

Introduction and key achievements

A brief introduction to DFID	5
The International Development (Reporting and Transparency) Act 2006	6
Progress towards the Millennium Development Goals	7
DFID's Public Service Agreement 2005-08	12
PSA targets for April 2008 and beyond	14
DFID's budget	16
Developing policy which will make a difference	18
Research	21
Sustainable development	24

Mae Sot, Thailand – Vickie Sheriff/DFID



1

Introduction and key achievements



"I believe the scale of the challenge is such that we cannot now leave it to some other time and some other people but must act now, working together."

Gordon Brown in his speech to the UN in July 2007

"We will not meet our objectives unless we have an acute understanding of the challenges facing development today, at the half-way point towards the MDGs. Beyond my Department's clearly stated commitment to good governance, to improving basic services, we must focus renewed effort therefore on four key policy challenges. Increasing growth. Reducing conflict. Tackling climate change. And reforming the international system."

Douglas Alexander in his speech to the British Overseas NGOs for Development (BOND) Annual General Meeting on 24 October 2007

Key achievements

- UK has become the **largest contributor to the International Development Association (IDA)**, which provides credits and grants to around 80 of the poorest countries in the world, committing £2.134 billion for the three years 2008/9 to 2010/11. Through our previous contributions to IDA from 2001-2007, DFID has provided:¹
 - Over 10,000 new or rehabilitated classrooms, 45,000 teachers trained and 10,000 new teachers
 - 770, 000 insecticide treated nets to prevent malaria
 - 120 new or rehabilitated hospitals
 - Improved water or sanitation facilities for over 1.5 million people.

1 This is based on DFID having an expenditure share of 7.7% of IDA. This share is applied to World Bank estimates of IDA outputs in "Focus on Results: The IDA 14 Results Measurement System and Directions for IDA 15". International Development Association, Operations Policy and Country services, October 2007.

- Secretary of State announced in September 2007 a **commitment of up to £1 billion up to 2015 to the Global Fund to Fight AIDS, Tuberculosis (TB) and Malaria (GFATM)**. As part of this commitment, the UK will provide up to £360 million for 2008-2010, which is a 20% increase on our current funding. From 2001-2006 DFID's contribution funded:²
 - 1.2 million bed nets to prevent malaria and malaria treatment for 1.5 million people
 - Anti-retroviral treatment (ARV) treatment for 51,000 people
 - treatment for TB for 134,0000 people
 - 80,000 orphans provided with basic care.
- Our **aid spending on Africa** is set to **more than double** from £1.3 billion in 2004 to over £3 billion by 2010.
 - In Zimbabwe we have provided improved access to water and sanitation, strengthened household nutrition and essential health care to 1.5 million people
 - In Democratic Republic of the Congo, DFID has funded the rehabilitation of 600 classrooms and distributed school kits to 750,000 children in 2007. A major education programme will help a million extra children into school over the next 5 years
 - In Southern Sudan we have trained over 1200 teachers, built 10 new schools and facilitated the return to school of 2000 children.
- DFID provides **over £100 million every year to United Nations Children's Fund (UNICEF)**. This contributed to the following results:
 - provision of nutritional support to 80,000 acutely undernourished children
 - UNICEF is the world's largest provider of vaccines for developing countries and reaches 40% of the world's children
 - in Somalia – 1.6 million children under five vaccinated against polio
 - produced educational supplies that helped more than 10 million children return to school in 2006.
- The UK government will provide **an additional £100 million** over the next five years to the **United Nations Population Fund** to improve reproductive health and to give women real choices.
- The UK joined together with fellow donors, developing countries, and all the global health agencies to launch the **International Health Partnership (IHP)** in September 2007. This commits donors and health agencies to coordinate our efforts more effectively to deliver the doctors, drugs and clinics that are needed to save millions of lives. It is fast becoming recognised as the organising framework for support to health sectors in developing countries. In Nepal, the IHP gave momentum to a new policy of free health care, with user fees abolished at the beginning of this year.
- **£49 million of assets, the proceeds of corruption**, laundered by political elites, has been restrained in the UK, whilst investigations and legal processes proceed. **£1.5 million has been returned to date** and two money laundering related prosecutions have been achieved.

² This is based on DFID having an expenditure share of 6.7% of GFATM. This share is applied to GFATM estimates of its outputs in "Partners in Impact, Results report". GFATM 2007.

- In December 2007, the UK contributed £417 million to the **African Development Fund** (AfDF) and became its largest donor. Between 2004 and 2007, DFID's contribution funded:³
 - an estimated 1.5 million provided with improved access to transport
 - 285,000 people with improved access to health services
 - 81,000 with improved access to water and sanitation services
 - almost 237,000 pupils newly enrolled in school
 - training of almost 17,000 farmers, provision of 1.2 million trees, seedlings and other plants with almost 475,000 farmers benefiting from interventions.
- DFID's contribution to the **Afghanistan Reconstruction Trust Fund** has helped ensure that 5.4 million Afghan children are now gaining an education, over a third of them girls. This is up from an estimated 1 million children, almost all boys, in school in 2001.
- In **Pakistan**, support for seven national priority health and population welfare programmes during 2007 has helped save about 60,000 children's lives, and contributed to 4,400 fewer maternal deaths and 300,000 children prevented from becoming malnourished.
- In **India**, DFID's support to the Government of India's universal elementary education programme, Sarva Shiksha Abhiyan (SSA), helped get more than 27 million more children enrolled in school between 2003 and 2006. Millions of girls and socially excluded children have enrolled, bringing enrolment to 96% in 2006.
- DFID's £30 million support over three years to the **United Nations Peacebuilding Fund** helped address threats to peace in Burundi, Sierra Leone, Liberia, Guinea-Conakry, the Central African Republic and Cote d'Ivoire in 2007.
- DFID spent **£200 million on humanitarian response in Africa**: major recipients were Sudan, DRC, Zimbabwe and Uganda. DFID's humanitarian assistance in Africa contributed towards the delivery of emergency nutrition, health, shelter, protection and livelihoods recovery programmes reaching approximately 30 million people.
- The UK is the largest contributor to the **Central Emergency Response Fund** (CERF) which provided nearly \$350 million (£174m)⁴ to meet humanitarian needs in 60 countries in 2007.
 - CERF has provided \$14 million (£7m) to Iraq since its launch in 2006, which has enabled 11 national NGOs to help 13,000 families receive basic services
 - In Nicaragua, CERF allocated \$5 million (£2.5m) for response to Hurricane Felix which affected 160,000 people. This enabled WFP to distribute 3,100 tonnes of food to nearly 100,000 victims
 - In Kenya, in 2008, CERF provided \$13.2 million (£6.6m) to help to victims of post-election violence and support health needs of thousands of people directly affected by the conflict.

3 This is based on DFID having an expenditure share of ADF of 4.9%. This share is applied to African Development Bank estimates of ADF outputs in "Results Reporting for ADF-10 and Results Measurement Framework for ADF-11", ADF-11 Replenishment: Fourth Consultation, December 2007, London, UK

4 All \$ and € conversion to GBP in this report is based on the official OECD-DAC exchange rate for 2007 (\$1 = £0.4997 = €0.7305). Conversion from all other currency to GBP is based on present exchange rates in March 2008.

