

DFID Department for
In

departmental report

1998 - 1999



Exceptionally, this year's Departmental Report covers only one forward year (1998-1999), instead of the normal three years. The Government will announce its decision on the spending objectives and allocations for the later years when its Comprehensive Spending Review has been completed

DFID

Department For
International
Development

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Foreword

Foreword by the Secretary of State

Eliminating World Poverty

The White Paper on International Development published in November presented our policies for achieving a major advance in poverty eradication. This Report, in addition to setting out spending plans for 1998/99, shows how we are seeking to implement the policies outlined in the White Paper.

We will, as we have always made clear, work within existing financial ceilings in 1998/99 but intend to justify an increase in the development assistance budget once we have redirected our resources in accordance with our policy priorities. We remain fully committed to the UN target for official development assistance of 0.7% of GNP and to reversing the decline in the British development assistance budget.

One of the major shifts in our effort is the much greater emphasis we now place on our work with multilateral institutions - the UN system including World Bank and IMF, the EU, OECD. ODA was in the past an aid giving arm of the Foreign & Commonwealth Office. ODA's record and reputation was widely respected and I pay tribute to my predecessor and staff for that. But DFID is a very different animal. It is now an independent department and its work is no longer subject to short term political and commercial considerations. It is also invited to bring development considerations into the mainstream of government thinking on trade, debt, agricultural reform and all other aspects of policy.

It is, of course, morally necessary that the interests of the poorest of the world should have fair consideration at the Cabinet table. But, as the White Paper makes clear, this work is not just altruism. There will be no decent future for the next generation wherever they live and whatever their origins unless we do better in eradicating poverty.

And this is why the shift in the balance of our work from bilateral to multilateral effort is so important. UK efforts, through our bilateral programme, spending as much as 0.7% of GNP on the most effective possible programmes, cannot eradicate poverty. UK efforts in the multilateral system - building on the best of what we have learned in our own programmes of working with others who have the moral will and determination to reach the 2015 targets - can make a significant difference to the future of humanity.

Our aim is the elimination of poverty. We have a moral responsibility to build a world order that creates fair opportunities for all of humanity. But we also have a responsibility to care for our planet and to hand on a sustainable future to the next generation. Without greater success in development we will fail in both objectives. Difficult challenges lie ahead. We cannot achieve major progress alone. Building partnerships with developing countries, other donors and international institutions is vital if we are to reach the key targets of reducing by half the proportion of people living in extreme poverty by 2015; getting all the children of the world into primary education; basic health care and clean water and sanitation for all. These aims are achievable if we can focus the political will of the international community and make our contribution to the effort.

This Report demonstrates that we are putting the policies outlined in our White Paper into practice. There is much more to be done. The challenge is enormous. But we should not underestimate what we can achieve working with the best of ideas and the clearest possible intent in partnership with those who share these aspirations. We will report next year on further progress.



CLARE SHORT
Secretary of State for International Development

section 1

Purpose

1.1 The Department for International Development (DFID) was created in May 1997 immediately after the General Election. This is its first report. DFID's responsibilities include those of the Overseas Development Administration. It manages Britain's bilateral and multilateral development programmes in poor countries, and has taken full responsibility for our programmes in transition. DFID has wider responsibilities than before on trade, debt and environment issues. The new department has been established in recognition of the fact that aid is not enough. Opportunities to trade and grow sustainably are essential to development. DFID therefore works

with other Government Departments to promote consistency and coherence in all policies affecting the development of poor and transition countries. The Department is headed by the Secretary of State for International Development.

1.2 In November 1997 the Government published a White Paper on International Development, "Eliminating World Poverty: A Challenge for the 21st Century". The White Paper sets out the Government's new approach to international development. Box A summarises this approach.

Box A

SUMMARY OF WHITE PAPER: "ELIMINATING WORLD POVERTY: A CHALLENGE FOR THE 21ST CENTURY"

Section 1 The Challenge of Development

We shall:

1. Refocus our international development efforts on the elimination of poverty and encouragement of economic growth which benefits the poor. We will do this through support for international sustainable development targets and policies which create sustainable livelihoods for poor people, promote human development and conserve the environment.

Section 2 Building Partnerships

We shall:

2. Work closely with other donors and development agencies to build partnerships with developing countries to strengthen the

commitment to the elimination of poverty, and use our influence to help mobilise the political will to achieve the international development targets.

3. Pursue these targets in partnership with poorer countries who are also committed to them.

4. Put in place new ways of working with the UK private and voluntary sectors, and the research community, towards the international development targets including transforming the Commonwealth Development Corporation into a dynamic public/private partnership.

5. Measure the effectiveness of our efforts, alongside others, against the targets, including the aim of halving the proportion of the world's population living in extreme poverty by 2015.



Education for all: at present in India, only half the adult population is literate. Therefore, a main priority for DFID is running basic and primary education programmes to increase levels of literacy, both for children and adults

section 1

Section 3 **Consistency of Policies**

We shall:

6. Ensure that the full range of Government policies affecting developing countries, including environment, trade, investment and agricultural policies, takes account of our sustainable development objective.
7. Give particular attention to human rights, transparent and accountable government and core labour standards, building on the Government's ethical approach to international relations.
8. Use our resources proactively to promote political stability and social cohesion and to respond effectively to conflict.
9. Encourage financial stability and the reduction of the external debt of developing countries to sustainable levels.

Section 4 **Building Support for Development**

We shall:

10. Increase public understanding of our mutual dependence and the need for international development.
11. Ensure that resources made available for development are used only for the purposes intended, and consider the case for a new International Development Act.
12. Provide the necessary resources for the development programme: the Government will start to reverse the decline in UK spending on development assistance, and reaffirms the UK's commitment to the 0.7% GNP UN target.

1.3 DFID's aim is the elimination of poverty in poorer countries. This is reflected in DFID's statement of purpose (Box B) which describes how this aim is being pursued and sets out DFID's specific objectives.

Box B

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 and transition 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

section 1

1.4 In parallel with the preparation of the White Paper, DFID has been conducting, in common with all other Government Departments, a comprehensive spending review. This has involved examining all expenditure commitments inherited from the previous Administration and redirecting spending in line with the new Government's policies.

1.5 The Government's approach to international development will enable Britain to contribute to the achievement of internationally agreed targets for sustainable development and the elimination of poverty both in our bilateral work and through our influence in international institutions. The key target is a reduction by half in the proportion of people living in extreme poverty (on less than US \$1 a day at 1985 purchasing parities adjusted to current price terms) by 2015. The targets are set out in full in Box C.

Box C

INTERNATIONAL DEVELOPMENT TARGETS

The international development targets are designed to provide milestones against which progress towards the goal of poverty elimination can be measured.

