budgets are for net resource (current) spending (including a ring-fenced amount for administration costs) and for net capital expenditure. DFID has a separate budget allocation within the part of public expenditure controlled as Annually Managed Public Expenditure (AME).

DFID's total DEL budget for 2009-10 was £6.726 billion (2008-09: £5.707 billion). The outcome of the 2007 Comprehensive Spending Review, modified by the 24 March 2010 Budget, will see DFID's total DEL budget increase to £7.716 billion by 2010-11.

The chart below illustrates this increasing budget, showing total DEL outturn from 2002-03 to 2009-10, and the budget for 2010-11, presented on 24th March 2010:

Chart 1: Total DEL



The following table shows the changes in budgets between allocations at April 2009 and final budgets for 2009-10:

Table 1: 2009-10 Changes in budgets						
£000	Resource DEL voted[1]	Resource DEL non-voted	Capital DEL voted	Capital DEL non-voted	AME voted	AME non-voted
Original	**4,299,064**	**1,140,496**	**1,356,000**	**10,000**	**150,019**	**(25,840)**
Transfers between non-voted and voted[2]	243,797	(243,797)	9,750	(9,750)	-	-
Take-up of End Year Flexibility	-	-	-	-	-	-
Transfers to other departments[3]	-	(60,634)	-	(250)	-	-
Changes in forecast AME	-	-	-	-	268,907	775
Final	**4,542,861**	**836,065**	**1,365,750**	**-**	**418,926**	**(25,065)**

1. Including depreciation.
2. Includes transfers from Departmental Unallocated Provision.
3. Includes transfers from Departmental unallocated Provision to other government departments to be spent through their Estimates.

The resource DEL budget and the AME budget are divided between amounts voted in Estimates and non-voted amounts; the capital DEL budget is voted in the Estimates. Outturn against the components of the DEL budget is shown in Table 2 below. Note 3 to the accounts is a detailed breakdown and comparison of outturn against Estimates provision for voted resource DEL and AME.

Table 2: 2009-10 Final DEL budgets and outturn			
£000			
DEL	**Budget**	**Outturn**	**Variance**
Voted Resource DEL: RfR 1	4,521,618	4,497,793	23,825
Voted Resource DEL: RfR 2	21,243	16,715	4,528
Consolidated Fund Extra Receipts	-	(2,423)	2,423
Non-voted DEL – EU attribution[1]	811,000	811,000	-
Other non-voted DEL[2]	25,065	25,065	-
Unallocated reserve	-	-	-
Total Resource DEL	**5,378,926**	**5,348,150**	**30,776**
of which: Administration budget	159,950	159,048	902
Capital DEL (voted)	**1,365,750**	**1,352,642**	**13,108**
Less: Depreciation	(18,069)	(17,075)	(994)
Loss on disposal of non-current assets classified as Capital DEL in budgets	-	1,685	(1,685)
Total DEL[3]	**6,726,607**	**6,685,402**	**41,205**
AME (voted RfR 1)	418,926	379,749	39,177
AME (non-voted)[2]	(25,065)	(25,065)	-

1. Latest forecast; the final charge to DEL budget will be based on later EU reports.
2. Payments to IFFIm score as non-voted near cash resource DEL, with a corresponding credit in non-voted AME to account for the release of provision.
3. Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending, therefore to include depreciation of the assets purchased would be double counting.

Total DEL outturn represents an 18% increase from 2008-09.

Table 3 below shows a reconciliation of resource expenditure outturn between Estimates, Accounts and Budgets.

Table 3: Reconciliation of resource expenditure between Estimates, Accounts and Budgets		
£000	**2009-10**	**2008-09**
Net Resource Outturn (Estimates)	**6,051,939**	**5,204,393**
Operating income not treated as Resource A-in-A	(2,423)	(2,335)
Operating expenditure not included in voted Resource	-	–
Excess Operating A-in-A	-	-
Net Operating Cost (Accounts)[2]	**6,049,516**	**5,202,058**
Non-voted DEL (EU attribution)	811,000	798,648
Other non-voted DEL (IFFIm)	25,065	16,849
Non-voted AME (IFFIm)	(25,065)	(16,849)
Capital Grants included above classified as Capital DEL in budgets	(1,155,998)	(893,194)
Loss on disposal of non-current assets classified as Capital DEL in budgets[1]	(1,685)	(834)
Resource Budget Outturn (Budget)	**5,702,833**	**5,106,678**
of which:		
Departmental Expenditure Limit (DEL)	5,323,084	4,783,129
Annually Managed Expenditure (AME)	379,749	323,549

1. Profits or losses on disposal of non-current assets score to Capital DEL from 2007-08, but continue to score to Resource within Estimates and Accounts.
2. Note 4 to the accounts highlights that as a result of the adoption of IFRS operating costs have increased by £3.2million. As a result the net operating costs reported under IFRS are £5,205,268,000.

5.6.2 Operating costs: Poverty Elimination

DEL spending in the year increased due to planned increased budget provisions agreed as part of CSR07. Resource outturn increased by 16.2% from the prior year compared to an expected increase of 21.4%. This is reported in note 3 as an underspend on budgeted resource of £267.6 million. There are, however, two main variances explaining £242 million of this underspend.

The variance is predominately in capital grant expenditure, resulting from the disclosure and presentation of capital DEL within the estimate. The budgeted spend for capital grants, within the estimate, was £1,357.75 million. However, this included spend of £203 million which relates to a loan granted to the Global Trade Liquidity Programme, managed by the International Finance Corporation, following an agreement reached at the G20 summit in April 2009. This loan was issued for an 18 month period. The loan has been capitalised and as such not reported within resource outturn. The impact of this thereby increases the outturn against budget variance by £203 million. Table 2 demonstrates this is a presentational issue and the £203 million would not otherwise have been available to spend within capital grants. This does however account for 75.9% of the underspend reported in note 3 of the accounts.

The other significant variance against budgeted resource is within AME where the actual increase was 11.5% against an expected increase of 23%. The variance is a result of a lower than forecast increase in the International Finance Facility for Immunisation (IFFIm) provision, due to a combination of lower than forecast bond issues and an increased discount rate, reflecting the increase in inflation announced by HMT in March 2009 for use during this financial year.

Outturn against the Administration costs budget has decreased by 4.2% compared to an expected decrease of 3.6%.

5.6.3 Operating Costs: Conflict prevention

Spending on conflict prevention is recorded under a separate ring fenced heading – Request for Resources (RfR) 2. This includes spending in geographical areas, in which DFID operates in a joint decision making capacity with the Ministry of Defence and the Foreign and Commonwealth Office, but each department continues to be accountable for their own projects. DFID's largest RfR2 spend related to the Stabilisation Unit and the continued support for Post Conflict Reconstruction. Total spending was £16.7 million against an estimate of £21.2 million (2008-09: £41.8 million spend against estimate of £44.3 million).

5.6.4 Capital expenditure and Statement of Financial Position movements

Net assets in the Statement of Financial Position have decreased from £2,352 million to £1,946 million representing a 17.3% decrease from the prior year.

The most notable movement is in financial assets where DFID's investments, consisting of our shares in the International Financial Institutions and CDC and Actis, have fallen in value by £312 million, due to a combination of exchange rate movements and also falling equity returns (note 15). Global equity markets are continuing to face challenging trading circumstances in their attempts to recover from the consequences of a global recession. During the year the impact of sterling strengthening against the dollar and euro contributed to £161 million of exchange rate losses of the total reduction in value of £312 million. Last year investments increased by £803 million reflecting equity increases of £42 million and exchange rate gains of £760 million.

DFID's non-current assets of property, plant and equipment and intangible assets remained at a fairly similar level to last year – £117 million compared with £115 million. The majority of DFID's administration capital expenditure relates to assets with longer lifespans, for example investment in overseas offices to provide additional safety to staff. In addition, an evaluation of IT equipment was undertaken during the year and computer hardware was relifed to reflect a longer than expected lifespan, thereby reducing the annual depreciation charge reflected in the operating cost statement.

There has been a significant increase in current trade and other receivables from £122 million in 2008-09 to £362 million in 2009-10 (note 17). This is largely due to the new £203 million loan provided by DFID during the year with a one-off repayment expected in February 2011.

DFID's cash position has altered significantly over the last year. In the 2008-09 statement of financial position, cash balances were £243 million at year end, predominately a result of a large underspend in cash during March 2009. Some of this was reflected in the payables control account where invoices were unpaid at year end. This year there has been an increased focus on monitoring the cash position during the year and as a result at year end the accounts showed balances due to OPG of £26.5 million, with a consolidated fund supply receivable of £25.5 million. This has contributed significantly to the year on year movements within current assets and current liabilities.

Provisions have increased by 43.6% to £739 million at year end. The largest component of this is the IFFIm provision. The increase in this provision reflects the increased obligations of the UK as a result of several new bond issues in the year under review. Note 21 provides detailed analysis of provision movements.

5.6.5 Variances

Over and under spends against the Parliamentary Estimates are shown in Note 3 to the accounts. Over spends in some sections are offset by savings elsewhere in the Estimate. Variances greater than 10% have been identified relating to the overprovisioning of spend for Global Partnership for

Development and the underprovisioning of spend in Central department expenditure for Grants. In addition, as highlighted above there was a lower than expected increase in IFFIm provisioning leading to an underspend in AME. There was also a 21% underspend in Conflict Prevention reflecting the difficulties in operating in conflict areas and hostile environments.

5.6.6 Net Cash Requirement

The Net Cash Requirement Outturn in the Statement of Parliamentary Supply was 1.4% below Estimate (2008-09: 8.4% below Estimate; 2007-08: 7.2% below Estimate). This is mainly due to cash expenditure being slightly less than expected in March 2010 due to higher than forecasted accruals.

5.7 Long term and future commitments

In the course of its business, DFID discusses and formalises arrangements with partners and agents for projects and programmes which cover payments over a number of years. These are subject to various terms and conditions; transactions arising from these arrangements are recognised in these accounts when the transfers take place or conditions of grant are met.

5.7.1 Comprehensive Spending Review 2007

Resources for the years 2008-09 to 2010-11 were allocated in the Comprehensive Spending Review 2007 (CSR07). During this period, DFID's budget will grow by an average of 11% in real terms, from £5.3 billion in 2007-08 to £7.7 billion by 2010-11. The CSR settlement builds on annual real growth to DFID's budget of 9.2% in Spending Review 2004 and 8.1% in Spending Review 2002.

5.7.2 Poverty Reduction Budget Support (PRBS)

In 2009-10 we provided PRBS to 14 countries, totalling £715.9 million. Chapter 4 of the annual report produced in order to comply with the requirements of the International Development (Reporting and Transparency) 2006 Act describes our PRBS policy in more detail.

5.7.3 Debt relief

Following a UK proposal agreed at the G8 summit in 2005, the World Bank and African Development Bank have agreed, under the Multilateral Debt Relief Initiative (MDRI), to cancel the debts of certain Heavily Indebted Poor Countries (HIPC) which have met relevant conditions. The HIPC progress table towards completion is updated each month and DFID updates its loan portfolio, shown in note 16 accordingly. Donors have agreed to provide resources in future years to the International Development Association (IDA) and African Development Fund (AfDF) to replace the inflows the institutions would otherwise have received as debt service. Transfers to IDA and the AfDF will be recorded in these accounts as promissory notes, which are then adjusted when deposits or encashments are made. During the year ended 31 March 2010 promissory notes with a value of £520 million were deposited in respect of IDA and £139 million in respect of AfDF whilst encashments of £568 million and £87 million were made respectively. Other amounts within the total authorised by Parliament are included in contingent liabilities with other amounts for agreed replenishments which have not yet resulted in the deposit of promissory notes.

5.7.4 International Finance Facility for Immunisation

In September 2005, the UK and other donors agreed to provide resources to an International Finance Facility for Immunisation (IFFIm); this facility will front-load support to immunisation programmes by using funds borrowed on international markets with repayment guaranteed by government pledges. It is estimated that this facility could help save the lives of five million children over the next decade. The agreements for IFFIm were signed in July 2006 with revised agreements signed during 2009 to reflect additional donors and updated commitments. The UK has pledged a total of £1.38 billion through to 2026. During the year ended 31 March 2010 DFID agreed to commit a further £250m to IFFIm to support Health Systems Strengthening over 20 years (2010-2030). As a result DFID's pledged contributions represent 43% of the total amounts pledged at 31 March 2010. Seven bond issues have now been made, giving a total liability including interest of £944.9 million. The UK is therefore liable for £695.6 million in net present value terms at 31 March 2010 (after deducting payments made), which will be covered by payment obligations through to April 2021.

5.7.5 Advance Market Commitment

The Advance Market Commitment (AMC) is an innovative, market-based mechanism designed to accelerate the development and production of vaccines for the world's poorest countries. The first AMC will target pneumococcal disease, bringing potentially life-saving vaccines more quickly to 100 million children and preventing over 5 million deaths by 2030.

The pilot AMC for pneumococcal disease will provide $1.5 billion in future financial commitments to the poorest countries, giving them the purchasing power to buy a suitable vaccine at discounted prices when one becomes available. By creating a market for vaccines in the poorest countries, the AMC creates incentives for the pharmaceutical companies to invest in research, development and production capacity for new vaccines that serve the poor.

The pilot AMC was launched in February 2007, with commitments being made by Canada, Italy, Norway, Russia, the UK, and the Gates Foundation. The UK government has pledged $485m of the $1.5 billion total, with formal agreements signed on 12 June 2009.

Based on a UNICEF Strategic Demand Forecast, published on 7 August 2009, UNICEF issued a first call for offers to manufacture the vaccine on 4 September 2009. UNICEF Supply Division is currently evaluating offers from four manufacturers. Candidate vaccines will be assessed by an independent assessment committee and must meet the Pneumococcal AMC target Product Profile, before being authorised for manufacture and release. At this stage final supply agreements will be agreed with manufacturers, based on anticipated demand, and the guaranteed funding will be used to fund vaccines for those countries eligible for relief and demonstrating a suitable demand for the vaccine.

5.7.6 Environmental Transformation Fund

The 2007 Budget announced an £800 million international window of the Environmental Transformation Fund (ETF-IW) to reduce poverty through environmental protection, especially climate change. The Fund is jointly managed by DFID and the Department of Energy and Climate Change (DECC) and must meet two conditions; it must be scored as Official Development Assistance (ODA) and capital investment. DFID committed £400 million and to date has paid £50 million into the fund in 2008-09, with a further £100 million paid into the fund during 2009-2010. DFID's final payment of £250 million will be paid during 2010-2011. Of the £250 million, £95 million was deposited in April 2010.

5.7.7 International Development Association (IDA)

The International Development Association (IDA) is the arm of the World Bank that works in around 80 of the poorest countries. IDA funding provides millions of people with education, healthcare, clean water, access to energy and economic opportunities. In December 2007, donors pledged a record £12.6 billion for the fifteenth replenishment of IDA (IDA 15). The UK pledged £2.134 billion, a 49% increase on our previous contribution.

IDA 16 is currently in the process of being finalised.

5.7.8 Other initiatives

The Government may also announce intentions for spending which will in due course be realised through more specific arrangements with partners and delivery agents.

Note 16 and 17 show an increase in loans and receivables. This relates to the granting of an 18 month facility to IFC for £203 million, following the G20 summit in London held during April 2009. This funding will be used within the IFC Global Trade Liquidity Programme to address the trade finance shortage in developing countries and emerging markets.

Note 29 shows an increase in contingent liabilities, in respect of callable capital in investments in International Financial Institutions. During 2009-2010 several of the institutions announced plans to restructure their share capital and use the additional financing generated to fund a revised lending strategy to assist in the recovery of the global economy. It is expected that further institutions will follow suit during 2010-2011 and DFID plans to support this refinancing and take up additional shareholdings to maintain its current voting power in each institution.

There were no other significant new risks or uncertainties, such as potential environmental liabilities, during the year or subsequently, that materially affect DFID's future position.

5.8 Future business developments

DFID has continued its focus on results, and improvements have been made to systems and processes. We need to continue to manage the complex combination of a broadened development policy agenda, a rising aid budget and a reduction in administrative costs ensuring that DFID works towards the achievement of the MDG's within a framework of effective controls.

5.9 Financial Instruments

The Department's overall approach to the management of risk is described in the Statement on Internal Control. The Department is funded from Parliamentary Supply with funds provided through Paymaster and therefore has no significant exposure to either liquidity or cash-flow risk. The Department's equity interest in CDC Group plc is subject to market performance and currency risk: numerical disclosures and a description of measures taken to manage these risks are in CDC's own financial statements. DFID's ownership interest in International Financial Institutions and part of the loan portfolio are denominated in foreign currencies and subject to currency risk. In line with Her Majesty's Government (HMG) policy, DFID does not undertake any hedging or derivative transactions to manage this risk. In order to deal with changing economic circumstances HMG is permitting departments to undertake hedging to manage foreign currency risk. As a result the Management Board have approved the use of hedging with effect from 2010-2011. Currently approval is being sought from Treasury on a foreign exchange policy. Disclosures required by IAS 32 and IAS 39 are included in the relevant notes to the financial statements.

5.10 Payment of Suppliers

In accordance with the Prompt Payment Initiative, DFID aimed to pay UK suppliers within ten days of receipt of a valid invoice during 2009-2010. During the year ended 31 March 2010 90.74% of invoices were paid within 10 days of receipt.

The 2010 budget announced an intention to pay 80% of all undisputed invoices within five days of receipt. This will be effective from May 2010. Currently DFID is reviewing its process in order to improve performance against this target.

5.11 Efficiency

Annex A of the annual report prepared, in order to comply with the requirements of the International Development (Reporting and Transparency) 2006 Act describes the efficiency targets set for DFID and progress against these targets.

6. Staffing and related issues

We are committed to recruiting people with the right attributes (skills, knowledge and behaviours) in an efficient and responsive way. All appointments are made on merit on the basis of fair and open competition in accordance with the Civil Service Commissioners' Recruitment Code. DFID is also accredited under the Disability Two Ticks Scheme, which guarantees an interview for applicants with disabilities.

There continues to be clear accountability and strong top management support and leadership for diversity from the Management Board and Diversity Champions. Overall accountability for diversity rests with the Management Board.

DFID is committed to ensuring the health, safety and well being of its employees and workers. As part of this commitment DFID has a policy on maximising attendance at DFID. The aim of this policy is to ensure that all within DFID are aware of their responsibilities in connection with attendance, to enable the consistent management of attendance issues, and to underline DFID's commitment to the provision of appropriate employee support. Human Resources department collate data indicating staff absence and communicate this to departments on a monthly basis in order to ensure absences are being followed up appropriately and the policy is being applied. Absence data is then reported to Cabinet Office on a quarterly basis. During the year ended 31 March 2010 669 staff were absent as a result of sickness. 4,926 working days were lost as a result of long term absence with 4,186 arising from short term absences.

Details of arrangements for pension provision for employees are given in Note 9 to the Accounts. Pension arrangements for Ministers and senior staff are set out in the Remuneration section of this Report.

7. Corporate Governance

7.1 Permanent Head of Department and Management Board

Dr Nemat Shafik, Permanent Secretary and Principal Accounting Officer, is the official Head of Department. The Permanent Secretary is appointed by the Prime Minister on the recommendation of the Head of the Home Civil Service, with the agreement of the relevant Secretary of State. The appointment to DFID is an extendable term appointment under the terms of the Senior Civil Service Contract. Provisions for termination are those in Chapter 11 of the Civil Service Management Code.

DFID currently has a seven member Management Board:

- Nemat Shafik, Chair (appointed to current position in March 2008; appointed to Board in September 2002)
- Mark Lowcock, Director General, Country Programmes (appointed to current position in April 2008; appointed to Board in April 2003)
- Richard Calvert, Director General, Corporate Services (appointed to current position August 2009, appointed to Board in August 2009)
- Michael Anderson, Director General, Policy and International (appointed to current position in April 2010; appointed to Board in April 2010)
- Sam Sharpe, Director, Finance and Corporate Performance (appointed to current position in March 2007, appointed to Board in April 2008)
- David MacLeod, Non-Executive Director (appointed to Board in November 2007)
- Doreen Langston, Non-Executive Director and Chair of Audit Committee (appointed to Board in January 2008)

On 31 March 2010 Andrew Steer left his position as Director General, Policy and Research and in May 2010 Martin Dinham left his position as Director General, International.

The Permanent Secretary appoints members to the Management Board. Those who are also civil servants serve under the terms of the Senior Civil Service Contract.

Remuneration of Management Board members is determined in line with the recommendations of the Senior Salaries Review Body. Details of the remuneration of Ministers and the Management Board are given in the Remuneration Report in section 8. Board members are expected to notify and register any existing or potential conflicts of interest with the Board Secretary.

DFID observes the Code of Good Practice on Corporate Governance in Central Departments. The Management Board operates collectively to review the performance of DFID. It has agreed objectives and plans its work on a cycle so that it regularly considers the strategic policies and resource allocation decisions, and management of risk, on which it is advised by the Audit Committee.

Each quarter, the Board receives reports on the performance of the Department as a whole and of key operational units against agreed objectives, and of financial budgets and forecasts for the year as a whole.

7.2 Board Committees

During 2009-10 the Board was supported by the following committees: Audit, Security, Development, Investment and Senior Leadership. Each of the Committees has agreed terms of reference and is chaired by a member of the Board. The Board receives and reviews formal annual reports from each Committee about its work as well as verbal updates at meetings.

The Audit Committee is fully independent with a good range of expertise and skills. The Finance Director and Head of Internal Audit Department attend most Audit Committee meetings, but not as members. The Permanent Secretary also attends some meetings, and some members' only meetings are also held. As part of its work, the Committee decides the programme of, and considers reports from, the Internal Audit Department which operates in accordance with Government Internal Audit Standards.

7.3 Review of performance

The Board reviews its performance and those of its sub-committees each year. In 2009-10 the Board continued to focus on communicating the vision, role, direction and priorities of DFID to staff and other stakeholders.

Staff have the opportunity to observe meetings of the Board and its Committees. Country offices are encouraged to view meetings via video facilities. Except where confidential, papers considered by the Board, and minutes of meetings, are published on DFID's intranet and on the DFID external web pages.

7.4 Skills and Experience

Members of the Board are appointed to provide an appropriate range of skills and experience. There are currently four qualified accountants on the Board. New members of the Board are appointed through open and transparent procedures. Given the small size of the Board, induction programmes for new members are tailored to individual needs, based on past experience.

DFID considers that the two non-executive members are appropriately independent of the Department. Non-Executive Directors are given terms of reference as part of their contract, informed of the processes for performance appraisal and given a full induction programme. The Permanent Secretary has periodic meetings with the Non-Executive Directors.

DFID believes that the Board is adequately configured to deal with financial management issues, including members with skills in the measurement and management of performance and financial resources.

8. Remuneration Report

8.1 Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

8.2 Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code requires appointment to be on merit on the basis of fair and open competition, but also includes the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Andrew Steer was on a three year secondment from the World Bank which ended on 31 March 2010. He remained on the World Bank terms during the period of the secondment.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk.

8.3 Salary and pension entitlements (This information has been audited)

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management of the department.

8.3.1 Remuneration (salary and payments in kind)

Ministers	2009-10		2008-09	
	Salary (£)	Benefits in kind (to nearest £100)	Salary (£)	Benefits in kind (to nearest £100)
Rt Hon Douglas Alexander *Secretary of State* *(until 11 May 2010)*	£78,356 (£79,754 entitled salary)	-	£79,175 (includes arrears of salary backdated 1 Nov 07). (£78,575 entitled salary)	-
Gareth Thomas *Minister of State* *(from 8 June 2009 until 12 May 2010)*	£30,485*[2] (£40,646 full year equivalent salary) (£41,370 entitled salary)	-	£36,028*[1] (£40,646 full year equivalent)	-
Ivan Lewis *Parliamentary Under Secretary of State* *(until 7 June 2009)*	£7,713*[4] (£30,851 full year equivalent salary) (£31,401 entitled salary)	-	£12,855*[3] (£30,851 full year equivalent) (£30,937 entitled salary)	-
Mike Foster *Parliamentary Under Secretary of State* *(until 12 May 2010)*	£30,851 (£31,401 entitled salary)	-	£12,855*[5] (£30,851 full year equivalent) (£30,937 entitled salary)	-

*1 joint Minister for Trade with BERR/UKTI from 5 October 2008. BERR were responsible for salary with effect from 5 October.
*2 transferred to DFID from BIS on 8 June 2009, paid by BIS until 30 June 2009.
*3 paid by previous department until 31 October 2008. Figure quoted is for the period 1 November 2008 to 31 March 2009.
*4 transferred to FCO, paid by DFID until 30 June 2009.
*5 paid by previous department until 31 October 2008. Figure quoted is for the period 1 November 2008 to 31 March 2009.

The above figures show only payments made by the Department and recorded in these accounts.

	2009-2010			2008-2009		
	Salary (£'000)	Performance related pay £'000 (paid in 09/10 restated)*	Benefits in kind (to nearest £100)	Salary (£'000)	Performance related pay £'000[1] (paid in 08/09 restated)*	Benefits in kind (to nearest £100)
Nemat (Minouche) Shafik *Permanent Secretary*	200-205	-	8,000	200-205 (200 – 205 full year salary)	10-15	8,500
Mark Lowcock *Director General*	135-140	10-15	-	140 – 145 (125 – 130 full year basic salary	20-25	-
Martin Dinham *Director General (until May 2010)*	130-135	10-15	-	140 – 145 (125 – 130 full year basic salary)	20-25	-
Andrew Steer *Director General (until 31 March 2010)*	185-190*[2]	-	-	180-185*	-	-
Richard Calvert *Director General (from 10 August 2009)*	80-85 (120-125 full year equivalent)	-	-	-	-	-
Sam Sharpe *Acting Director General (until 5 August 2009)*	35-40 (105-110 full year equivalent)	5-10	-	0-5 (105-110 full year equivalent)	-	-

*1 In accordance with FReM Exposure Draft 10(01) Disclosure of Senior Staff Salary and Bonuses remuneration disclosures have been restated. 2008/09 bonuses have been restated in a separate column this year as these were paid during 09/10. Similarly the 08/09 figures now show the bonus amounts, in relation to 07/08, which were physically paid during 08/09

*2 on secondment to DFID salary is paid directly from the World Bank. This amount reflects the reimbursement of these costs.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

During 2009-10, the following fees and taxable expenses were paid to non-executive members of the Board:

- David MacLeod – £3,250
- Doreen Langston – £12,250

This report is based on payments made by the Department and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£64,766 from 1 April 2009, £63,291 from 1 April 2008, £61,820 from 1 November 2007) and various allowances to which they are entitled are borne centrally.

Performance related pay

Bonuses are based on performance levels attained and are made as part of the appraisal process. They relate to performance in the previous year, therefore, bonuses paid in 2009-10 are based on 2008-09 performance and bonuses paid in 2008-09 are based on 2007-08 performance.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. The Permanent Secretary had the private use of an allocated car in the circumstances permitted by the Civil Service Management Code.

Pension Benefits

Minister	Accrued pension at age 65 as at 31/3/10	Real increase in pension at age 65	CETV at 31/3/10	CETV at 31/3/09	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Douglas Alexander Secretary of State *(until 11 May 2010)*	10 – 15	0 – 2.5	104	81	10
Gareth Thomas Minister of State *(from 8 June 2009, until 12 May 2010)*	5 – 10	0 – 2.5	58	49*[1]	5
Ivan Lewis Parliamentary Under Secretary of State *(until 7 June 2009)*	5 – 10	0 – 2.5	63	60	1
Mike Foster Parliamentary Under Secretary of State *(until 12 May 2010)*	0 – 5	0 – 2.5	33	21	6

*1 CETV at 8 June 2009

Ministerial pensions

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute (the regulations are set out in Statutory Instrument SI 1993 No 3253, as amended).

