



Departmental Report 2000

The Government's Expenditure Plans 2000-2001 to 2001-2002

**Presented to Parliament by the
Secretary of State for International Development
and the
Chief Secretary to the Treasury
by Command of Her Majesty
April 2000**

HOW TO CONTACT US

DFID's Public Enquiry Point is dedicated to answering your questions
Contact:

By telephone:
UK local rate call: 0845 3004100
From outside the UK: +44 1355 84 3132

By fax:
From the UK: 01355 843632
From outside the UK: +44 1355 84 3632

By e-mail:
enquiry@dfid.gov.uk

By post:
Public Enquiry Point
DFID
Abercrombie House
Eaglesham Road
East Kilbride
Glasgow
G75 8EA
UK

Alternatively, you can access our website: www.dfid.gov.uk



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A wide range of publications is also available. Some examples are pictured below. A list, with details of how to obtain them, can be found in Annex 4.



If you have any comments or suggestions about the content or format of this Report, please write to The Departmental Report Editor, Room 548, Aid Policy Department, DFID, 94 Victoria Street, London SW1E 5JL, fax 020 7917 0769 or e-mail: deprep@dfid.gov.uk

Front cover picture:
Child labourer, India.
Credit: Trygve Bølstad/Panos Pictures

HOW TO USE THIS REPORT

This Departmental Report is mainly intended to provide Parliament with an account of how we have been spending, and plan to spend, public funds. We hope that it will also be of interest to a wider audience as a report on the achievements and key developments in 1999/2000 and our plans for the next two years. The following paragraphs give a brief description of the way in which it is laid out.

Overview of the work of the Department in 1999/2000

This is intended to be a free standing section giving an overall picture of our strategic approach and resources to meet our overall aim of the elimination of poverty in poorer countries. It also reports progress in achieving the targets in DFID's Public Service Agreement.

Chapters One to Nine

The first three chapters outline our work in achieving each of our three specific objectives: promoting sustainable livelihoods; better education, health and opportunities for poor people; and protection and better management of the natural and physical environment. Chapter Four outlines our strategies for partnership with the important multilateral organisations through which nearly half our development programme is spent. Chapter Five reports on the work we are doing to ensure that other Government policies, on issues such as trade and investment, take account of the needs of poor countries, while Chapter Six looks at our conflict and humanitarian work. Chapter Seven considers, region by region, the challenges we face and the ways in which we are responding. Chapter Eight

shows how we are building support in the UK for development while Chapter Nine examines DFID's progress in implementing the Modernising Government White Paper and other organisational and administrative matters.

Annexes One and Two

The tables in Annex One compare our planned spending and staffing over the next two financial years with the outturn for previous years. These give a breakdown of our future spending plans (see tables 5 and 6), though we should emphasise that the figures given are for planning purposes only and that actual expenditure will in some cases vary significantly from the figures given (see Overview paragraphs 24 to 28).

Annex Two looks back at the years 1996/1997 to 1998/1999 (the last financial year for which final figures are available) giving a brief survey of how and where we spent our money. More extensive information can be found in *Statistics for International Development* (79).

Abbreviations and publications

We have sought to avoid, where possible, using abbreviations and acronyms. A list of the most commonly used acronyms and abbreviations is listed in Annex Six. Annex Five provides a glossary.

All publications mentioned are followed by a number in brackets, which indicates where to find them in Annex Four, the list of publications. Annex Four also explains how copies of all DFID publications can be obtained.

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Foreword

**by Clare Short,
Secretary of State for International Development**



*Rt Hon Clare Short MP
Secretary of State for International Development*

In last year's Departmental Report we gave an overview of our work and progress in implementing the November 1997 *White Paper on International Development*. The White Paper focused all our work on eliminating poverty. This year's Report focuses on the achievements and key developments in 1999/2000 and our plans for the next two years.

Progress in achieving debt relief focused on poverty reduction in heavily indebted poor countries has shown what can be achieved by the British Government and civil society working together to galvanise the international community. There have also been notable successes in the negotiation of a new aid and trade agreement between the European Community and African, Caribbean and Pacific countries. The new agreement focuses on poverty elimination, and simplifies and increases the political effectiveness of development aid. Trade access at least as good as now is to be guaranteed. We put considerable effort into this negotiation and are pleased with the outcome.

We also played a strong role in the international response to the humanitarian crisis in Kosovo and managed to make rapid provision to assist the 800,000 Kosovars who were driven from their homes, and to establish ourselves very quickly in Pristina once the conflict was over to assist resettlement. More recently our response to the devastating floods in Mozambique was quicker and on a larger scale than any other country's. We had a growing development partnership with Mozambique before the emergency and will refocus our efforts to support reconstruction and rehabilitation and will remain engaged after the media interest has moved on.

However, the failure of the World Trade Organisation Ministerial Meeting in Seattle to launch a new trade round, which could bring big gains to developing countries, and the reluctance of some donors to join aid untying initiatives, show that a lot of work is still required to ensure a properly informed public debate and to break down inefficiency in

development assistance. We are stepping up our efforts to work with like-minded governments and civil society North and South to address these challenges.

At the heart of this Government's development policy is a commitment to mobilise the international development system to meet the targets for poverty reduction agreed by the world's governments. The main goal is to lift one billion people out of abject poverty by 2015. We have made great gains in getting the international system to agree to commit to the targets. We are now working to strengthen implementation. Over the past year we have been developing strategies for achieving each of the targets. These will be published shortly. I hope they will help to clarify international thinking on the collaboration needed to meet the targets. They have helped us clarify our own objectives and our determination to ensure that DFID makes the best possible contribution. I am continually impressed by the quality and dedication of DFID staff at every level and the willingness of staff throughout the department to embrace change in order to increase our effectiveness.

This report shows how the Department's expenditure has responded to changing circumstances and how our future plans have been modified to reflect new opportunities. We are strongly committed to improving the effectiveness of aid. It is clear that increased resource transfer can speed up development in the poorest countries when there is a local commitment to poverty reduction and reform. We have increased our resource transfers to those committed to tackling poverty. Where this commitment is lacking we have reduced spending and increased our focus on the reforms needed for progress in reducing poverty and on building the strength of civil society.

There is no doubt that enormous advances in poverty reduction are possible over the next few decades. But there are still massive obstacles to overcome. One in five of the people of the world live in abject poverty. And at a time of burgeoning wealth in the globalising world economy inequality is growing. But the wealth being generated by globalisation is not a zero sum. The changes resulting from globalisation and the opportunities and challenges it poses for international development will be the focus of a second White Paper on International Development. I hope this paper will be published in the autumn of this year and that it will look at the lessons that we have learned since the first White Paper. It will show that we need bilateral and multilateral development efforts, and wider government's policies, to be joined up both at home and internationally in order to make a less poverty ridden and a more stable and prosperous world for the benefit of future generations everywhere.

We can create the conditions that will lift a billion people out of poverty and get all children into school by 2015. But it requires an increase in political will across governments and civil society world wide. Everyone has a part to play in achieving this.

Clare Short



April 2000

Statement of Purpose

DFID's aim is the elimination of poverty in poorer countries.

OBJECTIVES

We shall pursue this through the promotion of sustainable development and in particular by:

- ***building development partnerships with poorer countries;***
- ***working more closely with the private and voluntary sectors, and the research community;***
- ***working with and influencing multilateral development organisations;***
- ***working with other Government Departments to promote consistent policies affecting poorer countries;***
- ***using our knowledge and resources effectively and efficiently.***

Our specific objectives are:

1 Policies and actions which promote sustainable livelihoods.

In particular we shall contribute to:

- sound policies and pro-poor economic growth;
- the development of efficient and well-regulated markets;
- access of poor people to land, resources and markets;
- good governance and the realisation of human rights;
- the prevention and resolution of conflicts;
- the removal of gender discrimination.

2 Better education, health and opportunities for poor people.

In particular we shall contribute to:

- lower child and maternal mortality;
- basic health care for all, including reproductive services;
- effective universal primary education;
- literacy, access to information and life skills;
- safe drinking water and food security;
- emergency and humanitarian needs.

3 Protection and better management of the natural and physical environment.

In particular we shall contribute to:

- sustainable management of physical and natural resources;
- efficient use of productive capacity;
- protection of the global environment.

Overview of the work of the Department in 1999/00

1 The context in which the Department operates is characterised by:

- a set of long-term issues and problems that demand long-term strategic responses;
- shorter-term opportunities for progress, that need to be addressed in the context of a strategic overview; and
- the need to respond to unpredictable events, often of high public profile.

This overview covers key developments in the year under these three headings. It also reports on the progress made in implementing the Department's Public Service Agreement.

2 The *White Paper on International Development, Eliminating World Poverty: A Challenge for the 21st Century (1)* (hereafter referred to as the *White Paper*) included the observation that we should neither overestimate what we can do by ourselves nor underestimate what we can do with others. In each of these areas a consistent theme, illustrated in this overview and throughout the Report, has been the need to work more closely in collaboration with the international community to secure positive outcomes. The value of this is evident from many of the examples.

3 Subsequent chapters report on our activities in more detail.

Longer term issues - the need for a consistent strategy

4 The Millennium is a natural point at which to reflect on the crucial longer term issues that need to be addressed if the planet as a whole is to see sustainable development and the elimination of poverty.

5 In 1999 the population of the world crossed the 6 billion mark. It had passed 3 billion in 1960. Developing countries accounted for 70% of the total in 1960 but now account for well over 80%. The annual increase in the world's population is now around 80 million and 97% of this increase is in developing countries. Current estimates suggest that the world's population will reach about 8.9 billion in 2050. The fact that this figure is at the lower end of earlier estimates demonstrates the effect of other long-term changes such as the progress of education and greater exercise of choice over desired family size, which have been supported by donor agencies over many years.

6 The numbers of the absolute poor (consumption of under \$1 a day)¹ remain obstinately at around 1.2 billion (World Bank estimate for 1998), the same as ten years ago and fractionally less than in the early 1990s. This represents one in five of the world's population. To reach the internationally agreed target of halving the proportion of the world's population in absolute poverty from one in four in 1990 to one in eight in 2015, the numbers globally will need to fall to no more than 0.9 billion in total at that date. This implies the lifting of nearly a billion people out of absolute poverty. The relatively speedy recovery of most of the Asian countries affected by the economic crisis of 1997/98 gives cause for optimism for further reduction of poverty in

East Asia; but the situation in South Asia and particularly in sub-Saharan Africa remains a major challenge.

7 The actions needed to reduce poverty substantially are complex. The same is true of related issues such as environmental degradation, the persistence of child labour, or the spread of HIV/AIDS. In all these cases, solutions will require action on a wide variety of fronts sustained over a considerable period.

8 There is much rhetoric and many international declarations about these issues of global concern. The Government believes strongly that action is the priority and it is the “deficit of implementation” that must be tackled. To this end the Secretary of State, and the Department more generally, have sought to build on the consensus represented by the International Development Targets (see Box a) to, in effect, challenge the international community to put into practice the policy statements that all of us have endorsed. These targets have the great

merits of being:

- medium to long term in nature, corresponding to the nature of the issues;
- challenging but not beyond the reasonable bounds of possibility;
- measurable; and
- meaningful to ordinary people.

9 There was evidence in 1999/2000 that the Government’s steady pressure on these issues since the election is achieving results. At the G8 Summit in Cologne, leaders called for an annual report on development progress in Africa, Asia and Latin America, which we anticipate will look in particular at progress against the International Development Targets. The World Bank has highlighted them in its own planning and publications. The Managing Director of the International Monetary Fund highlighted the ‘seven pledges on sustainable development’ in his speech to the Annual Meeting of the International Monetary Fund in September 1999.

BOX a: THE INTERNATIONAL DEVELOPMENT TARGETS

Poverty Reduction

- a reduction by one-half in the proportion of people living in extreme poverty by 2015.

Human Development

- universal primary education in all countries by 2015;
- demonstrated progress towards gender equality and the empowerment of women by eliminating gender disparity in primary and secondary education by 2005;
- a reduction by two-thirds in the mortality rates for infants and children under age 5 by 2015;
- a reduction by three-fourths in maternal mortality by 2015;
- access through the primary health-care system to reproductive health services for all individuals of appropriate ages as soon as possible and no later than the year 2015.

Environmental sustainability and regeneration

- the implementation of national strategies for sustainable development in all countries by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.

While not amenable to quantification, there is a range of qualitative elements of development that are essential to the attainment of the quantitative goals. These include democratic accountability, the protection of human rights and the rule of law.

The Asian Development Bank has produced a new policy statement that puts much greater weight on the reduction of poverty. The successor arrangements to the Lomé Convention, negotiated between the EU and the Africa, Caribbean and Pacific States and completed in February 2000, also refer explicitly to the International Development Targets. DFID is co-chairing a “poverty network” of members of the Organisation for Economic Co-operation and Development’s Development Assistance Committee that will help to spread good practice and common understanding among bilateral donors. Domestically, the Department joined Christian Aid in producing a pamphlet, *Target 2015* (102) designed to improve public knowledge of the International Development Targets.

10 In order to deepen understanding of what these targets mean in practice, and to help shape the Department’s own activities, DFID drafted a set of Strategy Papers for achieving the International Development Targets, which are being published in the early part of 2000 (see Box b). These papers assess the challenge posed by each target, look at the lessons learned from the past, and propose key measures that will need to be taken by the developing countries themselves, and by the international community, to maximise the chance of achieving them. Each paper also sets out priorities for DFID which will feed into the planning of all our Departmental programmes. We will report in more detail in the 2001 Departmental Report on how this is taking effect.

11 One important area of weakness is the availability of reliable and up-to-date statistics on the International Development Targets. We have successfully promoted work by the United Nations (UN), World Bank and the Development Assistance Committee to design a core set of some 20 indicators that will be regularly tracked. We remain concerned that statistical capacity on the ground will remain inadequate to the task. We co-sponsored a meeting in November 1999, addressed by the Secretary of State, which brought together developing countries and bilateral and multilateral donors to discuss how to increase this capacity.

Opportunities for progress

12 While the Strategy Papers are designed to give us the basis of a long term strategy, it is vital to take every opportunity to make progress as the situation offers. It is particularly important to work collaboratively to energise the international system to address issues that impede sustainable development and the reduction of poverty. The year in question has provided good examples of what can be achieved.

13 One of the issues on which real progress was made was that of international debt. The Government had inherited a set of policies for relieving the debt of Heavily Indebted Poor Countries that had delivered only modest benefits and in too slow a fashion. The experience of Uganda, the first country to benefit, where gains were immediately offset by a fall in coffee prices,

BOX b: STRATEGIES FOR ACHIEVING THE INTERNATIONAL DEVELOPMENT TARGETS TO BE PUBLISHED IN 2000

- Can a billion people be lifted out of poverty by 2015?: Economic growth, equity and security
- Better health for poor people
- Poverty eradication and the empowerment of women
- Human rights for poor people
- Education for all: The challenge of universal primary education
- Environmental sustainability and eliminating poverty
- Addressing the water crisis: Healthier and more productive lives for poor people
- Making government work for poor people
- The urban challenge: inclusive development for poor people

demonstrated the inadequacy of these arrangements. The Chancellor of the Exchequer and the Secretary of State for International Development had pushed hard in 1998 for a genuine review of the Heavily Indebted Poor Countries Initiative that would expose these problems and would provide a sustainable basis for poverty reduction.

14 In 1999 DFID and the Treasury worked extremely closely together in order to turn this pressure into results. This involved close contact with key institutions (notably the International Monetary Fund and the World Bank) and with informed researchers and lobbyists, in order to get a clearer understanding of the dimensions of the problem itself and of the scope for linking debt relief much more closely to poverty reduction. We were able to use Britain's membership of the G7/8 to keep the issue prominent on the agenda of the Cologne Summit in June 1999, at which G7 members agreed on the scale of change needed. Our membership of the European Union (EU) enabled us to persuade the European Commission to propose the use of uncommitted resources from the European Development Fund to contribute to the Heavily Indebted Poor Countries Trust Fund. And we agreed additional resources in order to show the way to our partners - including donors outside the G7 - in supporting the initiative. The ability of the UK to bring all these elements to bear was a significant ingredient in the consensus reached at the International Monetary Fund/World Bank Annual Meetings in September 1999. As a result, we expect 25 countries to start receiving enhanced debt relief under the Heavily Indebted Poor Countries Initiative by the end of 2000. For countries which qualify under the Initiative, the UK will provide 100% relief to debts owed to the British Government.

15 An opportunity was missed when the World Trade Organisation Ministerial meeting in Seattle in November-December 1999 failed to agree to launch a new trade Round. In March 1999, the Secretary of State set out in a speech to

the UN Conference on Trade and Development in Geneva the case for making this a Development Round with a broad agenda of widening market access, defining trade rules and extending World Trade Organisation disciplines to new areas relevant to developing countries, such as investment, competition and government procurement. In the event, the talks broke up without agreement on the Round itself, or on other matters such as duty-free entry for the exports of the least developed and funding for World Trade Organisation technical assistance. These are now being discussed separately. The failure of the Ministerial has precipitated a review of the Organisation's procedures, to make them more effective and more transparent and to ensure fuller participation by developing countries.

16 On the particularly sensitive issue of rights at work, DFID, together with other Whitehall Departments, has advocated the centrality of the International Labour Organisation's Declaration of Fundamental Principles and Rights at Work to poverty elimination in poorer countries. The Department has focused on the elimination of child labour. DFID has supported the need for international co-operation to reduce child labour, while questioning calls for trade sanctions which could have the effect of impoverishing and marginalising poorer countries. We have made clear that child labour should be looked at within the context of all four core labour standards, not only the abolition of child labour but also the abolition of forced labour, discrimination at work, and freedom of association and rights to collective bargaining. Over the last year DFID has worked with international organisations, civil society (including trade unions and their umbrella agencies), and businesses to promote poverty elimination and the effective adoption of labour rights around the world.

17 DFID has made efforts to encourage the UN to play a more effective role in international development. The Secretary of State delivered a speech in New York in October 1999 which chal-

lenged the UN to focus its authority and influence on mobilising the international system behind the International Development Targets; to make its funds, programmes and agencies more effective; and to improve its performance in tackling conflict prevention and post-conflict peace building. In July 1999, we worked hard with like-minded international partners to ensure that the five year review of the International Conference on Population and Development did not roll back the commitments agreed in Cairo in 1994 and focused on how best to accelerate implementation of those commitments. The outcome of the five year review was a forward-looking agreement on the key future actions needed to implement the Cairo goals. We are now working to ensure that the similar reviews in 2000 of the Jomtien Conference on Education, the Beijing Conference on Women and the Copenhagen Conference on Social Development achieve positive action-oriented outcomes. The Secretary of State has made clear that the Government will provide increasing support to those UN agencies which modernise their management and organisation to increase their effectiveness in helping to meet the International Development Targets. DFID's objectives for international development collaboration with the UN are set out in the Institutional Strategy Paper *Working in Partnership with the UN* (46). We are in the process of producing Strategy Papers covering each of the major UN development agencies.

18 1999/2000 also saw important opportunities for improving the effectiveness of the EU's development programmes. A new European Commission was appointed committed to reform and with a simpler structure. It is now common ground that we need significant improvement in the effectiveness of European Community (EC) development assistance. The Secretary of State's speech in Brussels in July 1999 proposed a ten point agenda for the incoming Commission. We are working closely with them on its implementation. The EU also agreed a new Convention with the 71 African, Caribbean and Pacific countries with the explicit objective of meeting the International Development Targets. The new

Convention will be an important instrument for integrating these countries into the global trading system and reducing poverty in some of the poorest countries in the world.

19 Effective action to achieve the International Development Targets requires a step change in the effectiveness of aid delivery, particularly to developing countries with a high dependence on external assistance. The Secretary of State and the Department have taken a number of steps to promote initiatives in this direction, based on the belief that the focus on independent projects had led to unsustainable islands of excellence and a failure of donors to support reforming governments in a sufficiently positive and co-ordinated manner. At operational level, this has meant a positive attitude to the development of sector-wide approaches, known as Sector-Wide Adjustment Programmes, as a vehicle for collective donor support for well thought out developing country reform programmes in key sectors. In the course of 1999/2000, new commitments of this kind were made in the health sectors in Bangladesh, Tanzania and Malawi, and in district primary education in India. The Secretary of State also agreed with her Dutch, German and Norwegian colleagues to trial much closer joint working among the four countries as a means of delivering assistance more effectively and with less bureaucracy (see paragraph 23).

20 At the beginning of 1999 the President of the World Bank, James Wolfensohn, proposed a vision for development through the medium of the Comprehensive Development Framework. This proposes a more collaborative approach among donors and is being piloted in a number of countries. We have supported this initiative, both on the ground and through the provision of a senior staff member to the Framework Unit in Washington. While it is too early to evaluate the implementation of the initiative we believe that the concept is sound, but that it will work only if there is genuine ownership of the process by the recipient country and if donors are prepared to

be much less concerned than in the past about their individual profiles in the countries concerned. We see the Comprehensive Development Framework and the new Poverty Reduction Strategy Papers, which developing countries will put together, as fully complementary. They should also relate closely to longer term national strategies for sustainable development. The Comprehensive Development Framework approach should build on good practice where it already exists, as in the Special Programme for Africa. In parallel, the UN Secretary General decided to introduce the UN Development Assistance Framework, a vehicle for co-ordinating UN programmes in all developing countries.

21 It is impossible to focus on much closer collaboration at country level without tackling issues such as procurement and accountability. On the former, DFID has sought since its inception to increase the use of local (and in some cases, regional) goods and services within the aid programme. The hiring of local consultants has increased markedly - from 5% to 12% by value between 1997/98 and 1998/99 in a group of developing countries selected for particular attention. We have stationed a procurement expert in DFID's office in India and are providing dedicated procurement advice also to our offices in Africa.

22 Internationally, the Government has been amongst the foremost proponents of untying aid to the least developed countries among members of the Organisation for Economic Cooperation and Development's Development Assistance Committee. The Secretary of State argued strongly for a positive conclusion on this at its High Level Meeting in May 1999, and we shall be returning to the issue in the same forum this year. In November 1999, the Secretary of State launched an initiative at the Development Council for the untying of all forms of bilateral aid among members of the EU.

23 DFID is working with other donors to reduce the burden on developing countries of the differing accountability requirements of individual donors. In Tanzania, for example, we provided much of the audit discharge for donor funding of civil service retrenchment; our project appraisal was used as the basis for German funding of injectable contraceptives; and we are financing with the Governments of Tanzania, Denmark and Switzerland the design of common financial systems for the multi-donor funded health sector programme.

24 Following the 1998 Comprehensive Spending Review, DFID set out in the *1999 Departmental Report (77)* its plans for allocating the agreed development assistance budget for the three years 1999/2000 - 2001/2002. These plans were based on the circumstances then prevailing and our best judgements as to how we could best allocate funds to help meet the International Development Targets and reduce poverty. They reflected the fact that development assistance can be most effective when provided to poor countries in support of a sound, pro-poor, policy environment. The plans also took account of existing commitments and the rate at which they were expected to be drawn down to meet specific outcomes.

25 The revised plans for 2000/01 and 2001/02 (see Annex 1, Table 5) have been updated to take into account changes in circumstances since last year and revised judgements about how we can best deploy resources to help reduce poverty. For example, on the multilateral side our forecast for EC spending is lower but that for the International Development Association is higher. We have also allocated additional funds in support of the enhanced Heavily Indebted Poor Countries initiative. Within our bilateral country programmes, we have allocated more to Rwanda where the prospects for helping reduce poverty are now stronger; to Sierra Leone following the Lomé peace agreement to help cement the peace

process and rebuild the economy; and to Ghana, where an unfavourable external environment has threatened its economic reform programme. On the other hand, in response to political and economic developments, for example in Ethiopia, we have substantially reduced our plans (though in Ethiopia we stand ready to do more if peace can be secured). We have also established policy and performance funds for Africa and Asia and the multilateral development institutions. These give flexibility to allocate additional funds to countries and institutions where progress on reform enables them to make effective use of our increased funds in pursuit of poverty reduction.

26 Likewise, outturn expenditure will vary from original plans in any one year and in aggregate we allocate funds for planning purposes which exceed the cash available in the expectation that overall there will be expenditure slip-page during the course of the year. For example, for 1999/2000 the EC called down less than originally expected (by £96 million) because of lower EC spending. In contrast, we increased our support for Sierra Leone during the course of the year by £19 million following signature of the Lomé Peace Accord and we estimate that we will have spent £104 million in response to the Kosovo crisis which had not earlier been foreseen. More generally, we estimate that we will have spent up to £40 million in response to sudden onset disasters compared to the initial allocation of £11 million.

27 Mozambique deserves special mention. Our original planned expenditure allocation for Mozambique in 1999/2000 was £37.5 million of

which £20 million was earmarked for budgetary assistance. However, because of other donor flows and Mozambique's growing reserves, we concluded that we should scale down our budgetary support and re-deploy funds to where they could be used more effectively this year (in this case Sierra Leone). We have been building up a substantial pipeline of new development programmes in Mozambique but disbursements on these did not progress as quickly as we had hoped. As a result, at the turn of the year we expected total disbursements to Mozambique to be only £12 million. However, in response to the floods emergency in February and March 2000, we allocated an additional £10 million for emergency budgetary support to help the Government of Mozambique cope with the immediate crisis. In addition, under other expenditure lines, we allocated £20 million for immediate humanitarian assistance and rehabilitation needs. We have also provided £15 million to enable the African Development Bank to finance its share of multilateral debt relief in respect of Mozambique.

28 DFID's revised cash plans are set out in Boxes c, d and e.

BOX c: ALL DFID PROGRAMMES CASH PLANS

£ million	1994/95 outturn	1995/96 outturn	1996/97 outturn	1997/98 outturn	1998/99 outturn	1999/00 provision	2000/01 plans	2001/02 plans
Voted in Estimates:								
Departmental Expenditure Limit (DEL)	1,885	1,748	1,614	1,592	1,740	2,006	2,113	2,391
Voted in Estimates: Main Departmental programmes, Annually Managed Expenditure (AME)	146	154	126	169	132	130	127	126
Total Voted in Estimates	2,031	1,902	1,740	1,761	1,872	2,136	2,240	2,516
Non-voted Departmental Expenditure Limit	352	449	482	407	579	504	638	669
Non-voted Annually Managed Expenditure	25	8	29	-13	-15	0	0	0
Total Non-Voted Expenditure	377	457	511	394	564	504	638	669
Total DFID ¹	2,408	2,359	2,251	2,155	2,436	2,640	2,878	3,186
of which:								
International Development Programmes	2,235	2,197	2,073	2,108	2,319	2,510	2,751	3,061
Overseas Superannuation (Class VII I, Vote 2)	140	135	141	179	132	130	127	125
Public Corporations	33	27	37	-26	-15	0	0	0

BOX d: ALL DFID PROGRAMMES IN 1998/1999 PRICES

£ million	1994/95 outturn	1995/96 outturn	1996/97 outturn	1997/98 outturn	1998/99 outturn	1999/00 provision	2000/01 plans	2001/02 plans
Voted in Estimates:								
Departmental Expenditure Limit (DEL)								
Voted in Estimates: Main Departmental programmes, Annually Managed Expenditure (AME)	2,125	1,916	1,714	1,644	1,740	1,962	2,016	2,226
	165	169	134	175	132	127	121	117
Total Voted in Estimates	2,290	2,084	1,847	1,818	1,872	2,089	2,137	2,342
Non-voted Departmental Expenditure Limit	397	492	512	420	579	493	609	623
Non-voted Annually Managed Expenditure	28	9	31	-13	-15	0	0	0
Total Non-Voted Expenditure	425	501	543	407	564	493	609	623
Total DFID ¹	2,715	2,585	2,390	2,225	2,436	2,582	2,746	2,966
of which:								
International Development Programmes	2,520	2,408	2,201	2,177	2,319	2,455	2,625	2,849
Overseas Superannuation (Class VII I, Vote 2)	158	148	150	185	132	127	121	116
Public Corporations	37	30	39	-27	-15	0	0	0

¹ Totals may not sum due to rounding

BOX e: BREAKDOWN OF DFID CASH PLANS

£ million	1997/98 outturn	1998/99 outturn	1999/00 estimated	2000/01 plans	2001/02 plans
Original Comprehensive Spending Review Figures		2,326	2,442	2,908	3,218
Changes		128	212	-45	-45
Of which:					
Transfers from/to other Government Departments ¹		-18	106	-45	-45
End of Year Flexibility Arrangements ²		127	106	0	0
Adjusted Overseas Superannuation Vote forecast (AME)		19	0	0	0
Total DFID resources		2,266	2,454	2,863	3,173
Less:					
Global Environment Assistance		19	20	22	25
Overseas Superannuation		179	133	130	127
Gibraltar Social Insurance Fund		9	9	8	8
Total development budget		2,059	2,292	2,703	3,013
Less:					
Retrospective Terms Adjustment		4	2	0	0
Aid Administration Running Costs (gross)		61	70	77	80
Public/Private Partnership costs		0	3	#	3
Sub-total		1,994	2,217	2,414	2,930
PLANNING RESOURCES		1,994	2,217	2,414	2,930
Plus:					
Receipts		84	68	33	33
Estimating Adjustment ³		0	30	94	57
EC Attributed Aid Rollover (estimated) ⁴		0	0	91	39
Planning Total for Allocation		2,078	2,315	2,581	3,059

BOX e: BREAKDOWN OF DFID CASH PLANS (continued)

£ million	1997/98 outturn	1998/99 outturn	1999/00 estimated	2000/01 plans	2001/02 plans
ALLOCATIONS¹					
BILATERAL COUNTRY PROGRAMMES:					
Africa Regional	3	3	3	5	6
Greater Horn of Africa	35	53	33	52	53
Central Africa	67	93	90	124	135
Southern Africa	39	40	43	45	44
Eastern Africa	111	128	139	144	155
Western and North Africa	42	81	87	108	115
Middle East	14	15	19	19	19
Asia Regional	0	3	3	0	0
South Asia	157	192	204	233	251
South East Asia and East Asia	81	80	67	86	90
Pacific	4	4	3	4	4
Latin America	23	22	24	31	31
Caribbean	16	12	24	20	20
UK Overseas Territories	54	48	38	42	41
Central and Eastern Europe	89	79	75	91	92
Performance Related and Poverty Initiatives	-	-	-	77	92
sub-total	736	852	851	1,083	1,147
of which:					
Aid and Trade Provision	62	56	38	33	26
OTHER BILATERAL:					
Knowledge and Research	63	46	79	80	85
Commonwealth Development Corporation	23	36	39	0	0
British Council grant-in-aid	30	30	0	0	0
Conflict and humanitarian assistance (centrally funded) ⁶	57	21	157	61	30
Voluntary agencies	62	63	66	68	70
Scholarships and other education programmes	28	27	17	33	39
Business and private sector partnerships	0	2	5	18	35
Infectious diseases	0	1	10	26	34
Sustainable rural livelihoods (including water)	0	1	5	17	22
Social policy initiatives	0	0	2	3	3
Other	24	44	32	58	56
Total Bilateral	1,023	1,123	1,263	1,447	1,521
MULTILATERAL:					
European Community ⁷	542	702	679	728	837
World Bank/International Monetary Fund/Regional Development Banks	270	265	295	369	377
United Nations	120	104	125	124	127
Commonwealth	7	7	7	8	8
Conflict and Humanitarian Assistance	10	30	27	37	37
Other Multilateral	7	8	14	17	18
Performance Related and Poverty Initiatives	-	-	-	15	30
Total Multilateral	957	1,116	1,147	1,298	1,434
Commonwealth Development Corporation and Crown Agents Market Borrowing	-8	0	0	0	0
Unallocated/Contingency Reserve	0	0	0	70	108
Other Programmes and Reserves	-8	0	0	70	108

¹ The main component of these transfers is the British Council's grant-in-aid. The Comprehensive Spending Review concluded that responsibility for the British Council's grant-in-aid should transfer during 1998/99 to the Foreign and Commonwealth Office along with resources previously earmarked for this purpose.

² Under HM Treasury rules, DFID is able to roll forward unspent funds from one year to the next, for example in the case of aid financed by the EC Budget and attributed to DFID.

³ The total of the individual programmes exceeds the resources available because of the inclusion of an 'estimating adjustment' the aim of which is to ensure full and effective spending against the cast limit. The estimating adjustment is set as a percentage of bilateral country programmes (set at 5% 2000/01 onwards). At the end of each financial year the estimating adjustment reduces to zero.

⁴ The figures in 2000/01 and 2001/02 include £91 million and £39 million respectively which are the latest estimated underspends of the 1998 and 1999 provision for EC budgetised programmes. Once the figures are finalised, DFID will seek the agreement of HM Treasury and Parliament to increase the Voted provision on Class VIII, Vote 1 in those years by an equivalent amount.

⁵ The allocations are planning figures usually set at the level of a single department. Within the allocated departmental totals, and subject to the agreed policy framework, heads of department are free to use resources in order to respond to changing circumstances and to maximise the effectiveness of their department's contribution to the outcomes set out in the Comprehensive Spending Review (see Table 5 in Annex 1).

⁶ In addition to this central provision for humanitarian/emergency aid, the Contingency Reserve is available to meet emergencies and unforeseen expenditure, and country programmes meet the costs of humanitarian assistance in countries where the emergency is ongoing. Such country programme expenditure is not shown separately.

⁷ The figures included in the table for future years are DFID's best estimates.

⁸ Figures in this table include all DFID expenditure including that which is not reportable to the Development Assistance Committee of the Organisation for Economic Co-operation and Development.

⁹ Totals may not sum due to rounding.

Responding to the unpredictable

29 The year covered by this Report was no exception to the truism that development agencies need to be sufficiently flexible to cope with large and complex new challenges at extremely short notice. DFID's response accounts for the most significant changes in forecast expenditure for 1999/2000 compared to original plans.

30 The Kosovo crisis in Spring 1999 put the Department's relief operations, and its ability to work with other parts of Government in delivering positive outcomes, under the spotlight as perhaps never before.

31 The initial challenge for DFID was to deal with the huge number of refugees streaming out of Kosovo into neighbouring countries, notably Macedonia and Albania. The Secretary of State herself visited both countries in April 1999 and was able to secure some immediate improvements in the handling of refugees within Macedonia. DFID worked with NATO forces and international humanitarian agencies to ensure that practical help was given while protecting the rights and dignity of the refugees.

32 Once the Yugoslav army retreated from Kosovo, DFID put in place a major programme of relief and rehabilitation, and support to international agencies, in order to minimise the risks of a further humanitarian emergency in the winter. This objective was successfully achieved.

33 In order to play such an effective role, DFID allocated its in-year Contingency Reserve of £37 million to handle the initial stages of the crisis, and agreed with the Treasury additional access to the Central Reserve to cover remaining costs, up to £68 million. The Permanent Secretary chaired a special Cabinet Office Committee which reported frequently to the Prime Minister in the early critical stages of the operation. DFID's Conflict and Humanitarian Affairs Department made full use of

its resource centre arrangements with Crown Agents to field teams at short notice and to strengthen its own management capacity.

34 Another major area of engagement for the Department has been the complex and difficult situation in Sierra Leone. Again, the Department committed additional financial and human resources as part of a UK Government-wide effort to respond rapidly to buttress the Lomé Peace Agreement and draw in wider international support. The effective reform of the security sector in Sierra Leone is an underpinning element of the peace agreement. DFID's main contribution has been the funding of the Disarmament, Demobilisation and Reintegration camps. It has also worked closely with the Foreign and Commonwealth Office and the Ministry of Defence to help reorganise and build the capacity of Sierra Leone's Ministry of Defence to enable it to bring the armed forces firmly under civilian control. The situation remains fragile. A successful transition to lasting peace will require DFID to continue to respond rapidly and flexibly to changing circumstances in close collaboration with other Government Departments. We shall also continue to play a key role in the co-ordination of contributions from other members of the international community. DFID has contributed £20 million to this work in 1999/2000.

35 Every year has its share of natural disasters. In addition to the floods in Mozambique (see paragraph 27), the year was marked by two severe earthquakes in Turkey and an extremely serious cyclone which devastated Orissa in India. For both earthquakes, DFID deployed teams of Search and Rescue experts to the disaster zones within 24 hours. Further assistance (to a total of £2.6 million) was given to enhance the communications and logistics capacity of the disaster relief co-ordination teams in Turkey, and emergency relief supplies were channelled through the International Red Cross and the UN agencies. Because there was at first little information about Orissa, DFID deployed a team to guide our decisions on targeting the most needy areas and supporting the most effective agencies - a

total of £3.15 million was disbursed through seven non-governmental organisations, the Red Cross and UN agencies, and we are putting in place a large additional programme of support for rehabilitation.

Delivering better public services: progress in implementing our Public Service Agreement

36 In setting its spending plans for 1999-2002, the Government set new priorities for public spending with significant extra resources to tackle poverty both in the UK and globally. The Government also committed to linking this extra investment to modernisation and reform to raise standards and improve the quality of public services. The White Paper, *Public Services for the Future: Modernisation, Reform, Accountability* (CM4181) (115), December 1998, delivered this commitment by publishing, for the first time, measurable targets in Public Service Agreements for the full range of the Government's objectives over the period 1999-2002. Further detail on DFID's performance-related objectives is provided in our *Output and Performance Analysis* (106) published in March 1999 (CM4315).

Departmental objectives and Public Service Agreement targets

37 DFID's aim is the elimination of poverty in poorer countries. Its objective, as described in the 1999-2002 Public Service Agreement, is to promote sustainable development, in particular by:

- building development partnerships with poorer and transition countries;
- working more closely with the private and voluntary sectors and the research community;
- working with and influencing multilateral

development organisations;

- promoting consistent policies affecting poorer countries;
- using our knowledge and resources effectively and efficiently.

38 As part of the Public Service Agreement, targets have been set that contribute towards achieving these objectives over the period 1999-2002. These targets are linked to the International Development Targets (see Box a.). Work is underway to develop improved performance measures to feed into our new Public Service Agreement for the period 2001-2004 that will be published at the conclusion of the 2000 Spending Review.

39 Progress to date suggests that most of the 1999-2002 performance targets will be achieved over this period. A detailed assessment is set out in Box g. For all except the first target, performance is measured in the top 30 UK development partners using population weighted averages¹. Progress against the key performance targets is as follows:

(i) At least 75% of DFID bilateral country resources allocated to low income countries by 2002. We are on course to meet this target. Low income countries are forecast to receive 79% in 1999/2000. The planning figures for 2000/2001 estimate a figure of 80%.

(ii) An annual 1.5% increase in the Gross Domestic Product per capita in the top 30 UK development partners. Overall the growth rate in 1996/97 (the last year for which comprehensive data is available) was 3.7%. The use of population weights tends to over-state the average growth performance for the 30 countries. India and China's performance dominates the outcome. If India and China are removed from the sample, then average growth was lower at 1.29%. It is expected that 1998 will show a sharp fall in growth rates as a result of the Asian

1. The top 30 UK development partners are the top 30 recipients in 1996/97 of the combined total of the 1996/97 Bilateral DFID Programme and DFID's imputed share of expenditure by multilateral organisations in 1996. They are Angola, Bangladesh, Cambodia, China, Ivory Coast, Egypt, Ethiopia, Ghana, India, Indonesia, Jordan, Kenya, Malawi, Morocco, Mozambique, Nepal, Pakistan, Philippines, Poland, Romania, Russia, Sierra Leone, South Africa, Sri Lanka, Tanzania, Uganda, Vietnam, West Bank & Gaza Strip, Zambia, Zimbabwe.

Crisis. The latest estimates suggest that real growth per capita for all developing countries was only 0.1% in 1998, with East Asia and the Pacific showing a decline of 1.1% (a fall of 7.6% excluding China). However, there is increasing evidence of an emerging recovery from the crisis and World Bank estimates suggest real growth per capita in 1999 of 4.3% for East Asia and the Pacific, 3.5% for South Asia, but a fall of 0.2% for Sub-Saharan Africa. Recent research suggests that annual per capita growth required to achieve the 2015 poverty reduction target varies considerably across regions. Sub-Saharan Africa requires growth of 5.9%, South Asia 3.9% and East Asia and Pacific 3.5%. On this basis the 1.5% target - set on the basis of an earlier study - underestimates the growth required.

(iii) A reduction of under-5 and maternal mortality rates from 74 to 70 per 1000 live births, and from 324 to 240 per 100,000 live births respectively by 2002 in the top 30 UK development partners. The latest information suggests that the 2002 target for under-5 mortality has already been achieved, the rate having fallen from 74 to 69 per 1000 live births for our top 30 development partners. However, there is a marked variation within this group, and a number of countries have under-5 mortality rates well above the target. In some countries, HIV/AIDS is slowing, and in some cases reversing, progress in child survival. There is also a substantial variation among our development partners in progress toward meeting the maternal mortality target. Despite improvements in maternal mortality (decline from 324 (1990-96) to 316 (1990-97) per 100,000 live births), the 2002 target of 240 may not be achieved. Many poor countries simply do not have the health systems and skilled personnel needed to deal with the serious pregnancy complications that can lead to death. A few countries stand out where rates are particularly high, including Angola, Mozambique, Sierra Leone and Ethiopia: this reflects their very low incomes and the impact of conflict. However,

thirteen countries achieved under-5 mortality rates less than 70 per 1,000, and 10 countries maternal mortality rates below 240 per 100,000.

(iv) An increase from 81% to 91% of children in primary school by 2002 in the top 30 UK development partners. The 2002 target of 91% may just be within reach. Twelve countries have already achieved the 91% target: those with the lowest enrolment rates are Angola, Ethiopia, Mozambique and Pakistan. The 2002 target assumed a linear increase in the percentage of children in primary education between 1995 and 2015. This straight line assumption is questionable. In practice there is more likely to be substantial early improvement which will tail off as the 2015 target is approached. This implies even more challenging targets in the short and medium term.

40 DFID is also responsible for the administration and payment of colonial service and dependants' pensions (see 9.8-9.15). All 1998/99 targets were met - the unit cost of administration fell in cash terms (against a target of not exceeding inflation) and all service delivery targets were exceeded.

41 DFID funds projects to reduce the domestic demand in developing countries for illegal drugs, to help law enforcement agencies prevent the trafficking of drugs and to encourage the growing of alternative crops, where they contribute to our overall objective of reducing poverty in poorer countries (see paragraph 5.24). Some of these activities have an indirect impact on reducing the supply of illegal drugs to the UK which is a major objective of the inter-Departmental cross-cutting Action Against Illegal Drugs Public Service Agreement. This contributes towards the overall objectives set out in the Government's White Paper *Tackling Drugs to Build a Better Britain* (116).

Departmental operations and Public Service Agreement productivity targets

42 DFID's Public Service Agreement also sets targets to improve efficiency. In most cases we have already met the target or are on course to do so within the 1999-2002 period. A detailed assessment of progress to date is set out in Box g. The most significant developments are:

- **increasing operational productivity:** DFID's current resource allocation round demonstrates a positive movement in reducing the proportion of resources devoted to central and administrative tasks. A value for money target will be included in a revised Public Service Agreement to be published in mid-2000;
- **enhancing the Department's information system:** we remain on course to introduce resource accounting and budgeting to the HM Treasury timetable. We have met our 1999/2000 targets for connecting overseas DFID staff to the internet and DFID intranet, and for improving our performance monitoring system (see Box f);

BOX f: PERFORMANCE REPORTING INFORMATION SYSTEM FOR MANAGEMENT

Following a successful pilot in 1998, the Performance Reporting Information System for Management, known within DFID as PRISM, was introduced throughout DFID's regional departments by early 2000. It will be available in our other departments by the end of the year. It provides access electronically to expenditure and performance data on all DFID's programmes as well as providing information and analysis of our future plans. It will:

- provide analysis of the effectiveness of our portfolio of projects both within, and across, countries and sectors, using the results of the annual reviews of all our projects over £500,000;
 - enable us to improve our day to day programme management and to set more meaningful Public Service Agreement measures through faster access to more comprehensive information;
 - support "learning" across the organisation by giving DFID staff easier access to information on projects and programmes operating outside their immediate area of responsibility.
- **combating fraud:** a system to provide improved financial management information was introduced successfully in April 1999;
 - **procurement:** we have strengthened local procurement capacity in overseas offices (see paragraph 9.22).

BOX g: PUBLIC SERVICE AGREEMENT 1999-2002 PERFORMANCE AGAINST DEPARTMENTAL OBJECTIVES

	Baselines	1999/2000 Target	Recent performance
Departmental objectives: Public Service Agreement targets			
1. Policies and actions which promote sustainable livelihoods			
Associated International Development Target:			
<ul style="list-style-type: none"> A reduction by one half in the proportion of people living in extreme poverty by 2015 			
Public Service Agreement measures:			
<ul style="list-style-type: none"> % of bilateral country programme resources allocated to low income countries increased from 65% to 75% by 2002 	65% (1996/7) ¹	74%	ON COURSE Forecast outturn for 1999/2000 - 80% Actual expenditure 1998/99 - 71.2%
<ul style="list-style-type: none"> % of relevant bilateral projects likely to fully or largely meet their objectives up from 64% to 75% by 2002 	64% (Projects completed November 1995-October 1996)	70%	ON COURSE 74.3% Project completion reports submitted in 1997 and 1998 indicate that 74.3% of relevant projects fully or largely achieved their objectives. No information available on performance by broad DFID objective ²
<ul style="list-style-type: none"> Annual 1.5% real GDP per capita growth in top 30 UK development partners³ (population weighted)⁴ 	4.33% (1995-96)	1.5% p.a.	ON COURSE 3.70% (1996-97) It is expected that 1998 will show substantially lower growth as a result of the Asian Crisis. The latest estimates suggest that real GDP growth per capita for all developing countries fell to only 0.1% in 1998, with East Asia and the Pacific showing a decline of 1.1% (decline of 7.6% excluding China). However, there is increasing evidence of an emerging recovery from the crisis and World Bank forecasts suggest real GDP growth per capita for developing countries of 1.2% in 1999 increasing to 3.1% by 2001
Other measures:			
<ul style="list-style-type: none"> Effectiveness of the international system in promoting sustainable development 	(not applicable)	(no interim targets set)	<ul style="list-style-type: none"> Successful Heavily Indebted Poor Countries Initiative 2 - linking of debt relief to poverty reduction strategies Improved system for International Development Association allocations African Development Bank and Asian Development Bank signed up to International Development Targets New European Union Investment Facility to support private sector development in the poorest countries
<ul style="list-style-type: none"> Increase of share in GDP of poorest 20% of population in top 30 UK development partners³ (various years, population weighted⁴) 	7.1% ⁵	(no interim targets set)	ON COURSE 7.2% Bangladesh, Pakistan, Poland and India have the most favourable distribution (>9%). Sierra Leone, South Africa, Zimbabwe, Zambia and Russia have the least favourable distributions (4.2% or less)
2. Better education, health and opportunities for poor people			
Associated International Development Targets:			
<ul style="list-style-type: none"> Universal primary education in all countries by 2015 Demonstrated progress towards gender equality and empowerment of women by eliminating gender disparity in primary and secondary education by 2005 A two-thirds reduction in the under-five mortality rate by 2015 A reduction by three-fourths in maternal mortality by 2015 Access to reproductive health services for all by 2015 			

BOX g: PUBLIC SERVICE AGREEMENT 1999-2002 PERFORMANCE AGAINST DEPARTMENTAL OBJECTIVES(continued)

	Baselines	1999/2000 Target	Recent performance
Departmental objectives: Public Service Agreement targets (continued)			
Public Service Agreement measures			
<ul style="list-style-type: none"> (a) Under-5 mortality (Top 30 UK development partners³, 1997, population weighted⁴) down from 74 to 70 per 1000 live births, and (b) maternal mortality (Top 30 UK development partners³, 1990-97, population weighted⁴) down from 324 to 240 per 100,000 live births respectively by 2002 % of children in primary education up from 81% to 91% in top 30 UK development partners³ by 2002 	(a) 74 (1996) (b) 324 (1990-96)	(no interim targets set) (no interim targets set)	(a) ON COURSE 69 13 countries with under 5 mortality less than 70 (b) ONLY MODEST PROGRESS 316 10 countries with maternal mortality less than 240 NO COMPREHENSIVE NEW DATA AVAILABLE However 12 countries (out of the 30) have primary school enrolment greater than 91%
Other measures			
<ul style="list-style-type: none"> Gender disparity in secondary education (Girls as % of Boys, Top 30 UK development partners³, various years, population weighted) % of population with access to safe water (Top 30 UK development partners³, various years, population weighted) 	86% ⁵ 72% ⁵	(no interim targets set) (no interim targets set)	ON COURSE 87% ON COURSE 77%
3. Protection and better management of the natural and physical environment			
Associated International Development Targets:			
<ul style="list-style-type: none"> Implementation of national strategies for sustainable development in all countries by 2005 Reversal in current trends in environmental resource loss at global and national levels by 2015 			
Other measures			
<ul style="list-style-type: none"> Agreement of national strategies for sustainable development in top 30 UK development partners 	(not applicable)	(no interim targets set)	<ul style="list-style-type: none"> According to Development Assistance Committee, 26 countries have adopted Environmental Action Plans <ul style="list-style-type: none"> As yet no internationally accepted definition of a National Strategy for Sustainable Development or agreement on indicators to measure progress towards achieving sustainable development DFID co-leading Development Assistance Committee Task Force with European Union to produce good practice guidance on National Strategies for Sustainable Development by 2001 DFID working within the Development Assistance Committee and with multilateral development organisations to obtain agreement on (i) appropriate indicators and (ii) donor action required to support progress towards the 2005 target
4. Accurate and timely payment of colonial and Indian pensions			
Public Service Agreement measures			
<ul style="list-style-type: none"> Unit cost of administration per pensioner, per pension and per payment for overseas superannuation maintained at inflation or below annually 	£47.07 per pensioner £22.22 per pension £4.45 per payment (1997/98)	Maintained at inflation or below annually	ON COURSE Unit cost per pensioner 1998/99 declined by 0.45% Unit cost per pension 1998/99 declined by 0.18% Unit cost per payment was maintained (all in cash terms)
Other measures			
<ul style="list-style-type: none"> Performance against other targets contained in Service Level Agreement (- see box 9a) 	Current performance, as detailed in Service Level Agreement	All annual Service Level Agreement targets met	ON COURSE 1998/99 Overseas Pensions Department performance exceeded targets set

BOX g: PUBLIC SERVICE AGREEMENT 1999-2002 PERFORMANCE AGAINST DEPARTMENTAL OBJECTIVES(continued)

	Baselines	1999/2000 Target	Recent performance
Departmental operations: Public Service Agreement productivity targets			
5. Increasing the productivity of operations			
<ul style="list-style-type: none"> Reduction in central and support costs as a percentage of aid policy and administration by 1% or approximately £0.5 million per year 	Baseline is being established in 1999/00	1% per annum	DELAYED The current internal resource allocation round should demonstrate a positive movement in this direction. Results will be reported in due course
<ul style="list-style-type: none"> Pay at least 95% of undisputed bills within 30 days, or other agreed credit period 	95.8% (1998)	95%	ON COURSE Performance exceeded target for 1998/99 - 96.35%
<ul style="list-style-type: none"> Reply to 100% of Ministerial correspondence within 21 days of receipt 	89% (1997)	100%	ON COURSE Performance in 1999 improved to 92.5%
<ul style="list-style-type: none"> Development of a departmental efficiency indicator 	(not applicable)	Pilot tested by end 1999	DELAYED Value-for-money target will be included in revised Public Service Agreement to be published mid-2000
6. Enhancing the Department's Information System			
<ul style="list-style-type: none"> Introduce resource accounting and budgeting to standard timetable set out by HM Treasury 	(not applicable)	Meet HM Treasury Timetable	ON COURSE National Audit Office work at trigger point 3 has confirmed that DFID is in a position to produce resource accounting in accordance with future timetable set by HM Treasury
<ul style="list-style-type: none"> DFID intranet to be made available to staff in UK and some overseas offices in conjunction with new accounting system. 	No overseas staff have access	Targets in expansion workplan met	ON COURSE All relevant UK staff have access to the DFID intranet. Over 50% of overseas staff were connected by the end of 1999
<ul style="list-style-type: none"> Development of Performance Reporting Information System for Management (PRISM) 	Pilot introduced in 1998/99	Pilot complete April 1999. Roll-out plan defined	ON COURSE Evaluation of pilot phase undertaken in February/March 1999. Pilot was completed by April 1999. Roll-out and expansion taking place during 2000
<ul style="list-style-type: none"> Provide access to internet for all staff by December 1999 	(not applicable)	Targets in expansion workplan met	ON COURSE All UK staff in need of the internet have access and over 50% of overseas staff were connected by the end of 1999
<ul style="list-style-type: none"> Introduction and testing of a new system for scoring on-going projects. 	None - new system	Testing to be completed by April 2000	MET Testing was completed by the end of 1999
7. Better Quality Services			
<ul style="list-style-type: none"> Regular and systematic review of services and their delivery (Better Quality Services Initiative) with 60% of services reviewed by 2003 	(not applicable)	Review programme produced & implemented	ON COURSE A rolling programme of reviews has been devised and agreed with the Cabinet Office. 4 reviews have been completed
8. Electronic Government			
<ul style="list-style-type: none"> Increase the proportion of business transactions undertaken electronically to at least 25% by 2002 	(not applicable)	No interim targets set	ON COURSE Expect 25% target to be achieved in early 2001
9. Sickness Absence			
<ul style="list-style-type: none"> Reduction in sickness absence rates by 23.8% by 2003⁶ 	1998 baseline 8.4 days per staff year	2001-15.5% 7 days 2003-23.8% 6.4 days	No data yet available for 1999

BOX g: PUBLIC SERVICE AGREEMENT 1999-2002 PERFORMANCE AGAINST DEPARTMENTAL OBJECTIVES(continued)

	Baselines	1999/2000 Target	Recent performance
Departmental operations: Public Service Agreement productivity targets (continued)			
10. Fraud			
• Review of administrative procedures and delegations of authority within Accounts Department	(not applicable)	Completed by April 2000	MET Completed 9 months early. All recommendations implemented
• Review of accounting procedures including separation of duties in 3 overseas offices in line with plans to introduce a new accounting system	(not applicable)	Completed by March 2000	MET Three reviews completed by March 2000
• Provide an improved level of financial management information to all UK staff	(not applicable)	System live in April 1999	NOW MET New intranet-based financial information system went live in May 1999
• Increased awareness of fraud	(not applicable)	Regular notices issued from January 1999	MET Regular distribution of notices, including Treasury case notes, available on intranet
• Ongoing programme of internal audit review	(not applicable)	Annual report produced	ON COURSE Report produced in July 1999
11. Procurement			
• All advertisements and application forms for overseas employment contracts available on DFID's website	(not applicable)	In use by April 1999	MET Details of advertised posts first put onto internet March 1999
• Introduction of procurement cards for UK administrative expenditure	None - new system	In use by April 1999	DELAYED Programme for introduction of procurement cards established. System expected to be in place in the UK by the end of 2000 and overseas by end 2001/2002
• Implementation of overseas pilot exercise in the use of procurement cards	(not applicable)	In use by July 1999	DELAYED Target date slipped to June 2000
• Strengthening of local procurement capacity in overseas offices	(not applicable)	Completed by July 1999	ON COURSE Local procurement overseas strengthened by recent appointment of procurement experts
• Initiating the electronic receipt of invoices	(not applicable)	April 2000	ON COURSE Identification of information systems solutions progressing
12. Other measures			
• Progress towards meeting Investors in People (IIP) initiative.	(not applicable)	IIP Certification in 2000	DELAYED Programme revised following health check; aiming to achieve accreditation by end of 2000
• Improving public knowledge of and attitudes to development issues	(not applicable)	not applicable	ON COURSE Strategy Paper on "Building Support for Development" published in April 1999. The Office for National Statistics, on behalf of DFID, carried out a survey in July 1999 on UK public's attitude towards poverty in developing countries. This survey will be repeated annually (see Box 8.a)

Source: *Public Services for the Future: Modernisation, Reform, Accountability* (CM 4181), December 1998 (115) and *The Government's Measure of Success: Output and Performance Analyses* (CM4315), March 1999 (106).