Economic Well-being

- 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 the age of 5 and a reduction by three-fourths in maternal mortality, all 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 targets. These include democratic accountability, the protection of human rights and the rule of law.

1.6 This Departmental Report will in future years explain how the Government is setting about the tasks described in the White Paper. DFID will measure performance in a number of ways. It will publish information on how far development assistance is achieving its objectives. This will include assessments of progress towards the international development targets; and of the extent to which individual projects and programmes deliver the results intended. DFID already has systems for measuring performance. It is building on and improving them. Individual projects and programmes are monitored while they are under way. They are later assessed through Project Completion Reports and evaluation studies. In addition, DFID is developing a Performance Reporting Information System for Management (PRISM) (see Annex 3): this will assess, while projects are still being implemented, the likelihood of these projects achieving the intended results. PRISM will also aggregate information so that judgements can be made on the performance of DFID's portfolio of projects as a whole. DFID has a Policy Information Marker System (PIMS) which tracks the Department's bilateral commitments and expenditure in relation to policy areas. A review of PIMS is being undertaken so that it will shortly be able to collect information related to DFID's new statement of purpose, including its specific objectives (see Annex 3).

1.7 The preparation of the White Paper involved extensive consultation with a wide variety of interested groups and individuals. Consultation will continue in order to bring the wide experience and knowledge that exists outside the department to bear on DFID's work. The White Paper committed the Government to devote more effort to increasing public understanding of the mutual dependence of developed and developing countries and the need

for international development. DFID has established a working group of educationalists and others to promote awareness and understanding. It is also establishing an annual Development Policy Forum, chaired by the Secretary of State, to encourage individuals and representatives of groups from all parts of society to share knowledge and ideas about development.

1.8 The 1980 Overseas Development and Cooperation Act provides the legislative framework under which the Government manages its external development assistance programmes (except for such expenditure by the European Commission as is attributed to the DFID budget). All the actions envisaged under the Government's policy on international development can be put in place under the existing Act, as can some actions which are not in line with the policy. The Government is therefore committed to consulting on the desirability of a new International Development Act which would provide a stronger framework for our aim of eliminating poverty and promoting sustainable development.

1.9 The Government is firmly committed to reversing the decline in the British development assistance budget and to the UN target for official development assistance of 0.7% of GNP. As promised during the election campaign, the Government will be working within existing financial ceilings in 1998/99. DFID is conducting a comprehensive review of our expenditure to ensure that our resources are used effectively and in accordance with our policy priorities. Following this, DFID can justify increasing the development assistance budget in accordance with the Government's commitment. Tables 1 and 2 set out summary tables of expenditure plans in cash terms and 1997/98 prices (see also Table 1, Annex 1). Table 3 gives a breakdown of the cash plans.

section 1

TABLE 1 ALL DFID PROGRAMMES CASH PLANS (£ million)	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 estimated	1998-99 plans
Voted in Estimates							
International Development (1)	1,782	1,800	1,891	1,767	1,599	1,595	1,618
Overseas Superannuation	120	120	117	114	120	161	113
TOTAL VOTED IN ESTIMATES	1,902	1,920	2,008	1,881	1,719	1,756	1,732
Other (non-voted)							
International Development (2)	231	327	349	449	581	512	579
Crown Agents (3)(4)	-3	3	3	0	15	-	-
Commonwealth Development Corporation	-4	-15	25	8	29	-8	-
TOTAL OTHER (NON-VOTED)	224	315	377	457	625	504	579
Total central government expenditure	2,126	2,235	2,385	2,338	2,344	2,260	2,311
Of which:							
Central government's own expenditure	2,082	2,198	2,351	2,311	2,307	2,278	2,326
Public Corporations (3)(4) (excluding nationalised industries)	44	37	33	27	36	-18	-15

TABLE 3: BREAKDOWN OF CASH PLANS (£ MILLIONS)	1995/96 outturn	1996/97 outturn	1997/98 estimated	1998/99 plans
Total DFID Resources	2,338	2,344	2,260	2,311
less:				
Global Environment Assistance	10	16	20	20
Overseas Superannuation	114	120	161	113
Gibraltar Pensions	3	8	9	9
SUB-TOTAL	2,211	2,200	2,070	2,169
PLANNING RESOURCES				
PES Aid Budget Total for DFID (1)	2,211	2,200	2,070	2,169
Receipts	71	87	90	85
Estimating Adjustment (2)(3)	-	-	-	235
PLANNING TOTAL FOR ALLOCATION	2,282	2,287	2,160	2,489
ALLOCATIONS (3)				
Bilateral country programmes:				
Africa (including Middle East)	257	302	303	444
Asia	214	272	269	283
Pacific	7	7	5	3
Latin America	23	22	33	22
Caribbean (including St Helena)	41	39	35	68
CEE/FSU	85	89	94	79
of which:				
ATP (4)	-	65	78	58
Emergency Aid	-	18	27	5
Other Bilateral:				
ATP (4)	79	-	-	-
British Council	34	35	30	30
CDC	46	16	23	36
Emergency Aid	142	100	58	22
Other	192	187	172	188
TOTAL BILATERAL	1,116	1,069	1,022	1,175
Multilateral:				
EU Budgetised programmes (5)	446	578	509	577
European Development Fund	230	155	150	216
World Bank/IMF	237	194	193	216
Other Banks and Funds	71	61	55	73
United Nations	69	74	126	98
Emergency Aid	26	21	25	24
Other Multilateral	16	15	15	18
TOTAL MULTILATERAL	1,095	1,098	1,073	1,222
Aid Administration Running Costs (6)	56	65	70	64
RTA and CDC and Crown Agents borrowing	11	55	-5	-18
Unallocated/Contingency Reserve (7)	-	-	-	47
TOTAL	2,278	2,287	2,160	2,490