A brief introduction to DFID

- 1.1** DFID leads the UK government's effort to promote international development. DFID's overall aim is to reduce poverty in poorer countries, in particular through achieving the **Millennium Development Goals** (MDGs). **The Public Service Agreement (PSA)** led by DFID contains objectives and targets by which we measure our progress towards this aim.
- 1.2** DFID operates under the **International Development Act**, which came into force in 2002, and establishes the legal basis for UK development assistance. The Secretary of State for International Development can provide development assistance for sustainable development and welfare, provided that he is satisfied that this assistance is likely to contribute to poverty reduction. Under the terms of the act, British aid cannot be tied to the provision of British goods and services.
- 1.3** This report sets out DFID's activities and achievements in the year from April 2007 to March 2008.
- 1.4** In July 2006, the UK government published a **White Paper** entitled *Making Governance Work for the Poor*. The White Paper argues that whether states are effective or not is the single most important factor that determines whether or not successful development takes place. The White Paper builds on the work done in the earlier White Papers (1997 and 2000) and sets out what the UK government will do to meet the new global challenges that have emerged and in particular to deliver the ambitious commitments made in 2005. Implementation of the White Paper is now well underway. Significant developments to date are highlighted throughout this report.
- 1.5** The main priorities for DFID in achieving the MDGs have been set out by Douglas Alexander. These are:
- **Growth:** Promoting rapid growth by supporting private sector development and employment, investing in infrastructure and agriculture, and working for international trade rules that maximise the opportunities for the poorest countries. Making sure that growth is equitable, and that natural resources are used sustainably.
 - **Peace and Security:** Working to help states promote peace and security. Where states are unable to protect their citizens, we will work with our international partners to prevent, manage and respond to conflict.
 - **Climate change:** Working for international agreements on climate change that stabilise greenhouse gas levels in the atmosphere, enable developing countries to grow, create incentives and generate investment for clean energy, and help poor countries to adapt to the impact. Working with developing countries to make sure that they are fully involved in future international discussions on climate change, and provide international support to help developing countries adapt.
 - **International Reform:** Working with others, and using our resources and influence, to push for change in the international system. This means: reform of the United Nations (UN); a more effective UN-led system to deal with humanitarian crises; more responsive international

financial institutions; supporting the growing roles of regional organisations such as the African Development Bank and the African Union; and a strong focus on merit-based appointments, and greater accountability to developing countries. Working more closely with European partners to promote development. Pushing for the OECD-DAC (Development Assistance Committee of the Organisation for Economic Co-operation and Development) to monitor and hold donors to account on their development commitments, and to develop closer working relationships with new non-OECD donors such as India and China.

Highlights in 2007/08

- DFID's budget will increase to **£7.9 billion by 2010/11 from £5.3 billion this year**. This is an annual average increase of 11% in real terms over the period.
- The 2007 Comprehensive Spending Review finances a new **Environmental Transformation Fund (worth over £1.1 billion in total)**, with an international element which provides £800 million to advance poverty reduction by supporting adaptation to climate change, providing access to clean energy and helping to tackle unsustainable deforestation.
- DFID will lead on a **new cross Governmental Public Service Agreement (PSA)** for 2008 – 2011 on international poverty reduction, working particularly with Her Majesty's Treasury (HMT), Foreign and Commonwealth Office (FCO) and Department for Environment Food and Rural Affairs (Defra).
- **A joint DFID–Department of Business, Enterprise and Regulatory Reform (BERR) Trade Policy Unit** was established reporting to a Minister representing both departments. This will serve to make the UK's aid and trade policies even more coherent, putting developing countries' concerns squarely at the forefront of our trade policies.
- The **average success rate of DFID's projects has increased by 5%** (from 75% to 80%) between 2006/07 and 2007/08.

The International Development (Reporting and Transparency) Act 2006

1.6 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), and the effectiveness and transparency of aid.

1.7 DFID's response to the requirements of the Act is contained within this report.

Progress towards the Millennium Development Goals

- 1.8** DFID's aim is the **reduction of poverty, in particular through the achievement of the MDGs by 2015**. Everything that DFID does, through its country programmes and collaboration with international organisations, is guided by the MDGs.

Box 1.1: What are the Millennium Development Goals (MDGs)?

The eight MDGs represent a world shared vision to reduce world poverty, adopted by 189 nations in September 2000. The central goal is to reduce by half the proportion of people living on less than a dollar a day by 2015. Developed and developing countries have shared responsibility for delivering these goals by 2015. The MDGs are:

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

Further information on the MDGs can be found at www.developmentgoals.org

- 1.9** Progress towards the Millennium Development Goals has been significant since 1990 but unequal across the world. However, progress is lagging in the majority of the goals, and sub-Saharan Africa, in particular, is off track to meet any of the targets by 2015. In addition, climate change is hampering efforts to deliver the MDGs. Roughly 33% of DFID's ODA is exposed to climate risks.⁵ This is because, in climate-sensitive sectors such as infrastructure, agriculture, water management and health, development projects could be damaged by droughts, flooding or changing patterns of rainfall. Our work on climate change is discussed in Chapter 9.
- 1.10** Due to their unequal status in all societies, the great majority of the poor are women and their lack of access to resources, employment opportunities and voice are key factors contributing to their poverty. There is increased recognition that progress is lagging in those MDGs which depend most closely on improvements in the status and rights of women and that gender equality and women's empowerment are essential to the achievement of the MDGs.

5 Based on the UN Human Development Report 2007's assessment that 33% of development assistance is sensitive to climate risks.

Box 1.2: Gender equality and women's rights: gender equality action plan

The importance of promoting gender equality and the rights of women and girls cuts across all of DFID's work. Not only is this consistent with the government's international commitments to human rights, but it is clear that the Millennium Development Goals will not be reached without improving women's access to basic services and opportunities, and ensuring that they are able to play a greater part in decision-making at all levels.

DFID's Gender Equality Action Plan (GEAP), launched in March 2007, set out a 3-year programme aimed at ensuring that our development assistance has the maximum impact on issues of gender equality. Over the past year, work has been going on across DFID to raise the profile of gender equality in our bilateral programmes, in our discussions with partners in developing countries and other members of the international community, and in new policy development, and to strengthen our internal systems and procedures.

A network of senior level Gender Champions (headed by a DFID Director General) has been established to provide greater challenge and accountability for work on gender across the organisation. We have also ensured that these issues are reflected in DFID's corporate performance framework linked to our new PSA Delivery Agreement for 2008-11. We have included an indicator under the objective of promoting good governance, economic growth, trade and basic services which states *"increased access by women and girls to economic opportunities, public services and decision-making"*. This will promote a more coherent and institutionalised focus on gender equality as part of our ongoing work programme, and result in greater impact.

Working with other donors and multilateral agencies is a key part of our increased efforts on gender equality. Improvements in DFID's work alone will not bring about the significant improvement in the lives of women and girls which is required. We continue to work with the World Bank on implementation of their own gender action plan, and with the IFC on a number of country-level Gender and Growth Assessments. We are also working with OECD DAC partners to ensure that discussions at the High Level Forum on Aid Effectiveness in Accra in September includes recommendations, for strengthening work on gender issues as an essential element of aid effectiveness.