Those Ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). The arrangements for Ministers provide benefits on an 'average salary' basis, taking account of all service as a Minister. The accrual rate has been 1/40th since 15 July 2002 (or 5 July 2001 for those that chose to backdate the change) but Ministers, in common with all other members of the PCPF, can opt for a 1/50th accrual rate and a lower rate of employee contribution. An additional 1/60th accrual rate option (backdated to 1 April 2008) was introduced from 1 January 2010.

Benefits for Ministers are payable at the same time as MPs' benefits become payable under the PCPF or, for those who are not MPs, on retirement from ministerial office from age 65. Pensions are re-valued annually in line with changes in the Retail Prices Index. From 1 April 2009 members pay contributions of 5.9% of their ministerial salary if they have opted for the 1/60th accrual rate, 7.9% of salary if they have opted for the 1/50th accrual rate or 11.9% of salary if they have opted for the 1/40th accrual rate. There is also an employer contribution paid by the Exchequer representing the balance of cost as advised by the Government Actuary. This is currently 28.7% of the ministerial salary.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65, or immediately on ceasing to be an active member of the scheme if they are already 65.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

Officials	Accrued pension at pension age as at 31/3/10 and related lump sum	Real increase in Pension and related lump sum at pension age	CETV at 31/3/10	CETV at 31/3/09*1	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Nemat (Minouche) Shafik *Permanent Secretary*	10-15	5-7.5	115	53	52
Mark Lowcock *Director General*	40-45 plus lump sum of 120-125	5-7.5 plus lump sum of 15-17.5	684	569	81
Martin Dinham *Director General (until May 2010)*	55-60 plus lump sum of 175-180	2.5-5 plus lump sum of 10-12.5	1,395	1,242	87
Richard Calvert *Director General (from 10 August 2009)*	35-40 plus lump sum of 115-120	2.5-5 plus lump sum of 12.5-15	678	578*2	73
Andrew Steer*3 *Director General (until 31 March 2010)*	-	-	-	-	-
Sam Sharpe *Acting Director General (until 5 August 2009)*	30-35 plus lump sum of 55-60	0-2.5 plus lump sum of 0-2.5	472	424	27

*1 CETV figure quoted is different from the closing figure in last year's accounts. This is because the AMC factor used to produce the CETV figures has been revised since last years CETV figures were calculated.

*2 CETV at 10 August 2009

*3 on secondment to DFID and not a member of the Civil Service Pension Scheme arrangements

None of the officials named above is a member of the partnership pension account.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV
This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

9. Information Assurance

Unlike many other Government Departments, DFID does not manage large quantities of personal or sensitive data. However, when we do need to manage this data, we take our responsibilities very seriously. In 2007 we established a new governance structure for information security, assessed and monitored our information risks at Board level, and ensured compliance with relevant guidance and instructions from elsewhere in Government. DFID has had a secure remote working system based on encrypted laptop computers for home workers and travelling staff since 2003.

As part of DFID's continued consideration of information risk management an annual risk assessment is carried out and reported to Parliament. Key components of the assessment are:

- How the Department assessed the risk to information assets;
- How risks are managed;
- Whether the Department met all the mandatory minimum requirements of HMG information risk policy, as defined in the Security Policy Framework;
- Countermeasures adopted to address specific/local threats, risk and sensitivities to information; and
- How the Department performed against these countermeasures.

More details on actual performance are discussed in the Statement of Internal Control.

DFID identified no reportable incidents of the loss of any personal data to the Information Commissioners Office in 2009-10 and the Information Commissioner made no findings against DFID for breach of Data Protection principles.

In March 2008, DFID achieved accreditation to ISO/IEC 27001:2005, the internationally recognised standard for information security management. This was the result of a sustained effort over past years to improve our information security management. DFID is continuously assessing its IT policies to ensure this accreditation remains valid.

The tables below provide information on specific types of incidents involving protected personal data. Incidents, the disclosure of which would in itself create an unacceptable risk of harm, may be excluded in accordance with the exemptions contained in the Freedom of Information Act 2000 or may be subject to the limitations of other UK information legislation.

TABLE 1: SUMMARY OF PROTECTED PERSONAL DATA RELATED INCIDENTS FORMALLY REPORTED TO THE INFORMATION COMMISSIONER'S OFFICE IN 2009-10	
No incidents were reported	
Further action on information risk	The Department will continue to monitor and assess its information risks in order to identify and address any weaknesses, and ensure continuous improvement of its systems.

TABLE 2: SUMMARY OF OTHER PROTECTED PERSONAL DATA RELATED INCIDENTS 2009-10
The Department had no incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office, but recorded centrally within the Department.

TABLE 3: YEAR-ON-YEAR TOTAL NUMBERS OF PROTECTED PERSONAL DATA RELATED INCIDENTS PRIOR TO 2009-10
Between 2004-05 and 2009-10 the Department had no incidents reported to the Information Commissioner, or deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office, but recorded centrally within the Department.

10. Auditors

These accounts are audited by the Comptroller and Auditor General. Through her staff, DFID's Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the auditors are aware of that information. So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware.

Notional fees charged were £235,000 for the audit of the main account and £46,000 for other audit services.

11. Events after the reporting date

The Department for International Development Resource Accounts' are laid before the Houses of Parliament by HM Treasury. The Accounting Officer authorised these financial statements for issue on the same date that the Comptroller and Auditor General signed his Certificate.

11.1 Non adjusting events after the reporting date

It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension schemes that DFID provides to employees.

Nemat Shafik 13 July 2010
Accounting Officer for the Department for International Development

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the Department for International Development to prepare, for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department for International Development and of its net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

HM Treasury has appointed me, as Permanent Secretary, as Accounting Officer of the Department for International Development. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Department of International Development's assets, are set out in the Accounting Officers' Memorandum and Managing Public Money published and issued by HM Treasury.

Nemat Shafik 13 July 2010
Accounting Officer for the Department for International Development

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department for International Development's (DFID's) policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

Ministers decide on high-level policy risks based on advice from officials. The Secretary of State takes decisions on the Department's overall policy, and key components of policy, on the basis of submissions which usually include an assessment of risk.

DFID's operating environment

The development world and DFID's operating environment is increasingly complex and the global economic downturn increases the challenges DFID faces. DFID has continued to strengthen its focus on results and improvements have been made to systems and processes. We need to continue to manage the complex combination of a broadened development policy agenda, a rising aid budget and a reduction in administrative costs, while ensuring that DFID works towards the achievement of the Millennium Development Goals (MDGs) within a framework of effective controls. Much of DFID's work is in high risk environments. Staff must be safeguarded, financial controls must take account of weak governance systems in development partner organisations, and the impact of investments on poverty cannot be guaranteed. DFID's systems are designed to provide a consistent level of assurance in the UK and overseas, but often have to use local controls in difficult environments to achieve this.

The key risks to the Department's performance are set out in the Corporate Risk Register and include:

- Failure of DFID's stewardship including financial and resource management risks

DFID operates a central system of financial accounting, management and procurement in its offices in the UK and overseas. Each office is expected to comply with UK professional and HM Treasury standards. In this decentralised structure, where each office is responsible for local recruitment and training of administrative staff, management works to ensure that each office has the right mix of financial management skills, that there is a common culture of financial management across the whole organisation and that there are robust measures against corruption and fraud. One risk which has occurred and been managed during the year has been the impact on aid programmes arising due to currency fluctuations as a result of the economic downturn. This has been managed to date through contingency and, going forward, we plan to implement a foreign exchange hedging strategy on our main currencies.

- Security and staff safety

Government offices and the staff who work in them are sometimes at risk of criminal and terrorist attack and need appropriate protection. Physical environments in which we operate are more challenging than the UK and measures are needed to safeguard health and safety;

- Delivery and impact

The process of change in developing countries is complex, and it is not always easy to predict the impact of development interventions. Risks which may affect the delivery of benefits or reduce the impact of programmes are identified, monitored and, where possible, mitigated;

- Efficiency and management improvement

Specific internal projects to improve DFID's efficiency, for instance through the introduction of new IT and human resource systems, bring risks which require specialist risk management.

- Working with partners

There are many different ways to support development, each with their own specific risks. DFID works with partner governments, multilaterals, civil society and other bilateral donors. We also procure goods and services ourselves, fund projects or provide financial resources directly to partners who manage finances under their own systems of internal control. In some countries DFID's funds are given to the host government directly as Poverty Reduction Budget Support (PRBS) and accounted for through their public financial management systems. There are particular risks associated with this approach and DFID uses specific Fiduciary Risk Assessments (FRAs) and monitoring to mitigate these risks;

- Fragile states

In some countries, such as Afghanistan and Iraq, a combination of the previously mentioned risks makes implementing and maintaining control especially difficult. Such environments are often subject to rapid and unpredictable change, conflict or post conflict reconstruction, and limited local governance. DFID's control systems must be sufficiently robust to cope with operations in these circumstances.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in DFID for the year ended 31 March 2010 and up to the date of approval of the accounts, and accords with Treasury guidance.

Capacity to handle risk

I chair the DFID Management Board which has overall responsibility for leading on risk management for both strategic level risks and key delivery risks. The Board has adopted a risk management policy and ensures that staff throughout DFID have the skills and resources necessary to manage risks appropriate to their level of authority and duties. DFID's corporate governance framework was reviewed during 2009-10. This concluded that there were good aspects of governance in place, but also identified areas which could be improved to bring DFID closer to best practice. The Management Board undertook to address the findings, which included reviewing its oversight role and accountability arrangements for sub-committees. Senior managers take an active lead to support and promote improvements in risk management.

Risk management activity takes place at all levels and across the global organisation. However a recent internal audit has identified opportunities to develop a comprehensive enterprise-wide risk management framework which joins up different levels of activity and provides better documentary evidence of risk management activities. Our risks are currently managed at the following levels:

- Corporate level, the Management Board takes direct responsibility for strategic and key delivery risks. The Board maintains a Corporate Risk Register (CRR) to record high-level risks and the mitigation actions being taken to address those risks. Divisional Directors manage risk in their divisions. Divisional Performance Frameworks, incorporating risk analysis and management, were presented to the Management Board by Directors during April 2010 and incorporated risk analysis and management similar to the CRR. Further work will be considered to embed risk management at this organisational level and on the frequency at which risks are considered. This will include better alignment between the levels of risks across the organisation and the evaluation and potential introduction of a risk management system;

- Country level, risk assessment is part of the country planning process; typically based on three year plans which are reviewed annually. Scenario and contingency planning is now mandatory for all new country plans. All country plans are quality assured by a cross Divisional Country Planning Review Committee. A business plan is also required where the annual aid framework for a country is £20 million or more. This sets out the key delivery challenges and explains how those challenges will be proactively addressed by the country team;

- Risk is assessed during planning and design of programmes and projects, and reviewed at least annually during implementation. Programme managers are responsible for risk management and receive training, guidance and technical support from the Finance and Corporate Performance Division;

- The Internal Audit Department undertakes financial audits throughout DFID and supports the implementation of anti-fraud policies;

- Policies and guidance on Poverty Reduction Budget Support were updated and published in January 2008. Fiduciary Risk Assessments (FRAs) are mandatory in all cases where financial aid is being considered. A rigorous system of external scrutiny to ensure quality control of FRAs is in place. Systems are in place to manage the independence of the external scrutiny process.

DFID maintains web-enabled guidance on mandatory rules and procedures in the Essential Guide to Rules and Tools (The Blue Book) complemented by further examples, information and "How to" notes in the Best Practice Guide. The Blue Book covers a range of corporate activities including project cycle management from identification and design to implementation, monitoring and evaluation. The rules and procedures are continuously reviewed and updated (for example work is underway to incorporate enhanced guidance on multilateral aid) and are used at all levels of management.

A primary responsibility of DFID's country offices is the regular monitoring of all projects and programmes. The offices overseas enable DFID to maintain close and regular contact with programme implementers and to review progress on the ground. DFID's mandatory system of internal project monitoring incorporates learning from experience and identifying good practice. Our Internal Audit Department has identified instances of non-compliance with mandatory procedures on project management, including evidencing monitoring strategies, financial reporting and auditing. They have also identified areas where the electronic document trail could be improved to evidence the decision-making process. Action plans are in place for the relevant country offices to address these issues.

Our internal management systems have identified delays in completion of Annual Reviews and Project Completion Reports, and where identified, these are subject to increased review and management follow-up. The system is enhanced by country level studies carried out by the Evaluation Department which review long term impact and performance against objectives and are based on Development Assistance Committee (DAC) evaluation criteria. Both monitoring and evaluation lead to updates in the Blue Book and Best Practice Guide to allow on-line dissemination of best practice to all staff. DFID published its Evaluation Policy in June 2009, which is set in the wider context of DFID's Results Action Plan.

The work of the Evaluation Department is scrutinised by an independent panel of experts, the Independent Advisory Committee on Development Impact.

The risk and control framework

The Board has established systems for risk management. This is a further area where the recent internal audit has identified that DFID's risk management systems and guidance could be strengthened to align them with best practice. The risk management systems which have been in place for 2009-10 has included:

- A framework within which risks are identified, managed and regularly reviewed;
- DFID's attitude to risk in areas such as staff security;
- Clear prioritisation of risks and mitigation measures;
- Guidance and training to staff on assessing, managing and monitoring risks;
- Internal auditing and controls to ensure compliance with policies and procedures; and
- Regular horizon scanning to identify potential changes in DFID's operating environment and opportunities to expand influence.

High level controls include a formal corporate governance and internal control system detailing the aims and principles through which DFID conducts its business. This includes guidance setting out operational and financial control procedures including delegated authorities, codes and standards expected of staff, an anti-fraud strategy and response plan in conjunction with a whistle-blowing policy to enable staff and the public to report concerns over any aspect of DFID's business.

DFID's control framework is set by the Management Board under advice from the Audit Committee, Internal Audit Department and the Finance and Corporate Performance Division. DFID's culture and values align with the Civil Service Code. The Civil Service people survey confirmed that 74% of DFID staff were aware of the Civil Service Code, however only 39% were aware of how to raise a concern under the code. DFID's Management have subsequently publicised this further within the organisation and held discussions with staff to raise awareness and ensure these values are embedded within the organisation. Management within the Department are exploring the underlying issues associated with the survey results and taking action to address these. Leadership and change management are amongst the areas identified for action.

Management and control systems are established according to the type of risk.

- Financial and resource management

An Audit Committee, comprising five non-executive members including the Chair who sits on the Management Board, plays an important part in the governance framework of DFID and provides oversight of financial controls. The Committee is constituted according to HM Treasury best practice, is fully independent and draws on a range of skills and expertise.

Financial controls, including procurement systems, are regularly reviewed by the Internal Audit Department. The Counter Fraud Unit investigates all fraud allegations including those relating to DFID aid programmes. The Counter Fraud Unit liaises with other donors where appropriate and makes recommendations to strengthen internal controls. This year they have recommended reinforcing systems surrounding registers of members' interest.

Financial controls have been strengthened by the implementation of the ARIES resource management system. ARIES has provided an integrated solution that replaces stand alone procurement, financial, statistical and programme management systems. In particular, ARIES has introduced enhanced controls over the procurement cycle, programme management controls have been embedded and delegated authorities have been automated and strengthened. Budgeting processes are supported through ARIES and forecasting information is captured for reporting purposes. Whilst a control system is in operation, opportunities exist to improve the quality and accuracy of in-year financial management and we have increased our in-house accountancy capacity to deliver this.

Currency fluctuation risks have been managed by planning and committing UK aid in sterling where possible and monitoring DFID in-country expenditure. DFID have consulted HM Treasury and are considering options for hedging foreign currency to minimise future risks of currency fluctuations.

DFID also commissioned an updated review of financial management against the Chartered Institute of Public Finance and Accountancy (CIPFA) model which assesses organisations against best practice in public sector financial management. This has assessed progress against previous actions and indicated that some improvement has been made however areas highlighted for improvement include utilisation of ARIES, empowerment of staff and further development of financial management. The review indicated that DFID's strengthened financial management capacity means that is now better placed to meet financial management challenges. Further investment is required around stakeholder engagement to further embed financial management across the organisation.

- Capital projects

Capital projects are prone to a number of risks including weak appraisal, overspend and not achieving desired outcomes. DFID has set up the Capital Portfolio Board to provide central oversight and support the delivery of capital projects funded from the administration budget. Their responsibilities include scrutinising projects/programmes at key milestones and ensuring that project finances are properly accounted for. One particular case has been highlighted during the year where a building project in an overseas location has been discontinued. There were a number of reasons for this including changing security requirements and weaknesses in project management. All new internal capital projects and programmes, and significant changes to existing projects and programmes, are authorised through formal processes by the Capital Portfolio Board, with decisions based on business cases. Programme and project management disciplines are observed, including appointing a Senior Responsible Owner, who reports to a Project Board overseeing such new developments. We are confident the role undertaken by DFID's Capital Portfolio Board will significantly minimise the risks of future failure of capital projects.

- Security and staff safety

One of DFID's highest priorities is keeping its people safe. All UK and overseas offices have security plans which are reviewed and updated regularly. A Security Committee has been set up and meets regularly to monitor security incidents that affect staff. The Security Committee systematically tracks threats, risks, incidents and overseas security reviews quarterly. Contingency plans have been drawn up for offices overseas and in the UK to ensure the safety of our staff and to maintain the ongoing security and continuity of systems. In-country, DFID takes guidance on the risks that its staff faces from the Foreign and Commonwealth Office.

In relation to information assurance and personal data security, DFID has maintained its accreditation to ISO/IEC 27001:2005, the internationally recognised standard for information security management. DFID complies with the mandatory minimum measures for data handling in Government. DFID has a Senior Information Risk Owner who reports to the Management Board on information risk, and monitors those risks at least quarterly through the Information Security Management Group. There were no incidents of the loss of any personal data to report to the Information Commissioners Office in 2009-10, although we recognise that there is a continuing need to maintain a high level of staff awareness of the Data Protection Act and their responsibilities.

- Delivery and impact

DFID's Investment Committee ensures that investments represent good value for money for UK taxpayers and that clear systems exist to take strategic financial decisions on the basis of evidence. It has led a range of portfolio reviews and Public Value Programmes to improve value for money, including reviews of the education portfolio and DFID's funding to multilateral agencies. The Public Accounts Committee report on Aid to Malawi identified that DFID needed to improve information on implementation and results and drive improvements in value for money and outcomes. This is being actively progressed by DFID's Value for Money Department and improvements are being made to data collection.

All programmes with a commitment value over £1 million are assessed for risk and monitored at least annually. The assessment considers both immediate risks as well as longer term risks which could affect the sustainability of benefits. The introduction of the ARIES reporting system is being used to enable the recording and analysis of further detail in risk assessments and information on trends. Directors use the system to track the portfolio of programmes under their delegated authority. There are clear lines of delegation covering both policy and expenditure.

- Efficiency and management improvement

Development and procurement infrastructure and IT systems comply with standard Government procedures that require full risk assessment and risk management processes.

In addition, DFID has established a "Using Numbers" initiative which improves how DFID quantifies decisions. DFID has introduced new guidance on economic appraisals, agreed a set of standard indicators to be used when assessing all bilateral projects and developed its logframe approach to strengthen the links between appraisals and monitoring frameworks.

- Working with partners: using DFID's management systems

DFID works with partner governments, multilaterals, civil society and other bilateral donors. Where DFID procures goods and services directly we have strong procurement capacity and appropriate strategies to ensure best procurement practice. Our control systems have identified some instances of non-compliance with procurement practices and asset control during the year and these have been addressed at a local level. In June 2008 the Office of Government Commerce published the report of a Procurement Capability Review of DFID. Implementation of the agreed action plan has progressed well during 2009-10; this includes a new operating model for procurement, strategic sourcing methodologies and development of a Commercial Strategy for DFID. All projects and programmes are subject to our own risk and control framework, which in some instances allows staff to place reliance on partners' project design, implementation, monitoring and control mechanisms. In these circumstances DFID places a greater reliance on partners' governance frameworks rather than detailed review of project controls. Where we engage with multilaterals and civil society the reporting, monitoring and auditing are subject to scrutiny as set out in the Blue Book.

- Working with partners: using partner government systems

Poverty Reduction Budget Support (PRBS) can be a highly effective form of aid, but involves particular risks where partners systems are weak. We have established systems for assessing and monitoring fiduciary risk in relation to PRBS. Before providing PRBS, we work with partner governments and other donors to undertake thorough fiduciary risk assessments, and to ensure that there is a credible programme of reform to address identified weaknesses in public financial management (PFM). We ensure that these programmes of reform have adequate support. In many cases, DFID supports PFM reform directly in countries where we provide budget support. PFM reform programmes typically include support to develop and strengthen the audit function.

Each year, country offices providing PRBS carry out systematic reviews of both fiduciary risk and progress on strengthening partners systems. These assessments inform the risk reporting of the responsible Directors. We recognise that sometimes it can take several years before PFM reforms result in strengthened systems and reduced risk. Where weaknesses in the assurance available through national systems persist, we carry out supplementary monitoring procedures, including public expenditure monitoring by DFID and other development partners, but we recognise there is scope for further improvement in this area. We will continue to report separately to Parliament and others annually on the wider impact and effectiveness of PRBS, as well as on fiduciary and public financial management issues.

- Fragile states

DFID has developed and implemented guidance on scenario and contingency planning in fragile states. Following recent external reports on Operating in Insecure Environments a new series of briefing notes on working effectively in these environments has been published during 2009-10. The briefing papers include guidance on: analysing the context in order to inform DFID programming choices; identifying, building and using the existing capacity within the insecure environment to inform partner choice and improving joint working; and risk management.

- Arms length bodies

DFID has 100% ownership of CDC Group plc and 40% ownership of Actis LLP. The terms of these arms length relationships are set out in frameworks covering governance and accountability, investment policy (for CDC) and reporting.

Actis LLP

Actis is a limited liability partnership (LLP), owned 60% by its working partners and an employee share trust, and 40% by the Secretary of State for International Development.

Under the Member's Agreement, DFID does not take part in the day-to-day operations of Actis and has no Board representation.

In order to avoid any conflict of interest with the Secretary of State's 100% shareholding in CDC, which is managed by DFID, the Shareholder Executive advises the Secretary of State on his 40% interest in Actis. The terms of this arrangement are set out in a Memorandum of Understanding.

CDC plc

CDC, as a plc, is governed by a Board of Directors who are answerable to the shareholder through the normal company governance process. DFID is not involved in CDC operations or take part in operational investment decision-taking. This is a long-standing DFID policy decision.

Following National Audit Office and Parliamentary Committee of Public Accounts reports, which identified weakness in the governance of CDC, DFID, with advice from the Shareholder Executive, has put in place a strengthened framework for its oversight of CDC.

CDC is required to confirm to DFID annually both that it has credible plans to achieve and is on target to meet the targets contained in its Investment Policy by the end of 2013. This assurance is provided via a statement in CDC's Annual Report and Accounts, which has been confirmed by CDC's auditors as part of their sign-off on the Annual Report and Accounts.

CDC's five year Business Plan, agreed in late 2009, sets out clear and well-defined medium term financial and non-financial targets, a series of risk measures which, if exceeded, would trigger discussions with DFID on possible remedial action (including cash balances), and a strengthened system for measuring and reporting on additional capital mobilisation. CDC is reporting to DFID on these and other measures via a new Corporate Performance Scorecard.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Department, who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of my review of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The effectiveness of the system of internal control was maintained and reviewed through:

- The Management Board which met regularly to consider strategic direction and performance against objectives. The Board receives Quarterly Management Reports on performance and approves and advises Ministers on the recommendations of the annual internal resource allocation exercise;
- A network of sub-committees to support the main Board whose Terms of Reference, workplans and performance are reviewed by the Board on an annual basis to complement on-going dialogue throughout the year. The sub-Committees also produced Statements of Assurance for 2009-10 which were presented to the Management Board;

- An Audit Committee, a fully independent committee of five non executive members, provides assurance to me by monitoring and reviewing the risk, control and governance systems in the organisation, and the associated assurance processes. The Committee provides oversight and guidance, where necessary, on the work of the Finance and Performance Division. It also reviews the work programme of the Internal Audit Department and discusses external audit strategies;
- Internal Audit Department (IAD) who provide an independent and objective opinion on the adequacy of systems of risk management, control and governance, by measuring and evaluating their effectiveness in achieving DFID's objectives. In addition, IAD's findings and recommendations are beneficial to line management in the audited areas;
- A specialist Counter Fraud Unit within IAD, split into an Intelligence Section who are primarily concerned with the wider aspects of fraud and corruption and an Investigation Section with responsibilities for directing, conducting and contracting investigations;
- All directors provide an annual statement covering identification and management of risk and an assurance on compliance with management and control systems. These statements include key performance data, an outline of action planned to remedy shortfalls in performance and an assessment of performance for each topic. Directors' assurance statements are informed by departmental systems on management of performance and by in-year monitoring of these systems including sample testing; and
- The work of the external auditor in forming an opinion on the financial statements and in reporting the results of value for money examinations relating to DFID's activities.

I am satisfied with the overall control environment that has been in place in DFID for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts; that any weaknesses have been properly assessed; and that appropriate action has been taken, or is in progress to address them.

The operating environment for DFID will remain in many cases a challenging one. However, we will continue to attach high priority to identifying and managing the risks we face in the best way possible.

Nemat Shafik 13 July 2010
Accounting Officer for the Department for International Development

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of the Department for International Development for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity, the Statement of Net Operating Costs by Departmental Strategic Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; and the overall presentation of the financial statements.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

- In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- The financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2010 and of its net cash requirement, net resource outturn, net operating cost, net operating costs applied to departmental strategic objectives, changes in taxpayers' equity and cash flows for the year then ended; and

- The financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- The part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- The information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- The Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse 15 July 2010
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria,
London, SW1W 9SP

Statement of Parliamentary Supply

Summary of Resource Outturn 2009-10

								2009-10 £000	2008-09 £000
				Estimate			Outturn	Net total outturn compared with Estimate saving/ (excess)	Outturn
Request for Resources	Note	Gross expenditure	A in A	Net Total	Gross expenditure	A in A	Net Total		Net total
Eliminating Poverty in Poorer Countries	3	6,309,794	11,500	6,298,294[1]	6,042,156	6,932	6,035,224	263,070[1]	5,162,601
Conflict Prevention	3	21,243	–	21,243	16,715	–	16,715	4,528	41,792
Total Resources	4	6,331,037	11,500	6,319,537	6,058,871	6,932	6,051,939	267,598	5,204,393
Non-operating cost A in A		–	20,000	20,000	–	20,000	20,000	–	20,000

Net cash requirement 2009-10

				2009-10 £000	2008-09 £000
	Note	Estimate	Outturn	Net total outturn compared with Estimate saving/ (excess)	Outturn
Net Cash Requirement	5	5,838,676	5,759,400	79,276	4,413,453

Summary of Income payable to the Consolidated Fund

In addition to appropriations in aid the following income relates to the department and is payable to the Consolidated Fund (cash receipts in italics).