Notes for tables 2 and 3

(1)

section 2

Policies and actions which promote sustainable livelihoods

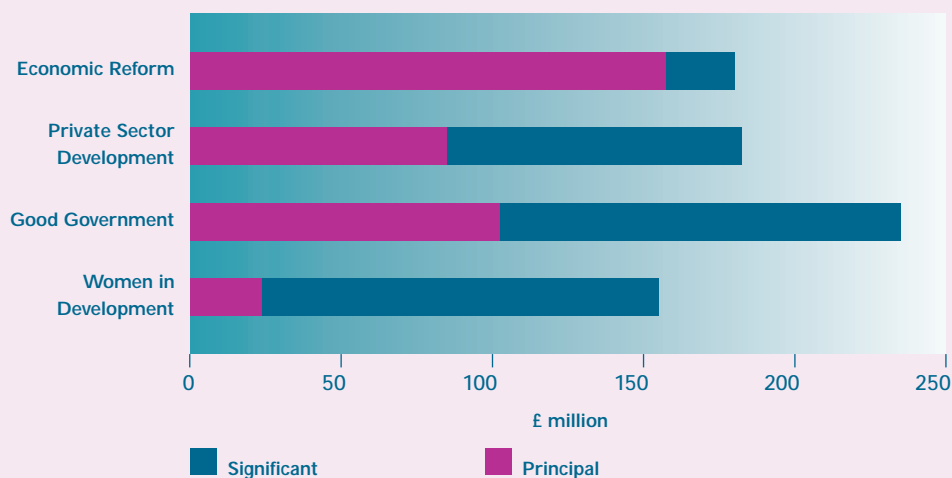
2.1 Poverty elimination depends on the promotion of sustainable livelihoods for poor people. This requires economic growth within a sound macro-economic framework, combined with economic and social policies based on a commitment to poverty eradication. Markets have an important role to play in promoting economic growth, but they need to be channelled so as to ensure benefits reach the poor.

2.2 Markets and globalisation do not automatically benefit poor people and poor countries. Although strategies for promoting sustainable livelihoods will vary from country to country everywhere they require pro-poor

growth; sustainable solutions based on participatory approaches and local ownership; policies which enable poor people to gain access to land, resources and markets; and policies which address inequalities between women and men.

2.3 Transparent and accountable government is also a necessity. Poor people need a voice so that their interests are considered. Sustainable livelihoods cannot be achieved without the realisation of human rights - which include social and economic as well as political and civil rights. Conflict prevention (and resolution) is also crucial since violent conflict causes a growth in poverty.

PIMS MARKED EXPENDITURE 1996/97



Sound Policies and Pro-Poor Economic Growth

2.4 We are working at several levels to promote sound policies and pro-poor economic growth. At the macro-economic level, we are working in partnership with other donors, particularly the multilaterals, to help governments open up markets for goods and services, and put in place sound fiscal and monetary policies. Our bilateral support is often targeted on strengthening the Ministry of Finance in a given developing country, and building revenue-raising capacity; and also on strengthening budget processes and financial management systems. We are placing an increasing emphasis on work at the sector level - e.g. health, education, agriculture - to improve the allocation and use of resources both of developing country governments and of donors. This macro-economic work is complemented by support for the establishment of efficient, well-regulated markets to which the poor have access to sell their produce and purchase the goods they need. Our approach differs from country to country according to needs.

2.5 A large part of our programme in Africa is devoted to economic reform. The previous Government committed up to £250 million for financing programmes to be co-ordinated under the Special Programme of Assistance (the SPA) during 1997-99. We are working with other donors to strengthen the poverty analysis within these programmes, partly through our support for Participatory Poverty Assessments (Box B). We also co-chair the Poverty and Social Policy Working Group of the SPA with the World Bank, which aims to promote effective poverty elimination policies through the reform process. Over 90% of economic reform programmes agreed with the IMF and World Bank now feature policy measures aimed at improving the livelihoods of the poor. A similar proportion includes specific measures to improve gender equality in social sector access. This is a significant improvement on earlier years.

Box B

PARTICIPATORY POVERTY ASSESSMENTS

PPAs contribute to the development of pro-poor economic and sector policy frameworks by seeking to incorporate the views of the poor into the analysis of poverty and the formulation of strategies to combat it.

In **Zambia**, the Ministry of Health used the PPA results extensively in policy development, while observations from the PPA on the timing of school fees (which coincide with the period of maximum stress for most rural communities) have contributed to on-going work in the Ministry of Education on schools fees. In **Ghana**, the PPA resulted in the World Bank shifting to a greater emphasis on rural infrastructure.

During the last year, the PPA for **Egypt** commenced fieldwork, and an extended process of PPA was approved for **Uganda** in partnership with the Government. Over the next year, PPAs are being planned for **Pakistan** and for urban poverty for Andhra Pradesh State in **India**. There would be a greater emphasis in future on supporting governments' capacity to undertake their own PPAs.

section 2

2.6 Financial support for policy reform in **Africa** is provided mainly through programme aid, normally given in support of priority budget spending programmes, and explicitly linked to the goal of poverty elimination. Our approach is illustrated by our support for the reform programme in **Malawi** (Box C).

2.7 Encouraging progress has been made in sustaining pro-poor growth in **Uganda, Ghana, Mozambique, Malawi**, and in re-establishing growth-oriented reforms in **Tanzania**. However, several other important partner countries faltered in their reform efforts or faced governance problems which resulted in interrupted programme support.

2.8 In **Africa**, DFID envisages developing partnerships with governments which are committed to the international development targets. We will focus more closely on appraising governments' approaches to poverty elimination and we will continue to build local capacity to formulate and implement sound poverty policies. Funds will be provided in support of government budget priorities, and increasingly through sector programmes.

Box C

ECONOMIC REFORM IN MALAWI

Malawi's economic reform programme has reversed previous discrimination against the smallholder farmers who form the bulk of the poor. Benefits include higher output of food and cash crops, improved nutrition, and higher smallholder incomes, which has also resulted in pressure on the larger estates to pay higher wages.

The programme also features an increased share of spending on the social sectors. DFID's funds are used to reimburse directly some of the costs of fulfilling the **Malawi** Government election pledge to make available free universal primary education. This has

resulted in a 50% increase in numbers of primary school pupils. DFID support via programme aid and from several major project investments is helping the Government to maintain quality in the face of this increased demand.

Poverty elimination will require sustained external support into the medium- to long-term, but DFID is helping the Government to achieve greater self reliance through a project to support the customs and excise department. This has contributed towards a 35% improvement in revenues without raising tax rates.

2.9 Economic growth in **South Asia*** has been reasonable for the last few years (4% to 7%), contributing to a slow reduction in overall poverty levels. Growth has, however, faltered in the last year as the region has suffered a financial crisis. Further policy adjustment is required in order to maintain (and preferably accelerate) progress on poverty elimination. DFID has been active in international fora in encouraging recipient governments to review and revise their policies, with varying success.

2.10 Economic prospects will be adversely affected by the financial crisis in **South East Asia.†** Slower growth in the world economy, more intensive competition due to devaluation in competing states and an increased wariness by international investors will act to depress overall economic growth. The less open nature of **South Asian** economies makes them less vulnerable to financial contagion from events in **South East Asia** but many countries exhibit similar weakness in their financial sectors. DFID helps in this sector where possible and has provided support to banking supervision and regulatory authorities in **India**.

2.11 The Secretary of State for International Development is the UK Governor of the World Bank and the Department has been active in influencing the Bank's response to the financial crisis in **South East Asia**.