In our partner countries, strengthened analysis of the situation and needs of women and girls is influencing development of future DFID country business plans, and this is reflected in the wide range of gender-related activities which we are supporting. Details of work at country level are provided in later Chapters of this report. We are also ensuring that gender equality dimensions are addressed in emerging policy areas. For example, we have undertaken some initial work on the gender aspects of climate change to inform our future work in this area.

The role of Ministers in promoting this work, through keynote speeches and in their overseas visits, is key in underlining the importance of these issues both to DFID staff and externally. Both the Secretary of State and PUSG Gillian Merron (who has responsibility for gender equality issues) contributed to events to mark International Women's Day on 8 March.

Significant progress has been made in the first year of the Action Plan to lay the foundations for better work on gender equality across DFID. The challenge is huge particularly given the sensitivity of this issue. Gender inequality is fundamentally a political issue which cannot be resolved purely by technical means. But DFID remains committed to strengthening the impact which our development assistance has in tackling gender inequality and discrimination.

- 1.11** Box 1.2 gives some examples of global progress towards – and the UK’s contribution to – the eight MDGs. Progress towards each MDG by region is set out Annex 3. It is based on the official progress assessment produced by the United Nations in 2006. A summary of regional progress can be found in each of the regional Chapters: Africa (Chapter 2), South Asia (Chapter 3), and Europe, Central and East Asia, Latin America, the Caribbean and the Middle East (Chapter 4). Annex 5 also provides a summary of the effectiveness of UK aid in making progress towards the MDGs in the PSA countries.

Box 1.3: MDG status and the UK’s contribution to the MDGs

MDG 1: Eradicate extreme poverty and hunger: Since 1990, global levels of poverty and hunger have fallen. However, sub-Saharan Africa is not expected to meet the target as the accelerated economic growth experienced by the region is being cancelled out by population growth.

UK contribution to MDG 1: DFID is working to reduce hunger in Africa by providing long-term and reliable amounts of cash, foods, seeds and fertilisers. We are also collaborating with partners to provide better advice to governments and donor agencies on policies that facilitate the participation of poor people in growth and its impact on reducing poverty. With DFID support to **Malawi’s** seed and fertiliser subsidy, 2007 saw the largest maize surplus ever recorded, **benefiting 2 million households**. The numbers in acute food need fell to zero in 2007 – from 5m in 2005 and 830,000 in 2006.

MDG 2: Achieve universal primary education: Progress towards MDG Target 3 has accelerated since 1999 with the global primary net enrolment ratio increasing from 83% in 1999 to 87% in 2005. However, 72 million primary school age children, whether because they enter school late, never enter, or drop out, remain out of school.

UK contribution to MDG 2: The UK will spend up to £8.5 billion over the next 10 years in support of education in developing countries. This long-term commitment will provide predictable financing to help governments prepare ambitious 10-year education plans to help meet the MDGs by 2015. DFID’s contribution to the **Afghanistan Reconstruction Trust Fund** has helped ensure that **5.4 million Afghan children** are now gaining an education, over a third of them girls: up from an estimated 1 million children (almost all boys) in school in 2001.

MDG 3: Promote gender equality and empower women: The gender gap is closing – albeit slowly – in school enrolment in the developing world. Globally, 95 girls were in school for every 100 boys in 2005 compared with 92 in 1999.

UK contribution to MDG 3: As a precondition for reducing poverty and achieving all the MDGs, the UK seeks to address gender in all its international development activities. DFID has developed a gender strategy as a means of sharing best practice and learning across the organisation. With DFID's assistance, the enrolment gap between girls and boys in basic education in **Yemen** has reduced from 30% in 2002 to 19% in 2006. We are now supporting the government's target to reduce the gap to 11% by 2010.

MDG 4: Reduce child mortality: There has been a decline in child mortality from 20 million deaths a year of children under five in 1960 to an estimated 9.7 million deaths in 2006. Although progress is lagging, the MDG target is achievable by 2015 if action is taken now to implement proven interventions.

UK contribution to MDG 4: DFID promotes child health through its support for health services. DFID funding to seven National Health Programmes in **Pakistan** has helped increase the coverage of primary health care services. Through this programme the proportion of one year olds receiving life saving vaccinations increased from 53% in 2001 to 71% in 2005, which helped save the lives of around 40,000 children under five per year.

MDG 5: Improve maternal health: Some progress has been made in reducing maternal deaths in countries such as Bangladesh, Nepal and in parts of India. However, less progress is being made in Africa. This is because of: the continuing impact of HIV & AIDS, conflict, and weak health systems. Last year (2007) was an exceptional year for political advocacy for MDG 5 as highlighted by the international *Women Deliver* conference and there is now a renewed focus on this target.

UK contribution to MDG 5: DFID makes significant contributions to the maternal health programmes of the EC, the World Bank and international and national civil society groups. We also fund and collaborate with the health and development agencies of the United Nations system and support a number of research programmes. DFID support has also helped the national and state Governments of **India** to recruit and train more than 540,000 community-based health workers. These workers are playing a crucial role in saving lives of millions of women and children by promoting safer delivery. A new safe motherhood scheme (Janani Surakya Yojana) to reduce maternal deaths has reached over 5 million women.

MDG 6: Combat HIV & AIDS, malaria and other diseases: Several countries report success in reducing HIV infection rates and the global percentage of persons infected with HIV has levelled off. However the number of new infections continues to outpace prevention and treatment efforts. On malaria, overall, estimates of prevalence are relatively unreliable – and insufficient to estimate trends – but there is evidence of improvement in the world's malaria-endemic regions. The incidence of TB is stable or falling but Africa and Europe are furthest from targets. Two of the issues that have been slowing progress are the increasing rates of multi-drug resistant TB and the deadly combination of HIV and TB.

UK contribution to MDG 6: The UK provides substantial support to global health partnerships that target major diseases, notably the Global Fund to Fight HIV & AIDS, TB and Malaria and STOP TB, as well as to the World Health Organization (WHO), the Joint United Nations Programme on HIV & AIDS (UNAIDS), the United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF). The UK supports a large programme of investment in research and development of drugs and vaccines. DFID is one of the lead donors in **Zambia** for **HIV & AIDS**. By the end of 2007, Zambia was providing 130,000 people with life-saving anti-retroviral treatment (up from just 3000 in 2003) and 35% of HIV positive expectant mothers were receiving a full course of anti-retroviral treatment. The UK has supported the distribution of over one million bed nets in seven provinces in **DRC**. This has protected an estimated two million people from malaria, especially pregnant women and children under five. The DRC programme will continue to fund the distribution of a further two million nets protecting another four million people. DFID funding has helped the Government of **Pakistan** dramatically improve its treatment of **TB**. Their case detection has rate increased from 51% in 2006 to 67% in 2007 and the treatment success rate is 87%.

MDG 7: Ensure environmental sustainability: The two indicators of forest cover and energy use show that there is still a long way to go to before we reverse the loss of environmental resources. Moreover, climate change is already resulting in significant additional environmental stresses, which makes the need to integrate environmental issues into policies even more urgent. Between 1990 and 2004, 1.2 billion people gained access to drinking water from an improved source and improved sanitation. Overall in developing regions the percentage of urban population living in slums may have decreased slightly. However, urban population has increased rapidly so that, in 2007, the majority of people will live in urban areas for the first time in history.