- ¹ In line with Development Assistance Committee practice DFID updates income groups, based on World Bank income per capita thresholds, every three years. In December 1998 the 1992 World Bank income group thresholds were changed to 1995 World Bank income group thresholds. The published baseline of 67% in 1996/97 was based on the 1992 income group thresholds and is now updated to 65% using 1995 income group thresholds.
- ² Project Completion Reports are completed for all projects over £500,000. Projects are scored according to whether they have achieved their purpose as defined at the start of the project. Information is not currently available on project completion scores by broad objective. These objectives were agreed in April 1998 and only projects approved since then have been classified according to these objectives. Very few of these projects have been completed as yet. More information will gradually become available but the sample of completion reports will remain small for some time. Through our Performance Reporting Information System for Management we will be able to analyse performance of on-going projects as information generated through our annual scoring of projects over £500,000 is built up in the system.
- ³ The countries used for this target are the top 30 recipients in 1996/97 of the combined total of 1996/97 Bilateral DFID Programme expenditure and DFID's imputed share of multilateral organisations' expenditure in 1996. They are Angola, Bangladesh, Cambodia, China, Ivory Coast, Egypt, Ethiopia, Ghana, India, Indonesia, Jordan, Kenya, Malawi, Morocco, Mozambique, Nepal, Pakistan, Philippines, Poland, Romania, Russia, Sierra Leone, South Africa, Sri Lanka, Tanzania, Uganda, Vietnam, West Bank & Gaza Strip, Zambia, Zimbabwe.
- ⁴ There has had to be a change in the data series used to calculate this figure as a consequence of changes in World Bank data production. The figure for 1995-96 is 4.33% on the basis of real GDP per capita growth. In the original Public Service Agreement Command Paper 4148 the figure of 1.04% was used.
- ⁵ There is no common annual baseline data for this indicator. It has therefore been constructed using information from different years in different countries. The baseline was established in October 1997.
- ⁶ Original Public Service Agreement contained reduction of sickness absence rates by 30% by 2003. However in common with other Government Departments, DFID has modified targets to meet overall Civil Service Targets.

Policies and actions which promote sustainable livelihoods

1.1 The livelihoods of poor people must be at the centre of any strategy for poverty reduction. This chapter describes key developments in DFID's work in the following areas that are critical to the promotion of poor people's livelihoods:

- **sound policies and pro-poor economic growth:** economic growth is essential. It requires effective macro-economic management. Whilst growth creates significant opportunities for poor people, complementary public policies are required to ensure that poor people are protected from adverse shocks and benefit from the opportunities created;
- **encouraging private sector development:** the private sector is the main source of the economic growth necessary to reduce poverty. The development of well-regulated and efficient financial markets is particularly important;
- **access of poor people to land, resources and markets:** for long-term and sustainable poverty reduction poor people must contribute more effectively to growth, using their own assets and capabilities. This can be achieved by tackling the inequalities and constraints that prevent poor people from contributing to growth;
- **debt relief:** many of the poorest countries have had to divert scarce resources to ser-

ving excessive debts. If this burden is lifted they can increase resources devoted to poverty reduction;

- **governance and the realisation of human rights:** well-functioning markets require a strong foundation of governance and institutions, with low levels of corruption. The poor also are affected directly by the qualities of governance in the provision of health, education and water, in areas such as security and justice, and also by their ability to influence Governments through a political process. A human rights based approach to development recognises that people have rights, expectations and responsibilities and are not passive beneficiaries of aid;
- **women's empowerment:** poverty cannot be eliminated without greater equality for women. They bear the brunt of poverty and hold the key to its elimination.

1.2 Subsequent chapters consider the key role of other factors such as international trade (Chapter 5) and other forms of direct support for the livelihoods of the poor (Chapter 3).

Sound policies and pro-poor economic growth

1.3 Achieving the International Development Target of reducing by half the proportion of poor people in the world by 2015 depends critically on achieving high levels of economic growth and ensuring that poor people participate in this growth and benefit from it. As highlighted in last year's *Departmental Report (77)*, promoting pro-poor economic growth requires **good analysis, sound policies** (based on that analysis), **financial resources** to make faster progress and **capacity building** to implement these policies. This section describes the substantial efforts made by DFID against this framework during 1999/2000.

Improving analysis

1.4 We have attached priority to helping the international community address the issues and reach consensus on the required policy measures. We have supported significant analytical contributions to the World Bank 2000/2001 World Development Report, entitled *Attacking Poverty*, which is a major study on poverty reduction. (It is due to be published in September 2000.) DFID also sponsored the “Consultations with the Poor” exercise, in which some 20,000 poor people in 23 countries were asked why people were poor and what could be done about it. One of the insights was how important security is to poor people - and how little they trust the police or government institutions generally to provide it. The World Development Report will seek to identify what can be done to address the concerns that they raised. It will update the approach set out in the *World Development Report 1990*, (118) of broad-based growth, investment in social sectors and targeted safety nets, and is expected to provide an influential framework for

future action on poverty reduction. DFID will publish a Strategy Paper on *Economic growth, equity and security* in the first half of 2000. This paper will analyse the action required to achieve poverty reduction through growth, equity and security (see Box 1.a).

Policies

1.5 DFID has worked to persuade the international community to collaborate more effectively. Thus, we have supported the World Bank’s Comprehensive Development Framework initiative and have been a key player in developing the conceptual framework for the new Poverty Reduction Strategy Papers (see Chapter 4). Both these initiatives should encourage more participative policy making in developing countries, greater local ownership of policy and a deeper partnership with the international community. We have also worked to encourage all the international institutions to promote economic growth which leads to poverty reduction.

BOX 1.a: STRATEGY FOR ACHIEVING THE ECONOMIC INTERNATIONAL DEVELOPMENT TARGET

The DFID Paper, ‘*Can a billion people be lifted out of poverty by 2015? Economic growth, equity and security*’, to be published in the first half of 2000, addresses the International Development Target of reducing by one half the proportion of people living in absolute poverty by 2015. Achieving this requires reducing this proportion from 25% in 1990 to 12.5% of a global population of, perhaps, 7.3 billion in 2015. This means lifting around 1 billion people over the poverty line in a 25 year period. The central message of the paper will be that the livelihoods of poor people must be at the centre of any strategy to achieve the International Development Targets. Growth is essential for poverty reduction but the structure and evolution of inequality within countries, and the level of economic security for poor people, are also important. Growth will be more sustainable, and will move more people out of poverty, if it is built around utilising the assets of poor people, especially in societies where poor people make up a major proportion of the overall population.

Changing the pattern of growth is difficult, but can be achieved by tackling the complex set of political, social and economic inequalities and constraints that prevent poor people from contributing to growth. The objective is a pattern and rate of growth for each country that will maximise the probability of the poverty reduction targets being reached. The analysis within the paper will lead to a programme of action at local, national and global levels in which all development partners have a role to play. But even if the target is achieved, population growth will still leave an estimated 0.9 billion people living in extreme poverty and there will be need for further International Development Targets beyond 2015 as we move towards the elimination of absolute poverty.

Specific action will depend on the characteristics of each country. Priorities are identified which include action by national governments to promote efficient markets, pro-poor public expenditure, empowerment of poor people and affordable safety nets. The response of the international community will include commitment to nationally-led poverty reduction strategies as well as action on international policies, provision of concessional resources and protection against shocks. DFID will support the full range of actions required for poverty reduction, including global policy negotiations, consistent policies within the UK and directing the UK’s concessional development assistance resources to priority uses in poor countries.

1.6 DFID has also worked in partnership with individual country governments to tackle these issues. In Uganda, our technical assistance has helped to produce a budget that includes both the government and donor-funded elements of public spending, with the intention that they successfully deliver shared programme objectives. This should enable significant resources to be reallocated to poverty-reducing programmes and should allow better monitoring of these expenditures (see Box 1.b). In Ghana, we are supporting the Government to manage the increase in its domestic debt better and so release resources for public expenditure to promote pro-poor growth.

Howard J Davies/DFID



DFID's analysis of the action required to achieve poverty reduction is helping to tackle the inequalities and constraints that prevent poor people from contributing to growth: 250,000 poor people live in Kibera, Nairobi, Kenya

Financial resources

1.7 In many of the poorer countries we are supporting reform efforts with direct support for budgets. Thus in Africa, for countries implementing pro-poor policy reforms and budgets, we have provided some £140 million in fast-disbursing assistance to support priority public expenditures and external debt service during 1999/2000. Major recipients have included Ghana, Tanzania and Uganda.

1.8 We have made progress, in partnership with developing countries and other major donors, in moving towards sector-wide programmes in areas such as health, education and roads. These offer the prospect of better co-ordination of government and donor resources and, in particular, avoid shortfalls in priority recurrent spending - for example, on essential drugs and school textbooks. Such shortfalls can prevent investment projects from achieving their

BOX 1.b: BUDGETING FOR POVERTY REDUCTION: UGANDA'S PUBLIC SECTOR RESPONDS TO NEEDS

Uganda has a clear vision of the public sector's role in poverty eradication, based on the Poverty Eradication Action Plan which involved wide consultation with individuals inside and outside government. Consultation has been extended directly to the poor via the Uganda Participatory Poverty Assessment Programme. This aims to establish a participatory approach to poverty planning and monitoring that extends to the district level. DFID has played a leading role in supporting this programme, which although at an early stage is already helping to change government priorities and processes.

Spending priorities are shifting. Expenditure on water and sanitation is set to increase in the 2000/01 budget, partly through additional funds to be secured from the enhanced Heavily Indebted Poor Countries debt reduction initiative. Greater flexibility in providing allocations to districts is being considered so that locally-specific priorities can be addressed. The importance of security (from insurgency, theft and violence) has been highlighted as a key poverty issue. The content of household surveys has been adjusted to capture additional information on this for policy development.

For the 2000/2001 budget process, five themes have been identified:

- using sectoral allocations to benefit the poorest 20%;
- addressing specific concerns of women;
- improving information regarding government policies, programmes and budgetary allocations;
- addressing inequalities in access to services and opportunities across regions;
- tackling poverty problems that require multi-sectoral responses, for example, nutrition.

These themes stem from quantitative and participatory analysis that has been undertaken in the health, education, agriculture, water, and law and order sectors.

objectives. Examples of DFID-supported sector programmes include health programmes in Ghana and Tanzania and education programmes in Malawi and Uganda. We are also supporting health sector investment programmes in Bangladesh and Cambodia. See Box 1.c for the main features of Sector Wide Adjustment Programmes.

Capacity building

1.9 We complement this broad-based support with more specific aid interventions to tackle high priority needs, by supporting well-designed developing country programmes, which help to build capacity and demonstrate new, replicable approaches. In Central and Eastern Europe, where economic growth has often been accompanied by increasing inequality, our projects are geared to ensuring that the benefits of the transition are

spread through society. We have responded to the collapse of social protection systems by supporting reform of social safety nets in Moldova, Kyrgyzstan and the Ukraine. Key sectors of DFID involvement in this region are public administration reform, rural development and promoting small and medium enterprises. In India, recognising the growing importance of state and local administrations, we have started to work in partnerships with State governments that are committed to pro-poor reform of their budget and financial management systems. In Andhra Pradesh and Orissa we are also providing assistance to help improve tax systems and to privatise inefficient public enterprises (see Box 1.d).

1.10 We recognise that increasing trade and investment have major roles to play in promoting economic growth in developing countries. Our efforts to enhance both domestic and interna-

BOX 1.c: MAIN FEATURES OF SECTOR WIDE ADJUSTMENT PROGRAMMES: A MINISTER'S VIEW

A Sector Wide Adjustment Programme focuses on:

- Policy Objectives - rather than Operational Activity;
- Programme Outcomes - rather than Project Inputs;
- Broad Budgetary Support - rather than Project Input Accounting;
- A National Financing Framework - rather than Individual Contracts;
- Sustained Broad Partnership - rather than Individual 'Deals';
- Review of Sector Performance - rather than Project Performance;
- Common Management Arrangements - rather than Disparate Systems.

Source: Professor Apollo Nsibambi, Ugandan Minister of Education and Sports, Address to Funding Agencies, August 1998.

BOX 1.d: STATE LEVEL ECONOMIC AND POWER SECTOR REFORM

In the states of Orissa and Andhra Pradesh, subsidising a publicly owned and massively inefficient power sector has been a huge drain on state finances. DFID is providing support for power sector reform to unbundle the State Electricity Board into separate generation, transmission and distribution entities, establish an independent regulator, introduce more private sector investment and management, improve efficiency and reduce tariff subsidies. This will help free up state Government resources to support priority pro-poor spending, for example on basic education and health. The sums involved are considerable: in Andhra Pradesh alone it is projected that Government subsidies of £250 million could be turned into revenue of £200 million during the next seven years.

In both states we are also supporting public sector reform programmes in partnership with the state Government. The reforms aim to strengthen the fiscal position of Government by reducing losses through public enterprise reform and by strengthening revenues. In Orissa, we are also helping to strengthen expenditure management and planning and supporting civil service reform. Depending on the success of the reforms, DFID may consider providing budgetary assistance to both states. In Orissa, this may be linked to rehabilitation following the disastrous October 1999 cyclones.

tional policy and institutional frameworks are discussed in Chapter 5.

Encouraging private sector development

1.11 One of the major lessons of successful poverty reduction over the past 30 years is that the private sector, in both rural and urban areas, must play the leading role in delivering the livelihoods consistent with halving global poverty by 2015. Market liberalisation continues to be a major driver of economic growth, most noticeably in Asia. Liberalisation of the economic system in China and Vietnam has been the key to their spectacular success in reducing poverty during the 1990s. And the African countries, such as Ghana and Uganda, which have been most successful in reducing poverty are those that have liberalised.

1.12 An appropriate business climate is required for private sector development and the economic growth and poverty reduction to which this leads. This often requires better corporate governance, greater transparency, improvements in the tax system, sensible regulation and deregulation, and clear property rights. Countries in East Asia which have adopted such an enabling environment have enjoyed a flourishing private sector and high levels of economic

growth. But inadequate regulation of financial services and corruption left them vulnerable to financial shocks as demonstrated by the recent Asian financial crisis.

1.13 Too often, however, government failures such as bureaucratic restrictions, distortionary regulation and inadequate provision of infrastructure services constrain private sector development. DFID is working to help remedy these failures. An example of this is the Bangladesh Private Sector Infrastructure Development Project (see Box 1.e).

1.14 Poor infrastructure and weak legal and regulatory environments increase the risks associated with investment and therefore deter private investors. We are working with developing country governments to attract new financial players into these emerging markets. In East and Southern Africa, for example, DFID is working with venture capital companies to encourage new investments which create local jobs and further business opportunities. DFID supports these companies during their start-up period and also provides training for their client companies.

1.15 In many countries the state has, in the past, owned and managed a wide variety of enterprises, often very inefficiently. There is gen-

BOX 1.e: BANGLADESH PRIVATE SECTOR INFRASTRUCTURE DEVELOPMENT PROJECT

Bangladesh is severely short of the infrastructure needed to support the higher rates of economic growth necessary for substantial poverty reduction. The Government of Bangladesh recognises that attracting private capital is essential to fund this need. At present, there are major deterrents to private investment - including the lack of an adequate legal and regulatory framework, limited capacity to develop projects, slow and opaque bureaucratic processes, restricted availability of long term commercial financing and poor management and creditworthiness of existing public sector utilities.

The Private Sector Infrastructure Development Project represents a two-pronged approach to overcoming these impediments. It will help the Government to establish appropriate legal and regulatory frameworks and to identify and implement individual projects more efficiently and transparently and it will make available subordinated long term debt to mitigate the risk to private investors.

The project will potentially cover investments in power, gas, road, water, environment, telecommunications and other basic infrastructure sectors. By mobilising additional private sector resources for infrastructure and promoting economic pricing and greater efficiency in infrastructure management, the project will lead to greater access, coverage and efficiency of basic infrastructure services, release budget resources for direct poverty reduction and generate additional employment opportunities. The overall size of the project is about £160 million and the DFID contribution is £5.8 million.

eral recognition that, in these countries, there must be radical parastatal reform accompanied by major programmes of properly regulated privatisation. Thus in China we are providing significant support for the reform of state-owned enterprises (see Box 1.f). These enterprises have been a major drain on the Government budget. In the Commonwealth of Independent States, there is a pressing need to develop a wide range of small and medium enterprises. DFID is supporting work in the former Soviet Union to reform the administrative barriers to small and medium enterprise development. In Eastern Europe DFID is supporting the development of much-needed regulatory capacity - for example, for the securities and stock exchange in Bulgaria.

1.16 In Africa the private sector has often been slow to come forward to replace previously state-dominated marketing and supply chains. DFID is seeking to address this. For example, we are working in Zimbabwe to encourage private sector suppliers of agribusiness inputs (such as fertiliser and seeds) to extend their traditional focus from the towns and cities to supplying new small business dealers in rural areas.

The development of well-regulated and efficient financial markets

1.17 Financial markets pose particular challenges. The financial crises in recent years in East Asia and Russia have shown the dangers of imperfect regulatory frameworks for financial systems and of non-transparent corporate governance. Economic growth is now resuming throughout East Asia. DFID is continuing to support the Asia/Europe Trust Fund and the

European Financial Experts network to provide technical support to the Asian financial sector. The Trust Fund was particularly effective at providing monitoring data on poverty impact in the immediate aftermath of the crisis. It also provided technical assistance to the Indonesian Banking Restructuring Agency and to the People's Bank of China to help establish deposit insurance schemes.

1.18 Russia and other countries of the former Soviet Union are recovering slowly from the crisis. DFID is providing, in concert with the international financial institutions, a significant package of support for regional financial management in the region to assist this recovery.

1.19 Weak banking sectors and limited access to credit and savings for poor people continue to constrain development throughout the world. In Asia, DFID is supporting major micro-finance schemes in Bangladesh and India (see Box 1.g).

1.20 DFID is also helping to develop micro-finance markets in a number of African countries,



Access to credit is vital for poor people: women's credit group, Bangladesh

Liba Taylor/Hanos Pictures

BOX 1.f: REFORM OF STATE OWNED ENTERPRISES IN CHINA

A major component of DFID's project for State Owned Enterprise Reform in China is concerned with helping those who have been laid off as a result of the reform process by supporting the creation and development of small businesses. This is being addressed in six municipalities in two provinces through the establishment of a network of local information and advice centres to provide access to business support services. Credit guarantee funds will also be established to help mobilise loan finance for micro and small businesses and thereby overcome a key constraint to the growth of these businesses. One of the aims of the project, for which DFID is providing £19 million, is to demonstrate methods of mobilising finance which will serve as models for replication elsewhere in China.

BOX 1.g: MICRO-FINANCE SCHEMES IN INDIA

Poor people are often excluded from financial markets. Formal financial institutions are reluctant to service poor people who are expensive to reach and are perceived as high risk and lacking collateral. Experience illustrates, however, that giving poor people access to finance relieves one of their major constraints and enables them to engage in a range of investment and temporary essential consumption activities.

DFID is giving its support to micro-finance initiatives through two major new projects in India. One is the Credit and Savings for Household Enterprises project which is working in rural areas in the states of Andhra Pradesh, Orissa, Uttar Pradesh and Bihar to help the development of women's savings and credit groups, improve financial practices amongst micro-finance providers and assist policy makers and regulatory bodies in improving the operating environment. The second, the National Microfinance Support Programme, is assisting the Small Industries Development Bank of India to develop the lending capacity of a range of micro-finance institutions, work with policy makers and regulatory bodies, and provide training and consultancy services. DFID's contribution to the Support Programme is £16.6 million.

both directly and by encouraging African banks to take up the challenge. In Mozambique, DFID is supporting a new "village banking" programme which is aimed at increasing access to financial services, including savings, for rural people. Whilst we have helped to fund a number of such micro-finance projects in urban areas in Africa, it will be a challenge to demonstrate that rural micro-finance schemes can be sustainable.

1.21 Micro-credit can also play an important role in the aftermath of emergencies. For example, after Hurricane Mitch, when both urban and rural poor people had lost most of their capital, DFID small loans enabled very small traders and businesses to start up and helped people to rebuild their lives.

Access of poor people to land, resources and markets

1.22 The experience of development in Asia and Africa illustrates how promoting poor people's access to resources can be a catalyst for economic growth and poverty reduction. Access to land and water are particularly vital for the livelihoods of many of the world's rural poor (see Chapter 2 for how DFID is seeking to improve access to water).

1.23 Land reform in parts of Asia has helped to create an equitable basis on which poor people have been able to take advantage of economic opportunities. There remains considerable

scope for properly managed land reform in South Asia and much of Africa. Security of land tenure (including of customary usage rights) is important in giving people the confidence and collateral to invest in improving the productivity of land. The new Uganda Land Act aims to provide security to customary land users and tenants. DFID facilitated popular debate of the draft law to encourage the emergence of a consensus.

1.24 Land reform can, of course, be politically divisive, particularly in the absence of clear information. Building on earlier work on land rights, we are working in Africa to promote policy dialogue and the sharing of good practice amongst governments and civil society through a land tenure network.

1.25 Giving local people control over the resources they use can change their relationship with government bodies from one of antagonism to one of collaboration. For example, in Nepal, DFID has supported reform which has given forest user groups legal rights to manage forest areas. In consequence, forest quality is improving and the poorest are enjoying greater access to forest resources.

1.26 Poor people often lack physical access to markets in rural areas. People in remote areas need this access for essential goods and services. Roads need to be built and maintained to appropriate standards, often lower than currently defined, given that much traffic is non-motorised



Access, not bump-free travel, is what people most need: labour intensive road building underway, Zambezia, Mozambique

and that accessibility, not bump-free travel, is what people most need. DFID support for rural transport is improving access to markets in Vietnam, Nepal, Ghana and Mozambique.

1.27 Restoring access can be particularly important after an emergency. Honduran roads were made impassable by Hurricane Mitch in October 1998; only donkey and foot traffic could reach many large villages. Smallholder coffee and family vegetable produce were untransportable to market, and villagers could not access schools and health centres. Poverty was increasing rapidly. DFID therefore provided help to support labour intensive road rehabilitation.

Tackling debt

1.28 Debt continued to be a top priority for the international community throughout 1999 as it became clear that the Heavily Indebted Poor Countries Initiative, launched by the International Monetary Fund and World Bank in 1996, was not providing debt relief deep enough, fast enough or to enough countries.

1.29 Mozambique and Guyana completed the process, receiving their debt relief under the

Initiative in 1999. Their experience, and that of others, led the UK Government to call for a fundamental review of the Initiative, to ensure that debt relief was more generous and used in support of poverty reduction.

1.30 At the same time, a groundswell of public opinion built up round the world, calling for debt relief in time for the Millennium, with religious groups particularly prominent in the Jubilee 2000 Coalition. It came to a head at the Cologne Summit of the G8, where the UK was instrumental in ensuring that proposals were agreed which would provide faster, wider and deeper debt relief to heavily indebted poor countries with appropriate pro-poor policies.

1.31 At the Annual Meetings of the World Bank and the International Monetary Fund at the end of September 1999, the international community endorsed the enhanced Initiative, "Heavily Indebted Poor Countries 2". It will deliver at least \$50 billion in debt relief - more than twice as much as the original Initiative. Taken with other debt relief measures, including cancellation of aid debt, up to \$100 billion of debt owed by the poorest countries will be relieved. With the agreement by G7 Heads of Government to cancel their aid debts, as much as two-thirds of the

debt owed by the poorest most heavily indebted countries could be written off. Revisions include reducing the debt sustainability ratios so that countries get deeper levels of debt relief, allowing more countries to benefit. It was agreed that countries should start to receive their debt relief under the enhanced Initiative after three, rather than six, years and that, in most cases, debt relief should be 'frontloaded', so that a large proportion of the debt relief should be provided in the early years. The international community endorsed a G7 call, proposed by the UK, that three-quarters of eligible countries should start to receive debt relief by the year 2000.

1.32 The international community has emphasised that the objective of this action is to release resources for programmes to eradicate poverty. To this end, each country under the initiative will develop a national poverty reduction strategy, setting out how they will tackle poverty and specifying how the debt relief savings will be used. Civil society and international organisations will be involved in the development of the strategy, so that their knowledge and experience are used, and so that the strategy commands broad-based support. Three countries - Bolivia, Mauritania and Uganda - qualified to start receiving debt relief under the enhanced Initiative in March 2000. Their Poverty Reduction Strategies are still being developed, but they will need to set out how the released funds will be used to make progress towards the International Development Targets. The International Monetary Fund has estimated that the enhanced Initiative will, on average, release 9% of government revenue (from debt servicing).

1.33 The UK Government announced on 21 December 1999 that it would provide 100% relief on the debts owed to its Export Credits Guarantee Department by countries qualifying for the Heavily Indebted Poor Countries Initiative. This action covers all debts owed to the Export Credits Guarantee Department by

these countries, up to 31 December 1999. The Government has made the largest pledge (US\$264 million, or some £160 million) to the Heavily Indebted Poor Countries Trust Fund to assist with the multilateral costs of the enhanced Initiative. In addition to this contribution, the British Government successfully pressed for a €1 billion debt relief package from the EC. The Government is satisfied that the conditions for debt relief applied under this Initiative are sufficient to ensure that the monies released will be spent on poverty reduction. The UK is looking to other creditor countries to make similar efforts to relieve the debt burden of the poorest countries.

Governance and the realisation of human rights

1.34 The quality and effectiveness of governance have a major impact on the prospects for eliminating poverty. Poor people have spoken for themselves about how they want governance improved in the 'Consultations with the Poor' exercise (see paragraph 1.4). They spoke of their inability to access public services because of pervasive corruption, their fear due to a lack of public security and personal safety, the oppressive behaviour of the police and judiciary who ought to protect them, and of their general sense of powerlessness. In the first half of 2000 DFID will publish a strategy paper for focusing governance on poverty eradication. Box 1.h overleaf gives more details. The central message of the paper will be that the quality of governance is critical to the achievement of the International Development Targets.

1.35 The rest of this section sets out how DFID has been working with developing countries to build their capacity in the areas specified in Box 1.h (paragraphs 1.3 - 1.21 deal with macro-economic stability and facilitating private sector investment and Chapter 6 with conflict prevention and reduction).

BOX 1.h: GOVERNANCE STRATEGY PAPER - MAKING GOVERNMENT WORK FOR POOR PEOPLE

The *Making Government Work for Poor People* paper will present a strategy for focusing government activity on poverty eradication. The paper will look at the capabilities needed for good governance and at the concerns of poor people on governance issues. It will note that progress towards the International Development Targets reflects a parallel improvement in the quality of governance. It will argue that progress could be faster if states focused on six key capabilities and worked in partnership with the private sector and civil society. The international development community, including DFID, can help countries build their capacity in these capabilities, but it is important that their efforts are co-ordinated and take account of the local social and political context.

The six key capabilities which governments need are:

- to provide macro-economic stability and to facilitate private sector investment and trade;
- to organise pro-poor policies and to raise resources to support them;
- to operate political systems which provide opportunities for all people, including the poor and disadvantaged, and for civil society to organise and influence state policy and practice;
- to guarantee the equitable and universal provision of effective basic services;
- to ensure personal safety and security in communities with access to justice for all;
- to manage national security accountably and to resolve differences between communities before they develop into violent conflicts.

Making service delivery more responsive to the poor

1.36 Public sector institutions need to become more responsive to the needs of the poor and to build capacity to improve service delivery. Traditionally, civil service reform consisted of reducing numbers to affordable levels and transferring some of the saving to improve pay towards a living wage. Such basic improvements underpin new, more ambitious, approaches. The Tanzanian Government, for example, with support from DFID and the World Bank, is introducing a modern performance improvement programme. It will set targets, for the first time, for service delivery and efficiency improvements at realistic levels. It will motivate the public service by giving managers more autonomy to pursue the published service standards and rewards for achieving them.

1.37 With increasing numbers of people living in cities, good municipal government is essential. The Indian state of Andhra Pradesh is insisting that the management of town councils should be strengthened at the same time as urban services are improved and extended to slum areas. It recognises that non-governmental organisations have a role to play. Infrastructural upgrading will

be decided on by local communities. The state government aims to ensure through this integrated and participative approach that the improvements will be sustained. DFID made a commitment in 1999 to support the scheme with £94 million over ten years.

Revenue and budget management

1.38 Governments' capacity to raise revenue and to spend it on policy priorities is essential for pro-poor action. In Zambia, the Government has reduced customs tariffs to encourage external trade and is introducing Value Added Tax to replace lost revenue. Changing the way the revenue department works has boosted the tax take. The creation of an autonomous revenue agency has helped revenue to rise from 13.9% to 18.5% of GDP since 1993. Computerisation and other innovations have reduced the scope for corruption, fraud and smuggling. DFID has been providing technical and financial support. Elsewhere in Africa, DFID is collaborating on similar approaches in South Africa, Uganda, Malawi and Tanzania.

1.39 DFID is making a major effort to support improved management of public finances. We have

helped Ghana to introduce budgets that look forward for three years, instead of a single year, which has helped ministries with longer-term planning. This has been complemented by initiatives to strengthen planning and decentralise financial management in key spending ministries, like education.

Anti-corruption strategies

1.40 Corruption is a cause and consequence of bad governance and a major obstacle to sustainable development. Corruption is potentially a problem in all countries and has been neglected for too long. Governments everywhere are now under pressure to root out corrupt practices. In Uganda and Zambia, for example, we are working with the Governments, the parliaments and the civil society to support anti-corruption initiatives.

1.41 We are currently working to improve our collaboration with other donors including the World Bank with the aim of agreeing to work together on a plan of action to combat corruption in developing countries. As part of this initiative DFID wishes to promote more co-ordinated donor action at country level and we will be preparing anti-corruption strategies for our major development programmes. We are continuing to strengthen our own internal procurement systems and will encourage transparency in the delivery of development assistance by providing information on the achievement of our objectives and commitments.

1.42 Companies which operate in developing countries are increasingly aware of the potential damage to their reputation and interests from any association with corrupt behaviour, including bribery. Many are seeking to develop business practices which are commercially successful but which are socially responsible and avoid bribery and corruption. This includes internal regulations and codes of practice for staff on how to deal with corruption and bribery. DFID has been

exploring ways in which we can work with UK business following the introduction of the Organisation for Economic Co-operation and Development's Convention on Combating Bribery of Foreign Officials in International Business Transactions. The aim is to raise awareness of corruption issues and to encourage the adoption of socially responsible business practices.

Safety, security and accessible justice

1.43 DFID is working to respond to the concerns expressed by poor people in the World Bank's consultations about violence and public safety, and to the widespread mistrust of police and criminal justice systems.

1.44 The first practical example is in Malawi, where we are working to support improvement in police performance by the adoption of community policing. This is being replicated in Zimbabwe. In addition, it is planned that the police will work with community groups to provide protection in more remote areas which the police cannot reach quickly. The role of traditional courts is being assessed in both countries as these are the main form of justice for the rural poor. Traditional courts are widespread, do not have formal rules of procedure, use language that is locally understood and aim to resolve minor disputes. The plan is to strengthen respect for human rights norms in the workings of these courts.

1.45 DFID is also funding field research on best practice in penal reform. The aim is to reduce overcrowding in prisons that, in many countries, is the result of lengthy remands in prison. The use of alternative dispute resolution involving local communities and compensatory rather than retributive approaches has good prospects for success.

Political empowerment

1.46 Governments' responsiveness to the interests of poor people will depend on their political influence. The spread of democracy to an increasing number of countries offers new opportunities. These are more likely to be realised if political systems move from ones of personalised power to political parties organised around issues rather than ethnicity. There is considerable scope for alliances around issues, such as the environment and women's rights. Equally important, state accountability can act as a stimulus for poor people to organise themselves so that their voices are heard. DFID continues to give support to country specific initiatives in these areas (see Box 1.i).

Human rights

1.47 DFID is developing its understanding of how to integrate a rights based approach into country programmes and policies so that all people are enabled to claim their human rights, including rights to education, health and an adequate livelihood. We are developing a Strategy Paper *Human Rights for Poor People* which will be



Chris Towers/Photos Pictures

Support for democracy: ballot box being taken up-stream, Borneo

published in the first half of 2000 (see Box 1.j). Two human rights specialists have been appointed to help implement DFID's approach in Zambia and Malawi. In other regions, including the Caribbean, work is underway to develop country specific human rights strategies. We are also providing technical and financial support to a number of organisations, including the United Nations (UN) Children's Fund and the UN Development Fund for Women, to help them take forward their work to promote human rights.

BOX 1.i: DFID SUPPORT FOR DEMOCRACY

In Indonesia, DFID has given practical support to political party development as part of the new democratic process. Prior to the June 1999 elections we funded a programme of cross-party workshops run by the Westminster Foundation for Democracy. The workshops helped party leaders agree a code of conduct for political parties which addressed issues of transparency, policy formulation and financial integrity.

In Sierra Leone, DFID has been working to help tackle the basic democratic task of making the military accountable to the civilian Government. This work follows the policy set out in our paper on *Poverty and the Security Sector* (95). Our aim is to reduce the risk of violent conflict and the waste of excessive expenditure on military activities.

BOX 1.j: HUMAN RIGHTS FOR POOR PEOPLE

In 1999/2000 DFID has developed, after widespread consultation, a strategy to promote a human rights based approach to development. The strategy emphasises that all people are citizens, with rights, expectations and responsibilities, rather than passive beneficiaries of aid. As part of this approach, DFID will focus on strengthening the participation of people in decision making processes by promoting their political rights, securing their rights to information and increasing the accountability of governments to citizens, both directly and through democratic institutions. We will place greater emphasis on social inclusion and conflict prevention through work which promotes all people's rights and addresses issues of discrimination. Support for the development of accessible systems of justice will better enable poor people to realise their rights and ensure that governments meet their obligations to respect, protect and promote human rights for all.

1.48 We are continuing to work with key partners to develop a means of measuring progress towards the realisation of all rights. We are supporting work in the UN Office of the High Commissioner for Human Rights to strengthen its performance and ensure that it is able more effectively to support its Treaty Monitoring Bodies which report on the human rights situation throughout the world. We are also developing participatory methodologies which will provide a means of assessing poor people's understanding of their human rights entitlement.

1.49 DFID has made particular efforts to promote the rights of excluded people. We have developed guidance to help DFID staff apply the new International Labour Organisation Convention on the Worst Forms of Child Labour as well as the Convention on the Rights of the Child. We are supporting the UN Children's Fund in their work to develop programmes which promote the Convention on the Rights of the Child.

We have developed guidance on issues of disability and development. We are taking forward action on the rights of indigenous peoples.

Women's empowerment

1.50 The removal of gender discrimination is at the heart of DFID's strategy for reducing poverty and achieving the internationally agreed development targets. Poverty cannot be eliminated without greater equality for women. It is they who both bear the brunt of poverty and also hold the key to its elimination. Research shows that investing in girls and women, and ensuring they realise their rights, leads to major benefits for development. Box 1.k sets out the elements of a new DFID strategy *Poverty Eradication and the Empowerment of Women*, to be published in the first half of 2000.

1.51 DFID's work in supporting greater women's equality has been the subject of an inquiry by the International Development



Liba Taylor/Panos Pictures

Getting more girls through school is a central priority; Kukri Mukri, Bangladesh

BOX 1.k: A NEW DFID STRATEGY FOR POVERTY ERADICATION AND THE EMPOWERMENT OF WOMEN

During 1999 and early 2000, an extensive consultation process has been underway to help produce a new strategy paper for our work in supporting women's empowerment and removing gender discrimination. The paper *Poverty Eradication and the Empowerment of Women* will set out a global analysis of the importance of greater gender equality for the elimination of world poverty and the achievement of the International Development Targets, assess the current situation, and set out key steps needed to close the gap in women's and men's shares of the benefits of development.

A central priority will be helping to get more girls through school. Women with even a few years of basic education are economically more productive, have smaller, healthier families and are more likely to ensure that their own children go to school. Child mortality is lower, the higher the number of years of education of the mother. Each additional year of female education is thought to reduce child mortality by 5-10%. Child nutrition and school performance are also improved.

Getting more girls through school is essential, but education alone will not be enough. Inequalities between women and men are deeply rooted and need to be tackled across the board in economic, political, social and cultural life. In many cases, progress in education will be dependent on success in tackling wider and deeper causes of inequality. DFID's new strategy will signal an important shift in priorities. Future work will concentrate on supporting fundamental changes in policy, laws and attitudes, while maintaining strategic links with work at the grassroots. Our strategy will seek to ensure that concerns about gender equality remain in the mainstream of all of our work.

Committee of the House of Commons. The Committee's 7th report - *Women and Development*, published in November 1999 (108), strongly endorsed our work in this area. The recommendations made by the Committee are being considered and fed into future work.

1.52 DFID is working to ensure that donor efforts in support of greater gender equality are well co-ordinated. We seek to make a significant contribution, for example, in the Working Party on Gender Equality of the Development Assistance Committee of the Organisation for Economic Co-operation and Development, a key international body for bilateral donor co-ordination. We are a major contributor to a worldwide study being undertaken by the Development Assistance Committee on ways of introducing gender equality concerns into new forms of development co-operation. The focus of this work is on Sector-wide Adjustment Programmes (see Box 1.c). DFID is funding studies in the education sector, while other donors are doing similar work in the agriculture and health sectors. The findings will be pooled and result in the production towards the end of 2000 of Organisation for Economic Co-operation and Development guidelines for future work of this kind.

1.53 The UK is an active participant in international policy discussions and the global round of UN conferences, and is a strong supporter of the UN Secretary General's reform programme. Considerable attention will be paid during 2000 to the five year review, at a Special Session of the UN General Assembly, of progress in implementing the Global Platform for Action agreed at the 4th World Women's Conference at Beijing in 1995. Our objectives will be to encourage the international community to reaffirm its commitment to the goals set out at Beijing, and find new and more effective ways to make progress.

1.54 In delivering our own bilateral programme, we will continue to place gender equality in the mainstream of all our work. We will also continue to support innovative work. A good example of this is our recent work in support of activities aimed at ending violence against women. We have agreed to support a multi-country study on women's health and domestic violence to be undertaken by the World Health Organisation which will obtain reliable estimates of the extent of violence against women, and the consequences for women's health, in a selection of countries in Latin America, Africa, south and south-east Asia. This will provide the basis for identifying the risk factors for domestic violence and what can be done about it.

1.55 We are working to remove gender discrimination in all areas and at all levels of our work. The proportion of DFID spending aimed at promoting gender equality has doubled in the second half of the 1990s (from 23% of spending commitments in 1994/1995 to 46% in 1998/1999; projects approved with a gender objective have increased from £200 million to £600 million). Recent examples of innovations and benefits we are supporting are shown in Box 1.1.

BOX 1.1: WORKING FOR WOMEN IN THE MAINSTREAM OF DEVELOPMENT

DFID's approach to removing gender discrimination is to incorporate this goal into the mainstream of all our activities. We look for opportunities to advance the position of women and girls in all of the work we support and to ensure they get a fair share of the benefits of development.

Examples can be found in all sectors, and at all levels, from international policy formulation to village level projects and programmes, and through work with international organisations, governments, civil society and the private sector. Recent work includes the following:

Basic services and infrastructure

- New approaches to infrastructure which emphasise links to social benefits and women's needs are being developed with DFID support. Work includes the use of participatory planning and assessment methods in road improvement programmes in Uganda and Ghana, and support to a 15 country research programme in Africa and Asia aimed at developing more gender-sensitive approaches to travel and transport programmes.

Women's economic empowerment

- DFID support to the Bangladesh Rural Advancement Committee, and other credit providers around the world, is making small-scale credit available to millions of poor women.
- Support is also being given to other innovative approaches to bringing financial and other small enterprise development services to the poor, including ground-breaking partnerships with commercial banks in Zimbabwe and Uganda to develop community banking services which will bring lasting benefits to poor women.

Education and health

- DFID support to improved basic health care, wider availability of condoms, awareness raising and the promotion of behaviour change has helped female sex workers in West Bengal, India, keep infection rates for HIV down to 5%, compared with 70% among similar groups in other parts of the country.
- Training programmes funded by DFID have helped 500 women win promotion to head teacher in primary schools in Kenya in only two years.
- DFID support to primary education in India has helped bring about an increase in enrolments of 6.5% over a two year period. Enrolment by girls has grown faster - by 7.5% - and even faster still among disadvantaged girls from scheduled castes (12.4%) and scheduled tribes (9.6%).

Violence against women

- DFID is supporting a growing portfolio of activities aimed at stopping violence against women, including work in the Caribbean, Jordan, Kenya, Malawi, Namibia, Pakistan, South Africa and Zambia.
- Major contributions have been made by DFID to a Trust Fund for the Elimination of Violence Against Women run by the UN Development Fund for Women. We are also working with the UN High Commission for Refugees to protect women against violence in refugee camps.

Chapter 2

Better education, health and opportunities for poor people

2.1 A narrow focus on increasing the incomes of people in poor countries is not enough to reduce poverty. Human development across society is critical to decrease numbers living in abject poverty. This chapter describes key developments in DFID's work in the following areas:

- **promoting healthcare, including reproductive health:** poor health is a reflection of poverty and it also entraps people in poverty. Better health is both essential to well-being and enables individuals and families to improve their livelihoods;
- **safe drinking water and sanitation:** better health cannot be achieved without safe drinking water and sanitation;
- **universal primary education and skills for development:** education is a basic human right that empowers people to transform their lives. Without improved levels of education, sustained and broad-based economic growth will not take place.

Promoting basic health care for all, including reproductive health services, and lower child and maternal mortality

2.2 The poorest billion people in the world bear a starkly disproportionate share of the global burden of ill-health. They are nine times more

likely to die of communicable diseases than the richest billion and ten times more likely to die in childhood. Over her lifetime, an African woman is more than three hundred times more likely to die in pregnancy than a European woman. 95% of new HIV infections each year occur in developing countries. On a population basis Africa, and in particular Sub-Saharan Africa, bears a substantially greater burden of disease than any other region in the world.

2.3 Vulnerability to ill-health can prevent poor people escaping from poverty. A vicious circle prevails. Poverty creates ill-health - through inadequate living conditions, poor nutrition and lack of basic services - and ill-health reinforces poverty by reducing poor people's ability to lead secure lives, to earn livelihoods for themselves and their families and for children to get the full benefit from education. Increasingly, household health expenditure, frequently for poor quality care, can lead to poverty entrapment, debt and the inability to escape from poverty. There is increasing evidence that, for a country as a whole, better health contributes to increasing national economic security and growth.

2.4 The DFID Strategy Paper *Better Health for Poor People* will be published in the first half of 2000 (see Box 2.a). It is the product of wide consultation with key domestic and international partners and draws together the various actions, across a range of disciplines, that need to be pursued coherently to achieve the International Development Targets for health. It recognises that in future DFID needs to ensure that work in all sectors plays its part in meeting the health targets: for example, working for clean water, adequate sanitation, reducing environmental hazards, and increasing education, particularly of girls.

2.5 Success will depend upon a reinvigorated, co-ordinated and coherent response across international agencies and financing institutions. Through both DFID's health strategy and our

BOX 2.a: BETTER HEALTH FOR POOR PEOPLE STRATEGY PAPER

The strategy for reaching the health International Development Targets will be based on an analysis of the main determinants of poor health in poor people.

There will be three strands:

- **a focus on the priority health issues of the poorest billion:** for the poorest 20%, communicable diseases are the biggest threat: malaria, measles, respiratory infections, diarrhoeal disease and increasingly tuberculosis. Also, maternal health is particularly poor; 600,000 women a year die and 6 million are disabled or disfigured as a result of pregnancy each year, nearly all in developing countries. Renewed effort is needed to make pregnancy safer;
- **a focus on creating strong, effective health systems, which provide for the needs of all, especially the poor:** increasingly, this will be by moving beyond projects to support sector wide programmes so that health spending is more equitable and so that there is enough local expertise and funding to ensure that health care is provided for all and, after a partnership lasting many years, a sustainable system in place;
- **a focus on creating conducive social, political and physical environments for healthier living:** many of the key determinants of health lie outside the grasp of the health service or health sector and need to be addressed in concert with other parts of the public administration. Nearly a quarter of the world's population lack access to safe water and up to half lacks safe sanitation. Education is a particularly important determinant of health. Female literacy directly correlates with child survival and smaller healthier families. Preventative health approaches, for example in hygiene promotion and family planning, are strengthened massively by better education. Social violence and workplace safety are other priorities.

However, the pandemic of HIV/AIDS challenges the goals of development in all domains. Already in some parts of the world, notably Southern Africa, there is no single greater threat to the achievement of the International Development Targets. DFID recognises that it is no longer appropriate to confine its response to the health sector. The nature of the problem requires a department wide response from DFID. As a result, in this Strategy Paper, HIV/AIDS will be subject to a separate analysis describing the inter-sectoral response that will be required from the international community, the national and local levels and DFID itself.

Howard J Davies/DFID



A vaccination programme is an important component of the DFID - funded Medicins-Sans-Frontiers programme at Mandera on the borders of Kenya, Somalia and Ethiopia

broader collaboration with the United Nations (UN) system, the Department will seek to ensure that the UN provides global leadership in pursuit of the International Development Targets.

2.6 We look to the World Health Organisation for leadership in making pregnancy safer; to the UN Children's Fund and World Health Organisation together to lead on child survival; to the UN Population Fund to champion the availability of contraception and other reproductive health services; and to UNAIDS to galvanise a global response to HIV/AIDS. However, much remains to be done to achieve the required leap in collective performance of key agencies so that the development targets can be translated into concrete improvements in the health and well-being of poor people.

2.7 A successful five year review of the Cairo International Conference on Population and Development took place in June/July 1999. This conference is the source of the International Development Targets for reproductive health services and maternal mortality. The governments of 179 countries agreed a new plan to accelerate implementation of the Programme of Action agreed in Cairo. This forward looking

plan built on the agenda for global action and set out the strategic actions needed to implement the goals agreed in 1994.

2.8 International initiatives such as Roll Back Malaria, launched by the World Health Organisation in 1998, and to which DFID confirmed a contribution of £48 million over four years in 1999, and the International AIDS Vaccine Initiative, to which DFID became the first government donor in 1999 with a grant of £14 million over five years, represent new leadership approaches which have the potential to yield huge dividends. But there remains enormous scope for the development of more effective international collaboration through other fora. These include the European Union, the Commonwealth and other regional and economic groupings.

2.9 The priority health problems of the poorest billion are the key determinants of DFID's work in health. These point to more effort in addressing maternal mortality, where progress in the last decade has been negligible (and in many places negative), and in peri-natal and child health, where adequate health care in the early years can bring gains which last long into life. The existing diseases which disproportionately affect poor people - malaria, tuberculosis, polio (see Box 2.b) and HIV/AIDS (see Box 2.c) - remain a high priority, as do the health needs of young people, particularly their sexual and reproductive health.

2.10 There is increasing recognition of the growing importance of non-communicable dis-

eases in developing countries, notably mental illness. DFID will explore ways to contribute here. DFID welcomes the importance the World Health Organisation is attaching to reducing tobacco consumption which is now a major cause of ill-health in developing countries.

2.11 DFID will continue to contribute to securing strong, efficient and effective health systems. These include the choices made by households in accessing health care, the role of public subsidies, how to achieve sustainability of health systems, methods of service delivery, the involvement of the private sector, accountability to users and the quality of care.

2.12 We have made major new commitments in Tanzania (£45 million) for essential health care systems. In Nigeria, a £14 million contraceptive social marketing project aims to improve the sexual and reproductive health of poor and high risk groups. The focus of a £25 million project in Bangladesh is to increase access to and the use of cost-effective health services by the poor, espe-



AIDS education through drama in East Africa

Libo Taylor/Panos Pictures

BOX 2.b: POLIO

Within a few years, a disease that has killed millions of people over the course of human history can become a thing of the past. During 1999, DFID committed £59 million towards the final eradication of polio worldwide - £39 million for India and a grant of £20 million for polio eradication in six priority countries in Africa. This brings the UK's contribution to the polio elimination effort to £130 million since 1995. This will save many from lifelong disablement. It will also save the world £1 billion a year on polio immunisation which is no longer needed - £40 million in the UK.

cially women and children. A £3 million programme has been launched to eliminate elephantiasis, a preventable disfiguring disease of poverty which afflicts the tropics.

2.13 To ensure that social, political and physical environments promote healthier living, DFID is strengthening its collective response in these areas. Most importantly, this means working to reduce the negative impact on physical environments by improving water supplies and sanitation, reducing breeding sites of disease-bearing insects such as the mosquito and tackling pollution. Social environments are also important. We need, for example, to help create conditions free of violence (particularly against women - see Chapter 1) and improve safety in the workplace and on roads. DFID is a founder partner of the Global Road Safety Partnership alongside the Red Cross and World Health Organisation amongst others. These extend the boundaries of

traditional development activities, but are essential for advances in the health International Development Targets.

2.14 HIV/AIDS presents one of the biggest challenges of all. It is a unique global problem and demands unique global solutions. It has complex socio-economic and cultural determinants. It ranges across society, but to date has largely been seen as a problem for the health sector to tackle. There is increasing recognition that this is not sufficient. HIV/AIDS carries implications for action for many sectors - education, employment, economic development and social services amongst others. There are too few examples of effective national responses. DFID is strengthening its collaboration with UNAIDS to try to ensure that the challenge of HIV/AIDS is tackled through all parts of society (see Box 2.c).

BOX 2.c: HIV/AIDS

The catastrophe

At the end of 1999, nearly 34 million people were living with HIV infection: 95% in developing countries, 70% in sub-Saharan Africa. This proportion is set to grow as infection rates continue to rise in the poorest countries, which are least able to cope.