2.12 Most of the countries of **South Asia** suffer from excessive fiscal deficits and poorly prioritised public expenditure. We have attempted to work with them to increase their revenue base and the efficiency of their public expenditure. In **Pakistan**, DFID is helping in the implementation of key revenue reforms designed to improve the transparency and effectiveness of the tax authorities and has assisted with a review of public expenditure systems. In **Bangladesh**, we are funding a major programme to put new systems of budgetary management into the

Ministry of Finance. This is starting to provide the means whereby the use of budgetary resources can be planned and controlled. We are supporting a programme with similar objectives in **Nepal**. In **China**, the Shanghai Municipal Finance Reform Project is having an impact on management of the city's finance and taxation systems and is regarded as a model for replication elsewhere.

2.13 Just as in **Africa**, we are increasingly involved in **Asia** in support to major sector reform programmes in collaboration with other donors. These include the Social Action Programme in **Pakistan**, power sector reform in Orissa State in **India**, and health and education programmes in **Bangladesh**.

2.14 We are in the process of reviewing our country programmes in **Asia** with a view to implementing the partnership agenda set out in the White Paper. Country emphasis and individual programmes will be realigned to match this new purpose. As an example, our future programme in **Indonesia** will be smaller and focused on sustainable forestry (with increased benefits for poor people living in forest areas) and supporting the legitimate rights of trade unions.

2.15 In **Central and Eastern Europe**, the Know How Fund has worked with government and civil society to encourage market systems in the newly emerging market economies. But our support for pro-poor economic growth has tended to concentrate on micro-level interventions. For example, the Polish British Enterprise Project has given technical assistance to two less developed regions of **Poland** through a mixture of small and medium scale enterprise (SME) initiatives.

2.16 We are determined to try to understand more about poverty in the region. We have commissioned a survey of the extent of poverty; and need to learn more about its causes.

**including Afghanistan, Bangladesh, Bhutan, Burma, India, Maldives Republic, Nepal, Pakistan, Sri Lanka
†including Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand, Vietnam*

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SUPPORT FOR THE COUNTRIES IN TRANSITION

Although many of the transition countries are not poor by measurements of income alone, many of their people suffer varying degrees of deprivation - of access to information, human and civil rights, democratic institutions and a decent environment. And social provision has in many cases not evolved to replace the unsustainable safety nets of the past. Radical shifts have taken place, but much remains to be done to achieve a stable redistribution of rights and responsibilities between the state and its citizens.

We will continue to support the process of transition in the region, seeking to ensure that its benefits are sustainable and spread through all levels of society. We shall work with a wide range of partners in the region and in the UK, and with multilateral institutions. We shall seek to involve governments, the private sector, academic and training bodies and NGOs. We will support:

- the development of the enabling framework necessary for a return to economic growth, including transparent and well-regulated markets, firm action against corruption, reform and restructuring of enterprises, and measures to encourage small and medium enterprise development
- an inclusive approach to economic management, directing social provision where it is most needed, preventing the capturing of the benefits of economic reform by a minority, and developing public and private mechanisms to increase financial security for households

- empowerment of individuals and groups through establishing secure rights, spreading skills and information to enable people to participate in and help to shape transition, and developing accountable and accessible law enforcement systems
- the integration of environmental considerations into economic planning, mitigation of the effects of environmental degradation and prevention of future degradation, particularly in the interests of the poorest people
- integration of the transition countries into global economic and political frameworks, through accession to the European Union for eligible countries, strengthened relations with the Union for others, accession to the World Trade Organisation (WTO) with full adherence to WTO rules, and strengthened business and investment links with the UK and other countries

The Know How Fund will continue to be the channel for British bilateral technical assistance for Central and Eastern Europe and Central Asia, working within the new strategy and taking careful account of the differing needs in our various countries of operation. But bearing in mind that we spend many times more on the region through multilateral institutions, we will also seek to use our influence to ensure that they are working effectively towards an equitable and sustainable transition.

The Development of Efficient and Well-Regulated Markets

2.17 We have been encouraging the development of efficient domestic markets in developing countries. For example, we provide help to introduce market mechanisms into state-provided infrastructure utilities. We often do this in partnership with multilateral donors as well as governments. In Orissa State, in **India**, we have made a major investment in the power sector, helping to set up an independent regulatory authority and separate companies for generation, transmission and distribution of power, with a view to improved efficiency and better customer service, and in order to introduce private finance and competition. In **Jordan**, we are helping to restructure the telecommunications sector. In **Russia**, the Know How Fund has helped to develop regulatory licences and will assist in the establishment of a strong regulator in the electricity industry, which is currently undergoing restructuring. Experience has taught us that efficient regulatory structures cannot be built overnight. They require a change in culture and attitudes, as well as in law.

2.18 Achieving efficient and well-regulated markets often requires that existing regulations be simplified and improved. In **Zimbabwe**, as a result of work supported by DFID, some changes were made to the legislative and regulatory framework which promoted greater employment

opportunities in small and micro enterprises, with a positive impact on the poor. The project had not, however, given enough attention to generating a broad base of popular support. A similar project in **Kenya** has been more successful, in part because more effort was made to build up public support.

2.19 Financial market regulation has been an important element of our work in the financial sector in **Central and Eastern Europe**. We have provided assistance to the Federal Commission for the Securities Market in **Russia** in areas such as licensing training, enforcement issues, compliance issues and the development of self regulatory structures.

Access of Poor People to Land, Resources and Markets

2.20 Micro-finance is an important way of increasing the access of poor people (especially women) to credit. DFID supports a large number of micro-finance initiatives, generally through non-governmental organisations, with a total project portfolio of £35 million. (See box D for an assessment of the impact of micro-finance on the poor.) We are also increasingly working with central banks to help introduce legislation for the regulation and supervision of micro-finance institutions. This is important if the savings of the poor are to be safeguarded.

section 2

2.21 Our urban projects in India have been playing a constructive role on land tenure policies, directly assisting poor people to improve their strategies and programmes in the access to services. These projects empower poor people to demand the services they want, and improve the local authorities' capacity to respond.

We are reviewing the effectiveness of these programmes, in particular their impact on the poor. Lessons from this review will be used to shape new projects, including a contribution to the new state-wide programme in Andhra Pradesh.

We are making similar attempts to give poor people a voice through community initiatives in East Africa and also in Pakistan where we are working with NGOs on the Faisalabad Area Upgrading Project and the Aga Khan Rural Support Project.

Improving access to land

2.22 Poor people tend to have limited rights of access to land. Those completely denied such access often constitute the very poorest members of society.