UK contribution to MDG 7: The UK is working with countries and international organisations to ensure environmental opportunities, as well as risks, are reflected in national poverty plans. DFID has helped over 7 million people in **sub-Saharan Africa** gain access to water and sanitation over the last 4 years. In response to the tsunami in Aceh and Nias (**Indonesia**), DFID funds cleared over 1.1 million cubic metres of debris from agricultural land, helping approximately 1,400 households return to farming, and helped re-establish municipal waste services to 97,000 households.

MDG 8: Develop a global partnership for development: At the end of 2007, 35 African, Caribbean and Pacific (ACP) countries agreed Economic Partnership Agreements (EPAs) with the European Union (EU). The UK believes that EPAs can be good for development as they make it easier for countries to trade their way out of poverty. Total debt relief committed under the enhanced HIPC Initiative for 33 countries is currently over \$63 billion (£31.48 billion) in nominal terms. In addition, the Multilateral Debt Relief Initiative (MDRI), agreed at Gleneagles in 2005, has provided \$42 billion (£20.91 billion) towards 100% cancellation of debts owed to the World Bank, African Development Bank and the International Monetary Fund by 23 countries.

1.12 UN Secretary General Ban ki-Moon has labelled 2008 as the year of the “bottom billion” – a year for critical action on the MDGs. The Call to Action was launched in July 2007 by the Prime Minister Gordon Brown in New York, speaking alongside the UN Secretary General Ban ki-Moon to encourage the international community to accelerate progress on the MDGs. The Call to Action is

about mobilising not just governments but private sector, NGOs, civil society, faith groups and cities to do more to deliver the MDGs; creating a momentum that will help deliver the MDGs through to 2015. The UK government will continue to push forward the need for accelerated action at every possible opportunity in 2008 including through the G8 and EU. A pivotal moment will be a high-level meeting on the MDGs in September 2008, hosted by the UN Secretary General and the President of the General Assembly. The UK government are working to encourage this meeting to deliver a collaborative, international action plan to help put the MDGs back on track; and to agree a process of review that will maintain momentum on the MDGs to 2015.

DFID's Public Service Agreement 2005-08

- 1.13** DFID has a **PSA** which sets out the objectives and targets by which we measure our progress as monitored by HM Treasury. The current Public Service Agreement (PSA) runs for the three-year period from 2005 to 2008. We measure performance through targets that are based on the MDGs.

Box 1.4: DFID's Public Service Agreement 2005-08

Aim: Eliminate poverty in poorer countries in particular through achievement by 2015 of the Millennium Development Goals:

Objective I:	Reduce poverty in sub-Saharan Africa
Target 1:	Tackle poverty in Africa Progress towards the MDGs in 16 key countries in Africa
Objective II:	Reduce poverty in Asia
Target 2:	Address poverty in Asia Progress towards the MDGs in 9 key countries in Asia
Objective III:	Reduce poverty in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa
Objective IV:	Increase the impact of the international system in reducing poverty, preventing conflict and responding effectively to conflict and humanitarian crises
Target 3:	Make multilaterals better at delivering aid Improved effectiveness of the international system
Target 4:	Help poor countries benefit from international trade Ensure that the EU secures significant reductions in EU and world trade barriers by 2008 leading to improved opportunities for developing countries and a more competitive Europe (joint target with BERR (Department of Business, Enterprise and Regulatory Reform))

Target 5:	Conflict prevention and post-conflict reconstruction By 2007/08, improved effectiveness of UK and international support for conflict prevention, through addressing long-term structural causes of conflict, managing regional and national tensions and violence and supporting post-conflict reconstruction where the UK can make a significant contribution, in particular Africa, Asia, the Balkans and the Middle East (joint target with FCO and Ministry of Defence (MOD))
Objective V:	Develop, support and promote policy that assists poverty reduction and the achievement of the MDGs
Objective VI:	Improve the impact and effectiveness of DFID's bilateral programme
Target 6:	The 90:10 target and portfolio quality Ensure that the proportion of DFID's bilateral programme going to low income countries is at least 90% and achieve a sustained increase in the index of DFID's bilateral projects evaluated as successful.

1.14 Table 1.1 provides a summary of DFID's achievements against its PSA. A full report of progress and explanation of the traffic light assessment system is given in Annex 4.

Table 1.1: DFID's Public Service Agreement 2005-08

Target	Assessment
1: Progress towards the Millennium Development Goals in 16 key countries in Africa.	A
2: Progress towards the Millennium Development Goals in 9 key countries in Asia.	A
3: Improved effectiveness of the multilateral system.	A
4: Ensure that the EU secures significant reductions to EU and world trade barriers by 2008, leading to improved opportunities for developing countries and a more competitive Europe [joint target with the DTI].	A
5: Improved effectiveness of UK and international support for conflict prevention, through addressing long-term structural causes of conflict, managing regional and national tension and violence, and supporting post-conflict reconstruction, where the UK can make a significant contribution, in particular Africa, Asia, the Balkans and the Middle East [joint target with FCO and MOD].	A
6: Ensure that the proportion of DFID's bilateral programme going to low income countries is at least 90%, and achieve a sustained increase in the index of DFID's bilateral projects evaluated as successful.	G

PSA targets for April 2008 and beyond

- 1.15** The PSA framework has changed for the coming 2008/9 to 2010/11 Comprehensive Spending Review (CSR) period. Thirty PSAs will reflect a collective Government set of priorities rather than each Department leading on a separate PSA as in the previous 2004/05 to 2007/08 Spending Review period.
- 1.16** Each PSA will have a lead Government Department but delivery will rely on several Departments' contributions (the delivery partners). Successful delivery will therefore depend on cross-Whitehall collaboration.
- 1.17** The new PSAs are outcome-based, measurable and supported by delivery agreements which set out:
- the level of ambition
 - strategy for delivery
 - role of each organisation involved and
 - the role that user engagement will play.
- 1.18** The delivery agreements are intended to be a statement of intent of what the UK government will deliver over the Comprehensive Spending Review period with the available resources rather than policy documents. The delivery agreements are publicly available to ensure greater accountability and policy coherence.

A PSA on international poverty reduction

- 1.19** DFID will lead on the PSA on international poverty reduction to which HMT, FCO and Defra will contribute as delivery partners. The international poverty reduction PSA reflects Millennium Development Goal outcomes and the delivery strategy reflects priority outcomes through the three delivery channels of our bilateral development programme, our multilateral development programme and influencing the international system.

Which other PSAs is DFID involved in delivering?

- 1.20** DFID will contribute to the delivery of the PSAs on climate change (Defra lead) and conflict reduction (FCO lead). Through our work on poverty reduction, we will also indirectly contribute to the delivery of the counter terrorism PSA (Home Office (HO) lead) and the migration PSA (HO lead).