There are more than 15,000 new infections every day. Life expectancy at birth in southern Africa, which rose from 44 years in the 1950s to 59 in the 1990s, is set to return to 45 between 2005 and 2010. Development gains of past decades are being reversed.

Political will to confront HIV/AIDS is imperative. Uganda, Senegal and Thailand are countries where strong political leadership has stemmed the spread of HIV, and where trends are now reversing. A massive intensification of effort is needed to help increase prevention and reduce suffering from HIV/AIDS, especially amongst young people.

The response

DFID is preparing a strategy to be published in early 2000 - "Fighting Back" - which recognises the need to combine short-term prevention measures and care and support with longer-term action to help identify a vaccine. During 1999, DFID announced support of £14 million over five years to accelerate the pace of global AIDS vaccine research. The aim is to develop a vaccine that is safe, effective and affordable (through donor subsidy) for developing countries within 10-15 years. The International AIDS Vaccine Initiative is harnessing public and private resources to bring promising AIDS candidate vaccines to clinical trials.

DFID is also supporting national HIV/AIDS responses through major sexual and reproductive health programmes with Ghana, Kenya, Malawi (a £35 million sexual and reproductive health programme over six years was agreed during 1999), Nigeria, South Africa, Tanzania (where it is a priority in DFID's £45 million health sector programme), Uganda, Zambia, Zimbabwe, Bangladesh and India. In the past year DFID has agreed a £15 million HIV/AIDS project in China, which will develop replicable models of prevention, treatment and care in two pilot provinces. DFID is helping to broaden the response into the education sector. We are also significant investors in UN agencies such as UNAIDS, the World Health Organisation, UN Population Fund and UN Children's Fund. There remains enormous scope for more effective international collaboration through other fora, including the European Union, Commonwealth and regional and economic groupings.

Safe drinking water and sanitation

2.15 A renewed importance needs to be placed on water and environmental sanitation by the international community. There is increased recognition that water is a limited resource and, with population levels growing rapidly, the competition for access is intensifying both at a local level and between nations.

2.16 One billion people do not have adequate access to sufficient safe drinking water to sustain life. Almost three billion people (half the world's



The Bikita Integrated Rural Water Supply and Sanitation Project is improving domestic water supply in one of Zimbabwe's poorest provinces

BOX 2.d: ADDRESSING THE WATER CRISIS: HEALTHIER AND MORE PRODUCTIVE LIVES FOR POOR PEOPLE

The DFID paper *Addressing the Water Crisis: Healthier and more productive lives for poor people*, which will be published in the first half of 2000, will address the role that water and sanitation initiatives play in eliminating poverty and meeting the International Development Targets. The paper will cover water in all its uses, but with particular emphasis on water for domestic purposes, and will focus on water related environmental health services, which include sanitation facilities and hygiene promotion. The paper will bring together experience from a range of different sectors, placing this in the overall context of water as a limited and contested resource, subject to increasing demand. Competing domestic, agricultural, industrial and environmental interests are driven by population growth and economic development. The challenge for the international community is how to manage the increasing scarcity of lack of access of so many to water and sanitation, to ensure that the global goal of poverty eradication is met. This is a tremendous challenge, which entails tackling political and institutional issues so that the demands of poor individuals and communities are heard and acted upon.

The paper is likely to conclude with a set of strategic priorities for DFID:

International

- to focus international policy on the goal of poverty elimination;
- to support initiatives for coordination and strategic action with a particular focus on achieving the International Development Targets;

National

- to facilitate and support national water policy development and implementation focused on achieving national targets for water resources, water supply and sanitation;
- to support project implementation where this provides a suitable platform for broader development including, for example, institutional transformation and environmental best practice;

Local

- to support the design and implementation of projects targeted to inform key policy issues, undertaken by a range of organisations;
- to encourage the reorientation of local government to respond to consumer demand, particularly from the poor, and to support consumers and consumer groups to articulate that demand;
- to support the establishment of regulatory frameworks and systems for monitoring performance against agreed standards.

population) live without sanitation, suffering consequent risks to health. Three million children die each year from diarrhoea-related disease.

2.17 Women are restricted in their ability to undertake other productive activities, which could add to family incomes, by the drudgery of carrying water. They are usually excluded from decisions regarding the allocation and management of water.

2.18 DFID will publish a strategy paper *Addressing the Water Crisis: Healthier and more productive lives for poor people in 2000* (see Box 2.d). It will identify key constraints and issues and propose a set of priorities for future action by governments, the international community, civil society and the private sector. One of the first priorities will be to work with the international community to establish a revised set of targets for water. Although targets for water resources, water supply and sanitation exist, they are not defined as useful indicators in the case of water

resources, and the current targets (set in the 1980s) for water supply and sanitation are unrealistic. The second World Water Forum in the Hague, in March 2000, provided the opportunity for agreement, at least in principle, to revise the targets.

2.19 Box 2.e shows how DFID is improving water and sanitation in a range of different ways.

Universal primary education and skills for development

2.20 DFID's work in education is driven by the two relevant International Development Targets of universal primary education by 2015 and gender equality in primary and secondary education by 2005. This section describes the development of DFID's education strategy to help achieve these targets and how we are supporting efforts to improve access to primary education, redress gender inequality and enhance skills for development.

BOX 2.e: DFID SUPPORT FOR WATER AND SANITATION COVERS A WIDE RANGE OF INTERVENTIONS AT A VARIETY OF LEVELS

- **Strengthening developing countries' planning.** Water scarcity is an increasingly important issue, leading to potential international conflict and competition over inter-sectoral allocation at a national level. Good management and planning, supported by accurate data, are more vital than ever. We are supporting the Sustainable Management of Aquifers Project which will model the groundwater beneath the West Bank and Gaza Strip and determine the recharge capabilities of these aquifers. This information is of vital importance for the Middle East Peace Process, for which the equitable allocation of water between neighbouring countries is a key issue.
- **Improving hygiene behaviour.** Experience has shown that for water and sanitation initiatives to improve health they must be coupled with safer hygiene behaviour. In Bangladesh we are supporting a countrywide rural UN Children's Fund programme focused on changing hygiene behaviour. Over 90% of the rural population have access to tubewell water but, because of lack of sanitation facilities and good hygiene practice, this has not resulted in a marked reduction in diarrhoeal disease. The project targets morbidity and mortality associated with unhygienic practices.
- **Water and sanitation service delivery.** Institutional reform, with governments taking the role of enablers and regulators, has been called for since the late 1980s. DFID's support in Uganda is based on a programme of capacity building to enable local councils to manage service delivery more effectively. It also includes support to both the Department of Water Development and the Ministry of Health in their role as policy formulators and technical advisers. We have also supported the Government of Tanzania in contracting out services in Dar-es-Salaam. Although responsibility for capital improvement and operation and maintenance of the system will be taken by the private sector, the ownership of the assets will remain vested in the Government. Severn Trent Water is currently advising on contract documentation, risk allocation, and the responsibilities of a regulatory body.

Education strategy and the World Education Forum

2.21 DFID has a three-fold strategy for achieving its educational priorities:

- an increasing contribution to greater policy coherence and better international co-ordination to bring about education for all;
- a strong bilateral programme that will provide strategic assistance to governments committed to giving priority to universal primary education and to the education of girls within sound education sector policies, medium-term expenditure frameworks and poverty reduction strategies;
- knowledge and research strategies that will exert an influence on and contribute to the ability of the international community to learn lessons, share experience, promote

good practice, monitor progress and improve data on education.

2.22 In May 1999 we published *Learning Opportunities for All (89)*, the policy framework for DFID's work in education. This sets out the principles we aim to follow, the challenges we face and the ways in which we intend to work in order to achieve our goals and objectives.

2.23 In the first half of 2000, following considerable internal and external consultation, DFID will publish its Education Strategy Paper: *Education for All: The Challenge of Universal Primary Education*. This will set out the action needed by the international community to deliver on the two education International Development Targets. It will call for greater international effort to implement the strategies needed to achieve

BOX 2.f: EDUCATION FOR ALL: THE CHALLENGE OF UNIVERSAL PRIMARY EDUCATION - STRATEGY PAPER

Education for All will highlight the nature and the scale of the challenge. Poverty is the most pervasive influence on educational disadvantage. Poverty translates into gender discrimination and contributes to the circumstances of children with special needs, with HIV/AIDS, living with conflict or with racial or ethnic discrimination. Governments will be challenged to offer universal access which is affordable, of meaningful quality and useful. The international community will be challenged to develop well co-ordinated support for national strategies.

Important lessons have been learned over the past decade. The International Development Targets will not be realised without the sustained commitment of governments. If all children are to benefit from primary education, flexibility of approach is required. Analysis of the demand for schooling is vital. Quality must be maintained while access is expanded. A failure to address the implications of HIV/AIDS will undermine investment in primary education, especially in Africa and Asia. Support for primary education has to be set within a wider sector and pro-poor development framework.

The paper will identify major priorities for action to include:

- leadership and commitment, nationally and internationally;
- national education strategies founded on the principle of inclusion;
- building a constituency for action through the participation of civil society;
- strong linkage between education and other development sectors;
- investment in knowledge and innovation;
- strong commitment to gender equality;
- action to minimise the impact of AIDS;
- financing strategies which do not set barriers for the poor;
- more effective ways of delivering external assistance, including mobilisation of resources for well-defined national policies.

Education for All will help to guide DFID's work for the realisation of the education International Development Targets and contribute to international thinking and action. It will set out a strategy for our work with developing country governments, civil society and the international community which will enable us to engage effectively in dialogue with these partners and so help promote consensus on how to achieve the International Development Targets.

effective and equitable universal education (see Box 2.f).

2.24 The World Conference on Education for All in Jomtien, Thailand in 1990 set the target of ensuring universal access to, and completion of, primary education by the year 2000. The World Forum on Education to be held in Dakar, Senegal, in April 2000 will assess progress achieved in the 10 years since Jomtien. It is expected to reaffirm the continuing commitment of the world community to the educational vision and principles of Jomtien while recognising the need to make more effective progress in delivering results.

Universal primary education

2.25 DFID is increasingly focusing its education resources on basic and primary education. Over three-quarters of our current commitments to education - which exceed £800 million - are now in this area. Two-thirds of these resources are concentrated in 11 of the poorest countries of Sub-Saharan Africa and South Asia.

Prodesh Das



Towards universal primary education: school continues, despite cyclone damage, Orissa, India

2.26 The positive impact of existing basic education programmes in Bangladesh and India

(Rajasthan and West Bengal) enabled DFID to make major further commitments to these programmes in 1999. We have also agreed to support our first basic education programme in China (Gansu Province). DFID's new commitments to these programmes in 1999 totalled £113 million.

2.27 In these programmes we are moving swiftly towards a sector-wide approach (see Box 1.c) to primary and basic education. This means getting all the relevant donors working together in a more "joined-up" way, led by developing country governments, to make universal primary education a reality. It means encouraging and supporting a sound macro-economic framework which ensures a sustainable flow of resources for primary education. And it means help with reforms to ministries of education, to systems of management and teacher training, book production, public finance management and taxation systems. Our aim is to invest in sustainable systems so that when our partnership ends, a quality primary education system will remain - locally run and locally funded.

2.28 In many developing countries educational data is inadequate or inaccessible; much better statistics are needed if the education International Development Targets are to be achieved. DFID is working closely with the Institute of Statistics of the UN's Education, Scientific and Cultural Organisation to improve educational data. Investment in knowledge generation, research and dissemination will continue to underpin our work in education.

Gender equality in education

2.29 World Bank research has suggested that the education of girls is the single most valuable development intervention a country can make. But translating the research evidence into policies and practice remains a significant challenge. Understanding the web of issues, constraints and power relationships that affect the schooling of

girls - within families, communities, schools, cultures and societies, and within governments - is essential if practical solutions are to be defined, shared and implemented.

2.30 There is a major challenge too for women working in education systems. Women teachers are important role models. But their professional and career opportunities are rarely as good as those of their male counterparts.

2.31 DFID will continue to address factors constraining the equal participation of girls and boys in schools both through our bilateral programmes and in close collaboration with other international agencies. We have been working with the UN Children's Fund, the World Bank and the Rockefeller Foundation to explore the strategies needed to create the right environment for sustainable, effective education for girls. We are also undertaking a study for the

Development Assistance Committee of the Organisation for Economic Co-operation and Development on the integration of gender issues in sector-wide approaches to education.

Skills for development

2.32 A further education priority for DFID is to help provide developing countries with an essential framework for skills acquisition and training provision. This will enable individuals to gain access to work-related skills and employment and help developing economies achieve growth, building on a higher level of skills in the population. Skills shortages are a major constraint on the economic growth of most poor countries. These shortages appear at all levels of the economy, from the high-level policy analysis skills needed to drive development, to the practical skills that enable new technologies to be absorbed and exploited.

BOX 2.g: SKILLS FOR DEVELOPMENT PROGRAMME

DFID's Skills for Development initiative facilitates the stimulation of entrepreneurial skills required by the poorest countries if their economies are to grow. It consists of three components:

- assisting our partner countries to develop skills in the population which will enable the workforce to contribute to economic growth. We are beginning this process with several African countries, including Rwanda, which has emerged from the horrors of genocide in 1994 with a tattered education system and massive skill gaps in the wider workforce. The Programme aims to build close working relationships with Government ministries, National Training Authorities or similar "apex" organisations in partner countries;
- for those countries where institutions exist but are not sufficiently responsive to skills development and employment needs, we have established a new programme of links between further education institutions in this country and overseas. We have set aside £4 million for this purpose;
- supporting innovative and knowledge-building projects which can be used to pilot new approaches to skills development work. In Chennai in India, we have been supporting "Colleges Without Walls", informal learning organisations which have enabled the poor and unemployed local population to acquire skills specifically identified by local employers. So far, 85% of these trainees have found work with local employers. The Government of India is taking a close interest in how this project develops.

The Skills for Development Programme will focus on building capacity in the following areas:

- programme design: the alignment of curricula with employment and skills needs, and addressing both poverty and gender issues in the process of programme design;
- learning and teaching quality: improving the effectiveness of teaching so that desired learning outcomes are achieved, broadening the delivery of education (through, for example, open and distance learning techniques), the inspection of institutions, and the accreditation of awards;
- sector support: building capacity and defining roles and responsibilities, the creation of sustainable models for funding and resource allocation.

2.33 To meet this need DFID has established a major new programme of assistance and support. Over the next two financial years £25 million will be available under the Skills for Development programme. Box 2.g sets out the main features of this programme.

2.34 DFID's support for scholarship schemes, such as the Commonwealth Scholarship and Fellowship Plan, and Academic Link programmes - financed through the Fund for International Co-operation in Higher Education - also promote skills development.

2.35 As progress is made towards universal primary education we shall need to help governments define ways of providing secondary and tertiary education which are more efficient and less costly than before. Distance learning, involving new technologies to expand access to such education and skills training, will play an important part. We have been working closely with the Commonwealth of Learning on this. Box 2.h provides further details.



Howard J. Davies/DFID

Open and distance learning: a teacher training programme in Jamaica takes the course to the student

BOX 2.h: COMMONWEALTH OF LEARNING

The Commonwealth of Learning based in Vancouver, promotes co-operation between universities, colleges and other education institutions throughout the Commonwealth, making use of the potential offered by open and distance learning and the application of communication technologies to education.

DFID is a major donor to the Commonwealth of Learning, whose recent activities include:

- developing distance materials to improve the teaching of reading and literacy;
- “virtual” delivery of higher education: an international expert group was set up to look at technological developments in the delivery of education by distance and to assess the potential impacts of these developments. The Commonwealth of Learning's publication *The Development of Virtual Education: A global perspective* (104) provides more information;
- developing a teacher training diploma for technical teachers based on open and distance learning in Jamaica, working with the University of Technology, and in 11 other Caribbean countries. This will have the effect of taking the course to the student, not moving the students to an institution;
- in Mozambique, the African Development Bank has chosen the Commonwealth of Learning to carry out a feasibility study of a national system of distance and open learning across the country. DFID is also providing funds for a pilot project by the Commonwealth of Learning and the Mozambique Ministry of Education to explore the development of teacher training and secondary level materials to be delivered by distance.

Chapter 3

Better management and protection of the natural and physical environment

3.1 This chapter sets out the need to improve, better manage and protect the natural and physical resources if the livelihoods of poor people in both rural and urban environments are to improve. It describes key developments in DFID's work in the following areas:

- **DFID's contribution to improving the livelihoods of poor people:** over the next 20 years the world's farmers will have to produce 40 per cent more grain and eight times more meat and dairy products. Firewood will continue to be the principle source of energy for heating and cooking, and the demand for timber and fibres will also grow. These demands will have to be met from existing land use patterns without further degradation of the natural environment, through sustainable improvements in the livelihoods of poor people.
- **the role and contribution to be made through investments in research and knowledge activities:** strategies for poverty reduction must be supported by research that improves access to safe, affordable technologies in a timely and appropriate form.
- **urbanisation and development:** nearly half of the poor people live in urban environments. Urban environments present considerable challenges for infrastructure, waste management and service delivery.

- **sustainable development and mainstreaming environmental concerns:** national strategies can help reverse current trends in the loss of environmental resources by integrating environmental issues into national and sub-national planning and development. This integration is also essential to ensure that the complex links between poverty reduction and the environment are properly understood and acted on.
- **tackling global environmental issues:** the poor are particularly sensitive to the impact of excessive chemical emissions and deforestation on global climate changes. They are potential beneficiaries of genetic research but would suffer if the modified organisms were released prematurely or indiscriminately.

Improving livelihoods

3.2 For poor people to escape from poverty they must be able to improve their livelihoods in ways that can cope with, and recover from, stresses and shocks, while maintaining and enhancing their material and social assets and opportunities both now and in the future.

3.3 DFID has developed a sustainable livelihoods approach as a way of thinking about the objectives, scope and priorities for development with particular reference to rural environments where the majority of poor people live. The aim is to increase the sustainability of poor people's livelihoods through promoting:

- improved access to education, information, relevant technologies and training, and better nutrition and health;
- a more supportive and cohesive social environment;
- more secure access to, and better management of, natural resources;

BOX 3.a: SUSTAINABLE LIVELIHOODS APPROACH: CORE PRINCIPLES

Poverty-focused development activity should be:

- **people-centred:** sustainable poverty elimination will be achieved only if external support focuses on what matters to people, understands the differences between groups of people and works with them in a way that is congruent with their current livelihood strategies, social environment and ability to adapt;
- **responsive and participatory:** poor people themselves must be key actors in identifying and addressing livelihood priorities. Outsiders need to listen and respond to the poor;
- **multi-level:** poverty elimination is an enormous challenge that will only be overcome by working at multiple levels, ensuring that micro-level activity informs the development of policy and an effective enabling environment, and that macro-level structure, institutions and processes support people to build upon their own strengths;
- **conducted in partnership:** with both the public and private sectors;
- **sustainable:** there are four key dimensions to sustainability - economic, institutional, social and environmental sustainability. All are important - a balance must be found between them;
- **dynamic:** external support must recognise the dynamic nature of livelihood strategies, respond flexibly to changes in people's situations, and develop longer-term commitments.

Sustainable livelihoods must be underpinned by a commitment to poverty eradication. Although they can, in theory, be applied to work with any group, an implicit principle for DFID is that activities should be designed to maximise livelihood benefits for the poor.

- better access to basic and facilitating infrastructure;
- more secure access to financial services; and
- a policy and institutional environment that supports multiple livelihood strategies and promotes equitable access to competitive markets for all.

3.4 The core principles of this approach are set out in Box 3.a above.

3.5 A DFID publication entitled *Sustainable Livelihoods: Lessons from early experience* (64) summarises the findings, achievements and lessons learnt over the year using the sustainable livelihoods approach. Boxes 3.b and 3.c overleaf set out recent progress in key areas and outline

BOX 3.b: THE LIVELIHOODS APPROACH: A SUMMARY OF PROGRESS IN 1999/2000

- A Sustainable Livelihoods Resources Group has been set up to exchange information and provide expertise on sustainable livelihoods; eleven UK development institutions are represented on it (see Box 3.c).
- DFID is implementing or designing programmes using the sustainable livelihoods approach in 20 priority countries with a total commitment of £193 million. In Bangladesh, 700,000 people will increase their incomes from fish and vegetables, while reducing their reliance on pesticides. In India, rain-fed farming, watershed management and rural livelihood programmes are bringing increased incomes, improved food security, reduced vulnerability and increased enrolment in primary education and are reversing environmental degradation for over a million people in Western Orissa, Andhra Pradesh, Karnataka and Gujarat. In South Africa, a livelihoods approach is being used to design programmes to reduce poverty in the Eastern Cape and to improve the planning and management of the coastal zones.
- Collaboration with the World Bank, United Nations (UN) Development Programme and the European Commission has been strengthened by means of well directed secondments and joint work on policy development.
- A livelihoods approach has been used to pilot participatory and commercialised models for the decentralisation of livestock services in five areas of the Eastern Regions of Indonesia and to develop alternative institutional arrangements for financing delivery of rural services. The approach has been so successful that it is being adopted throughout the country.
- We have collaborated with the International Labour Organisation to promote the labour-based delivery of key services and associated infrastructure.
- Collaboration has been strengthened with the World Bank and bilateral agencies on sustainable improvements in rural transport.

BOX 3.c: SUSTAINABLE LIVELIHOODS RESOURCES GROUP

The objectives of the Sustainable Livelihoods Resources Group are to:

- build a constituency and means of exchanging information on sustainable livelihoods;
- provide expertise to development programmes on issues relating to sustainable livelihoods.

It will do this through:

- consultancy services;
- lesson learning, synthesis, dissemination and feed back on what works;
- training and development of staff, suppliers and partners;
- building partnerships with governments, other donors, business and civil society;
- research to fill knowledge gaps;
- drafting guidance sheets;
- creating and supporting a virtual learning centre.

The following organisations are represented:

- Centre for Development Studies, University of Wales, Swansea
- Institute for Development Studies, University of Sussex
- Overseas Development Institute
- Oxford Policy Management Ltd
- In Development Ltd
- Natural Resources International
- Wye College, University of London
- Khanya, South Africa
- University of East Anglia
- British Geological Surveys
- Transport Research Laboratory

BOX 3.d: SUSTAINABLE FISHERIES LIVELIHOODS PROGRAMME IN WEST AFRICA

Fisheries provide the livelihoods for many poor people and a third of the animal protein in the average diet of people in many West African countries. Half of the workforce involved in fisheries are women. The Food and Agriculture Organisation's Code of Conduct for responsible fisheries seeks to promote the sustainable exploitation of the fisheries of the world in support of sustainable development and poverty reduction.

In July 1999, £21.5 million was allocated by DFID to a five-year DFID/Food and Agriculture Organisation partnership aimed at reducing poverty in coastal and inland communities. This initiative will improve the livelihoods of people dependent on fisheries and aquatic resources through the application of the Code of Conduct across 24 West African countries.

We intend to build on this collaboration in other fields, for example in the control of livestock diseases in Africa.

the work of DFID's newly established Sustainable Livelihoods Resources Group.

3.6 Some development challenges can be tackled only by taking a regional or trans-national approach to improving the livelihoods of poor people. The first example for DFID was the launching in 1999 of a partnership with the Food and Agriculture Organisation to help the countries of West Africa to improve the management of their fisheries by helping them apply the Code of Conduct for Responsible Fisheries (see Box 3.d).



Half of the workforce involved in fisheries in West Africa are women

Libo Taylor/Panos Pictures

Increasing opportunities through research and knowledge generation

3.7 Any strategies aimed at poverty elimination, improving livelihoods and protecting the environment must be underpinned by investment in research that improves access to knowledge and to technologies that are safe, reliable and affordable. Even more important is that this knowledge and these improved technologies are made accessible to poor people and to decision makers in a timely and appropriate form. DFID's investment in research covers not only the generation of new knowledge and technologies but supports activities aimed at lesson-learning, policy analysis and improving dissemination and access to information.

3.8 Notable achievements in the field of knowledge and research in 1999 include:

- the publication of revised and updated knowledge research strategies in renewable natural resources (*Renewable Natural Resources Research Strategy - Knowledge & Research for Poverty Reduction (99)*) and engineering (*Engineering Knowledge and Research (85)*). These focus on technology which will enable poor people to improve their livelihood options and increase opportunities for them to make better use of natural resources;
- an awards scheme to acknowledge and encourage the achievements of the UK natural resources science community in delivering benefits for the poor. The results of this scheme were discussed at a symposium in December 1999 and published in a booklet *Improving Poor People's Livelihoods (88)* (two examples of this work are highlighted in Box 3.e);

BOX 3.e: NATURAL RESOURCES RESEARCH - SOME KEY STUDIES

Forestry Programme

Mr John Palmer, Programme Manager, Natural Resources International Ltd.

Poor small-scale farmers in Indonesia suffer increasing hardship for a variety of reasons. Increasing population pressure is causing the size of land-holdings and the length of soil fallow periods to decrease. Pressure to produce more food on less land with decreasing fertility means that more productive options must be explored. Trees such as *Gliricidia* produce wood for hard-to-come-by fuel or furniture and also provide leaves that can be mulched into the soil as a source of manure or fed to livestock such as goats or cattle. Since *Gliricidia* is protein-rich (because it produces nitrogen from its roots), it is particularly nutritious for animal feed, and is especially important in the dry season when alternative sources of feed are hard to find. But *Gliricidia* only occurs naturally in Central America.

Several DFID Forestry Research Programme projects have collected seed from all over Central America and tested it to see which type performed best in Indonesia and 55 other countries throughout the tropics. Further DFID support has enabled seed orchards of the best type to be established. These seed orchards should provide up to 300,000kg of seed, more than enough to supply poor farmers in tropical and sub-tropical countries throughout the developing world with *Gliricidia* seedlings to plant around their fields. The sale of seed and the additional weight gain in livestock could add up to US\$300 million to the income of poor small-scale farmers world-wide so that farmers will be better off.

Crop Protection Programme

Dr Simon Eden-Green, Programme Manager, Natural Resources International Ltd.

At least 30% of the world's crops are destroyed by insects, diseases, weeds and rodents before they are harvested. The poorest communities often have the least resources to fight back. The Crop Protection Programme seeks to provide sustainable, environmentally-friendly solutions to pest problems that are acceptable and accessible to poor farmers.

In India, farmers had become locked into a cycle of increasing dependence on pesticides to control whitefly and bollworm pests that were becoming resistant to pesticides. By first understanding the nature of the problem and optimising techniques to manage the pests, partnerships were established that enabled whole villages to adopt more tolerant varieties, use more appropriate pesticides and learn to apply them only according to need. Farmers quickly took up the new technology and have increased yields by 20-40% whilst reducing pesticides by more than 50%.

- increased collaboration with colleagues in Europe and the European Community through the attachment of a research specialist to the European Initiative on Agricultural Research for Development and the Directorate General for Development.

DFID



Protein-rich Gliricidia is a particularly nutritious animal feed: DFID-funded research and seed orchards have helped supply poor farmers in a wide range of developing countries with Gliricidia seedlings

Urbanisation and development

3.9 At the turn of the millennium, for the first time ever, half the world's population are living in urban areas. By the year 2015, the United Nations (UN) estimate that this proportion will have increased substantially, mainly in developing countries. Urban growth puts pressure on the availability of secure and appropriate land for shelter and the services people require for their daily lives. As these pressures mount, large numbers of people all too often end up living in abject poverty in environmentally degraded areas. Dealing with these issues is a challenge for local governments and civil society alike.

3.10 Successful cities have an impact far beyond their own boundaries. Creating the conditions in which cities can grow benefits both poor people who live in the cities and those who live in rural districts. Understanding the interactions between rural and urban areas, especially as towns grow, can be the key to sustainable urban development and more sustainable livelihoods for the poor. DFID is working on a strategy paper *The Urban Challenge* to address these problems (see Box 3.f). We plan to publish this in mid 2000.

3.11 DFID has been helping the UN and other multilateral organisations to develop new processes which will lead to better understanding of the opportunities for municipalities to instigate development which will reduce poverty in their towns and cities. Box 3.g provides more detail.

3.12 DFID provides support directly to developing countries in two areas. Firstly, we help key actors in the public, private and community sectors to develop the skills and structures they need to address urban problems. Secondly, we provide resources to carry out the kind of improvements that make the lives of poor people more productive and more secure in the long term. New initiatives have been taken by DFID



Daniel O'Leary/Ronny Pictures

Urban growth puts pressure on the availability of secure and appropriate land for shelter: housing on flood plain of river, Delhi, India

in India for example, to address the problems of urban poverty through a state-wide programme in Andhra Pradesh. This will provide increased capacity for the 32 major towns of the state to tackle these development and poverty issues

more directly themselves. We are also helping to improve water sanitation in East Africa (see Box 2.e) and waste collection in Southern Egypt (see Box 3.h overleaf).

BOX 3.f: STRATEGY FOR MEETING THE URBAN CHALLENGE: INCLUSIVE DEVELOPMENT FOR POOR PEOPLE

In meeting the International Development Targets by 2015 the international development community needs to address the scale and specific nature of urban poverty as well as continuing to meet people's needs in other human settlements.

The urban poor, the world over, are facing deteriorating conditions in the fast growing towns and cities, often lack adequate and secure shelter, and in addition find access severely constrained to basic infrastructure services, such as water, sanitation, sufficient energy sources and solid waste removal. More importantly, the urban poor are often marginalised from wider society and from decision-making for development. They are thus deprived of the critical resources to enable them to improve their livelihoods in a sustainable way.

While urban areas are the engines of economic growth, centres of culture and learning, information and communications, they also play a significant role in the consumption of natural resources, both within their boundaries and beyond. Nevertheless they also present, if well managed, great opportunities for sustainable urban living and rural development.

In its strategy paper DFID will explore how it will act with the international development community to focus on:

- increasing the levels of security of tenure available to poor people so that they can more readily invest in their own adequate shelter, with access to the essential services for decent living - water, sanitation, waste collection, electricity and telecommunications;
- increasing the level of participation by the poor in local decision-making which paves the way for more inclusive development and opportunities for more sustainable livelihoods in towns and cities;
- increasing the capacity of urban local authorities and municipalities so that they can more adequately manage the urban environment that provides for the expected growth, in a way that benefits everyone, especially the poor.

The *Istanbul Declaration and Habitat Agenda* (109) the communiqué of the 2nd UN Conference on Human Settlement, held in Istanbul in June 1996, provides the agreed international framework for these priorities. The reporting of progress to the fifth anniversary conference (Istanbul+5) in 2001, and subsequently, will chart the extent to which this challenge will be met in every community in the developing world by 2015.

BOX 3.g: DFID SUPPORT FOR THE UN CENTRE FOR HUMAN SETTLEMENTS (HABITAT) AND OTHER MULTILATERAL ORGANISATIONS

Habitat Urban Indicators Project: This project aims to develop ways of evaluating progress in the implementation of the Habitat Agenda, especially in developing countries. The World Bank is funding a set of detailed fact-finding analyses through the Habitat Global Urban Observatory and its related national and local urban observatories. DFID has provided £0.2 million.

Habitat/UN Development Programme/World Bank/Multi-donor Urban Management Programme: This programme aims to help municipalities understand the ways in which local governments can focus on the needs of their citizens, especially the poorest. It promotes decentralised and participatory urban management, and enhances opportunities for sustainable livelihoods. DFID is providing £2.38 million over the next two years.

Habitat/World Bank/Multi-donor "Cities Alliance": A new initiative designed to bring together the normative role of Habitat, setting the standards for poverty-focused urban development, together with the investment potential of the World Bank. It provides for two major activities - improved urban governance through City Development Strategies and the up-grading of poor neighbourhoods. DFID's support will amount to £2.1 million over the next two years.

UN Development Programme Public-Private Partnerships for the Urban Environment: This initiative provides new opportunities for municipalities to involve the private sector in innovative and practical ways of building effective infrastructure and improved urban environments. DFID has been instrumental in developing this multi-donor fund and has made a core contribution of £3 million over the next three years.

BOX 3.h: TACKLING URBAN PROBLEMS: SUPPORT FOR ENVIRONMENTAL ASSESSMENT AND MANAGEMENT IN EGYPT

In many rural and urban areas of Egypt there is little effective waste management. Refuse piles up in the streets causing health hazards and impeding access. The poor in Egypt consistently identify waste management as one of their major environmental priorities. Through working with existing community-based organisations and groups, low cost waste collection, transfer and disposal services were developed in a pilot district in Sohag. The provision of these services significantly improved waste collection, with benefits to 100,000 people. Due to popular demand improved waste collection services were extended to other districts on a cost recovery basis. In 1999 DFID approved a further four year phase at a cost of £ 5.75 million.

Liba Taylor/Panos Pictures



Effective waste management is a major environmental priority in Egypt

Integrating poverty reduction and sustainable development

The International Development Targets

3.13 DFID is currently developing a Strategy Paper - *Environmental Sustainability and Eliminating Poverty* - spelling out the actions needed to achieve the International Development Target on sustainable development (see the Overview for more details about these targets and Box 3.i for more information on the paper).

BOX 3.i: SUSTAINABLE DEVELOPMENT, ELIMINATING POVERTY AND IMPROVING THE ENVIRONMENT

The paper *Environmental Sustainability and Eliminating Poverty* will look at how the principles of sustainable development, including concern for the environment, can be successfully integrated in a country's development policies and programmes. The sustainable development target is:

- the implementation of national strategies for sustainable development in all countries by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.

Most current environmental trends are adverse, with significant detrimental impacts on the health and livelihoods of poor people. The main causes of environmental degradation are income inequalities and unsustainable consumption; market failures; and poor and ineffective governance.

The paper will argue that progress towards meeting the International Development Target can make a significant contribution to a sustainable reduction in the number of people living in absolute poverty. The poor suffer disproportionately from increasing environmental degradation. They are particularly susceptible to the impacts of natural disasters. Nevertheless, they are prepared to invest in the environment if they see tangible benefits and the potential for economic improvement. A precondition for this is often secure property rights and their full participation in decision making about their future.

Opportunities for reducing poverty while simultaneously protecting and improving the environment will be described. Emphasis will be placed on working with the poor and on improving often weak and ineffective systems of governance. Mainstreaming environmental considerations into country policies and programmes and encouraging the private sector and civil society to take similar action are both important. There are many opportunities to meet local environmental priorities while also contributing to global concerns, such as the build-up of greenhouse gas emissions in the atmosphere. DFID will contribute to this international agenda through its bilateral programme and the established relationships it has with a range of multilateral institutions. It will also work to ensure policy coherence in the UK and within the European Union.

3.14 National strategies for sustainable development are an important tool for achieving the relevant International Development Target, through integrating environmental issues into national and sub-national planning and development processes. But the scope of these strategies goes wider than environmental concerns. Their purpose is to integrate all elements of sustainable development and to provide the means to help address trade-offs. To help take this work forward DFID has created a unit to support and guide DFID's work with partner countries on the development of their strategies (see Box 3.j). A key task for this unit will be the development of a consensus of how progress should be measured towards the attainment of this International Development Target.

Integrating poverty reduction and environmental protection

3.15 Achieving sustainable development and the eradication of poverty will depend on the successful integration of pro-poor economic growth with social progress and environmental protection. Current trends in soil degradation, water pollution, deforestation, the loss of biodiversity and the degradation of coastal areas seriously threaten the livelihoods of poor people.

DFID is helping to build the capacity of governments to respond to these challenges. For example, Box 3.k overleaf describes DFID's contribution in central and eastern Europe where many of these problems are acute.

3.16 There is a clear distinction between environmental change and environmental degradation. Changes in land use, for example from forestry to agriculture, can be justified when based on sound economic and social analysis



John McDermott/Panos Pictures

Many of the world's biggest environmental disasters have occurred in Eastern Europe and Central Asia: derelict oil rigs, Azerbaijan

BOX 3.j: NATIONAL STRATEGIES FOR SUSTAINABLE DEVELOPMENT SUPPORT UNIT

In June 1999, DFID created a Support Unit to support and guide DFID's work with partner countries on the development of their national strategies for sustainable development. The Unit is multidisciplinary, consisting of economic, environmental and social development expertise. It also has access to advice from a range of sectors including governance, health and education. The Unit will draw on UK expertise in sustainable development to ensure a coherent message and wider perspective.

The Unit's objectives are:

- to help developing country partners meet the International Development Target on national strategies, through collaboration with DFID country programmes and joint initiatives with other advisory departments;
- to broaden understanding of the national strategies for sustainable development, through strengthened relationships and alliances with other Whitehall departments, consultation with external expertise and commissioned research;
- to participate in development of best practice, policy and guidance for donors, through the ongoing work of the Development Assistance Committee of the Organisation for Economic Cooperation and Development. DFID co-leads a Task Force, which is developing guidance through lesson learning and dialogue with developing country partners;
- to influence international thinking, through collaboration with multilateral institutions - particularly the Comprehensive Development Framework of the World Bank - and learning from similar work being undertaken by them;
- to contribute to the development of core indicators to measure progress towards the achievement of the International Development Target on national strategies for sustainable development.

BOX 3.k: THE SCALE OF ENVIRONMENTAL PROBLEMS IN EASTERN EUROPE AND CENTRAL ASIA

Countries in eastern Europe and central Asia have inherited an enormously costly environmental legacy. This has arisen from decades of ineffective governance which failed to integrate environmental factors into economic planning and development. Many of the world's biggest environmental disasters are located here. These include the drying up of the Aral Sea, extensive pollution in the Caspian Sea and the Chernobyl disaster in the Ukraine.

The UK has provided assistance as part of the international efforts to tackle these environmental problems. For example, our technical assistance has enabled a large steel company in Romania to introduce pollution control measures that have not only improved the local environment and worker safety, but have also saved the company almost £1 million a year.

DFID is now funding a number of other large environmental projects in the region, including:

- strengthening waste management services in Bulgaria and Russia (£1 million over three years);
- building the capacity of the regional environmental authorities in Tomsk, Siberia (£1 million over three years);
- building the capacity of municipalities in the Baltic States to prepare environmental projects (£550,000 over three years);
- environmental awareness raising in Donetsk, Ukraine (£300,000 over three years).

which takes into account the external costs and benefits. Environmental change becomes degradation when it threatens sustainable development.

3.17 Integrating environmental concerns into all DFID's work is a priority. An independent environment synthesis report - *Environment: Mainstreamed or Sideline* - published in January 2000 (57) identified three key challenges:

- to demonstrate the contribution of environmental improvement to direct poverty reduction;
- to integrate the environment fully within bilateral strategies;
- to design monitorable performance targets for the environment at country programme and DFID level.

3.18 Over the coming year DFID will focus its work on incorporating environmental considerations into the strategy papers and poverty assessments prepared with our main country partners. We will do this by improving the integration of environmental concerns into the sustainable livelihoods approach (see Box 3.a for its principles); identifying good practice and 'win-win' opportunities for poverty reduction and environmental protection; creating a stronger network amongst advisers who handle environmental issues, with a particular emphasis on education and curriculum development; and raising

awareness of environmental issues across DFID's country programme managers and advisers through training on the environmental issues and opportunities. We will also seek to improve ways to assess progress.

Tackling global environmental problems

3.19 DFID works closely with other Government Departments, principally the Department of Environment, Transport and the Regions, on a wide range of multilateral environmental agreements including the Commission on Sustainable Development, the Climate Change Convention, the Multilateral Fund of the Montreal Protocol, the Intergovernmental Forum of Forests, the G8 Forest Action Programme, the Desertification Convention (see Box 3.l), the Convention on Biological Diversity, the negotiation of the Biosafety Protocol, the Food and Agriculture Organisation International Undertaking on Plant Genetic Resources and the Global Environmental Facility. DFID tries to encourage developing country participation and a sustainable development perspective in the work of all these agreements. This is a long term process requiring changes in attitudes and policies. The focus during the year has been on ozone depletion, climate change, forestry, biodiversity, biosafety, hazardous chemicals, desertification and environmental crime. Under the Montreal Protocol, agreement was reached on important programmes to phase out ozone-



Jeremy Harley/Finans Pictures

Community-based action is important in countering desertification: building anti-erosion terraces, Northern Kenya

BOX 3.1: DESERTIFICATION: EXPERIENCES AND LESSONS LEARNT IN AFRICA

The United Kingdom's *Report to the Third Conference of the Parties to Desertification Convention - June 1999 (62)* - sets out the experiences and lessons learnt in Africa, where DFID commitments to desertification-related activities over the last two years total £53.5 million. Lessons learnt include:

- desertification activities are best addressed when integrated into other development strategies, but this makes monitoring their impact more difficult;
- legal and political aspects of natural resources management, such as land and resource rights, are key issues;
- community based action is important but its potential should not be overstated;
- cross-sectoral approaches, and factors other than land and water management, are also important.

In South Africa, desertification and drought severely impact on the livelihoods of the rural poor because they are the most dependent on marginal land and degraded resources. DFID is actively supporting government efforts to halt desertification and manage land effectively, through assistance in agricultural policy, forestry, land reform and land rights at national and provincial levels.

In Kenya and Somalia we are supporting initiatives to improve the livelihoods of poor people in the drylands by promoting sustainable agriculture and improved use of water resources. In Sudan and Somalia DFID has helped to establish a drought warning and food aid response unit operated by Save the Children Fund (UK), and drought and early warning systems in Ethiopia and Namibia through the transfer of remote sensing technology.

DFID is also working with a number of regional organisations such as the Conference of Ministers of Agriculture of West and Central Africa; the Club du Sahel/Comité Intertat Permanent pour la Lutte contre la Sécheresse au Sahel and the Conférence de Responsables de Recherche Agronomique Africain to promote work and lesson learning on land tenure, migration, pastoral groups and farmers' organisations.

depleting substances in India and China. A UN Environment Programme workshop in July 1999 was the first to bring together governments and international agencies to address international environmental crime.

3.20 Over the coming year DFID's emphasis will be on working more closely with partner countries to assist them in taking constructive

account of the global environmental agenda - for example, the need to adapt to the expected effects of climate change, the development and implementation of national forest programmes, dealing with the effects of hazardous chemicals and assessing the risks associated with the production, release and use of genetically modified organisms.

Chapter 4

Working with multilateral development organisations

4.1 Multilateral development organisations play a very important role in the elimination of global poverty, through the scale of their resources, the quality of their research and analysis, and the influence they can exercise over the policies of governments. At present around 50% of DFID expenditure is spent through multilateral channels, distributed as shown below in Box 4.a.

4.2 This chapter considers DFID's work with:

- the World Bank Group;
- the Regional Development Banks;

- the European Community;
- the United Nations (UN) system;
- the Commonwealth.

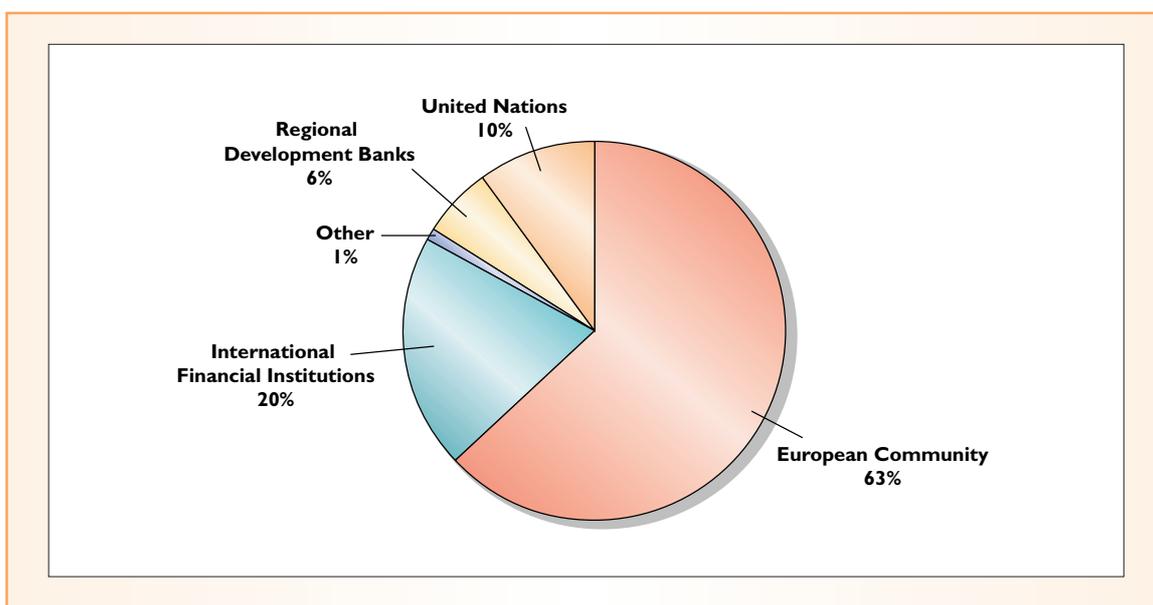
4.3 DFID works with these agencies at a number of different levels:

- as a member or shareholder in their governing bodies;
- as an operational agency, coordinating country level policy and joint sector approaches and programmes;
- at a professional level, through a variety of networks and linkages;
- through staff secondments and exchanges.

DFID's collaborative work with these agencies through our bilateral programmes is highlighted in Chapters 1-3 and Chapters 6 and 7.

4.4 DFID has launched a process of producing and publishing strategy papers for all the multilateral development organisations with which it works. Those published in 1999 include papers on the *African Development Bank* (39), the *European Community* (44), the *UN system* (46) and

BOX 4.a: DFID CONTRIBUTIONS TO MULTILATERAL DEVELOPMENT ORGANISATIONS 1998/99

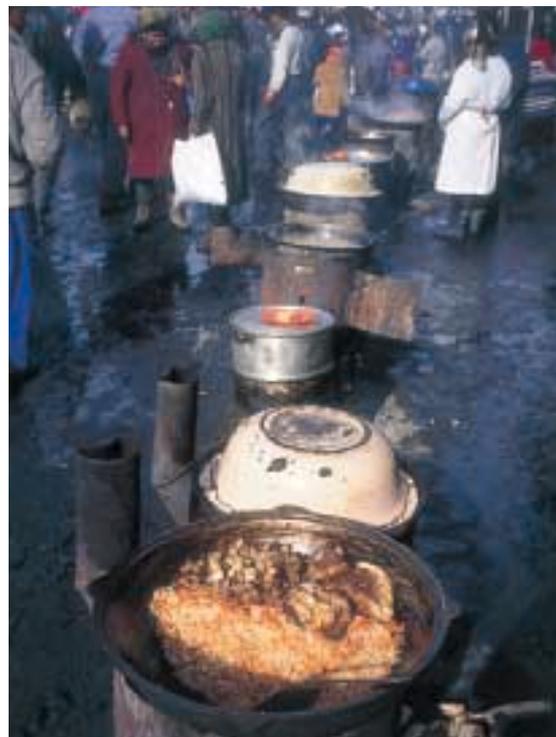


the *World Bank* (47). Those currently under preparation and scheduled for publication in 2000 include the World Bank, Asian Development Bank, the European Investment Bank, UN Children's Fund, UN Development Programme, UN Educational, Scientific and Cultural Organisation and the Food and Agriculture Organisation.

The World Bank Group

4.5 Our objectives for working with the *World Bank* are explained in the *Institutional Strategy Paper* (47) published in March 2000.

4.6 We support the vision underlying the Comprehensive Development Framework which the World Bank is developing (see Box 4.b). The aim is to end the existing fragmentation of development efforts and focus on achieving the long-term objectives of reducing poverty. This is being taken forward in a number of pilot countries and we are participating directly in Vietnam, Uganda, Bolivia and Ghana, where we have bilateral programmes. In particular, we attach importance to ownership of the process by developing countries themselves. This should be much more than an aid co-ordination exercise. The process requires



Brian Goddard/Reuters Pictures

The World Bank's Comprehensive Development Framework envisages a participative approach, including full involvement of the private sector: market, Kyrgyz Republic

the full participation not only of governments and donors, but also of the private sector, civil society and non-governmental organisations. Where appropriate, we are encouraging institutions other than the World Bank to take on the lead

BOX 4.b: THE COMPREHENSIVE DEVELOPMENT FRAMEWORK

The Comprehensive Development Framework, launched in January 1999, represents a vision, proposed by World Bank President James Wolfensohn, for ending the existing fragmentation of development efforts and focusing on achieving long term objectives of reducing poverty. It is not a blueprint. It encompasses the following principles to guide effective action:

- a long term integrated vision of development at country level;
- country ownership of that vision;
- a participative approach to in-country relationships involving not only governments but also the private sector, civil society and non-governmental organisations;
- a focus on results, linked to the International Development Targets; and
- coherent and harmonised donor support (both bilateral and multilateral).

Overall, the Comprehensive Development Framework approach recognises that successful development depends upon the conduciveness of the broader environment, and must take into account factors such as governance, the transparency of the financial sector and the existence of established and operational legal and judicial systems.

The Comprehensive Development Framework approach is being piloted over an 18 month period (until September 2000) in self-selected countries, representing a range of developmental challenges: Bolivia, Cote d'Ivoire, Dominican Republic, Ethiopia, Eritrea, Ghana, Jordan, Kyrgyz Republic, Morocco, Romania, Uganda, Vietnam and West Bank and Gaza.

DFID strongly supports the vision underlying the Comprehensive Development Framework, especially the emphasis on country ownership and a more participatory approach.

donor role. We have seconded a senior DFID official to the Comprehensive Development Framework Unit in the World Bank.

4.7 For some time, we have been working to encourage the World Bank and International Monetary Fund to collaborate to ensure that in designing structural adjustment they take proper account of the impact on the poor. We are strong supporters of the agreement reached in September 1999 to work with borrowing countries to develop Poverty Reduction Strategy Papers. These strategies must be country-driven and reflect the outcome of an open, participatory process involving governments, civil society, key donors and the Regional Development Banks, and with a clear link to achievement of the International Development Targets. The Poverty Reduction Strategy Papers are to be prepared according to the principles embedded in the Comprehensive Development Framework. This approach will involve substantial changes in World Bank and International Monetary Fund operations, with their programmes providing support to these nationally owned development plans. To mark the change, the International Monetary Fund's Enhanced Structural Adjustment Facility has been designated as the Poverty Reduction and Growth Facility. We expect to see the conclusions of the 1998 Enhanced Structural Adjustment Facility evaluation incorporated into this new approach. We also want to see approaches consistent with sustainable development in the longer term, in a framework set by developing countries through their national strategies for sustainable development.

4.8 Poverty Reduction Strategy Papers will be introduced country by country according to an ambitious timetable. Initial efforts will focus on supporting countries eligible for assistance under the enhanced Heavily Indebted Poor Countries Initiative. They will provide a framework, not only for spending the savings from debt relief, but also for allocating other development resources so that they have the maximum impact on poverty reduction.

4.9 DFID continues to second a senior social development adviser to the International Monetary Fund to help them work with the World Bank on programme design and implementation which takes account of the impact on the poorest, most vulnerable groups. DFID is discussing with the World Bank and the Fund ways in which it might assist with the development of the Poverty Reduction Strategy Papers.

The Regional Development Banks

4.10 The UK is a member of the Regional Development Banks on which DFID submitted a Memorandum to the International Development Select Committee in February 1999. The memorandum covered their accountability to DFID and other member countries, their policies and effectiveness, and funds contributed by DFID to them over the past seven years. The Memorandum was published in July 1999 as part of the Select Committee's *Fifth Report: Department for International Development 1999 Departmental Report* (107).

The African Development Bank

4.11 The African Development Bank has affirmed that poverty reduction is its central goal, and that it will centre its poverty focus around achievement of the International Development Targets. It is making a determined effort to integrate poverty reduction into its operational and policy approach. This represents a real challenge, in response to which the Bank has commissioned an organisational study to consider how it should improve its skills mix and develop a more effective field presence to bring it closer to its borrowing member countries. To complement this, the African Development Bank is working with the World Bank to identify areas of comparative advantage where it could play a lead role.

4.12 Our Institutional Strategy Paper on the *African Development Bank* (39) was published in November 1999. This outlines our objectives in

support of the ongoing programme of institutional reforms helping the Bank improve its poverty focus so that it can play its part in contributing towards achievement of the International Development Targets and starting a process of re-engagement between DFID's Africa Division and the Bank, with a view to helping it to improve the developmental impact of its programmes.

The Asian Development Bank

4.13 On coming to office in January 1999, the new President of the Asian Development Bank, Mr Tadao Chino, announced that poverty reduction would be its over-arching objective. DFID has given its strong support to this commitment and has contributed to the development of a Poverty Reduction Strategy for the Bank, which will ensure that it has a clear poverty focus in all of its operations. The Strategy, adopted in November 1999, will require changes in all aspects of the Bank operations.

4.14 An acceptable Poverty Reduction Strategy is key to a successful outcome to the negotiations now underway on the Eighth Replenishment of the Asian Development Fund which provides concessional resources to the poorest countries of Asia. With other donors, we take the view that the Bank needs to develop an appropriate performance based lending allocation system. In addition, it should identify its comparative advantages, and set out how it intends to contribute to better co-ordination and co-operation with other donors, multilateral and bilateral, including through the Comprehensive Development Framework process. These are factors which donors will take into account in concluding the present negotiations, probably in September 2000.