		Forecast 2009-10		Outturn 2009-10	
		Income	*Receipts*	Income	*Receipts*
	Note	£000	£000	£000	£000
Total	6	–	–	(4,186)	*(2,423)*

1. Included in the Estimate total for capital grants is £203 million which relates to a loan granted to the Global Trade Liquidity Programme, managed by the International Finance Corporation, following an agreement reached at the G20 summit in April 2009. As this is a loan, it has been included in the statement of financial position as a loan and receivable and is not reported within resource outturn.

The Notes on pages 42 to 86 form part of these accounts.

Operating Cost Statement

For the year ended 31 March 2010

	Note	Staff costs	Other costs	2009-10 £000 Income	2008-09 £000
Administration Costs					
Eliminating Poverty in Poorer Countries					
Staff Costs	9	74,234			80,830
Other admin costs	10		86,827		87,793
Operating income	12			(6,009)	(6,086)
Conflict Prevention					
Staff Costs	9	1,820			1,460
Other admin costs	10		2,176		1,834
Operating income	12			–	(60)
Programme Costs					
Eliminating Poverty in Poorer Countries					
Staff Costs	9	37,171			37,311
Programme Costs	11		5,843,924		4,967,851
Income	12			(3,346)	(4,263)
Conflict Prevention					
Staff Costs	9	128			31
Programme Costs	11		12,591		38,497
Income	12			-	70
Totals		**113,353**	**5,945,518**	(9,355)	
Net Operating Cost	**4(a)**			**6,049,516**	**5,205,268**

All expenditure and income relates to DFID core department.
All income and expenditure are derived from continuing operations.
There were no material acquisitions or disposals in the year.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2010

	Note	General Fund	Revaluation Reserve	Total Reserves
		£000	£000	£000
Balance at 31 March 2008	22&23	970,674	1,177,832	2,148,506
Changes in taxpayers' equity for 2008-09				
Gain on revaluation of investments in International Financial Institutions	23	–	802,064	802,064
Gain on revaluation of equipment	23	–	274	274
Gain on revaluation of vehicles	23	–	152	152
Non-cash charges - auditor's remuneration	10	281	–	281
Non-cash charges - cost of capital	10 & 11	203,561	–	203,561
Realised element transferred between General Fund/ Revaluation Reserve	22&23	276	(276)	–
Net operating cost for year		(5,205,268)	–	(5,205,268)
Total recognised income and expense for 2008- 09		(5,001,150)	802,214	(4,198,936)
Net Parliamentary Funding – drawn down	19(a)	4,647,235	–	4,647,235
CFERs payable to the Consolidated Fund	7	(2,335)	–	(2,335)
Excess A-in-A payable to the Consolidated Fund	8	(8,611)	–	(8,611)
Supply (receivable) adjustment		(233,782)	–	(233,782)
Balance at 31 March 2009	22 & 23	372,031	1,980,046	2,352,077
Changes in taxpayers' equity for 2009-10				
Loss on revaluation of investments in International Financial Institutions	23	–	(311,397)	(311,397)
Gain on revaluation of vehicles	23	–	99	99
Gain on revaluation of intangible assets	23	–	4,636	4,636
Non-cash charges – auditor's remuneration	10	281	–	281
Non-cash charges – cost of capital	10 & 11	194,835	–	194,835
Realised element transferred between General Fund/ Revaluation Reserve	22&23	64	(64)	-
Net operating cost for year		(6,049,516)		(6,049,516)
Total recognised income and expense for 2009-10		(5,854,336)	(306,726)	(6,161,062)
Net Parliamentary Funding - drawn down	19(a)	5,733,904	–	5,733,904
CFERs payable to the Consolidated Fund	7	(2,423)	–	(2,423)
Excess A-in-A payable to the Consolidated Fund	8	(1,763)	–	(1,763)
Supply payable adjustment		25,496	–	25,496
Balance at 31 March 2010	22 & 23	**272,909**	**1,673,320**	**1,946,229**

Statement of Financial Position

as at 31 March 2010

	Note	31 March 2010		Restated 31 March 2009	Restated 1 April 2008
		£000	£000	£000	£000
Non-Current Assets					
Property, plant and equipment	13	92,724		87,905	106,301
Intangible assets	14	24,602		26,684	7,812
Financial Assets	15	3,813,655		4,125,643	3,322,561
Trade and other receivables	16	128,964		188,224	174,989
Total non-current assets			**4,059,945**	**4,428,456**	**3,611,663**
Current Assets					
Trade and other receivables	17(a)	361,771		122,429	159,077
Cash and cash equivalents	18	4,199		243,175	5,981
Total current assets			**365,970**	**365,604**	**165,058**
Total Assets			**4,425,915**	**4,794,060**	**3,776,721**
Current liabilities					
Bank overdraft	18	(30,666)		–	(23,358)
Trade and other payables	19(a)	(1,663,334)		(1,890,498)	(1,231,247)
Total current liabilities			**(1,694,000)**	**(1,890,498)**	**(1,254,605)**
Non-current assets less net current liabilities			**2,731,915**	**2,903,562**	**2,522,116**
Non-current liabilities					
Provisions	21	(739,232)		(514,667)	(336,863)
Other payables	19(a)	(46,454)		(36,818)	(36,747)
Total non-current liabilities			**(785,686)**	**(551,485)**	**(373,610)**
Assets less liabilities			**1,946,229**	**2,352,077**	**2,148,506**
Taxpayers' Equity					
General Fund	22		272,909	372,031	970,674
Revaluation reserve	23		1,673,320	1,980,046	1,177,832
Total taxpayers' equity			**1,946,229**	**2,352,077**	**2,148,506**

Nemat Shafik
Accounting Officer for the Department for International Development 13 July 2010

The notes on pages 42 to 86 form part of these accounts

Statement of Cash Flows

for the year ended 31 March 2010

	Note	31-Mar-2010 £000	Restated 31-Mar-2009 £000
Cash flows from operating activities	24(a)	(5,538,331)	(4,389,993)
Cash flows from investing activities	24(b)	(216,883)	(12,514)
Cash flows from financing activities	24(c)	5,500,122	4,664,705
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(255,092)	262,198
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		–	–
Payment of amounts due to the Consolidated Fund		(14,550)	(1,646)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(269,642)	260,552
Cash and cash equivalents at the beginning of the period	18	243,175	(17,377)
Cash and cash equivalents at the end of the period	18	(26,467)	243,175

Statement of Net Operating Costs by Departmental Strategic Objectives

For the year ended 31 March 2010

		2009-10				
		£000	£000	£000	£000	£000
		4. Global Partnership	5. Donor effectiveness	6. Bilateral assistance	7. Organisation effectiveness	Total
	Programme costs					
1	Promote development	524,774	2,283,209	2,282,113	–	5,090,096
2	Climate change	86,298	14,422	38,038	–	138,758
3	Conflict & humanitarian	508	103,141	534,078	–	637,727
		611,580	2,400,772	2,854,229	–	5,866,581
	Administration costs					
7.	Organisation effectiveness	30,400	12,190	117,320	23,025	182,935
Total		**641,980**	**2,412,962**	**2,971,549**	**23,025**	**6,049,516**

		Restated 2008-09				
		£000	£000	£000	£000	£000
		4. Global Partnership	5. Donor effectiveness	6. Bilateral assistance	7. Organisation effectiveness	Total
	Programme costs					
1	Promote development	412,843	1,867,790	2,022,257	–	4,302,890
2	Climate change	56,738	50,288	28,246	–	135,272
3	Conflict & humanitarian	469	246,115	356,858	–	603,442
		470,050	2,164,193	2,407,361	–	5,041,604
	Administration costs					
7.	Organisation effectiveness	27,697	16,719	45,847	73,401	163,664
Total		**497,747**	**2,180,912**	**2,453,208**	**73,401**	**5,205,268**

DFID's Aim is to Eliminate Poverty in Poorer Countries through achievement of the Millennium Development Goals.

Within this, the objectives changed in 2008-09 to reflect the Departmental Strategic Objectives (DSOs) agreed as part of the Comprehensive Spending Review 2007. The structure of DFID's objectives is such that DSOs 1 to 3 are about what DFID spends its money on; DSOs 4 to 6 are about the channels through which we make our expenditure; and DSO 7 covers administrative functions. Some administrative expenditure falls under DSO 7 only. The DSOs replace the Public Service Agreement objectives that were in place until 2007-08.

DFID's Departmental Strategic Objectives are:

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

Expenditure has been directly allocated to DSOs where there is a relationship between the expenditure and the achievement of a specific objective. Users of these accounts should be aware that demonstrating the exact areas on which aid is being spent is not a simple and exact exercise and a certain amount of judgement is involved. Increasingly projects are multi-dimensional and address interrelated policy areas. In addition more innovative types of aid instruments are being introduced. Together these make attributing expenditure to specific objectives difficult.

Core contributions to multilateral agencies such as the International Development Association, regional development banks and UN agencies, have been allocated to DSO 5, and then allocated across DSOs 1 to 3 based on the sector allocations reported by the multilateral agencies to the Development Assistance Committee (DAC) of the OECD. These allocations are based on the most recently available figures, which cover the calendar year 2008.

Numbers of staff employed by objective are shown in Note 9.

Notes to the Financial Statements

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2009-2010 *Government Financial Reporting Manual* (FReM), issued by HM Treasury. A copy is available at www.financial-reporting.gov.uk. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. This is the first year the resource accounts have been prepared in accordance with International Financial Reporting Standards and as IFRS 1 *"First Time Adoption of IFRS"* has been applied.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of DFID for the purpose of giving a true and fair view has been selected. The particular policies adopted by DFID are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The Statement of Operating Cost by Departmental Strategic Objectives and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

1.1 Recent Accounting Developments

The following is a list of changes to IFRS that have been issued but which were not effective in the reporting period:

(a) New IFRS issued but not yet effective

IFRS 9 *Financial Instruments* was issued on 12 November 2009 and will be effective for financial reporting periods beginning on or after 1 January 2013. The new standard simplifies the classification and measurement of financial assets, previously reported under IAS 39 *Financial Instruments: Recognition and Measurement*, and will have a material effect on the disclosure of financial assets. The main changes will be:

- Categories of assets classed as Available for Sale, Held to Maturity and Loans and Receivables are eliminated.
- All assets are to valued at fair value unless the asset has contractual terms giving rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding and which are held within a business model whose objective is to hold assets in order to collect contractual cash flows are classified as amortised cost. All other instruments are measured at fair value.

- Changes in the value of instruments measured at fair value are generally taken to profit or loss (ie the Operating Cost Statement).

(b) Amendments to existing IFRS but not yet effective

IAS 24 *Related Party Disclosures* was amended on 4 November 2009 and will be effective for accounting periods starting on or after 1 January 2011. The revised standard simplifies and clarifies the definition of a related party. For governmental departments there will be partial exemption from the disclosure requirements in respect of transactions and outstanding balances. The revised standard will not have a material impact upon DFID's Resource Accounts. IAS 32 *Financial Instruments : Presentation* was amended on 8 October 2009 and is effective for accounting periods starting on or after 1 February 2010. The revised standard classifies rights issues which allow which allow the acquisition of a fixed number of shares for a fixed amount of any currency, provided they are offered to all existing owners of the same class of shares, as equity rather than a derivative liability. The revised standard will not have a material impact upon DFID's Resource Accounts.

IAS 7 *Statement of Cash Flows* was amended on 16 April 2009 and is effective for accounting periods starting on or after 1 January 2010. The amendment clarifies that only expenditure that results in the recognition of an asset can be classified as a cash flow from investing activities. The revised standard will not have a material impact upon DFID's Resource Accounts.

(c) Amendments to Accounting Interpretations issued but not yet effective

IFRIC 14 *Prepayments of a Minimum Funding Requirement* was amended on 26 November 2009 and is effective for accounting periods staring on or after 1 January 2011. Laws or contractual terms may require employers to make minimum funding payments for their pension or other employee benefit plans. The amendment to this interpretation allows, in certain circumstances, an entity to treat the prepayment of future contributions to a pension scheme where there is a minimum funding requirement as an asset, rather than as a reduction in future contributions.

1.2 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of non-current assets at their value to DFID by reference to their current costs, and the revaluation of financial instruments in accordance with International Accounting Standard (IAS) 32 and IAS 39.

1.3 Coverage of Accounts

These accounts cover the activities of DFID only. DFID is the sponsor department for CDC Group plc (CDC), a self-financing Public Corporation and Actis LLP, a fund management partnership. CDC and Actis results are not consolidated in these accounts since under FReM rules Public Corporations are outside the departmental resource accounting boundary. DFID's ownership interest is recognised in non-current asset investments.

In line with FReM rules on activities charged direct to the Consolidated Fund, the primary statements in these accounts do not include amounts attributed to DFID for the purpose of public expenditure control to reflect spending on development activities by the European Union from the EU budget. The EU also supports development activities through the extra-budgetary European Development Funds (EDF). UK contributions to EDF are included in programme expenditure in the Operating Cost Statement.

1.4 Value Added Tax (VAT)

Income and expenditure is shown net of VAT where output tax is charged or input tax is recoverable. Amounts owed to or by HM Revenue & Customs for VAT at the statement of financial position date are included in payables and receivables. Irrecoverable VAT is included in amounts shown in the relevant expenditure category or included in the capitalised purchase cost of non-current assets.

1.5 Foreign Exchange

Transactions in foreign currencies are accounted for at the sterling equivalent at the exchange rate for the date of each transaction. Realised gains and losses on transactions, including discharge of payables where the obligation is expressed in foreign currency, are charged or credited to operating costs. Non-current asset investments and other statement of financial position items where the underlying value is expressed in foreign currencies are re-translated into sterling at the exchange rates for the statement of financial position date. Changes in value arising from exchange rate movements are dealt with as part of other changes in value (Note 1.8).

1.6 Property, plant & equipment

Title to freehold land and buildings is held in the name of, or on behalf of, the Secretary of State for International Development. Land and buildings are shown at current replacement cost based on professional valuations carried out at not more than five year intervals.

Refurbishments to freehold and leasehold properties are capitalised at the actual costs incurred.

Other plant and equipment are recognised in the accounts where they are used for general administration and acquired from administrative or programme capital funds. Asset costs include salaries and expenses of departmental staff arising directly from the development, construction and acquisition of the asset. Property, plant & equipment do not include items purchased from programme expenditure on behalf of overseas governments and others with the intention that ownership will in due course be transferred to them.

Property, plant & equipment are capitalised above a threshold of £1,000 for individual assets. Items of office and domestic furniture and IT equipment, some of which may individually cost less than £1,000, are capitalised on a grouped basis. Assets under construction are capitalised on the basis of actual costs incurred during the period until the work is completed and the asset is available for use and reclassified accordingly.

Non-current assets are valued at current replacement cost, which is deemed representative of fair value. Current replacement cost is updated annually based on monthly indices provided by the Office for National Statistics website. Any surplus on revaluation is recognised directly in the revaluation reserve, except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in the operating cost statement, in which case the credit to that extent is recognised in the operating cost statement. Any deficit on revaluation is recognised in the operating cost statement, except to the extent that it reverses a previous revaluation surplus on the same asset, in which case it is taken directly to the revaluation reserve.

1.7 Depreciation

Freehold land is not depreciated. Depreciation is provided on other property, plant & equipment on a straight line basis over the remaining useful lives of the assets. Depreciation on improvements to leaseholds is provided from the point at which these come into use. The useful lives for main asset categories are as follows:

Office accommodation (freeholds)	30 years
Domestic property (freeholds)	20 years
Improvements to freeholds	15 years
Improvements to leaseholds	Over the remaining term of the lease
Motor vehicles	5 years
Office and domestic furniture and equipment	Mainly at 5 and 10 years
IT equipment	1 to 8 years

1.8 Investments

Investments include the United Kingdom interest in certain International Financial Institutions (IFIs). Shares in these bodies are not traded securities. In accordance with accounting standards on financial instruments, these have been designated as 'available for sale' financial assets, as they cannot be classified under the other three categories of financial instruments specified in IAS 39. There is no intention to sell these investments.

These investments are recognised and subsequently measured at fair value. Given that DFID has no intention of withdrawing from membership of these organisations, fair value has been assessed as the amount that DFID would receive if the institutions ceased to operate. For all IFIs, this would be DFID's share of the net assets of the IFI based on shareholdings at the time of dissolution. This assumes that the net assets shown on the statement of financial position of each IFI, at the date closest to year end, adjusted for known changes in ownership, represents the best estimate of the net realisable value.

Increases in the value of investments, including those arising from retranslation to sterling of underlying values of investments which account in foreign currencies or from market movements, are taken to the revaluation reserve. Reductions in value are taken to revaluation reserve to the extent that value is no lower than that the carrying amount at initial recognition to the statement of financial position. Impairments below this cost are charged to the operating cost statement.

In accordance with the FReM, investments in public corporations falling outside the resource accounting boundary are recognised at historic cost less any impairment. Impairments are assessed by comparing the historic cost to DFID's share of net assets, as disclosed in the most recent audited financial statements of the public corporation.

1.9 Intangible assets

Intangible assets consist of IT software and systems, and are valued at current replacement cost, which is deemed representative of fair value. Current replacement cost is updated annually based on monthly indices provided by the Office for National Statistics website. Any surplus on revaluation is recognised directly in the revaluation reserve, except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in the operating cost statement, in which case the credit to that extent is recognised in the operating cost statement. Any deficit on revaluation is recognised in the operating cost statement, except to the extent that it reverses a previous revaluation surplus on the same asset, in which case it is taken directly to the revaluation reserve.

Amortisation is provided on a straight line basis as follows:

IT systems	Over individually assessed estimated useful lives (1-8 years)
Software licences	Over the life of the licence (1-8 years)

1.10 Long Term Loans

In accordance with IAS 39, these have been classified as 'loans and receivables', and are therefore valued at amortised cost based on expected future cash flows, net of provisions and write offs. Write offs include amounts which the UK has formally agreed will not be repaid under a programme to convert loans to grants. Loan balances at 1 April 2008 have been restated at amortised cost. The effect of this restatement has been taken to reserves. Repayments forecast to be made within one year are included in receivables.

1.11 Cash and cash equivalents

Cash comprises cash on hand with UK and overseas banks and demand deposits at the statement of financial position date. Cash equivalents comprise any assets considered by management to be readily convertible to cash, due to their highly liquid and short term nature, by way of a readily available market for sale.

1.12 Cash: Third Party Monies

Cash balances in the primary statements exclude amounts held for third parties as custodian or trustee but in which neither DFID nor Government more generally has a direct beneficial interest. Amounts held, of this nature, at the statement of financial position date are disclosed by way of note.

1.13 Provisions

Provisions are made where at the statement of financial position date DFID has a present obligations arising from past events to make future transfers of economic benefit and reliable estimates of the value of the obligations can be made.

Where the time value of money is material, provisions are stated at discounted amounts using the real discount rate, adjusted for inflation, set by HM Treasury.

1.14 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 the department discloses for parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. These comprise:

(a) items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by departmental Minute prior to the Department entering into the arrangement;

(b) all items (whether or not they arise in the normal course of business) over £100,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the *FReM* to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.15 Revenue

Revenue is accounted for on an accruals basis. Income within the resource accounts comprises other operating income not classified as Appropriations in Aid, such as rental income and profits on disposal of non-current assets.

1.16 Administration and Programme Expenditure

The operating cost statement is analysed between administration and programme costs. Administration costs are those which fall within the administration cost control regime, together with associated operating income. Income is analysed between that which, under the regime, is allowed to be offset against gross administrative costs in determining the outturn against the administrative cost limit and other operating income.

Programme costs reflect payments of grants and other disbursements by the department and certain staff costs where they relate directly to service delivery. Costs of overseas frontline staff previously classified as administration costs have been reclassified as programme costs from 2008-09.

1.17 Research and development

Expenditure by DFID from programme budgets in support of research and development is charged to the operating cost statement in the period in which it is incurred unless it meets criteria for capitalisation under IAS 38.

1.18 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by DFID, the asset is recorded as a non-current asset and a liability is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Operating Cost Statement over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement over the term of the lease.

1.19 Capital charge

Operating costs include a charge for the cost of capital utilised by the department. The charge is calculated at the government's standard rate of 3.5 per cent on all assets less liabilities except for:

(a) assets and liabilities for amounts due from or due to be surrendered to the Consolidated Fund, and cash balances with the Office of the Paymaster General, where the charge is at a nil rate;

(b) investments in public corporations where the charge is at a percentage rate agreed with the Treasury applied to the net assets of the corporation. This is currently set at 6 per cent for the investment in CDC.

1.20 Grants payable

Grants payable which are provided to support a particular activity or expenditure are recognised in the period in which the activity or expenditure occurs provided eligibility criteria have been met and a reasonable estimate of the amount can be made. Criteria vary with the terms and conditions of individual grant agreements.

Grants made to governments or international organisations where UK contributions are pooled with others and cannot therefore be matched directly with particular activities or expenditures are recognised in the period when agreed conditions for payment have been met.

In certain cases, grant contributions to international organisations are made in the form of promissory notes. The full amount of the promissory note is recognised as an expense in the period in which the note is deposited. Amounts not drawn down in cash from promissory notes at the statement of financial position date are included in payables.

1.21 Pensions

Most past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a multi-employer defined benefit scheme and is un-funded. Liability to pay future benefits is a charge on the PCSPS rather than DFID; in accordance with IAS 19, contributions by DFID are accounted for as a defined contribution scheme. The expected cost of providing pensions is recognised on a systematic and rational basis over the period which benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Details of rates and amounts of contributions during the year are given in Note 9.

1.22 Early Departure Costs

DFID is responsible for the additional cost of benefits up to normal retirement age for employees who retire early. These costs are provided in full as an expense in the operating cost statement (within programme costs) when early retirements have been agreed and arrangements are binding. Liability for future payments is shown under provisions.

1.23 Financial assets and liabilities

Financial assets and liabilities are recognised when the Department becomes party to the contracts that give rise to them. The Department determines the classification of financial assets and liabilities at initial recognition in line with the categories designated by IAS 39 as appropriate.

They are derecognised when the right to receive cash flows has expired or the Department has transferred substantially all the risks and rewards of ownership or control of the asset. It is, and has been, the Department's policy that no trading in financial instruments is undertaken.

1.24 Impairment of financial assets

The Department assesses at each statement of financial position date whether there is objective evidence that financial assets are impaired as a result of events that occurred after the initial recognition of the asset and prior to the statement of financial position date. If such events have had an impact on the estimated future cash flows of the financial instrument they are impaired. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account the type of instrument and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the terms of the asset being evaluated.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Future cash flows for a group of financial instruments that are collectively evaluated for impairment are estimated on the basis of expected cash flows for the assets and historical loss experience for assets with credit risk characteristics similar to those in the group.

1.25 Critical accounting judgements

The directors, in preparing the Resource Accounts are required to select suitable accounting policies, apply them consistently and make estimates and assumptions that are reasonable and prudent. These judgements and estimates are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates and assumptions.

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of DFID's business that typically require such estimates in implementing the accounting policies set out aboves are set out below.

(a) Useful lives of property, plant and equipment and intangible non-current assets

DFID's management annually reviews and re-affirms the appropriateness the useful lives of tangible and intangible assets for the purposes of applying depreciation. During 2009-10 no significant changes were made to asset lives.

(b) Impairment review of property, plant and equipment and intangible assets

Assets categorised as Land, buildings and dwellings, Leasehold property and Assets under Construction are recorded as depreciated historic cost. All other assets are recorded as depreciated current cost. Indexation factors are obtained from the Office of National Statistics for those assets recorded at current cost. Each year DFID carries out a review of carrying value of assets for impairment. There was no significant change to the carrying value of these assets in 2009-10.

(c) Impairment review of financial assets

DFID carries out an annual impairment review of the carrying values in its financial assets. Details of its policy are set out in note 1.24 of the Accounting Policies. Following a review by the directors in 2009-10, no adjustment for impairment to carrying values was judged to be required other than the reduction in carrying value of Actis LLP which is carried at DFID's share of the last reported net assets, which is below that of historic cost.

(d) Provisions against long term loans receivable

Long term loan balances are held with a number of overseas governments and organisations as set out in note 16. DFID carries out an annual review to assess the expected amounts receivable against the carrying value of loans outstanding, giving consideration to factors affecting recoverability such as political matters (eg instability within the recipient country) or economic developments (e.g progress towards debt reduction initiatives such as the 'Paris Club' or the Heavily Indebted Poor Countries (HIPC) Initiative). Where there is a likelihood that the full carrying value may not be received, a provision is made against the carrying value of the amount due and balances reported in the accounts net of provisions made.

2. First time adoption of IFRS

This is the first year the resource accounts have been prepared under International Financial Reporting Standards. As a result adjustments are required to the last published resource accounts, prepared in accordance with UK GAAP. A reconciliation showing the adjustments to equity and income, in the prior 2 years is detailed below, together with explanation of the necessary adjustments. The adoption of IFRS has not resulted in any changes to the cash flow statements reported in the prior years' resource accounts. In addition to the changes highlighted below there were changes to the reported figures within notes 13 and 14 arising from the implementation of IAS 16 and 38, where some assets previously classified as tangible assets have been reclassified as intangible assets.

In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the adoption of IFRS were not included in spring Supplementary Estimates for 2009-10 on the basis that the PPA numbers could have been misleading, particularly where transactions may well have pre-dated the 2001-02 cut off point for reporting PPAs, as only part of an obligation would have been included. PPAs arising from a change in accounting policy related to other than IFRS were included in the Estimates in line with conventional arrangements.

		General Fund	Revaluation Reserve
	Note	£000	£000
Taxpayers' equity at 31 March 2009 under UK GAAP		375,241	1,980,046
Adjustments for:			
Accrual for staff holiday pay as per IAS 19	1	(3,210)	–
Taxpayers' equity at 1 April 2009 under IFRS		372,031	1,980,046
			2008-2009
			£000
Net operating cost under UK GAAP			5,202,058
Adjustments for:			
Accrual for staff holiday pay as per IAS 19			3,210
Net operating cost under IFRS for 2008-09			5,205,268

1. Under IAS 19 an employer is required to accrue an obligation for paid absences if the obligation can be carried forward to a future period. Under the terms of service contracts a liability exists for an element of unused holiday entitlement and as such an accrual for holiday pay has been recognised, based on the amount of unused holiday pay that employees are entitled to, but have not used, and which management expect can be used in future periods.

3. Analysis of Net Resource Outturn by section

								2009-10 £000	2008-09 £000
						Outturn		Estimate	
	Admin	Other current	Grants	Gross resource Expenditure	A in A	Net total	Net Total	Net Total outturn compared with Estimate	Prior year outturn
Eliminating Poverty in Poorer Countries (DEL)									
A: Bilateral Aid to Africa	19,370	254,967	1,316,503	1,590,840	(175)	1,590,665	1,611,759	21,094	1,342,560
B: Bilateral Aid to South Asia	12,203	129,494	649,799	791,496	(248)	791,248	766,848	(24,400)	745,882
C: Bilateral Aid to the Rest of the World	12,679	45,682	345,798	404,159	(531)	403,628	424,225	20,597	397,432
D: Improve the Effectiveness of Multilateral Aid	14,603	62,315	2,022,623	2,099,541	(434)	2,099,107	2,326,812[1]	227,705	1,763,682
E: Develop a Global Partnership for Development	19,978	77,602	258,492	356,072	(222)	355,850	536,095	180,245	283,301
F: Central Departments	82,229	61,497	176,573	320,299	(5,322)	314,977	113,629	(201,348)	239,346
G: Environmental Transformation Fund	–	–	100,000	100,000	–	100,000	100,000	–	50,000
Spending in Annually Managed Expenditure (AME)									
H: Programmes Contributing to Multiple objectives	–	–	145,931	145,931	–	145,931	140,065	(5,866)	150,484
I: Grants to the International Finance Facility for Immunisation	–	233,818	–	233,818	–	233,818	278,861	45,043	189,914
Total RfR1	**161,062**	**865,375**	**5,015,719**	**6,042,156**	**(6,932)**	**6,035,224**	**6,298,294**	**263,070**	**5,162,601**
Conflict Prevention (DEL)									
A: Conflict Prevention and Stabilisation	3,996	5,808	6,911	16,715	–	16,715	21,243	4,528	41,792
Total RfR 2	**3,996**	**5,808**	**6,911**	**16,715**	**–**	**16,715**	**21,243**	**4,528**	**41,792**
Total RfR 1&2	**165,058**	**871,183**	**5,022,630**	**6,058,871**	**(6,932)**	**6,051,939**	**6,319,537**	**267,598**	**5,204,393**

1. Included in the Estimate total for capital grants is £203 million which relates to a loan granted to the Global Trade Liquidity Programme, managed by the International Finance Corporation, following an agreement reached at the G20 summit in April 2009. As this is a loan, it has been capitalised and is not reported within resource outturn.