2.23 There is a growing awareness that land tenure arrangements are an important determinant of poverty. DFID has, therefore, established a Land Tenure Group. The Group was established to strengthen DFID's ability to play a

2.24 In South Africa in partnership with the Government and other donors, DFID is supporting a pilot land reform programme, which aims to help redress the imbalances of the apartheid years.

2.25 In Uganda and Tanzania the Governments have recently reviewed their land tenure legislation. DFID has offered financial support for the process of consultation before the draft bills are debated in Parliament. We are concerned to ensure that the interests of poor people with limited or insecure access to land are taken fully into account.

Zimbabwe also needs to tackle the current unequal distribution of its land. DFID has offered support for the planning and implementation of a fair and transparent land reform programme. This would be targeted at benefiting the poor, and part of a wider partnership to eradicate poverty. Unfortunately the Government appears intent on rapid land

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and promote economic growth but also to support the good governance of the territories in a number of ways. (The two most dependent on UK assistance, **Montserrat** and **St Helena**, also receive budgetary aid. In early 1997 a major package of assistance, amounting to £26 million over three years, was agreed with **St Helena** linked to a Country Policy Plan for the long term development of that territory.)

2.33 Elsewhere in the Caribbean, support has been provided to **Anguilla**, the **British Virgin Islands**, and the **Turks and Caicos Islands** for re-structuring their public services, providing qualified personnel within their public administrations, and developing modern legal frameworks through law revision and reform. Assistance is also being provided to the Dependent Territories in the fight against drug smuggling in the Caribbean.

2.34 Poor people, particularly women, are most likely to be the victims of violence and least likely to have access to justice. One part of the solution is to re-orientate the police from a force to a service and to implement community policing. DFID has its largest police project on these lines in **Zimbabwe**. Another part of the solution is to improve poor people's understanding of their legal rights. In **Zambia**, **Zimbabwe** and the **Pacific**, community organisations are being given training to raise their awareness of the legal rights of poor people.

2.35 DFID is working with its partners, including the private sector (principally through the Ethical Trading Initiative) and the International Labour Organisation, to eradicate intolerable forms of child labour. Boycotts or overnight exclusion of children from industries can drive them into worse exploitation. Interventions such as the one intended to remove children from the football stitching industry in Sialkot in **Pakistan** must therefore be designed to ensure that children and their families do not end up being worse off.

The Realisation of Human Rights

2.36 The OECD Development Assistance

Committee (the DAC) is starting to bring together ideas on how best to measure progress on the qualitative assessments of governance and human rights. DFID (in association with the Institute of Development Studies) contributed by developing a Good Government Assessment Framework.

2.37 DFID's assistance in future will change to reflect a greater emphasis on poverty elimination and, in particular, on human rights. We will take an explicit approach to human rights, as it affects the nature of both our development partnerships, and the activities we support. This will involve support for poor and disadvantaged people against violations of their rights, plus affirmative action to help them assert those rights. We have commissioned a study on a rights based approach to poverty elimination to help us take forward the White Paper agenda.

2.38 We are encouraging the preparation, within the European Community, of human rights regulations to guide the use of development funds for human rights promotion and protection.

2.39 We are committed to comprehensive implementation of the Convention on the Rights of the Child. We will also promote the rights of

of Independent States, we are helping the International Committee of the Red Cross to disseminate international humanitarian law through law institutions.

2.42 We also support efforts to engage civil society in peacebuilding. We are supporting Oxfam in a 'Communities for Peace' initiative in northern **Colombia**. In **Moldova**, we are promoting "second track" diplomacy by helping arrange workshops for community leaders and government officials involved in the Moldovan/Trans-Dnestria dispute.

2.43 DFID plans to support a seminar in **Southern Africa** in mid-1998 as part of taking forward the EU programme on curbing illicit arms trafficking. Following the signing in December 1997 of the Ottawa Treaty, we shall continue to work for a permanent global ban on land mines. We shall work further on the OECD Agenda for Action to discourage excessive military expenditure in developing countries and encourage the international financial institutions to focus on this issue in their policy dialogue with developing countries.

2.44 During our EU Presidency, we will seek agreement on a code of ethical conduct for organisations working in conflict areas. We will provide financial support to the newly appointed UN Secretary General's Special Representative on Children and Armed Conflict and explore ways of working with him in specific countries. We shall also continue to support the Office of the UN High Commissioner for Human Rights.

The Removal of Gender Discrimination

2.45 It is now completely clear that development requires the education of girls and the empowerment of women. Our approach is to address gender inequalities as an integral part of all our development policies and programmes. We also support specific initiatives which work towards women's empowerment.

2.46 In 1997 we worked to disseminate good practice, and to enhance knowledge of this issue. We funded the development of guidelines on

gender and health; supported Commonwealth programmes on integrating gender into national budgetary policies and procedures; supported a training programme for broadcasting organisations in the Commonwealth; and seconded a gender specialist to the United Nations. We also strengthened United Nations Women's Programme (UNIFEM) to promote continued work on integrating gender concerns into the design of economic reform programmes through the Poverty and Social Working Group of the Special Programme of Assistance for Africa (SPA); and commissioned a study on the gender dimensions to international trade.

2.47 We also launched new women's empowerment programmes. We are helping expand girls' access to education in difficult circumstances, including in **Afghanistan**. We are supporting a self-financing rural savings and credit programme for poor women in **Bangladesh**. We are working to prevent female genital mutilation in **Gambia** and are providing training on women's human rights for organisations in **Hungary**. We are also supporting the Self Employed Women's Association in **India** in a time-use study and funded a conference on equal opportunities for women in **Jordan**.

2.48 Gender equality is treated as a cross-cutting issue in the large sectoral programmes (e.g. urban poverty reduction, health, education, forestry and rural infrastructure) funded by DFID.

2.49 No systematic evaluation has yet been undertaken of our efforts to remove gender discrimination in developing and transition countries. This is planned for 1998.