4.15 Responding to the financial crisis in Asia placed heavy demands on the Bank's finances, and we welcome the fundamental review which was carried out of all its lending instruments, includ-

ing the pricing of loans. In our Institutional Strategy Paper on the *Asian Development Bank*, to be published in 2000, we will attach importance to restoring the Bank's financial indicators. Other objectives include improving the impact of Bank projects and identifying opportunities for closer working between the Bank, borrowing countries and other donors.

The Inter-American Development Bank

4.16 The oldest of the Regional Development Banks, the Inter-American Development Bank, celebrated its fortieth anniversary in December 1999 at a time when many countries in the region were in recession following the emerging market financial crisis which reached Latin America in late 1998. There are, however, growing signs that recovery may come more quickly than had been previously thought.

4.17 Nevertheless, this remains the continent with the greatest inequality, and includes four countries which are eligible for debt relief under the Heavily Indebted Poor Countries Debt Initiative. The UK is pressing for the processes to be completed as early as possible so that these countries can receive additional resources for poverty reduction.

The Caribbean Development Bank

4.18 The Caribbean Development Bank has now completed its Strategic Plan for the period 1999-2004. This sets out its intention to work with its borrowing members towards the systematic reduction of poverty through social and economic development. The Plan shows a real commitment to shift resources away from infrastructure and towards the social sectors. We are encouraging the Bank to work with other major donors in the Caribbean and to concentrate on its areas of comparative advantage, which lie in its local knowledge, particularly of small island states, and in processing smaller loans.

The European Bank for Reconstruction and Development

4.19 The European Bank for Reconstruction and Development, the only UK-based International Financial Institution, is mandated to help countries in Central and Eastern Europe and Central Asia in their transition towards market economies. It must also promote environmentally sound and sustainable development in all of its activities. Its main focus is on private sector development through loans, equity investments and guarantees. DFID's aim is for the Bank to maximise its impact on transition whilst ensuring its own financial sustainability.

4.20 The 1999 Annual Meeting of the Governors of the European Bank for Reconstruction and Development endorsed the Bank's new operational priorities. These reflect a careful strategic review of achievements, and lessons learned, together with an assessment of the challenges ahead for the Bank. Its revised priorities include building financial sectors that serve business needs, promoting small and medium scale enterprises, and developing sound investment climates in the region.

4.21 The European Bank for Reconstruction and Development has maintained its reputation as an efficient and effective institution through continued strict budgetary discipline and a professional and innovative approach to emerging markets. We shall continue to work closely with the Bank to implement its priorities, in particular to meet the challenges of improving governance and the investment climate set out in its authoritative and widely respected *Transition Report 1999* (105).

The European Community

4.22 The European Community (EC) has a major role in promoting international development. Around 30% of DFID's budget is spent annually through EC programmes. Our contributions amount to about 18% of EC aid resources. In

December 1998 DFID published its Institutional Strategy Paper *Working in Partnership with the European Community* (44), proposing a development partnership with the EC, and on 28 July 1999 the Secretary of State set out in a speech in Brussels a number of proposals for improving the effectiveness of EC development programmes (see Box 4.c). The two major events of 1999 were the appointment of a new European Commission in September and the negotiations on a successor to the Lomé Convention which governs trade, development and political relations between the EU and 71 African, Caribbean and Pacific countries.

New European Commission

4.23 Following a report on corruption, malpractice and inefficiency early in 1999, a new European Commission was appointed and approved by the European Parliament in September. The new Commission is committed to reforms which would eliminate corruption and improve the effectiveness and efficiency of EC programmes. There are, potentially, important gains for development assistance. Instead of four Commissioners dealing with development programmes there are now just two, Poul Nielsen and Chris Patten, and Mr Nielsen has overall responsibility for development policy.

4.24 In addition, Neil Kinnock was appointed Vice-President in charge of Commission reform. Many of the improvements to financial procedures and staffing which are needed will depend on changes which Mr Kinnock is proposing.

4.25 DFID continues to work closely with the Commission, the European Parliament and other member states to improve the effectiveness of EC development programmes. A clear overall statement of EC development policy is essential and work to agree one has started. Our aim is to ensure that all of the EC's development programmes are poverty-focused and support achievement of the International Development Targets. EC programmes also need to be far more efficient. We are pressing for changes which

BOX 4.c: CLARE SHORT'S 10 PROPOSALS FOR IMPROVING EC DEVELOPMENT PROGRAMMES AND THE COMMISSION'S RESPONSES

A coherent development policy statement.

The EC has never had such a statement but it has now been agreed that one is needed and work started in February 2000.

Better poverty focus in allocating EC development assistance.

There is now wide support for this and a Commission paper setting out how the allocation of resources could be improved was due to be tabled in early 2000.

Simplified procedures and increased accountability.

The new Commission is committed to achieving this. Significant improvements in contracting procedures were agreed in late 1999 and the financial procedures across the Commission are due to be revised soon.

A better skills mix among Commission staff.

Neil Kinnock has now published proposals for improving the skills and tightening the responsibilities of Commission staff.

Devolve more authority to Commission delegations overseas.

The Commission has recognised the importance of this and has begun to give delegations more authority and responsibility.

Strengthened evaluation and monitoring of EC programmes.

The new Commission supports this but only limited steps have been taken so far.

Improve co-ordination and complementarity between the Commission and other donors.

The new Commission has made this a priority and is now more open to collaboration with member states and with other multilateral donors such as the World Bank.

Contribute to the revised Heavily Indebted Poor Countries Initiative.

A contribution of approximately one billion euros was agreed in December 1999.

Make the next World Trade Organisation trade round a 'Development Round'.

The EC's negotiating position goes a long way towards taking full account of the needs of developing countries, though there is still a lot to do following the failure of the Seattle Ministerial meeting at the end of 1999.

Annual Reports on the EC's development programmes and progress against agreed targets.

The new Commission has agreed to provide Annual Reports, which should describe how the new development policy statement is being implemented.

will simplify procedures, raise standards for project quality, and radically increase the speed at which they are implemented.

Lomé Convention

4.26 The Lomé Convention has been the basis for the European Union's development, trade and political relations with the African, Caribbean and Pacific group of developing countries since 1975.

4.27 Following two years of negotiation, a new Convention was agreed at the beginning of 2000 and should enter into force after ratification in 2002. The new Convention is significantly different in two respects. First, it was clear that the

old system of giving African, Caribbean and Pacific countries better access to EU markets than other countries was not working. Their exports have fallen as a percentage of all exports to the EU, and the difference between tariffs on their products and tariffs on products from other countries has narrowed because of general trade liberalisation measures. The new Convention therefore provides a framework for negotiating free trade agreements between the EU and regional groupings of African, Caribbean and Pacific countries. The UK wants to maximise trade access for these countries into the EU and to promote their integration into the world economy. We secured our key trade objectives in the negotiations, namely to ensure that the EU would provide alternative arrangements for

those African, Caribbean and Pacific countries that did not enter into free trade agreements and provide duty-free access for essentially all products from least developed countries.

4.28 The second significant difference is in the arrangements for development assistance. We and others argued for a much simpler and more effective system for using the European Development Fund (which finances the Convention). We secured several key objectives:

- aid will no longer be provided under a multitude of separate programmes but will come out of a single programme for each country. The priorities for the programme will be agreed between the EU and the African, Caribbean and Pacific Group country concerned, following consultation with civil society. Allocations will take full account of performance and will be adjusted to reflect changes;
- the management of the European Development Fund will be strengthened so that disbursements should be much more predictable than in the past and at a higher annual rate;
- replenishment of the European Development Fund will take full account of actual need, including unspent funds. This should put a stop to the gesture replenishments of the past.

4.29 The new Convention should mark a turning point for EU relations with African, Caribbean and Pacific countries and an opportunity to use both trade and aid instruments to reduce poverty far more quickly than in the past.

The United Nations

4.30 The Government's objectives for international development collaboration with the UN are set out in the DFID Institutional Strategy Paper *Working in Partnership with the United Nations* (46), published in March 1999. This strategy paper was prepared after wide consultation with civil society and with UN agencies, funds and programmes. It identifies three main objectives for our partnership with the UN:

- ensuring the UN provides a lead on poverty elimination and sustainable development, in line with the International Development Targets;
- ensuring the UN works well together as a system, and with other organisations;
- ensuring the UN has cost effective programmes focused on areas of expertise and comparative advantage.

4.31 We are currently preparing Institutional Strategy Papers for each of the UN funds, programmes and specialised agencies which DFID supports. These individual strategies comple-



Duncan Simpson/Panos Pictures

The new Lomé Convention provides an opportunity to use both trade and aid instruments to reduce poverty more quickly: rice for export from Guyana to Europe

ment and deepen the analysis of the system-wide institutional strategy. They will form the basis of DFID's partnerships with UN bodies as we seek to further sharpen their focus on achievement of the International Development Targets. They will be published in the second half of 2000.

Major UN meetings

4.32 In 1999 DFID was an active participant in the five-year review of the Cairo International Conference on Population and Development, culminating in a Special Session of the UN General Assembly (see paragraph 2.7).

4.33 Over the coming year we will look to build upon this success at the intergovernmental level. Our efforts to promote greater cross-bloc support for the International Development Targets at the UN will be focused on:

- the special sessions of the General Assembly to review progress since the 1990 Jomtien Conference on Education, the 1995 Beijing Conference on Women, and the 1995 Copenhagen Conference on Social Development. We want to ensure that these are forward looking, with an emphasis on how to implement what has been agreed rather than reopening the debate on agreed positions;
- the 2000 Economic and Social Council, which should identify ways of bringing together the separate threads of the Conference reviews in order to strengthen the coherence and effectiveness of the international development effort;
- the Millennium Summit in September 2000, at which Heads of Government will discuss the UN's role in the 21st century. We are working to ensure that poverty eradication is central to those discussions.

UN Development Assistance Framework

4.34 Further progress has been made on the UN Development Assistance Framework, a country level planning tool which seeks to improve the focus and effectiveness of UN programmes, and to strengthen co-operation within the UN family and with other donors. We are assisting with the production of guidelines and the provision of training for UN staff. UN Development Assistance Frameworks have been completed in 14 pilot countries, with introduction to another 30-40 countries planned.

UN Development Programme

4.35 DFID recognised the robustness of the new integrated results-based budgeting systems introduced by the UN Development Programme, and of the positive steps which they are taking to improve the effectiveness and coherence of their performance. So we announced in 1999 an increase in our annual support from £30 million to £35 million. We also made a commitment to provide at least the same amount for the following two years provided the reform effort continues.

UN Industrial Development Organisation

4.36 The United Nations Industrial Development Organisation has implemented significant reforms including re-focusing of its programmes, introducing performance indicators, results-based budgeting and short term contracts, improving staff training, strengthening field representation and achieving a 20% budget reduction. It has increased transparency, developed contacts with industry and academia, built linkages with related UN Bodies, and given a high priority to the UN Development Assistance Framework. In recognition of these efforts, DFID announced an additional \$1 million voluntary contribution in support of the United Nations Industrial Development Organisation at its General Conference in December 1999.

UN Educational Scientific and Cultural Organisation

4.37 During 1999, we established an independent UK National Commission to strengthen links with the United Nations Educational, Scientific and Cultural Organisation (UNESCO). The Commission seeks to reflect the broadest possible range of interests in all sectors of the work of UNESCO and the diversity of UK society. Its role is to facilitate links between civil society and UNESCO, disseminate information about UNESCO to the wider public, provide independent advice to relevant government departments, encourage greater awareness and participation in UNESCO's work world-wide, and facilitate the management of any UNESCO activities in the UK.

4.38 The governing bodies of UNESCO have agreed that poverty elimination should be a major theme of its programme and budget for 2000-2001. It has adopted a "results-based" format for its budget with assistance from DFID. DFID's key objective for the future is to enhance the contribution of UNESCO to the achievement of the International Development Targets. This means a much sharper focus in its activities, a real increase in the share of its resources devoted to education, and the implementation of a reform agenda aimed at a significant improvement in its effectiveness.

Food and Agriculture Organisation

4.39 DFID, through its Permanent Representation in Rome, works to improve the effectiveness of the Food and Agriculture Organisation in delivering its global mandate to increase food security and reduce rural poverty. Our co-operation is focused on areas where it has key comparative advantage in the natural resources sectors where these are consistent with DFID's White Paper objectives. We will continue to work to encourage it to sharpen the effectiveness and impact of its programmes - co-financing initiatives where we see signs of syner-

gy in our objectives - and will work to secure improved efficiency in the organisation's management and administration. The Strategic Framework, approved at the 1999 Food and Agriculture Organisation Conference, will be our key reference point.

The Commonwealth

4.40 In partnership with other Commonwealth countries, we have been working to promote greater efficiency and effectiveness in the work of the Commonwealth Secretariat and to sharpen the focus of the Commonwealth Fund for Technical Cooperation.

4.41 The theme chosen by the South African Government for the Commonwealth Heads of Government meeting in October 1999 was 'people-centred development: the challenge of globalisation'. The meeting made useful progress in securing Commonwealth agreement to take determined action to achieve the International Development Targets; to promote pro-poor policies; to work for the reversal of the decline in official development assistance; and to fight against HIV/AIDS. The Heads of Government Declaration and Communiqué contained useful commitments on globalisation, trade and debt.

4.42 An Institutional Strategy Paper setting out how DFID plans to work in partnership with the *Commonwealth Secretariat and Commonwealth Member States* to achieve the International Development Targets is expected to be published by June 2000.

4.43 In partnership with other Commonwealth countries, we have been working to sharpen the focus of the Commonwealth Fund for Technical Cooperation. In 1999 the Commonwealth Secretary-General commissioned a re-think of the Fund. This set its mandate as providing technical assistance towards achieving the agendas set at Commonwealth Heads of Government

meetings. In future, the Commonwealth Fund for Technical Cooperation will focus its work in areas where the Commonwealth Secretariat has particular strengths - good governance, democracy, the rule of law, human rights, gender, and the promotion of the interests of small states.

Chapter 5

Trade, investment and the broader development agenda

5.1 A key element of DFID's work is seeking greater coherence on policies affecting developing countries. Such policies should take account of the needs of poor countries and contribute to agreed sustainable development objectives. This chapter shows how DFID is pursuing greater coherence in the following areas:

- **international trade and investment:** these issues have a key part to play in helping to generate the growth that developing countries need to eliminate poverty;
- **core labour standards:** these standards are a framework of internationally agreed conventions which determine minimum expectations of rights at work. Successful implementation contributes to poverty elimination;
- **aid untying:** most donors continue the practice of insisting that aid is spent on goods and services from the donor country rather than giving unrestricted access to those who can compete best on price, quality and service. International efforts to break this practice and to liberalise aid procurement are continuing;
- **strategic export control:** DFID is one of the Government Departments that advises the Department of Trade and Industry on strategic export licence applications;

- **reducing the illegal drugs trade:** in a number of countries the control of illegal drugs is an integral part of efforts to develop sustainable livelihoods for the poor and to improve their health.

5.2 In pursuing this greater policy coherence, and in working to achieve the objectives considered in earlier chapters, DFID collaborates with a wide range of other UK organisations. This chapter also shows how we are working with the following:

- other Government Departments;
- business;
- the Commonwealth Development Corporation;
- civil society;
- the research community.

International trade and investment

5.3 DFID continued in 1999/2000 to develop its programme of advocacy and influence in the fields of trade and investment. Its aims were ensuring that UK and European Union (EU) policies on external trade and investment benefit developing countries and that developing countries receive the support they need to make domestic reforms and to participate in the work of multilateral bodies, in particular the World Trade Organisation. The Department has continued to work closely with the Department for Trade and Industry, HM Treasury, the Ministry for Agriculture, Fisheries and Food, the Department for Education and Employment and the Department of the Environment, Transport and the Regions on trade-related matters. DFID staff formed part of the UK team at the World Trade Organisation Ministerial meeting. DFID's underlying goals are to bring the benefits of globalisation to all, to overcome marginalisation and thus to facilitate pro-poor economic growth.

Achieving these goals requires continuing efforts to stimulate trade through further liberalisation and clearer trade rules. It also requires further endeavours to strengthen, through investment, the productive capacity of poor people and to reinforce the policy and administrative capabilities of developing country governments. The opening of markets, which has occurred under the aegis of the General Agreement on Tariffs and Trade and the World Trade Organisation, has created opportunities for expansion and export-led growth which a number of developing countries have seized. The Government believes that, with the right policies and institutions, many more poor countries could benefit and continues to emphasise this point in policy discussions with EU partners and others.

Policy objectives

5.4 The scene for the year was set in a major speech given at the United Nations (UN) Conference on Trade and Development in March 1999 by the Secretary of State in which she called for the new World Trade Organisation trade Round to be a “development Round”. The Secretary of State re-iterated this point in Seattle prior to the World Trade Organisation Ministerial meeting. Three quarters of the World Trade Organisation’s 135 members are now developing countries. They are thus in a position to use the weight of their numbers to influence decisions in their favour and to insist that its rules should be made fairer and more manageable. The Government believes that, given their diversity, developing countries have an interest in a broadly-focused Round, covering better market access for their agriculture, manufacturers and services, improvements in rules, such as on anti-dumping, and the new issues of investment competition and government procurement. A narrow Round - confined to the previously mandated agenda of agriculture and services - would benefit fewer developing countries, stimulate less growth in the world economy and bring little help to countries which now feel marginalised. Support for a comprehensive Round was endorsed by the EU in October.

5.5 The Government has also been prominent in pressing the case for an agreement in the World Trade Organisation by its richer members to grant duty-free market access to the exports of the least developed countries. The EU is pledged unilaterally to implement duty-free access for essentially all imports from these countries by 2005. After the failure to reach agreement in Seattle, discussion on this initiative is being resumed between the EU, the US, Canada and Japan.

5.6 The failure of the Ministerial Meeting in Seattle to reach agreement was a setback for early progress with introducing better market access and trade rules, and with reconciling the World Trade Organisation rules with those of the multilateral environment agreements. In the interim, before a new Round is effectively launched in 2000 or 2001, the Government will emphasise the need to reform the procedures of the World Trade Organisation so as to make it more effective and transparent. It will also try to build a more solid consensus on the scope and objectives of the Round.

5.7 The Government was encouraged by the constructive spirit in which the Tenth UN Conference on Trade and Development, held in Bangkok in February 2000, approached the question of globalisation and the participation of poor countries in the global economy. It strongly endorses the support expressed in the Declaration adopted by the Conference for the multilateral systems of world trade.

Capacity building

5.8 Some developing countries approached the Ministerial meeting in Seattle feeling that a comprehensive Round was premature because of difficulties experienced in the full implementation of Uruguay Round commitments. Some were also concerned about the consequences of the premature opening of their markets. Many were worried about their ability to cope with complex new negotiations and with the burden of implementing new rules.

5.9 DFID's response to these concerns was to increase bilateral work on building trade policy capacity in partner countries, to contribute to multilateral capacity building initiatives and to press for more comprehensive and effectively coordinated international trade-related assistance for developing countries.

5.10 In the multilateral context we have been contributors to the trust funds for trade-related technical assistance of the World Trade Organisation, UN Conference on Trade and Development and the International Trade Centre. We are co-financiers of a major World Bank programme of studies, workshops and practical assistance in preparation for the new Round. We are a major contributor to the Commonwealth Trade and Investment Access Facility which provides guidance to Commonwealth developing countries on the workings of the World Trade Organisation and on sources of capacity building assistance.

5.11 We have also responded by providing bilateral support to both developing and transition countries. This helps them prepare for accession to the World Trade Organisation, to understand its operation better, to prepare for negotiations in the World Trade Organisation and with



Duncan Strijson/Panos Pictures

DFID has commissioned research on the effect of trade liberalisation on poverty: bulk sugar being loading for export to Europe

BOX 5.a: HELPING DEVELOPING COUNTRIES IN TRADE POLICY

Most of DFID's £15 million support on trade policy is provided in conjunction with **multilateral** agencies, who are often better placed to provide comprehensive technical assistance. These agencies include the World Trade Organisation, the World Bank, UN Conference on Trade and Development, the International Trade Centre and the Commonwealth. At the World Trade Organisation Ministerial Meeting in Seattle, the UK helped launch an independent Advisory Centre on World Trade Organisation law to help developing countries defend their interests in trade disputes in the World Trade Organisation.

DFID has also developed a growing portfolio of **bilateral** trade-related capacity-building projects in partner countries (currently totalling £3.6 million). To date we have provided support to South Africa, Malawi, Zimbabwe, Bangladesh, West Bank and Gaza and Russia. In 2000, DFID is planning to start new technical assistance projects in Ghana, to help implement their trade liberalisation commitments and get ready for new regional and multilateral trade negotiations, and in Moldova, which is in the process of acceding to the World Trade Organisation. As the importance of trade to economic and social development has become increasingly recognised, this bilateral portfolio will continue to grow.

We have also provided support (£2.3 million) on a regional basis: in the Caribbean, DFID is working with regional organisations, national governments, the private sector and civil society groups to ensure that they are well prepared for the post-Lomé trade arrangements with the EU and for negotiations in the World Trade Organisation. We have also provided assistance on trade to the countries of Central Europe and to the Southern African Development Community.

the EU in the post-Lomé context and to implement World Trade Organisation agreements (see Box 5.a). Our commitments to trade-related capacity building, both bilaterally and multilaterally, totalled about £15 million by March 2000. The UK is now one of the major bilateral donors to work in this sector.

Improving understanding

5.12 DFID has also sought to improve understanding of how international trade rules and policy reforms can best assist developing countries. It has commissioned studies on issues of particular concern, including trade in textiles, clothing and sugar, food security, the impact of sanitary and phytosanitary regulations and the effect of trade liberalisation on poverty. These studies will guide DFID's future policy and inform developing country choices.

5.13 DFID has also taken part in the vigorous debate in civil society and the media about the role of trade and investment in development. Prior to the World Trade Organisation Ministerial meeting in Seattle we engaged in numerous formal and informal discussions with UK-based development civil society groups. Trade is one of the development policy issues being discussed in the new series of Development Policy Forums organised by DFID (see Chapter 8).

5.14 There has been intense public interest in the course of the year on the effects of trade on the environment and on labour standards. DFID is sponsoring research by the International Institute for Environment and Development analysing supply chains and the effects of consumer and importer pressures for improvements in environmental and labour standards. Through the UN Conference on Trade and Development, we are also funding a trade and environment policy capacity-building project for developing countries. During 1999, the European Commission engaged a team led by researchers from the University of Manchester to investigate the environmental,

social and economic impacts of proposed trade measures in both developing and developed countries.

Investment

5.15 The Government believes strongly that responsible foreign investment has an important role to play in reducing poverty and promoting sustainable development. Too little direct investment flows at present to poor countries, except in a few mining and natural resource based sectors. The reason for this lies often in investor assessment of high risk in the local environment for business. In order to overcome this problem, DFID has sought to keep alive the idea of a multilateral framework of rules on the environment for investors. The Secretary of State convened a seminar which brought together representatives of developing countries, multilateral agencies and the private sector in March 1999 to assess the value of such rules in stimulating investor interest. DFID sponsored two international conferences at the Organisation for Economic Co-operation and Development, in June 1999 on investment policy and in September 1999 on competition. The Government has also given its strong support to the review of the Organisation for Economic Co-operation and Development 1976 Guidelines for Multilateral Enterprises which is due to conclude in June 2000. This voluntary code of conduct stresses host governments' right to regulate and investors' responsibility to comply with local laws and to maintain high standards in employment practice, respect for the environment and information disclosure.

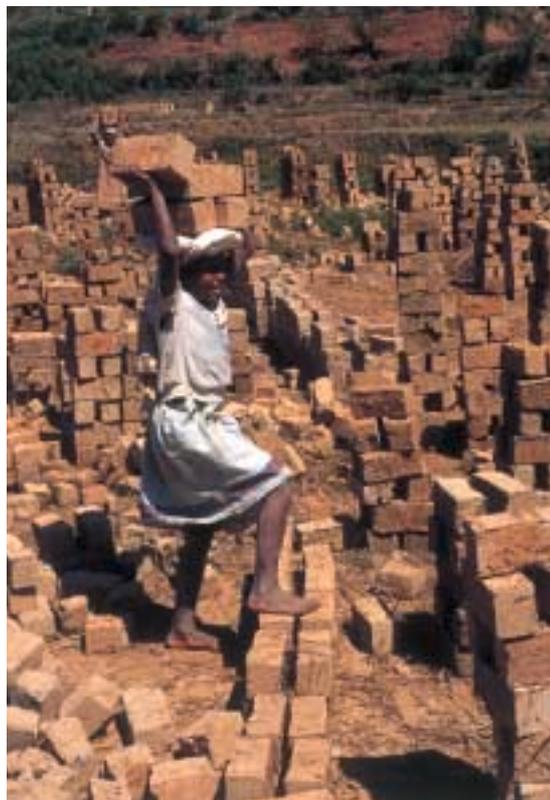
Core Labour Standards

5.16 DFID recognises that poor people work very long hours throughout their lives. DFID's approach seeks to increase the assets and facilities which would enable poor people to work productively and which improve labour standards - the physical conditions in which people work, the rights they have under national law and the extent to which people feel protected by legisla-

tion or can get redress. This is a human rights based approach to labour issues which makes explicit the link between poverty elimination and core labour standards.

5.17 Rights at work, as represented by the four Core Labour Standards, are inextricably linked and interdependent. The Department is regularly asked what we are doing to tackle forced or bonded labour and how we tackle discrimination against women, ethnic minorities or disabled people. Many rightly argue that the key to changing conditions for poor people is to help them develop forms of association so that they can bargain collectively for change.

5.18 Over the last year DFID has undertaken an extensive consultative study of core labour standards that explored a series of relationships and activities that could bring improvements to poor people's working lives. The consultation has involved talking to non-governmental organisations and trade unions, to businesses and to relevant Whitehall Departments such as the Department for Education and Employment, HM Treasury and the Department for Trade and Industry. DFID will be following up in the first half of 2000 to consider what is manageable and realistic for DFID to undertake.



Ken-Lo Dugesi/Panos Pictures

Reducing child labour goes to the heart of poverty elimination: girl brick-carrier Madagascar

5.19 We have been particularly active in supporting the reduction of child labour - an activity that goes to the heart of poverty elimination. We encourage efforts to remove children from the most hazardous forms of labour; create alternatives where children's lives are improved, not made more difficult; offer enhanced opportunities for school attendance and other forms of learn-

BOX 5.b: HELPING NOT HURTING CHILDREN

DFID is working closely with the International Labour Organisation and its partners - trade unions, businesses and governments - on its International Programme for the Elimination of Child Labour:

- In 1999 we agreed to work together in Andhra Pradesh, India on eliminating the worst forms of child labour. This programme, targeted at working children, runs in parallel with DFID's support to the District Primary Education Programme in the State and we hope the proximity of these two programmes will bring direct benefits to working children.
- We also began work supporting a consortium of UN agencies and non-governmental organisations in the Mekong Basin of South East Asia where trafficking of women and children from China, Lao, Burma, Cambodia and Thailand is used to supply, amongst other businesses, the sex industry. The programme will work to inform children and their families of the dangers and abuses they will face if they migrate from their home villages.
- In Tanzania, DFID is helping to investigate children working in mining. We are also helping the International Programme for the Elimination of Child Labour find ways to mobilise local communities, migrant mining families and the children themselves to take children out of the mines and provide them with sensible alternatives which meet their survival needs and offer them improved long term life-skills.

ing; and improve employment conditions and opportunities for adult employment in families with working children. We try to do this by ensuring that children are consulted about their best interests. We are very conscious that taking children out of work must be in the child's best interests and that trade sanctions can seriously damage vulnerable working children. (See Box 5.b.)

5.20 We consider it essential that core labour standards are included in the work of the international agencies. To this end over the last year we helped to organise meetings and seminars for the formulation of international social policy principles and contributed to discussions of the International Labour Organisation. We contributed \$1 million to the International Programme for the Elimination of Child Labour. We are closely linked to the work of the UN Children's Fund on child labour and children's rights. Similarly, we have developed strong links to non-governmental organisations and trade unions, as well as businesses which enable us to work collaboratively towards improvements in core labour standards for poor people.

Aid untying

5.21 Untied aid can bring important benefits for developing countries: more efficient aid; better value for money; increased opportunities for local procurement and local capacity building; and better co-ordination among aid donors. DFID continues to press the international community to make significant steps towards the multilateral untying of development assistance. The key forum has been the Development Assistance Committee of the Organisation for Economic Co-operation and Development, where we and others are pressing for early agreement to untying development assistance programmes to the Least Developed Countries.

5.22 In parallel with this, the Secretary of State has called on the European Commission to examine the aid procurement arrangements of

Member States to ensure that practices are in line with the Treaty of Rome and relevant directives. Aid untying is one of the three development policy issues to be discussed in the new series of Development Policy Forums organised by DFID (see Chapter 8).

Strategic export controls

5.23 Since August 1997 DFID has joined the Foreign and Commonwealth Office and the Ministry of Defence in advising the Department of Trade and Industry on strategic export licence applications. DFID examines licence applications for strategic exports to poor countries (which account for about 20% of all licences) using agreed UK and EU criteria. We focus on assessing whether a proposed purchase would seriously undermine the economy of the recipient country. Licences are considered on a case by case basis. To date, no licence has been refused on the basis of the economic criteria.

Reducing the illicit drugs trade

5.24 DFID published a strategy paper *Illicit Drugs and the Development Assistance Programme* (86) in March 1999 setting out our policy towards illicit drugs within the framework of our overall aim of reducing poverty in poorer countries. It is clear that drugs are detrimental to development, but that the supply of illegal drugs can be tackled effectively only if poor people in drug producing areas are given real opportunities to build alternative sustainable livelihoods. We will continue to provide assistance in support of the control of illegal drugs where this is an integral part of coherent, sustainable policies and commitments on development. Assistance focuses on support for the development of alternative livelihoods, demand reduction programmes, institutional reform and interventions designed to control drugs (such as anti-drugs planning and co-ordination, customs and excise reform and community policing).

Working with other government departments

5.25 DFID collaborates closely with many other Government Departments, not only in pursuing greater coherence in these issues but also in all the work it does. Examples of this collaboration are provided in the relevant sections of this Report (e.g. working with the Department of Trade and Industry on trade issues in paragraphs 5.3-5.6 and 7.40; with the Ministry of Defence and Foreign and Commonwealth Office on security sector reform in Boxes 6.b and 7.f; and with the Department of Environment, Transport and the Regions on a wide range of multilateral environmental agreements in 3.19).

5.26 These issue-specific links are complemented by the Inter-Departmental Working Group on Development which provides a Ministerial forum for reviewing overall Government progress in promoting coherence. It is chaired by the Secretary of State for International Development and brings together Ministers from Departments whose policies impact upon development, including the Foreign and Commonwealth Office, HM Treasury, Department of Trade and Industry, Department of the Environment, Transport and the Regions, Ministry of Defence, Ministry of Agriculture, Fisheries and Food, Department of Health, Department for Education and Employment and the Cabinet Office.

5.27 The Group has met twice in 1999/2000 and worked towards achieving policy coherence on Conflict Prevention and Resolution, Trade and Development, Preparation for the World Trade Organisation meeting in Seattle and the UN 'plus five' conferences on social development (Copenhagen) and women's equality (Beijing).

Working with business

5.28 Globalisation is increasingly changing the common perception that the core aim of business

- creating profits and earning value for shareholders - is separate from, or even in conflict with, development goals. It is becoming clear that development is in the interest of business and that business has an important role to play in achieving development. The private sector is key to achieving the economic growth necessary for countries to meet the International Development Targets. And the way business is done can have a direct impact on the lives of the poor. DFID has been seeking to maximise the impact of this shared interest in development by working together with business in the UK, drawing on the different skills and expertise which each can contribute.

5.29 We have developed a number of practical ways to work together, to improve the operating environment (including the regulatory framework, the physical infrastructure or the skills base); to help extend products and services to the poor; to promote responsible business practice, including social and environmental issues; to tackle corruption; and to enhance the benign impact companies can have on the local economy. We are a primary supporter of the Ethical Trading Initiative which has been formed to help businesses, trade unions and non-governmental organisations work together to monitor and promote a voluntary code of conduct in the supply chains of British retailers. We have established the Resource Centre on Social Dimensions of Business at the Prince of Wales Business Leaders Forum to assist businesses to understand and implement core labour standards as a critical part of corporate socially responsible behaviour. We have made a special study this year of the shoe industry in Vietnam which has resulted in collaboration between the Government authorities, shoe factories and large shoe retailers to improve safety of women workers using toxic chemicals in manufacturing. We have also worked closely with business networks, such as Business in the Community, industry associations and multilateral organisations, particularly the World Bank (see Box 5.c).

BOX 5.c: EXAMPLES OF HOW DFID IS WORKING WITH BUSINESS

- **World Bank Business Partners for Development:** The World Bank has set up informal 'tri-sectoral' networks of businesses, civil society organisations and relevant government institutions to form Business Partners for Development. Over a three year period the programme aims to generate a positive impact in the development process from partnerships between the three sectors. It is organised into four clusters, of which DFID supports three: Natural Resources, which covers extractive industries; Water and Sanitation; and Global Road Safety. In each, DFID provides core funding to the secretariat and is an active member of the steering group.
- **Fair Trade Chocolate:** DFID has provided support to the Day Chocolate Company - a fair trade organisation selling 'Divine' chocolate. The company is the only fair trade organisation where the farmers are owners of the company. This means that they are able to take an active, democratic part in how Divine is produced and sold. DFID is providing direct support to Day Chocolate by guaranteeing a bank loan that is enabling the chocolate to be brought to market in the UK. DFID has also provided support to the Ghanaian farmers' cooperative, Kuapa Kokoo, to monitor the benefits of fair trade to the cocoa farmers.
- **African Artemesia:** African Artemesia Ltd (a company based in Tanzania) is seeking to bring an anti-malarial treatment to market in East Africa. The company is buying Artemesia (a leafy crop) from smallholder farmers and then undertaking preliminary processing before shipping to a Belgian pharmaceutical company. DFID funded a feasibility study to examine the potential for Artemesia from a number of standpoints: public health, rural livelihoods and commercial feasibility. Conclusions from the study identified a number of areas for DFID support including marketing, agronomic research and regulatory support.

5.30 Over the last year we have been developing challenge funds as a transparent and competitive mechanism of working with business on projects. A Financial Deepening Challenge Fund, for example, provides matched funding on a competitive basis to proposals from businesses which will help strengthen financial services and improve the

range of services available to the poor. It is currently being piloted in East Africa before being extended to other regions.

The Commonwealth Development Corporation

5.31 In October 1997, the Prime Minister announced the Government's intention to create a Public/Private Partnership for the Commonwealth Development Corporation. A major step towards achieving this aim was accomplished when the Commonwealth Development Corporation Act 1999 received Royal Assent in July. The Act contains provisions to transform the Commonwealth Development Corporation into a public limited company and paves the way for creation of the Public/Private Partnership, designed to involve private capital in Commonwealth Development Corporation's investments. This will allow it to contribute more effectively to the sustainable economic development of poorer countries.

Howard / Davies / DFID



For a tenth of the cost of a motorbike, locally-built trailers dramatically increase the usefulness of the bike itself: DFID is funding this Intermediate Technology (Transport) project in Mtwara, Tanzania

5.32 The Commonwealth Development Corporation was transformed from a statutory corporation into a public limited company, registered under the name CDC Group PLC, in December 1999. This means it is now governed by the Companies Act 1985. Its development role is entrenched in its constitution through its investment policy and business principles and policies. The Government currently owns all the shares. The Government intends to invite private participation in the Commonwealth Development Corporation when the time is right; this will depend on market perceptions of pre-emerging markets and of the Corporation.

5.33 The Government will maintain a substantial minority holding. This is a partnership for the long-term, which will benefit from participation of both Government and the private sector. More information about the Commonwealth Development Corporation is available in its *Annual Report* (103).

Working with Civil Society

5.34 Civil society has a key role to play in the eradication of poverty. It helps to empower poor people, hold governments to account, influence international institutions to be more pro-poor, and build strong domestic and international constituencies for development. In this way, non-gov-

ernmental organisations and other groups in civil society make an important contribution to the fight against poverty and inequity.

5.35 During 1999 DFID put in place two important new mechanisms for supporting the development work of UK non-governmental organisations and other UK civil society groups: the Civil Society Challenge Fund and Partnership Programme Agreements. Through the Challenge Fund, which replaces the Joint Funding Scheme, we aim to broaden and deepen our contacts with civil society in the UK in order to strengthen civil society overseas. The Challenge Fund is open to a wide range of civil society groups, not just development non-governmental organisations, and supports initiatives which aim to strengthen the voice of poor people through the transforming power of knowledge. More information is available in *The Civil Society Challenge Fund Guidelines for Applicants* (81).

5.36 Partnership Programme Agreements have replaced the block grant system. They will be open to major UK civil society organisations and will set out shared objectives and be linked to strategic funding. We are in the process of negotiating the first Partnership Programme Agreements. Agreements will be negotiated with the block grant recipients, including the volunteer sending agencies. We believe that these new

Jeremy Hardy/Panos Pictures



Civil society organisations have a significant contribution to make to DFID's strategic objectives: Voluntary Service Overseas volunteer at work, Sudan

mechanisms, which will be managed by DFID's recently established Civil Society Department, have the potential to make a significant contribution to DFID's strategic objectives. The new department helps ensure coherence and coordination on civil society issues across DFID and seeks to influence the pro-poor civil society policy of other national and international development agencies. For example, the Civil Society Department represents DFID on the European Commission's recently established Co-Financing Committee, helping to contribute to the development of EU policy and funding mechanisms for engagement with civil society.

5.37 In 1999 we also continued to provide substantial support to civil society groups through the programmes of our Conflict and Humanitarian Affairs Department and our country and advisory departments. In the past year, various country programmes have established mechanisms for supporting civil society. A significant example is the Poorest Areas Civil Society Programme in India, which aims to make civil society organisations in the most backward and poorest districts in India more effective in helping poor

people realise their entitlements; DFID is contributing around £27 million over seven years.

5.38 In 1998/1999 a total of £181.5 million was provided to UK non-governmental organisations and other civil society groups by DFID. Of this, £36.2 million was channelled through the Joint Funding Scheme which supported 1315 projects. £26.3 million was provided to five volunteer sending agencies, which helped to send more than 2000 volunteers to over 80 countries.

5.39 Details of the allocations made in 1999/2000 under the Joint Funding Scheme and the Volunteer Programme are provided in Box 5.d. Awards will be made under the new Civil Society Challenge Fund rather than the Joint Funding Scheme from 2000/2001 onwards.

BOX 5.d: JOINT FUNDING SCHEME AND VOLUNTEER PROGRAMME

Joint funding scheme 1999/00 allocations	£ million
OXFAM	5.437
Save the Children Fund	4.697
Christian Aid	3.078
Worldwide Fund for Nature	2.218
Catholic Fund for Overseas Development	1.968
Others	19.662
Total	33.260
Volunteer programme 1999/00 allocations	
Voluntary Service Overseas	21.595
International Co-operation for Development	2.028
Skillshare Africa	1.544
United Nations Association International Service	1.039
British Executive Service Overseas	1.331
Total	27.537

Knowledge and research

5.40 DFID's investment in research is a key element in achieving the Department's objectives. During 1999/2000 the Department has increased its emphasis on the use of knowledge throughout its programmes. The development of the Strategy Papers on the key International Development Targets has served to highlight where new knowledge is required to support DFID's contribution to the achievement of the Targets. We have also made new investments in capacity building in research. During 2000/2001, the implications of these papers for our longer term knowledge and research strategy will be drawn together in a new Knowledge and Research Strategy for DFID.

5.41 In 1998/1999 there was a marked increase in the amount of new bilateral project commitments where knowledge was regarded as an important part of achieving the project's objectives. 32% of new commitments in 1998/1999 included a research and knowledge component, as against only 17% in 1997/1998. This increase is not strictly comparable, as there was a change in definition introduced in April 1998, but it indi-

cates a much better appreciation within our programmes of the importance of knowledge and research in achieving DFID's objectives. Similarly, the proportion of expenditure with a knowledge component increased from 13.6% in 1997/1998 to 17.1% in 1998/1999.

5.42 A new *Engineering Knowledge and Research Strategy* (85) was approved by the Secretary of State during 1999. This programme is designed to ensure that investments in infrastructure, which contribute to economic growth and the provision of services to the poor, are carried out with the benefit of enhanced knowledge and technology. In December 1999, Baroness Amos hosted a symposium on "Eliminating Poverty: The Value of Science to Rural Livelihoods". This showcased the results and impact of DFID's research work in the renewable natural resources sector, and advertised our work with the international research community (see Chapter 3). In November 1999 the Prime Minister announced a

DFID grant of £14 million to the International AIDS Vaccine initiative, to be spent on research to develop an AIDS vaccine. DFID also financed a review of the UK Development Studies sector by the Harvard Institute for International Development, designed to assess how it could contribute more effectively to DFID's work.

5.43 Important new research programmes were launched on poverty reduction and the impact of globalisation. DFID also financed preparatory work for The World Bank's 2000 World Development Report on Poverty, due to be published later in 2000, including work on politics and poverty reduction and listening to the views of poor people (see Chapter 1). Funds were also provided to strengthen developing country research capabilities in the field of social development and to support the role of the UN Research Institute for Social Development.

Conflicts and emergencies

6.1 Conflict and natural disasters are major causes of poverty throughout the world. This chapter describes key developments in DFID's work to reduce the incidence and duration of conflict and the effects of conflict and natural disasters. It sets out:

- **DFID's policy on conflict reduction and humanitarian assistance;**
- **our work on the prevention and resolution of conflicts**, including work on security sector reform (particularly in Sierra Leone), human rights and mine clearance;
- **our response to emergency humanitarian crises**, including how we responded to the crises of 1999/2000 in Kosovo and East Timor and our efforts to reduce vulnerability and to improve the future UK and international response.

Policy on conflict reduction and humanitarian assistance

6.2 DFID issued a policy statement on *Conflict Reduction and Humanitarian Assistance* (35)

in February 1999. This summarises our key strategies in relation to our overall goal of poverty elimination (see Box 6.a). Most victims of conflict are poor people, and the risks of conflict are higher when people live in poverty or where the gap between rich and poor is growing. Our humanitarian response - whether to natural or man-made crises - aims to relieve immediate suffering, hasten recovery and reduce vulnerability to future crises.

The prevention and resolution of conflicts

6.3 There are no simple ways to prevent and resolve the conflicts which have emerged since the end of the Cold War. More and more, conflicts are breaking out in the poorest countries, increasing poverty and blocking development. The international community has an array of measures - including development co-operation and security sector reform, as well as diplomatic pressure and United Nations interventions - that need to be better deployed in reducing conflict and building peace.

Security sector reform

6.4 Over the last year, we have been working to articulate a number of specific strategies. In March 1999 we published *Poverty and the Security Sector* (95) which set out some of the complex

BOX 6.a: CONFLICT REDUCTION AND HUMANITARIAN ASSISTANCE POLICY: KEY STRATEGIES

Strategies for conflict reduction

We aim to:

- support the promotion of social cohesiveness and inclusion;
- support the improvement of the international mechanisms for settling disputes and preventing conflict;
- assist in the limitation of the means of waging war;
- support security sector reform;
- promote the protection of human rights in conflict situations;
- support post-conflict peace building.

Strategies for humanitarian assistance

We aim to:

- assist disaster-prone countries to manage natural, environmental and industrial risks better;
- help improve the quality of humanitarian response and promote speedy recovery;
- encourage the strengthening of international systems for dealing with humanitarian crises.

BOX 6.b: SIERRA LEONE: SUPPORT FOR THE SECURITY SECTOR

DFID began to support the reform of the security sector in Sierra Leone in June 1999 by:

- helping the Sierra Leone Ministry of Defence create the capacity to control the armed forces and hold them accountable to the elected Government;
- building up the new National Security Council and its secretariat so that it can provide effective policy management and coordinate security policy.

We have supplied three resident advisers, two to the Sierra Leone Ministry of Defence and one to the National Security Council. Their work is co-ordinated by a Sierra Leone Government steering committee chaired by the Minister for Presidential Affairs.

We are helping to rehabilitate the Police Force, both through our prominent role in the Commonwealth Police Task Force (which is providing immediate, mainly advisory, help) and through long-term development assistance.

issues surrounding security sector reform in developing countries. DFID is working closely with the Ministry of Defence and the Foreign and Commonwealth Office in taking this policy forward. In particular, we have been working with the Government of Sierra Leone to help them reconstruct an effective security sector (see Box 6.b).

6.5 In February 2000, DFID hosted a major conference to take forward work on the security sector and military expenditure. Development practitioners have long been concerned that excessive military expenditure in developing countries reduces their governments' ability to provide resources for the social sectors. But countries also have legitimate defence expenditure requirements. The challenge is to understand what would constitute an appropriate level of military expenditure that does not hinder development, but rather enables a country to guarantee a secure environment as an essential prerequisite for development. We still have a long way to go with this work. But now that the issues are being acknowledged and discussed, we are seeking constructive ways to tackle them.

Human rights and conflict

6.6 Violations of human rights usually accompany armed conflicts. In the past year we have been working closely with the United Nations (UN) Office of the High Commissioner for Human Rights within the framework of a three-year partnership programme (1999-2002). Our main priorities are to strengthen its capacity to develop and manage field programmes and operations; to mainstream human rights across the work of the UN system; to integrate economic, social and cultural rights into its work; and to provide human rights information to other implementing agencies.



The situation in Sierra Leone remains fragile: under DFID supported Disarmament, Demobilisation and Re-integration programmes, ex-combatants prepare for civilian life by learning new skills

6.7 DFID continues to be especially concerned about the involvement of children in armed conflict. We have placed emphasis on building the capacity of the international organisations which have responsibility for this particularly vulnerable group. We have been working closely with the Office of the UN Secretary-General's Special Representative for Children and Armed Conflict and with the UN Children's Fund. A three-year, £3 million programme to help the latter improve its capacity to assist war-affected children began in mid-1999.

Humanitarian mine action

6.8 We continue to be heavily involved with humanitarian mine action. Most of our funding (about £8.5 million in 1999/2000) has been spent on clearance - much of this in the world's poorest or most conflict-ridden countries such as Cambodia, Afghanistan, Bosnia and Mozambique. We have made special efforts this year to strengthen co-ordination and coherence within the international mine action community through the UK co-chairmanship of the Ottawa Convention Intersessional Standing Committee of Experts on Mine Clearance; our close working relationship with the UN Mine Action Service; and the provision of targeted funding for key strategic studies.

Emergency and humanitarian needs

6.9 DFID provides humanitarian relief through partnerships with governments, agencies of the UN and the Red Cross/Red Crescent systems, and non-governmental organisations. Our objective when responding to sudden disasters is to provide speedy and appropriate assistance. To increase our capacity to do this, our emergency response team has been expanded to include health, social and financial expertise. Box 6.c shows the top ten recipient countries of DFID humanitarian assistance in 1998/1999.

BOX 6.c: DFID HUMANITARIAN ASSISTANCE 1998/1999: TOP TEN RECIPIENT COUNTRIES

Country	£ m
Sudan	24
Bangladesh	16
Montserrat	8
Iraq ¹	6
Kenya	5
Tanzania	4
Serbia & Montenegro (including Kosovo)	4
Ethiopia	3
Malawi	3
Afghanistan	3

¹ There is no UK aid to the government of Iraq. The amounts recorded as flows to Iraq are emergency aid provided through UN agencies and non-governmental organisations for Iraqi citizens.

Marc Schissman/Fanos Pictures



Halo Trust deminers working in a minefield near Sisophon, Cambodia

BOX 6.d: CRISIS IN KOSOVO

During the refugee crisis, DFID personnel collaborated with NATO forces and humanitarian agencies to set up refugee camps for 40,000 people in Macedonia and to construct and manage a camp in Albania for 5,000 refugees. We provided humanitarian supplies of food (about four million person-days), tents, blankets (about 200 tons) and health kits (for 210,000 people for three months). As well as funding agency programmes, we provided practical help to get supplies and personnel to where they were needed by organising over 60 airlifts of humanitarian supplies and providing logistic support in the form of a truck convey team (operating 21 trucks at its peak) and air handling teams at Tirana and Skopje airports. We also acted to ensure that refugees had access to reliable information: we supported radio broadcasting, distribution of radios to refugees, and the re-establishment of Kosovo media in exile.

DFID established an office in Pristina in the first few days after NATO's entry in June 1999. Our overall objective was to ensure timely help to meet the basic safety and welfare needs of all Kosovars, while assisting the rapid stabilisation of the province through the establishment of an effective international civil administration. Our programme includes:

- support for the UN Mission in Kosovo, for example through funding salaries for utilities workers and providing cash and in-kind help to establish the UN Mine Action Coordination Centre;
- promotion of human rights, both by continuing to support the independent media in providing objective information to all Kosovars and by supporting projects which increase access to justice;
- humanitarian mine action, by assisting the UN Mine Action Coordination Centre in the deployment of teams to tackle the immediate threat posed by mines and unexploded ordnance, undertake surveys and embark on systematic clearance programmes;
- humanitarian assistance to returnees and internally displaced people through agencies such as the UN Children's Fund, UN High Commission for Refugees, World Food Programme and non-governmental organisations;
- re-establishment of essential health services at the main referral hospital at Pristina University and ensuring through the International Medical Corps that primary health care reaches 800,000 people (half the population);
- emergency rehabilitation work to keep power and water supplies going through the winter and to contribute to providing shelter. We are carrying out major works at the airport to keep it open to civilian traffic all year.

DFID's expenditure in the Kosovo region far exceeded the existing regional allocation. Funding therefore had to be obtained from other sources. The following is a breakdown:

- £4 million from existing allocation for region;
- £1 million from DFID Humanitarian Response Budget;
- £37 million from DFID Unallocated Reserve;
- £68m from HM Treasury Central Reserve.



DFID support helped re-establish essential health services at the main referral hospital at Pristina University, Kosovo

BOX 6.e: CRISIS IN TIMOR

DFID's response to the crisis in Timor was a rapid one and built on the lessons learned from the Kosovo crisis. Our specialists deployed to Dili with 2 Royal Gurkha Regiment and were immediately active in helping the UN re-establish its presence in East Timor. This facilitated a co-ordinated international approach to the identification of needs and delivery of humanitarian assistance. Our further objectives have been to:

- encourage the return home of all displaced populations, particularly those in West Timor and other parts of Indonesia;
- provide urgent humanitarian assistance to vulnerable groups;
- help build confidence and provide incentives to enable East Timorese communities to start the process of repair and recovery;
- assist the UN and World Bank to plan and put in place the transitional administration for East Timor as soon as possible and to plan for longer term governance, reconstruction and development.

DFID has directly supported the International Organisation for Migration, World Food Programme, UN Mission and UN Transitional Administration in East Timor, UN Children's Fund, UN High Commission for Refugees, Office for the Co-ordination of Humanitarian Assistance, International Committee of the Red Cross, World Health Organisation and CARE. We helped restore basic power supplies and have provided fuel and logistics support and small project funding to complement the activities of local organisations, UN Agencies and non-governmental organisations. DFID's commitment to the people of East Timor will continue beyond the emergency phase of operations through support to the UN Transitional Administration and others engaged in the building of a nation.

Our response to emergencies in 1999/2000

6.10 In 1999 we responded to a number of major natural disasters, including flooding in Mozambique (see the Overview), China, Vietnam and Venezuela, the cyclones in India and Pakistan and earthquakes in Turkey and Taiwan. We also provided emergency humanitarian relief to the victims of conflict in Kosovo (see Box 6.d) and East Timor (see Box 6.e).

Helping poor countries to reduce vulnerability

6.11 We recognise that disasters are a major impediment to development and want to help poor countries reduce their vulnerability. We are pursuing a three-pronged approach - seeking ways to incorporate disaster mitigation into our

bilateral development programmes; providing support to the disaster mitigation programmes of international organisations and regional networks; and looking for opportunities to make use of the expertise available in the UK. In 1999/2000 we have, for example, agreed to support a regional programme in South Asia to promote new livelihood options for vulnerable communities. We have also helped the World Bank to launch work with the UK's Overseas Development Institute to raise awareness of the true cost of disasters.

Improving the humanitarian response in future

6.12 Because of the danger of creating dependency and inadvertently supporting warring groups or fuelling war economies, DFID is committed to establishing and respecting standards

BOX 6.f: IMPROVING HUMANITARIAN RESPONSE

DFID has supported:

- the multi-year integrated programme of research, advisory and dissemination work of the Overseas Development Institute Humanitarian Policy Group. This addresses the emerging humanitarian policy agenda and the critical link between policy makers and field practitioners.
- training in personal safety and security given by Red R to field-based humanitarian workers in Kosovo;
- the 1300-strong Relief and Rehabilitation Network of humanitarian agencies which provides a unique forum for the exchange and dissemination of experience and lessons learned by field practitioners.

for humanitarian assistance. We support the Sphere Project, launched in 1997 by a group of British non-governmental organisations, which aims to improve the quality of assistance provided to people affected by disasters and to make the humanitarian response system more accountable. Examples of other initiatives are set out in Box 6.f.