An explanation of further variances between between Estimate and Outturn are included in the Management Commentary.

4. Reconciliation of outturn to net operating cost and against Administration Budget

4(a) Reconciliation of net resource outturn to net operating cost

				2009-10 £000	Restated 2008-09 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource outturn	3	6,051,939	6,319,537	(267,598)	5,204,393
Operating income not treated as Resource A in A	6	(2,423)	-	(2,423)	(2,335)
Operating expenditure not included in voted Resource	11	–	–	–	–
Excess Operating A-in-A	6	–	–	–	–
IFRS opening balance adjustment	2	–	–	–	3,210
Net Operating Cost		6,049,516	6,319,537	(270,021)	5,205,268

A reconciliation between Resource Outturn shown in these accounts and Resource Budget is included in table 3 in the Management Commentary within the Annual Report.

4 (b) Outturn against final Administration Budget

		2009-10 £000	Restated 2008-09 £000
	Budget	Outturn	Outturn
Gross Administration Budget	171,450	165,057	168,875
Income allowable against the Administration Budget	(11,500)	(6,009)	(6,146)
IFRS opening balance adjustment	–	–	3,210
Net Outturn against the final Administration Budget	159,950	159,048	165,939

5. Reconciliation of resources to cash requirement

	2009-10			
	Note	Estimate	Outturn	Net total Outturn compared with Estimate saving/ (excess)
		£000	£000	£000
Resource Outturn		6,319,537	6,051,939	267,598
Capital				
Acquisition of non-current assets	13 & 14	28,000	15,416	12,584
Additions to loans and investments	15 & 16	–	203,000	(203,000)
Non-operating A in A				
Loan Repayments		(20,000)	(21,664)	1,664
Proceeds of non-current asset disposals		–	(99)	99
Accruals adjustments				
• Cost of Capital charges	10 & 11	(185,926)	(194,835)	8,909
• Depreciation	10	(18,069)	(17,076)	(993)
• Other non-cash items		(285)	(65,567)	65,282
• New provisions	21	(320,396)	(240,841)	(79,555)
• Use of provisions	21	35,815	37,541	(1,726)
• Other changes in working capital	20	–	1,222	(1,222)
Changes in payables falling due after more than one year	19 (a)	–	(9,636)	9,636
Net cash requirement		5,838,676	5,759,400	79,276

An explanation of variances between Estimate and Outturn is included in the Management Commentary.

6. Analysis of income payable to the Consolidated Fund

		Forecast 2009-10		Outturn 2009-10	
		Income	*Receipts*	Income	*Receipts*
	Note	£000	£000	£000	£000
Operating income – excess A in A	7	–	–	–	–
Other operating income not classified as A in A		–	–	(2,423)	*(2,423)*
Subtotal		–	–	(2,423)	*(2,423)*
Non-operating income – excess A in A	8	–	–	(1,763)	–
Other non-operating income not A in A		–	–	–	–
		–	–	(1,763)	–
Other amounts collectable on behalf of the Consolidated Fund		–	–	–	–
Total income payable to the Consolidated Fund		**–**	**–**	**(4,186)**	***(2,423)***

Actual receipts surrenderable to the consolidated fund were £2,423,052.47 (2008-09 £2,335,446.80)

7. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	Note	2009-10 £000	2008-09 £000
RfR1 - Eliminating poverty in poorer countries			
Total operating income in Operating Cost Statement	12	(9,355)	(10,349)
Less operating income not classified as A in A		2,423	2,335
Operating income classified as A in A		(6,932)	(8,014)
Income authorised to be Appropriated in Aid		11,500	10,060
Operating income – excess A in A (excess of income over amount authorised)		–	–
Add operating income not classified as A in A		(2,423)	(2,335)
Total operating income payable to the Consolidated Fund		(2,423)	(2,335)
RfR2 – Conflict Prevention			
Operating income	12	–	10
Income authorised to be Appropriated in Aid		–	(10)
Operating income payable to the Consolidated Fund		–	–
Total operating income payable to the Consolidated Fund		(2,423)	(2,335)

8. Non-operating income – Excess appropriations in aid

	Note	2009-10 £000	2008-09 £000
Principal repayments of voted loans	16	(21,664)	(28,388)
Proceeds on disposal of property, plant and equipment		(99)	(223)
Income authorised to be appropriated in aid		20,000	20,000
Non-operating income payable to the Consolidated Fund		(1,763)	(8,611)

9. Staff numbers and related costs

Staff costs comprise					2009-10	Restated 2008-09
	Total	Permanently employed staff	Others	Ministers	Special Advisers	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	95,523	92,876	2,397	147	103	102,256
Social security costs	4,856	4,831	-	13	12	4,488
Other pension costs	14,510	14,501	-	-	9	14,107
Gross Total*	**114,889**	**112,208**	**2,397**	**160**	**124**	**120,851**
Less recoveries in respect of outward secondments	(397)	(397)	-	-	-	(1,264)
Total net costs	**114,492**	**111,811**	**2,397**	**160**	**124**	**119,587**

*Analysis of gross total	2009-10	2008-09
RfR1 Administration[1]	74,234	80,830
RfR2 Administration	1,820	1,460
RfR1 Programme[1]	37,171	37,311
RfR2 Programme	128	31
Capital	1,536	1,219
	114,889	**120,851**

1. The costs of overseas frontline staff were reclassified during 2008-09 from administration to programme costs. The effect of this in 2009-10 has been to move £31,815,000 (2008-09 £32,389,000) of gross staff costs that would have been treated as administration costs under the previous method of classification to programme costs. This related to 703 employees.

   Pensions for most employees are provided through the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme. DFID is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary (Hewitt Bacon Woodrow) valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).
   For 2009-10, employers' contributions of £14,105,570.55 (£2008-09: £13,961,146.18) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% per cent of pensionable pay, based on salary bands (the rates in 2008-09 were between 17.1% and 25.5% and from 2010-11, the rates will be in the range 16.7% to 24.3%. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation.
   The contribution rates are set to meet the cost of the benefits accruing during 2009-10 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

   Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £167,020.73 (2008-09: £136,122.98) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% per cent of pensionable pay. Employers also match employee contributions up to 3% per cent of pensionable pay.
   In addition, employer contributions of £12,598.38 (2008-09: £9,791.95), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £nil. Contributions prepaid at that date were £nil.

   2 individuals retired early on ill-health grounds (2008-09: 2 individuals); the total additional accrued pension liabilities in the year amounted to £2,730 (2008-09: £2,316).

The capital staff costs related to 31 permanent employees (2008-09: 24)

9. Staff numbers and related costs (continued)

Average number of persons employed during the year

Departmental Strategic Objective					2009-10	2008-09
	Total	Permanent staff	Others	Ministers	Special Advisers	Total
DSO 4 – Develop a global partnership for development (beyond aid)	**236**	230	6	–	–	**217**
DSO 5 – make all bilateral and multilateral donors more effective	**269**	258	11	–	–	**236**
DSO 6 – deliver high quality and effective bilateral development assistance	**1,216**	1,208	8	–	–	**1,289**
DSO 7 – and improve the efficiency and effectiveness of the organisation.	**640**	626	8	4	2	**642**
Total Request for Resources 1	**2,361**	**2,322**	**33**	**4**	**2**	**2,384**
Request for Resources 2						
Conflict Prevention	**22**	22	–	–	–	**16**
Total	**2,383**	**2,344**	**33**	**4**	**2**	**2,400**

Due to the structure of DFID's DSOs, it is not possible to allocate staff numbers across all seven objectives. Staff numbers have therefore been allocated across DSOs 4 to 7 only.

10. Other and Total Administration Costs

	2009-10		Restated 2008-09	
	£000	£000	£000	£000
Eliminating Poverty in Poorer Countries (RfR1)				
Operating leases rentals	16,489		13,988	
Charges under finance leases	8,847		8,250	
Hire of plant and machinery	11		42	
		25,347		22,280
Other current expenditure		42,770		47,439
Non Cash items				
Depreciation: property, plant and equipment	9,261		10,409	
Depreciation: intangible assets	7,815		6,273	
(Revaluation)/Impairment of IT equipment	(1,634)		1,640	
Impairment/ (Revaluation) of Furniture and fittings	14		–	
Impairment/(Revaluation) of Software and licences	58		–	
Audit fees – resource account*	235		235	
Audit fees – other*	46		46	
Cost of capital charge (includes civil estate)*	2,022		1,333	
Impairment of investments (Actis)	591		–	
Movement in provisions	(1,383)		(2,696)	
		17,025		17,240
Loss on disposal of property, plant and equipment		1,685		834
Other Administration Costs (RfR1)		**86,827**		**87,793**
RfR1 administration income (Note 12)		(6,009)		(6,086)
Staff Costs (Note 9)		74,234		80,830
Net Administration Costs (RfR1)		**155,052**		**162,537**
Conflict Prevention (RfR2)				
Staff Costs (note 9)	1,820		1,460	
Other Admin Costs	2,176		1,834	
RfR2 administration income (Note 12)	–		(60)	
Net Administration Costs (RfR2)		**3,996**		**3,234**
Net Total Administration Cost		**159,048**		**165,771**

*Notional expense taken to General Fund. Cost of capital charge is calculated using the standard rate of 3.5%.

11. Programme Costs

	2009-10		Restated 2008-09	
	£000	£000	£000	£000
Eliminating Poverty in Poorer Countries (RfR1)				
Staff Costs (note 9)	37,171		37,311	
Grants and current expenditure	4,318,631		3,756,199	
Contributions to international financial institutions: promissory notes	1,110,473		867,124	
Loan management charges	–		–	
		5,466,275		4,660,634
Non Cash items				
Cost of capital charge*	192,813		202,228	
Movements in provisions	225,950		180,501	
Losses on asset disposal	–		–	
		418,763		382,729
Loss /(Gain) on foreign exchange	(3,943)		(38,201)	
		(3,943)		(38,201)
Total: Eliminating Poverty in Poorer Countries (RfR1)		**5,881,095**		**5,005,162**
Conflict Prevention (RfR2)				
Staff costs (note 9)	128		31	
Other Expenditure	12,591		38,497	
Total: Conflict Prevention (RfR2)		**12,719**		**38,528**
Total Gross expenditure		**5,893,814**		**5,043,690**
Programme income (Note 12)		(3,346)		(4,193)
Total Net Programme Costs		**5,890,468**		**5,039,497**

* Notional expense taken to General Fund. Cost of capital charge is calculated using the standard rate of 3.5%, except for the investment in CDC which is calculated using a rate of 6%. See note 15 for further details.

12. Income

			2009-10 £000	Restated 2008-09 £000
	RfR1	RfR2	Total	Total
Administrative Income				
Rents from non-Government bodies	(4,794)	–	(4,794)	(4,677)
Other	(1,080)	–	(1,080)	(1,225)
Profit on Sale of non-current assets	–	-	–	-
Other operating income not classified as A in A	(28)	–	(28)	(15)
Recovery of salary – EBRD Director	(107)	–	(107)	(229)
Sub total	**(6,009)**	**–**	**(6,009)**	**(6,146)**
Programme Income				
Non-capital appropriations in aid	85	–	85	(33)
Other operating income not classified as A in A	(2,395)	–	(2,395)	(2,320)
Loan Interest	(1,036)	–	(1,036)	(1,840)
Sub total	**(3,346)**	**–**	**(3,346)**	**(4,193)**
Total	**(9,355)**	**–**	**(9,355)**	**(10,339)**

13. Property, plant and equipment

	Freehold Land and buildings	Leasehold related assets	Vehicles	Furniture and equipment	IT equipment and systems	Assets being constructed	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2009	**19,893**	**59,775**	**7,304**	**16,742**	**17,148**	**9,920**	**130,782**
Additions	1,229	1,811	1,103	1,672	7,246	660	13,721
Impairment/Revaluation	–	–	214	(28)	2,705	–	2,891
Brought into use / reclassifications	(2,827)	4,952	–	(16)	32	(1,672)	469
Disposals	(114)	(973)	(1,977)	(1,254)	(645)	(133)	(5,096)
At 31 March 2010	**18,181**	**65,565**	**6,644**	**17,116**	**26,486**	**8,775**	**142,767**
Depreciation							
Revised at 1 April 2009	(1,802)	(16,528)	(4,642)	(7,222)	(12,683)	–	(42,877)
Charged in year	(919)	(3,665)	(961)	(1,711)	(2,005)	–	(9,261)
Depreciation on revaluation	–	–	(115)	14	(1,071)	–	(1,172)
Reclassifications	(200)	148	–	15	(7)	–	(44)
Disposals	2	329	1,822	673	485	–	3,311
At 31 March 2010	**(2,919)**	**(19,716)**	**(3,896)**	**(8,231)**	**(15,281)**	–	**(50,043)**
Net Book Value at 31 March 2010	**15,262**	**45,849**	**2,748**	**8,885**	**11,205**	**8,775**	**92,724**
Net Book Value at 1 April 2009	18,091	43,247	2,662	9,520	4,465	9,920	87,905
Additions (accruals basis)							13,721
Movement in Capital creditor							3,179
As shown in Cash flow							16,900

The department's freehold property in East Kilbride was valued at 31 March 2006 by GVA Grimley LLP International Property Advisers using RICS guidelines and reported a revised existing use valuation of £9,250,000 (land £1,575,000, buildings £7,675,000). There has been no material change in value since 31 March 2006, and the valuation has therefore not been updated to 31 March 2010. The next scheduled valuation, in line with policy, will be carried out as at 31 March 2011.

Overseas properties were valued at 31 March 2007 by Pam Golding Properties, for our Zimbabwe properties, and by SFS Property Consultants, for our Malawi properties.

Included in leasehold related assets is a property held under a finance lease. This property was valued at 31 March 2008 by DTZ Debenham Tie Leung Limited using RICS guidelines. The finance lease was undertaken by a former Executive Agency of the Department but is now sublet through an operating lease to the University of Greenwich who occupy the building and took on the work of this Agency.

Included in freehold additions are property assets transferred to DFID as a result of the Crown Agents Holdings and Realisation Board (Prescribed Day) Order 2008. The value of the additions is £273,477. These properties are being managed by Four Millbank Investments Ltd, whose principal shareholder was Crown Agents Holdings Realisations Board.

Following indexation movements over the course of the year advised by the Office for National Statistics (ONS), there was a gain in valuation for motor vehicles of £99,000 on the net current cost valuation. This gain was taken to the revaluation reserve (2009: £152,000). There was a loss in valuation for furniture and equipment on the net current cost valuation of £14,000 which was taken to the Operating Cost Statement (2009: £274,000). The gain in value of £1,634,000 of IT equipment reversed losses suffered in past years and was taken to the Operating Cost Statement (loss in OCS 2009: £1,640,000).

13. Property, plant and equipment (continued)

	Freehold Land and buildings	Leasehold related assets	Vehicles	Furniture and equipment	IT equipment and systems	Assets being constructed	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2008[1]	15,369	57,722	6,480	16,498	13,939	30,922	140,930
Additions	1,004	2,533	1,073	1,555	3,936	5,025	15,126
Revaluation	–	–	302	466	(543)	–	225
Brought into use/ reclassifications	3,520	(5)	–	8	–	(25,806)	(22,283)
Disposals	–	(475)	(551)	(1,785)	(184)	(221)	(3,216)
At 31 March 2009	**19,893**	**59,775**	**7,304**	**16,742**	**17,148**	**9,920**	**130,782**
Depreciation							
At 1 April 2008[1]	(962)	(13,117)	(3,905)	(6,586)	(10,059)	–	(34,629)
Charged in year	(840)	(3,586)	(1,130)	(1,741)	(3,112)	–	(10,409)
Depreciation on revaluation	–	–	(150)	(192)	246	–	(96)
Reclassifications	–	4	–	(4)	–	–	–
Disposals	–	171	543	1,301	242	–	2,257
At 31 March 2009	**(1,802)**	**(16,528)**	**(4,642)**	**(7,222)**	**(12,683)**	**–**	**(42,877)**
Net Book Value at 31 March 2009	**18,091**	**43,247**	**2,662**	**9,520**	**4,465**	**9,920**	**87,905**
Net Book Value at 1 April 2008	14,407	44,605	2,575	9,912	3,880	30,922	106,301
Additions (accruals basis)							15,126
Movement in Capital payable							(1,518)
As shown in Cash flow							13,608

1. As a result of the adoption of IAS 16 and 38, some assets previously classified as tangible assets have been reclassified as intangible assets.

14. Intangible Assets

			2009-10
	Software licences and IT systems	Intangible Assets under construction	Total
	£000	£000	£000
Cost			
At 1 April 2009	48,053	644	48,697
Additions	1,159	536	1,695
Impairment/Revaluation	6,237	–	6,237
Brought into use/reclassifications	(493)	42	(451)
Disposals	(246)	–	(246)
At 31 March 2010	**54,710**	**1,222**	**55,932**
Amortisation			
At 1 April 2009	(22,013)	–	(22,013)
Charged in year	(7,815)	–	(7,815)
Depreciation on reclassifications	46	–	46
Depreciation on revaluation	(1,661)	–	(1,661)
Disposals	113	–	113
At 31 March 2010	**(31,330)**	**–**	**(31,330)**
Net book value at 31 March 2010	**23,380**	**1,222**	**24,602**
Net book value at 31 March 2009	26,040	644	26,684

Following indexation movements over the course of the year, there was a gain on revaluation, between current cost and historic cost for software, licenses and IT systems of £4,635,000. This gain was taken to the revaluation reserve.

14. Intangible Assets (continued)

	Restated 2008-09		
	Software licences and IT systems	Intangible Assets under construction	Total
	£000	£000	£000
Cost			
At 1 April 2008[1]	24,188	–	24,188
Additions	3,660	644	4,304
Impairment/Revaluation	(1,675)	–	(1,675)
Brought into use/reclassifications	22,283	–	22,283
Disposals	(403)	–	(403)
At 31 March 2009	**48,053**	**644**	**48,697**
Amortisation			
At 1 April 2008[1]	(16,376)	–	(16,376)
Charged in year	(6,273)	–	(6,273)
Depreciation on revaluation	331	–	331
Disposals	305	–	305
At 31 March 2009	**(22,013)**	**–**	**(22,013)**
Net book value at 31 March 2009	26,040	644	26,684
Net book value at 1 April 2008	7,812	–	7,812

1 As a result of the adoption of IAS 16 and 38, some assets previously classified as tangible assets have been reclassified as intangible assets.

15. Financial Assets – Investments

	International Financial Institutions £000	CDC Group Plc £000	Actis LLP £000	Total £000
At 1 April 2008	**2,556,866**	**765,036**	**659**	**3,322,561**
Additions	–	–	–	**–**
Revaluations	802,064	–	1,018	**803,082**
At 31 March 2009	**3,358,930**	**765,036**	**1,677**	**4,125,643**
Additions	–	–	–	**–**
Revaluations	(311,397)	–	(591)	**(311,988)**
At 31 March 2010	**3,047,533**	**765,036**	**1,086**	**3,813,655**

Subsidiaries and associates: key data

	31 December 2009 £m's	31 December 2008 £m's
CDC Group plc		
Ordinary shares		
Portfolio return (before tax)	226.5	(425.2)
Total return after tax	207.0	(359.0)
Total net assets (valuation basis)	2,534.8	2,327.8
Actis LLP	**US $bn's**	**US $bn's**
Funds under management	4.8	5.2
	$m's	**$m's**
Profit/(loss) for the financial year available for division among Members[1]	12.4	23.5
Total net assets	4.1	7.0

1. The profit for the financial year available for division among members, disclosed above, is the amount available for distribution before any profit share advances have been paid to members. In the 31 March 2009 DFID Resource Accounts, the balance presented of $10.4 million represented the amount still available for distribution after the deduction of Members' profit share advances of $13.1 million, therefore it is not a comparable balance to the numbers disclosed above.

All investments in IFIs are classified as 'available for sale' financial assets, as they do not meet the criteria for the other categories of financial assets specified in IAS 39. There is currently no intention to sell any of these investments.

Public Sector Bodies

The Secretary of State, on behalf of the Government, owns 100 per cent of the issued ordinary share capital of CDC Group plc. In 2004, fund management activities previously carried out by CDC were transferred to a newly formed limited liability partnership (Actis LLP). As a result DFID, on behalf of the Government, owns 40% of the members capital of Actis LLP.

In accordance with public sector accounting requirements, investments in public corporations falling outside the resource accounting boundary are recognised at historical cost less any impairment. Impairments are assessed by comparing the historic cost to DFID's share of net assets, as reported in the most recent audited financial statements, with any impairment being taken to the operating cost statement.

HMT further requires that self financing public corporations achieve a rate of return, described as "cost of capital" to ensure that the opportunity cost of departments' investments is covered. If the corporation does not meet its rate of return over each CSR period, then the shareholding department may face a further charge to the extent that such a return has not been met.

15. Financial Assets – Investments (continued)

Programme operating costs include capital charges of £145,878,000 (2008-09 £150,438,000) which represents 6.0% of CDC annual average assets of £2,431,300,000 (2008-09 £2,507,300,000 @ 6.0 per cent) and £53,186 (2008-09 £45,851) which represents 3.5% of DFID's 40 per cent share of Actis annual average assets of £1,519,595 (2008-09 £1,310,041 @ 3.5%). There were no dividend or interest payments (2008-09 £nil). These reflect the cost of capital charge and are calculated on an annual basis.

During CSR period 2004-2007 both Actis and CDC met their HMT determined rate of return and as a result no underperformance charge was levied. No underperformance charge has been reflected in respect of the current CSR period (2007), as any charge will be calculated at the end of the CSR period during 2010/11and will be based on performance over the full 3 year period, rather than each year individually.

International financial institutions

Investments in International Financial Institutions (IFIs) are valued at fair value. There is no market in these investments – all shareholders are sovereign states. Fair value has been assessed as DFID's share of the net assets of the IFI, based on the number of shares subscribed by DFID. The Articles of Agreement of all the IFIs specify that this is the value that DFID would receive on the dissolution of the IFI.

All investments in IFIs are denominated in a currency other then sterling. DFID is therefore exposed to currency risk if the value of these currencies was to fall against sterling. DFID is also exposed to market risk, as the value of each investment is dependent upon the net assets of the IFI.

Base currencies of investments in International Financial Institutions are shown below. $(US) figures include those bodies for which US$ are used as the working equivalent for units of account formally expressed in Special Drawing Rights (SDR). Revaluations for IFIs include £161 million (net) of unrealised losses (2008-09: gain of £760 million) arising from changes in exchange rates.

	2009-10		2008-09	
	Currency '000	£000	Currency '000	£000
International Bank for Reconstruction and Development	$1,764,861	1,163,466	$1,832,682	1,278,556
International Finance Corporation	$823,418	542,830	$934,233	651,760
European Bank for Reconstruction and Development	€991,022	883,973	€1,011,205	936,648
Asian Development Bank	$284,605	187,623	$311,192	217,100
Inter-American Development Bank	$191,364	126,155	$187,246	130,631
African Development Bank (in Units of Account)	79,461	78,927	78,292	75,094
Caribbean Development Bank	$54,046	35,629	$55,435	38,674
Multilateral Investment Guarantee Agency	$43,883	28,930	$43,672	30,467
		3,047,533		3,358,930

16. Trade and other receivables

	Bilateral and multilateral loans	Other loans	Total
	£000	£000	£000
Gross Value less provisions for debt relief and non-payment			
At 1 April 2009	202,258	15,623	217,881
Additions	203,000	–	203,000
Repaid	(23,891)	(1,861)	(25,752)
(Increase)/Decrease in provision	(4,136)	(306)	(4,442)
Utilisation of Provision	506	–	506
Written off	(24,164)	(117)	(24,281)
Foreign exchange gain/(loss)	3,675	–	3,675
(Increase)/Decrease in Discounting	(5,931)	(501)	(6,432)
At 31 March 2010	**351,317**	**12,838**	**364,155**
Due within one year	(233,308)	(1,883)	(235,191)
Total: Debtors falling due after more than 12 months*	**118,009**	**10,955**	**128,964**
** of which*			
falling due after 1 year less than 2 years	16,886	1,540	18,426
falling due after 2 years less than 3 years	16,212	1,551	17,763
falling due after 3 years less than 4 years	13,454	1,573	15,027
falling due after 4 years less than 5 years	11,118	1,736	12,854
falling due after 5 years	60,339	4,555	64,894
	118,009	10,955	128,964
Additions included above	203,000	–	203,000
Rescheduling of loans	–	–	–
Included in cash flow statement – Note 24(b)	203,000	–	203,000
Repayments included above	(23,891)	(1,861)	(25,752)
Management charges deducted from repayments – included in expenditure	4,088	–	4,088
Repayments included in non-operating income – Note 8	(19,803)	(1,861)	(21,664)
Principal repayments accrued 2009-10	17,051	–	17,051
Principal repayments accrued 2008-09	–	–	–
Included in cash flow statement – Note 24(b)	(2,752)	(1,861)	(4,613)

16. Trade and other receivables (continued)

	Bilateral and multilateral loans	Other loans	Total
	£000	£000	£000
Gross Value less provisions for debt relief and non-payment			
Balance at 1 April 2008 [1]	202,667	17,733	220,400
Additions	–	–	–
Repaid	(32,565)	(1,590)	(34,155)
(Increase)/ Decrease in provision	357	–	357
Utilisation of Provision	3,379	–	3,379
Written off	(3,440)	–	(3,440)
Foreign exchange gain/(loss)	39,179	–	39,179
(Increase)/Decrease in discounting	(7,319)	(520)	(7,839)
At 31 March 2009	202,258	15,623	217,881
Due within one year	26,590	3,067	29,657
At 31 March 2009: Total trade and other receivables falling due after more than 12 months	175,668	12,556	188,224
At 31 March 2008 (after restatement at amortised cost)	174,989	–	174,989
** of which*			
falling due after 1 year less than 2 years	25,381	1,807	27,188
falling due after 2 years less than 3 years	24,225	1,486	25,711
falling due after 3 years less than 4 years	23,050	1,504	24,554
falling due after 4 years less than 5 years	21,988	1,533	23,521
falling due after 5 years	81,024	6,226	87,250
	175,668	12,556	188,224

1. As a result of the introduction of a Financial Instruments accounting standards loan balances have been restated at amortised cost. The effect of this restatement has been taken to the general fund, and is included in the Statement of Changes in Taxpayers' Equity.