Departmental Strategic Objectives

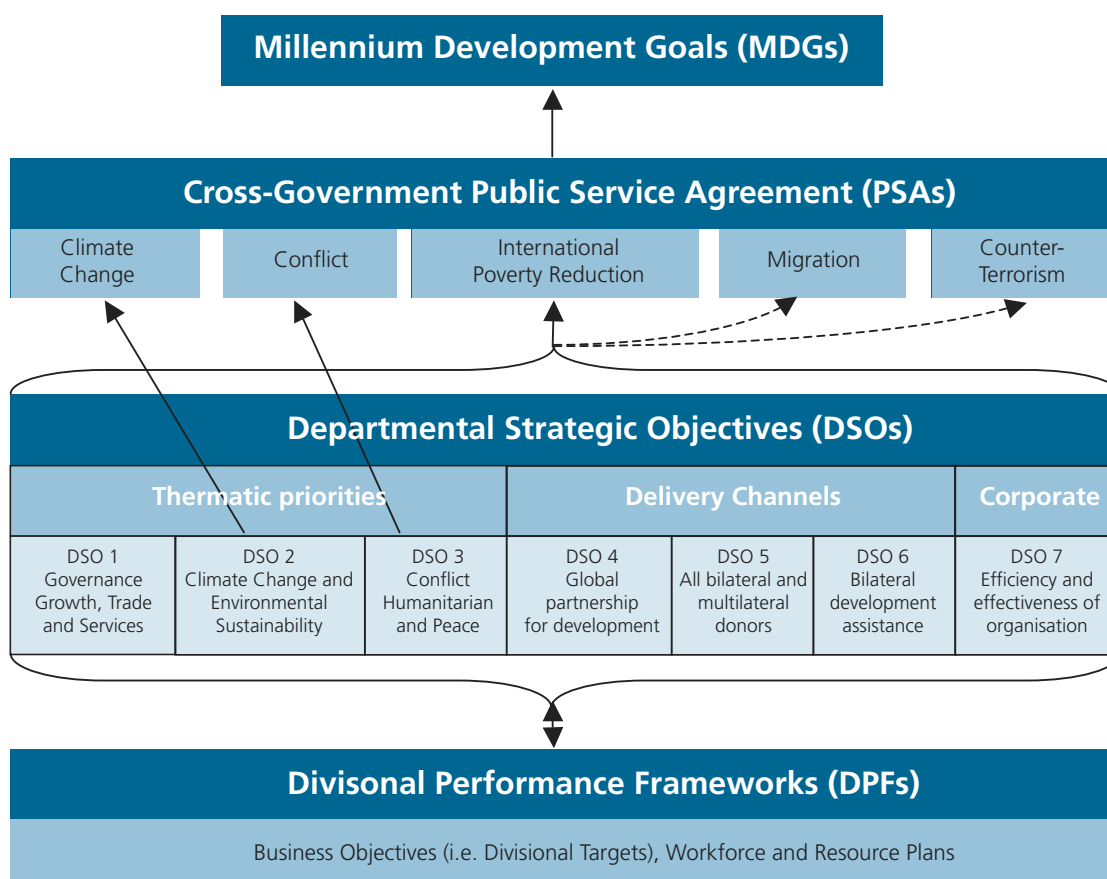
- 1.21** Underneath the government PSA structure, sits the Departmental Strategic Objectives (DSOs) covering the totality of each department's business. DFID's are to:
- promote good governance, economic growth, trade and access to basic services;
 - promote climate change mitigation and adaptation measures and ensure environmental sustainability;
 - respond effectively to conflict and humanitarian crises and support peace in order to reduce poverty;

- develop a global partnership for development (beyond aid);
- make all bilateral and multilateral donors more effective;
- deliver high quality and effective bilateral development assistance; and
- improve the efficiency and effectiveness of the organisation.

1.22 DFID’s Departmental Strategic Objectives have a dual purpose. They set out a picture of what the Department as a whole aims to achieve over the Comprehensive Spending Review period and provide an overarching framework for Ministers and DFID Management Board to hold Divisions accountable for delivery.

1.23 The relationship between the overarching planning framework and DFID’s business planning cascade is illustrated in the diagram below, and confirms that our overall purpose remains the same i.e. poverty reduction measured by progress on MDGs. The diagram also confirms DFID’s explicit contribution to the PSAs on Climate Change and Conflict Reduction, and indirect contributions to the PSAs on Migration and Counter-Terrorism.

Figure 1.1 DFID’s business planning flow chart



1.24 Delivery of the Poverty Reduction PSA will be measured by progress against eight MDG indicators for 22 partner countries. These indicators are internationally understood and monitored.

- 1.25 Department Strategic Objectives** (DSOs) will cover the totality of what the department aims to achieve over the CSR period; performance will be tracked against the 32 DSO indicators. In addition to clear deliverables on thematic priorities and explicit linkages to Climate Change and Conflict Reduction PSAs, the DSO indicators also reflect DFID's role in influencing global change and the need to maximise internal efficiency.

DFID's budget

2007/08

- 1.26** DFID's budget for 2007/08 was £5.3 billion which represents an average annual increase of 9.2% in real terms over the three years of Spending Review 2004. Total net ODA from the UK to developing countries is estimated as £4957 million in 2007, which represents 0.36% of GNI. This included £35 million of debt relief (as opposed to £1.9 billion in 2006).

2008/09 and beyond

- 1.27** Resources for the PSAs for the years 2008/09 to 2010/11 were allocated in the **Comprehensive Spending Review 2007** (CSR 07). During this period, **DFID's budget will grow by an average of 11% in real terms**, from £5.3 billion in 2007/08 to £7.9 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.
- 1.28** UK Official Development Assistance (UK ODA) is projected to rise to **£9.1 billion by 2010/11** – four times the amount in 1997 – and representing 0.56% of Gross National Income (GNI). This is in line with the European Union's commitment for its member states to reach collectively 0.56% ODA/GNI in 2010 and keeps **the UK on track to reach its commitment of 0.7% GNI by 2013** – 2 years ahead of the EU's collective commitment to 0.7% GNI by 2015.
- 1.29** The extra resources secured in the CSR will enable us to increase spending in areas where the impact on international poverty and progress towards the MDGs will be the greatest. Detailed spending plans are set out in Annex 2 to this report. They show that:

- our bilateral programme will increase from £2.2 billion in 2006/7 to £2.9 billion in 2010/11, with the increases concentrated in Africa. By 2010/11, we expect our bilateral programme in Africa to be £1.75 billion, more than double the £868 million we provided in 2004/5.
- our multilateral programme will increase from £2.4 billion in 2006/7 to £3.4 billion in 2010/11. Part of this increase will finance the commitment announced in December 2007 to provide £2.1 billion to the World Bank for the 15th replenishment of the International Development Association, making us the largest global contributor.

These spending plans will enable us to deliver on the Government's promises to:

- help accelerate progress towards the MDGs by providing £8.5 billion for education to 2015 and £1 billion towards the Global Fund for AIDS, tuberculosis and malaria;
- more than double multilateral and bilateral aid to Africa as pledged at Gleneagles, from £1.3 billion in 2004 to more than £3 billion by 2010;

- help more countries increase their rate of growth, by increasing support for aid for trade to £409m (\$750 million) a year in 2010;
- help poor countries tackle climate change. DFID and Defra will provide £800 million to the international element of the Environment Transformation Fund;
- do more on conflict and security, including a new £200 million Stabilisation Aid Fund for immediate stabilisation activities alongside a single Conflict Prevention Pool to focus on longer-term conflict work. This has been set up to provide immediate assistance in the aftermath of conflict. DFID, FCO and MOD will be joint keyholders for this fund.

Box 1.5: DFID works jointly and closely with the FCO

Recognising how much we can add to each others' work and goals, DFID and the FCO work closely together in countries where we both operate. Pooling our knowledge and skills towards common goals can enhance both departments' effectiveness and produce savings.