6.13 A growing concern is the danger to aid workers who are increasingly targeted in conflicts. We recognise that humanitarian agencies often have to work in dangerous environments, but we want to ensure that we do not encourage aid workers to put themselves at unacceptable risk. We are determined to promote greater security for this group.

6.14 We are keen to strengthen the international systems for humanitarian preparedness and response. Our aim is to achieve better and more timely assessments of emergencies and to promote better donor co-ordination, reduce duplication and eliminate gaps. During 1999/2000 we finalised and published partnership agreements with the *UN Office for the Coordination of Humanitarian Affairs* (41), the *International Federation of Red Cross and Red Crescent Societies* (45) and the *International Committee of the Red Cross* (40). We are also completing one with the World Food Programme. These partnerships are based on a firm commitment of DFID funding

over three years for specified programmes in return for the international agencies' commitment to improve their capacities, systems and accountability.

6.15 We participated actively in negotiations on a new Convention to replace the 1995 Food Aid Convention. The new Convention was agreed in June 1999. It contains provisions to ensure that food aid supplied in emergency situations can be used to respond precisely to acute needs. The greater flexibility contained within the new Convention enables food aid to be targeted better and to address the particular needs of poor people.

6.16 We believe it is important to learn lessons from our major humanitarian programmes - DFID played a key operational and strategic role in the international community's handling of the Kosovo crisis (see Box 6.d). We therefore held a "Reflections" conference with other key players and a symposium on civil military cooperation. We have also undertaken an evaluation of the UN Children's Fund work in the region, while our own actions have been subject to study by the National Audit Office. Our conclusions emphasise the importance of contingency planning, good inter-agency communication and the ready availability for rapid deployment of high calibre personnel.

Building development partnerships with poorer countries

7.1 This chapter sets out the challenges that we see in the regions of the world where DFID is engaged and describes how our bilateral programmes to recipient partner countries are contributing to meeting these challenges.

7.2 The planning figures for our bilateral programme are shown in Annex I. They show a significant increase over the period with country programmes in 2001/2002 expected to be £400 million¹ higher in cash terms than 1996/1997. The changing regional balance of expenditure is summarised in Box 7.a. Actual outturn may vary from plans. Country situations will change and

our plans will need to be adjusted accordingly. Where we see good opportunities we will seek to take them and where performance falls short we will be ready to pull back. Our overall aim is to ensure, so far as we can, that we are supporting those who genuinely want to reduce poverty and have credible plans for doing so. The Overview comments on major changes from plans.

Africa

The challenge

7.3 The scale and depth of poverty in Sub-Saharan Africa remains devastating. Despite some progress, social and economic indicators are amongst the worst in the world. The latest figures published by the World Bank for 1998 estimate that 290 million people in Sub-Saharan Africa live on less than \$1 a day², some 46% of the continent's population. This means that although the proportion of poor people has dropped very slightly since 1990, the absolute numbers of poor people have risen by 20%. The absolute number of poor in Africa has grown twice as fast as the figure for Latin America and almost three times as fast as for Asia.

BOX 7.a: THE CHANGING REGIONAL BALANCE OF EXPENDITURE

	1996/97 (actual)		2001/02 (planned)		
	£ million, cash	%	£ million, cash	£ million, cash	%
			(including 5% estimating adjustment)	1996/97 prices (excluding estimating adjustment)	
Africa	300	41	567	495	48
Asia and Pacific	282	39	396	345	35
Eastern Europe/ former Soviet Union	89	12	92	80	8
Western Hemisphere	35	5	51	44	5
Overseas Territories	26	3	41	36	4
Total¹	731	100	1,147	1,000	100

¹ Totals may not sum due to rounding

¹ In order to allow for a normal degree of slippage, the planning figures for country programmes exceed the level of resources available by 5% in forward years.

² Population living below \$1 a day at 1993 purchasing power parities adjusted to current price terms. World Bank, *Poverty Trends and Voices for the Poor*, September 1999 (113).

7.4 There are five critical areas which will need more attention if Africa is to make sufficient progress towards the International Development Targets:

- **pro-poor economic growth:** growth rates in Africa remain well below what would be needed to halve the incidence of poverty in the continent by 2015. To achieve the growth necessary will require further integration into the international economy to take advantage of the opportunities of globalisation. As high levels of debt still constrain the availability of resources to help the poor it is essential to speed up debt relief;
- **democratically accountable governance:** competent and democratically accountable governance which puts pro-poor policies in place will help economic growth to be translated into direct benefits for the poor. Key political developments in 1999 (Box 7.b) demonstrate that progress on the continent remains mixed;
- **reducing conflict:** civilians suffer the most from conflict, with an estimated 8 million refugees and internally displaced people on the continent. Conflict destroys lives, livelihoods and community structures, leaving the poor with none of their traditional coping mechanisms to face adversity. There is a need to enhance African capacity further to reduce conflict at regional, national and local levels, and to look at how international efforts can support this;
- **building sustainable livelihoods:** to develop sustainable livelihoods the poor in Africa require adequate access to assets, including land and other natural resources, and to markets. Increasingly there is a need to develop alternative sources of economic livelihood. Access to sustainable sources of credit is critical in this respect. Sustainable management of the environment and resources is central to the survival of current and future generations;
- **combating HIV/AIDS:** Sub-Saharan Africa has 72% of the global incidence of HIV/AIDS. More than 23 million people are currently living with the disease and an estimated 150 million Africans (one quarter of the population) are either directly or indirectly affected. It is the number one killer on the continent. In some countries over a quarter of the adult population is affected. It is already starting to reverse decades of progress in social and economic development. It increases health and welfare demands and costs, leaves millions of children orphaned, and reduces formal and informal sector productive activity.

Betty Press/Panos Pictures



Free and fair elections in Nigeria: queuing to vote, Suleja, Nigeria

BOX 7.b: KEY POLITICAL DEVELOPMENTS IN AFRICA: 1999/2000

Positive

- Free and fair elections in Nigeria, South Africa, Malawi, Botswana and Senegal;
- Transition to civilian rule in Nigeria and re-engagement with the international community;

Negative

- Coups d'état in Niger, Guinea Bissau, Comoros and Cote d'Ivoire;
- Persistence of Ethiopia/Eritrea conflict;
- Resumption of war in Angola;

In the balance

- Relapse into conflict in Sierra Leone and then the signing of a fragile peace accord;
- Signs of hope for an end to the Democratic Republic of the Congo conflict which has involved 8 African countries, but hugely complex problems to implement the peace accord.

DFID's response

7.5 DFID's response to these challenges has been fourfold:

- to work closely with partner governments and other development actors to improve the poverty focus and impact of our bilateral programmes; levels of bilateral assistance to Africa will continue to increase in the next two years - see Annex 1, Table 5 for detailed expenditure plans;
- to work with multilateral organisations, governments and other donors to align our strategies and actions in support of the International Development Targets;
- to look more creatively at ways to tackle regional, cross-border and widespread problems in Africa such as HIV/AIDS, conflict, refugees, regional integration and trade development;
- to enhance our own capacity and that of African partners to monitor poverty, assess results, learn lessons and draw on appropriate expertise and research.

7.6 In 1999/2000, DFID completed and published new Strategy Papers for the major recipients not already covered in the previous year, with the exception of Nigeria (which is expected

to issue in the first half of 2000). As before, production of all these papers included wide consultation in both the UK and Africa. Broad objectives for all Strategy Papers were outlined in last year's *Departmental Report (77)* and copies of published papers are available from DFID (see Annex 4). These papers reflect our re-evaluation of the challenges we face in meeting the International Development Targets in Africa. Efforts in 1999/2000 have focused on effective implementation of these strategies.

7.7 Key achievements and progress made in the bilateral programmes during 1999/2000 are given in Box 7.c. These demonstrate how we have started to focus our programmes towards the International Development Targets and to meet the challenges outlined above. In 1999/2000, we have also started new initiatives on anti-corruption in Kenya and Zambia and are supporting local government development in South Africa. In Zambia and Tanzania we are investigating ways in which we might help governments implement the Convention on the Rights of the Child. In recognition that African countries need more help on international trade issues, we are supporting bilateral trade capacity building projects in Tanzania, Zimbabwe and Malawi and intend to support similar projects in Mozambique and Ghana.

BOX 7.c: KEY ACHIEVEMENTS IN BILATERAL PROGRAMMES IN 1999/2000

During the course of the last year, DFID:

- worked with the Government of Tanzania on privatisation and civil service reform, helping to keep the economic reform programme on track;
- provided important technical support for public expenditure reviews of the education and health sectors in Rwanda, laying the foundations for the medium term expenditure framework;
- funded an expert to work with the Government of Sierra Leone, and all parties to the peace agreement, to increase awareness and understanding of anti-corruption principles. This has fed into the development of anti-corruption procedures by the Government of Sierra Leone. We have also developed a four-year anti-corruption programme with the Government of Uganda, expected to start during 2000, and in Tanzania worked jointly with other donors to bring about development, and Cabinet endorsement, of an anti-corruption strategy;
- made progress towards the target of universal primary education in Uganda through contributions to multi-donor sector programmes;
- continued implementation of a successful environmental management programme in Egypt;
- helped Ghana introduce improved budgeting through the Medium-Term Expenditure Framework, promote decentralisation in education and secure key institutional and policy changes in its forestry sector;
- increased the poverty focus of rural livelihoods programmes in Zambia and Zimbabwe;
- commenced trade capacity building projects in Zimbabwe and Malawi in order to help the governments analyse and implement World Trade Organisation trade policy reforms;
- supported the Nigerian election process leading to the first civil administration in many years;
- played a key part in the UK-led effort to bring about peace in Sierra Leone, including £5 million of support to the Disarmament, Demobilisation and Reintegration camps and technical assistance to the Sierra Leone Ministry of Defence and Police;
- worked closely with the European Commission on their new development strategy towards South Africa, ensuring it had a central focus on achieving the International Development Targets.

BOX 7.d: CASE STUDY OF DFID SUPPORT FOR A POST-CONFLICT COUNTRY: RWANDA

Approach

- The UK/Rwanda Understanding was signed in April 1999. It is a public document and is printed, in full, in DFID's *Country Strategy Paper for Rwanda (19)*.
- The Understanding sets out the commitments of both Governments in support of mutually-agreed objectives relating to peace, reconciliation, poverty elimination and open, accountable government. The Understanding underpins the development partnership, which has strengthened and deepened since the signature.

Progress

- A programme of budget support linked to expanded social sector recurrent expenditure has been agreed. We are working with the World Bank and United Nations Development Programme to help the Government track the impact of social sector spending. We are helping to enhance statistical capacity and to carry out a household survey, which will help to monitor poverty indicators.
- Building on the public expenditure reviews of the education and health sectors, we are working with the Rwandan Ministry of Education and the World Bank to design a support programme for the education sector. This will be linked to on-going efforts to build Government capacity and to develop a medium-term economic framework to improve the Government's capacity to plan and prioritise budgetary expenditure.
- We are in the process of agreeing a monitoring mechanism for the Understanding, which will seek to put in place a broad forum for discussion of progress against the Understanding.

Future plans

- Develop donor co-ordination processes centred around Government-owned poverty reduction strategies supported by a medium-term economic framework and debt relief under the Heavily Indebted Poor Countries Initiative.
- Establish an agreed mechanism to monitor, review and update the Understanding.
- Continue to develop a focused and targeted programme aimed at supporting the objectives in the Understanding.



A sector-wide approach to agriculture helps set common priorities between the Government of Ghana, DFID and other donors: harvesting pineapples

7.8 In 1999/2000, we have also continued to develop our approach in fragile post-conflict countries such as Rwanda. We have taken a lead within the international community in finding a way to operate constructively in a complex, risky environment where the needs are very great given Rwanda's tragic history. Our approach is centred on situating the aid programme firmly within the broader political context through a

Memorandum of Understanding between the UK and Rwandan governments agreeing mutual objectives, commitments and benchmarks of progress (see Box 7.d).

7.9 We will contribute to the reduction of poverty effectively only if we act in collaboration with all development partners including governments, other bilateral donors, the multilateral institutions and civil society. Increasing amounts of staff time are spent working with others as part of our bilateral programmes through joint appraisal, negotiation and financing. In 1999/2000 we have continued to work with partner governments and other donors in developing Sector-wide Adjustment Programmes (see Box 1.c) in countries such as Tanzania (health), Uganda (health and education), Ghana (health, education and agriculture) and Malawi (safety, security and access to justice). These are helping governments set common priorities and co-ordinate the interventions of donors in support of their own sector development programmes. The longer-term goal is to have donors working within one common poverty reduction strategy led by the partner government. Our approach in Tanzania (see Box 7.e) demonstrates the way we are working towards this goal (see also paragraph 23 of the Overview).

BOX 7.e: ENHANCED SUPPORT FOR TANZANIA'S EFFORTS TO ACHIEVE THE INTERNATIONAL DEVELOPMENT TARGETS

In Tanzania, DFID has worked closely with other donors to help the government develop strategies to help achieve the International Development Targets. The Government of Tanzania is demonstrating increased leadership over the development process. It has developed "Vision 2025" which sets out Tanzania's own poverty eradication objectives and has begun work on a Tanzania Assistance Strategy, through which it plans to coordinate donor inputs better. In support of this, DFID is providing assistance to help establish a poverty baseline against which progress in meeting poverty eradication targets can be measured. Alongside these developments, sound economic management has been maintained (with inflation falling below 10% for the first time in many years) and Tanzania is now set to benefit considerably from the enhanced Heavily Indebted Poor Countries debt relief arrangements. DFID is working with Norway, the Netherlands and Germany on piloting a new donor co-ordination initiative in Tanzania aimed at developing common procedures, pooling resources and jointly using expertise in at least one sector.

In 1999/2000 we have provided over £35 million of budgetary support to Tanzania and we have agreed a £45 million five year commitment in support of a sector-wide health strategy. Substantial progress has also been made towards agreeing a similar approach in education. We hope to reach agreement on this within the next twelve months. We also plan to step up our assistance to the rural water sector. Other priorities will include assisting efforts to combat corruption and help the government to disengage from direct involvement in loss-making enterprises. In recognition of the progress Tanzania is making we expect our bilateral programme to rise from £51 million in 1998/1999 to £70 million in 2001/2002.

7.10 Most of DFID's major country strategies will be reviewed in the course of the next two years to examine progress. General priorities for the next three years include further re-focusing of programmes on larger, better-targeted interventions which give greater impact for resources, and better monitoring of impacts.

7.11 In 1999/2000 DFID has also begun to take a wider look at some of the key problems in Africa which are regional (such as economic integration, trade development and often conflict), cross-border (such as refugees and HIV/AIDS) or widespread (such as poor governance and conflict). If they are to be tackled more effectively, some will benefit from a regional framework and cross-region lesson learning. We are also looking

at the scope for working with, and enhancing the capacity of, Africa's own regional and sub-regional organisations to address these issues. We have already made progress in the areas of conflict reduction and addressing HIV/AIDS (see Boxes 7.f and 7.g) and will continue to develop work in the other areas.

7.12 Finally, we are working hard to enhance our own capacity and that of African partners to improve the monitoring of poverty and other indicators, and to jointly assess results of interventions. DFID is also well aware of the need to link closely with the vast outside expertise on Africa in order to understand and analyse problems and possible solutions better, learn lessons and apply the results of research.

BOX 7.f: TACKLING CONFLICT IN AFRICA

DFID is working in a number of ways to enhance the efforts of the UK Government to reduce conflict in Africa. We are:

- working with other Whitehall Departments (Foreign and Commonwealth Office, Ministry of Defence, HM Treasury and Cabinet Office) on a cross-cutting review of the Government's approach to conflict in Africa. The aim is to increase the effectiveness of the UK response through working more closely to establish joint objectives, shared analysis and priority-setting and to ensure that all available tools (diplomatic, development assistance and military) and resources are deployed quickly and effectively;
- helping co-ordinate a government approach in Sierra Leone where the UK has led the international effort to bolster the peace agreement (see Overview chapter and Box 6.b);
- strengthening the capacity of African regional and sub-regional organisations in conflict prevention and resolution (for example, helping build the capacity of the Conflict Management Centre of the Organisation of African Unity) and enabling the United Nations (UN) Development Programme to support the Economic Community of West African States in the implementation of the West African small arms moratorium;
- funding a number of peace-building training seminars for African leaders.

BOX 7.g: TACKLING HIV/AIDS IN AFRICA

DFID has recognised that doing more to tackle the HIV/AIDS epidemic is central to any serious attempt at poverty reduction in Africa and that any approach must be multi-sectoral. In the context of the new DFID strategy paper on HIV/AIDS *Fighting Back* due to be published in the first half of 2000. (See also Chapter 2.) We are working to address this problem in Africa bilaterally, regionally and globally through:

- a number of targeted bilateral HIV/AIDS prevention programmes with African Governments, amounting to over £11 million in 1999/2000, in Nigeria, Mozambique, Zambia, Uganda and Kenya;
- HIV/AIDS components of broader sexual and reproductive health programmes in Tanzania, Zimbabwe and Malawi;
- a £7.5 million regional AIDS initiative working in partnership with the Southern Africa Development Community to implement linked programmes in four countries (Botswana, Namibia, Lesotho and Swaziland) focused on prevention activities;
- a £14 million programme to help develop a safe, effective, affordable vaccine which will be piloted in African countries.

DFID is also considering support to the UNAIDS African Partnership which has specific targets such as reducing the incidence of HIV among 15-24 year olds by 25% by 2005.

Asia

The challenge

7.13 Asia is home to the largest concentrations of poor people in the world. Economic and social progress there is critical to the global achievement of the International Development Targets. 65% of those living on less than a dollar a day live in Asia: the majority in India and China. It is also the area of the world which has witnessed the most dramatic falls in poverty in the recent past, particularly in East Asia where the number of poor people fell from 432 million in 1993 to 267 million in 1996. This dramatic progress was interrupted by the financial crisis of 1997/1998 but the last twelve months have seen increasingly strong signs of growth in almost all countries.

7.14 In South Asia, progress in the reduction of poverty has been slower. Although most countries have achieved growth rates above the rate of population increase, all have the potential to make faster progress. Despite improvements in recent years, social indicators of deprivation,

infant and maternal mortality, literacy and especially the position of women in society, are among the worst in the world.

7.15 The experience in Asia makes it clear what needs to be done to reduce poverty. Poverty has been reduced fastest in countries which have combined high growth rates with a relatively equal distribution of assets and a commitment to ensure that poor people are equipped to participate in the growth process. Unaccountable and corrupt political systems which hamper economic efficiency and fail to represent the interests of poor people remain one of the major constraints to the elimination of poverty. There are, for example, particular problems with disruptive, politically motivated boycotts as in Bangladesh, and concern about corruption and misuse of resources was one of the factors contributing to the military coup in Pakistan.

7.16 HIV/AIDS is a spectre which looms over the development prospects for Asia (see Box 7.h). As yet the incidence of HIV/AIDS is not large, but

BOX 7.h: HIV/AIDS IN ASIA

HIV did not arrive in Asia until the late 1980's but infection is spreading rapidly in many parts of the continent. Around eight million people are currently estimated to be infected. While rates of infection are lower than in sub-Saharan Africa the sheer number of people living in Asia means that the potential size of the epidemic is huge.

Until recently it seemed that in much of Asia the HIV virus was restricted to high risk groups (injecting drug users and commercial sex workers) and it was assumed that this provided a window of opportunity to stem the disease before it crossed into the mainstream population. But recent data suggests that that window is closing in many countries; for example, in some urban areas of India, surveillance data has suggests that 1% of pregnant married monogamous women are infected.

It is increasingly clear that HIV/AIDS poses a real and immediate threat to the achievement of the International Development Targets in Asia unless urgent action is taken.

National Governments in Asia, however, are often not according the disease adequate priority and the international response is poorly co-ordinated. Only one country - Thailand - has developed an effective response to the epidemic. Elsewhere national AIDS control plans are inadequately supported either politically or financially. The work of UNAIDS, which was established to co-ordinate AIDS related work of the major multilaterals and to raise political and international awareness, needs to be strengthened.

DFID is responding through the preparation of an AIDS strategy for Asia which aims to link DFID work at the political advocacy, multilateral and bilateral levels. We intend to work more closely with other agencies such as UNAIDS. We have embarked upon major AIDS programmes in China (£15 million programme) and India (£25 million programme). But we recognise that these can be effective only in the context of strongly supported national campaigns backed by well co-ordinated and well resourced international action.

it is growing and the experience of Africa demonstrates the potential of the disease to devastate lives on a huge scale in poor countries. In several countries it now appears that the disease is moving into the mainstream population and therefore the window of opportunity for Asia to take effective action to prevent it reaching epidemic proportions is closing. It is imperative that this opportunity is grasped.

DFID's response

7.17 DFID's response to the challenge is fivefold:

- to contribute to the conditions necessary to sustain and increase the rate of economic growth;
- to help strengthen and promote change in the governance system to adopt pro-poor policies;
- to equip poor people with the skills and resources they need to lift themselves out of poverty;
- to help develop an effective regional response to the HIV/AIDS threat;
- to support a better co-ordinated international effort which is owned by governments and civil society.

7.18 We have published Strategy Papers (see Annex 4 for details) for all our major country programmes except Pakistan, which has been delayed following the military coup. These strategies have been prepared after consultation with a range of partners in government and civil society and other donors in each country. It is particularly important in Asia, where we contribute a relatively small proportion of development resources, to work in a way which adds value to the broader effort to reduce poverty. Increasingly we are designing our financing activities strategically and are developing sector rather than project approaches. Increased staff effort is being deployed in policy dialogue and working with other important players to learn from them and to ensure overall effectiveness.

7.19 The main constraints on economic growth relate to the policy environment and structural features of the economies. We have been working with Governments and the International Financial Institutions to help address these. Some examples are shown in Box 7.i.

DFID



The demand for better social services: George Foulkes, Parliamentary Under Secretary of State, listens to communities in Cambodia's Siem Reap Province where UNDP is working with support from DFID to improve the livelihoods of the rural poor

BOX 7.i: REFORM, RESTRUCTURING AND PRIVATISATION IN ASIA

In India we are working with the State Governments in Orissa, Andhra Pradesh and Haryana on reform of the power sector which is both a major constraint on economic development as well as a major budgetary drain (see Box 1.d). We are working with the World Bank (in Orissa and Andhra Pradesh), and with the Asian Development Bank (in Madhya Pradesh), to develop broader programmes of reform aimed at the achievement of financial stability, rationalisation of public expenditure and enhanced service delivery. In China and Vietnam we are working on programmes to restructure key state owned enterprises and in China we are providing opportunities for those who will lose their jobs through the restructuring process (see Box 1.f). In Nepal we are advising on privatisation.

7.20 Participation in the international trade and investment system is essential for the development of Asian countries. Those countries that have adopted a relatively open and liberal trading and investment regime have seen the fastest reduction in poverty. We have started a range of trade and investment projects with several of our partner countries to help them address trade issues. We are encouraging them to participate fully in international trade negotiations to ensure that they obtain the maximum benefit from the international trading system.

7.21 Addressing governance is the most difficult and yet one of the most urgent challenges we face. We recognise that solutions can be devised only by the citizens of the countries concerned. But we can help by:

- strengthening accountability at national and local level (for example national accounting and budgeting systems in Nepal and Bangladesh);
- working with civil society to advocate rights of poor people (for example a new project with community groups in some of the poorest and poorly governed states in India; and support in Bangladesh for the work of Proshika (the internationally respected local non-governmental organisation) in building the advocacy of its membership groups);
- support for elections and voter education (as in Nepal and Indonesia);
- encouraging a greater focus on governance in International Financial Institution programmes (for example in relation to Pakistan);



Leo Taylor/Panos Pictures

Working with civil society to advocate rights of poor people is an important part of our response to the challenges in Asia

7.22 Many of our programmes are more directly concerned with empowering poor people, particularly women and aim to enhance their opportunities through improving their health and education, their access to finance and their livelihood opportunities.

7.23 Throughout Asia poor people suffer from poor health and poor education. Government systems are under resourced, poorly managed and inefficiently run. We have participated in large programmes to remedy these deficiencies, for example the new primary education programmes in India and China and health programmes in Bangladesh and China. In China we are also looking to enhance the effectiveness of social security provision in selected provinces. Increasingly, we are seeking to work at the sectoral level addressing policy, institutional and investment needs rather than financing stand-alone projects.

7.24 Investment in education is a strategic initiative, not only because it increases the skills and opens up opportunities for poor people, but because education is the key to social and political transformation. Educated women are more able to bring up healthy children and choose their family size. Literate men and women are better able to participate in the political life of their communities and demand accountability and performance from their leaders (see Box 7.j).

7.25 Poor people are usually isolated from financial markets and yet access to timely finance is one of their key needs for investment and consumption: we are working with major credit providers to extend the access of poor people to finance. For example, in India (see Box 1.g) and Bangladesh we are working to promote enhanced regulation and more sustainable financing of microcredit and are encouraging development of a wider range of financial services which meet the needs of the poor, including the most marginalised.

7.26 We are placing an increasing reliance on the sustainable livelihoods approach in devising strategies which build on and enhance poor people's access to resources (see also Chapters 1 and 3). We are using this approach to support watershed development in India and community based rural development through civil society in Pakistan.

7.27 DFID is helping to tackle HIV/AIDS in Asia, particularly in India and China (see Box 7.h). We are conscious that more needs to be done. The priority is to get greater political commitment to tackling the problem within Asia. The successful example of Thailand shows what can be done with political determination and a co-ordinated strategy. We are aware that this must be part of a co-ordinated international response. We have therefore supplemented our country programmes with a regional strategy in co-operation with UNAIDS and the World Bank focused on raising awareness and exchanging information on successful approaches.

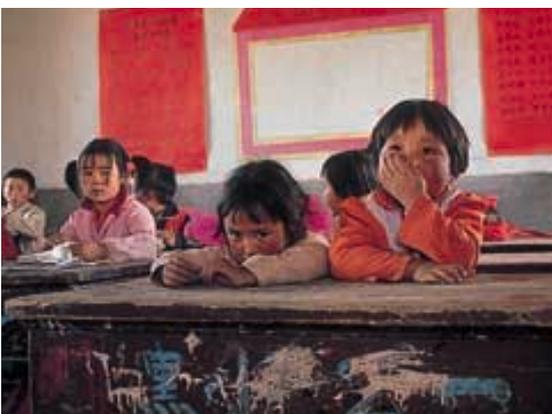
7.28 We have continued to build partnerships with governments including state governments in India and provincial governments in China. We have strengthened co-ordination with the World Bank in many fields including major reform programmes in the states of Orissa and Andhra Pradesh in India (see Box 1.d), rural transport in Vietnam, and the health sector in China. We have developed new partnerships with the United Nations' Children's Fund in water and sanitation in Bangladesh and India, and have strengthened collaboration with the Asian Development Bank, including initiation of a partnership to improve public sector management and resource use within Madhya Pradesh, India. In Pakistan we froze our bilateral programme following the military coup and will be looking for opportunities to support programmes of action on corruption, better economic management, democratic governance and the priority of poverty reduction.

BOX 7.j: BANGLADESH: MORE AND BETTER PRIMARY EDUCATION FOR THE POOR

Ensuring access for all children to primary education of worthwhile quality is a key priority in Bangladesh. Much progress has been made but there remain some gaps and quality needs to be greatly improved. This year we have completed the inception phase of a major programme of support to improve the management of primary education and have launched its implementation. We are also working through the UN Children's Fund with Government and non-governmental organisations on education for working children. We have renewed support to the education programmes of the Bangladesh Rural Advancement Committee (a large non-governmental organisation with extensive networks of support to poor communities which provide opportunities for around one million poor children, especially girls, who otherwise get left out). We are promoting more effective donor co-ordination and dialogue with Government through chairing donor co-ordination in the education sector.

BOX 7.k: KEY ACHIEVEMENTS 1999/2000

- Publication of strategy papers for all major programmes (except Pakistan) after extensive consultation process.
- Launching of Bangladesh's first sector-wide programmes in Health and Population.
- Enhancement of Bangladesh Government-led dialogue in education, with UK as chair of the donor group.
- Launch of trade and investment initiatives in Pakistan, Nepal, India, Bangladesh, West Bank and Gaza.
- Continued progress on developing state-level partnerships in Orissa, Andhra Pradesh, West Bengal and Madhya Pradesh in India.
- Approval of two new micro-credit projects and an innovative empowerment project in India (see Box 1.g).
- Key new interventions in basic health, basic education and state owned enterprise development in China (see Box 1.f), designed and approved.
- Production of an influential paper on Child Labour in South Asia 'Helping not Hurting Children' (60).
- In-country presence strengthened by opening new DFID offices in Nepal, Hanoi, Jakarta and Beijing.
- Strengthened co-ordination with the Asian Development Bank and the UN Children's Fund.



Jerome Siegr/Phonos Pictures

New programmes in India and China aim to improve access to primary education: children in primary school, China

7.29 Key achievements of our work in Asia are summarised in Box 7.k.

Central and Eastern Europe The challenge

7.30 In the ten years of transition in Central and Eastern Europe since the collapse of Communism, there has been major progress in political and economic reforms. The countries of Central Europe, the Baltic States, Romania and Bulgaria are all now negotiating accession to the European Union. But performance in creating the conditions for sustainable and equitable growth has varied significantly between countries. Major challenges remain in improving governance, dealing with the social impact of economic restructuring, building up local institutions, tackling environmental problems and creating an effective civil society. Action is needed to sup-

port the poor, vulnerable and socially excluded, especially in Bulgaria and Romania. The economies of the former Yugoslavia have been ravaged by war and political upheaval. Poverty has significantly increased. Major efforts on political and economic reform as well as reconstruction will be needed to re-establish peace and stability.

DFID's response

7.31 DFID's response has been:

- to provide a substantial contribution to the international humanitarian effort in the Balkans;
- to promote trade and private sector development;
- to improve service delivery for poor people;
- to work with the European Commission in an effort to improve the quality of its programmes;
- to develop strategies for future DFID work in the region.

7.32 The Kosovo crisis (our response to which is described in Box 6.c) had an impact throughout the region on government spending, trade and investment. This has given increased importance to our efforts to promote trade in the region. We have co-funded a study of barriers to investment in Bulgaria; arranged a major workshop on economic reform in Croatia; and

BOX 7.I: STABILITY PACT FOR SOUTH EASTERN EUROPE

The international community's response to the Kosovo crisis included the establishment of the Stability Pact for South Eastern Europe. This is a joint political commitment by the countries of the region, the donor countries and the international agencies to a comprehensive, co-ordinated and strategic approach to the achievement of economic and democratic reforms and the achievement of stability in the region. At the first Stability Pact Summit in Sarajevo on 30 July 1999, the Prime Minister called for the removal of barriers to free trade in the region and in Europe. DFID commissioned and distributed widely an analysis of ways to promote liberalisation of trade with South Eastern Europe. We have worked closely with other Departments across Whitehall seeking a realistic programme of trade measures that will deliver tangible benefits to the people of the region. This is being reflected in the new trade preferences and Stabilisation and Association Agreements that the European Union has offered to the South East European states. We will continue to work to achieve the goal of free trade between the EU and South East Europe.

played a key role in the launching of an initiative to promote private sector development within the Stability Pact for South Eastern Europe (see Box 7.l).

7.33 The disintegration of the former Yugoslavia has also created major challenges to transition. Our objective in the Western Balkans is to encourage and support peace and stability and to promote improved service delivery to poorer and disadvantaged communities. We are developing strategies for Bosnia, the Former Yugoslav Republic of Macedonia, Albania and Kosovo. We are supporting reformist and democratic groups in Serbia and Montenegro.

7.34 DFID has developed strategic approaches to civil society development and partnerships with government in service delivery, and in support to development of social policy and social

welfare (see Box 7.m). Through our regional programme, we are supporting a major project in the pre-accession countries addressing the situation of the Roma and a second programme concerned with minority rights.

7.35 DFID is working with the European Commission to help improve the quality of the European Community programmes in the region. We helped to introduce improvements to the regulation governing the second phase, from 2000, of European Union (EU) support to those countries seeking accession to the EU. We will also be working for improvements in the EU's future support for South East Europe. At country level we have strengthened working contacts with the European Commission. In the Baltic States, Bulgaria and Slovakia we have developed programmes to enable municipalities to obtain the extensive funds available from the European Community for environmental programmes.

BOX 7.m: SOCIAL POLICY REFORM IN CENTRAL AND EASTERN EUROPE

Social policy and social welfare systems throughout the region have had to adapt rapidly to increases in unemployment and reductions in family incomes as transition takes place:

- in Bulgaria, we are supporting the Ministry of Labour and Social Policy to review and reform its approach to policy development and to put in place the human resources and administrative structures needed to deliver social welfare services. We have provided further support to policy development and institutional reform in the National Employment Service and National Social Security Institute;
- in the Czech Republic, we are helping the Ministry of Labour and Social Welfare to adopt needs-based assessments in order to deliver better targeted and more effective social services;
- in Bosnia-Herzegovina, we are developing a programme of support to social policy and social welfare reform;
- we are supporting programmes to assist mining communities in Romania and Poland to adjust to the impact of closures;
- in Bulgaria and Macedonia we are supporting the establishment of small and medium enterprises to provide jobs for the former employees of state-owned industry.

7.36 Strategy Papers have been developed and published for those countries that are negotiating accession to the European Union (see Annex 4 for details). In the first group of pre-accession countries (Poland, Hungary, the Czech Republic, Estonia and Slovenia) our priority is to support the spread of the benefits of transition, while steadily reducing our funding. In Bulgaria and Romania, where poverty is at relatively high levels, we have increased levels of funding.

Former Soviet Union

The challenge

7.37 The 1998 crisis in Russia and its effects on neighbouring countries have continued to place considerable pressure on reforms in most of the Former Soviet Union. In Russia itself, there has been a measure of recovery from the August 1998 crash helped by higher energy prices, but the process of transition faces many challenges and its credibility is still at risk. Economic and financial reform has been stalled in the period leading up to parliamentary and presidential elections - the restructuring of Russian enterprises and the strengthening of the legal, financial and fiscal frameworks that are needed for sustained growth have yet to be tackled. Moreover, poverty levels have continued to increase. A marked reduction in poverty in Russia depends on sustained economic growth, action on corruption, a well informed and empowered population, functioning democratic institutions, competent public administration, and an effective and affordable system of social protection.

7.38 In Ukraine also, the process of transition faces a daunting range of economic, political and social challenges, which have not yet been tackled effectively. Sustained poverty reduction depends on sound economic management and popular empowerment.

DFID's response

7.39 DFID's response has been:

- to co-operate closely with the International Financial Institutions to promote sound economic policies;
- to work with national and regional partners to improve service provision for poor people;
- to strengthen institutions important for democracy including independent media and civil society organisations;
- to promote trade, and to support private sector development in both urban and rural areas;
- to work with the European Commission and Member States to improve the focus and quality of EU assistance.

7.40 We are working with the Department of Trade and Industry to prepare the Russian Ministry of Trade for the latest round of World Trade Organisation negotiations. We are piloting approaches to the treatment of tuberculosis in two regions in anticipation of a large World Bank loan.

7.41 Our bilateral assistance has continued to put an increasing emphasis both in Russia and in the Ukraine on the social, environmental and governance aspects of transition. For details see Box 7.n. overleaf.

7.42 In Ukraine, presidential elections in November 1999 returned President Kuchma to office. We are working closely alongside other donors to urge his new Government to press on with the crucial structural reforms which will help Ukraine realise its potential, not least in agriculture. Our work in rural livelihoods, helping small scale commodity producers to safeguard

BOX 7.n: ADDRESSING THE SOCIAL IMPACT OF TRANSITION

DFID is addressing issues which affect the poorest in society in the Former Soviet Union in response to the marked increases in poverty and inequality which have accompanied transition. Initiatives include:

- In **Russia**, we have worked to assist the Russian Federation Pension Fund on the politically sensitive issue of pension reform. Initially our work has focused on arrangements affecting those living in harsh climatic conditions or working in hazardous or difficult occupations. We are also working on projects looking at care systems affecting groups on which transition has impacted hard, such as vulnerable children and the elderly, and are helping pioneer new techniques to prevent and treat tuberculosis. By demonstrating the value of new approaches in one region and disseminating the lessons learned we aim to have a wider impact.
- In **Ukraine**, traditionally the “breadbasket” of the former Soviet Union, we are helping small scale commodity producers to safeguard their rights to land and gain access to markets and sustainable incomes. We are also supporting programmes to help redundant miners find alternative employment in the Donbass coal region.
- In **Moldova**, one of the poorest countries of the region, we are helping small farmers in the North gain access to credit and to market their products more widely.
- In **Georgia** we work closely with the World Bank and the Government to develop a health care system, based on family medicine, which is accessible to all, effective and sustainable.
- In **Armenia** we are supporting the development of Citizens Advice Centres, designed to provide free assistance and legal advice to all Armenian citizens, with a particular emphasis on the poor and vulnerable. They will offer guidance on benefits, pensions, housing, health, consumer rights and legal redress.
- In the **Kyrgyz Republic** we have helped the Government to re-structure health service provision in the capital and lay the basis for World Bank involvement in nationwide restructuring.

their rights to land and gain access to markets and sustainable incomes, is contributing to this.

7.43 We are working closely with the European Commission to try to help enhance the quality of EC funded interventions in Russia and throughout the region. We lobbied successfully for the new Tacis Regulation to include addressing the social consequences of transition as a priority, and are working with the Commission to simplify its procedures. At a country level we are helping the Commission to design its strategies for civil society development in Ukraine.

Latin America

The challenge

7.44 Most Latin American countries are middle income. But there is greater income inequality than in any other region of the world, with a quarter of all national income received by 5% of the population and the poorest 30% receiving only 7.5% of total income. The region also includes two countries classified as poor, Honduras and Nicaragua, and one which is only just above the lower middle-income threshold,

Bolivia. Nicaragua and Bolivia are eligible for the Heavily Indebted Poor Countries Initiative debt relief; after the devastating effect of Hurricane Mitch, Honduras is also expected to qualify.

7.45 As elsewhere in the region, inadequate investment in human and social development and inequitable access to other forms of capital are key causes of poverty in Brazil. In 1998/1999 Brazil has confronted the difficult challenge of containing the effects of the international financial crisis whilst seeking to avoid damaging the interests of the poor.

DFID's response

7.46 DFID's response to the challenge has been:

- to provide technical assistance to those countries in the region where poverty remains a significant problem, focused on transferring skills in health service delivery and rural livelihoods;
- to develop an ongoing dialogue with partner governments and other donors (particularly multilateral) to encourage the development

of policies and programmes which target the poorest groups, and so over time reduce inequality;

- to help preserve fragile, internationally important environments (such as the Amazon rain forest), by supporting programmes which lead to the sustainable management of such areas for the benefit of the poor communities who depend on them for their livelihoods.

7.47 Our bilateral programme in Brazil continues to develop activities with a greater emphasis on poverty, while maintaining its focus on addressing environmental and sustainable development issues of national and global significance. Our single largest commitment is support for the G7 Pilot Programme to conserve the rain forest and we have supported greater Brazilian Government leadership of this programme.

7.48 Bolivia is one of the pilot countries for the World Bank's Comprehensive Development Framework (see Box 4.b). Our bilateral programme supports sustainable rural livelihoods, agroforestry as an alternative to illegal coca growing, health sector reform, reproductive health services and education. We have similar priorities in Peru, where our bilateral programme focuses particularly on health reform and reproductive health care, but we are also supporting alternative livelihoods in place of the cultivation of illegal coca, and education reform.

7.49 DFID concentrates its efforts in Central America on the four poorest countries in the region, Honduras, Nicaragua, Guatemala and El Salvador. They were also the countries most seriously affected by Hurricane Mitch in October 1998 and received assistance from DFID in the form of road building, water and sanitation improvement, micro-credit and housing as well as (for Honduras and Nicaragua) help with multilateral debt relief. Our longer term activities are based on the newly formed strategy of working alongside the multilateral organisations, mainly in

the areas of health, governance and institutional strengthening, including disaster prevention.

Caribbean

The challenge

7.50 Many independent Caribbean countries face poverty problems amongst significant sections of their populations. They also remain vulnerable because of the particular exposure of their small economies to the vagaries of the global trading system, and to the effect of hurricanes and other natural disasters.

7.51 The Caribbean has been heavily dependent on the protection obtained from the preferential access arrangements to the EU under the Lomé commodity agreements for sugar, rice, rum and other traditional products. But these preferential arrangements are increasingly in question against the background of the wide-ranging moves towards global trade liberalisation and a rules-based system which reduces the value of preferences and their exclusive benefits. The effects of this were illustrated by the successful legal challenge to the EU banana regime in 1999.

DFID's response

7.52 DFID's response has been:

- to support efforts to restructure the banana industry;
- to support the Caribbean's participation in global trade negotiations;
- to help strengthen key regional organisations;
- to help strengthen the role of civil society in development;
- to support debt relief for those countries with unsustainable debt burdens.

7.53 The UK has worked hard to try to ensure that the new banana regime holds out the



Baroness Amos, DFID spokesperson in the House of Lords, with secondary school girls, Kingston, Jamaica

possibility of a viable future for a restructured banana industry in the Caribbean. DFID is working closely within the EU and with others to support and encourage the restructuring of the Windwards' banana industry, and also to try to ensure that the significant EC funds available to promote economic diversification in the Windwards are used effectively.

7.54 More widely, we are providing substantial support to the Caribbean to help the region safeguard and promote its interests over the range of ongoing international trade negotiations that are so crucial to the Caribbean's future - particularly those relating to the replacement to the Lomé Convention and the new World Trade Organisation Trade Round. We are providing technical assistance to the Caribbean's Regional Negotiating Machinery, which is charged with representing the region at these international negotiations. The Prime Minister of Barbados has described this project as "possibly the UK's most significant assistance to the Caribbean ever".

7.55 DFID has strong links with the Caribbean Development Bank, the Organisation of Eastern Caribbean States and the Caribbean/Regional Negotiating Machinery which is Caricom's (Caribbean community and common market) trade negotiating body. Although progress

BOX 7.0: CARIBBEAN CIVIL SOCIETY DEVELOPMENT PROGRAMME

DFID's Caribbean Civil Society Development Programme began in September 1999. This four year programme aims to strengthen Caribbean civil society organisations to:

- design and implement effective and sustainable poverty elimination programmes better; and
- improve their ability to influence national, regional and international policy change on behalf of poor people.

The project will support 12-15 national and regional networks of Caribbean non-governmental organisations, community based organisations, trade unions and church groups representing rural and urban women, small scale producers, youth, marginalised ethnic and racial groups and workers in low paid and vulnerable employment sectors. The project will strengthen organisational, managerial and advocacy capacities, enhance technical skills to deliver anti-poverty programmes, and build more effective alliances and networks amongst civil society to represent the interests of the poor and vulnerable people of the English-speaking Caribbean better.

Oxfam are managing the project. They are supported by a project advisory body made up of representative organisations within the Caribbean region. DFID's support amounts to £922,000.

towards regional integration has been problematic, the Caribbean is increasingly recognising that it must place greater emphasis on regional rather than national approaches as the most effective way of securing its long term economic future in the global economy. DFID in turn will be further increasing the balance of its assistance going to the Caribbean regional organisations and regional initiatives.

7.56 We are also seeking to strengthen our support to civil society in the Caribbean as an important means of promoting and encouraging development. For example, we are establishing a new programme of enterprise development support with the Caribbean private sector and its representative bodies. We are also supporting a regional project, managed by Oxfam, which will strengthen the capacity of a wide range of Caribbean non-governmental organisations involved in advocacy and development work (see Box 7.0 on previous page).

7.57 The UK continues to support moves to help the poorer Caribbean countries to overcome their debt problems. In May 1999 DFID was active in promoting agreement on the Heavily Indebted Poor Countries Initiative completion point for Guyana, which provided an additional \$252 million in debt relief to that country. Also in 1999, we agreed a further £5.5 million tranche of bilateral debt relief to Jamaica under the UK's Commonwealth Debt Initiative, which over the last two years has provided significant relief - and in some cases complete forgiveness - on old UK aid loans to the Caribbean.

Overseas Territories

The challenge

7.58 Six Overseas Territories receive development assistance from Britain - Montserrat, Anguilla, British Virgin Islands, Turks and Caicos Islands, St. Helena and Pitcairn Island. All remain vulnerable to natural disasters and external eco-

nomic shocks. Montserrat is still recovering from the devastation of the 1995-1997 volcanic eruptions.

7.59 As a group, the Overseas Territories have made substantial progress in meeting the International Development Targets. However, there is still important work to be done in improving quality and access particularly in the health and education sectors.

DFID's response

7.60 The Government published the White Paper on the Overseas Territories *Partnership for Progress and Prosperity* (112) in 1999 following a fundamental review of the relationship between the UK Government and the Overseas Territories. Arising from this, the first meeting of the Overseas Territories Consultative Council took place in London in October 1999. In this forum Chief Ministers and their equivalents discussed with UK Ministers key issues including disaster preparedness, democratic accountability, good governance, protection of the environment, and the rule of law.

7.61 The framework for DFID's development assistance in the Overseas Territories is provided by Country Policy Plans (or equivalent) agreed between HMG and each Territory. A Strategic Country Programme was agreed for Turks and Caicos Islands in October 1999. Discussions on a new three year *Country Policy Plan for St Helena* were completed in January 2000 and the document will be published in due course. New assistance in St Helena will include water and energy sector development, help with waste management and care for the elderly. Substantial budgetary aid was included in the package. The Secretary of State has also agreed to proceed with a study which will investigate the comparative costs of air and sea access to the island, with a view to financing the least cost solution. DFID hope to negotiate the Anguilla Country Policy Plan in the first half of 2000.

7.62 The Montserrat Country Policy Plan was reviewed in October 1999 and the revised plan will be published in April 2000. The review team concluded that good progress had been made in the social and economic recovery of the island - a new hospital has been completed, new water, sewerage, electricity and road systems have been put in place, housing for more than 1000 people has been built and materials grants to self-builders have enabled a further 338 houses to be built, private sector activity is recovering and transport links to the island have been established. DFID will continue to work with the Government of Montserrat on a number of important development objectives in the remaining period of the Plan. Further details are provided in Box 7.p.

BOX 7.p: MONTSERRAT

Following the 1995 volcanic eruption in the Soufriere Hills, Montserrat suffered the loss of 95% of its productive base and two thirds of its active population left the island when the crisis was at its height. The once thriving capital, Plymouth, was completely devastated. In response, the Government of Montserrat and DFID put in place a Country Policy Plan aimed at re-establishing social and economic infrastructure and reviving activity in the productive sectors, now entirely located in the northern half of the island. This was reviewed and revised in October 1999. Future DFID country assistance strategy will concentrate on:

- providing further assistance to the re-emerging private sector, particularly in the area of small enterprise development;
- promoting tourism to help revive economic activity;
- building new education and health facilities in the north;
- continuation of the substantial housing development programme;
- further installation of physical infrastructure (roads, utilities).

R.Trean/DFID



Permanent housing under construction - mid-1999 for Montserratians forced to relocate by volcanic activity

Building support for development

8.1 This chapter sets out:

- our overall strategy to build support in the UK for development;
- a progress report on our work on formal education in the UK and with the media, business, trade unions and others;
- the results from our first round of public attitude monitoring;
- the role of the Development Awareness Fund;
- DFID's direct interface with the public, including a further round of Development Policy Forums.

Strategy

8.2 In all our work we are assisted by the Development Awareness Working Group, an advisory group of external experts chaired by the Parliamentary Under Secretary of State. With the help of this Group we drew up our Strategy Paper *Building Support for Development* (34), which was published in April 1999. The strategy sets clear targets for raising public awareness and understanding of development issues, as well as details of how we would measure progress. Key target areas for our work include formal education, the media, business, trade unions and the different faiths. The Group was reconstituted (see Box 9.u) in September 1999 with a smaller membership and terms of reference clearly focused around implementation of the Strategy Paper.

Working with schools

8.3 DFID participated in the review of the National Curriculum in England, identifying areas both where specific provision on international

development issues could be strengthened and also where an international perspective could be brought into the teaching of other subjects, such as use of developing country texts in the literacy hour. The final curriculum circulated in September 1999 incorporated for the first time an overall statement of aims which calls for the school curriculum to secure pupils' commitment to sustainable development at a personal, local, national and global level. There is also strengthened provision on issues relating to international development in specific areas, particularly geography and the new plans on citizenship.

8.4 With the Department for Education and Employment, the Qualifications and Curriculum Authority and others, we are now preparing a guidance document for schools on how most effectively to bring a global perspective into schools' work. This will be accompanied by an internet site on the National Grid for Learning which will showcase good quality materials and resources. This builds on an audit of development education materials carried out by DFID in 1999. We are also working with the development education community on a review of organisational support available to schools and local education authorities, with a view to strengthening the network of support across the UK.



British Council

Linking schools in the UK with those in developing countries: students from Mufulira School, Zambia visiting Ansford Community School, Castle Cary

8.5 In co-operation with the Scottish Executive Education Department we are introducing a global perspective into the course of study for Head Teachers. With their help and that of the Scottish Consultative Council on the Curriculum and others we are undertaking a study to identify areas in the Scottish curriculum which make provision for a global perspective and will produce guidance to schools on how this might be achieved. We are also participating in the curriculum reviews in Wales and Northern Ireland which are due to be completed during 2000.

8.6 A particular area where we have increased our support is the linking of schools in the UK with those in developing countries. Our aim is to develop links based on equality and mutual learning and founded on a genuine commitment from both sides. In April 1999 there were around 500 recorded links; this number has now risen to over 800. Our funding covers initial two-way visits to establish a link. We have also strengthened provision for monitoring and support of existing links. The project is managed on our behalf by the British Council.

Working with the media, business and trade unions and different faiths

8.7 In our work with the media we have aimed for an approach which focuses on issues

and on increasing understanding of them, rather than on headlining one-off projects or allocations. In collaboration with senior broadcasters we have undertaken a major research project into television coverage of developing countries. The results of this will be available during the second quarter of 2000, following which we will work with broadcasters to take forward the report's conclusions.

8.8 Work with business and the trade unions has focused on particular issues such as globalisation and promotion of fair and ethical trade. We are also developing joint activities with religious groups and are in dialogue with a number of faiths about joint awareness raising activities. We have developed with Christian Aid a publicity booklet on the 2015 targets entitled *Target 2015* (102) for dissemination through Christian Aid and other networks.

Public attitude monitoring

8.9 Monitoring progress is as important in this as in all areas of DFID's work. In July 1999 we undertook a baseline survey of public attitudes. Box 8.a gives details. We plan to repeat this at least once a year and are now also monitoring the attitudes of 11-16 year olds, to determine the impact of our work in schools.

BOX 8.a: SURVEY OF PUBLIC ATTITUDES TOWARDS POVERTY IN DEVELOPING COUNTRIES

The following extracts are taken from 'Poverty in Developing Countries' (94), a survey carried out in July 1999 on behalf of DFID by the Office for National Statistics. Details can be found on the DFID website, www.dfid.gov.uk in the 'News Centre' section.

Respondents, representing all adult age and social groups from different geographical areas in the United Kingdom, were asked their views on poverty in developing countries and how familiar they were with key international development issues, including the 2015 targets.

Results indicated that 71% were "concerned" about poverty in developing countries, with two-thirds of these seeing it as having effects that could damage the UK's interests.

Around half the respondents thought the Government's commitment to poverty eradication was "about right", though there were mixed feelings about the possibility of success in meeting the International Development Targets.

Only 42% thought the target of halving poverty levels by 2015 was possible, and 53% were pessimistic about the future of the environment. On the other hand, confidence was higher (62%) that the target for cutting maternal mortality rates would be achieved.

Overall, the survey suggests a high level of public commitment to development, and growing awareness of development issues.

Development Awareness Fund

8.10 Our Development Awareness Fund, which covers both our own activities in this area as well as support for the work of outside organisations, grew from £1.5 million in 1998/1999 to £3 million in 1999/00. Further growth is planned. Activities supported in 1999/2000 include a project with Norfolk Education and Action for Development to develop a global dimension to Business Studies and Economic courses for 14-19 year-olds in UK schools. DFID is also supporting a Comic Relief project which shows young people in the UK that the choices they make about what they buy can affect the livelihood of individual farmers and their families in developing countries.

Direct contact with the UK public

8.11 We have strengthened our direct contacts with the public through a variety of activities. Ministers continued their series of visits to different parts of the UK to promote greater awareness of development issues. DFID's mobile display unit attended a range of public events through the summer.