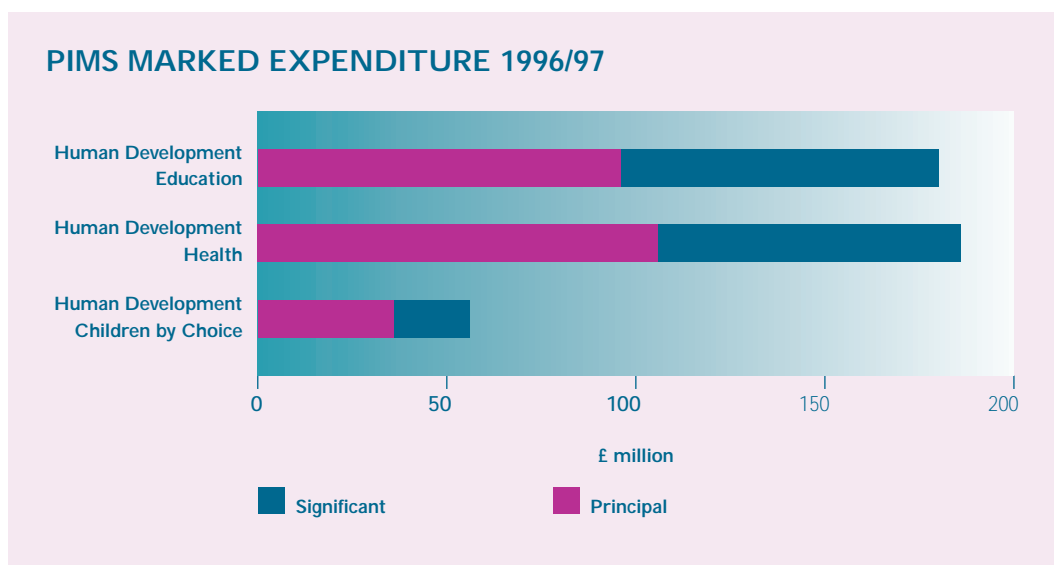
2.50 Future plans include continuing to ensure that gender issues are fully mainstreamed throughout our programmes in accordance with the 1997 OECD/DAC Guidelines on Gender Equality and Women's Empowerment. We will continue to support the ILO Programme "More and Better Jobs for Women"; to support international efforts on the elimination of violence against women; and to promote efforts involving women in conflict prevention and resolution.

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Better education, health and opportunities for poor people

3.1 When poor people are asked about their priorities, they place health and education at the top of their list of concerns. The provision of better education, health and development opportunities is vital to enable poor people to participate in and benefit from economic growth,

to gain access to productive resources and to increase their overall well-being. See Section 1, Box C, on the international development targets. The UK has pledged to increase support for basic health care, education and clean water in Africa by 50%.



Education

3.2 Education has from the outset been declared a priority for the Government; this applies as much in our international development programme as at home. Education enables people to realise their potential and enables them - and their communities and countries as a whole - to develop and progress. It is also the key to better health - an educated population is a healthier population.

Effective Universal Primary Education

3.3 At present an estimated 150 million of the world's primary-age children do not go to school at all, and many others receive an inadequate education. The earlier education begins the better, which is why we have committed ourselves to supporting the international target of achieving universal primary education in all countries by 2015.

3.4 DFID is working to strengthen and extend partnerships to support innovative strategies in education. These include development of national policies and practices to improve schools; involvement of local communities in developing and managing schools to increase accountability and creation of new opportunities for the poor to participate in education at all levels; reconstruction of education systems in poor countries emerging from acute social upheaval; and promotion of scholarship and research to improve collective knowledge and understanding of how education can contribute to the elimination of poverty.

3.5 Over the past year the Government has committed more than £100 million in support for education programmes in **India, South Africa, Malawi** and **Kenya**. Our programme for the coming year will include additional support

to education programmes in **Uganda, Tanzania, Pakistan, Bangladesh, Ghana and Namibia.**

3.6 We are also determined to try to ensure that everybody has access to education at all levels, particularly women and girls, who have traditionally often been excluded. We are committed to seek to eliminate gender inequalities in both primary and secondary education by 2005, and continue to redefine our provision of scholarships for both male and female students.

Literacy and Access to Information

3.7 DFID is also committed to improving literacy levels in schools. Poor people's development is directly dependent on their ability to read and write. We are also keen to ensure that adults who missed out on educational opportunities in earlier years benefit too. Over 900 million adults - two-thirds of them women - are illiterate, and to secure development we must

change this. We are exploring new technologies so that more people have better access to education. We support the Commonwealth of Learning whose remit is to widen opportunities for learning by promoting the development and sharing of distance education resources and communication technologies. At the Commonwealth Heads of Government Meeting (CHOGM) in 1997, Britain announced a grant of £0.5 million to the Commonwealth of Learning to develop the "Focus on Reading" initiative to initiate new Commonwealth programmes directed at literacy training for adults. We continue to support a wide range of activity to improve access to books and to information in other forms. We help fund a project in **South Africa** managed by Book Aid International which provides textbooks to resource centres, community libraries and schools in three provinces. We fund pilot projects in **Botswana** and **Swaziland** which supply library material to schools in remote regions of both countries.



Children eagerly awaiting the arrival of books at Uukwyonge Combined School, Namibia

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WORKING WITH CHILDREN

Children are now seen as positive actors in development, not just passive recipients of education and health programmes. In education programmes DFID is increasingly working with parents, teachers and children to identify educational needs and to address those problems (such as child labour) which prevent children's access to learning. Child labour including the sexual

exploitation which damages self-esteem and health and pushes children further into poverty is being addressed through support to the International Labour Organisation's (ILO) preparations for a child labour convention and to the ILO/IPEC programme, and through DFID funded research. Violence against children is being addressed in education, health and conflict related work.

Health

Basic health care for all, and lower child and maternal mortality

3.8 The poorest billion people in the world are ten times more likely to die young (under 15 years of age) than the richest billion. Major causes of death include communicable diseases, pregnancy and injury. DFID is committed to providing basic health for all, ensuring that everyone, particularly poor people, benefits from basic health care - including reproductive services. One result should be reduced child and maternal mortality. To be effective, the basic health for all policy means adopting a twin-track approach which simultaneously enhances the capacity of service deliverers, whether government or non-government, to provide sustainable, good quality services, and of beneficiaries to demand and monitor service provision.

3.9 UK spending on primary health care as a percentage of total bilateral aid has risen from 3% to 8% over the last six years. The provision of an essential health care package covers immunisation and nutritional supplements, public education for family planning and AIDS prevention - including treatment of sexual infections, substance abuse and treatment for common conditions that threaten life.

3.10 We work with governments to develop sector-wide approaches to health. These have evolved from long term partnerships with bilateral and multilateral agencies in which the combined development assistance of these agencies is used to support nationally defined policies and strategies. Sector wide approaches to health are being supported in **Ghana, Zambia, Kenya, Tanzania, Bangladesh** and **Pakistan**.

3.11 The UK Government supports local and global initiatives on specific health issues, for example, to help young people improve their sexual health and to reduce HIV; to reduce the incidence and risks of diseases like malaria, tuberculosis and diarrhoea; and to promote healthier environments. This year DFID announced a commitment of £43 million to contribute to a multi-agency programme to eradicate polio from **India**. DFID also works with national governments and other bilateral agencies on a programme to control onchocerciasis (river blindness) in **West Africa**. The disease seriously affects up to 18 million people in **Africa** a year.