Working together on peace and security in Iraq and Afghanistan

In **Afghanistan**, the **Stabilisation Unit**, a tri-departmental unit of DFID, FCO and MOD, has worked with all three Departments to ensure delivery of services, such as schooling and health care, across Helmand Province and particularly to the population of Musa Qala following the removal of the Taliban in November 2007.

In **Kabul**, DFID and FCO are co-located and work closely, for example:

- DFID has supplied a Press Officer to the FCO led British Embassy Press Hub to facilitate journalists' requests for stories on reconstruction and development in Afghanistan. The Ambassador regularly communicates DFID and wider UK government achievements publicly to the Afghan people.
- DFID's team on Alternative Livelihoods works closely with the Afghan Drugs Inter Departmental Unit in the FCO and the Counter Narcotics Team in the Embassy, to ensure that DFID projects to support alternative livelihoods also support the UK's Counter Narcotics work.

In **Baghdad** in September 2007, the DFID team moved offices to join FCO colleagues in the Chancery section of the Embassy. Whilst retaining the DFID name and representational function, this has enabled the team to work more closely with the Ambassador and FCO colleagues on cross-cutting issues such as security and justice sector reform, energy sector reform, and supporting political reconciliation.

The Permanent Secretaries of DFID, FCO and MOD carried out **combined visits** to Afghanistan, in April 2007, and Iraq, in December 2007. Following the former visit, recommendations from a Stabilisation Unit case study of the deployment to Helmand have led to improvements in the UK's capability to deploy civilians quickly, for example, a more robust and quickly deployable suite of secure civilian communications equipment. The latter visit laid a foundation for current work on a cross-UK government Iraq strategy.

Overseas collaboration in North and East Asia

In **Vietnam**, **China** and **Cambodia** there are shared DFID and FCO objectives on human rights, fighting corruption, climate change, economic governance and trade, and migration.

- On human rights, DFID and FCO undertook a joint assessment with the Vietnamese Government which has helped open up dialogue on civil and political rights.

- Through joint initiatives in Hanoi and beyond, we have highlighted the threat to Vietnam from climate change. We also encouraged the UN to convene a post-Bali, follow-up meeting with Government. We are now working together on the regional Stern review.
- DFID and FCO also have an excellent working relationship in Beijing and in London on China-Africa issues. Collaboration between FCO and DFID means that the UK can comfortably cover this complex agenda.
- We are encouraging the Cambodian government to sign up to **Extractive Industries Transparency Initiative** (EITI) and we are beginning negotiations to develop a ten year development partnership arrangement following the Cambodian national elections in July 2008.

Co-locating overseas offices and sharing services with the FCO

We are committed to co-locating and sharing services where it makes economic and business sense. To this end, a **Shared Service Delivery Plan** was developed jointly by DFID and FCO officials in November 2006, against which progress is monitored quarterly. The Plan focuses on those activities where better sharing of services will lead to real improvements in efficiency or in the quality of service provided.

The Plan also provides a basis for DFID to ensure we achieve value for money from the services we share with (and often purchase from) the FCO. Significant progress has already been made. For example, half of DFID overseas offices are co-located with the FCO and we agree that co-location should be the default position in all countries with a dual FCO-DFID presence.

Developing policy which will make a difference

- 1.30** Four priority policy areas for DFID work are climate change, international reform, promoting growth and peace and security.

Box 1.6: Tackling climate change

DFID has significantly increased both human and financial resources so it can deliver on Ministerial commitments on climate change. A new Climate and Environment Group has been set up – tripling the number of staff working on this issue – supporting significantly increased engagement across the whole of DFID.

DFID has:

- Worked closely with Defra in setting up the £800 million Environmental Transformation Fund to catalyse a bigger multilateral effort to help meet the challenges of climate change. This major international fund will support clean energy, building climate resilience and forestry.
- Enabled developing countries to engage in the international discussions on climate change and develop their own response by:
 - supporting negotiation training and economic analysis; studies are now underway in Brazil, Mexico, SE Asia and Central America; and

- increasing funding to research and climate information: supporting a £5 million “Climate for Development” Programme in Africa.
- Committed £15 million to the Clean Energy Investment Framework which will accelerate public and private investment in low carbon technologies.
- Launched a major new study with the Dutch and World Bank on prioritizing and assessing the costs to developing countries of adapting to climate change. Conducted climate risk assessments in four countries to help integrate climate change into development planning. We are also helping to identify specific options for enabling countries in Africa to respond to impacts of climate change through a £24 million research programme.

Box 1.7: Reform of international institutions

We live in an increasingly interdependent world in which the major development challenges such as climate change, infectious diseases, migration, conflict, cross frontiers and require a collective international response. The multilateral institutions have the mandate to work on cross-boundary issues and the legitimacy conferred by their international membership, not least by the developing countries. They offer the benefits of collective action for the international community.

We recognise, however, that the multilateral system, designed as it was for the post-World War II world, has significant shortcomings, including irrational aid allocations, fragmented effort, duplication, and insufficient transparency and developing country voice in decision making.

We are therefore committed to pressing for improvements and using our increased resources to provide incentives for reform and reward improved performance. We aim to work together with our partners to agree reforms, such as the current UN reform agenda, that will both increase the effectiveness of institutions and ensure that they work together better.

Our achievements over the past year include:

- the UK's £2.1bn pledge to the World Bank in December 2007 helped secure significant policy reforms to improve country ownership and the use of policy conditions, more decentralisation, the World Bank's effectiveness in Fragile States and on issues such as climate change and gender;
- DFID helped secure agreement amongst 11 donors (the Multilateral Organisational Performance Assessment Network – MOPAN) to undertake multilateral effectiveness studies in a harmonised manner. This common approach will be piloted in 2008; and
- DFID support for 'One UN' country pilots in 2007 has resulted in more streamlined UN programmes focused on areas of comparative advantage, that support national governments own development priorities.

Box 1.8: Promoting growth

DFID has significantly stepped-up its support to economic growth in developing countries particularly in Africa. Economic growth is the most powerful instrument for reducing poverty and improving the quality of life in developing countries. There is overwhelming evidence that rapid and sustained growth is critical to making faster progress towards the Millennium Development Goals; and that country-specific methods rather than one-size-fits-all approaches hold the best promise for useful analytical work.

DFID has:

- Launched an international tender for the establishment of an International Growth Centre (IGC). The IGC will deliver world-class support, guidance and research knowledge to developing countries on growth.
- Adapted and tested methodology for undertaking growth analytics in support of growth strategies. As part of its programme DFID is supporting the Government of Rwanda to identify the current constraints to growth and develop a prioritised growth programme. A number of other African countries will be supported during the coming year.
- Significantly influenced the international aid system in support of poor countries' economic growth including:
 - Promoting the International Growth Commission on Growth and Development;
 - Regularly bringing African Finance ministers together – with the IMF – to discuss key economic issues;
 - Securing the support of key private sector firms and G8 countries to strong targets and engagement for economic growth and development in poor countries as part of the MDG call for action.

Box 1.9: Peace and security

Violence and insecurity are double killers. They kill and injure thousands of people each year. But they are also among the biggest obstacles to achievement of the Millennium Development Goals because they destroy development. If the UK's development efforts are to succeed, we must get better at preventing conflict, reducing insecurity and building peace.