	Bilateral and multilateral loans	Other loans	Total
Additions included above	–	–	–
Rescheduling of loans	–	–	–
Included in statement of cash flows – Note 24(b)	–	–	–
Repayments included above	(32,565)	(1,590)	(34,155)
Management charges deducted from repayments – included in expenditure	5,767	–	5,767
Repayments included in non-operating income – Note 8	(26,798)	(1,590)	(28,388)
Principal repayments accrued 2008-09	23,213	–	23,213
Principal repayments accrued 2007-08	–	–	–
Included in statement of cash flows – Note 24(b)	(3,585)	(1,590)	(5,175)

17. Trade and other receivables due within one year

17(a) Analysis by type

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
		£000	£000
Loans repayable within one year (note 16)	235,191	29,657	45,411
Deposits and advances	11,979	9,758	22,731
Prepayments and accrued income*	89,105	83,014	73,448
Amounts due from the Consolidated Fund in respect of supply	25,496	–	17,470
Other amounts due from Consolidated Fund	–	–	17
Total	**361,771**	**122,429**	**159,077**

* Of which £40,264,164 relates to principal repayments on loans accrued (2008-09 £23,212,869; 2007-08: £nil)

17(b) Intra-Government balances

	Amounts falling due within one year		
	31 March 2010	31 March 2009	Restated 1 April 2008
	£000	£000	£000
Balances with other central government bodies	30,976	1,669	20,104
Balances with local authorities	–	–	–
Balances with NHS Trusts	7	–	–
Balances with public corporations and trading funds	–	–	–
Subtotal: intra-government balances	30,983	1,669	20,104
Balances with bodies external to government	330,788	120,760	138,973
Total receivables	**361,771**	**122,429**	**159,077**

	Amounts falling due after more than one year		
	31 March 2010	31 March 2009	Restated 1 April 2008
	£000	£000	£000
Balances with other central government bodies	–	–	–
Balances with local authorities	–	–	–
Balances with NHS Trusts	–	–	–
Balances with public corporations and trading funds	–	–	–
Subtotal: intra-government balances	–	–	–
Balances with bodies external to government	128,964	188,224	174,989
Total receivables	**128,964**	**188,224**	**174,989**

18. Cash at Bank and in Hand

	31 March 2010	31 March 2009 £000	1 April 2008 £000
Balance at 1 April	243,175	(17,377)	6,867
Net Cash inflow/(outflow)	(269,642)	260,552	(24,244)
Balance at 31 March	**(26,467)**	**243,175**	**(17,377)**
Balances at 31 March were held at:			
HM Paymaster General	(30,666)	236,897	(23,358)
Imprest accounts	4,199	6,278	5,981
Total	**(26,467)**	**243,175**	**(17,377)**
Analysis of Balances at 31 March			
Consolidated Fund creditor/(debtor) for Supply	(25,496)	233,782	(17,470)
Amount paid to Consolidated Fund in advance of receiving receipt	(3,001)	–	–
Due to the Consolidated Fund Other Receipts	267	782	26
Due to the Consolidated Fund Excess A-in-A	1,763	8,611	67
Total	**(26,467)**	**243,175**	**(17,377)**
	£	£	£
Other CFER			
Held at 1 April	782,016	25,250	410,225
Arising during the year	2,423,052	2,335,447	2,501,599
Paid over during the year	(2,937,867)	(1,578,681)	(2,886,574)
Held at 31 March	**267,201**	**782,016**	**25,250**

Cash balances at Paymaster were held in sterling. No interest is earned on cash balances held at Paymaster. Imprest balances are held in a variety of local currencies, none individually greater than £518,308 (2008-09 £1,426,681; 2007-08 £677,169). Interest is earned on imprest balances, but is not a material amount – total interest earned on bank balances was £32,030 (2008-09 £48,891).

At 31 March 2009, in addition to the amounts shown above, the Department held £19,243,845.74 of cash provided by other development agencies as part of jointly funded programmes (2008-09 £10,142,523; 2007-08: £7,320,874).

19. Trade and other payables

19(a) Analysis by type

Amounts Falling Due Within One Year	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Taxation	1,103	1,073	264
Social Security	711	687	1,489
Other payables	4,977	16,152	1,575
Accruals and deferred income	155,392	213,969	129,108
Current part of finance leases	–	8,179	7,789
	162,183	240,060	140,225
Promissory Notes: due on demand	1,499,121	1,404,262	1,087,928
Consolidated Fund receivable:			
Supply issued and not used	–	233,782	–
Other amounts received – to be paid over	267	782	26
Other amounts – to be paid over	–	3,001	3,001
Excess Appropriations in Aid	1,763	8,611	67
	2,030	246,176	3,094
Total due within one year	**1,663,334**	**1,890,498**	**1,231,247**
Amounts Falling Due After More Than One Year			
Finance leases	46,454	36,818	36,747
Total due after more than one year	**46,454**	**36,818**	**36,747**
Consolidated Fund receivable/(payable) in respect of supply	**31 March 2010**	**Restated 31 March 2009**	**Restated 1 April 2008**
	£000	**£000**	**£000**
2009-10 Supply drawn down	(5,500,122)	(4,647,235)	(4,157,500)
"Deemed" supply (retained from 2008-09)	(233,782)	–	–
	(5,733,904)	(4,647,235)	(4,157,500)
Net Cash required	5,759,400	4,413,453	4,174,970
Supply receivable/(payable)	25,496	(233,782)	17,470
Actual supply receivable/(payable)	£25,495,641.35	(£233,781,995.03)	£17,469,662.86
Promissory note payable: Movement during the year		**£000**	**£000**
Balance at 1 April 2008			(1,087,928)
Charge to operating costs in 2008-09 – new deposits		(867,124)	
Increase in subscriptions to International Financial Institutions (Note 15)		–	
Cash drawn down against notes previously issued		551,557	
Foreign Exchange gains/(losses)		(767)	
			(316,334)
Balance at 31 March 2009			(1,404,262)
Charge to operating costs in 2009-10 – new deposits		(1,110,473)	
Increase in subscriptions to International Financial Institutions (Note 15)		–	
Cash drawn down against notes previously issued		1,015,512	
Foreign Exchange gains/(losses)		102	
			(94,859)
Balance at 31 March 2010			(1,499,121)

19. Trade and other payables (continued)

Promissory note payables have been classified as financial liabilities measured at amortised cost. They have been shown as due within one year, as they are legally payable on demand, so the maturity profile in the statement of financial position, and in note 28, shows the earliest date at which they could be payable.

Promissory note creditor: analysis by institution at 31 March 2010	At 31 March 2010		At 31 March 2009	
	Capital	Resource	Capital	Resource
	£000	£000	£000	£000
European Bank for Reconstruction and Development	–	–	2,663	–
Other capital	1,417	–	1,500	–
International Development Association	–	787,300	–	835,452
African Development Fund	–	339,898	–	288,309
Global Environment Fund	–	60,379	–	32,166
Asian Development Fund	–	79,304	–	79,720
Global Fund to fight Aids, TB and Malaria	–	160,400	–	80,000
Environmental Transformation Fund	–	34,375	–	50,000
Other (CDB, IFAD, UNFCC, LDCF)	–	36,048	–	34,452
Total	**1,417**	**1,497,704**	**4,163**	**1,400,099**

DFID, being a central government department financed from the Consolidated Fund, does not face any significant liquidity risk on these liabilities. There are no material balances denominated in foreign currencies, so currency risk on these liabilities is not significant. Note 28 gives further details on these risks.

19(b) Intra-Government balances

	Amounts falling due within one year		
	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Balances with other central government bodies	(4,836)	(254,810)	(13,480)
Balances with local authorities	–	–	–
Balances with NHS Trusts	–	–	–
Balances with public corporations and trading funds	–	–	–
Subtotal: intra-government balances	(4,836)	(254,810)	(13,480)
Balances with bodies external to government	(1,658,498)	(1,635,688)	(1,217,767)
Total payables	**(1,663,334)**	**(1,890,498)**	**(1,231,247)**

	Amounts falling due after more than one year		
	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Balances with other central government bodies	–	–	–
Balances with local authorities	–	–	–
Balances with NHS Trusts	–	–	–
Balances with public corporations and trading funds	–	–	–
Subtotal: intra-government balances	–	–	–
Balances with bodies external to government	(46,454)	(36,818)	(36,747)
Total payables	**(46,454)**	**(36,818)**	**(36,747)**

20. Movements in Working Capital Other Than Cash

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
(Increase) / Decrease in receivables	(8,312)	3,407	13,375
(Decrease) / Increase in payables	(77,877)	99,835	13,855
Movement in working capital	(86,189)	103,242	27,230
Movement in receivables for accrued income to be surrendered to the Consolidated Fund	-	-	-
Net increase included in working capital movement in Resource Outturn	**(86,189)**	**103,242**	**27,230**
Movement in working capital as above	(86,189)	103,242	27,230
Movement in payables due within one year for capital purchases not included in cash flows	(13,173)	(1,449)	37,269
Net increase in working capital other than cash	**(99,362)**	**101,793**	**64,499**
Capital accruals	3,179	1,518	(522)
Movement in accrued interest	-	-	(4)
Promissory note deposits	1,110,473	867,124	743,304
Promissory notes drawn down	(1,015,512)	(551,557)	(470,311)
Adjustment for change in Promissory Note payables falling due after more than one year	-	-	-
Other changes in working capital	**(1,222)**	**418,878**	**336,966**

21. Provisions

	IFFIm £000	ATP Agreements £000	Early Retirement Costs £000	Other £000	Total £000
Balance at 1 April 2008	280,377	19,436	8,297	28,753	336,863
Arising during year	202,984	192	2,476	2,375	208,027
Release of provision	-	-	-	-	-
Use of provision	(16,849)	(4,655)	(3,648)	(5,071)	(30,223)
Balance at 31 March 2009	466,512	14,973	7,125	26,057	514,667
Arising during year	232,890	1,627	4,391	4,657	243,565
Release of provision	-	(1,639)	-	(1,085)	(2,724)
Use of provision	(25,065)	(3,943)	(3,578)	(4,955)	(37,541)
Unwinding of discount	21,265	-	-	-	21,265
Balance at 31 March 2010	**695,602**	**11,018**	**7,938**	**24,674**	**739,232**

Analysis of expected timing of discounted flows[1]	IFFIm £000
In the remainder of the Spending Review period (to 31 March 2011)	35,169
Between 1 April 2011 and 31 March 2016	274,761
Between 1 April 2016 and 31 March 2021	372,635
Thereafter	13,037
Balance at 31 March 2010	**695,602**

Provision for the International Finance Facility for Immunisations (IFFIm) represents the net present value of committed payments to cover the UK share of currently issued bonds. The discount rate used to generate the net present value is the real discount rate adjusted for inflation, set by HM Treasury. IFFIm is an international development financing institution that is supported by sovereign donors. IFFIm will borrow operating funds in the international capital markets over the 10 years from 2006-07 backed by these pledges. The UK has pledged a total of £1,380 million through to 2026, with a further £250 million through to 2030 representing 43.2% of the total amounts pledged at 31 March 2010. Seven bond issues have now been made, giving a total liability including interest of £2,305 million. The UK is therefore liable for £695.6 million in net present value terms at 31 March 2010 (after deducting payments made), which will be covered by payment obligations through to April 2021.

Provisions for ATP agreements represent sums which DFID is committed to pay to the Export Credit Guarantees Department (ECGD) for interest make-up and insurance premiums under former mixed credit agreements (Aid and Trade Provision) projects. The ATP scheme is effectively closed and will not significantly affect the amount of the provision.

Provisions for early retirement represent the full estimated cost of payments to be made by DFID to early retirees up to the normal retirement age. The timing of calls on the provision can be forecast with reasonable accuracy. The amount provided is uncertain only to the extent that adjustments may need to be made for up-rating of benefits and for unexpected changes in the number of beneficiaries. Amounts provided are likely to be used within at most 10 years.

Other provisions represent:

(a) sums for rents payable by the University of Greenwich for property occupied by a former Executive Agency of the Department, when the work of the Agency was taken over by the University. The main lease by the Department is treated as a finance lease. The rent received is lower than the finance charges incurred by the Department under the main lease. The provision covers the shortfall of rents receivable against finance charges payable over the main lease period to 2014.

(b) certain non-statutory pension obligations (most pension obligations for which DFID is responsible are included in the separate overseas superannuation account).

(c) estimated liabilities at the 31st March of overseas offices in respect of terminal benefit payments to staff appointed in country.

(d) redundancy liabilities for redundancies agreed at 31st March.

(e) estimated liabilities for amounts due to HMRC in respect of tax and National Insurance contributions for consultants engaged by DFID who have been identified as meeting employee status rather than self-employed status.

22. General Fund

The general fund reflects the realised and unrealised balance of the cumulative difference between net operating costs and financing, provided by Parliament, adjusted for amounts payable to the Consolidated Fund.

	£000	£000
General fund at 1 April 2008		1,013,691
Changes in accounting policy from UK GAAP to IFRS (note 2)		(43,017)
Restated balance at 1 April 2008		970,674
Net operating costs for the year		(5,205,268)
Net parliamentary funding	4,647,235	
Supply Reissued	-	
Payable for Supply	(233,782)	
Financing provided		**4,413,453**
Notional costs within operating costs		203,842
Realised element of revaluation reserve		276
Operating income payable to Consolidated Fund		(2,335)
Excess A-in-A payable to the Consolidated Fund		(8,611)
Net increase/(decrease) in General Fund		**(598,643)**
General fund at 31 March 2009		372,031
Net operating costs for the year		(6,049,516)
Net parliamentary funding	5,500,122	
Supply Reissued	233,782	
Payable for Supply	25,496	
Financing provided		**5,759,400**
Notional costs within operating costs		195,116
Realised element of revaluation reserve		64
Operating income payable to Consolidated Fund		(2,423)
Excess A-in-A payable to the Consolidated Fund		(1,763)
Net increase/(decrease) in General Fund		**(99,122)**
General fund at 31 March 2010		**272,909**

23. Revaluation Reserve

The revaluation reserve reflects the unrealised balance of the cumulative indexation and revaluation adjustments to assets detailed in notes 13 to 15.

	£000
Reserve at 1 April 2008	1,177,832
Gain/(Loss) on revaluation – International Financial Institutions	802,064
Gain/(Loss) on revaluation – Land & Buildings	-
Gain/(Loss) on revaluation – Furniture and Equipment	274
Gain/(Loss) on revaluation – Vehicles	152
Realised element to General Fund	(276)
Balance at 31 March 2009	1,980,046
Gain/(Loss) on revaluation – International Financial Institutions (note 15)	(311,397)
Gain/(Loss) on revaluation – Vehicles (note 13)	99
Gain/ Loss on revaluation – Intangibles (note 14)	4,636
Realised element to General Fund	(64)
Balance at 31 March 2010	**1,673,320**

24. Notes to the statement of cash flows

24(a) Reconciliation of operating cost to operating cash flows

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Net Operating Cost	**(6,049,516)**	**(5,202,058)**	**(4,546,251)**
Adjustments for non-cash transactions	1,620,557	1,272,049	885,236
(Increase) / Decrease in trade and other receivables	(8,311)	20,893	1,231
Movement in receivables for items not passing through the OCS	17,051	5,726	12,140
(Decrease) / Increase in trade payables	(312,385)	339,778	38,502
Movement in payables for items not passing through the OCS	244,147	(243,083)	12,100
Working capital movement: capital items	3,179	(1,518)	(43,267)
Use of provisions	(37,541)	(30,223)	(53,244)
Draw down of promissory notes	(1,015,512)	(551,557)	(470,311)
Net cash outflow from operating activities	**(5,538,331)**	**(4,389,993)**	**(4,163,864)**

24(b) Cash flows from investing activities

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Purchase of intangible assets	(1,695)	(4,304)	-
Purchase of property, plant and equipment	(16,900)	(13,608)	(26,762)
Proceeds of disposal property, plant and equipment	99	223	239
Additions to investments	-	-	(794)
Loans to other bodies	(203,000)	-	(6,341)
Repayments from other bodies	4,613	5,175	25,121
Net cash outflow from investing activities	**(216,883)**	**(12,514)**	**(8,537)**

24(c) Cash flows from financing activities

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
From the Consolidated Fund (Supply) – Current Year	5,500,122	4,647,235	–
From the Consolidated Fund (Supply) – Prior Year	-	17,470	–
Net financing	**5,500,122**	**4,664,705**	**–**

24. Notes to the statement of cash flows (continued)

24(d) Analysis of Capital Expenditure, Financial Investments and Associated A-in-A

	2009-10			
	Property, plant & equipment, and intangible assets	Investments & Loans	A in A	Net total
	£000	£000	£000	£000
Administration	18,594	-	-	18,594
Programme: Long term loans	-	203,000	(4,613)	198,387
Programme: Investments	-	-	-	-
Programme: Investments non cash	-	-	-	-
Programme: CDC	-	-	-	-
Other Receipts	-	-	(99)	(99)
Total	**18,594**	**203,000**	**(4,712)**	**216,882**
Accrued principal repayments			(17,051)	
Total non operating income			(21,763)	
Excess A in A to be surrendered to the Consolidated Fund			1,763	
Non Operating A in A (Note 4)			(20,000)	

	Restated 2008-09			
	Property, plant & equipment, and intangible assets	Investments & Loans	A in A	Net total
	£000	£000	£000	£000
Administration	17,912	-	-	17,912
Programme: Long term loans	-	-	(5,175)	(5,175)
Programme: Investments	-	-	-	-
Programme: Investments non cash	-	-	-	-
Programme: CDC	-	-	-	-
Other Receipts	-	-	(223)	(223)
Total	**17,912**	**-**	**(5,398)**	**12,514**
Accrued principal repayments			(23,213)	
Total non operating income			(28,611)	
Excess A in A to be surrendered to the Consolidated Fund			8,611	
Non Operating A in A (Note 4)			(20,000)	

24. Notes to the statement of cash flows (continued)

	Restated 2007-08			
	Property, plant & equipment, and intangible assets	Investments & Loans	A in A	Net total
	£000	£000	£000	£000
Administration	26,762	-	-	26,762
Programme: Long term loans	-	6,341	(25,121)	(18,780)
Programme: Investments	-	794	-	794
Programme: Investments non cash	-	-	-	-
Programme: CDC	-	-	-	-
Other Receipts	-	-	(239)	(239)
Total	**26,762**	**7,135**	**(25,360)**	**8,537**
Accrued principal repayments			-	
Total non operating income			(25,360)	
Excess A in A to be surrendered to the Consolidated Fund			-	
Non Operating A in A			(25,360)	

24(e) Reconciliation to the net cash requirement

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Net cash requirement	(5,759,400)	(4,413,453)	(4,174,971)
From the Consolidated Fund (Supply)	5,500,122	4,664,705	4,162,826
Payments of amounts due to the Consolidated Fund	(12,394)	(93)	(12,193)
Amounts due to the Consolidated Fund received and not paid over	267	782	26
Amounts due to the Consolidated Fund – Excess A-in-A	1,763	8,611	67
Increase/(decrease) in cash	**(269,642)**	**260,552**	**(24,245)**

25. Notes to the Statement of Operating Costs by Departmental Strategic Objectives

25(a) Operating Costs by 2007/08 Departmental Aim and Objectives

	2009-10			2008-09		
Aim	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
1. Africa	1,584,267	(175)	1,584,092	1,343,780	(393)	1,343,387
2. Asia	787,091	(248)	786,843	746,946	(604)	746,342
3. Europe, Central Asia and elsewhere	410,517	(531)	409,986	397,801	(124)	397,677
4. Impact of multilateral agencies	2,525,303	(434)	2,524,869	2,155,783	(377)	2,155,406
5. Evidence based policy	355,831	(223)	355,608	283,700	(224)	283,476
6. Other and unclassifiable	395,862	(7,744)	388,118	287,597	(8,617)	278,980
TOTAL	**6,058,871**	**(9,355)**	**6,049,516**	**5,215,607**	**(10,339)**	**5,205,268**

DFID's Aim remains to Eliminate Poverty in Poorer Countries through achievement of the Millennium Development Goals.

26. Capital commitments

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Contracted capital commitments at 31 March 2010 for which no provision has been made	6,977	304	2,621

27. Commitments Under leases

27(a) Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Obligations under operating leases comprise:			
Buildings			
Not later than one year	14,922	15,215	2,694
Later than one year and not later than five years	37,306	32,459	4,680
Later than five years	24,685	34,524	13,388
Total	**76,913**	**82,198**	**20,762**

27(b) Finance leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Obligations under finance leases comprise:			
Land, Buildings and Dwellings			
Rentals due within 1 year	8,588	8,179	7,789
Rentals due after 1 year but within 5 years	75,582	37,013	35,251
Due after five years	-	47,156	57,097
	84,170	**92,348**	**100,137**
Less interest element	(37,715)	(47,352)	(55,601)
	46,455	**44,996**	**44,536**
Net rental due within 1 year	-	(87)	(461)
Net rentals later than one year and not later than five years	46,455	5,956	3,102
Net rentals due after five years	-	39,128	41,895
	46,455	**44,997**	**44,536**

27(c) Operating leases receivables

Total future minimum lease receivables under operating leases are given in the table below for each of the following periods.

	31 March 2010	Restated 31 March 2009	Restated 1 April 2008
	£000	£000	£000
Receivables under operating leases comprise:			
Land, Buildings and Dwellings			
Not later than one year	4,925	4,804	4,686
Later than one year and not later than five years	17,360	20,469	19,960
Later than five years	-	1,816	7,129
Total	**22,285**	**27,089**	**31,775**

28. Financial Instruments

Interest rate exposure – 2009-10	Fixed rate	Floating rate	No interest	Total	Fixed rate weighted average interest rate
	£000	£000	£000	£000	%
2009-10 Financial Assets/ (Liabilities): Cash					
Sterling	-	755	(30,666)	(29,911)	-
US dollars	-	1,319	-	1,319	-
Euro	-	72	-	72	-
Other currencies	-	2,053	-	2,053	-
Total	**-**	**4,199**	**(30,666)**	**(26,467)**	**-**
2009-10 Financial Assets: Loans and receivables					
Sterling	8,210	12,544	13,372	34,126	5.92%
US dollars	214,025	-	-	214,025	-
Euro	-	-	116,005	116,005	-
Other currencies	-	-	-	-	-
Total	**222,235**	**12,544**	**129,377**	**364,156**	**5.92%**
2009-10 Financial Assets: Available for sale					
Sterling	-	-	-	-	-
US dollars	-	-	2,084,633	2,084,633	-
Euro	-	-	883,973	883,973	-
Other currencies	-	-	78,927	78,927	-
Total	**-**	**-**	**3,047,533**	**3,047,533**	**-**
2009-10 Financial liabilities: promissory notes at amortised cost					
Sterling	-	-	1,497,704	1,497,704	-
US dollars	-	-	1,417	1,417	-
Euro	-	-	-	-	-
Other currencies	-	-	-	-	-
Total	**-**	**-**	**1,499,121**	**1,499,121**	**-**
2009-10 Financial liabilities: other payables at amortised cost					
Sterling	-	-	210,668	210,668	-
Other currencies	-	-	-	-	-
Total	**-**	**-**	**210,668**	**210,668**	**-**

28. Financial Instruments (continued)

Interest rate exposure – 2008-09	Fixed rate	Floating rate	No interest	Total	Fixed rate weighted average interest rate
	£000	£000	£000	£000	%
2008-09 Financial Assets: Cash					
Sterling	-	2,961	236,897	239,858	-
US dollars	-	2,277	-	2,277	-
Euro	-	1	-	1	-
Other currencies	-	1,039	-	1,039	-
Total	**-**	**6,278**	**236,897**	**243,175**	**-**
2008-09 Financial Assets: Loans and receivables					
Sterling	9,922	14,881	14,469	39,272	7.14%
US dollars	-	-	-	-	-
Euro	-	-	201,822	201,822	-
Other currencies	-	-	-	-	-
Total	**9,922**	**14,881**	**216,291**	**241,094**	**7.14%**
2008-09 Financial Assets: Available for sale					
Sterling	-	-	-	-	-
US dollars	-	-	2,347,188	2,347,188	-
Euro	-	-	936,648	936,648	-
Other currencies	-	-	75,094	75,094	-
Total	**-**	**-**	**3,358,930**	**3,358,930**	**-**
2008-09 Financial liabilities: promissory notes at amortised cost					
Sterling	-	-	1,400,099	1,400,099	-
US dollars	-	-	1,500	1,500	-
Euro	-	-	2,663	2,663	-
Other currencies	-	-	-	-	-
Total	**-**	**-**	**1,404,262**	**1,404,262**	**-**
2008-09 Financial liabilities: other payables at amortised cost					
Sterling	-	-	523,054	523,054	-
Other currencies	-	-	-	-	-
Total	**-**	**-**	**523,054**	**523,054**	**-**

Currency exposures

The tables below show the Department's currency exposures that give rise to exchange rate gains and losses that are recognised in the operating cost statement. Such exposures comprise those monetary assets and liabilities that are not denominated in the Department's functional currency of sterling.

	31 March 2010	Restated 31 March 2009
	£000	£000
US dollars	215,342	777
Euro	116,076	199,160
Other currencies	2,053	1,039
Total	**333,471**	**200,976**

28. Financial Instruments (continued)

The table below shows the functional currency of the Department's investments classed as available for sale.

	31 March 2010 £000	Restated 31 March 2009 £000
Sterling	-	-
US dollars	2,084,633	2,347,188
Euros	883,973	936,648
Unit of Account (African Development Bank)	78,927	75,094
Total	**3,047,533**	**3,358,930**

Liquidity risk

The following tables show the maturity profile of the Company's financial assets and liabilities other than cash and equity investments:

Financial assets: maturity profile	31 March 2010 £000	Restated 31 March 2009 £000
Due on demand	-	-
Due within one year, but not on demand	235,191	52,870
Due within one to two years	18,426	27,188
Due within two to three years	17,763	25,711
Due within three to four years	15,027	24,554
Due within four to five years	12,854	23,520
Due after five years	64,894	87,251
Total	**364,155**	**241,094**

Financial liabilities: maturity profile	31 March 2010 £000	Restated 31 March 2009 £000
Due on demand	1,499,121	1,404,262
Due within one year, but not on demand	163,856	483,026
Due within one to five years	75,582	37,014
Due after five years	-	47,156
Less interest element of finance lease	(37,715)	(47,352)
Total	**1,700,844**	**1,924,106**

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was:

Financial liabilities: maturity profile	Note	31 March 2010 £000	Restated 31 March 2009 £000
Fair value financial assets	15	3,047,533	3,358,930
Loans and receivables		364,155	241,094
Cash and cash equivalents	18	(26,467)	243,175
Total		**3,385,221**	**3,843,199**

28. Financial Instruments (continued)

The Department's ageing analysis was as follows:

	Net loans and receivables	
	31 March 2010	Restated 31 March 2009
	£000	£000
Not past due	323,891	217,881
Past due not provided against	40,264	23,213
Total	**364,155**	**241,094**
The movement in provisions against loans and receivables was as follows:		
Balance at 1 April 2008		(108,688)
Reversal / (increase) in provision		357
Utilisation of provision		3,379
Balance at 31 March 2009		(104,952)
Reversal / (increase) in provision		(4,442)
Utilisation of provision		506
Balance at 31 March 2010		**(108,888)**

Bilateral loans, and loans formerly managed by Actis, are made directly with sovereign states; multilateral loans are made with sovereign states through multilateral bodies such as the European Investment Bank. Assessments of credit risk are based on default history, political risks, and the potential future granting of debt relief.