8.12 A second round of Development Policy Forums is being held from January to July 2000. Eleven locations across the UK are covered and participants have been invited from a variety of backgrounds including business, trade unions, the voluntary sector, education, local government, the media and different faiths. The aim of the Forums is to promote debate and dialogue on key current development issues, as well as to look at the scope for more effective engagement with these issues.

8.13 Building on DFID's commitment to openness, we have continued to publish all our major strategy papers, including those covering individual countries and the institutions with which we work. Annex 4 provides details. Our public enquiry point deals with an average of 800 enquiries per month. Website usage has increased to an average of 45,000 page hits per week.

The Secretary of State Clare Short and Kate Adie at the Development Policy Forum, Sunderland, January 2000



DFID

Chapter 9

Delivering better public services

9.1 The White Paper, *Modernising Government*, (111), is a statement of the Government's vision for reform and modernisation of the delivery of public services. This chapter explains the ways in which DFID has been working towards this vision by focusing on the five key commitments:

- policy making;
- responsive public services;
- quality public services;
- information age government;
- public service.

It also reports on DFID's investment strategy and how we are pursuing 'green' issues in our operations.

Policy making

9.2 The Cabinet Office published a report on *Professional Policy Making For The Twenty-first Century* (114) in September 1999. This report identified a model for professional policy-making to match the "vision" set out in the *Modernising Government* (111) White Paper. This model requires policy-making to be:

- **strategic and outcome-focused;**
- **inclusive and participatory;**
- **evidence-based;**
- **joined-up.**

9.3 DFID's work has for many years been focused on achieving specific outcomes. The International Development Targets (See Box a in

the Overview) provide DFID with **strategic and outcome-focused** priorities. The Department is focused on contributing to the international effort to achieve these targets. We are in the process of publishing a set of Strategy Papers which will assess what the international community needs to do to help achieve these targets and what the British Government should contribute towards this international effort. They require staff within DFID from many different disciplines to work together to consider what needs to be done to deliver each target. They are forward-looking, take a long-term view and are vehicles for innovative thinking about key development challenges. Interim milestones towards the International Development Targets are also being developed.

9.4 DFID has a good record of **inclusive and participatory** design of individual projects. Our strategy papers are published only after a rigorous process of external consultation with all key parties. In preparing strategy papers for country programmes, for example, we consult closely with governments, business, civil society, and others within both the partner country and the UK. All of these strategy papers are made publicly available. See Annex 4 for a list of publications.

9.5 DFID has in place a well tested evaluation system which ensures that our policies are **evidence-based**. It is of a high standard and enjoys international respect. DFID works closely with the Organisation for Economic Co-operation and Development's Development Assistance Committee, United Nations agencies, the World Bank and developing countries to improve evaluation methodology and to assess progress towards the International Development Targets. In the future we will support more in-depth evaluations of our effectiveness, both at the country level and internationally. This will help assess our impact in key policy areas covered by the International Development Targets and will take forward the development of systems to improve understanding of our impact and influence in the international arena. A Development Impact and Resource Centre will be

set up in early 2000. This will provide DFID staff with high quality advice on how to carry out impact assessment studies and improve in-country capacity to maintain and evaluate performance.

9.6 DFID is increasingly **joining-up with other Government Departments** in tackling issues which affect the lives of poor people in developing countries, on which other Departments lead. Many international development issues cut across Departmental boundaries. In the last year, the Inter-Departmental Working Group on International Development has discussed, among other issues, trade, conflict prevention and the environment (see Chapter 5). In addition, for example, DFID has worked very closely with the Department of Trade and Industry on international trade issues, with the Department for Environment, Transport and the Regions on environmental matters and with HM Treasury on the debt relief initiative. DFID is leading a cross-Whitehall review of the means to reduce conflict in Africa.

Responsive public services

9.7 UK residents are directly affected by DFID's work primarily through the payment of pensions to retired colonial public servants and the employment of contract personnel. In both cases DFID has been successful in meeting targets for the speed and accuracy of its service.

Pensions

9.8 DFID's Overseas Pensions Department is responsible for the administration and payment of colonial service and dependants' pensions. During 1999, DFID paid some 59,500 pensions and supplements to about 17,400 service pensioners and 10,800 dependants at a cost of £138 million (1998/99).

9.9 Performance in administering these pensions is measured and reported against the service standards, obligations and efficiency savings detailed in a Service Level Agreement. These service standards are also set out in a statement of commitment contained in *Overseas Pensions Department: A Guide to Your Pension* (91), an information booklet supplied to every new pensioner.

9.10 DFID's success in meeting these standards during 1998/99 is outlined below in Boxes 9.a and 9.b:

BOX 9.a: PERFORMANCE AGAINST SERVICE STANDARDS

Standard, 1998/1999	Target %	Achieved %
Accuracy of initial calculation of new and revised awards	95.00	97.27
Accuracy of initial payment calculation	97.50	99.37
Number of new awards put into payment within two weeks	97.50	99.46
Timeliness of payments by the due date	99.00	99.99
Response to enquiries within two weeks of receipt	97.50	99.64
Initial response to complaints within two weeks, and a more detailed reply, if one is needed, within five weeks	95.00	100.00

BOX 9.b: ACTUAL AVERAGE RESPONSE TIMES

Category, 1998/1999	Target	Response Times
Processing of new service awards	14 days	7 days
Processing of new dependant's pensions	14 days	4 days
Response to enquiries	14 days	6 days
Response to complaints	14 days	7 days

BOX 9.c: CHANGES IN UNIT COSTS

	1997/98	1998/99	Change
No. of service pensioners	18,315	17,374	-5.14%
No. of dependants	11,004	10,798	-1.87%
Total no. of pensioners	29,319	28,172	-3.91%
Total no. of pensions	62,114	59,517	-4.18%
Total no. of payments	309,798	296,654	-4.24%
Running costs on core activities	£1.380m	£1.320m	-4.35%
Unit Costs			
Per pensioner	£47.07	£46.86	-0.45%
Per pension	£22.22	£22.18	-0.18%
Per payment	£4.45	£4.45	no change

9.11 In addition to quality and timeliness targets, the Service Level Agreement requires annual running cost savings equal to the aggregate of 2% efficiency savings plus 35% of the reduction in the pensioner population, which this year equated to a target running costs saving of 3.37%. As Box 9.c shows, the savings achieved were even greater.

9.12 The unit costs take into account all increases in salary costs and fully reflect the net reduction in the number of pensioners. One of the Department's key output and performance measures is that these costs should be maintained in line with or below inflation, as defined by HM Treasury deflators. On that basis, we actually achieved savings in real terms of approaching 2.5%.

9.13 If DFID causes, or contributes significantly to, any excessive delay in making a pension award or payment, then consideration is given to paying compensation for the loss of use of the funds. Twelve such payments were made during 1998/99, ranging in value from £10 to £14,000 and totalling a little under £17,000.

9.14 An internal review of the Service Level Agreement in July 1999 made two recommendations to improve performance. Both are being implemented. The first was that the method of determining the year-on-year running costs savings should be revised. With effect from 1 April 2000, the savings required will be 80% of the reduction in pensioner numbers. The second recommendation was that DFID's three-yearly surveys of a randomly selected number of pensioners should be replaced with a questionnaire issued to every new pensioner six months after their first payment. The first such questionnaires issued in October 1999. Some 51% were returned, and these revealed that 95% of pensioners rated the department's overall performance as either "very good" (76%) or "good" (19%), with the remainder considering it to be "satisfactory". Staff were described in equal measure as being helpful, efficient and friendly.

9.15 Further information on DFID's workload and achievements in handling overseas pensions is published each year in an *Annual Report* (93), which is available on DFID's web-site¹.

¹ DFID contact details for pension issues are as follows:
 By post: Overseas Pensions Department DFID, Abercrombie House, Eaglesham Road, East Kilbride G75 8EA.
 By e-mail: hopd@dfid.gov.uk
 By phone: For publications: 01355 84 3430
 For policy matters: 01355 84 3515
 For enquiries about individual pension awards: 01355 84 3562/3455/3265 For enquiries about individual pension payments: 01355 84 3354/3215.

Managing DFID personnel overseas, including consultants

9.16 DFID's Recruitment and Personnel Management Branch has responsibility for almost 600 personnel overseas, most of whom are serving under contract arrangements. It is a requirement that all enquiries to the Branch are responded to within ten working days. The Branch is fully geared to dealing with urgent questions 24 hours a day, 365 days a year, whether these are problems over a child's visit to parents overseas, medical emergencies, deaths, or full scale evacuations from particular countries. In 1999, 98.2% of enquires were replied to within the target time. The Branch seeks the views of those overseas on the responsiveness of its services. These show a very high level of satis-

faction and a particularly strong regard for the services provided in urgent situations. Performance against the targets for timeliness of service has improved over the last three years (see Box 9.d).

9.17 DFID handles over 2000 consultancy contracts with a value of £240 million per annum (see Box 9.e). Box 9.f gives details of all consultancy contracts let with a value of £1 million or more in 1998/99. 98% of valid invoices are paid in 25 days. Payments are made electronically and, in future, invoices submitted electronically will also be accepted. This should enable 50% of consultants' invoicing to be handled electronically by the end of 2002. Box 9.g gives details of contracts let locally by DFID's overseas offices.

BOX 9.d: RECRUITMENT AND PERSONNEL MANAGEMENT - TIMELINESS PERFORMANCE

Service Standard	Target	1996/97 %	1997/98 %	1998/99 %
Activate recruitment process	Within two days of request	99	99	99.6
Posts advertised	Within agreed timescale	87	98	93
Salaries and allowances paid	By last working day of each month	100	100	100

BOX 9.e: CONSULTANCY CONTRACTS LET BY CONTRACTS BRANCH 1998/99

Type of Contract	Number	Value (£m)
Competitively let	253	109
Non-competitively let	1429	96
Call down contracts	531	30
Enabling agreements	61	2
Resource centres	12	3
Total	2286	240

BOX 9.f: CONTRACTS OVER £1 MILLION STARTED IN 1998/99 RANKED BY VALUE OF CONTRACT

Consultant	Project Title	Primary Country	Value £m
Cambridge Education Consultants	Primary Education Development Programme	Bangladesh	16.64
Population Services International	Contraceptive Social Marketing Project - Phase 2	Nigeria	11.02
British Council	Books Scheme for Basic Schools	Ghana	9.40
Hunting Technical Services	Management of the Natural Resources System Programme	Global (Non Project Specific)	9.00
Arthur Anderson	Power Sector Reform Corporisation, Commercialisation and Distribution Privatisation	India	7.51
Joint Education Trust/ Crown Agents/ Independent Training and Educational Centre	Eastern Cape Primary Schools Improvement Project	South Africa	7.28
Crown Agents	Tuberculosis Drugs Procurement	India	6.20
British Council	Technical Cooperation Training Service	India	5.44
Cambridge Education Consultants	Secondary Education Project	Nepal	4.27
Maxwell Stamp plc	Strategic Investment in Health Economics Project	Bangladesh	3.96
British Council	Support for Primary Health Care Systems (Bamako Initiative)	Nigeria	3.93
Bajan Helicopters Ltd	Provision of helicopter services	Montserrat	3.80
British Council	Northern Education Project	Pakistan	3.71
British Council	Financial Sector Training Scheme	China	3.42
Hunting Technical Services	Sustainable Management of the Usangu Wetland	Tanzania	3.35
National Economic Research Associates	Support to Haryana Electricity Regulatory Commission	India	3.05
Helm Corporation	Reforms in Budgeting Expenditure Control	Bangladesh	2.92
Adam Smith Institute	Public Enterprise Reform in Andhra Pradesh	India	2.56
Capital Markets Partners	Capital Markets Development	Jordan	2.48
British Council	In-Country Training Programme - Management	Uganda	2.43
Land and Timber Services International	Mount Cameroon Project Phase II: Project Management	Cameroon	2.38
University of Birmingham	Civil Service Training Project - Managing at the Top	Bangladesh	2.33
PricewaterhouseCoopers	Introduction of a Multi-Stage Sales Tax	Jordan	2.20
Institute for Health Sector Development Ltd	Health Sector Reform Resource Centre (1998-2001): Core Services Contract	United Kingdom	2.13
German Aid Agency (Gesellschaft für Technische Zusammenarbeit)	Family Health Project	Malawi	2.11
Hunting Technical Services	Animal Health Services Project	Tanzania	2.05

BOX 9.f: CONTRACTS OVER £1 MILLION STARTED IN 1998/1999 RANKED BY VALUE OF CONTRACT (continued)

Consultant	Project Title	Primary Country	Value £m
BBC Marshall Plan of the Mind Trust	Marshall Plan of the Mind Phase IV	Russia	2.02
Agricultural Development and Advisory Service	Land Privatisation Project, Implementation of Phase IV	Russia	1.98
Land and Timber Services International	Provincial Level Forest Management Extension 2	Indonesia	1.94
British Council	In-Country Training Programme	Tanzania	1.94
British Council	Technical Cooperation Training	South Africa	1.74
Land and Timber Services International	Forest Sector Policy and Strategy Framework Project	Uganda	1.64
Agrisystems (Overseas) Ltd	Farm and Agribusiness Support Services Project	Ukraine	1.62
ULG Northumbrian Ltd	Odessa Farm and Rural Community Support Project	Ukraine	1.56
King's College London	Advice On Security Sector Reform Issues	United Kingdom	1.55
William Sales Partnership International	Bridge Upgrading & Maintenance Project	Nepal	1.44
International Resource Development Ltd	Technical Co-operation Training	Bolivia	1.40
Population Services International	Impregnated Mosquito Nets Project	Tanzania	1.40
British Council	Capacity Building in the Ministry of Education:	Jordan	1.36
Natural Resources International Limited	Forestry Commission Support Project	Guyana	1.35
PricewaterhouseCoopers	Andhra Pradesh Power Sector Corporisation, Commercialisation, Asset Valuation, Human Resources Development & Legal Services	India	1.32
Severn Trent Water International Ltd	St Petersburg Water and Environmental Project	Russia	1.27
Natural Resources International Limited	Improved Farmer Participation in Research & Extension in Benue State	Nigeria	1.25
British Council	Technical Cooperation Training Service	Kenya	1.24
PricewaterhouseCoopers	Developing Sustainable Local Government in Free State Province, Phase 2	South Africa	1.21
British Council	Health Management Strengthening Project	West Bank and Gaza	1.19
British Council	Training & Internal Consultancy Project Phase II	Bangladesh	1.13
University of Wales, Swansea	Support for the Development of Probation Services	Romania	1.12
Masdar (UK) Ltd	Northern Province, Dept Of Agriculture, Land Affairs & Environment; Management Support Group Project	South Africa	1.10
W L Wall & Co Ltd	Montserrat Ferry	Montserrat	1.09
Crown Agents	Emergency Provisions of Malaria Drugs Phase 2	Kenya	1.04
Liverpool Associates Tropical Health	Sexually Transmitted Diseases/HIV Management Project	Nigeria	1.02

BOX 9.g: LOCAL CONTRACTS LET BY DFID IN 1998/99

Spending Desk	Number of Contracts	Value of Contracts £m
DFID Central Africa	85	1.09
DFID East Africa	21	4.69
DFID Southern Africa	42	1.40
DFID India	288	2.24
DFID Bangladesh	31	3.67
DFID South East Asia	7	0.04
DFID Nepal	71	0.76
DFID Pacific	5	0.02
DFID Caribbean	23	0.30

BOX 9.h CONTRACTS FOR SERVICES

Service Standard	Target %	1996/97 %	1997/98 %	1998/99 %
Activate requests to engage consultants	Within two days	95	99	99
Provide lists of consultant candidates	Within five days	100	100	100
Notify consultants of outcome of evaluation process	Within ten days	100	100	100

9.18 We are now close to meeting all targets for timeliness and quality in processing contracts for services (see Box 9.h). We recently completed an exercise simplifying the overall arrangements and allowances for staff serving overseas. A clear and comprehensive guide has been circulated to all such staff. We also have an exercise underway to improve further the effectiveness of our consultancy engagement and payment work. This involves both competitively let spending agreements and consideration of ways of simplifying and streamlining payment arrangements

Quality public services

9.19 DFID is committed to delivering effi-

cient high quality public services through implementation of the Better Quality Services Plan and a number of specific additional initiatives, such as improving value for money by increasing the use of developing country goods and services. These are described below.

Agreement and implementation of a better quality services plan

9.20 We actively seek to ensure that DFID provides value for money to the tax-payer by implementing a five-year rolling programme of operational reviews covering the whole organisation, and by pursuing a number of specific initiatives. Each exercise is captured in our Better Quality Services Plan which is agreed annually with the Cabinet Office. Close monitoring of performance against departmental Service Level Agreements, to which half of DFID staff operate, also ensures that internal standards are maintained at a high level and administrative overheads kept under control. Details of achievements are provided below (see paragraphs 9.21-9.24).

9.21 Reviews this year have included an assessment of performance in the delivery of overseas pensions (see 9.14), a review of our internal medical and welfare services and an examination of the way in which we service European Union (EU) meetings on developmental issues. Each exercise has resulted in some efficiency improvements.

Increased use of developing country goods and services

9.22 Value for money can often be improved by procuring goods and services from developing countries themselves. To increase its use of such resources, DFID is strengthening local procurement capacities in its overseas offices. In India

two specialist procurement personnel - one from the UK and one locally employed - have been working on this since April 1999. New procedures have been put in place and a competitively let contract awarded to an Indian legal firm to handle DFID business. In other professional areas market surveys are underway. In Africa intensive training of procurement staff from each overseas office commenced in December 1999. These, and other measures, should increase further the share of consultancies won by developing country companies (up from 5% in 1997/98 to 12% in 1998/99) and ensure that this procurement is carried out to high standards.

Simplifying the process of engaging consultants

9.23 A number of initiatives are in hand to simplify and improve the way DFID hires the expertise needed for the development programme. In order to gain rapid access to development experts who can make a valuable contribution to taking forward DFID's objectives, greater use is to be made of multi-year agreements against which services can be speedily called down. We have begun a continuous programme to identify trends in DFID's need for expertise. The analysis will inform consideration of the need for new agreements and identify any changes required to existing arrangements. All standing agreements will be placed competitively and run for a period of three years.

Prompt payment of bills

9.24 DFID is committed to the Better Payment Practice Code. In line with Government policy, DFID's procurement procedures comply with BS7890, the British Standard for achieving good payment performance in commercial transactions. Our aim is to pay bills in accordance with agreed contractual conditions

or, where no such conditions exist, within 30 days of receipt of the goods or services or the presentation of a valid invoice, whichever is later. The percentage of invoices settled within the 30 day period in 1999 was 96.7% (the comparable figure for 1998 was 95.8%).

Compensation for maladministration

9.25 During 1999, DFID was not involved in any complaints to the Parliamentary Commissioner for Administration and was not required to pay any awards of compensation.

Information age government

9.26 DFID is working closely with business and other Departments as part of the Modernising Government agenda to ensure best use of information technology to support its objectives. Senior staff are active members of the Government Information Age Champions Group and have contributed to the work on data standards, electronic entry portals, web sites and other initiatives.

9.27 During the year we successfully extended access to DFID's intranet to overseas offices. This has provided them with access to a wide range of financial and management information via modern and flexible systems. These include DFID's central accounting database and the performance reporting information system for management (see Box f. in the Overview) which is in the latter stages of development. Better access to information will improve financial control and better inform the decision making process at the operational and strategic levels of the organisation.

9.28 An Information Strategy has been developed and electronic systems for contracts, procurement and document management are being

trialled. All advertisements and application forms for overseas employment are now available on DFID's website. Replies are also accepted electronically. Realistic targets for electronic delivery of services are in place and we expect the Government's 25% target to be achieved in early 2001. We are already connected to the Government Secure Intranet.

9.29 The planning and testing for millennium compliance was completed and the millennium bug caused no disruption to key services.

Public service staffing and organisation

9.30 As indicated in last year's Departmental Report, our continued focus in 1999/2000 has been on management development and Investors in People accreditation. This section also sets out the Department's organisation and reports on recruitment practices, equal opportunities and staff appointed in-county.

Management development

9.31 We have continued the programme of management development training for new recruits to the Senior Civil Service. A new programme of management development training, including 360° feedback for all line managers, is being introduced in the UK and overseas. There is a non-residential version for staff who cannot be away from home due to caring responsibilities. This year will also see the start of a programme of development training for more junior staff to help prepare them for line management responsibility.

Investors in People

9.32 In late 1999 we formally embarked on a process of continuous assessment and aim to achieve accreditation by the end of 2000. Initial preparatory work on the Investors in People

process acted as a catalyst for an extensive staff consultation on effective management in the Department. This consultation signalled a need for a change in the prevailing management culture within the Department to ensure that as much value was put on the importance of managing people as on intellectual and policy skills. A wide-ranging programme of measures has been agreed to address this, designed to enhance management and leadership skills, promote diversity and give real attention to developing the skills and knowledge of staff. This programme aims to make the most of their potential, to enable them to be as effective as possible in delivering the aims and objectives set out in the *White Paper (1)*. In parallel with these developments, new strategic training in poverty, basic economics, negotiating and influencing and other key areas is being introduced. Training in the management of development programmes has also been improved and updated. In the course of 1999/2000 we extended our induction procedures to cover all staff within the Department irrespective of their location, overseas or in the UK. We also improved our briefing procedures in the UK for staff working overseas.

Managing inclusion

9.33 We have begun training all line managers in inclusive management so that we can ensure that the advantages of diversity within the Department are recognised and well-managed.

Organisation

9.34 Our Ministerial and Parliamentary Team and our Departmental organisation are set out in Boxes 9.i and 9.j.

Recruitment

9.35 It is essential for the Department to be able to recruit and retain high quality staff with a wide range of skills. In general, we have been able to identify good candidates both at entry grades and in mid-career. DFID remained popular with

BOX 9.i: DFID'S MINISTERIAL AND PARLIAMENTARY TEAM



Rt Hon Clare Short MP
Secretary of State for International Development



George Foulkes MP
Parliamentary Under Secretary of State

**Lord McIntosh
of Haringey**
Spokesperson in the
Lords



Baroness Amos
Spokesperson in the
Lords



Dennis Turner MP
Parliamentary Private
Secretary



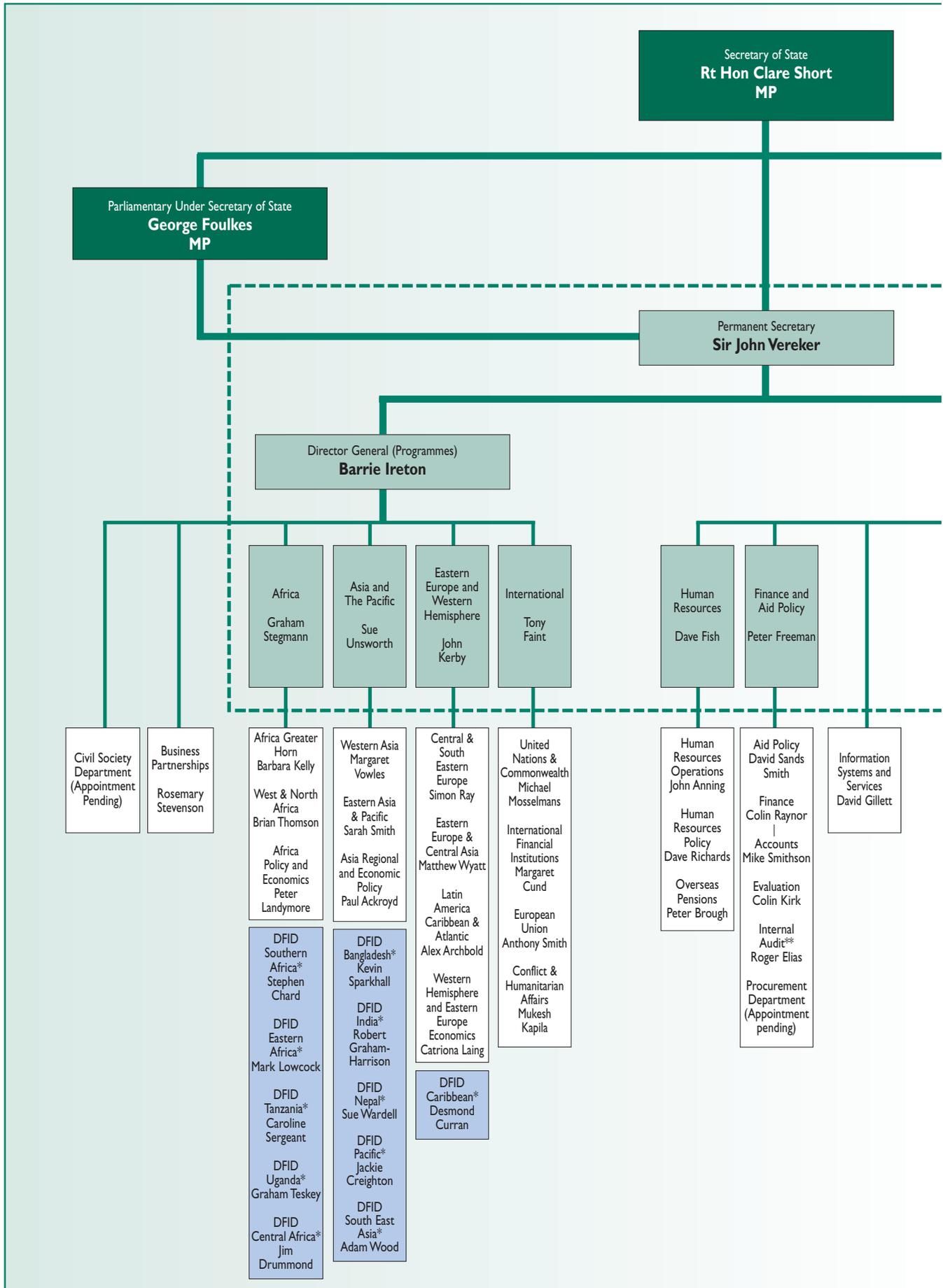
Baroness Whitaker
Liaison Peer

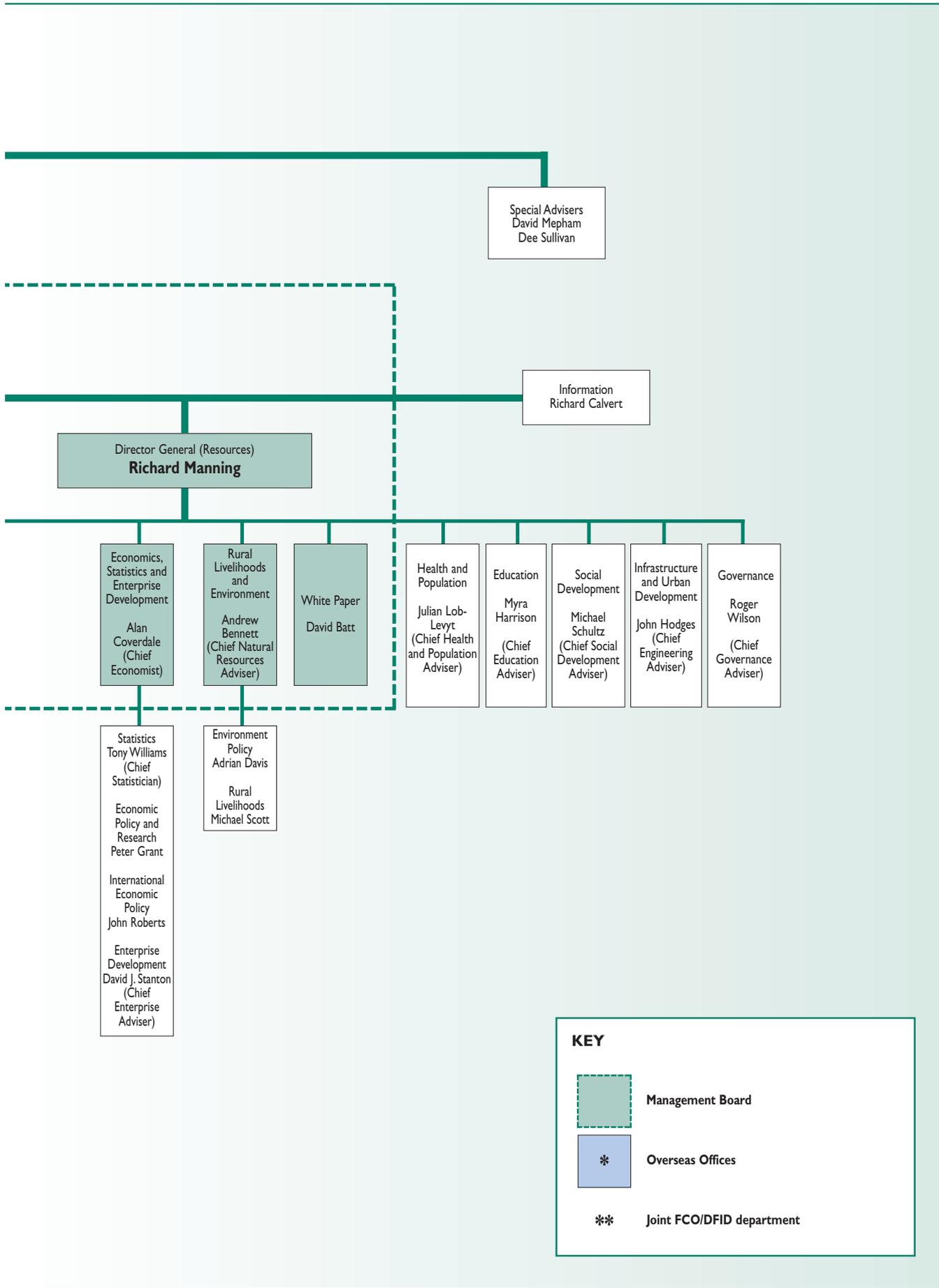


fast stream recruits in 1999, receiving most nominations from those candidates who expressed a preference for a particular Home Civil Service Department during the recruitment process.

9.36 The Department's recruitment practices conform to the requirements of the Civil Service Commissioners' Code. DFID relied on the permitted exceptions to fair and open competitions on four occasions, which involved two second-

BOX 9.j: ORGANISATION CHART: DEPARTMENT FOR INTERNATIONAL DEVELOPMENT





ments and the conversion of two appointments of technical co-operation officers. The numbers recruited during 1999 are set out in Box 9.k.

Opportunity 2000) and operates a range of alternative working practices. Career breaks are available to staff.

BOX 9.k: RECRUITMENT IN 1999

PAY BAND	TOTAL	WOMEN	ETHNIC MINORITIES
SCS	2	0	0
A1	12	1	0
A2	14	6	0
A3	3	2	0
B1	5	4	0
B1 (Fast Stream)	15	6	2
B2	8	3	0
C1	24	16	9
C2	25	20	3
% of Total	100	53.7%	13%

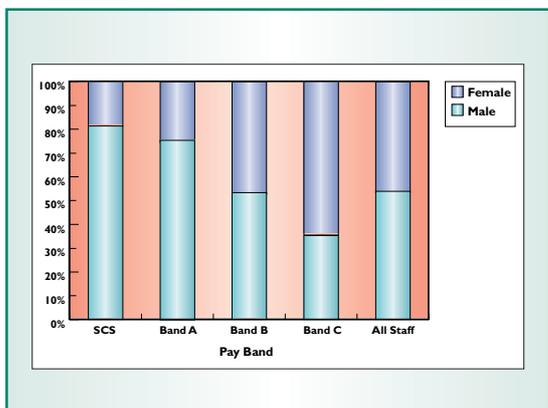
9.38 As part of his commitment to the Commission for Racial Equality's Leadership Challenge, the Permanent Secretary has announced a training bursary scheme for ethnic minority staff. This aims to help staff at more junior grades develop more quickly the skills and competencies needed for promotion to higher grades. Focus groups on ethnic minority and gender issues are being set up. These will lead to the formation of small groups which will meet regularly with the Permanent Secretary and act as a standing source of advice. The Department also took part in the Summer 1999 Civil Service recruitment fair, Creating The Future, which aimed to attract ethnic minority graduates and undergraduates.

Equal opportunities

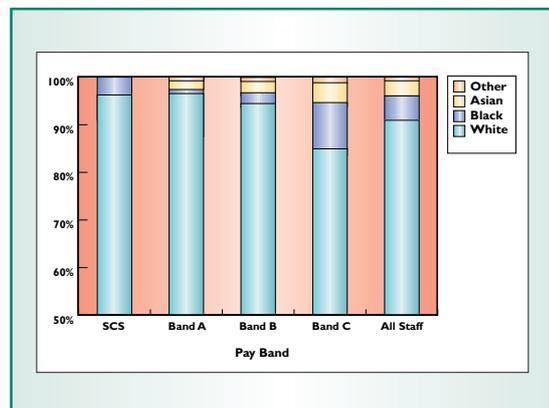
9.37 DFID operates an equal opportunities policy in respect of all aspects of its recruitment and employment practices. This includes formal monitoring of recruitment by gender, ethnic origin and disability. During 1999 there were no equal opportunities complaints. The Department is a member of Opportunity Now (formerly

9.39 There are 11 women (one at Director level) out of 65 DFID staff now in the Senior Civil Service. This includes staff on secondment to other departments and institutions. We remain committed to, and are working towards, the Civil Service target of 35% of Senior Civil Service posts filled by women by 2005. The overall gender composition among UK-based staff is shown in Box 9.l.

BOX 9.l: GENDER REPRESENTATION IN DFID UK-BASED STAFF ON PAYROLL BY PAY BAND



BOX 9.m: ETHNIC MINORITIES IN DFID UK-BASED STAFF ON PAYROLL BY PAY BAND



9.40 The representation of members of ethnic minorities among UK-based staff is shown at Box 9.m.

9.41 DFID has met its obligations to staff under the Disability Discrimination Act 1995 on a case by case basis. A staff survey was carried out in 1999 to produce a database of staff with disabilities. 22 staff declared themselves to be disabled (2% of staff). We are supporting financially a bursary scheme organised by the Cabinet Office for staff with disabilities to help them develop their skills and competencies.

Numbers and salaries of staff

9.42 DFID has offices in 11 locations worldwide. Our headquarters is split between London (814 staff) and East Kilbride (465 staff). Our network of overseas offices employs 597 staff, including 404 appointed in country. The numbers and levels of remuneration of the Department's

BOX 9.n - SENIOR CIVIL SERVICE SALARIES IN DFID

Salary Range £	Female	Male
40,000 - 44,999	1	0
45,000 - 49,999	2	4
50,000 - 54,999	3	6
55,000 - 59,999	1	11
60,000 - 64,999	1	12
65,000 - 69,999	1	5
70,000 - 74,999	0	4
75,000 - 79,999	1	2
80,000 - 84,999	0	0
85,000 - 89,999	0	2
90,000 - 94,999	0	0
95,000 - 99,999	0	0
100,000 - 104,999	0	0
105,000 - 109,999	0	0
110,000 - 114,999	0	1

Note: This table excludes staff that are on secondment and loan.

BOX 9.o: OTHER STAFF SALARIES IN DFID

Sub Band	Salary Range £	Female	Male
A1	32,280 - 57,593	11	79
A2	28,995 - 47,492	36	99
A3	22,155 - 31,412	28	36
B1	17,713 - 25,982	65	116
B2	12,922 - 21,155	120	124
C1	10,120 - 17,005	218	112
C2	8,441 - 14,231	61	44
Fast Stream	15,445 - 29,452	19	28

staff are shown in Boxes 9.n and 9.o. Pay ranges and grade structures for staff appointed overseas vary by location depending on local conditions: comparative data cannot therefore be readily produced in summary form. The numbers working in our overseas offices are shown in Box 9.p

Staff appointed in-country

9.43 DFID has a significant group of employees who are appointed directly by its overseas offices, (see Box 9.p). They play an increasingly important role in the effective delivery of DFID's programmes. DFID has continued the process

BOX 9.p: STAFF APPOINTED IN COUNTRY

Office	Female	Male
DFID Central Africa	29	12
DFID East Africa - Kenya	22	15
DFID East Africa - Tanzania	12	11
DFID East Africa - Uganda	12	11
DFID Southern Africa	24	6
DFID India	58	66
DFID Bangladesh	14	7
DFID South East Asia	13	7
DFID Nepal	14	44
DFID Pacific	5	2
DFID Caribbean	16	4



Barry Lee-Potter/DFID

A significant group of employees are appointed directly by DFID's overseas offices: Agnes Kagimbo, DFID support office manager, Mtwara, Tanzania

started last year of integrating these staff more closely into the work of the Department. In particular we have:

- issued recruitment guidance and a draft model contract of employment which aims to minimise the differences between UK-based staff and staff appointed overseas;
- issued guidance aimed at promoting expanded career development and training opportunities either by attachment to our UK offices or by permitting transfer to another of our overseas offices. This scheme will include a positive action initiative similar to the bursaries on offer to UK-based ethnic minority staff (paragraph 9.38).

Investment

Administrative capital investment strategy

9.44 DFID is not a capital intensive organisation. We own little land or property and our operations do not require significant investments in machinery or equipment. Administrative capital expenditure is limited to providing the fixed asset infrastructure needed to support activity associated with the formulation of policy and the administration of the aid programme and overseas pensions. In recent years this expenditure has largely been on the development and

enhancement of information and accounting systems and office refurbishment. All such expenditure is subject to rigorous systems of appraisal, approval and evaluation and will be reflected next year in the Balance Sheet which DFID will publish under the new resource accounting arrangements. The net value of fixed assets held by DFID last year was in the region of £14.6 million. Details are provided in Box 9.q.

9.45 Our investment strategy over the next few years will continue to focus on modernising information and accounting systems while maintaining other fixed assets at about their present levels. Details of tentative plans are provided in Box 9.r. They include proposals next year for the refurbishment of some of our overseas offices (India, Bangladesh, Uganda and Barbados) but exclude costs associated with the planned move of our London Headquarters when the current lease expires. Consideration of the options associated with the latter will be required before a budget can be set. None of our projects is appropriate for funding under the Private Finance Initiative. Figures in the table differ from those set during the Comprehensive Spending Review to reflect latest estimates. No asset disposals are planned.

BOX 9.q: ADMINISTRATIVE FIXED ASSETS HELD BY DFID AS AT 31 MARCH 1999 (£ MILLION)

Category	Gross book value	Accumulated depreciation	Net book value
Freehold land and building	3.9	(0.6)	3.3
Vehicles	0.8	(0.6)	0.2
Furniture and equipment	5.2	(3.2)	2.0
IT equipment and systems	13.5	(4.4)	9.1
Total	23.4	(8.8)	14.6

BOX 9.r: ADMINISTRATIVE CAPITAL INVESTMENT PLANS 2000/01 - 2001/02 (£ MILLION)

Category	1999/2000	2000/2001	2001/2002
Freehold land and building refurbishment	0.5	1.4	1.9
Vehicles	0.1	0.1	0.1
Furniture and equipment	0.4	0.5	1.0
Information Technology equipment and systems	5.0	6.0	7.0
Total	6.0	8.0	10.0

Resource accounting and budgeting

9.46 We will publish our first set of resource accounts for the 1999/2000 financial year in Autumn 2000. The resource accounts are commercial style accounts which include a balance sheet and the equivalent of a profit and loss account. They will be produced in tandem with our cash accounts for a couple of years until taking their place. The next and final stage of the Government's resource accounting and budgeting initiative will be to utilise the information used to produce resource accounts in forward planning processes. The Government's 2000 Expenditure Review will test the feasibility of this.

Investments in the Commonwealth Development Corporation and International Financial Institutions

9.47 Resource accounting and budgeting requires that we account for investments in respect of shares in the CDC Group plc and the International Financial Institutions (see Chapters 5 and 4 respectively for information on relations and future strategy for each). This is because DFID is deemed to be the owner of any UK Government interest in these organisations. Estimated values of shares in each, based on net

book values, will therefore be incorporated with-in DFID's next balance sheet.

9.48 DFID owns 100% of CDC Group plc on behalf of the Government and may benefit at some future date from the sale of its shareholding. In the case of the International Financial Institutions, the presumption is that we are entitled to the return of some or all of the contributions we have made, up to the value of a nominal share of the institutions' assets, even if in practice this is highly unlikely and only a very small proportion of contributions are to finance capital increases directly.

9.49 At the end of the last financial year, the total value of shares held by DFID was estimated at £2.7 billion. Details are provided in Box 9.s:

Environment

9.50 DFID's 'Green Minister' is George Foulkes MP, the Parliamentary Under Secretary

BOX 9.s: ESTIMATED VALUE OF DFID'S FIXED ASSET INVESTMENTS AS AT 31 MARCH 1999

	£million
CDC Group plc	1,272
International Bank for Reconstruction and Development	738
European Bank for Reconstruction and Development	288
International Finance Corporation	160
Asian Development Bank	131
Inter-American Development Bank	66
African Development Bank	31
Caribbean Development Bank	19
Multilateral Investment Guarantee Agency	7
Total	2,712

of State. He is responsible both for ensuring that the Department's objectives of poverty eradication and sustainable development are sufficiently taken into account in Whitehall discussions on the global environment, and for overseeing 'green' issues within the Department. DFID is committed to ensuring that full account is taken of the needs of the environment and the more efficient use of resources.²

9.51 Over the past year we have been taking steps to improve systematically the environmental management of our operational activities through the development of an Environmental Management System. This is currently focusing on DFID's UK offices, but will in due course be extended to our overseas offices. An important element in the system's development is DFID's green-awareness rais-

ing programme which began in January 2000. It comprises a series of topical campaigns which are delivered in an annual cycle, each involving seminars, posters and e-mail communication. See Box 9.t.

9.52 During 1999 DFID prepared Green Transport Plans for its London and East Kilbride offices based on an analysis of questionnaires issued to all staff working at these offices.

9.53 DFID is committed to developing an environmentally sound office design for its new London Headquarters. Environmental considerations have been integral to the planning of the major refurbishment which is expected to be undertaken in the early part of 2001.

BOX 9.t: ENVIRONMENTAL MANAGEMENT SYSTEM ACTION PLAN

GREEN AWARENESS RAISING AND ENVIRONMENTAL MANAGEMENT SYSTEM TRAINING

Objective: to increase the green awareness of staff and contractors and to increase awareness of the benefits and application of an environmental management system.

WASTE

Objective: to reduce the amount of solid waste produced from the offices.

ENERGY

Objective: to reduce consumption of energy in the offices.

WATER USE/DISCHARGE

Objective: to reduce the consumption of water in the offices.

TRANSPORT

Objective: to reduce the adverse impacts of DFID's travel on the environment.

PURCHASE OF GOODS AND SERVICES

Objective: to incorporate environmental criteria increasingly into the purchases of goods and services.

AIR EMISSIONS

Objective: to reduce the emissions to the atmosphere from office activities.

NOISE

Objective: to reduce noise associated with DFID's activities.

Other issues

Public appointments

9.54 The Department has published the following equal opportunity targets for the public appointments for which it is responsible:

- to increase the percentage of appointments held by women to 40% by the end of 2002;
- to increase the percentage of appointments held by members of minority ethnic groups to 10% by the end of 2001 and to maintain it at that level in subsequent years;
- to encourage applications for all appointments from women and from ethnic minority groups by ensuring advertisements reach potential candidates from these groups;
- to make every effort to include women and ethnic minority candidates on every short list for appointments and to give reasons for non-selection of each candidate at each stage of the appointments process;
- to ensure that advertisements also make clear that applications from people with disabilities are welcomed.

² For more information on green housekeeping within DFID, contact Stephen Groom on 0207 917 0721. For more information on wider green issues, contact Pete Shelley on 0207 917 0129.

9.55 The public appointments for which the Department is responsible are summarised in Box 9.u.

BOX 9.u: PUBLIC APPOINTMENTS

Name	Date appointed	Appointment ends	Remuneration
Advisory Committee on Economic and Social Research			
Dr G Kolankiewicz	Jun 1994	Jun 2000	nil
Prof A Booth	Mar 1998	Mar 2001	nil
Prof A Caplan	Mar 1998	Mar 2001	nil
Prof F Ellis	Mar 1998	Mar 2001	nil
Dr C Harper	Mar 1998	Mar 2001	nil
Prof D Hulme	Mar 1998	Mar 2001	nil
Dr A Hussein	Mar 1998	Mar 2001	nil
Prof A Markandya	Mar 1998	Mar 2001	nil
Prof C Rakodi	Mar 1998	Mar 2001	nil
Prof JW Gunning	Mar 1998	Mar 2001	nil
Crown Agents Holding and Realisation Board			
Mr D Probert (Chair)	Jul 1991	Unspecified	nil
Mr P Berry	Jul 1988	Unspecified	nil
The Overseas Service Pensions Scheme Advisory Board			
Miss D Phillips	Jan 1992	Unspecified	nil
Mr D Le Breton CBE	Nov 1996	Unspecified	nil
Mr T Davey OBE	Apr 1998	Unspecified	nil
Mr H Smith OBE	Apr 1998	Unspecified	nil
The India Family Pensions Funds Body of Commissioners			
Mr R Fenton MBE	Jan 1957	Unspecified	nil
Mr J Phelps	Oct 1965	Unspecified	nil
Mr G Walker MBE	Apr 1973	Unspecified	nil
Major Gen D Horsford CBE DSO	Oct 1975	Unspecified	nil
Mr J Coventry	Apr 1984	Unspecified	nil
Lt Col P Kemmis-Betty MC	Sep 1987	Unspecified	nil
Mrs P Lamarque	Jan 1993	Unspecified	nil
Mrs M Ramsay-Brown	Jan 1993	Unspecified	nil
Development Awareness Working Group			
Iqbal Asaria	Nov 1999	April 2001	nil
Doug Bourn	Jan 1998	April 2001	nil
Kevin Cahill	Nov 1999	April 2001	nil
Paul Chitnas	Nov 1999	April 2001	nil
Paddy Coulter	Jan 1998	April 2001	nil
Sue Davison	Nov 1999	April 2001	nil
Phillip Ferguson	Nov 1999	April 2001	nil
Carol Madison Graham	Nov 1999	April 2001	nil
Penny Krucker	Nov 1999	April 2001	nil
Cathy Midwinter	Nov 1999	April 2001	nil
Ashok Ohri	Jan 1998	April 2001	nil
Mike Power	Nov 1999	April 2001	nil
Charles Reed	Nov 1999	April 2001	nil
Ros Tennyson	Nov 1999	April 2001	nil
Tom Wylie	Jan 1998	April 2001	nil

BOX 9u: PUBLIC APPOINTMENTS (continued)

Name	Date appointed	Appointment ends	Remuneration
Commonwealth Scholarships Commission			
Mr G Caston (Chair)	Dec 1999	Dec 2001	nil
Prof. B Saul (Deputy Chair)	Aug 1993	Jul 2000	nil
Prof. D Luscombe	Aug 1994	Jul 2000	nil
Dr D Fussey	Aug 1995	Jul 2000	nil
Prof. I Livingstone	Dec 1995	Nov 2001	nil
Mr S Aziz	May 1996	Apr 2002	nil
Mrs A Lonsdale	May 1996	Apr 2002	nil
Mr C George	Aug 1996	Apr 2002	nil
Prof. T Harpham	Mar 1999	Feb 2001	nil
Prof. J Dilawari	Mar 1998	Feb 2001	nil
Prof. W Hill	Mar 1998	Feb 2001	nil
Prof. J Pendry	Mar 1998	Feb 2001	nil

9.56 The Secretary of State appointed the directors shown in Box 9.v to CDC Group plc upon the Commonwealth Development Corporation's transformation into a public limited company in December 1999. None of the directors have fixed terms but will retire in rotation according to the Articles of Association. No remuneration is paid by the Department in respect of these appointments.

Publicity and advertising

9.57 DFID's public information work forms an integral part of our wider strategy for building support for development (see Chapter 8). The Department continued to publish key strategy and issues papers (see Annex 4 for details); pro-

duced *Target 2015: halving world poverty in 15 years* (102) in partnership with Christian Aid; and has seen the readership of its *Developments* (82) magazine continue to grow. We mounted displays at a number of relevant events, and started work on a further redesign of our website (www.dfid.gov.uk). Expenditure on publications and events work amounted to £698,000. Paid advertising is restricted to recruitment, which cost £1,169,000 in 1998/99.

Public Accounts Committee

9.58 In the last 12 months, the Public Accounts Committee has not published any reports that are relevant to DFID.

BOX 9v: CDC GROUP PLC

Name	Appointment
Earl Cairns CBE	Chairman and non-executive Director
Ms J Almond	non-executive Director
Mr P Kent CBE	non-executive Director
Prof J Kydd	non-executive Director
Mr R Seal	non-executive Director
Dr A Gillespie	executive Director

Financial and Expenditure Tables

- Table 1: Cash Plans
- Table 2: Reconciliation between Cash Plans and Estimates
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- Table 6: Resource Allocation Class VIII Vote 2
- Table 7: Estimates Provision
- Table 8: Appropriations in Aid
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TABLE I: CASH PLANS

£ million

Vote		1994/95 outturn	1995/96 outturn	1996/97 outturn	1997/98 outturn	1998/99 outturn	1999/00 estimated	2000/01 plans	2001/02 plans
<u>VIII</u>	Department for International Development								
	Spending in								
	Departmental Expenditure Limits (DEL)								
	Central Government spending								
	Voted in Estimates								
VIII,1	International Development								
VIII,1,A	Bilateral development assistance	1,061	1,027	1,015	969	1,056	1,203	1,182	1,356
VIII,1,B	Multilateral development assistance	749	637	506	538	599	695	764	814
VIII,1	Administration	53	56	60	58	60	68	66	68
C									
VIII,1	Certain beneficiaries of the Gibraltar Social								
D	Insurance Fund	-	3	8	9	8	21	8	8
VIII,1,E	Unallocated	0	0	0	0	0	0	70	120
VIII,1	Global environment assistance	11	10	16	19	15	18	22	25
F									
VIII,1,G	Public/Private Partnership with the					1	1	#	#
	Commonwealth Development Corporation								
VIII,1,H	Crown Agents Loan Repayments				#	#	#	#	#
	Crown Agents			8					
	Aid and Trade Provision (outside the Overseas								
	Development and Co-operation Act 1980)	6	7	2	#	#			
	Natural Resources Institute	4	8	#					
	Total DEL voted in Estimates	1,885	1,748	1,614	1,592	1,740	2,006	2,113	2,391
	Other DEL (non-voted)								
	European Commission Budgetised Aid	346	446	464	403	577	502	636	667
	Retrospective Terms Adjustment	3	3	3	4	2	2	2	2
	Crown Agents	3	#	#					
	Crown Agents Holding and Realisation Board			15					
	Total other non-voted in DEL	352	449	482	407	579	504	638	669
	Total DEL	2,237	2,197	2,096	1,999	2,319	2,511	2,751	3,060
	Main Departmental Programmes								
	Annually Managed Expenditure (AME)								
	Central Government spending								
	Voted in Estimates								
	International Development								
VIII,1,B	Commonwealth Development Corporation	5	19	-15	-10				
VIII,2	Overseas Superannuation	140	135	141	179	132	130	127	126
	Total AME voted in Estimates	146	154	126	169	132	130	127	126
	Other AME(non-voted)								
	Commonwealth Development Corporation	25	8	29	-12	-15			
	Overseas Superannuation	#	#	#	#	#			
	Total other AME (non-voted)	25	8	29	-13	-15			
	Total AME	171	163	155	157	116	130	127	126

denotes a figure less than £0.5 million.

TABLE 2: RECONCILIATION BETWEEN CASH PLANS AND ESTIMATES

£ million

	1998/99 outturn	1999/00 estimated outturn	2000/01 plans
Total provision within Departmental spending in Departmental Expenditure Limits (DEL)	2,319	2,511	2,751
Less non-voted expenditure within DEL	579	504	638
Total voted expenditure within Departmental expenditure in DEL	1,739	2,006	2,113
Total provision within Main Departmental Programmes in Annually Managed Expenditure (AME)	116	130	127
Less non-voted expenditure within Main Departmental Programmes in AME	-15	-	-
Total voted expenditure within Main Departmental Programmes in Annually Managed Expenditure (AME)	132	130	127
Total voted expenditure	1,872	2,136	2,240

TABLE 3: RUNNING COSTS

£ million

	1994/95 outturn	1995/96 outturn	1996/97 outturn	1997/98 outturn	1998/99 outturn	1999/00 estimated	2000/01 plans	2001/02 plans
Administration								
Gross running costs ¹								
Paybill ²	48	48	29	32	37	41		
Other	23	24	28	24	28	25		
Total running costs	71	72	57	55	65	66	67	68
Related receipts ³	-3	-4	-6	-4	-4	-4	-4	-4
Net expenditure	67	68	51	52	61	62	63	64
Gross running costs limit⁴							67	

¹ The gross figures are no longer net of any VAT refunds on contracted out services.

² Includes the paybill for the Natural Resources Institute, a Next Steps Executive Agency now in private ownership, for the years 1994/95 and 1995/96 for £21m in both years.

³ Running costs related receipts from within the running costs provision of other government departments are now offset against the gross running cost limit.