It is far better to prevent conflict than have to deal with its consequences. DFID is working to ensure that all our development assistance takes account of conflict prevention. In fragile states, DFID is investing more to help governments protect people's rights, provide security and deliver health and education. We are also working closely with the FCO and MOD to deliver long-term conflict prevention, including through the newly-merged Conflict Prevention Pool and the international campaign for an Arms Trade Treaty.

The UK is also committed to helping countries rebuild in the aftermath of conflict. For example, the £30 million we are providing to the UN Peacebuilding Fund is supporting communities in Sierra Leone and Burundi to recover from conflict. The UK's Stabilisation Unit has helped extend basic services, like schools and clinics, in Afghanistan. And a new Stabilisation Aid Fund is providing £269m over three years for countries emerging from violent conflict.

The combined efforts of the international community are needed to help rebuild shattered societies and economies. Improving the effectiveness of our international institutions to deliver genuine peace and prosperity will be a major priority for the UK in 2008.

Research

- 1.31** DFID will spend up to £1 billion on development research over the next five years. DFID has earned a reputation for putting research and analysis at the service of the wider development community.⁶ DFID's aim is to generate new knowledge and technologies that tackle fundamental development challenges and, at the same time, to help ensure that these are used to fight poverty and achieve the MDGs. This requires a renewed effort to strengthen the environment where knowledge from research – both existing and new – is used within DFID, nationally and internationally.
- 1.32** The main highlight is **DFID's new global development Research Strategy**, which was published on 22 April 2008. This strategy was developed following a period of planning, global consultations and analysis.⁷
- 1.33** The new strategy focuses on three priorities:
- creating new policy knowledge;
 - ensuring that existing and new research evidence is used; and
 - creating new technologies and strengthening the capability to do and use research.
- 1.34** Across these priorities we will conduct research in six areas – inclusive growth, sustainable agriculture, climate change, health, challenging environments (governance and social development) and, drivers of the future.
- 1.35** During 2007/08, highlights from our existing **Research Funding Framework** included:
- **Human development – health**

DFID is highly regarded for its health systems research. In 2007/08, DFID invested around £45 million in health research. This is set to double by 2010, making DFID one of the largest donors in international health research. DFID health research covers four broad areas: communicable disease (e.g. TB, malaria, HIV & AIDS); maternal and child health; health systems and non-communicable diseases (tobacco control and mental health).

Nearly half of the budget funds Product Development Public-private partnerships (PDPs) to find a vaccine and microbicide against AIDS, and improved drugs for treating TB and malaria (£20 million a year).
 - **Climate change**

DFID invested around £7.5 million on climate change research (excluding expenditure on agriculture) in 2007/08, equivalent to nearly 6% of the central research budget. A recent study

6 Survey of international research funders on DFID's new research strategy. Da Costa, 2007

7 The consultation process and documents are available at www.research4development.info/ProjectsAndProgrammes.asp?projectID=60558

highlighted that DFID is one of only two international donors to focus explicitly on the impact of climate change on poverty.⁸ DFID's research aims to help partner countries understand and address the challenges of adapting to climate change.

■ Social development and governance

DFID invested around £13 million in 2007/08 in research into social and political change. DFID is one of few research funders to focus explicitly on political change research, hence the strong links between the outputs of the research that DFID has commissioned and the policies.

DFID social research has been significant not only in revealing the social contexts for addressing development challenges but also in framing policy, for example, the **Commission for Africa**, and on Migration, both for DFID and Her Majesty's Government (UK government) more broadly.

■ Sustainable agriculture

DFID invested over £50 million in research on sustainable agriculture in 2007/08. The **Strategy for Research on Sustainable Agriculture** (SRSA 2006–2016) sets out DFID's approach to research on agriculture, fisheries and forestry to get new technologies to poor farmers and to help governments to make better policies. It is part of DFID's overall approach to agriculture.⁹

In June 2007, Ministers from the United Kingdom, South Africa and Sierra Leone jointly launched a £37.5 million **Research into Use** (RiU) programme. RiU aims to put the best agricultural and natural resources research into widespread use. It has identified past research with the potential to make significant impacts on poverty and growth, and is now working in five countries (Malawi, Rwanda, Sierra Leone, Tanzania, Nigeria). An Innovation Challenge Fund was launched in 2007 for Asia. The Fund provides financial support to find innovative ways of getting promising research into use.

Research communication

- 1.36** We continue to ensure that our research is made accessible and useful to our partner countries and globally. Research directly commissioned by DFID requires at least 10% of the budget to be spent on getting research to users. We continue to work with other funders of research to adopt a similar approach. In 2007/08, we supported around £7.5 million research programmes that look at innovative ways of getting research into use (for example, a TV soap drama **Makutano Junction**), capacity building of researchers and science writers (for example, World Federation of Science Journalists) and for improving access to research information (**Programme for the Enhancement of Research Information** (PERI), facilitates southern partners free or low-cost access to academic journals).

8 Situating DFID's research funding policy and practice in an international comparative perspective, ODI April 2007.

9 As described in DFID's policy paper – Growth and Poverty Reduction: the role of agriculture.

1.37 www.research4development.info is DFID’s gateway to information about centrally funded research. This year visitors to Research For Development (R4D) reached an average of 15,000 per month, with the average visit lasting around 22 minutes.

Impacts on poverty reduction and development

1.38 DFID supported research has proven impact at local, national, regional and global levels. Recent research achievements include:

- Life-saving research from Ghana showed that over 25% of newborn deaths could be prevented simply by breastfeeding within the first hour.
- The Government of Bangladesh awarded citizenship rights to a disfranchised ethnic grouping, the ‘**Biharis**’, following a concerted campaign, supported by DFID funded research on migration. Citizenship allows the Biharis access to important rights, including the right to vote, opening a bank account and secure a loan.
- The decision to go ahead with a global roll-out programme to provide micronutrient supplements during pregnancy was changed as a result of DFID funded research which showed that there was not enough evidence to prove that the supplements made a difference. Costs were saved on global programmes, which if they had gone ahead would have produced poor results.
- Certain harvests in Tanzania increased by 20-25% as a result of research on drought tolerant maize.
- Access to research for Southern audiences. Through PERI, 42 publishers provide information at an average 96% discount to participating countries, with no cost to the end users. More than 100,000 full text documents are downloaded each month from the full range of journals.
- DFID supports research on inequality, human security and ethnicity. The concept of horizontal inequalities (HIs), derived from the research, is getting extensive recognition. For example, the **United Nations Development Assistance Framework** for Indonesia commits the organisation to building government capacity in addressing HIs as a cause of conflict. In DFID, the research provided a strong evidence base for DFID’s policy paper on social exclusion, by showing how exclusion, inequality and discrimination can generate conflict and how conflict exacerbates poverty.
- Research on citizenship and participation and dialogue with the UK’s **Department of Communities and Local Government** has contributed to a growing interest in international experience and models, such as the move to make greater use of participatory budgeting.

Sustainable development

Sustainable development“ includes any development that is, in the opinion of the Secretary of State, prudent, having regard to the likelihood of its generating lasting benefits for the population of the country or countries in relation to which it is provided.

International Development Act 2002.

Sustainable development lies at the very core of DFID’s mission, its work and its values. It is central to achieving all of the MDGs and it will be essential to the success of efforts by developing countries to adapt to the impacts of climate change whilst securing lasting economic growth and poverty reduction.