The Paris Club is an informal group of financial officials from 19 of the world's richest countries, which provides financial services and debt relief to indebted countries and their creditors. Following a Paris Club Agreement in April 2009, loans held with the Republic of Seychelles amounting to £9.2 million were renegotiated with the result that part of the debt was written off, and the repayment of the remaining principal balance of £6.1 million extended to 2027.

Credit risk on the Department's cash balances held at HM Paymaster General is considered to be very low. Imprest balances are held with various institutions, all of which are major global banks with high credit ratings.

Market risk

Interest rate risk

The Department's interest rate risk arises primarily from loans made at a floating rate, and cash balances held overseas. Neither of these represent a significant source of income for the Department – total income from such sources in 2009-10 amounted to £1.1 million (2008-09 £1.1 million). A 0.75% change in interest rates, with all other variables held constant, would have a 0.002% (£0.1 milion) impact on net operating costs.

Foreign currency risk

The Department's largest exposure in terms of net assets is to the US dollar. On the statement of financial position, exchange gains on investments are taken to the revaluation reserve. Exchange losses are also charged to the revaluation reserve where a previously accumulated reserve is available; losses in excess of this reserve are charged to operating costs. As at 31 March 2010, £2,085 million (2009 £2,347 million) of the Department's investments were denominated in US dollars. Exchange gains and losses on other financial assets and liabilities are charged to operating costs.

At 31 March 2010, if sterling had weakened by 10% against the US dollar, with all other variables held constant, net assets would have increased by £255.5 million (2009 £260.9 million). Net operating costs would have reduced by £14.5 million (2009 £4.6 million), primarily as a result of the exchange rate gain recognised on the loan denominated in US dollars.

Other price risk

The Department's investments in IFIs are based on share of the net assets of each IFI. Although there is no market for these investments, changes in the underlying net asset values of the IFIs would impact on the investment value shown in these accounts. As at 31 March 2010, a 10% reduction in net asset values of the IFIs, with all other variables held constant, would result in the Department's net assets being reduced by £304.8 million (2009 £335.9 million). Net operating costs would be reduced by £5.3 million (2009 £5.9 million), through a reduction in the cost of capital charge applied to the investments.

Investments in CDC and Actis are shown at cost less any impairment. As at 31 March 2010, a 10% reduction in the net asset value of these organisations, with all other variables held constant, would not have any effect on either the Department's net assets, or net operating costs (2009 nil).

29. Contingent liabilities

Contingent liabilities with an approximate value of £0.4 million (2008-09: £0.4 million) exist in respect of guarantees to the European Investment Bank's lending to UK Overseas Territories. Additional contingent liabilities of £1,804 million (2008-09: £2,695 million) exist in respect of contributions due to international organisations which have been subject to formal approval by Parliament but which are not yet supported either by promissory notes or cash payments.

In addition to contingent liabilities disclosed above in accordance with IAS 37, the department discloses for parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote. These amount to £9,296 million (2008-09: £8,565 million) and comprise:

- £9,188 million (2008-09: £8,449.2 million) in respect of callable capital on investments in International Financial Institutions.
- £108.2 million (2008-09: £112.2 million) in respect of for the UK share of EU member states' collective guarantees of the European Investment Bank's lending under the Lome conventions and the parallel Council decisions on the Association of Overseas Countries and Territories.
- Maintenance of the value of subscriptions paid to capital stock of regional development banks and funds (unquantifiable);
- Indemnities in respect of the transfer of ownership of the Natural Resources Institute (unquantifiable);
- £0.30 million (2008-09: £3.3 million) in respect of other items over £100,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by departmental Minute prior to the Department entering into the arrangement.

30. Related party transactions

DFID is the 100 per cent shareholder in CDC Group plc. DFID had no material transactions with CDC during the year. Previously DFID had a contingent liability in place for a guarantee provided on a loan undertaken by CDC with EIB. This was fully repaid by CDC during 2009-2010 therefore this guarantee has now lapsed.

DFID has a 40 per cent interest in Actis llp. DFID had no transactions with Actis llp during the year.

In addition DFID has had a number of transactions with other Government Departments and other Central Government bodies. These are undertaken under normal trading circumstances, at arms length, and are reported within DFID's net resource outturn. Amounts due to and from other government departments are disclosed separately in notes 17 and 19. No amounts have been written off during 2009-2010 to or from other government departments. The largest volume of transactions, in frequency and value, have been with the Foreign and Commonwealth Office.

No minister, board member, key manager or other related parties has undertaken any material transactions with the Department during the year.

31. Losses and special payments

	2009-10 Number of cases	**2009-10 £000**	**2008-09 Number of cases**	**2008-09 £000**
Total	32	1,412	52	509
of which:				
Losses	25	338	17	319
Fruitless payments and constructive losses	3	1,047	29	175
Claims waived or abandoned	-	-	-	-
Special Payments	4	27	6	15

During the year there was one individual case greater than £250,000. This was due to the discontinuation of the Residence Malaika Project in the Democratic Republic of Congo. Due to the changing profile of staff at post, and improvements in the Kinshasa housing market, Residence Malaika no longer represents the preferred or most cost efficient option of accommodating DFID DRC's UK based staff.

32. Events after the reporting date

The Department for International Development Resource Accounts' are laid before the Houses of Parliament by HM Treasury on 22 July 2010. No events have been identified between this date and the end of reporting period requiring adjustment to these Resource Accounts.

33. Non adjusting events after the reporting date

It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension schemes that DFID provides to employees.

Annex

A.1 In line with Her Majesty's Treasury (HMT) Public Expenditure System (PES) revised guidance issued in June 2010, the Department for International Development's (DFID) Annual Report for 2010 is presented as a series of tables. This covers the financial year 2009-10.

A.2 DFID's available programme resources are allocated to country or regional specific aid programmes, international 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.

A.3 The figures in the tables A1 to A7 are expenditure and plans set out in resource budget terms.

A.4 The figures up to and including 2009-10 show the actual resource outturn for that year, and for 2010-11, indicative planning figures are presented. Detailed plans are not currently available beyond 2010-11 , and future year spend will be informed by the government spending review which is currently in progress. These indicative figures reflect plans of the previous government and may be subject to revision following bilateral and multilateral aid reviews.

Table A1: Total Department Spending

	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	£'000 2010-11 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	5,306,369	6,062,843
Conflict Prevention	44,929	43,939	32,973	32,989	42,672	41,792	16,715	20,726
Total resource budget DEL	**3,446,983**	**3,645,315**	**4,107,237**	**4,246,978**	**4,478,494**	**4,807,482**	**5,323,084**	**6,083,569**
of which: Near-cash	3,422,815	3,540,717	4,040,945	4,138,636	4,446,574	4,765,054	5,240,966	6,062,284
Resource AME								
Eliminating Poverty in Poorer Countries	51,440	55,695	71,434	403,578	76,853	323,549	354,684	291,715
Overseas Superannuation	77,169	76,737	68,121	65,783	58,316	67,700	71,803	58,611
Total resource budget AME	**128,609**	**132,432**	**139,555**	**469,361**	**135,169**	**391,249**	**426,487**	**350,326**
of which: Near-cash	118,690	117,198	103,758	113,000	111,627	107,182	104,968	101,000
Total resource budget	**3,575,592**	**3,777,747**	**4,246,792**	**4,716,339**	**4,613,663**	**5,198,731**	**5,749,571**	**6,433,895**
of which: depreciation	30,492	24,928	22,085	16,202	19,908	16,682	17,075	21,000
Capital budget								
Capital DEL								
Eliminating Poverty in Poorer Countries (note 1)	301,682	303,589	446,493	764,934	739,254	876,174	1,352,642	1,556,000
Conflict Prevention	-	282	354	40	-	-	-	-
Total capital budget DEL	**301,682**	**303,871**	**446,847**	**764,974**	**739,254**	**876,174**	**1,352,642**	**1,556,000**
Capital AME								
Total capital budget AME	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total capital budget	**301,682**	**303,871**	**446,847**	**764,974**	**739,254**	**876,174**	**1,352,642**	**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	6,996,620	7,889,558
Conflict Prevention	44,929	44,214	33,304	33,029	42,672	41,792	16,715	20,726
Overseas Superannuation	77,169	76,737	68,121	65,783	58,316	67,700	71,803	58,611
Total departmental spending†	**3,846,782**	**4,056,690**	**4,671,554**	**5,465,111**	**5,333,009**	**6,058,223**	**7,085,138**	**7,968,895**
of which:								
Total DEL	3,718,173	3,924,258	4,531,999	4,995,750	5,204,840	5,666,974	6,658,651	7,618,569
Total AME	128,609	132,432	139,555	469,361	128,169	391,249	426,487	350,326

† 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 A2: Resource Budget DEL and AME

	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	£'000 2010-11 Plans
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**	**5,306,369**	**6,062,843**
of which:								
Reducing Poverty in Sub-Saharan Africa	678,166	858,458	1,094,656	1,096,605	1,241,576	1,341,726	1,588,980	1,797,867
Reducing Poverty in Asia	624,005	688,040	748,426	780,416	800,926	745,882	791,248	816,575
Reducing Poverty in the Rest of the World	442,367	266,850	282,332	210,069	239,863	376,609	378,563	411,111
Improve Effectiveness of Multilateral Aid	471,572	602,365	822,003	1,018,383	1,031,343	941,312	1,043,109	920,668
Developing Innovative Approaches to Development	249,966	190,811	130,840	69,505	204,699	283,301	355,850	888,079
Programmes Contributing to Multiple Objectives (note 6)	91,131	217,046	218,801	228,678	136,018	-	-	-
Central Departments	51,311	89,559	79,595	111,281	73,523	239,346	314,977	161,543
EC Development Programmes (note 1)	796,057	694,359	700,237	705,648	701,400	798,648	811,000	822,000
Other (unallocated CFER)	-2,521	-6,112	-2,626	-6,596	-2,569	-2,335	-2,423	-
Unallocated Provision	-	-	-	-	-	-	-	208,215
International Finance Facility for Immunisation	-	-	-	-	9,043	16,849	25,065	36,785
Conflict Prevention	**44,929**	**43,939**	**32,973**	**32,989**	**42,672**	**41,792**	**16,715**	**20,726**
of which:								
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	9,673	9,653
Stabilisation Unit (previously Post Conflict Reconstruction Unit)	-	1,594	4,048	5,206	6,644	7,395	7,042	11,073
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**	**5,323,084**	**6,083,569**
of which:								
Near-cash	3,422,815	3,540,717	4,040,945	4,138,636	4,446,574	4,740,720	5,240,966	6,062,284
of which:†								
Pay	84,302	92,362	100,711	101,826	110,811	116,422	113,353	112,458
Procurement	113,301	132,080	605,265	703,721	631,448	679,555	474,232	1,102,865
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	4,653,381	4,846,961
Current grants to local authorities	-	-	-	-	-	-	-	-
Depreciation	30,492	24,928	22,085	16,202	12,908	16,682	17,076	21,000
Resource AME								
Eliminating Poverty in Poorer Countries	**51,440**	**55,695**	**71,434**	**403,578**	**76,853**	**323,549**	**354,684**	**291,715**
of which:								
Programmes Contributing to Multiple Objectives (note 2)	51,440	55,695	71,434	91,459	124,621	150,484	145,931	3,500
International Finance Facility for Immunisation (note 3)	-	-	-	312,119	-47,768	173,065	208,753	288,215
Overseas Superannuation	**77,169**	**76,737**	**68,121**	**65,783**	**58,316**	**67,700**	**71,803**	**58,611**
of which:								
Overseas Superannuation (note 4)	77,169	76,737	68,121	65,783	58,316	67,700	71,803	58,611
Total resource budget AME	**128,609**	**132,432**	**139,555**	**469,361**	**135,169**	**391,249**	**426,487**	**350,326**
of which:								
Near-cash	118,690	117,198	103,758	113,000	111,627	107,182	104,968	101,000
of which:†								
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**	**5,749,571**	**6,433,895**

† 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 A3: Capital Budget DEL and AME

	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	£'000 2010-11 Plans
Capital DEL								
Eliminating Poverty in Poorer Countries	**301,682**	**303,589**	**446,493**	**764,934**	**739,254**	**876,174**	**1,352,642**	**1,556,000**
of which:								
Reducing Poverty in Sub-Saharan Africa	4,100	4,518	4,919	4,496	16,357	2,323	110,313	103,860
Reducing Poverty in Asia	1,250	1,432	2,327	1,331	4,538	1,058	55,796	56,246
Reducing Poverty in the Rest of the World	28,648	19,512	13,234	-1,709	9,662	21,165	13,631	15,462
Improve Effectiveness of Multilateral Aid	259,249	270,909	423,314	751,529	691,123	822,327	1,060,382	1,067,195
Developing Innovative Approaches to Development	200	82	9	1	-	50,000	124,564	279,367
Programmes Contributing to Multiple Objectives	-	1,965	44	411	-	-	-	-
Central Departments (note 1)	20,412	7,569	9,801	17,630	17,574	-12,088	-12,044	23,870
Other (unallaocated CFER)	-12,177	-2,398	-7,155	-8,755	-	-8,611	-	-
DFID Unallocated Capital	-	-	-	-	-	-	-	10,000
Conflict Prevention	**-**	**282**	**354**	**40**	**-**	**-**	**-**	**-**
of which:								
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**	**1,352,642**	**1,556,000**
of which:								
Capital expenditure on fixed assets net of sales†	47,535	30,804	29,920	25,229	66,132	19,207	15,317	20,001
Capital grants to the private sector and abroad	41,000	54,700	49,500	65,800	88,480	130,775	338,238	558,999
Net lending to private sector	196,048	199,625	350,965	673,102	583,848	726,192	999,087	977,000
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**	**1,352,642**	**1,556,000**
of which:								
Capital expenditure on fixed assets net of sales†	47,535	30,804	29,920	25,229	66,132	19,207	15,317	20,001
Less depreciation†††	30,492	24,928	22,085	16,202	19,908	16,682	17,075	21,000
Net capital expenditure on tangible fixed assets	17,043	5,876	7,835	9,027	46,224	2,525	-1,758	-999

† 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 A4: Department for International Development Capital Employed

	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	£'000 2010-11 Plans
Assets and liabilities on the statement of financial position at end of year:								
Fixed assets								
Intangible	550	350	162	1,588	1,105	614	24,602	25,095
Tangible	70,290	75,411	82,997	88,313	113,008	113,975	92,724	111,932
of which:								
Land and buildings (including leasehold improvements)	40,976	39,618	41,233	42,673	59,012	61,338	61,110	61,079
Vehicles	2,840	3,647	3,072	3,090	2,575	2,662	2,748	2,845
Office and domestic furniture and equipment	8,209	9,231	9,406	9,819	9,912	9,520	8,885	7,995
IT equipment & systems	15,927	17,372	15,857	8,930	10,587	28,335	11,205	11,430
Assets in the course of construction	2,338	5,543	13,429	23,801	30,922	12,120	8,775	9,250
Investments	1,751,249	2,521,400	2,978,750	2,920,358	3,322,561	4,125,643	3,813,655	4,004,338
Current assets								
Long term loans (due after more than one year)	1,094,206	307,300	278,736	224,178	174,989	188,224	128,964	103,964
Debtors, prepayments & cash	185,247	217,126	146,790	156,525	141,700	365,604	335,304	130,000
Liabilities								
Creditors (due within 1 year)	-584,915	-528,169	-455,747	-580,052	-1,231,247	-1,887,288	-1,662,977	-1,666,174
Creditors (due after 1 year)	-216,408	-258,118	-375,747	-375,490	-36,747	-36,818	-46,811	-46,811
Provisions for liabilities and charges	**-127,127**	**-109,523**	**-98,790**	**-437,515**	**-336,863**	**-514,667**	**-739,232**	**-901,850**
Capital employed within main department	**2,173,092**	**2,225,777**	**2,557,151**	**1,997,905**	**2,148,506**	**2,355,287**	**1,946,229**	**1,760,494**
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**	**1,946,229**	**1,760,494**

Table A5: Administration Costs

	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	£'000 2010-11 Plans
Administration Expenditure								
Paybill	45,843	53,679	64,261	61,921	74,713	80,082	76,054	72,000
Other	104,462	108,801	103,056	131,530	81,241	88,793	88,943	91,644
Total administration expenditure	**150,305**	**162,480**	**167,317**	**193,451**	**155,953**	**168,875**	**164,997**	**163,644**
Administration income	-4,600	-4,950	-5,099	-2,998	-5,241	-6,146	-5,949	-6,000
Total administration budget	**145,705**	**157,530**	**162,218**	**190,453**	**150,712**	**162,729**	**159,048**	**157,644**
Analysis by activity								
Eliminating Poverty in Poorer Countries	145,705	157,151	159,525	187,504	147,808	159,534	155,052	151,918
Conflict Prevention	-	379	2,693	2,949	2,904	3,195	3,996	5,726
Total administration budget	**145,705**	**157,530**	**162,218**	**190,453**	**150,712**	**162,729**	**159,048**	**157,644**

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. The increase in administration costs between 2002-03 and 2003-04 follows an earlier redefinition of administration costs by DFID in 2003-04 to include expenditure on staff travel and allowances, consultants, contractors, research and other items previously paid from the programme budget within administration costs.

Table A6: Staff numbers (full-time equivalents)

	Mar-03 Actual	Mar-04 Actual	Mar-05 Actual	Mar-06 Actual	Mar-07 Actual	Mar-08 Actual	Mar-09 Actual	£'000 Mar-10 Actual
Home Civil Servants	**1,620**	**1,907**	**1,883**	**1,801**	**1,719**	**1,612**	**1,600**	**1,573**

Table A6 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.

Table A7: DFID Allocation by Programme

	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Plans
AFRICA[1]								
East and Central Africa								
Ethiopia	40,395	66,246	62,018	88,656	140,200	155,564	219,930	218,000
Tanzania	79,819	94,666	109,199	109,752	120,550	130,210	140,428	150,000
Sudan	14,655	88,241	130,835	108,704	115,776	103,629	133,754	140,000
Democratic Republic of the Congo	13,157	38,758	51,892	88,149	77,851	82,797	107,646	133,000
Uganda	54,493	60,591	67,337	73,993	71,610	73,219	68,082	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	57,162	86,000
Somalia[2]	-	-	-	-	27,500	34,687	30,491	26,000
Rwanda	28,134	44,337	68,128	16,942	46,313	51,015	51,657	60,000
Burundi[2]	-	-	12,262	10,021	10,000	10,622	10,264	11,850
Total	**290,367**	**475,210**	**610,204**	**597,148**	**676,697**	**712,300**	**818,950**	**919,850**
West and Southern Africa								
Nigeria	**31,876**	**45,101**	**80,952**	**81,482**	**101,200**	**99,298**	**117,406**	**140,000**
Ghana	58,022	71,387	85,387	68,665	75,411	95,062	85,980	85,000
Malawi	53,107	62,559	70,014	60,936	70,000	65,312	83,076	80,000
Mozambique	36,608	48,291	56,237	54,131	65,000	69,496	68,152	77,950
Sierra Leone	35,160	35,439	32,093	36,189	40,700	47,826	43,996	50,000
Zambia	24,664	26,793	47,128	39,948	42,200	44,401	48,994	54,735
Zimbabwe	33,148	23,717	37,336	32,048	45,245	50,669	60,709	57,000
West Africa Other							3,061	2,000
Southern Africa Regional (inc Lesotho, Angola)[3]	58,637	32,924	17,484	28,796	43,817	29,740	30,012	63,000
South Africa[2]	-	23,074	35,343	21,940	20,000	29,188	54,720	40,000
Liberia	-	-	-	-	9,300	9,225	12,415	10,000
Lesotho	3,311	-	-	-	-	-		
Total	**334,533**	**369,285**	**461,974**	**424,135**	**512,873**	**540,217**	**608,521**	**659,685**
Pan-Africa Strategy and Programmes								
Africa – ATP	-	-2,644	-	-	-	-		
Africa Reserve	-	-	-	-	-	-		50,540
Africa Regional Budget	-	-	5,658	-	28,210	33,292	72,917	64,875
Humanitarian Assistance	3,815	1,712	3,597	2,719	9,325	13,215	25,408	40,000
Africa Directorate						-	6,174	9,000
Africa Conflict Prevention Pool[1]						4,752		
Other	3,245		-	-	-	-	806	1,000
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**	**105,305**	**165,415**
AFRICA TOTAL	**638,974**	**854,379**	**1,092,151**	**1,039,606**	**1,241,105**	**1,303,600**	**1,532,776**	**1,744,950**
SOUTH ASIA								
South Asia								
India	214,425	244,983	249,938	240,755	266,033	285,860	285,308	270,372
Bangladesh	57,300	125,341	117,573	112,416	116,700	122,847	134,239	150,000
Afghanistan[4]	68,604	81,943	98,506	98,709	107,000	129,840	141,543	128,000
Pakistan	66,221	24,983	71,651	89,333	91,000	119,973	138,735	175,000
Nepal	27,778	32,178	33,535	34,364	43,000	52,622	57,268	56,000
Asia Regional Policy and Programmes	22,552	3,081	3,625	3,985	4,000	3,284	1,460	13,628
Sri Lanka	-	-	-	2,323	500	234	4,519	
Asia – ATP	-	-	10,628	7,791	10,850	-		
TOTAL SOUTH ASIA	**456,880**	**512,509**	**585,456**	**589,676**	**639,083**	**714,660**	**763,072**	**793,000**

	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Plans
EUROPE, MIDDLE EAST AMERICAS, CENTRAL AND EAST ASIA								
Europe/Central Asia								
EUAccession/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	3,964	8,000
Balkans[7]	18,197	12,813	13,449	13,650	11,500	11,449	12,439	6,000
ECAD Regional	-	-	-	-	5,500	-	12,602	19,000
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**	**29,005**	**33,000**
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	14,922	20,000
Overseas Territories[10]	38,341	36,153	30,835	35,135	42,900	46,995	53,539	59,000
Total	**74,116**	**75,981**	**53,251**	**54,782**	**64,500**	**63,004**	**68,461**	**79,000**
Middle East/North Africa								
Yemen	2,425	5,651	12,336	8,341	12,000	19,130	25,337	50,000
Palestinian Authority	16,868	16,606	14,757	14,964	44,748	41,004	79,725	74,000
Middle East Regional	4,713	7,420	3,258	2,107	2,400	8,588	3,644	4,000
UN Relief & Works Agency for Palestinian Refugees	23,646	17,148	14,985	15,015	15,600	19,000	-	-
Iraq	211,656	64,296	65,974	43,071	36,800	20,992	19,628	10,000
Total	**259,308**	**111,121**	**111,310**	**83,498**	**111,548**	**108,714**	**128,334**	**138,000**
EMAD Regional Programmes								
Research/Consultancy/EMAP Regional	278	-249	62	7391	7,900	1,520	-	-
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**		**-**
South East Asia								
China	21,652	42,409	33,036	38,416	33,160	37,375	32,671	20,000
Vietnam[2]	-	-	55,330	49,500	50,000	51,524	50,015	50,000
South East Asia[11]	59,938	84,348	69,103	61,759	59,850	60,960	61,305	60,000
Total	**81,590**	**126,757**	**157,469**	**149,675**	**143,010**	**149,859**	**143,991**	**130,000**
TOTAL EUROPE, MIDDLE EAST, AMERICAS, CENTRAL AND EAST ASIA	**527,525**	**385,844**	**384,944**	**338,216**	**366,458**	**355,263**	**369,791**	**380,000**
TOTAL – COUNTRY/REGIONAL PROGRAMMES	**1,623,379**	**1,752,732**	**2,062,551**	**1,967,498**	**2,246,646**	**2,373,523**	**2,665,639**	**2,917,950**
UN, CONFLICT AND HUMANITARIAN								
Conflict, Humanitarian and Security								
Security and Justice	3,120	3,749	4,883	9,209	12,834	11,464	14,077	16,000
Humanitarian Response	15,845	58,967	63,662	27,101	19,660	58,629	42,585	25,300
Humanitarian Policy	48,072	54,797	72,800	54,520	73,602	46,148	64,910	57,600
Avian and Human Influenza						3,041	138	4,000
Conflict	-	2,430	1,426	4491	4,554	4,327	4,575	5,000
UN Peacebuilding	-	-	-	6,421	20,530	20,704	7,940	20,000
Disaster Risk Reduction	-	-	-	7,580	10,530	11,620	10,444	9,400
Central Emergency Response Fund	-	-	40,000	43,770	36,083	-	59,028	40,000
Stabilisation Unit	-	1,215	1,432	2,695	4,273	4,660	3,247	5,300
Global Conflict Prevention Pool	25,617	22,345	15,294	12,944	18,180	9,911	8,275	38,000
Total	**92,654**	**143,503**	**199,497**	**168,731**	**200,246**	**170,504**	**215,219**	**220,600**

	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Plans
United Nations and Commonwealth								
UN Development Programme	37,000	30,250	54,750	50,000	55,000	55,000	57,820	55,000
Commonwealth Programmes	7,751	24,930	19,163	25,688	24,955	28,477	28,945	26,000
UNICEF	17,000	19,000	20,350	20,142	22,700	16,650	21,877	31,000
UNFPA Core Grant	18,100	28,001	30,000	20,422	24,578	25,000	42,063	45,000
UNAIDS	-	-	16,000	10,000	19,000	10,000	11,030	10,000
WHO Core Grant	12,500	23,854	3,125	19,457	17,417	12,500	14,640	14,000
Other UN Institutions	14,000	15,872	13,562	14,264	18,350	18,519	31,004	30,000
Technical Cooperation for UN	5,500	21,156	9,289	16,982	7,449	1,736	1,590	1,500
IFAD	3,610	4,600	12,131	1,386	250	29,411	-	18,000
FAO (Subscription)	11,000	13,000	8,950	13,700	13,800	16,000	30,618	17,500
UNESCO (Subscription)	12,500	10,076	11,767	11,111	12,000	13,145	10,013	12,000
Other UN & Commonwealth	-	-	1,321	-1,321	-	19	-	-
Policy Partnerships	-	-	3,900	3,909	3,500	94	-	2,600
Agency Performance Funding								18,000
Business Practice Reform								700
UNDOCO								6,000
Unallocated Multilateral Contributions	-	-	-	-	-	-	-	-
Total	**138,961**	**190,739**	**204,308**	**205,740**	**218,999**	**226,551**	**249,600**	**287,300**
TOTAL UN, CONFLICT AND HUMANITARIAN	**231,615**	**334,242**	**403,805**	**374,471**	**419,245**	**397,055**	**464,819**	**507,900**
EUROPE & DONOR RELATIONS								
European Development Fund (Resource)	**230,883**	**257,982**	**234,431**	**237,957**	**280,041**	**360,176**	**397,452**	**451,000**
Other EU Programmes	5,339	4,327	4,153	3,924	3,915	3,029	2,960	55,000
EU Attribution[12]	796,057	694,359	700,237	707,000	725,000	798,648	811,000	822,000
Donor relations	-	-	-	-	-	2,252	3,462	2,000
Global Statistics Partnership	-	-	-	-	2,700	2,754	20,619	24,000
Europe Regional							2,952	3,000
TOTAL EUROPE & DONOR RELATIONS	**1,032,279**	**956,668**	**938,821**	**948,881**	**1,011,656**	**1,166,859**	**1,238,445**	**1,357,000**
INTERNATIONAL FINANCE AND DEVELOPMENT EFFECTIVENESS								
International Financial Institutions								
IDA	149,500	150,000	364,800	493,333	493,333	524,806	620,065	956,000
African Development Fund	40,598	40,597	-	146,627	59,564	139,000	139,000	139,000
Asian Development Fund	26,154	21,179	-	57,068	28,534	28,534	27,462	33,600
Caribbean Dev Bank Special Dev Fund	4,374	4,374	-	5,873	5,873	5,873	14,712	9,000
Other IFI Programmes	1,535	1979	1,396	36,680	70,000	494	4,281	-
IMF Funds	-	1,000		15	-	-	26,800	13,200
HIPC Trust Fund Contributions						13,706		
HIPC 100% Bilateral Policy						226	226	27,000
Debt relief	44,731	54,812	61,657	96,499	100,160	52,830	55,819	63,550
Reg Dev Banks (Cap Sub)	841	1,530	854	843	794	-		-
Total	**267,733**	**275,471**	**428,707**	**836,938**	**758,258**	**765,469**	**888,365**	**1,241,350**
Global Funds/DFIs								
Private Sector Infrastructure	17,183	15,687	33,649	30,582	32,500	32,322	40,483	52,200
Making Aid more Effective	-	-	419	2,532	5,450	7,724	9,027	10,400
IFF for Immunisation	-	-	-	312,119	-38,725	189,914	233,818	309,000
Global Funds, AIDS, TB and Malaria	-	-	-	100,000	100,000	50,033	163,471	165,000
GAVI							10,834	3,000
UNITAID							25,000	45,000
Malaria Iniative							10,000	30,000
Fast Track Initiative	-	-	-	69,939	7,367	72,365	147	111,000
Amc for Pneumoccal Diseases	-	-	-	-	-	-	18	24,500
Other	-	-	-	-	-	-	14	35,000
Total	**17,183**	**15,687**	**34,068**	**515,172**	**106,592**	**352,358**	**492,812**	**785,100**
TOTAL INTERNATIONAL FINANCE AND DEVELOPMENT EFFECTIVENESS	**284,916**	**291,158**	**462,775**	**1,352,110**	**864,850**	**1,117,827**	**1,381,177**	**2,026,450**