In **Africa** one child in six dies before their 5th birthday: women are 160 times more likely to die in childbirth than in OECD countries; 50% of school-age children are not enrolled in school and nearly as many lack access to safe water. 90% of global malaria cases and over 60% of HIV/AIDS cases occur in **Africa**. Following the Denver economic summit in July 1997 the Prime Minister pledged that Britain would increase the level of financial commitments for basic education, basic health and clean water in **Africa** by 50% over

the period 1997/1999 compared with the previous three years. Over £70 million has been committed since 1 May 1997. In all cases these commitments are made within a context of supporting policies designed to allow the benefits of such investments to be sustainable, and to lever in the highest possible contributions from private and other public sector contributors.

TWO EXAMPLES OF ACHIEVEMENTS IN HEALTH INCLUDE:-

- DFID's contribution to the World Health Organisation (WHO)-led project to eradicate polio from **India** by the year 2000 enabled an estimated 86% of children under the age of 3 to be immunised on the first National Immunisation Day (NID). As a result, clinical cases decreased from 3263 cases in 1995 to 1006 cases in 1996, a drop in incidence of 70%.
- Total fertility rates (TFR) have been declining in countries where DFID has supported a combination of contraceptive commodities provision and quality of family planning services - in **Kenya** the TFR has fallen from 6.3 in 1987 to 4.7 in 1995.



Children are the future. In Calcutta, street children have a shelter run by CINI-ASHA, a local NGO, with support from DFID. Here they have access to health and education services, and the more mature children become 'Peer Educators', responsible for looking after the youngest on the streets.

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3.12 DFID has developed strong partnerships in health and education with other external agencies in the development field. In the health sector in **Kenya**, DFID is co-ordinating work with the EC on support for family health programmes. The collaboration has led to the EC committing £11 million to improve the reproductive health status of Kenyans.

3.13 We are playing a major role within a large group of national governments and external agencies, including the World Bank, to take forward Sector Wide Approaches (SWAs) in health. The approach, which involves a process through which co-ordination of health activities is undertaken by national governments, is being developed in **Ghana, Pakistan and Bangladesh**. In addition, we second staff to the EC, WHO and the World Bank to provide expertise in key strategic areas - at headquarters and overseas. Current funded positions in the EC, in the directorate-generals relevant to human development (DG1a, DG1b and DG8) are being successful in helping to take forward both policy and effectiveness in this area.

Safe drinking water, improving access to and management of water

3.14 1.3 billion people do not have access to safe water. DFID plans to increase support for programmes which bring clean, safe water to poor people and take account of the impact of water use on social and economic development. The Government supports international efforts through the United Nations, other agencies and bilaterally to implement the key principles for sustainable integrated water management as set out in Agenda 21, agreed at the 1992 Earth Summit in Rio.

3.15 We have actively explored the potential for public/private partnerships in the water sector. This includes funding with the World Bank the development and dissemination of a set of "Toolkits".

3.16 Over the last two years we have prepared a new strategy for water-related work in **India** based on the partnerships concept. A recently concluded rural water project in **India** has highlighted the way such partnerships can promote institutional reform and sustainability.

3.17 Our Water Group in DFID reflects the need for an interdisciplinary approach to water issues, bringing together a number of relevant professionals.

3.18 In order to deal with water problems, we need a better understanding of available water resources. We need to integrate planning and management at the river basin level. Work supported by DFID, alongside the World Bank, on the Rufiji basin in **Tanzania**, is leading to better understanding of the conflicts between the water needs of the local rice farmers and pastoralists grazing their cattle in a fragile wetland environment. Recognising that water is no respecter of political boundaries, we are increasingly funding regional activities, for example, providing water specialists for World Bank teams based in **East and West Africa**.

3.19 In **Zimbabwe**, the UK supports the development of a comprehensive national water resources management strategy. We are increasing spending on water projects in **South Africa**, giving assistance to the national sanitation programme; and preparing a second phase of a major capacity building project with the Department of Water Affairs and Forestry. In **Russia** we are considering support for improved water and sewerage provision in St Petersburg through financial and institutional strengthening.

3.20 NGOs continue to undertake a considerable number of water projects throughout **Africa** and **Asia**. The results of an evaluation of rural water supply and sanitation produced in 1997 point to a strengthening of this involvement. We also plan to support a second workshop on NGOs and water aimed at sharing experience and encouraging better projects.

3.21 We have also established a new resource centre on water and environment health to complement the work of a number of existing specialist water centres. Calls on this centre have far exceeded projections in the first year of operation.

3.22 Preparation for the UN's Commission on Sustainable Development (CSD) 1998 meeting on freshwater management will be prominent during the first half of 1998.

Emergency and Humanitarian Needs

3.23 The poor are particularly ill equipped to deal with emergencies but, where possible, we aim to help countries take the necessary action themselves. Our approach to humanitarian assistance has evolved with new procedures for needs assessment, project appraisal and supervision of the response. At the same time DFID has participated, with other agencies, in

more substantive re-assessment of the purpose of humanitarian assistance following the recent series of long-term emergencies associated with long-standing conflict in the **Great Lakes, the Balkans** and the **Middle East**.

3.24 In **Montserrat**, since the current period of volcanic activity started in 1995, some £48.7 million of emergency aid, development assistance and budgetary aid has been committed by DFID and the ODA. This has covered the establishment of emergency air and sea links, including the building of a new jetty: power and water supplies in the north of the island: housing for those displaced from the centre and south of the island: improvements to education and health facilities in the north; and the maintenance of essential services. In addition, assistance has been provided for people relocating from **Montserrat** to Britain, **Antigua** and elsewhere in the Caribbean.

Distribution of food after floods in Somalia

PHOTO: CLIVE SHIRLEY



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Bilateral Emergency Aid 1996/1997
By Region