⁴ Only the gross running costs limit for 2000/01 is shown. See Chapter Two of 2000/01 *Public Expenditure: Statistical Analyses* for more information.

TABLE 4: STAFF NUMBERS

Staff years

	1994/95 actual	1995/96 actual	1996/97 actual	1997/98 actual	1998/99 actual	1999/00 estimated	2000/01 plans	2001/02 plans
Civil Service full time employees ^{1,2,3}	1,481	1,411	998	1,007	1,093	1,161	1,346	1,346
Overtime	20	20	20	20	20	20	20	20
Casuals	89	79	54	42	34	31	29	29
Total	1,590	1,510	1,072	1,069	1,147	1,212	1,395	1,395

¹ Figures include the Natural Resources Institute until 1995/96 only.

² Figures include staff designated as working overseas on aid projects.

³ Figures from 1998/99 include staff taken over from FCO.

TABLE 5: RESOURCE ALLOCATION: Class VIII, Vote 1, International Development

The resources available are allocated within DFID in an annual Resource Allocation Round. This establishes an Aid Framework, approved by Ministers, which provides departments within DFID with planning figures, at departmental level, for the following three years. Figures for 2002/03 will be finalised following the outcome of the 2000 Expenditure Review. Although some allocations are shown at country level, actual expenditure will, and should, vary in line with

a country's commitments and ability to demonstrate reform. Thus, within the allocated departmental totals, and subject to the agreed policy frameworks, departments can reallocate resources within their responsibility to respond to changing circumstances and to maximise the effectiveness of their contribution to the outcomes set out in the Comprehensive Spending Review.

Bilateral Country Programmes¹**£000s**

	1996/97 outturn	1997/98 outturn	1998/99 outturn	1999/00 estimated outturn	2000/01 plans	2001/02 plans
Africa Greater Horn and Co-ordination Department						
Angola	6,163	5,025	4,052	5,500	3,000	2,500
Ethiopia	6,279	3,415	4,964	7,000	6,000	6,000
Eritrea	1,032	957	818	350	150	100
Mauritius	1,124	966	543	420	70	60
Rwanda	0	0	13,288	13,000	25,000	28,000
Indian Ocean Islands	635	553	416	330	700	600
Africa Food Aid	10,368	6,090	3,089	0	0	0
East Africa Regional Programmes	14,526	17,574	25,686	6,000	17,200	15,500
Total	40,127	34,580	52,856	32,600	52,120	52,760
Africa Policy and Economics Department						
Africa Regional Programmes	3,540	3,227	2,678	3,050	5,000	6,000
Africa Policy Performance Fund	-	-	-	-	57,200	60,000
Total	3,540	3,227	2,678	3,050	62,200	66,000
DFID Central Africa						
Malawi	30,702	24,235	46,285	45,000	65,000	70,000
Mozambique	19,863	19,452	24,046	21,410	31,000	38,000
Zambia	13,336	12,127	11,027	10,500	14,500	15,000
Zimbabwe	9,516	10,771	10,038	11,200	12,000	10,000
Central Africa Regional Programmes	0	575	1,595	1,900	2,000	2,000
Total	73,417	67,160	92,991	90,010	124,500	135,000
DFID Eastern Africa						
Kenya	22,906	25,675	30,427	24,000	22,000	25,000
Tanzania	45,612	39,987	48,000	61,691	65,000	70,000
Uganda	40,430	45,417	49,980	53,500	57,000	60,000
Total	108,948	111,079	128,407	139,191	144,000	155,000
DFID Southern Africa²						
Botswana	3,277	3,262	2,931	2,700	-	-
Lesotho	3,079	4,175	3,403	2,900	-	-
Namibia	3,767	4,118	3,276	3,400	-	-
South Africa, Republic of	16,783	22,944	26,163	29,000	-	-
Swaziland	2,001	2,934	2,739	2,800	-	-
Southern Africa Regional Programmes	1,508	1,793	1,802	2,000	45,000	44,000
Total	30,415	39,226	40,314	42,800	45,000	44,000
West and North Africa Department						
Cameroon	1,863	1,723	1,409	1,631	2,600	1,400
Egypt, Arab Republic	4,618	5,087	3,803	3,300	4,000	4,600
The Gambia	1,423	857	464	1,125	1,700	1,600
Ghana	16,659	15,056	46,228	39,097	55,000	50,000
Nigeria	5,314	6,984	0	11,000	15,000	25,000
Sierra Leone	10,216	2,943	8,784	25,100	15,000	30,000
West Africa Regional Programmes	1,139	1,163	1,662	3,000	10,000	2,000
North Africa Regional Programmes	421	438	452	400	3,000	0
Africa - Aid and Trade Provision	7,182	7,727	9,226	2,750	2,100	0
Total	48,835	41,978	81,064	87,403	108,400	114,630
AFRICA TOTAL	305,282	297,250	398,310	395,054	536,220	567,390

Bilateral Country Programmes (continued)

£000s

	1996/97 outturn	1997/98 outturn	1998/99 outturn	1999/00 estimated outturn	2000/01 plans	2001/02 plans
DFID India						
India	86,964	75,135	83,941	96,500	125,000	140,000
Total	86,964	75,135	83,941	96,500	125,000	140,000
Eastern Asia and Pacific Department						
Eastern Asia Regional Projects	90	87	0	0	0	0
China	9,952	8,468	12,868	9,560	20,000	25,000
Mongolia	265	340	306	250	225	200
Asia - Aid and Trade Provision	55,220	53,540	47,044	34,600	30,000	25,320
Oceania Regional Programmes	7,435	4,190	3,475	3,164	4,000	4,000
Total	72,962	66,625	63,693	47,574	54,225	54,520
Western Asia Department						
Afghanistan	105	99	176	60	90	72
Jordan	4,552	3,773	3,017	4,000	3,500	3,500
Pakistan	21,699	23,388	19,859	21,000	10,000	10,000
Palestinian Autonomy	5,987	5,778	4,895	8,000	8,000	8,000
Middle East Regional Programmes	7,370	4,322	6,836	7,000	7,480	7,460
Total	39,713	37,360	34,783	40,060	29,070	29,032
DFID Bangladesh						
Bangladesh	41,255	36,469	65,330	65,000	75,000	75,000
Total	41,225	36,469	65,330	65,000	75,000	75,000
DFID South East Asia						
South East Asia Small Country Programmes	1,553	2,428	1,673	3,700	6,000	5,800
Cambodia	3,327	2,980	4,084	3,700	4,500	5,000
Indonesia	9,800	6,498	7,442	7,000	8,500	10,000
Nepal	14,657	16,366	15,859	15,000	17,000	20,000
Sri Lanka	5,814	5,335	6,575	6,300	6,000	5,500
Vietnam	5,039	3,979	4,048	4,600	14,000	16,000
South East Asia Regional Programmes	4,326	2,952	2,357	3,300	3,000	2,700
Total	44,516	40,538	42,038	43,600	59,000	65,000
Asia Regional Economics and Policy Department						
Asia Policy Performance Fund	-	-	-	-	20,000	32,000
Response to Asia Financial Crisis	-	-	2,570	2,600	0	0
Total	0	0	2,570	2,600	20,000	32,000
ASIA TOTAL	285,410	256,127	292,355	295,334	362,295	395,552
DFID Caribbean						
Belize	1,910	2,205	1,417	5,100	4,000	3,000
Guyana	2,500	2,578	1,722	4,200	5,500	6,250
Jamaica	1,259	2,872	2,535	7,823	4,000	4,750
Caribbean Regional Programme	3,009	3,134	2,868	3,608	3,250	3,500
Eastern Caribbean	3,847	5,616	3,813	3,460	3,750	3,000
Total	12,525	16,405	12,355	24,191	20,500	20,500
Latin America, Caribbean and Atlantic Department						
Bolivia	3,859	4,062	3,898	5,000	6,000	6,000
Brazil	3,736	5,288	6,131	6,100	10,000	11,000
Chile	1,434	942	961	330	0	0
Colombia	1,585	1,649	1,246	950	650	650
Ecuador	1,540	1,360	980	680	69	0
Honduras	655	822	733	500	200	0
Mexico	2,744	3,109	2,821	2,200	2,700	2,000
Peru	2,012	2,450	2,386	3,260	4,000	4,000
Latin America - Aid and Trade Provision	757	664	577	490	403	320
Latin America Regional Programme	3,248	2,657	2,717	615	800	1,213
Central America	-	-	-	1,740	4,345	4,000
Latin America Small Programmes	-	-	-	1,885	1,816	1,800
Total	21,570	23,003	22,450	23,750	30,983	30,983
Overseas Territories Unit						
St Helena	7,973	8,723	8,742	9,391	9,500	9,500
Anguilla	1,309	2,427	1,961	2,100	2,250	1,750
British Virgin Islands	1,082	586	618	515	150	0
Montserrat	8,683	38,279	31,517	21,064	24,100	24,400
Turks and Caicos Islands	2,932	2,472	3,477	3,800	3,500	3,000
Overseas Territories Regional Programmes	3,741	1,540	1,392	1,000	2,500	2,500
Total	25,720	54,027	47,707	37,870	42,000	41,150

Bilateral Country Programmes (continued)
£000s

	1996/97 outturn	1997/98 outturn	1998/99 outturn	1999/00 estimated outturn	2000/01 plans	2001/02 plans
Central and South Eastern Europe Department						
Albania ²	-	-	-	950	2,000	3,000
Albania/Macedonia/Slovenia ³	-	1,522	1,172	-	-	-
Baltics	2,667	1,865	949	900	1,000	1,000
Bosnia ⁴	-	-	-	3,630	7,000	7,000
Bulgaria	2,891	2,569	2,404	3,200	4,000	4,000
Croatia ⁴	-	-	-	1,264	1,000	1,500
Czech Republic	2,386	1,738	1,072	750	1,100	500
Hungary	3,999	2,991	2,709	2,200	2,200	1,500
FRY/Kosovo ⁴	247	556	4,039	4,860	7,000	8,000
Macedonia ³	-	-	-	1,000	1,800	2,000
Poland	12,110	12,358	7,400	5,000	4,000	2,500
Romania	4,903	5,374	4,065	3,700	6,000	6,000
Slovak Republic	2,581	2,911	2,482	1,650	2,800	3,000
Slovenia ³	-	-	-	170	200	200
Investment Schemes	2,240	3,177	1,371	301	200	0
Environment	965	673	675	0	0	0
Regional Programmes	5,537	2,504	1,802	2,300	3,100	3,600
Total	41,754	40,599	32,842	31,875	43,400	43,800
Eastern Europe and Central Asia Department						
Khazakstan ⁵	2,043	1,919	1,267	1,200	0	0
Other Former Soviet States	4,927	4,555	4,166	5,225	4,575	4,075
Georgia/Armenia/Kyrgyz ²	0	0	0	0	5,750	6,250
Ukraine	9,685	8,833	8,366	8,000	9,000	9,000
Russia	28,252	30,785	30,234	26,000	26,700	26,700
Chancellor's Scheme	1,999	1,706	114	0	0	0
Environment	768	908	318	0	0	0
Regional Programmes	0	0	1,343	3,000	1,725	1,725
Total	47,674	48,706	45,808	43,425	47,750	47,750
EASTERN EUROPE & WESTERN HEMISPHERE DIVISION TOTAL	149,243	182,740	161,162	161,111	184,633	184,183
TOTAL BILATERAL COUNTRY PROGRAMMES	739,935	736,117	851,827	851,499	1,083,148	1,147,125

Other Bilateral Programmes ¹⁷
£000s

	1996/97 outturn	1997/98 outturn	1998/99 outturn	1999/00 estimated outturn	2000/01 plans	2001/02 plans
Aid Policy Department						
Support for Knowledge and Research	-	-	242	260	805	1,060
Total	0	0	242	260	805	1,060
Business Partnerships Department						
Commonwealth Development Corporation	16,320	23,286	35,919	38,670	0	0
Business Partnerships	-	-	-	-	2,000	1,500
Total	16,320	23,286	35,919	38,670	2,000	1,500
Conflict and Humanitarian Affairs Department						
Emergency Response ⁸	82,749	57,287	19,580	35,365	12,000	12,000
Programmed Emergency Response ⁸	-	-	-	-	5,000	5,000
Refugees and Migration ⁸	-	-	-	-	2,000	2,000
Mines Action Initiative	-	-	-	8,500	10,000	0
Conflict and Humanitarian Policy	2,508	0	1,323	6,500	11,250	11,250
Food Aid (Bilateral)	4,150	0	0	3,000	0	0
Kosovo Humanitarian	-	-	-	104,000	21,000	0
Total	89,407	57,287	20,903	157,365	61,250	30,250
Civil Society Department						
Joint Funding Scheme	40,122	35,858	35,506	36,433	32,414	27,640
Volunteers	26,090	23,933	25,883	26,711	28,222	29,928
Other NGO Grants	2,219	2,129	2,084	2,862	1,736	1,780
Civil Society Challenge Fund	-	-	-	-	5,773	11,501
Total	68,431	61,920	63,473	66,006	68,145	69,849

Other Bilateral Programmes (continued)

£000s

	1996/97 outturn	1997/98 outturn	1998/99 outturn	1999/00 estimated outturn	2000/01 plans	2001/02 plans
Economic Policy and Research Department						
Seedcorn Funds and Public Expenditure Research	495	708	1,747	240	350	350
Economic and Social Research	4,354	4,569	5,201	6,000	7,200	8,600
Economic Policy and Poverty Reduction Initiative	-	-	-	-	585	585
Institute of Development Studies Library	-	-	-	-	250	200
Total	5,347	5,543	8,186	6,240	8,385	9,735
Education Division						
Commonwealth Scholarship & Fellowship Plan	10,474	9,733	9,569	10,107	10,000	10,000
Commonwealth of Learning	406	809	365	356	500	500
Higher Education Textbook Subsidy	260	865	296	0	0	0
University Links	3,000	2,666	2,619	3,000	3,000	3,000
Shared Scholarship Scheme	1,869	1,446	2,581	1,915	2,000	2,000
Chevening Scholarship Scheme	12,200	12,467	11,459	0	0	0
Books	100	75	125	500	700	700
Education Research and Development	368	538	986	1,100	1,600	2,000
Prince of Wales Scholarships	165	165	165	165	50	0
Skills for Development	-	-	-	100	10,000	15,000
Association for the Development of Education in Africa	-	-	-	200	300	300
Education Strategic Support and Development	-	-	-	0	150	150
Universal Primary Education	-	-	-	750	5,000	5,000
Total	28,842	28,764	28,165	18,193	33,300	38,650
Enterprise Development Department						
Public and Private Partnership	498	266	769	450	850	850
Private Sector Development	-	-	-	-	7,000	10,000
Total	0	0	0	450	7,850	10,850
Environmental Policy Department						
Renewable Natural Resources Research Programmes	2,337	3,113	3,484	4,500	4,500	4,500
Total	2,337	3,113	3,484	4,500	4,500	4,500
European Union Department						
European Community Technical Co-operation	677	740	878	1,250	1,500	1,500
Total	677	740	878	1,250	1,500	1,500
Evaluation Department						
Evaluation	416	1,117	820	820	1,195	1,045
Total	416	1,117	820	820	1,195	1,045
Finance Department						
Aid Administration Agency Services	591	601	633	651	668	1,370
Total	591	601	633	651	668	1,370
Governance Department						
Governance Programmes	-	-	-	1,700	2,615	2,515
Total	0	0	0	1,700	2,615	2,515
Health and Population Division						
Health and Population	13,719	16,208	14,799	18,700	18,000	21,000
Poverty Challenge Fund - Polio Eradication	-	-	-	-	10,000	10,000
HIV/AIDS/STIs	-	-	-	750	13,000	18,000
Malaria	-	-	500	9,250	13,000	16,000
Reproductive Health Access ⁹	7,850	5,850	5,500	5,500	11,000	11,000
Total	21,569	22,058	20,799	34,200	65,000	76,000
Infrastructure and Urban Development						
Engineering Research and Development	7,926	12,370	8,081	16,855	15,670	15,350
Engineering Resource Centre Schemes	631	671	528	700	800	800
Infrastructure for Sustainable Livelihoods	-	-	-	500	3,000	3,000
Water and Sanitation	-	-	948	2,700	7,000	9,000
Promoting Private Sector Initiatives	-	-	1,514	4,241	9,000	23,000
Information Development	-	-	-	331	200	200
Appropriate Technology	1,750	1,500	1,500	1,000	1,500	0
Total	10,307	14,541	12,571	26,327	37,170	51,350
International Economic Policy Department						
Trade Related Technical Co-operation	0	235	785	2,800	3,500	3,500
Total	0	235	785	2,800	3,500	3,500

Other Bilateral Programmes (continued)

£000s

	1996/97 outturn	1997/98 outturn	1998/99 outturn	1999/00 estimated outturn	2000/01 plans	2001/02 plans
International Financial Institutions Department						
Financial Architecture and Private Sector	-	-	-	-	50	50
Debt Capacity	-	-	469	0	500	500
Technical Co-operation for Development Banks	26	120	227	350	990	970
Total	26	120	696	350	1,540	1,520
Information Department						
Development Awareness	1,303	1,105	1,770	3,500	5,750	6,500
Total	1,303	1,105	1,770	3,500	5,750	6,500
Natural Resources Institute						
Natural Resources Institute Net Expenditure	-178	0	0	0	0	0
Total	-178	0	0	0	0	0
Overseas Pensions Department						
Pensions	7,856	7,024	6,699	6,533	7,776	5,984
Total	7,856	7,024	6,699	6,533	7,776	5,984
Procurement Department						
Natural Resources Institute Programme costs	0	0	106	89	0	0
Contract Price Investigations	67	26	33	85	185	190
Total	67	26	139	174	185	190
Recruitment and Personnel Management Branch						
Pre and In-service Training	1,846	1,995	1,990	2,139	2,950	3,024
Aid Personnel Support Costs	597	550	723	850	1,061	1,073
Total	2,443	2,545	2,713	2,989	4,011	4,097
Rural Livelihoods Department						
Renewable Natural Resources Research Programmes	28,485	24,894	29,168	30,800	31,200	31,200
Sustainable Rural Livelihoods	-	-	94	2,000	7,000	10,000
Total	28,485	24,894	29,262	32,800	38,200	41,200
Social Development Department						
Social Development Knowledge Programmes	285	886	1,986	1,210	2,040	2,040
Workers Group Development Scheme	-	-	99	30	0	0
Social Policy Initiatives	-	-	-	1,725	2,800	2,800
Total	285	886	2,085	2,965	4,840	4,840
Sponsored Organisations Unit						
British Council Mixed Money	33,039	29,813	29,813	0	0	0
British Council Redundancies	1,700	0	0	0	0	0
Total	34,739	29,813	29,813	0	0	0
Statistics						
Statistical Capacity	-	-	-	255	1,500	2,500
Total	0	0	0	255	1,500	2,500
United Nations and Commonwealth Department						
Technical Co-operation for UN Organisations	3,797	957	1,442	2,840	3,000	3,005
Total	3,797	957	1,442	2,840	3,000	3,005
TOTAL BILATERAL OTHER	323,067	286,575	270,797	411,838	363,440	373,510
TOTAL BILATERAL¹⁰	1,063,002	1,022,692	1,122,624	1,263,337	1,446,588	1,520,635

Multilateral Programmes
£000s

	1996/97 outturn	1997/98 outturn	1998/99 outturn	1999/00 estimated outturn	2000/01 plans	2001/02 plans
Conflict and Humanitarian Affairs Department						
Multilateral Partnerships	-	10,179	29,476	27,000	37,000	37,000
World Food Programme and Other Food Aid	7,675	15,725	10,000	8,000	5,000	5,000
Total	7,675	25,904	39,476	35,000	42,000	42,000
Environment Policy Department						
International Trade and Timber Organisation	58	50	45	52	60	60
Desertification Convention	-	-	229	280	200	200
Total	58	50	274	332	260	260
European Union Department						
European Investment Bank - Lomé Guarantees	1,371	2,483	2,798	2,807	3,480	3,590
European Development Fund	150,832	136,857	212,997	213,500	197,000	219,000
Research	-	-	-	-	700	700
European Commission Attribution ¹¹	464,242	403,121	486,000	463,000	527,000	614,000
Total	616,445	542,461	701,795	679,307	728,180	837,290
Infrastructure and Urban Development						
UN Centre for Human Settlements	-	172	425	1,553	550	550
Energy Sector	-	300	500	300	500	500
Total	0	472	925	1,853	1,050	1,050
Health and Population Division						
World Health Organisation	-	-	-	-	9,750	9,750
UN Fund for Population Acts.	10,000	11,500	13,000	15,000	15,000	15,000
International Health ¹²	18,619	14,963	10,341	11,300	5,000	6,000
UNAIDS	-	-	-	3,000	3,000	3,000
Total	28,619	26,463	23,341	29,300	32,750	33,750
International Economic Policy Department						
Trade & Investment: Research Activities	-	-	-	750	0	0
Total	-	-	-	750	0	0
International Financial Institutions Department						
International Development Association	167,240	189,630	170,860	175,410	236,470	243,690
Multilateral Investment Guarantee Agency	-	-	-	0	1,450	1,450
Support to Heavily Indebted Poor Countries	-	-	10,000	35,695	40,000	35,000
International Finance Corporation	7,090	100	100	184	500	500
International Monetary Fund: Enhanced Structural Adjustment Facility	20,000	20,000	18,000	17,000	17,000	19,000
African Development Bank	71	0	0	0	860	860
African Development Fund	14,577	17,152	19,094	16,600	29,527	30,164
Asian Development Bank	236	0	134	358	910	910
Asian Development Fund	25,489	32,169	31,939	34,355	25,581	27,455
Caribbean Development Bank	0	0	0	0	0	270
Caribbean Development Fund	0	538	2,113	3,903	2,600	2,600
Inter-American Development Bank (IADB)	1,092	792	985	1,006	810	610
IADB Fund Special Operations	3,736	3,736	3,736	520	1,069	1,069
Total	239,531	264,117	256,961	285,031	356,777	363,578
Rural Livelihoods Department						
International Renewable Natural Resources Research	7,763	6,407	7,497	8,300	9,000	9,500
Total	7,763	6,407	7,497	8,300	9,000	9,500
Social Development Department						
UN Development Fund for Women	645	1,050	150	2,000	2,000	2,000
International Labour Organisation	-	-	752	685	1,500	2,500
UN Research Institute for Social Development	-	-	-	130	200	200
Total	645	1,050	902	2,815	3,700	4,700
United Nations and Commonwealth Department						
International Fund for Agricultural Development	1,924	2,684	2,155	2,700	3,000	3,000
UN Development Programme	28,104	22,123	30,000	35,000	35,000	35,000
UN Children's Fund	9,000	8,000	10,000	13,000	13,000	13,000
UN Educational, Scientific and Cultural Organisation (Subscription)	-	15,823	11,267	10,638	12,431	12,431
UN Industrial Development Organisation (Subscription)	-	6,853	3,114	2,870	3,900	3,300
UN Food and Agricultural Organisation (Subscription)	10,753	11,050	9,951	10,298	12,400	12,400
Commonwealth Fund for Technical Co-operation	5,849	5,933	5,669	6,000	6,500	6,500
Other Commonwealth Programmes	1,124	1,204	1,120	1,100	1,100	1,100
Total	56,754	73,670	73,276	81,606	87,331	86,731

Multilateral Programmes (continued)
£000s

	1996/97 outturn	1997/98 outturn	1998/99 outturn	1999/00 estimated outturn	2000/01 plans	2001/02 plans
Western Asia Department						
UN Relief and Works Agency	8,140	10,067	3,360	13,000	10,000	12,000
Total	8,140	10,067	3,360	13,000	10,000	12,000
Western Hemisphere and Eastern Europe Economics						
European Bank for Reconstruction and Development (EBRD) Subscription	-	5,907	8,166	10,204	11,680	13,520
EBRD: Annual Meeting	-	74	25	49	35	55
Research/Consultancy	-	-	-	-	300	300
International Policy Performance Fund	-	-	-	-	15,000	30,000
Total	0	5,981	8,191	10,253	27,015	43,875
TOTAL MULTILATERAL	956,630	956,642	1,115,998	1,146,797	1,298,063	1,434,734

¹ Direct comparison between DFID departments' and divisions' over the period covered is not always possible due to internal reorganisation of responsibilities.

² Expenditure for Southern Africa will in future be managed on a regional basis.

³ There has been no change in policy or support for Albania, Macedonia and Slovenia but a reclassification of the previously combined line into separate lines.

⁴ Prior to 1999/00, Croatia and Bosnia expenditure was included in what is now shown as FRY/Kosovo, though the majority of Bosnia expenditure was under Emergency Aid.

⁵ For 2000/01 onwards this line is grouped with Other Former Soviet States.

⁶ For 2000/01 onwards resources have been shifted from Other Former Soviet States.

⁷ Last year's Departmental Report showed Bilateral Other expenditure and Multilateral expenditure together under "Other Programmes". They are now shown separately. Direct comparison between DFID departments' and divisions' over the period covered is not always possible due to internal reorganisation of responsibilities.

⁸ In addition to central provision for humanitarian/emergency aid, the Contingency Reserve is available to meet emergencies and unforeseen expenditure, and country programmes meet the costs of humanitarian assistance in countries where the emergency is ongoing. Such country programme expenditure is not shown separately. Expenditure on Programmed Emergency Responses and Refugees and Migration, previously included under Emergency Response, is now shown separately.

⁹ Includes expenditure formerly shown separately in respect of International Planned Parenthood Foundation.

¹⁰ The total of the individual programmes exceeds the resources available because of the inclusion of an "estimating adjustment", the aim of which is to ensure full and effective spending against the cash limit. The estimating adjustment is set as a percentage of bilateral country programmes (5% from 2000/01 onwards).

¹¹ EC Budgetised expenditure is attributed to DFID once the figure is known. Typically, this process can take a minimum of 12 months after the close of the year in question. The figures included in this table are therefore DFID's best estimates.

¹² In previous years this line was shown as WHO Priority Actions. This recategorization allows for international health interventions other than via WHO to be made.

TABLE 6: Resource Allocation: Class VIII, Vote 2, Overseas Superannuation (see Chapter 9)
Section A: Overseas superannuation (£000's)

A1: Superannuation payments to and in respect of certain overseas pensioners and their dependants

- i. Pensions and gratuities: Pensions to former Palestine officers for which HM Government assumed responsibility when the Mandate terminated in 1948 and to certain beneficiaries of the former Aden Widows' and Orphans' Pension Fund, which was wound up at independence (550 pensions):

	1999/00 estimated outturn	2000/01 plans	2001/02 plans
	81	70	66

- ii. Pension increases and supplements paid under the UK Pensions (Increase) Act 1971 (as amended) to certain former overseas officers and their dependants:

(a) Pension increases to former officers of the Burma Civil and Defence Services (60 pensions). Provisions for the pensions made under C1(1)(b) below and Class III, Vote 1	375	334	328
(b) Pension supplements to other overseas officers and their dependants (23,036 pensions). Provision for most of the pensions is made under A1(1), C1(1)(b) and Class III, Vote 1; others remain the liability of the overseas country where the pension was earned, e.g. Hong Kong	107,818	106,222	106,000

- iii. Other pensions and gratuities and pension increases

(a) Pensions etc. for service with the Cotton Research Corporation and retirement and other benefits for former governors of Overseas Territories etc. (30 pensions)	151	137	142
(b) Pensions in respect of credit for war service (2,167 pensions)	251	238	227
TOTAL A1	108,676	107,001	106,763

A2: Other superannuation and related payments

- i. Police and firemen's pensions, gratuities, pension increases, superannuation transfer values etc:

	1999/00 estimated outturn	2000/01 plans	2001/02 plans
(a) Pensions etc. to or in respect of UK police officers and firemen whose service overseas is terminated by death or retirement (72 pensions)	341	297	292
(b) Superannuation transfer values for the pensionable home and overseas service of police officers and firemen on return to home forces after service overseas. Offsetting receipts are appropriated in aid under AZ(1)	682	668	689

- ii. Grants to British subjects in lieu of Superannuation and other benefits due to them by the former Shanghai Municipality, payment of which is suspended and grants to certain pensioners of the former Burma services resident outside Burma (3 pensions) and medical, miscellaneous and ex-gratia expenses relating to the award of pensions:

	1999/00 estimated outturn	2000/01 plans	2001/02 plans
	40	40	40

- iii. Mobility supplements to certain disabled overseas war service pensioners, analogous to the UK War Pensioners Mobility Supplement administered by the Department of Social Security (22 Pensions):

	1999/00 estimated outturn	2000/01 plans	2001/02 plans
	54	49	50

- iv. Supplements to Hong Kong Her Majesty's Overseas Civil Service/Her Majesty's Overseas Judiciary pensioners under the UK Sterling Pensions Safeguard Scheme

	1999/00 estimated outturn	2000/01 plans	2001/02 plans
	135	135	135
TOTAL A2	1,252	1,189	1,206

	1999/00 estimated outturn	2000/01 plans	2001/02 plans
TOTAL A - OVERSEAS SUPERANNUATION	109,928	108,190	107,969

Section B: Other expenditure

BI: Hong Kong

- i. Compensation payments to former members of Her Majesty's Overseas Civil Service and Her Majesty's Overseas Judiciary in Hong Kong:

	1999/00 estimated outturn	2000/01 plans	2001/02 plans
Hong Kong HMOCS/HMOJ payments	2,200	2,200	2,200

Section C: Other pensions expenditure

CI: Other pensions payments

- i. Pensions and gratuities:

	1999/00 estimated outturn	2000/01 plans	2001/02 plans
(a) Pensions to former officers of the Indian and Pakistan Civil and Military Services and certain dependants, including beneficiaries of the former Indian Family Pensions Funds which have been wound up (3,018 pensions)	2,420	2,271	2,166
(b) Pension payments for post-independence service by overseas officers. Under the pensions takeover arrangements between HM Government and the governments of overseas countries HM Government receive a capital sum to meet the future cost of pension payments for post-independence service; the capital sums are treated as extra receipts payable to the Consolidated Fund (12,944 pensions)	1,924	1,860	1,774
(c) Pensions to certain beneficiaries of certain former overseas pension funds which are being wound up. The proceeds of the sale of the funds' assets are treated as extra receipts payable to the Consolidated Fund (3,989 pensions)	1,292	1,298	1,298

- ii. Pension increases to former officers of the Indian and Pakistan Civil and Military Services and certain dependants (see CI (1)(a) above) (2,633 pensions):

	1999/00 estimated outturn	2000/01 plans	2001/02 plans
	12,073	10,902	10,204
	1999/00 estimated outturn	2000/01 plans	2001/02 plans
TOTAL C - OTHER PENSIONS PAYMENTS	17,709	16,331	15,442
TOTAL GROSS OVERSEAS SUPERANNUATION VOTE	129,837	126,721	125,611

TABLE 7: Estimates Provision 1999-2000, Class III, Vote 1

	Gross £000s	Net £000s
A: Bilateral Aid	1,220,319	1,202,686
B: Multilateral Aid	715,479	695,479
C: Administration	72,000	67,957
D: Certain beneficiaries of the Gibraltar Social Insurance Fund	21,300	21,300
E: Unallocated	0	0
F: Global Environment Assistance	18,400	18,400
G: Public/Private Partnership	750	750
H: Crown Agents Loan Repayments	0	-280
I: Commonwealth Development Corporation	38,670	0
TOTAL: Class III, Vote 1	2,086,918	2,006,292

Provisional Outturn 1999-00, Class III, Vote 2

	Gross £000s	Net £000s
A: Overseas Superannuation	109,928	109,928
B: Other Expenditure	2,200	2,200
C: Other Pension Expenditure	17,709	17,709
TOTAL: Class III, Vote 2	129,837	129,837

TABLE 8: Appropriations in Aid: Class VIII, Vote 1, 1999/2000 onwards

£000s

	1999/2000 estimates provision	2000/01 plans	2001/02 plans
AZ: Bilateral Development assistance			
Receipts, including those from overseas governments, arising from bilateral country and sectoral programmes, including loan repayments; recoveries of contributions to widows' and orphans' pensions schemes taken over by UK	14,333	10,333	8,833
VAT refunds for contracted out services	3,300	3,300	3,300
Total AZ Appropriations in Aid	17,633	13,633	12,133
BZ: Multilateral development assistance			
Refunds of payments made under UK guarantees to the European Investment Bank	100	100	100
Repayment of loans to multilateral organisations	19,900	19,400	19,400
Total BZ Appropriations in Aid	20,000	19,500	19,500
CZ: Administration			
Recoveries in respect of running costs services	3,754	3,752	3,750
Recovery of EBRD Executive Director's Salary	90	92	94
VAT refunds (non-running costs related)	23	23	23
VAT refunds for contracted out services	100	100	100
European fast streamers	76	76	76
Total CZ Appropriations in Aid	4,043	4,043	4,043
HZ: Crown Agents loan repayments	280	280	280
IZ: Repayment of aid budget loans to Commonwealth Development Corporation	38,760	39,378	41,653
Gross total	80,716	76,834	77,609

Appropriations in Aid: Class VIII, Vote 2, 1999/2000 onwards

£000s

	1999/2000 estimated outturn	2000/01 plans	2001/02 plans
(i) Superannuation transfer values from overseas employing government in respect of UK police officers and firemen returning to their home forces following overseas service	44	44	46
(ii) Police pension receipts and bank commission on overseas payments	92	80	80
Total Appropriations in Aid	136	124	126

Extra receipts payable to the Consolidated Fund: Class VIII, Vote 2

£000s

In addition to appropriations in aid there are the following estimated receipts			
	1998/99	1999/00	2000/01
Overseas Superannuation	58	-	-
Total	58	-	-

TABLE 9: PLANNED GRANTS-IN-AID AND INTERNATIONAL SUBSCRIPTIONS EXCEEDING £1 MILLION IN 2000/2001

NAME	AMOUNT £000s
African Development Bank and Fund	30,387
Asian Development Bank and Fund	26,491
Caribbean Development Bank and Fund	2,600
Commonwealth Fund for Technical Co-operation	6,500
European Bank for Reconstruction and Development	11,680
European Development Fund	197,000
Inter-American Development Bank and Fund	1,879
International Committee of the Red Cross	15,000
International Development Association	236,470
International Federation of Red Cross and Red Crescent Societies	4,000
International Fund for Agricultural Development	3,000
International Labour Organisation	1,500
International Monetary Fund Enhanced Structural Adjustment Facility	17,000
Montserrat Budgetary Aid	4,950
Multilateral Investment Guarantee Agency	1,450
St. Helena Budgetary Aid	3,901
UN Children's Fund	13,000
UN Development Fund for Women	2,000
UN Development Programme	35,000
UN Educational, Scientific and Cultural Organisation	12,431
UN Food and Agriculture Organisation	12,400
UN High Commissioner for Refugees	13,000
UN Industrial Development Organisation	3,900
UN Office for the Co-ordinator of Humanitarian Affairs	3,000
UN Office for the Co-ordinator of Human Rights	2,000
UN Population Fund	15,000
UN Programme on HIV/AIDS	3,000
UN Relief and Works Agency for Palestine Refugees in the Near East	10,000
World Food Programme	5,000
World Health Organisation	9,750

Delivery of Bilateral and Multilateral Aid

This annex contains a summary of our expenditure 1998/99. For more detailed information, consult *Statistics on International Development (79)*.

Table 1: Bilateral Aid by Country 1998/99

Table 2: Gross Public Expenditure on Multilateral Contributions 1996/97 to 1998/99

Table 3: DFID Programme: Bilateral Technical Co-operation 1996/97 to 1998/99

Table 3a: DFID Programme: Bilateral Grants and Other Aid in Kind 1996/97 to 1998/99

Table 4: Humanitarian Assistance 1996/97 to 1998/99

Table 5: New Policy Information Management System (PIMS)
Marked Bilateral Commitments 1998/99

Figure 1: New Policy Information Management System (PIMS)
Marked Bilateral commitments 1998/99

Figure 2: DFID Programme: Bilateral Aid by Income Group 1998/99

Figure 3: DFID Programme: Bilateral Aid by Region 1998/99

Figure 4: DFID Programme: Bilateral Aid by Form of Aid 1998/99

Figure 5: Bilateral and Multilateral Assistance as a Percentage of DFID programmes 1974/75 - 1998/99

TABLE 1: BILATERAL AID BY COUNTRY 1998/99

£000s

	Financial Aid (Excl ATP)			Aid and Trade Provision	Grants and Other Aid in Kind	Humanitarian Assistance ¹	DFID Debt Relief ²	Total DFID Programme	Other Programmes		TOTAL GROSS PUBLIC EXPENDITURE
	Project or Sector Aid	Programme Aid	Technical Co-operation						CDC Investments	Other ³	
Africa: North of Sahara											
Algeria	-	-	35	-	-	3	-	39	-	-	39
Egypt	-	-	4,446	-	601	3	406	5,456	-	-	5,456
Morocco	-	-	19	-	276	-	-	295	-	-	295
Tunisia	-	-	65	-	177	-	-	242	-	-	242
Total North of Sahara	-	-	4,566	-	1,054	6	406	6,032	-	-	6,032
Africa: South of Sahara											
Angola	-	-	1,125	-	925	2,500	-	4,550	-	-	4,550
Benin	-	-	88	-	-	-	-	88	-	-	88
Botswana	54	-	2,811	-	227	-	187	3,278	-	-	3,278
Burkina Faso	-	-	-	-	318	-	-	318	-	-	318
Burundi	-	-	-	-	26	298	-	324	-	-	324
Cameroon	-	-	1,249	-	644	-5	-	1,888	-	1,700	3,588
Cape Verde	-	-	-	-	20	-	-	20	-	-	20
Central African Republic	-	-	-	-	-	-	-	-	-	5	5
Comoros	-	-	-	-	18	-	-	18	-	-	18
Congo	-	-	6	-	-	-	-	6	-	3,210	3,216
Congo (Dem Rep)	-	-	63	-	118	370	-	552	-	994	1,546
Côte d'Ivoire	-	-	100	-	220	37	265	623	10,890	1,940	13,453
Djibouti	-	-	-	-	0	-	-	0	-	-	0
Equatorial Guinea	-	-	0	-	-	-	-	0	-	-	0
Eritrea	-	-	260	-	382	226	-	868	-	-	868
Ethiopia	-	-	2,465	-	2,896	3,489	-	8,850	-	1,060	9,910
Gambia	24	-	551	-	401	-	-	976	-	3	979
Ghana	9,554	20,000	14,427	3,145	4,866	-	2,372	54,365	9,478	1	63,844
Guinea	-	-	-	-	20	404	-	424	-	179	603
Guinea-Bissau	-	-	-	-	8	-	-	8	-	-	8
Kenya	1,315	-	21,760	-	6,327	4,622	-	34,023	8,883	105	43,011
Lesotho	139	-	3,087	539	1,260	-	-	5,026	-	-	5,026
Liberia	-	-	426	-	-	350	-	776	-	-	776
Madagascar	-	-	43	-	267	100	-	410	-	202	612
Malawi	5,061	25,000	12,629	-	1,237	3,170	168	47,265	5,130	-	52,395
Mali	-	-	11	-	321	-	-	331	-	500	831
Mauritania	-	-	-	-	2	-	-	2	-	427	429
Mauritius	32	50	441	-	273	-	409	1,205	70	-	1,275
Mozambique	4,107	15,997	3,280	-	1,404	364	1,251	26,401	837	1,920	29,158
Namibia	-	-	3,148	-	875	-	-	4,023	-	-	4,023
Niger	-	-	21	-	150	-	-	172	-	698	870
Nigeria	771	-	6,636	-	3,647	-	-	11,053	-	-	11,053
Rwanda	-	10,000	1,356	-	1,281	1,140	-	13,776	-	-	13,776

TABLE I: BILATERAL AID BY COUNTRY 1998/99

£000s

	Financial Aid (Excl ATP)				Grants and Other Aid in Kind	Humanitarian Assistance ¹	DFID Debt Relief ²	Total DFID Programme	Other Programmes		TOTAL GROSS PUBLIC EXPENDITURE
	Project or Sector Aid	Programme Aid	Technical Co-operation	Aid and Trade Provision					CDC Investments	Other ³	
Senegal	-	-	41	-	351	-	62	454	-	162	616
Seychelles	15	-	37	-	164	-	-	216	-	-	216
Sierra Leone	29	5,000	2,519	-	1,488	-	-	9,036	65	140	9,241
Somalia	20	-	45	-	607	945	-	1,617	-	-	1,617
South Africa	-	-	19,156	-	10,280	-	-	29,436	4,650	57	34,144
St Helena & Dependencies	1,537	4,847	2,419	-	4	-	-	8,808	-	-	8,808
Sudan	115	-	176	-	413	23,712	-	24,416	-	-	24,416
Swaziland	45	-	2,550	-	454	22	-	3,072	909	-	3,981
Tanzania	1,753	28,000	13,144	-	4,335	4,201	-	51,433	11,062	16,429	78,924
Togo	-	-	-	-	124	-	-	124	-	1,080	1,204
Uganda	17,712	17,073	13,046	-	4,431	360	-	52,621	2,256	9,429	64,307
Zambia	2,525	-	8,263	-	1,046	284	2,867	14,986	10,852	7,296	33,134
Zimbabwe	3,263	-	6,029	5,424	1,702	180	-	16,597	12,795	-	29,391
East African Community	802	-	-	-	-	-	-	802	-	-	802
Southern African Development Community (SADC)	-	-	910	-	84	-	-	994	-	-	994
South of Sahara Unallocated	-	-	1,157	-	238	21	-	1,416	-	-	1,416
Total South of Sahara	48,873	125,966	145,476	9,109	53,853	46,791	7,582	437,649	77,878	47,537	563,064
Africa Unallocated	-	-	7,776	-	3,150	371	-	11,297	-	7	11,304
Total Africa	48,873	125,966	157,818	9,109	58,057	47,167	7,988	454,978	77,878	47,544	580,400
America: Central											
Costa Rica	-	-	47	-	164	-	-	211	7,390	-	7,602
Cuba	-	-	33	-	155	-	-	188	9,477	121	9,787
El Salvador	-	-	8	-	252	39	-	299	-	-	299
Guatemala	-	-	15	-	437	27	-	479	-	-	479
Haiti	-	-	-	-	1	59	-	59	-	-	59
Honduras	-	-	476	-	330	1,526	280	2,611	771	-	3,382
Mexico	-	-	3,841	-	389	-	-	4,230	-	0	4,230
Nicaragua	-	-	204	-	413	1,379	-	1,996	-	-	1,996
Panama	-	-	1	297	69	-	-	366	-	-	366
Central America Unallocated	-	-	-	-	-	200	-	200	-	-	200
Total Central America	-	-	4,625	297	2,210	3,229	280	10,641	17,638	122	28,400
America: Caribbean											
Anguilla	834	-	1,116	-	124	-	-	2,074	-	-	2,074
Antigua & Barbuda	77	-	93	-	98	-	357	625	-	4	629
Bahamas	-	-	-6	-	5	-	-	-1	-	-	-1
Barbados	17	-	81	-	63	-	49	209	313	11	534
Belize	359	-	1,042	-	175	-	-	1,576	7,790	-	9,366
Bermuda	-	-	0	-	-	-	-	0	-	-	0
British Virgin Islands	-	-	771	-	13	-	-	784	-	55	839
Cayman Islands	-	-	20	-	-	3	-	23	-	-	23
Dominica	935	-	1,021	-	26	8	541	2,531	-	-	2,531
Dominican Republic	-	-	23	-	-	59	-	82	171	-	253
Grenada	3	-	479	-	33	-	625	1,141	-	-	1,141
Guyana	288	-	1,893	-	110	182	3,305	5,777	-	17,116	22,893
Jamaica	174	-	2,481	-	154	-	5,717	8,526	-	38	8,564
Montserrat	53	8,340	5,444	-	10,530	7,700	-	32,068	-	-	32,068
St. Kitts-Nevis	61	-	74	-	153	37	288	613	-	-	613
St. Lucia	5	-	444	-	42	-	333	824	-392	10	442
St. Vincent & Grenadines	341	-	244	-	96	-	-	681	-	-	681
Trinidad and Tobago	107	-	68	-	52	-	-	228	-	30	258
Turks and Caicos Islands	1,210	-	2,458	-	152	-	198	4,017	-	-	4,017
Windward Islands	-	-	18	-	-	-	-	18	-	-	18
Caribbean Unallocated	44	-	3,768	-	323	810	-	4,945	-	2,823	7,768
Total Caribbean	4,509	8,340	21,533	-	12,147	8,799	11,413	66,740	7,882	20,088	94,709
America: South											
Argentine Republic	-	-	46	-	114	-	-	160	-	1	161
Bolivia	-	-	3,697	-	566	123	-	4,386	6,306	704	11,396
Brazil	-	-	6,238	-	1,247	-	-	7,485	-	400	7,885
Chile	-	-	986	-	42	13	-	1,041	-	-	1,041
Colombia	-	-	969	280	517	857	-	2,622	-	755	3,377
Ecuador	-	-	790	-	309	-	-	1,099	946	-	2,045
Paraguay	-	-	82	-	178	15	-	275	-	-	275

TABLE I: BILATERAL AID BY COUNTRY 1998/99

£000s

	Financial Aid (Excl ATP)							Total DFID Programme	Other Programmes		TOTAL GROSS PUBLIC EXPENDITURE
	Project or Sector Aid	Programme Aid	Technical Co-operation	Aid and Trade Provision	Grants and Other Aid in Kind	Humanitarian Assistance ¹	DFID Debt Relief ²		CDC Investments	Other ³	
Peru	-	-	2,268	-	1,038	26	334	3,666	57	155	3,878
Uruguay	-	-	75	-	183	-	-	259	-	-	259
Venezuela	-	-	-	-	184	-	-	184	-	57	241
Latin America Regional	-	-	157	-	-	696	-	853	-	29	883
Total South America	-	-	15,307	280	4,378	1,731	334	22,030	7,309	2,102	31,441
America Unallocated	-	-	854	-	461	-	-	1,315	-	-	1,315
Total America	4,509	8 340	42,318	577	19,196	13,759	12,027	100,726	32,829	22,311	155,866
Asia: Middle East											
Iran	-	-	-	-	-	33	-	33	-	367	401
Iraq ⁴	-	-	-	-	-	5,749	-	5,749	-	-	5,749
Israel	-	-	-	-	10	-	-	10	-	10	20
Jordan	313	-	3,505	198	221	51	1,883	6,172	-	-	6,172
Lebanon	-	-	-	-	156	72	-	228	-	-	228
Oman	-	-	-	-	64	-	-	64	-	-	64
Syria	-	-	0	-	119	-	-	119	-	-	119
West Bank and Gaza	5	-	4,474	-	670	94	-	5,243	-	-	5,243
Yemen	302	-	511	-	235	-	-	1,048	-	-	1,048
Middle East Unallocated	1	-	-	-	329	-	-	329	-	-	329
Total Asia Middle East	621	-	8,490	198	1,804	6,000	1,883	18 995	-	377	19,372
Asia: South											
Afghanistan	1,000	-	191	-	191	2,707	33	4,123	-	-	4,123
Bangladesh	16,510	-	22,317	2	14,753	15,904	433	69,918	-	-	69,918
Bhutan	-	-	-	-	14	-	-	14	-	-	14
Burma	10	-	18	-	482	285	-	795	-	-	795
India	38,243	-	44,598	-	9,323	111	-	92,275	21,565	25	113,865
Maldives	-	-	72	-	240	-	-	312	-	-	312
Nepal	2,517	-	11,558	-	3,134	-	-	17,209	-	-	17,209
Pakistan	4,076	-	15,422	433	3,320	780	1,148	25,180	1,761	1,667	28,608
Sri Lanka	28	-	5,087	123	1,176	1,250	167	7,831	-	-	7,831
Total Asia South	62,384	-	99,262	558	32,634	21,036	1,782	217,657	23,326	1,692	242,675
Asia: Far East											
Brunei	6	-	-	-	-	-	-	6	-	-	6
Cambodia	-	-	3,109	-	1,822	693	-	5,625	-	-	5,625
China	-	-	8,284	24,861	6,229	166	-	39,540	-	1	39,541
Hong Kong	-	-	1	-	-	-	-	1	-	-	1
Indonesia	109	-	8,015	17,267	223	-	-	25,614	-	-	25,614
Korea ROK (South)	-	-	-	-	-	306	-	306	-	-	306
Laos	-	-	11	-	532	-	3	546	-	-	546
Malaysia	381	-	582	-	5	-	-	969	-	-	969
Mongolia	-	-	89	-	380	-	-	470	-	8	477
Philippines	-	-	203	643	621	-	-	1,468	8,676	-	10,144
Singapore	79	-	55	-	-	-	-	133	-	-	133
Thailand	-	-	698	308	134	-	-	1,140	1,231	17	2,388
Vietnam	-	-	3,837	-	762	100	-	4,699	-	-	4,699
Total Asia Far East	575	-	24,885	43,079	10,709	1,265	3	80,516	9,907	26	90,449
Asia: Central Asian Republics											
Khazakstan	-	-	1,297	-	48	-	-	1,345	-	17	1,362
Kyrgyzstan	-	-	381	-	30	31	-	442	-	17	458
Tajikistan	-	-	64	-	39	629	-	732	-	708	1,440
Turkmenistan	-	-	164	-	31	-	-	194	-	28	222
Uzbekistan	-	-	551	-	41	-	-	592	-	-	592
Total Asia Central Asian Republics	-	-	2,457	-	189	660	-	3,305	-	769	4,075
Asia Unallocated	-	-	2,421	51	780	80	-	3,332	-	134	3,467
Total Asia	63,580	-	137,515	43,886	46,116	29,041	3,668	323,806	33,233	2,998	360,038
Europe											
Albania	-	-	589	-	35	19	-	643	-	-	643
Armenia	-	-	413	-	48	89	-	551	-	-	551
Azerbaijan	-	-	448	-	49	-	-	498	-	-	498
Belarus	-	-	415	-	57	-	-	472	-	-	472
Bosnia & Herzegovina	-	-	2,357	-	238	3	-	2,599	-	-	2,599

TABLE I: BILATERAL AID BY COUNTRY 1998/99

£000s

	Financial Aid (Excl ATP)				Grants and Other Aid in Kind	Humanitarian Assistance ¹	DFID Debt Relief ²	Total DFID Programme	Other Programmes		TOTAL GROSS PUBLIC EXPENDITURE
	Project or Sector Aid	Programme Aid	Technical Co-operation	Aid and Trade Provision					CDC Investments	Other ³	
Bulgaria	-	-	3,071	-	154	-	-	3,225	-	-	3,226
Croatia	-	-	629	-	171	-	-	800	-	-	800
Cyprus	14	-	231	-	85	-	-	330	-	50	380
Czech Republic	-	-	831	-	400	-	-	1,231	-	0	1,232
Estonia	-	-	135	-	76	-	-	212	-	-	212
Georgia	-	-	733	-	45	488	-	1,265	-	-	1,265
Gibraltar	-	-	28	-	-	-	-	28	-	75	103
Hungary	-	-	2,672	-	287	-	-	2,958	-	5	2,963
Latvia	-	-	121	-	61	-	-	182	-	3	184
Lithuania	-	-	140	-	86	-	-	227	-	-	227
Macedonia (FYR of)	-	-	481	-	70	1	-	552	-	-	552
Malta	4	-	123	-	20	-	-	146	-	-	146
Moldova	-	-	795	-	30	-	-	825	-	-	825
Poland	-	-	8,051	-	1,169	-	-	9,220	-	0	9,221
Romania	-	-	4,017	-	107	-	-	4,124	-	18	4,142
Russian Federation	-	-	28,880	-	1,027	1,272	-	31,179	-	55	31,234
Serbia & Montenegro (including Kosovo)	-	-	41	-	-	4,466	-	4,507	-	1	4,508
Slovakia	-	-	2,261	-	316	-	-	2,577	-	-	2,577
Slovenia	-	-	40	-	3	-	-	43	-	21	64
States of ex-Yugoslavia	-	-	342	-	96	-	-	438	-	-	438
Turkey	-	-	553	3,527	19	-	-	4,098	-	4	4,102
Ukraine	-	-	8,437	-	307	-	-	8,744	-	6	8,750
Europe Unallocated	-	-	2,052	-	1,829	600	-	4,481	-	428	4,909
Total Europe	17	-	68,887	3,527	6,784	6,939	-	86,155	-	668	86,823
TOTAL ALL COUNTRIES⁵	117,594	134,306	503,878	57,149	186,287	116,429	24,043	1,175,605	159,250	87,147	1,386,083
Africa	48,873	125,966	157,818	9,109	58,057	47,167	7,988	454,978	77,878	47,544	580,400
of which:											
South of Sahara	48,873	125,966	145,476	9,109	53,853	46,791	7,582	437,649	77,878	47,537	563,064
America	4,509	8,340	42,318	577	19,196	13,759	12,027	100,726	32,829	22,311	155,866
Asia	63,580	-	137,515	43,886	46,116	29,041	3,668	323,806	33,233	2,998	360,038
Europe	17	-	68,887	3,527	6,784	6,939	-	86,155	-	668	86,823
Pacific ⁶	562	-	3,183	-	692	178	360	4,975	15,310	-	20,285
World Unallocated ⁷	53	-	94,156	52	55,443	19,344	-	169,048	-	13,626	182,673
Exchequer Advances to the CDC	-	-	-	-	-	-	-	35,919	-	-	-
Total Developing Countries⁵	117,495	134,306	441,640	57,149	180,228	114,553	24,043	1,105,334	159,250	86,570	1,315,236
Commonwealth	112,303	124,306	244,420	9,666	86,072	39,351	20,776	636,894	113,335	56,161	806,390
of which:											
Dependencies	3,635	13,186	12,356	-	10,870	7,704	198	47,949	-	130	48,079
SPA Countries	42,080	121,070	95,381	3,145	32,622	18,690	6,986	319,974	59,454	46,488	425,916

¹ Humanitarian Assistance includes disaster relief, emergency food aid, short term refugee relief and disaster preparedness.