	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Outturn	2008-09 Outturn	2009-10 Outturn	2010-11 Plans
POLICY & RESEARCH								
Policy Programmes								
Global Environment Funds	61,928	37,929	46,987	35,106	43,629	90,000	135,000	286,900
Global Health Partnerships	60,190	63,438	92,465	37,452	24,201	28,906	30,805	30,000
Health, AIDS and Education	17,331	11,323	15,738	15,487	23,519	12,193	16,142	10,800
Growth and investment	45,610	30,232	21,946	20,112	17,236	17,212	24,262	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	22,745	28,400
Other								**13,100**
Partnership Programme Agreements	56,764	66,054	82,149	89,141	90,491	108,909	127,920	141,100
Civil Society Challenge Fund	7,000	11,959	7,113	14,594	14,280	15,750	13,601	18,100
Global Transparency Fund	-	-	-	-	5,000	15,120	27,543	38,300
Total	**260,527**	**228,614**	**277,125**	**224,114**	**233,468**	**300,902**	**398,018**	**596,700**
Research								
Human Development Research	27,843	28,757	41,348	43,129	48,000	46,704	71,060	64,700
Growth and Livelihoods Research	27,946	37,073	41,838	39,697	45,000	47,917	7,027	59,000
Social, Political and Environmental Change Research	10,847	15,355	13,958	15,411	27,500	-		
Climate and Environment						22,814	41,760	46,300
Governance in Challenging Environments						15,681		
Research Uptake						11,012	10,550	16,500
Agriculture Research							65,166	7,250
Other							1,046	2,000
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**	**196,609**	**195,750**
Trade Policy								
Global Trade Liquidity Programme	-	-	-	-	-	-	203,000	-200,000
Trade-Related Technical Cooperation	3,064	6,989	9,263	6,749	14,500	14,360	12,541	20,500
Total	**3,064**	**6,989**	**9,263**	**6,749**	**14,500**	**14,360**	**215,541**	**-179,500**
COMMUNICATIONS								
Development Awareness	2,681	6,626	7,113	10,025	14,400	13,707	20,992	24,900
Strategic Grants	470	847	1,244	732	-	-63		
Information & Communications for Development	4,013	7,027	5,037	5,677	3,524	-		
Stakeholder & Outreach	667	1,552	1,101	1,348	2,105	1,971	2,804	3,600
Other	3,806	-	-	-	-	-		500
Total	**11,637**	**16,052**	**14,495**	**17,782**	**20,029**	**15,615**	**23,796**	**29,000**
TOTAL – POLICY PROGRAMMES	**354,591**	**336,939**	**404,336**	**353,856**	**396,497**	**475,005**	**833,964**	**641,950**
CORPORATE								
Evaluation	558	897	338	607	1,050	1,954	3,032	4,515
Other Programmes	626	759	911	825	1,600	675	2,432	4,100
TOTAL –OTHER PROGRAMMES	**1,184**	**1,656**	**1,249**	**1,432**	**2,650**	**2,629**	**5,464**	**8,615**
GRAND TOTAL	**2,495,685**	**2,716,727**	**3,334,716**	**4,998,248**	**4,941,544**	**5,532,898**	**6,589,508**	**7,459,865**

1. Outturn includes spending on programmes from 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, Montserrat, 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 A8: Public Service Agreement and Departmental Strategic Objective indicators[1]

The 2007 Comprehensive Spending Review included a set of 30 cross-governmental Public Service Agreements (PSAs). DFID led on delivery of PSA 29 (Reduce poverty in poorer countries through quicker progress towards the MDGs). DFID's main delivery partners were HM Treasury, the Foreign & Commonwealth Office (FCO), the Department for Energy and Climate Change (DECC) and Department for Environment, Food and Rural Affairs (Defra).

DFID was 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 contributed to the delivery of PSAs on counter terrorism and migration led by the Home Office (HO).

DFID set seven Departmental Strategic Objectives (DSO) for the 2008-11 spending period.

DFID's PSA indicators were based on the Millennium Development Goals[2]. DFID undertakes an annual assessment of progress for each of its 22 priority countries to determine whether, for each PSA indicator, the country is 'on-track' to meet the MDG target by 2015 or 'off-track' to meet the target by this date.

The 22 priority countries are: in Africa – Democratic Republic of Congo (DRC), Ethiopia, Ghana, Kenya, Malawi, Mozambique, Nigeria, Rwanda, Sierra Leone, Sudan, Tanzania, Uganda, Zambia and Zimbabwe; and in Asia – Afghanistan, Bangladesh, Cambodia, India, Nepal, Pakistan, Vietnam and Yemen.

Indicator	Indicator belongs to:	Statement on data
PSA 29: Reduce poverty in poorer countries through quicker progress towards the Millennium Development Goals		
Proportion of population below $1 a day	PSA 29	At baseline 7 of 22 countries were on track and 7 off-track to meet the MDG target on reducing poverty by 2015. There are no baseline data for 8 countries. Baseline assessment only available in 2009-10.
Net enrolment in primary education	PSA 29	At baseline 12 of 22 priority countries were on track to meet the MDG target on universal primary education by 2015. Current assessment shows 14 are now on track.
Ratio of girls to boys in primary education	PSA 29	At baseline 17 of 22 priority countries were on track to achieve gender parity in primary school enrolment to meet this MDG by 2015. Current assessment shows 17 countries on track.
Under 5 mortality	PSA 29	At baseline 4 of 22 priority countries were on track to meet the MDG target to reduce by two thirds, between 1990 and 2015, the under-five mortality rate. Current assessment shows 7 countries on track.
Maternal mortality ratio (MMR) per 100,000 live births	PSA 29	At baseline 1 of 22 priority countries was on track to meet the MDG target to reduce by three quarters, between 1990 and 2015, the maternal mortality ratio. Current assessment shows 2 countries on track.
HIV prevalence rate, 15-49 years old, in national based surveys	PSA 29	At baseline 4 of 22 priority countries were on track to meet the MDG target to halve by 2015 and begun to reverse the spread of HIV/AIDS. Current assessment shows 3 countries are on track.

1 Details on how the PSA and DSO indicators are measured are provided in the technical annexes.

2 Further information on the Millennium Development Goals is available at www.developmentgoals.org

Indicator	Indicator belongs to:	Statement on data
Proportion of population with sustainable access to an improved water source (urban and rural)	PSA 29	At baseline 7 of 22 priority countries were on track to meet the MDG target to halve, by 2015, the proportion of the population without sustainable access to safe drinking water. Current assessment shows that three countries are on track.
The value (in nominal terms), and proportion admitted free of duties of developed countries imports (excluding arms and oils) from low income countries	PSA 29	The value at baseline was 66.3% (3 year rolling average 2004-2006) or $77.3bn per annum on average (2004-2006). The three-year rolling average to 2007 (latest available data) was 66.5%. Between 2005 and 2007 this represented an average of US$90 billion per annum of f trade in nominal terms.
DSO 1: Promote good governance, economic growth, trade and access to basic services		
1.1 Governance (improved state capability, accountability and responsiveness)	DSO 1	World Bank average CPIA Public Sector Management and Institutions score across DFID's 22 priority countries was 3.1 at baseline (2005). Current assessment (2008 data) this is 3.0. World Bank aggregate indicator score on Voice and Accountability across DFID's 22 priority countries was -0.79 at baseline (2005). Current assessment (2008 data) this is -0.70.
1.2 Improved support for economic growth	DSO 1	2009 per capita growth rates for Africa were -0.3% and in Developing Asia 5.5%.
1.3 Increased participation in global trade by developing countries	DSO 1	In 2007, Least Developed Countries share of world trade was 0.645%. This was 0.743% in 2008 (latest data). In 2007, Low Income Countries share of world trade was 11.79%. This was 13.17% in 2008 (latest data).
1.4 Delivery of the White Paper commitments on public services (improved outcomes for education, health, HIV and AIDS, water and sanitation and social protection)	DSO 1	*Universal primary completion by 2021:* At baseline 10 of 22 priority countries were off-track. Current assessment shows 10 countries are off-track. *Skilled birth attendance:* At baseline 6 countries were off-track. Current assessment shows 8 countries are off-track. *Population reached by HIV prevention programmes:* Based on recent trends in HIV and AIDS, improvements have been seen in five of the 22 priority countries. *Access to improved water and sanitation:* At baseline 13 of 22 priority countries were off-track to meet the MDG target to halve the proportion of people without access to safe drinking water. Current assessment shows 11 countries are off-track. At baseline 18 of 22 priority countries were off-track to meet the MDG target to halve the proportion of people without access to basic sanitation. Current assessment shows 18 countries are off-track.
1.5 Increased access by women and girls to economic opportunities, public services and decision making	DSO 1	70% of DFID's 22 priority countries (14 of 20 with data) show an improvement in their Gender-Related Development Index score in the period 2005 to 2007.

Indicator	Indicator belongs to:	Statement on data
DSO 2: Promote climate change mitigation and adaptation measures and ensure environmental sustainability		
2.1 Policies and programmatic approaches developed for effective climate change mitigation and adaptation measures in developing countries, along with coherent international support for both	DSO 2	At baseline no countries had clean technology or climate resilient plans for support under the Climate Investment Funds (CIFs). No low income countries have climate adaptation policies and plans, including disaster risk reduction, integrated into planning and budgeting, and being effectively implemented. *Low Carbon development:* By end 2009/10, 13 Clean Technology Fund (CTF) national and regional plans endorsed for a total investment of $40 billion, and plans developed under a variety of other initiatives. *Climate resilient development:* By end 2009/10, Bangladesh, Bolivia, Cambodia, Mozambique, Nepal, Niger, Tajikistan, Yemen and Zambia had been accepted as participants in the Pilot Programme for Climate Resilience. *Financing:* In 2007, Multilateral Development Banks (MDBs) financed US$10 billion and leveraged US$15 billion from the private sector on climate change. End 2009/10, US$117 billion leveraged for climate change, of which US$30 billion from the MDBs and over US$80 billion from the private sector.
2.2 Environmental sustainability integrated into programmes	DSO 2	In 2006, of 158 countries reviewed 85 (54 percent) had set at least one country-specific environmental target for achieving MDG 7. In 2009-10 DFID reviewed its Environmental Screening Note (ESN) to develop an integrated environment, climate and disaster risk reduction 'Environmental Screening Note' system to ensure that climate change considerations are given more explicit and appropriate consideration.
DSO 3: Respond effectively to conflict and humanitarian crises and support peace in order to reduce poverty		
3.1 Improved capacity of the international system to prevent conflict, respond early to crises, and build peace	DSO 3	*Increase in UNDP programmes to strengthen national and local capacities to prevent and recover from conflict.* UNDP's Bureau for Crisis Prevention and Recovery (BCPR) has increased its support on conflict prevention. The Bureau covered 28 of the 40 (70 percent) countries deemed at risk of conflict. *More effective international support for conflict-affected countries during the immediate post-conflict early recovery phase.* In 2008 there were gaps in international support for early peacebuilding and recovery. UN Secretary General's 2009 Report on Peace-Building in the Immediate Aftermath of Conflict was published in June 2009. The report provides foundation for more effective post-conflict support, but implementation so far has been mixed. *Continental Early Warning System triggering Africa Union Peace and Security Council to task the Panel of the Wise or Africa Standby Force at least once (exercise or reality) by 2011.* At baseline the Peace and Security Council was operational; Panel of the Wise named but not operational and the Continental Early Warning System (CEWS) in progress. At end 2009-10, the African Union CEWS was functioning and issuing reports. The three year objectives for the CEWS and the Panel of the Wise/AU mediation are likely to be achieved. The Horn and East Africa regional field exercise in Dijibouti took place in November 2009.

Indicator	Indicator belongs to:	Statement on data
3.2 Effective implementation of DFID Security and Development Policy in priority countries	DSO 3	*New Country Assistance Plans (CAPs) for the 10 Security & Development (S&D) countries include analysis of S&D challenges, including small arms and radicalisation.* Baseline not applicable. New Country Plans for the ten Security and Development countries (Bangladesh, Ethiopia, Indonesia, Jamaica, Kenya, Nigeria, Pakistan, Somalia, Sudan and Yemen) completed including input from the Countering Violent Extremism and Security and Justice Teams. *Increased DFID spend on programmes that improve security and access to justice for the poor in S&D countries.* In 2007, £35 million was spent on security and justice programmes. This was £37.5 million in 2009-10.
3.3 Effective DFID response to all quick onset humanitarian crises	DSO 3	*Effective DFID response to all quick onset humanitarian crises.* Baseline not applicable. In 2009-10, DFID responded to major humanitarian crises in Padang, Indonesia and Haiti and to smaller disasters in the Philippines and the South Pacific. DFID also provided support to the humanitarian situation in Sri Lanka. *Approximately 10% further funding for Disaster Risk Reduction after humanitarian crises to which DFID has provided a response of over 500,000.* At baseline (2007), 0% was allocated. In 2009-10, £300,000 of a total of £3 million for the crisis in Padang, Indonesia and £2 million of a total £20 million to Haiti were committed to Disaster Risk Reduction.
3.4 Improved international system for humanitarian assistance	DSO 3	*Increased percentage of global humanitarian financing committed through pooled funding mechanisms.* At baseline (2007), 8% of global humanitarian financing was committed through pooled funds. In 2009 this was 8.6%. *Effective Disaster Risk Reduction (DRR) policies and strategies in place in at least 10 priority countries* At end 2009-10 six countries have an effective DRR policy in place (China, Ghana, Caribbean, Vietnam, Nepal and Ethiopia).
3.5 Enhanced HMG coherence for assessment, planning and implementation of conflict prevention and stabilisation	DSO 3	*Increased use of joint analysis and jointly developed and agreed strategies, planning and programming across key Whitehall departments.* At end 2009-10, joint HMG strategies had been agreed in 12 conflict affected/fragile countries.

Indicator	Indicator belongs to:	Statement on data
DSO 4: Develop a global partnership for development (beyond aid)		
4.1 High quality research and evidence based policies for achieving MDGs	DSO 4	*High quality research in the six priority themes of the new research strategy (Growth, Agriculture, Climate Change, Health, Governance in challenging environments & Future Challenges and Opportunities), using a doubled budget, achieved by new management arrangements for research.* A monitoring and evaluation framework to measure the research investment against four key results areas has been developed. An internal Research Committee has been established to advice on research priorities, provide a challenge function and ensure value for money. The formal Annual Report on DFID Research (DFID Research 2009-10) was published in March 2010. *DFID policy making processes strengthened to maximise DFID policy's relevance, evidence base and impact on poor people.* In 2007-08, all major policy was approved and reviewed by the Development Committee (DC). In 2009-10, the DC was further streamlined to improve its effectiveness. A best practice guide to policy-making was disseminated throughout DFID. *Increased number of users of DFID Research from R4D (DFID's Research Portal) – (a) increase in number of hits; (b) increase in number of registrations for e-mail alerts and RSS feeds.* In 2006 baseline there was an average of 7,500 users a month and 25 registrations. In 2009-10 the monthly average number of visits was 61,661. In December 2009, 5,458 users registered for e-mail alerts.
4.2 Cross Whitehall agreement and support for coherent, pro-development policy	DSO 4	In 2007 (using 2005 data), the UK's score on the Commitment to Development Index was 5.5. The Commitment to Development Index ranks 22 developed nations on how much they help poor countries build prosperity, good government, and security through the following policy areas: aid, trade, investment, migration, environment, security and technology. In 2009 (2007 data), the UK's score declined to 5.1.
4.3 More structured and strategic DFID engagement with Large Emerging Economies (LEEs) on global development issues including within the context of the G8/G20 processes	DSO 4	In 2009-10 seven new joint initiatives with Large Emerging Economies were established.
DSO 5: Make all bilateral and multilateral donors more effective		
5.1 Improved global performance against Paris Declaration commitments	DSO 5	Baseline data are given in the Paris Declaration survey results (2005). Latest data are based on 2007 Paris Declaration survey and show an improvement overall. Next assessment will be available in 2011.
5.2 2005 Gleneagles commitments delivered (including increased aid volume)	DSO 5	Preliminary ODA results published by the OECD DAC show that in real terms, net ODA increased to US$119.6bn in 2009. This represents an increase in ODA of nearly 30% in real terms between 2004 and 2009. The OECD DAC's projections for 2010, estimate a shortfall of US$18bn against the 2005 commitments (once economic contractions are taken into account).

<table>
<tr><th>Indicator</th><th>Indicator belongs to:</th><th>Statement on data</th></tr>
<tr><td>5.3 Improved effectiveness of the EC</td><td>DSO 5</td><td>Commitments for general budget support and sector policy support programmes from the European Development Fund.
In 2006, 30.2% of European Development Fund (EDF) total commitments were to General Budget Support and Sector Budget Support. Under the tenth EDF this is now 45% at country level programming.
<table>
<tr><th></th><th>Baseline (2006)</th><th>Latest (2007)*</th></tr>
<tr><td>% field missions joint</td><td>33%</td><td>36%</td></tr>
<tr><td>% country analytic work joint</td><td>48%</td><td>88%</td></tr>
<tr><td>% coordinated donor support for capacity development</td><td>33%</td><td>21%</td></tr>
</table>
* New data available in 2011.

Monitoring the performance of EC aid through its project portfolio.
At baseline (2007), 71% of projects were scored as very good or good. In 2009, this was 76%.

More coherent blending in the deployment of European Investment Bank loans and European Commission grants.
This measure was revised and no progress assessment yet available.

The EC strengthens its capacity to promote policy coherence for development (PCD) by improving all mechanisms, instruments and procedures for PCD, as assessed by biennial PCD report.
The European Commission’s biennial Report on PCD was launched at the European Development Days in October 2009. In November 2009 General Assembly & External Relations Council (GAERC) EU Development Ministers adopted Council Conclusions for PCD, agreeing a new framework focusing on 5 global challenges: Trade and Finance; Security; Migration; Food Security; Climate Change.</td></tr>
</table>

<table>
<tr><th>Indicator</th><th>Indicator belongs to:</th><th>Statement on data</th></tr>
<tr><td>5.4 Improved effectiveness of the IFIs</td><td>DSO 5</td><td>
<table>
<tr><th></th><th>World Bank</th><th>Asian Development Bank</th><th>African Development Bank</th></tr>
<tr><td colspan="4">Portfolio quality (% satisfactory or better)</td></tr>
<tr><td>Baseline (2006)</td><td>81%</td><td>70%</td><td>78%</td></tr>
<tr><td>Latest (2009)</td><td>81%</td><td>93% lending operations; 94% grant operations</td><td>91%</td></tr>
<tr><td colspan="4">% country strategies with results frameworks</td></tr>
<tr><td>Baseline (2006)</td><td>10%</td><td>10%</td><td>10%</td></tr>
<tr><td>Latest (2009)</td><td>100%</td><td>100%</td><td>100%</td></tr>
<tr><td colspan="4">% internationally recruited staff based in country offices</td></tr>
<tr><td>Baseline (2006)</td><td>21%</td><td>12%</td><td>5%</td></tr>
<tr><td>Latest (2009)</td><td>29%</td><td>23%</td><td>8%</td></tr>
<tr><td colspan="4">% portfolio managed by country offices</td></tr>
<tr><td>Baseline (2006)</td><td>30%</td><td>28%</td><td>0%</td></tr>
<tr><td>Latest (2009)</td><td>37%</td><td>38%</td><td>10%</td></tr>
</table>
<table>
<tr><th></th><th>World Bank</th><th>Asian Development Bank</th><th>African Development Bank</th></tr>
<tr><td colspan="4">% of field missions that are joint</td></tr>
<tr><td>Baseline (2006)</td><td>21%</td><td>5%</td><td>19%</td></tr>
<tr><td>Latest (2007)*</td><td>31%</td><td>16%</td><td>13%</td></tr>
<tr><td colspan="4">% of country analytic work that is joint</td></tr>
<tr><td>Baseline (2006)</td><td>48%</td><td>49%</td><td>57%</td></tr>
<tr><td>Latest (2007)*</td><td>56%</td><td>15%</td><td>41%</td></tr>
<tr><td colspan="4">Coordinated donor support for capacity development</td></tr>
<tr><td>Baseline (2006)</td><td>52%</td><td>37%</td><td>40%</td></tr>
<tr><td>Latest (2007)*</td><td>86%</td><td>78%</td><td>31%</td></tr>
<tr><td colspan="4">Number of Project Implementation Units (PIUs) parallel to country structures.</td></tr>
<tr><td>Baseline (2006)</td><td>223</td><td>39</td><td>132</td></tr>
<tr><td>Latest (2007)*</td><td>79</td><td>40</td><td>113</td></tr>
</table>
* New data available in 2011.
</td></tr>
</table>

Indicator	Indicator belongs to:	Statement on data
5.5 Improved effectiveness of the UN system	DSO 5	*UN Agencies achieve 2 or better against an annual performance framework by 2011.* Performance frameworks were not in place at baseline. All four of the UN agencies that have a Performance Framework in place (UNDP, UNFPA, WHO, UNAIDS) achieved a 2 or above in the 2009 Annual Review. *UN Agencies annual reports are results based and can be used to assess annual performance.* Frameworks for UNDP, UNFPA, WHO, UNAIDS, UNICEP, OCHA and UNHCR agreed to assess performance across a range of indicators covering impact, efficiency and contribution to system-wide coherence. *By March 2011 all new UNDAF countries planning and taking forward a One UN approach. Central governance and funding reformed agreed and delivered to better support One UN operations in country.* In the baseline year, 2007, two countries were Delivering as One. At the end of 2009/10, twenty-six countries were planning and taking forward a Delivery as One approach. *UNDP establishes firewall between operational and system manager roles.* UN Agencies have agreed on a firewall between UNDP's system wide and programmatic roles.

Indicator	Indicator belongs to:	Statement on data
5.6. Improved effectiveness of the Global Funds	DSO 5	*Global Fund to Fight AIDS, TB and Malaria (GFATM): increase the number of people receiving treatment for HIV/AIDs, TB and Malaria.* At baseline (2007), GFATM had treated 50.7 million people. GFATM Fund provided 112.5 (cumulative) treatments in 2009 (2.5 million on AIDS treatment, 6 million on TB treatment and 104 million insecticidal nets distributed for malaria prevention). *Global Alliance for Vaccines and Immunisation (GAVI): The number of future deaths prevented.* For GAVI 2.3 million future deaths had been prevented by 2005-06, 2.9 million by 2006-07 and 3.4 million by 2007-08. By 2009/10, GAVI had prevented 5 million future deaths. *International Finance Facility for Immunisation (IFFIm) bond issues launched, contributing to target of IFFIm saving 10m lives.* IFFIm was established in 2006; at baseline no money had been raised through bond issues. The IFFIm completed six bond launches from 2006 to end October 2009. Over US$2.2 billion has been raised. IFFIm funding has contributed to GAVI immunising 100 million children against polio and has doubled the number of women being targeted with tetanus vaccine. *Launch of pilot Advance Market Commitment (AMC) for pneumoccocal vaccines and of successor AMC or similar initiative.* AMC pilot was launched in June 2009, at baseline no AMC existed. *GFATM: composite indicator measuring average gap in achieving Paris targets 2, 5a, 5b, 6, 7, 8, 9, 10a, 10b.* The Global Fund has a composite indicator for measuring progress against Paris principles. The average gap in achieving Paris targets has reduced from 19% in 2008 (baseline) to 16% in 2009. *GAVI: use of country public financial management systems.* The baseline (2006) figure for GAVI was 33%, in the 2007 Paris Declaration Survey this was 30%. *Ensure that the Global Funds have gender sensitive policies and practices to promote equity in operations and access.* GFATM and GAVI approved Gender Strategies and Implementation Plans in 2009. The Global Fund approved a Gender Key Performance Indicator in September 2009. Both organisations are adapting guidelines for applicants and country monitoring and evaluation processes to implement the roll out of the Gender Strategies.

Indicator	Indicator belongs to:	Statement on data
DSO 6: Deliver high quality and effective bilateral development assistance		
6.1 Paris Declaration commitments implemented and targets met corporately and in country offices	DSO 6	Based on the 2007 Paris Declaration Survey DFID has met 7 of the 10 targets. New data will be available 2011.
6.2 DFID programmes in fragile states are consistent with the DAC principles	DSO 6	*55% of bilateral aid delivered as programme based approach (PBA) in fragile states.* At baseline (2005), 56% of bilateral aid was delivered as programme based approaches in fragile states. This was 51% in the 2007 Paris Declaration Survey. The next Paris Declaration Survey will take place in 2010 and report in 2011. *DFID programmes in fragile states achieve Paris Declaration targets on joint mission (66%) and analysis (66%).* At baseline (2005) the figures were 44% for joint missions and 46% for joint analysis. In the 2007 survey the figures were 60% and 54% respectively. The next Paris Declaration Survey will take place in 2010 and report in 2011. *Increase the number of country strategies with programming decisions informed by joint analysis with other government departments about political change, conflict dynamics or fragility, in 11 African countries and 5 South Asian countries.* In 2007-08, 5 country strategies in Africa and 2 in South Asia were informed by joint analysis with other government departments. At the end of 2009-10, this was 7 in Africa and three in South Asia.
6.3 Portfolio quality is improved	DSO 6	The index of project performance, portfolio quality was 72% at baseline and 72.8% at end 2009-10.