Highlights of DFID’s work in each of the four priority areas of the Sustainable Development Strategy *Securing the Future*:

Priority area	DFID commitment	Progress
Sustainable consumption and production	Develop a sustainable procurement strategy	DFID is updating its Sustainable Procurement Strategy and has developed an Environmental Purchasing Policy. DFID will seek to apply these wherever possible in our overseas offices, and aims to establish relationships with suppliers that motivate both parties towards long-term and stable connections for improved sustainability.
Climate change and energy	Help developing countries adapt to climate change	DFID is increasing its support for climate change adaptation. We have conducted climate risk assessments in four countries (India, Bangladesh, Kenya and China) and we are working in countries to build capacity to integrate climate change into development planning and to effectively engage internationally on climate change issues. In Bangladesh, DFID is also supporting the Chars Livelihoods Programme to improve resilience and reduce poverty on char sand islands. The programme is providing latrines, access to clean water and has already raised 43,500 homesteads above the 1998 flood levels.
Natural resource protection and environmental enhancement	Tackle illegal, unlicensed and unregulated (IUU) fishing	DFID is committed to working with Defra to implement the UK Action Plan on IUU fishing and to take forward the recommendations of the ministerial High Seas Task Force on IUU. Implementation of a programme to support an African policy process for more effective action against illegal fishing began in April and is on track. We have also established a research programme with industry, the Marine Stewardship Council and the Fairtrade Foundation to examine the potential for extending certification for fisheries products.
	Support environment projects in UK Overseas Territories	DFID and the FCO continue to support the jointly-managed Overseas Territories Environment Programme (OTEP) which provides small grants to assist the UK Overseas Territories to improve environmental management. DFID has committed £3 million to the programme for the period 2004-2010 and has funded 45 projects to date, across 6 of the 14 territories.

Priority area	DFID commitment	Progress
Sustainable Communities	Share experiences in sustainable development with other countries through sustainable development dialogues (led by Defra)	The UK-China Sustainable Development Dialogue (SDD) will now be upgraded to a partnership for the three-year period from 2009–2011. The SDD has been a success, for example in establishing new ways of working across government, including sharing of staff, pooling of resources and development of joint workstreams across departments. The long-term partnership has allowed for collaboration on sometimes contentious issues such as illegal logging and unregulated international fishing.
	Increase support to countries implementing the Extractives Industries Transparency Initiative (EITI)	DFID is committed to supporting EITI globally. Through our role as UK representative on the EITI Board we are pursuing two key priorities: encouraging China and other emerging economies to support EITI; and supporting a process of validation of country implementation. We provide financial support to the EITI Multi Donor Trust Fund for implementation in country (just under \$6.5 million to date), and to the EITI Secretariat. DFID and FCO Mission in New York are also directly supporting the UN General Assembly Resolution process on EITI.

DFID’s sustainable development action plan (SDAP)

DFID has published a revised and updated action plan for taking forward the international commitments in the UK Sustainable Development Strategy. This sets out our integrated approach – balancing economic, social and environmental aspects of what we do in developing countries according to the priorities and circumstances of each country. The action plan sets out internal and interdepartmental mechanisms for delivering our sustainable development commitments. We also actively engage in international and regional agreements, as well as in partnership with government and non-government stakeholders in Brazil, China, India and South Africa through our Sustainable Development Dialogues.

DFID’s SDAP Progress Report (2006-07)

During 2007, we published a comprehensive report of progress against our action plan on the DFID website. The Sustainable Development Commission (SDC), in its role as the Government’s watchdog on sustainable development, reviewed our report and commended DFID on the good progress made against the action plan. The SDC also recognised DFID’s achievements in several other areas, including:

- our overall approach to ensure clear alignment of actions with the international commitments in *Securing the Future*
- progress on sustainable procurement
- progress towards embedding sustainable development, for example through joined-up actions with other departments to tackle climate change and illegal fishing.

The UK Strategy sets out **five guiding principles** for sustainable development, to underpin all UK policy making. DFID is contributing to these through its everyday work with developing country partners, other donors and through work with other government departments.

Examples of how DFID is contributing to the guiding principles for sustainable development in *Securing the Future*:

Living within environmental limits

The UK-China Sustainable Development Dialogue, supported by DFID, is piloting the application of practical tools to help farmers optimise their use of nitrogen fertilisers without reducing yields. This has been shown to increase farm profits by 20% whilst reducing contamination of drinking water and agriculture's impact on climate change.

Ensuring a strong, healthy and just society

In Bangladesh, DFID has already spent £36 million to support the Sanitation, Hygiene Education and Water Supply programme delivered jointly by UNICEF and the Government of Bangladesh. This programme has delivered improved sanitation to 7 million people in its first five-year phase.

Achieving a sustainable economy

DFID is working with the World Bank and regional development banks to support the design and implementation of the Clean Energy Investment Framework to accelerate financing for low carbon development. DFID is also helping to ensure that the climate change debate does not neglect the right of developing countries to grow.

Promoting good governance

In Indonesia for example, DFID is supporting work on strengthening forest governance, including with NGOs on investment in timber legality systems, strengthening civil society watchdogs and policy analysis to support legal and judicial reforms.

Using sound science responsibly

DFID is supporting research to help developing countries find out how climate change might affect poverty and economic growth, what it will cost, and the options for reducing the risk and impacts (see box below).

Putting sustainable development at the heart of DFID's research programmes

Sustainable development is embedded right across DFID's current research portfolio. **Climate change** and **sustainable agriculture** are particular focus areas.

Research is vital in order to help developing countries identify climate change risks and support their communities, governments and the private sector to take action and adapt to the impacts. In February 2008, DFID announced a ten-fold increase in funding for research on climate change in poor countries to £100 million over the next five years. DFID will also work with researchers, practitioners and institutions in the field of climate change to help developing countries build their capacity and close their research gaps.

DFID is also supporting research on sustainable agriculture, especially in Africa, with a focus on ensuring agriculture contributes to poverty reduction and economic growth, and importantly on getting this research into use. This means improving agricultural productivity, access to markets, credit and support services, and helping to ensure key natural resources such as land and water are managed sustainably.

Making DFID's operations more sustainable

The government's vision is for the public sector to become a leading exponent of sustainable development. We believe we can contribute to this goal by ensuring our own operations are sustainable. In order to help achieve this, DFID is committed to the long-term **Sustainable Operations on the Government Estate** (SOGE) targets launched in June 2006.

DFID's sustainable operations

The **Sustainable Development in Government** (SDiG) annual report published in March 2008 confirms that DFID continues to improve its environmental performance.

- DFID improved its overall performance rating to 4 stars demonstrating a positive direction for progress towards the targets. DFID was ranked seventh out of 21 departments in the overall performance league table.
- DFID achieved the top rating for using tools and mechanisms to support improvements in performance.
- DFID remains strongly committed to the Sustainable Operations on the Government Estate targets and continues to work closely with the Carbon Trust to examine the viability of renewable technologies on site. See Chapter 10 paragraphs 10.44 to 10.46, for more details on how we are making DFID greener.

DFID's Sustainable Development Action Plan is available at www.dfid.gov.uk/pubs/files/sustainable-development-plan05.pdf