² This comprises both interest and principal foregone under Retrospective Terms Adjustment. Amounts reported are repayments which would have fallen due each year.

³ This is mainly non-DFID debt relief, but also includes small amounts of drug related assistance funded by the Home Office and the FCO.

⁴ There is no aid to the government of Iraq. The amounts recorded as flows to Iraq are humanitarian assistance provided through UN agencies and NGOs for Iraqi citizens.

⁵ CDC Exchequer Advances are included in Total DFID Programme. However, this internal UK DFID to CDC flow is excluded from Gross Public Expenditure.

⁶ No country breakdown is available for the Pacific region as all expenditure is regional.

⁷ "World Unallocated" comprises block grants to the British Council, VSO, NGOs, Research Institutions and Commonwealth Organisations based in the UK, and some ATP Technical Co-operation.

TABLE 2: GROSS PUBLIC EXPENDITURE ON MULTILATERAL CONTRIBUTIONS 1996/97 TO 1998/99
£000s

	1996/97		1997/98		1998/99		TOTAL
	DFID Programme	Other Govt Departments	DFID Programme	Other Govt Departments	DFID Programme	Other Govt Departments	
European Community¹							
European Development Fund	150,832	-	136,857	-	212,997	-	212,997
European Commission National Experts ²	679	-	802	-	892	-	892
European Investment Bank	4,074	-	2,483	-	2,798	-	2,798
EC Attribution	464,242	16,591	403,120	14,025	489,642	18,179	507,821
of which:							
Asian and Latin American Countries	58,552	-	49,190	-	55,342	-	55,342
Mediterranean Associates	45,037	-	42,080	-	50,287	-	50,287
Food Aid ³	54,236	-	42,670	-	40,788	-	40,788
Disaster Relief	72,571	-	69,620	-	59,891	-	59,891
Phare/Tacis (developing countries)	21,723	-	24,320	-	41,917	-	41,917
Phare/Tacis (other countries)	130,189	-	97,290	-	151,743	-	151,743
Other	81,934	16,591	77,950	14,025	89,674	18,179	107,853
Total European Community	619,827	16,591	543,262	14,025	706,329	18,179	724,508
of which developing countries	469,157	11,864	425,400	10,364	535,828	11,826	547,654
World Bank Group							
International Development Association	167,240	-	189,630	-	180,860	-	180,860
International Bank for Reconstruction and Development (IBRD)	-	-	-	-	2,570	-	2,570
International Finance Corporation	7,090	-	183	-	183	-	183
World Bank Group Technical Co-operation	68	-	37	-	1,641	-	1,641
Total World Bank Group	174,398	-	189,850	-	185,254	-	185,254
IMF Structural Adjustment Facility	20,000	-	20,000	-	18,000	-	18,000
Global Environmental Assistance⁴	14,516	123	16,431	127	15,186	134	15,320
Regional Development Banks							
African Development Bank	71	-	34	-	102	-	102
African Development Fund	14,577	-	17,152	-	19,093	-	19,093
Asian Development Bank	236	-	1	-	134	-	134
Asian Development Fund	25,489	-	32,169	-	31,939	-	31,939
Caribbean Development Bank (CDB)	-	-	-	-	-	-	-
CDB Special Development Fund	-	-	538	-	2,113	-	2,113
Inter- American Development Bank (IADB)	1,092	-	792	-	987	-	987
IADB Fund for Special Operations	3,736	-	3,736	-	3,736	-	3,736
European Bank for Reconstruction and Development (EBRD)	13,630	-	5,988	-	8,191	-	8,191
Total Regional Development Banks	58,833	-	60,411	-	66,295	-	66,295
Commonwealth							
Commonwealth Science Council	279	-	289	-	268	-	268
Commonwealth Youth Programme	700	-	661	-	698	-	698
Commonwealth Fund for Technical Co-operation	5,849	-	5,478	-	5,669	-	5,669
Commonwealth Foundation	218	634	274	668	222	667	889
Pacific Community	-	112	-	10	-	10	10
Other Commonwealth	348	-	904	-	327	-	327
Total Commonwealth	7,395	746	7,605	678	7,184	677	7,861
UN Agencies⁵							
Food and Agriculture Organisation ⁶	5,705	-	5,855	-	5,274	-	5,274
International Fund for Agricultural Development (IFAD)	1,924	-	2,684	-	2,155	-	2,155
International Atomic Energy Authority	-	2,205	-	2,250	-	2,601	2,601
International Labour Organisation	-	1,387	-	1,115	752	1,134	1,886
UN Agency for Palestinian Refugees (UNRWA)	8,140	-	10,067	-	3,371	-	3,371
UN Childrens Fund (UNICEF)-							
General Resources	9,000	-	8,000	-	10,000	-	10,000
Special Appeals	3,800	-	-	-	-	-	-
Other	1,047	-	1,241	-	461	-	461
UN Department of Humanitarian Affairs	249	-	173	-	2,100	-	2,100
UN Development Programme	29,000	-	22,602	-	30,850	-	30,850
UN Drugs Programmes ⁷	15	2,888	15	3,050	5	1,704	1,709
UN AIDS	3,500	-	2,300	-	2,750	-	2,750
UN Environment Programme	-	4,500	-	4,500	-	4,500	4,500
UNESCO ⁸	-	-	3,956	-	2,817	-	2,817
UN High Commission for Refugees (UNHCR)	5,000	-	10,000	-	10,003	-	10,003
UN Industrial Development Organisation	41	-	6,853	-	3,114	-	3,114
UN Population Fund	10,000	-	11,500	-	13,120	-	13,120

TABLE 2: GROSS PUBLIC EXPENDITURE ON MULTILATERAL CONTRIBUTIONS 1996/97 TO 1998/99
(continued) £000s

	1996/97		1997/98		1998/99		TOTAL
	DFID Programme	Other Govt Departments	DFID Programme	Other Govt Departments	DFID Programme	Other Govt Departments	
UN Regular Budget	-	4,538	-	4,098	-	3,680	3,680
World Food Programme: Food Aid ²	9,675	-	15,775	-	10,057	-	10,057
World Health Organisation (WHO)	11,819	11,187	12,099	10,655	8,091	9,720	17,811
World Meteorological Organisation	-	47	-	47	-	69	69
Other	4,333	885	1,835	609	1,616	1,319	2,935
Total UN Agencies	103,248	27,637	114,955	26,324	106,536	24,727	131,263
International Research Organisations							
Consultative Group on International Agricultural Research (CGIAR)	7,358	-	5,342	-	6,720	-	6,720
of which:							
Int Centre for Agricultural Research in the Dry Areas	574	-	270	-	450	-	450
Int Centre for Living Aquatic Resources Management	100	-	100	-	300	-	300
Int Centre for Tropical Agriculture	568	-	382	-	629	-	629
Int Crop Research Inst. for the Semi-Arid Tropics	994	-	626	-	902	-	902
Int Food Policy Research Institute	237	-	190	-	121	-	121
Int Institute for Tropical Agriculture	550	-	321	-	469	-	469
Int Irrigation Management Institute	51	-	47	-	88	-	88
Int Livestock Research Institute	675	-	632	-	792	-	792
Int Maize and Wheat Improvement Centre	619	-	564	-	510	-	510
Int Plant Genetics Resources Institute	613	-	610	-	831	-	831
Int Potato Centre	424	-	421	-	387	-	387
Int Rice Research Institute	1,108	-	653	-	852	-	852
Int Service for National Agriculture Research	100	-	70	-	94	-	94
West Africa Rice Development Association	263	-	315	-	222	-	222
Other CGIAR	482	-	140	-	73	-	73
Other International Research Organisations							
CAB International	80	220	65	226	107	233	340
Int Centre for Dev. Orientated Research in Agriculture	115	-	115	-	115	-	115
Other International Research	94	-	218	-	315	-	315
Total International Research Organisations	7,647	220	5,740	226	7,258	233	7,491
TOTAL MULTILATERAL CONTRIBUTIONS	1,005,865	45,317	958,254	41,380	1,112,042	43,950	1,155,992
Memo - contributions from DFID voted funds which are not reportable to DAC and so excluded from above:							
Food and Agriculture Organisation	5,100		5,234		4,714		
UNESCO	-		11,867		8,450		
Global Environmental Assistance	1,901		2,274		-		

¹ EC Attribution data for 1998/99 are provisional subject to the Court of Auditors report.

² Formerly EC Technical Co-operation, but renamed as used entirely for funding of national experts working for EC.

³ EC Food Aid includes only regular provisions. Emergency food aid is included indistinguishably in the Disaster Relief figures.

⁴ From 1994/95 - 1997/98, this comprised 84% of the UK's contribution to the Global Environment Facility and 100% of contributions to the Montreal Protocol. These amounts were defined by DAC as official development assistance. See memo items at the end of this table for the non-aid elements. From 1998/99, all contributions count as aid.

⁵ DFID uses certain UN Agencies as a means of delivering emergency assistance to individual countries. This is shown in more detail in Table 4.

⁶ This includes only contributions to the FAO which are counted as aid. See memo items at the end of this table for non-aid elements.

⁷ As DFID has influence over the destination of some payments to the UNDCP these are counted as bilateral aid and included in Table 1.

⁸ This includes only contributions to UNESCO which are counted as aid. See memo items at the end of this table for non-aid elements.

⁹ This is the regular programme of food aid and includes contributions to the Immediate Response Account (IRA).

TABLE 3: DFID PROGRAMME: BILATERAL TECHNICAL CO-OPERATION¹ 1996/97 TO 1998/99 £000s

	1996/97	1997/98	1998/99
PERSONNEL			
Consultancies	153,749	186,138	199,002
of which:			
developing countries ²	108,162	133,829	151,741
Other Personnel	98,525	105,016	96,665
Wholly Funded	96,873	102,694	96,303
Long Term	86,699	92,085	85,635
Short Term	10,175	10,609	10,668
Supplemented	1,652	2,321	361
Long Term	173	159	45
Short Term	1,479	2,162	316
Volunteers	27,486	25,030	26,089
TOTAL PERSONNEL	279,760	316,184	321,755
TRAINING AND SCHOLARSHIPS			
Training through Country Programmes	23,161	12,330	7,845
Commonwealth Scholar/Fellowship Plan	10,473	9,730	9,000
World University Services	136	23	-
British Chevening Fellowships	12,200	12,470	11,459
DFID Shared Scholarship Scheme	1,869	1,446	2,581
Other	45,357	36,076	24,502
TOTAL TRAINING AND SCHOLARSHIPS	93,196	72,074	55,388
KNOWLEDGE AND RESEARCH			
Agriculture, Forestry and Fishing	34,511	34,689	20,378
Energy	212	134	13
Engineering ³	7,597	11,660	11,951
Health	14,952	11,413	14,999
Economic & Social	5,537	6,300	10,103
of which:			
Institute of Dev Studies	2,383	2,250	2,100
Education	288	963	1,629
Other	3,611	9,939	17,032
TOTAL KNOWLEDGE AND RESEARCH	66,708	75,098	76,106
UNALLOCATED	30,243	34,882	53,077
TOTAL TECHNICAL CO-OPERATION	469,906	498,238	506,326

¹ Includes ATP technical co-operation.

² This includes all countries defined as developing by DAC i.e. those on Part I of the DAC List of recipient countries.

³ This comprises: Water resources, Energy Efficiency, Geo Science and Urbanisation and Transport.

**TABLE 3A: DFID PROGRAMME: BILATERAL GRANTS AND OTHER AID IN KIND
1996/97 TO 1998/99**

£000s

	1996/97	1997/98	1998/99
GRANTS			
Joint Funding Scheme (JFS)	42,494	38,132	36,746
Block Grants	13,505	10,676	11,209
Accountable Grants	28,559	26,940	24,792
JFS Administration	431	515	745
Other NGOs	43,160	33,162	13,105
National ¹	30,552	18,916	7,220
International Planned Parenthood Federation	7,850	5,850	5,500
Other international	373	6,876	18
Non Emergency Special Appeals	4,385	1,520	366
British Council Grants	34,739	32,479	32,621
Other UK Bodies	2,783	4,249	740
TOTAL GRANTS	123,177	108,022	83,212
Small Grants Scheme	14,674	15,605	16,218
Other Aid in Kind			
Equipment	34,702	23,728	36,963
Books and Journals	824	753	77
Low Priced Books Scheme	224	157	286
TOTAL Other Aid in Kind	35,751	24,638	37,326
MISCELLANEOUS			
Surveys	465	6,621	90
Development Awareness	1,388	1,191	1,746
TOTAL MISCELLANEOUS	1,853	7,813	1,836
UNALLOCATED	6,178	11,491	47,695
TOTAL GRANTS AND OTHER AID IN KIND	181,632	167,568	186,287

¹ Mainly UK registered organisations, but also including Southern NGOs, and specific contributions to UN agencies.

TABLE 4: HUMANITARIAN ASSISTANCE¹ 1996/97 TO 1998/99

£000s

	1996/97	1997/98	1998/99
BILATERAL			
Food Aid ²	16,236	7,694	31,595
Disaster Relief ³	89,253	66,920	70,758
Refugee Relief	12,153	13,543	9,384
Disaster Preparedness	4,200	5,468	4,691
Total Bilateral Humanitarian Assistance	121,842	93,627	116,429
MULTILATERAL			
UNITED NATIONS			
UN High Commission for Refugees	5,000	10,000	10,003
UN Agency for Palestinian Refugees (UNRWA)	8,140	10,067	3,371
UN Department of Humanitarian Affairs	249	173	2,100
TOTAL UN Humanitarian Assistance	13,389	20,240	15,474
EUROPEAN COMMUNITY			
EC Food Aid (Emergency Provision) ⁴	n/a	n/a	n/a
EC Disaster Relief ⁴	63,018	66,955	59,891
EC Refugee Relief ⁴	9,553	2,665	n/a
EDF - Emergency and Refugee Allocation	4,159	1,842	2,176
TOTAL EC Humanitarian Assistance	76,730	71,462	62,067
Total Multilateral Humanitarian Assistance	90,119	91,702	77,541
Total Humanitarian Assistance	211,961	185,330	193,970

¹ Humanitarian assistance includes disaster relief, emergency food aid, short term refugee relief and disaster preparedness.

² DFID channels assistance through the World Food Programme and NGOs as a means of providing emergency food aid. These amounts are recorded as bilateral food aid as DFID has control over the decision to provide such food aid to a particular destination. Regular non-emergency provisions of food are not included in this table.

³ DFID provides funding to certain UN Agencies for their humanitarian assistance programmes in individual countries. These amounts are recorded as bilateral disaster relief as DFID has influence over the use and destination of the funds.

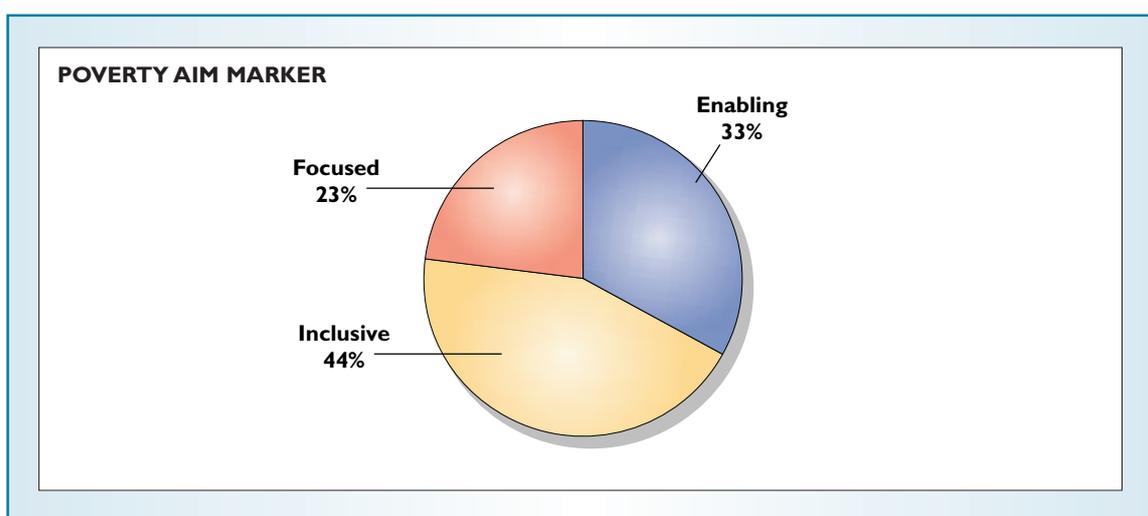
⁴ The emergency element of EC Food Aid is indistinguishably included in the figures for EC Disaster Relief. EC Refugee Relief was separately identifiable until 1997/98, but since then is also included in the Disaster Relief total.

**TABLE 5: NEW PIMS MARKED BILATERAL COMMITMENTS¹ 1998/99
POVERTY AIM MARKER BY REGION**

	Africa		America		Asia		Europe		Non region Specific		Total	
	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%
POVERTY AIM MARKER												
Enabling actions which support the policies and context for poverty reduction and elimination	213.1	39	11.5	44	151.4	24	11.0	45	39.4	47	426.4	33
Inclusive broad-based actions which improve opportunities and services generally, and also address issues of equity and barriers to participation of poor people	263.0	48	10.0	38	280.2	45	9.4	39	15.9	19	578.5	44
Actions focused predominantly on the rights, interests and need of poor people	76.3	14	4.5	17	186.9	30	4.0	16	28.5	34	300.2	34
Total by Region	552.4		26.0		618.5		24.4		83.8		1305.1	

¹ Includes 1998/99 new projects/programmes of £100,000 and over and older projects/programmes where increased commitment meant that they became eligible for marking during 1998/99.

**FIGURE 1: NEW PIMS MARKED BILATERAL COMMITMENTS 1998/99¹
POVERTY AIM MARKER**



¹ Includes 1998/99 new projects/programmes of £100,000 and over and older projects/programmes where increased commitment meant that they became eligible for marking during 1998/99.

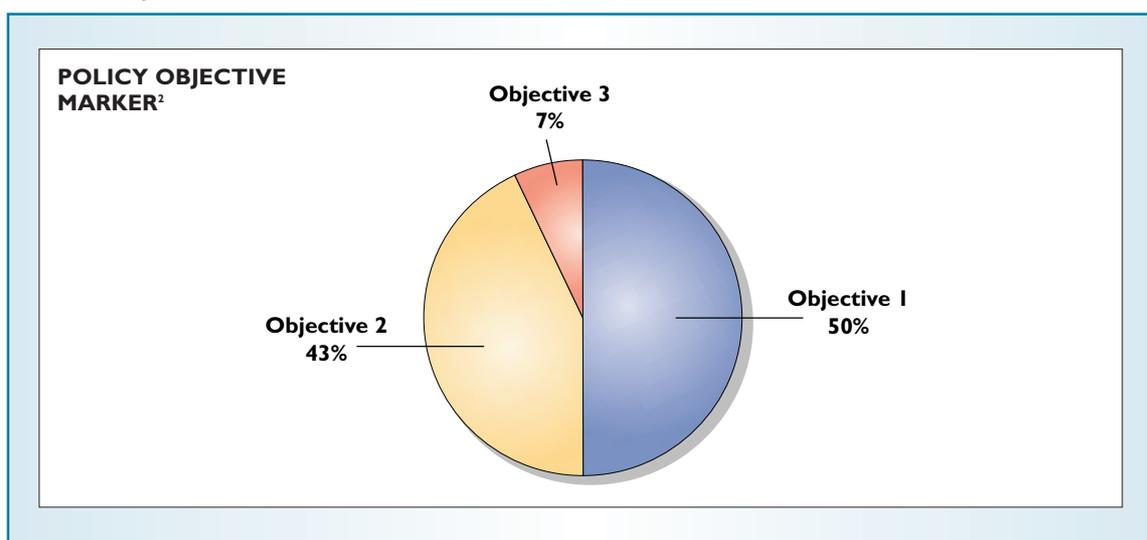
**TABLE 6: NEW PIMS MARKED BILATERAL COMMITMENTS¹ 1998/99
POLICY OBJECTIVE MARKER BY REGION**

	Africa		America		Asia		Europe		Non region Specific		Total	
	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%
POLICY OBJECTIVE MARKER²												
Policies and actions which promote sustainable livelihoods	259.6	47	9.0	35	340.4	55	17.4	71	31.8	38	658.2	50
Better education, health and opportunities for poor people	271.4	49	7.2	28	261.1	42	4.4	18	15.2	18	559.3	43
Protection and better management of the natural and physical environment	21.4	4	9.8	38	17.0	3	2.6	11	36.8	44	87.6	7
Total by Region	552.4		26.0		618.5		24.4		83.8		1305.1	

¹ Includes 1998/99 new projects/programmes of £100,000 and over and older projects/programmes where increased commitment meant that they became eligible for marking during 1998/99.

² Sustainable rural livelihood approaches which aim to improve the well being of poor people are captured under objective 1 and incorporate actions that protect environmental resources (objective 3).

**FIGURE 2: NEW PIMS MARKED BILATERAL COMMITMENTS 1998/99¹
POLICY OBJECTIVE MARKER**



¹ Includes 1998/99 new projects/programmes of £100,000 and over and older projects/programmes where increased commitment meant that they became eligible for marking during 1998/99.

² Sustainable rural livelihood approaches which aim to improve the well being of poor people are captured under objective 1 and incorporate actions that protect environmental resources (objective 3).

FIGURE 3: DFID PROGRAMME 1998/99, BILATERAL AID TO DEVELOPING COUNTRIES ONLY (EXCLUDING HUMANITARIAN ASSISTANCE) BY INCOME GROUP

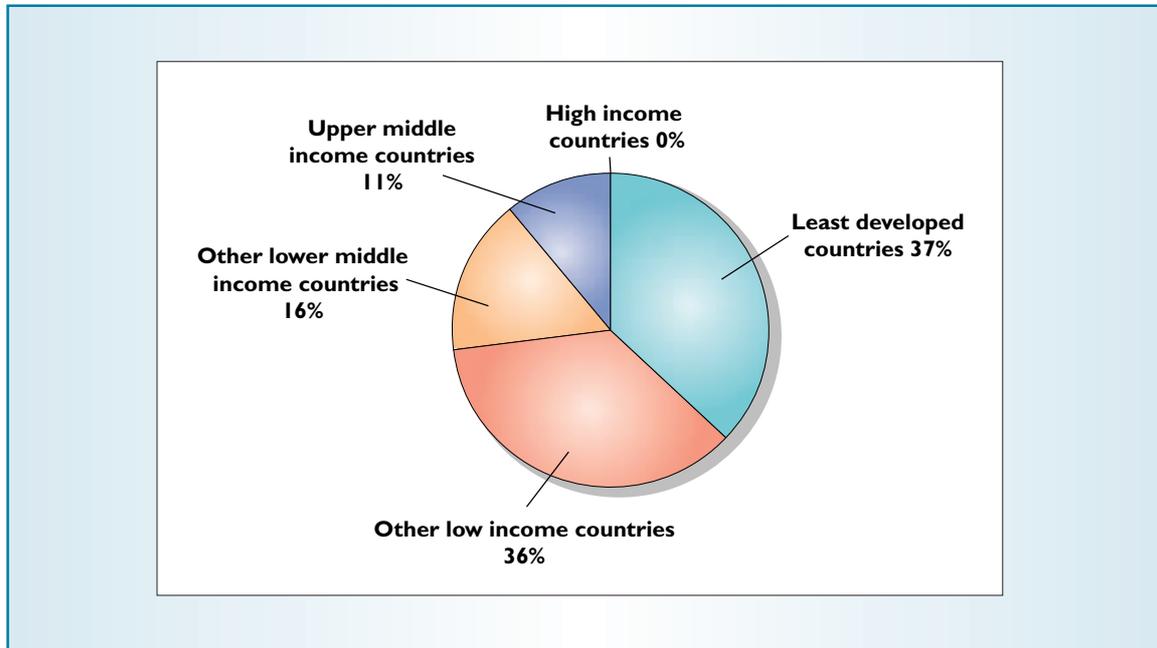


FIGURE 4: DFID PROGRAMME 1998/99, BILATERAL AID BY REGION

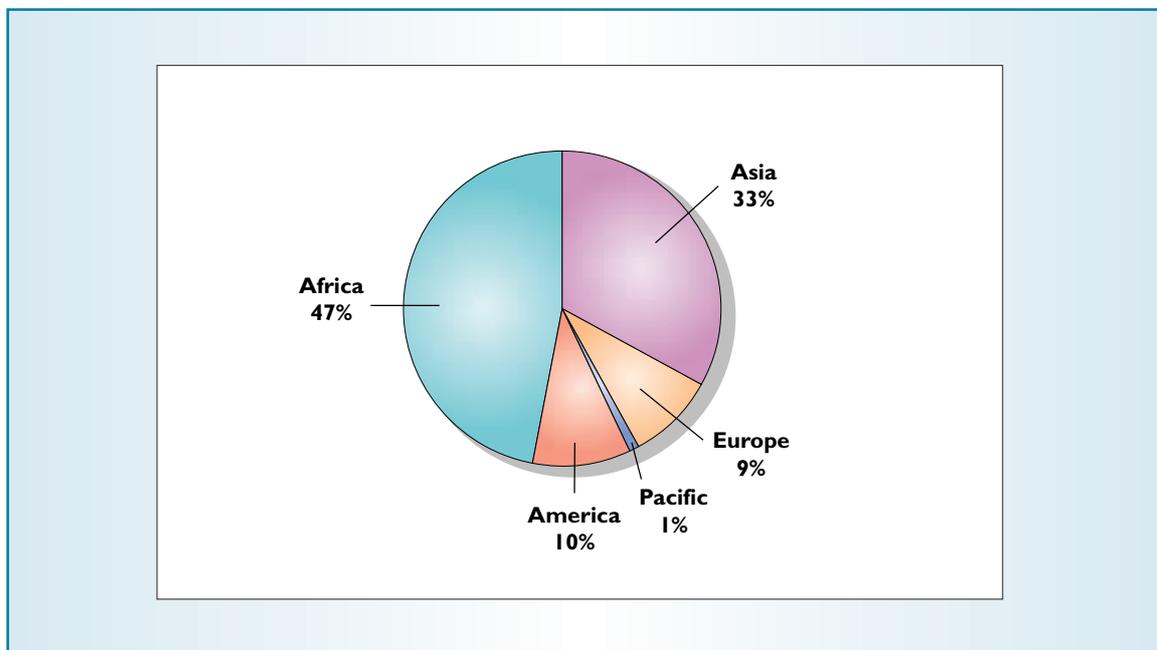


FIGURE 5: DFID PROGRAMME 1998/99, BILATERAL AID BY FORM OF AID

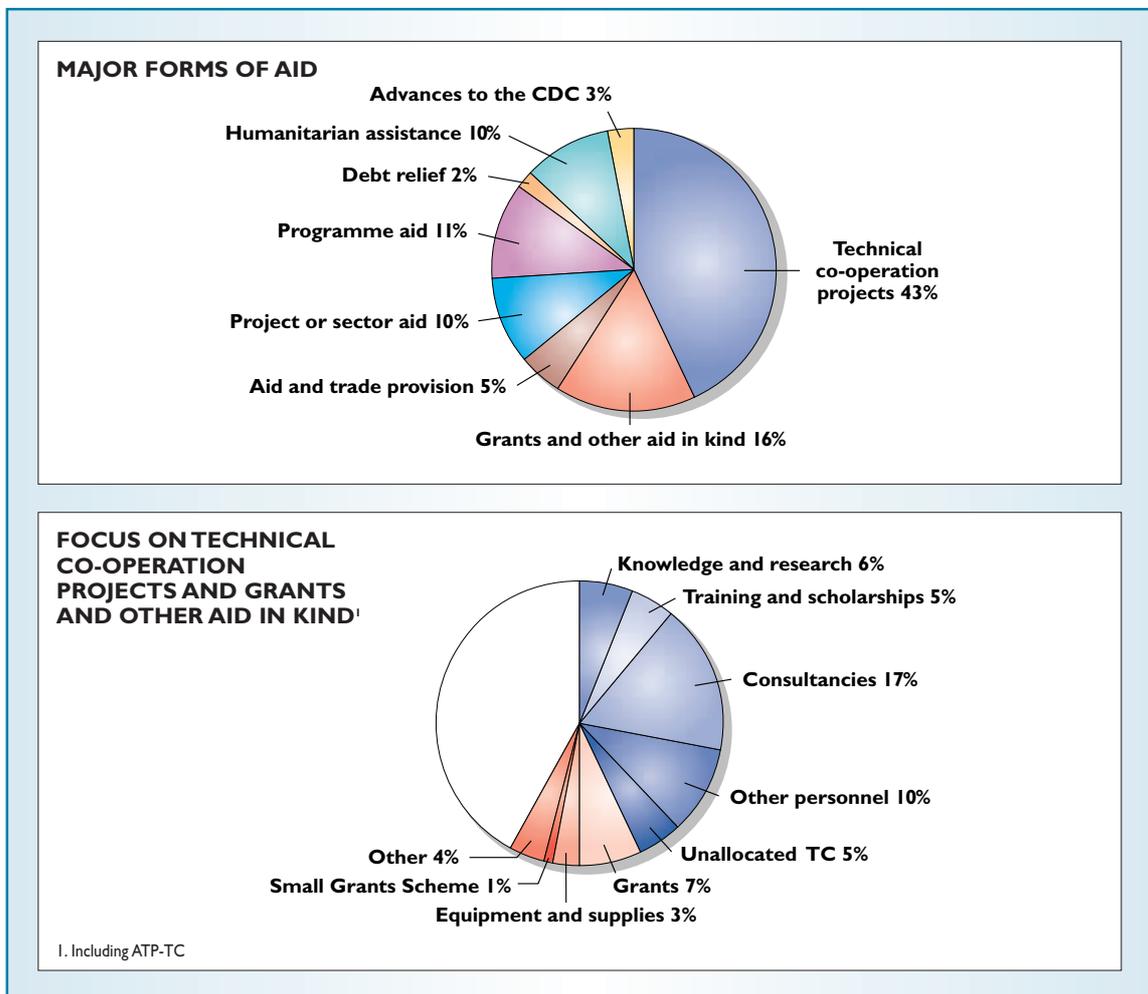
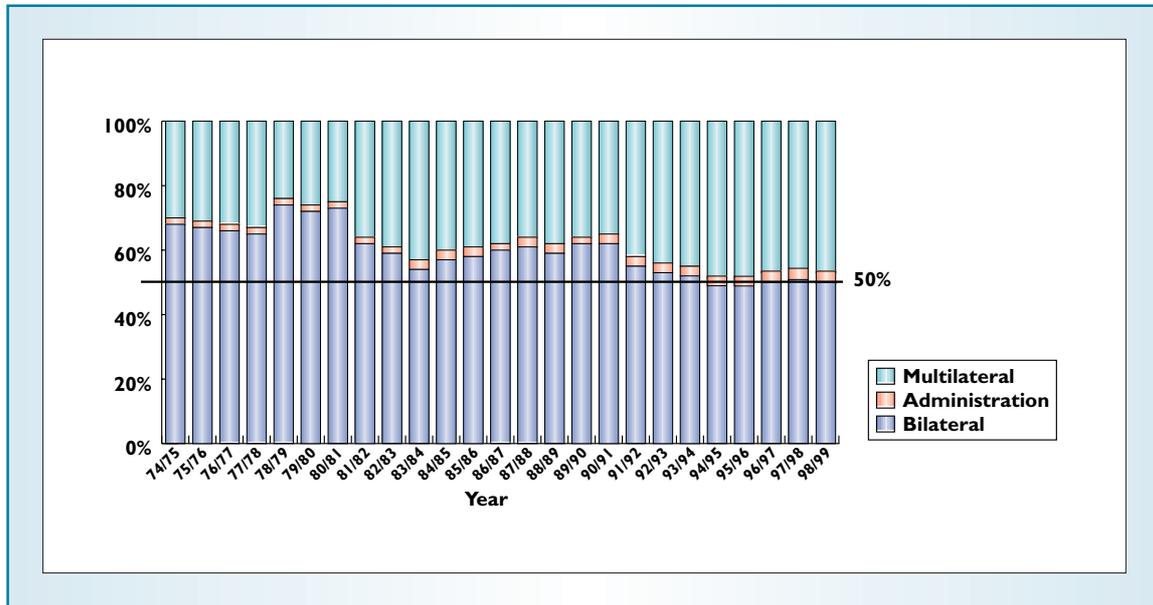


FIGURE 6: BILATERAL AND MULTILATERAL ASSISTANCE AS A PERCENTAGE OF DFID PROGRAMMES 1974/75 - 1998/99



Annex 3

Liabilities

DFID has a number of liabilities, some of which should accrue at a future date in accordance with agreed schedules and providing the qualifying criteria is met. Some of the payment schedules relating to such liabilities can be set for several years ahead and it is not

unusual for the schedules to be altered during the period or for the qualification criteria to be questioned. Other liabilities are regarded as contingent because they are unlikely to accrue. DFID's policy under resource accounting is to record both of these types of liabilities in the notes to the balance sheet. The tables below identify each type.

TABLE 1: LIABILITIES ACCRUING OVER SEVERAL YEARS

	Promisory notes £m	Others £m	£m Total
African Development Fund	105.5	0	105.5
Asian Development Fund	105.3	33.5	138.8
Caribbean Development Bank	1.3	0	1.3
Caribbean Development Bank Special Development Fund	16.4	2.6	19.0
European Bank for Reconstruction and Development	7.6	119.8	127.5
Inter-American Development Bank	1.0	1.0	2.0
Inter-American Development Bank Fund for special operations	2.6	56	2.6
International Bank for Reconstruction and Development Global Environment Trust Funds	85.3	63.9	149.2
International Bank for Reconstruction and Development Montreal Protocol Multilateral Fund	8.9	0	8.9
International Development Association	612.3	0	612.3
International Fund for Agricultural Development	16.5	4.5	21.0
United Nations Environment Programme	0	6.0	6.0
Miscellaneous pledges	0	0.1	0.1
Sub Total	963.1	231.7	1,194.8

TABLE 2: CONTINGENT LIABILITIES

	£m
The UK's share of the callable capital of the International Bank for Reconstruction and Development	4,834.6
The UK's share of the callable capital of international financial institutions and HM Government guarantees to those institutions in respect of UK loans made to dependent territories	2,110.6
The UK's share of the guarantees provided collectively by European Union Member States in respect of European Investment Bank (EIB) lending and national guarantees on EIB lending in relation to UK dependencies	352.1
The Sterling Safeguard scheme to protect the value of pensions for overseas civil servants in Hong Kong and the dependent territories	107.0
For certain non-departmental public bodies	53.3
Tax indemnities, under Aid and Trade Provision soft loan financing arrangements which are callable only if the Inland Revenue remove concessions	21.0
Indemnities to Natural Resources Institute	unquantifiable
Maintenance value of the capital stock of International Bank for Reconstruction and Development and some of the Regional Development Banks	unquantifiable
A guarantee issued to a company operating on a capital aid project to meet the costs of certain dispute claims	3.0
Total	7,481.6

Publications

This Annex provides:

- a list of the main DFID publications;
 - a list of other publications referred to in the Report.
- All are published by DFID unless otherwise stated.

DFID Publications

DFID produces a wide range of publications, aimed at both general and specialist audiences. In addition DFID publishes a number of technical and professional reports and speeches by the Secretary of State. All are free unless otherwise indicated. Further details are

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We also run a Public Enquiry Point to act as a central access point to the Department. Telephone access is via a local call rate number: 0845 3004100 (+44 1355 84 3132 for overseas callers). The enquiry point can also be contacted by e-mail (enquiry@dfid.gov.uk) and fax (+44 1355 84 3632). Postal enquiries should be sent via the DFID Library address above.

White Paper

1. Eliminating World Poverty: A Challenge for the 21st Century – White Paper on International Development (full version)
published by The Stationery Office (TSO)
ISBN 0-10-137892-0
1997 82 pages £9.85
Also available in: French (ISBN 1-86192-0962)
direct from DFID

White Paper Summary

2. Eliminating World Poverty: A Challenge for the 21st Century – A Summary of the White Paper on International Development
ISBN 1-86192-001-6
1997 21 pages
Also available in: Hindi, Urdu, Bengali, Punjabi, Chinese, Gujarati.

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Comprehensive Spending Review (Cm 4011)
by HM Treasury
published by The Stationery Office (TSO)
ISBN 0-10140-112-4
July 1998 119 pages
111. Modernising Government (Cm 4310)
by the Cabinet Office
published by The Stationery Office (TSO)
ISBN 0-10-143102-3
March 1999 68 pages
112. Partnership for Progress and Prosperity:
Britain and the Overseas Territories
published by the Foreign and Commonwealth Office
ISBN 0-10-142642-9
March 1999 72 pages
113. Poverty Trends and Voices of the Poor
[Available on:
www.worldbank.org/poverty/data/trends]
published by The World Bank
September 1999

114. Professional Policy-Making for the 21st Century
published by the Cabinet Office
September 1999 78 pages
115. Public Services for the Future: Modernisation,
Reform, Accountability (Cm 4181)
by HM Treasury
published by The Stationery Office (TSO)
December 1998 176 pages
116. Tackling Drugs to Build a Better Britain (Cm 3945)
by the Cabinet Office
published by The Stationery Office (TSO)
ISBN 0011394527
April 1998 36 pages
117. World Bank Annual Report: 1999
by the World Bank
ISBN 0-8213-4353-X
2000 352 pages
118. World Development Report: 1990
by the World Bank
ISBN 0-19-520851-X
June 1990

Glossary

Administrative Costs

DFID administrative costs include the running costs of DFID HQ, overseas costs of staff in agreed diplomatic posts concerned with full time aid administration, expenditure in respect of residual rent liability on the Chatham Maritime site and those elements of Foreign and Commonwealth Office and Commonwealth Development Corporation administration costs which are related to aid delivery.

Aid and Trade Provision

Aid and Trade Provision was an allocation of bilateral aid funds to finance development projects which were also of commercial and industrial importance. It was in the form of either mixed credits, where grant funds were associated with the export credits guaranteed by Export Credits Guarantee Department, or soft loans, where the Aid and Trade Provision grant enabled banks to provide long term loans at below market interest rates. The Aid and Trade Provision scheme was closed for new projects in November 1997.

Aid Untying

The ending of the practice of most donors to insist that aid is spent on goods and services from the donor country in favour of giving unrestricted access to those who can compete best on price, quality and service. See 5.20.

Annually Managed Expenditure

Programme expenditure where the level of commitment is not controlled by DFID.

Appropriations in Aid

Money received by a Government Department which it is authorised (by Parliament) to retain to offset related expenditure in the current financial year.

Attribution of European Community (EC)

Budgetary Spending

Development assistance provided through the EC regular budget is attributed to European Union Member States. Such aid mainly covers the countries of Asia, Latin America, Mediterranean, South Africa, Eastern Europe and Central Asia; food aid; humanitarian aid; and assistance provided through non-governmental organisations. Most of the UK's share of EC expenditure for developing countries is attributed to DFID and forms part of its expenditure.

Bilateral Aid

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

Budgetary Aid

Budgetary aid is general financial assistance given in certain cases to dependent territories to cover a recurrent budget deficit. It is currently provided only to Montserrat and St. Helena.

Call down contracts

A call down contract must be issued for each assignment under the covering enabling agreement.

Civil Society Challenge Fund

A DFID scheme which aims to enhance the Department's contacts with civil society in the UK in order to strengthen civil society overseas. It replaces the Joint Funding Scheme. See 5.34.

Comprehensive Spending Review

A fundamental re-evaluation of priorities, objectives and targets by the UK Government, which establishes a three-year planning cycle, including spending plans, for all departments. The current cycle runs from 1999/2000 - 2001/02, the last year of which will be the first year of the next (2000) Expenditure review, i.e. 2001/02 - 2003/04.

Concessional Resources

Development assistance with a grant element normally greater than 35%.

Core Labour Standards

A set of labour standards which are very widely recognised to be of particular importance. They are the elimination of child labour exploitation, the prohibition of forced labour, freedom of association, the right to organise and bargain collectively, and non-discrimination in employment.

Current (cash) prices

All figures in the Departmental Report apart from Box d are expressed in current (cash) prices. These are not adjusted for inflation.

Debt Relief

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

a. **Debt cancellation** (or Retrospective Terms Adjustment) is relief from the burden of repaying both the principal and interest on past loans.

b. **Debt rescheduling** is a form of relief by which the dates on which principal or interest payments are due are delayed or re-arranged.

c. Official bilateral debts are re-organised in the Paris Club of official bilateral creditors, in which the UK plays its full part. The Paris Club has devised increasing generous arrangements for reducing and rescheduling the debt of the poorest countries; most recently agreeing new terms for the enhanced Heavily Indebted Poor Countries Initiative.

Departmental Expenditure Limit

Predictable programme expenditure for which DFID is responsible for managing and controlling the level of commitment.

Developing Countries (see Development Assistance Committee: List of Aid Recipients below)

Development Assistance Committee

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

Development Assistance Committee: List of Aid Recipients

This list is in two parts. Part I shows developing countries and territories eligible to receive official development assistance. Part II shows countries and territories eligible to receive official aid. The list is designed for statistical purposes and not as guidance for aid or other preferential treatment.

Part I: Developing Countries and Territories

The list comprises all countries and territories: in Africa; in America except the United States, Canada, Bahamas, Bermuda, Cayman Islands and Falkland Islands; in Asia except Japan, Brunei, Hong Kong, Israel, Kuwait, Qatar, Singapore, Taiwan and United Arab Emirates; in the Pacific except Australia and New Zealand; plus Albania, Armenia, Azerbaijan, Georgia, Gibraltar, Malta, Moldova, Turkey and the states of ex-Yugoslavia in Europe.

Part II: Countries and Territories in Transition

The list comprises Belarus, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Slovakia and Ukraine, plus the more advanced developing countries which have moved from Part I of the List, namely Bahamas, Bermuda, Brunei, Cayman Islands, Cyprus, Falkland Islands, Hong Kong, Israel, Kuwait, Qatar, Singapore, Taiwan and United Arab Emirates. Note that Moldova moved to Part I of the List on 1 January 1997.

Development Council

The EU's Council of Development Ministers.

DFID Programmes

DFID is responsible for two external assistance programmes: the overseas aid budget and global environmental assistance.

Enabling agreements

An "umbrella" agreement used to engage consultants. DFID can call on the services of particular consultants using previously agreed personnel, terms and conditions and fee rates. There is no commitment on DFID's part to use the services.

European Community

The 15 member states and the common institutions, notably the European Commission, co-operating on a range of economic and other issues in supra-national integration.

European Development Fund

The European Development Fund is the main route through which funds committed under the Lomé Convention are channelled.

European Financial Experts Network

A network of experts, established in the aftermath of the Asia Financial Crisis, who are available to provide advice for countries seeking technical assistance for economic and financial reform.

European Union

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

Financial Aid

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

Grant in Aid

A form of grant which cannot be accounted for in detail by the recipient because of the nature of the service being supported. Normally given when the service is being financed from more than one source. Budgetary aid is an example.

Grants and other Aid in Kind

This covers:

- a. Support to the development work of UK and international voluntary organisations, grants to the British Council and other UK institutions, and non-emergency special appeals through multilateral agencies.
- b. The Small Grants Scheme, which allows Heads of Mission to provide gifts with a clear development or welfare value, up to an annual limit of £20,000, and finance projects costing up to £100,000 a year, with an annual ceiling normally of £250,000.
- c. Funding of land and geological surveys in developing countries.
- d. Provision of books, equipment and other supplies.

Grants by Private Voluntary Agencies

This comprises all expenditure by UK voluntary agencies on development assistance and relief to recipient countries, to multilateral agencies or to private international organisations for the benefit of recipient countries, net of any support from official sources.

Gross Domestic Product

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

Gross National Product

Gross National Product comprises the total value of goods and services produced within a country (i.e. its Gross Domestic Product), together with income received from other countries (notably interest and dividends), less similar payments made to other countries.

Gross Public Expenditure on Aid

Gross Public Expenditure on Aid is expenditure by all official UK sources on aid to developing countries and countries on Part II of the Development Assistance Committee List, which meets the criteria for developmental official flows agreed by the Development Assistance Committee.

G7/G8 Group

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

Habitat

The UN Centre for Human Settlements - see Boxes 3.f and 3.g for its agenda.

Heavily Indebted Poor Countries Initiative

An initiative launched by the IMF and the World Bank in 1996 to provide debt relief to the poorest countries. Revised in 1999 to deliver twice as much debt relief as the original initiative. See 1.28.

Humanitarian Assistance

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

Income Groups

The classification of aid recipient countries by income groups is based on Gross National Product per capita figures in 1995 according to the thresholds set out below.

low income group: countries with a Gross National Product per capita in 1995 of below \$766;

lower middle income group: countries with a Gross National Product per capita in 1995 of \$766 - \$3035;

upper middle income group: countries with a Gross National Product per capita in 1995 of \$3036 - \$9385;

high income group: countries with a Gross National Product per capita in 1995 of \$9386 or above.

Joint Funding Scheme

Through the Joint Funding Scheme, DFID helped British non-governmental organisations and their partners overseas to fund long term development projects, usually on a 50:50 basis. On 1 April 2000 the scheme was replaced by the Civil Society Challenge Fund.

Least Developed Country

In the mid 1960s, 24 developing countries were identified by the UN as having particularly severe long-term constraints on development. They were assessed on three criteria: per capita Gross Domestic Product, manufacturing base and literacy. Inclusion on the list of Least Developed Countries is now assessed on two main criteria: economic diversity and quality of life. The total number of Least Developed Countries at 31 March 1999 was 48.

Lomé Convention

The basis for the EU's development, trade and political relations with the African, Caribbean and Pacific group of developing countries since 1975. See 4.26.

Multilateral Aid

Aid channelled through international bodies for use in or on behalf of aid recipient countries. Aid channelled through multilateral agencies is regarded as bilateral where DFID controls the use and destination of the funds. This relates mainly to humanitarian assistance delivered through UN agencies, including the World Food Programme.

Non Governmental Organisations

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

Official Aid

This is the equivalent, for countries on Part II of the Development Assistance Committee List, of official development assistance to countries on Part I of the Development Assistance List (i.e. developing countries). To qualify as official aid, resource flows should have the same concessional and qualitative features as official development assistance.

Official Development Assistance

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

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

Only aid to countries on Part I of the DAC List is eligible to be recorded as official development assistance.

Organisation for Economic Co-operation and Development

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

Other Official Flows

Other Official Flows are defined as flows to aid recipient countries by the official sector which do not satisfy both the criteria necessary for official development assistance or official aid.

Parastatal

A government owned or controlled enterprise.

Partnership Programme Agreements

A DFID scheme which links strategic funding for major UK civil society organisations with agreed objectives. See 5.35.

Phare

The Phare programme is a European Union initiative which provides grant finance to support its partner countries in Central Europe through the process of economic transformation and strengthening of democracy to the stage where they are ready to assume the obligations of membership of the European Union.

Policy Information Marker System

The system by which DFID's spending departments mark new bilateral project commitments according to which policy areas they target.

Poverty Aim Marker

A mechanism for indicating the predominant means by which each DFID project or programme aims to address poverty elimination. One of the following three categories is used: enabling, inclusive or focused.

Poverty Objective Marker

An indication of the main DFID objective targeted by each DFID project or programme. One of the following three objectives is selected: policies and actions which promote sustainable livelihoods; better education, health and opportunities for poor people; or protection and better management of the natural and physical environment.

Programme Aid

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

Project or Sector Aid

Project aid finances investment schemes primarily designed to increase the physical capital of the recipient country. Sector-wide programmes (typically in education, health or agriculture) comprise a combination of forms of assistance including support for the sector budget and technical co-operation.

Public Corporations

Public corporations are defined as corporate enterprises which are publicly-owned and controlled but which, at the same time, have substantial freedom to conduct their business affairs.

Public Private Partnership

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

Public Service Agreement

A set of measurable targets agreed with the Cabinet Office for the Department's objectives, as required by the White Paper Public Services for the Future: Modernisation, Reform, Accountability (CM4181). See 9.1.

Sector Wide Adjustment Programme

A sectoral approach to tackling poverty in fields such as health, education or roads. See 1.8.

Security Sector

The security sector is defined as those who are, or should be, responsible for protecting the state and communities within the state. This includes military, paramilitary, intelligence and police services as well as those civilian structures responsible for oversight and control of the security forces and for the administration of justice.

Tacis

The Tacis programme is an EU initiative for the New Independent States and Mongolia which fosters the development of harmonious and prosperous economic and political links between the European Union and these partner countries.

Technical Co-operation

Technical co-operation is the provision of know-how in the form of specialist personnel, training and scholarship, grants for research and associated costs.

Voted Funds

Voted funds are those funds approved by Parliament for public expenditure.

Abbreviations

ACP	African, Caribbean and Pacific Countries
AfDB/F	African Development Bank and Fund
AIDS	Acquired Immune Deficiency Syndrome
AME	Annually Managed Expenditure
AsDB/F	Asian Development Bank and Fund
ASEM	Asia Europe Meeting
ATP	Aid and Trade Provision
CARICOM	Caribbean Community
CDB/F	Caribbean Development Bank and Fund
CDC	Commonwealth Development Corporation
CFTC	Commonwealth Fund for Technical Co-operation
CGIAR	Consultative Group on International Agricultural Research
Cm	Command Paper
CSD	Commission on Sustainable Development
CSR	Comprehensive Spending Review
DAC	Development Assistance Committee of the Organisation for Economic Co-operation and Development
DEL	Departmental Expenditure Limit
DFID	Department for International Development
EBRD	European Bank for Reconstruction and Development
EC	European Community
EDF	European Development Fund
EIB	European Investment Bank
ESAF	Enhanced Structural Adjustment Facility
EU	European Union
FAO	United Nations Food and Agriculture Organisation
FCO	Foreign and Commonwealth Office
FICHE	Fund for International Co-operation in Higher Education
FRY	Federal Republic of Yugoslavia
G7/8	Group of Seven/Eight Leading Industrialised Nations
GDP	Gross Domestic Product
GEF	Global Environment Facility
GNP	Gross National Product
GPEX	Gross Public Expenditure on Aid
HIPC	Heavily Indebted Poor Countries
HIV	Human Immunodeficiency Virus
HMG	Her Majesty's Government
HMT	Her Majesty's Treasury
IADB/F	Inter-American Development Bank and Fund
IDA	International Development Association
IDS	Institute of Development Studies
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMF	International Monetary Fund
IPPF	International Planned Parenthood Foundation
ISP	Institutional Strategy Papers
MIGA	Multilateral Investment Guarantee Agency
NGO	Non-Governmental Organisation
NRI	Natural Resources Institute
NSSD	National Strategies for Sustainable Development
OECD	Organisation for Economic Co-operation and Development
OPD	Overseas Pensions Department
PAC	Committee of Public Accounts
Phare	Programme of assistance to the countries of central and eastern Europe, in particular in preparation for their accession to the EU
PIMS	Policy Information Marker System
PPIAF	Public-Private Infrastructure Advisory Facility
PPP	Public-Private Partnership
PRISM	Performance Reporting Information System for Management

PSA	Public Service Agreement
RAR	Resource Allocation Round
RNR	Renewable Natural Resources
RTA	Retrospective Terms Adjustment
SCS	Senior Civil Service
SLA	Service Level Agreement
STABEX	Export Commodity Price Stabilisation Scheme
SWAP	Sector Wide Adjustment Programme
Tacis	Programme of technical assistance to the countries of the former Soviet Union and Mongolia
TME	Total Managed Expenditure
TSO	The Stationery Office
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNAIDS	United Nations Programme on HIV/AIDS
UNCHS	United Nations Centre for Human Settlements
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDCP	United Nations Drug Control Programme
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNIFEM	United Nations Development Fund for Women
UNOCHA	UN Office for the Coordination of Humanitarian Assistance
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
US	United States of America
WHO	World Health Organisation
WTO	World Trade Organisation

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