<table>
<tr><th>Indicator</th><th>Indicator belongs to:</th><th>Statement on data</th></tr>
<tr><td colspan="3">DSO 7: Improve the efficiency and effectiveness of the organisation</td></tr>
<tr><td>7.1 Achieving spending and efficiency targets by 2010/11</td><td>DSO 7</td><td>
<table>
<tr><th>Spending target[3]</th><th>2007-08</th><th>2008-09</th><th>2009-10</th></tr>
<tr><td>a) Double spending in Africa from 2005 levels to £3 billion.</td><td>£2 021 million</td><td>£2 348 million</td><td>£2 911 million</td></tr>
<tr><td>b) Spend 90% of DFID's bilateral expenditure in Low Income Countries (LICs).</td><td>90%</td><td>91%</td><td>90%</td></tr>
<tr><td>c) Spending on education is increased to £1 billion.</td><td>£595 million</td><td>£710 million</td><td>£634 million</td></tr>
<tr><td>d) £200 million is spent on water and sanitation in Sub-Sahara Africa.</td><td>£128 million</td><td>£134 million</td><td>£146 million</td></tr>
<tr><td>e) Spend £409 million on "Aid for Trade" activities</td><td>£466 million</td><td>£606 million</td><td>£807 million</td></tr>
<tr><td>f) £220 million is spent on research and development (R&D).</td><td>£129 million</td><td>£144 million</td><td>£177 million</td></tr>
</table>
Efficiency targets are shown in table A9 below.</td></tr>
<tr><td>7.2 Financial management, compliance and control</td><td>DSO 7</td><td>Baseline CIPFA survey score, 2008-09, was 26 out of 48. Results of 2009-10 CIPFA survey will be reported when available.</td></tr>
<tr><td>7.3 Improved leadership and management of people</td><td>DSO 7</td><td>
<table>
<tr><th>Question</th><th>DFID Management Survey 2007 % agree</th><th>Civil Service People Survey 2009 % agree</th></tr>
<tr><td>I have the opportunity to contribute my views before decisions are made that affect me</td><td>64%</td><td>46%</td></tr>
<tr><td>I think it is safe to challenge the way things are done in DFID</td><td>59%</td><td>42%</td></tr>
<tr><td>Poor performance is dealt with effectively in my team</td><td>47%</td><td>48%</td></tr>
<tr><td>I had a structured induction when beginning my present job</td><td>52%</td><td>52%</td></tr>
</table>
</td></tr>
</table>

3 Spending targets were set to be achieved in 2010-11 (the end of the current spending review period).

<table>
<tr><th>Indicator</th><th>Indicator belongs to:</th><th>Statement on data</th></tr>
<tr><td>7.4 Healthy, safe and secure workforce</td><td>DSO 7</td><td>Zero fatalities or injuries on active duties.
There have been no DFID staff fatalities or serious injuries related to security incidents while on active duty.

Improved proportion of staff who feel they have a healthy and safe workplace.
In 2007 Management Survey, 84% of staff agreed that the area where I work is healthy and safe. In the 2009 Civil Service People Survey 69% of staff said their managers address Health and Safety issues.</td></tr>
<tr><td>7.5 Developing and changing the workforce</td><td>DSO 7</td><td>Affordable workforce aligned with delivery of corporate objectives through Strategic Workforce Planning.
In the 2007 Management Survey, 79% of managers agreed that the people they manage have the skills they need to delivery their objectives. In the 2009 Civil Service People Survey, 84% of staff agreed ‘I have the skills I need to do my job effectively’.

DFID ranked last out of 23 government departments in the first government wide skills review. DFID now ranks 8th out of 23 government departments.

Diversity
<table>
<tr><th></th><th>March 2008</th><th>March 2009</th><th>March 2010</th><th>Cabinet Office five-year target</th><th>DFID targets for 2011</th></tr>
<tr><td>Women in the SCS</td><td>37.5%</td><td>32.0%</td><td>32.6%</td><td>39%</td><td>41%</td></tr>
<tr><td>Women at Director level and above</td><td>35.0%</td><td>28.6%</td><td>26.3%</td><td>34%</td><td>38%</td></tr>
<tr><td>BME in the SCS (where ethnicity is known)</td><td>11.7%</td><td>11.50%</td><td>11.3%</td><td>5%</td><td>12%</td></tr>
<tr><td>Disabled in the SCS</td><td>2.1%</td><td>3.1%</td><td>2.2%</td><td>5%</td><td>3%</td></tr>
</table>
DFID is accredited with the Job Centre Plus Disability Two Ticks Award for recruiting and retention of disabled staff and is mentioned as one of Stonewall’s Top Employers for lesbian, gay, bisexual and transgender staff.</td></tr>
<tr><td>7.6 Investing in IT and business change</td><td>DSO 7</td><td>Achieving the benefits of programmed IT and business change.
Since 2007/08, ARIES, DFID’s Enterprise Resource Planning system was rolled out across the organisation on time and budget. A laptop refresh project was completed. Improvements have been made to both overseas and UK communications links and facilities, providing viable alternatives to personal meetings and reducing travel expenditure. Chapter, the system to manage Parliamentary Questions and Ministerial correspondence was introduced in 2009-10.

Improvement in Capability Review score.
The 2007 Capability Review assessed DFID as ‘strong’ or ‘well placed’ in 7 out of the 10 elements.

In early 2009, DFID underwent a Capability Re-Review. It noted improvements in a number of areas since the 2007 review, including progress on improving how DFID works across Whitehalll; and improvements in governance, performance management across the organisation and financial capability.</td></tr>
</table>

<table>
<tr><th>Indicator</th><th>Indicator belongs to:</th><th>Statement on data</th></tr>
<tr><td>7.7 Greater public support for and understanding of development</td><td>DSO 7</td><td>Annual Public Attitudes to Development Survey
<table>
<tr><th></th><th>Baseline Autumn 2007
(% agree)</th><th>Latest Autumn 2009
(% agree)</th></tr>
<tr><td>Very/ fairly concerned about global poverty</td><td>72%</td><td>72%</td></tr>
<tr><td>UK Government should do more</td><td>50%</td><td>42%</td></tr>
<tr><td>Most financial aid to poor countries is wasted</td><td>57%</td><td>55%</td></tr>
<tr><td>Corruption makes it pointless to donate</td><td>44% (2008)</td><td>52%</td></tr>
</table></td></tr>
<tr><td>7.8 Strengthening effectiveness through learning and better use of evidence</td><td>DSO 7</td><td>Successful implementation of the priority actions in the Results Action Plan.
Table 2 in the Results Action Plan sets out the actions, with baselines where applicable. The Results Action Plan is reviewed annually and as the actions are completed the priority list will change.

Good overall progress towards the 6 priority actions in the Results Action Plan (RAP) with most actions rated as completed or near completion.</td></tr>
</table>

Table A9: Comprehensive Spending Review 2007 efficiency programme

The Comprehensive Spending Review 2007 (CSR07) efficiency programme was a CSR07 commitment to an overall target across Government of £30 billion efficiency savings over the spending review period 2008-09 to 2010-11.

As part of this, DFID agreed a Value for Money programme to deliver efficiency savings of £492 million over this period. Following the 2008 pre-budget report DFID agreed to deliver a further £155 million of savings in 2010-11 bringing the total target to £647 million. This is made up of:

- Bilateral allocative efficiency – £304.5 million;
- Multilateral allocative efficiency – £254.5 million;
- Improvement in Portfolio quality – £66 million;
- Communications savings – £10 million;
- Administrative savings – £12 million.

Efficiency savings in the baseline year, 2008-09 and cumulative (for the bilateral and multilateral allocative efficiency savings) at the end of 2009-10 are shown in the table below:

Efficiency savings	2008-09 savings	2009-10 savings[4]
Bilateral allocative efficiency	£74.1 million	£220 million
Multilateral allocative efficiency	£64.8 million	£154 million
Portfolio quality	£31 million	£9.1 million
Communication savings	not applicable	not applicable
Administrative savings	£9.3 million	£7.4 million
Total	**£179.2 million**	**£390.5 million**

No Spending Review 2004 over delivery has been included for DFID.

4 All gains are cash releasing, sustained and reported net of costs. An internal audit review has been completed by the department to ensure structures are sufficiently robust to validate gains.

Table A10: Department for International Development Action in response to recommendations of the Public Accounts Committee

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 table below outlines DFID's response to the recommendations made by the Public Accounts Committee in the four most recently published reports:

- DFID: Aid to Malawi
- Investing for Development: DFID's oversight of CDC plc
- DFID: Operating in Insecure Environments
- DFID: Providing Budget Support for Developing Countries

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DFID: Aid to Malawi	
Recommendation	**DFID Action**
1. The Department should: (a) Set out the criteria which would trigger withdrawal of its contribution to the subsidy, and b) Work with the Government of Malawi to define a clear exit strategy through which farmers no longer depend on subsidies, releasing resources to assist structural change in agriculture.	(a) Done (b) The Government of Malawi has agreed to develop a medium term agricultural subsidy strategy during 2010. DFID Malawi will be encouraging the Government to ensure its strategy is consistent with sustainable agricultural development and Malawi's constrained resources.
2. The Department should, in concert with other donors, assess and close these (State Audit) capacity gaps as a priority, if it is to continue support through Government of Malawi systems.	DFID Malawi is helping to strengthen governance and audit capacity, and provides financial support to key institutions including the Anti-Corruption Bureau, Parliament, the National Audit Office (NAO), the Electoral Commission, the media, and the civil society.
3. The Department should make sure that these new (value for money) targets set the required level of performance at a level that would represent real improvement and would be robust to external challenge. It should hold its Malawi operation to account for its performance against these targets.	The DFID Malawi Country Plan Results Framework has already been strengthened with fewer, more outcome and output focused indicators. All DFID Malawi programmes now have clearly defined programme objectives, outcome and output indicators. New programme proposals now have stronger economic appraisals, which are more explicit about the minimum level of performance that needs to be achieved to represent value for money.
4. The Department needs to work with the Government of Malawi to get routine management information on service delivery – much of which exists at local levels, but is not collated.	DFID has helped fund the 2008 census and other national surveys, to improve data on service delivery, and provided support to fund reviews of the Malawi Growth and Development Strategy, Public Expenditure Tracking Surveys and a Community Based Monitoring programme.
5. The Department should reflect efficiency indicators in its management and accountability processes of its programme in Malawi, and the indicators should cover the bulk of its programme spend.	DFID Malawi has taken steps to integrate efficiency indicators into its monitoring frameworks.

DFID: Aid to Malawi	
Recommendation	**DFID Action**
6. The Department should make full use of the influence gained through its large contributions to Malawi to make sure risks to value for money are addressed. DFID Malawi should put in place explicit strategies for securing changes needed to secure cost-effective development.	DFID's staff meet regularly with Malawian Government Ministers and officials on issues of policy and practice, to ensure UK aid resources are used as effectively and efficiently as possible. DFID agrees in areas it prioritises it is important to identify the changes required and sets out a strategy for securing them.
7. The Department should put in place contingency plans to deal with any breaches of agreements (such as excess procurement of fertilizer), and act on them.	DFID's policy and guidance provide a clear framework for assessing and acting on any breaches of the three Partnership Commitments or any specific conditions relating to a particular aid agreement. DFID does not agree that it should put in place specific contingency plans for all possible breaches of the partnership commitments or specific conditions relating to individual aid programmes. This would absorb a disproportionate amount of resource and many of the plans would be nugatory. However, at a strategic level, scenario and contingency planning form an important part of the Country Planning process during which a wide range of future possibilities are considered.
8. (a) The Department should measure better the added value of its staff on the ground, and assess its staffing resources in view of the scale of the risks and ambition of its objectives. (b) The Treasury should reflect that information in setting running cost limits for the Department so that the result is cost-effective overseas aid.	a) DFID is adopting a strengthened approach to *Strategic Workforce Planning*. This will help ensure we have the right numbers and mix of staff and skills now and in future, and that resources are focused in the areas where they are most needed. Furthermore, DFID is reviewing its country office business models, including making assessments of the staff resources and skills required to support effective management of large scale programmes. b) Treasury Ministers agreed that the costs of DFID's staff overseas working on frontline delivery would be paid out of a capped allocation within the programme budget. All staffing decisions, both in the UK and overseas, remain a matter for DFID.

Investing for Development: DFID's oversight of CDC plc	
PAC Recommendation	**DFID Action**
1. DFID should set medium-term financial targets for CDC relative to relevant market indices, clarify its attitude to risk in investments, and define measures of efficiency which capture all the costs of the business model that CDC uses.	Medium-term financial targets, risk measure triggers and operational cost measurements are included in CDC five year Business Plan.
2. DFID should routinely be consulted on the nature and scale of major CDC commitments and on their effect on cash balances.	(i) CDC obligations to consult with DFID on major strategic options not covered in the Business Plan are set out in the Memorandum of Understanding. (ii) DFID will monitor levels of cash held by CDC to ensure they are not excessive and will discuss corrective action with CDC if needed.
3. DFID and CDC must recognise that high levels of pay, however merited, must be subject to effective oversight, particularly if the organisation has not had significant problems in recruiting and retaining high calibre staff.	A strengthened Remuneration Framework for CDC was put in place in November 2008. The Chairman's Letter of 15 May 2009 sets out strengthened overall governance arrangements for CDC.
4. DFID now accepts that it must work with CDC to strengthen the governance of business principles. It should ensure that assurance and assessment are independent of CDC and fund managers, and that the assessments cover the portfolio as a whole, with an agreed format for reports.	(i) From 2009, CDC has commissioned an independent audit of compliance of a sample of its portfolio of investments, including compliance with the Investment Code. Target going forward is to do 50% of evaluations independently. (ii) From 2010 CDC Auditors are to provide confirmation of implementation processes in relation to the Investment Code which will be reported in CDC's annual Development Impact Report.
5. DFID should ensure that CDC concentrates its resources in deprived areas and markets. And it needs to improve the way that CDC measures and reports its effectiveness in mobilising additional investment in such markets in order to help guide future CDC Investment Policy.	New Investment Policy announced in late 2008 focuses CDC operations more tightly on the poorer countries of sub-Saharan Africa and South Asia. DFID and CDC will work together to develop a methodology for assessing CDC effectiveness in mobilising 3rd party capital. 1st capital mobilisation study recently completed, which will inform next level of analysis.
6. DFID needs to make sure that CDC's financial targets, business model and incentives do not restrict such changes where they represent an appropriate response to the needs of poor countries. CDC's reporting should clearly distinguish results achieved from different types of business.	(i) CDC plans for introducing new financing instruments included in five year Business Plan finalised in November 2009. (ii) CDC reporting of results improved through new annual Development Impact Report.
7. CDC is working to collect improved information on the developmental effects of its investments, and DFID should require CDC to report the results systematically and in a way which fairly represents its portfolio. DFID should also commission an independent evaluation of CDC's impact, timed to inform the next five-yearly business review, and building on improved CDC fund evaluations.	(i) CDC reporting its development effects via new annual Development Impact Report with effect from 2009. (ii) DFID to commission an independent evaluation of CDC impact, timed to inform the next five-yearly review of CDC business. Terms of reference being prepared.
8. CDC to use its influence with fund managers to advance openness and transparency around reporting on fund plans and performance.	This is a medium-term objective. CDC 2009 Development Impact Report includes overall results of performance of funds evaluated in 2008. 2009 Report builds on this data.

DFID: Operating in Insecure Environments	
Recommendation	**DFID Action**
1. DFID should review its own experiences and those of others, paying special attention to known risk factors, including weak government capacity and legitimacy, poor communications, insufficient oversight by development partners and threats to sustainability. It should reflect the review findings in its allocation to countries of aid resources, as well as aid choices and practices within insecure countries.	Over the past five years, DFID has been engaged with the OECD Development Assistance Committee's (DAC) working groups on Conflict and Fragile States. Evidence gathered was used to develop the DAC Principles for Good International Engagement in Fragile States which informs the approach of OECD aid donors and to which DFID is committed. Monitoring of the implementation of the Principles in 7 countries in 2009 will enable us to continue to improve practice based on actual experience. DFID learns lessons from research and is currently designing a new long-term research programme on conflict, state fragility and social cohesion to gather more information on effective ways of delivering aid in insecure environments. Country Programme Evaluations (CPE) in insecure and conflict affected environments will also inform the Department's future engagement in such environments.
2. DFID should ensure its performance analysis is sufficiently fine-grained to pick up emerging patterns of performance within broad policy areas, and establish the underlying causes so that it can take appropriate remedial action.	DFID currently analyses the performance of the project portfolio on the basis of country, region and thematic area and this includes analysis of project performance within a group of "fragile states", defined by a robust methodology agreed with other relevant Government Departments. We will consider how to define a sub-category of fragile states to enable more fine-grained analysis of project performance and informed by current work to identify robust indicators of conflict and fragility.
3. DFID should look to make full use of the capacity that is available in insecure environments, including that in civil society and non-governmental organisations. It should also spell out the significance of insecurity for aid choices and delivery practices in its guidance to its staff, and in the relative level of ambition it sets for particular projects and programmes.	Where it is not possible to work directly with governments, DFID does work through multilaterals and Non Governmental Organisations (NGO) to deliver services, humanitarian assistance and the elements necessary for peace and state building. A new series of Briefing Notes on working effectively in these environments will include guidance on: analysing the context in order to inform DFID programming choices; identifying, building and using the existing capacity within the insecure environment to inform partner choice and improving joint working; and risk management. DFID also plans to make Strategic Conflict Assessments a core element for country planning processes in highly insecure environments to help identify and plan risk management.
4. Insecurity increases the risk of fraud and DFID should pay special attention to this fact in insecure environments, and identify circumstances where direct assessment of aid usage may be problematic. It should then reassess the cost-effectiveness of programmes, taking account of costs of combating fraud or aid abuse, and make explicit judgments whether to accept the risks that it cannot manage.	DFID has increased its capacity to detect and deter fraud in its own operations and more widely in the aid chain, as well as supporting its partners towards the same objective. The benefits of projects are judged against the costs of implementation and the extent to which risks can be managed effectively. A more rigorous economic appraisal has been introduced. Relevant information is shared with other bilateral and multilateral agencies to reduce its combined exposure to fraud and joint investigations with other donors are carried out where malpractice is suspected.

DFID: Operating in Insecure Environments	
Recommendation	**DFID Action**
5. In its dealings with the World Bank and UNDP, DFID should build on its stance of making increased DFID support to key multilateral organisations conditional on improving their capacity in insecure countries. It should include detailed scrutiny of the Bank's capability and performance in insecure countries in the Mid-Term Review of bank funding scheduled for Autumn 2009.	DFID uses its increasing financial contributions to secure agreements that multilaterals increase their presence in insecure countries. DFID and Government are working actively with the UN to address capacity gaps, and strengthen UN–World Bank collaboration. DFID disagrees with the recommendation that it should make its support to multilaterals conditional only on improving capacity and performance in insecure countries. DFID provides funding to multilaterals based on a range of factors as part of a broader reform agenda.
6. DFID should ensure that it can appoint enough people with the right skills to manage those programmes well. DFID should build on the incentives it has already introduced and make sure it has practicable provisions in its staffing policies so that it can post staff to insecure countries in case voluntary methods prove insufficient.	DFID is currently reviewing future demands for staff in insecure locations and this will set out proposals for new strategies and approaches which should ensure fewer staffing gaps in future. To increase the pool of staff prepared to work in difficult environments, DFID's recent external recruitment campaigns are explicit in looking to appoint people who are willing and able to work in challenging and insecure locations.
7. DFID should collect and analyse the security costs of country teams and individual projects in insecure environments, and use this information to seek to share costs and approaches with partners. It should also use this information in its business plans for insecure environments and in its judgements on resource allocation.	DFID's new management information system enables more systematic and consistent collection, analysis and comparison of security costs within and between countries. DFID has revised procedures to incorporate more rigorous and comprehensive economic appraisal for all projects including in insecure environments. DFID continues to work closely with the FCO and other agencies to improve value for money where possible.
8. To improve aid cost-effectiveness, while protecting the interests of poor people and aid workers, DFID should ensure that Strategic Conflict Assessments cover all insecure countries, and link its country programme choices and risk management practices explicitly address the review findings.	DFID has developed and applied Strategic Conflict Assessments (SCA), conflict audits and other political economy tools, which have improved our analysis of conflict. The SCA is a recommended component of all Government Conflict Prevention Pool strategies and DFID plans to make them a core part of the country planning process in highly insecure countries. Recently published Briefing Notes for staff in situations of conflict and fragility, include papers on: *Do no harm* which examines how aid may increase conflict, and good practice on conflict sensitivity); and *Risk management* which examines practical issues around risk management.

DFID: Providing Budget Support for Developing Countries	
Recommendation	**DFID Action**
1a. DFID should work with other donors and recipient governments to collect systematic data on the financial inputs to developing country budgets, and make sure that definitions of sectors, regions and activities are applied consistently.	DFID will encourage all donors to comply with commitments made at the Accra High Level Forum on Aid Effectiveness in September 2008 on disclosure of aid information. The International Aid Transparency Initiative (IATI), now with 18 donor signatories, commits donors to agree an accessible format to share information about aid, and to start publishing information in line with this format by end 2010.
1b. DFID should work with other donors and recipient governments to commission evaluations of the impact of budget support on growth and on reducing poverty.	The EC, with support from DFID, is leading a further evaluation of budget support with involvement of the UK and several other donors. The objective of the evaluation is to assess to what extent budget support has helped to achieve sustainable outcomes and impacts on growth and development.
1c. DFID should work with other donors and recipient governments to improve the scope, frequency and reliability of data available on developing government activity, outputs and outcomes.	DFID is working alongside partner governments and other donors to support the development and implementation of national strategies for improving statistics systems including support for the World Bank Statistics for Results Facility. DFID works with other donors and partner governments to design appropriate Performance Assessment Frameworks (PAFs) which include activity, outputs and outcomes over the period of budget support.
2. DFID should develop more precise measures of [country government] capacity to enable it to track progress more reliably, with a greater focus on better management performance, as opposed to new legislation or better central guidance on management practices.	DFID supports and funds the Public Expenditure and Financial Accountability (PEFA) initiative which has helped produce information on the performance of public financial management (PFM) systems in over 100 countries. DFID continues to monitor both PFM reforms and PFM performance through annual reviews.
3. DFID should test the cost-effectiveness of budget support proposals against credible options. DFID's new Investment Committee should establish the standards of analysis required before programmes can be proposed, and police those standards. DFID should also make sure that programme evaluations address budget support cost-effectiveness.	The Investment Committee's remit includes ensuring DFID's investment appraisal procedures and practices are fit for purpose and championing the use of evidence and quantification of outputs. DFID has produced new Economic Appraisal guidance (February 2009) and this has already been applied for the Rwanda new round of budget support. The Rwanda economic appraisal of budget support has been identified as good practice. New Economic Appraisal training is being rolled out to economists through Strathclyde University
4. DFID should state the criteria that should determine a decision [to provide budget support] (including aspects such as benefits and risks), make sure there are precise assessments recorded against each criterion, and review their portfolio of budget support programmes to make sure there is some consistency of judgement.	DFID has taken steps to strengthen the evidence base for decisions, specifically the assessment of risks and benefits. These include new guidance on assessing the expected benefits of budget support; revised guidance on carrying out Country Governance Analyses (CGAs); and updated fiduciary risk assessment (FRA) guidance. The FRA How To Note on safeguards was substantially reviewed and updated in November 2009. Over the summer 2010, DFID will engage in a budget support policy refresh which aimed at strengthening how we make decision to provide budget support. The policy refresh will be completed by early Autumn 2010.
5 a. DFID should make sure that the formal objectives for all budget support programmes reflect all the key benefits expected, are precisely stated, and are associated with clear baselines and success measures.	Over the summer 2010, DFID will engage in a budget support policy refresh which aimed at strengthening how we make decision to provide budget support. The policy refresh will be completed by early Autumn 2010.

DFID: Providing Budget Support for Developing Countries	
Recommendation	**DFID Action**
5 b. DFID should systematically monitor progress against each of the objectives set out in a budget support programme, as well as progress in mitigating any associated key risks or partnership commitments.	DFID's updated guidance on doing a Country Governance Analysis (CGA) recommends identifying key indicators to monitor changes in government commitment. The Fiduciary Risk Assessment (FRA) How to Note emphasises the need for monitoring on an ongoing basis. The Budget support policy refresh will also look at this issue.
5 c. DFID should streamline the indicators used for such monitoring, to maximise use of agreed, joint monitoring frameworks. Where necessary, DFID should institute arrangements to amend previously approved indicators as better sources emerge.	The Using Numbers in Decision Making Initiative will ensure that all future project documents contain a systematic and quantitative statement of expected inputs, outputs and outcomes. Outputs and outcomes should be quantified, and there should be a clear statement of the initial position (baseline) and anticipated change. When improved data becomes available - this will be used.
6. DFID should use all available sources, including audit reports and other surveys, to estimate the likely impact of risks arising from weak financial systems.	DFID's updated guidance on Managing Fiduciary Risk stresses the importance of using all available studies and reports including those from Supreme Audit Institutions and Public Expenditure Tracking Surveys to help estimate the likely impact of risks arising from weak financial systems. The Budget support policy refresh will also look at this issue.
7. DFID should make an explicit assessment of the quality of the available monitoring information when proposing or extending a budget support programme, with clear identification of how and when any gaps can be closed.	Along with the Government of the Netherlands and the World Bank, DFID is supporting the Statistics for Results Facility for some of the world's poorest countries to access loan funding for further statistics capacity building, to which DFID has made a £50 million commitment. The mechanism is being piloted in five countries. All programmes, with an approved commitment of £1 million or above, are reviewed and scored annually
8. DFID should ensure that bodies such as Parliaments and audit institutions receive sufficient support to help them in such tasks as mounting an effective challenge to the ruling party and securing accountability for the use of public resources, including in countries such as Nigeria to which DFID plans to extend budget support.	In October 2009 DFID, along with a number of other donors and international financial institutions, signed a Memorandum of Understanding (MOU) with the International Organisation of Supreme Audit Institutions (INTOSAI). This is intended to increase the amount and improve the effectiveness of support given to Supreme Audit Institutions (SAIs). It is intended that SAIs will prepare strategic plans and development action plans and that donors will provide harmonised support for the development and implementation of these plans. Implementation of the MoU is being taken forward. The Budget support policy refresh will strengthen DFID commitment to demand side accountability.
9. DFID should assess how effective budget support really is in encouraging developing country governments to prioritise policies aimed at reducing poverty and use such assessments to reach a firm and evidenced position.	DFID accepts the need to gather further evidence about the effectiveness of budget support on shaping policies and on the prioritisation of policy actions for poverty reduction. The budget support policy dialogue between donors, including DFID, and with partner governments aims at encouraging an increase in pro-poor public expenditure. A recent report by the World Bank and IMF (see weblink below) shows that pro-poor public expenditure in budget support recipient countries has significantly increased. http://www.imf.org/external/np/pp/eng/2009/091509.pdf The Budget support policy refresh will also look at this issue.

DFID: Providing Budget Support for Developing Countries	
Recommendation	**DFID Action**
10. Where it assesses financial risks to be high, DFID should disclose the scale and nature of these risks, and offer its best estimate of the levels of corruption, waste and inefficiency that may result. It should also set out its risk management plans. Such information should be available when requesting funds from the UK Parliament and when accounting for their use.	DFID publishes regular information about its plans, performance and use of public resources in line with Treasury requirements through regular publications, including the Estimates, Resource Accounts and Annual and Autumn Performance Reports. In keeping with the International Aid Transparency Initiative DFID is committed to publishing its project documentation, including risk assessments, in 2011.

Table A11: Complaints to the Parliamentary Ombudsman

The Parliamentary Ombudsman's most recently published Annual Report 2008/09 shows that the Ombudsman received no complaints relating to DFID during that year.

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