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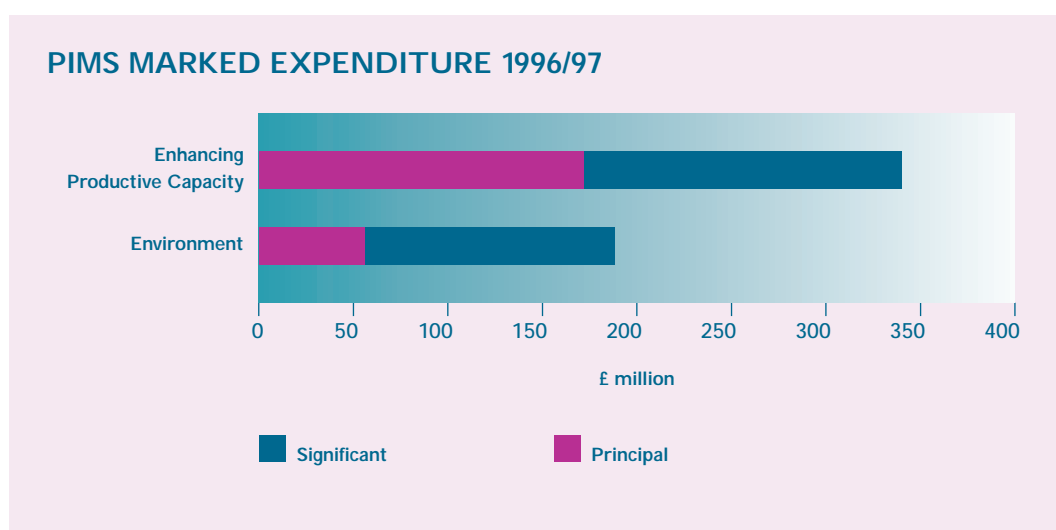
Protection and better management of the natural and physical environment

4.1 The natural environment is of fundamental and direct importance to the livelihoods of many of the world's poorest people, and it is under unprecedented pressure. For example, up to 7 million hectares of productive land are lost every year to degradation. The world's major fishing grounds are overexploited, and three quarters of the genetic diversity of agricultural crops has been lost this century. As populations and economies grow these pressures on the natural environment will intensify. The need for more infrastructure that is user-friendly, safe and environmentally sound will also increase.

4.2 The challenge is, therefore, one of meeting today the needs of poor communities for food, water, land, shelter, energy, transport and employment whilst ensuring environmentally sustainable livelihoods for future generations.

4.3 The scale of the challenge requires that we work in partnership not only with the governments of developing countries but also with other donors, the private sector and NGOs. The most important partnership, however, is with local communities themselves. We aim to promote the choices open to poor people and involve them fully in decisions affecting their livelihoods.

4.4 Questions of access to land and safe water are of great importance and are covered in previous sections.



SUSTAINABLE MANAGEMENT OF PHYSICAL AND NATURAL RESOURCES

Promoting rural livelihoods

4.5 Most poor people live in rural areas, though increasing numbers are moving to the towns and cities to seek employment. More than 800 million rural dwellers, many of whom are women, live in absolute poverty. The majority do not have individual access to land, although most have access to common property resources such as grazing land, freshwater lakes and rivers, the resources of coastal zones and forests. Strategies to eliminate poverty must both enable poor people to have better access to productive assets such as land, and also increase the productivity of the natural environment. Increased productivity must be achieved without damage to the environment.

4.6 Our approach has been to promote macro-economic and sectoral reform; enhance access by the poor to land and other resources; and improve the provision of rural services. As part of this we support sustainable systems of agricultural production and aquaculture and encourage community-based approaches to the management of common property resources.

4.7 In future we propose to adopt a rural livelihoods approach. This will aim to improve the livelihoods of poor people through the reform of government institutions; partnerships with the private sector and NGOs; and area-based programmes which deliver specific benefits to rural communities.

Sustainable agriculture

4.8 Sustainable agriculture is good for poor people and good for the environment. The emphasis is on increasing the incomes of small-scale producers through systems which maintain or improve the productivity of land and water resources.

In **India**, the DFID-supported rainfed farming projects are transforming the lives

of some of the poorest communities in **Western and Eastern India**. The number of households which are food self-sufficient or have a surplus for sale has increased dramatically, incomes have increased, forest has been regenerated, and degraded land returned to cultivation. One rice variety is spreading so rapidly that the income generated pays for the cost of the entire project.

In **Tanzania** 280,000 smallholder cashew growers have benefited from market reforms and a DFID-supported programme of on-farm research.

4.9 Ethical trading is an important aspect of the rural livelihoods approach. In **Kenya**, with DFID funding, the Association for Better Land Husbandry is working with more than 100 self-help groups which grow produce using farming techniques which protect the soil, sustain the environment and provide a better livelihood. The produce, labelled "Conservation Supreme", is marketed by the self-help groups for sale in Nairobi. In a single year the proportion of

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forestry initiative has led to new forest legislation and procedures in which equity issues are better addressed. In **Nigeria**, new management approaches have contributed to changes in the level and distribution of royalties from forest concessions.

4.13 DFID's review of its work on forests showed other benefits: improved water availability and erosion control in **Nepal**; clearer property rights in **Niger**; increased skills and confidence among community groups in **Nepal**, **Ghana** and the **Sahel**; and improved relationships between stakeholders in many partner countries.

Sustainable wildlife management

4.14 In many areas, the livelihoods of rural communities and the survival of wildlife are inextricably linked. National wildlife parks continue to be important tourist attractions, bringing local employment opportunities and foreign exchange. Outside parks, management of wildlife can directly benefit local people - through tourism, for example - which encourages them to continue conserving the wildlife resource.

4.15 In **Zimbabwe**, DFID has continued to support investigations into wildlife disease as part of a wider plan to encourage development of community wildlife management and wildlife parks. In addition, DFID assisted **Zimbabwe** to host the June 1997 meeting of the Conference on International Trade and Endangered Species (CITES).

4.16 In **Kenya**, DFID has assisted the Kenya Wildlife Service to balance the needs of local people with the management of wildlife parks.

UN General Assembly Special Session (UNGASS) and Commission on Sustainable Development (CSD)

4.17 The UN General Assembly held a special session (UNGASS) in June to review progress since the Earth Summit in June 1992 and to set the agenda for the UN Commission on Sustainable Development (CSD) for the next five years. The

Secretary of State for International Development accompanied the Prime Minister and other members of the government to UNGASS.

4.18 UNGASS did not achieve as much as we hoped. For example, we proposed an agreement to reverse the decline in development assistance but this was not accepted. However, the Prime Minister's speech and the strong ministerial team had a positive impact. There was also progress on forests. An Intergovernmental Forests Forum (IFF) was established to identify the possible elements of a convention to debate the finance and trade issues left over from the earlier work of the Intergovernmental Panel on Forests and to monitor implementation of the panel's recommended actions. UNGASS also set out a programme for future consideration by the CSD including action on fresh water and energy. There was also agreement that governments would put in place by 2002 national sustainable development strategies.

4.19 We now plan to:

- work for agreement at CSD 1998 on a global programme of action on freshwater and, in preparation for this, support a workshop in **Harare** in January 1998 and participate in a ministerial meeting, convened by **France**, in March.
- work for further progress in the Intergovernmental Forests Forum.

National sustainable development strategies

4.20 One of the OECD 21st Century targets is that national sustainable development strategies should be under implementation by 2005, with a view to reversing environmental degradation both locally and globally by 2015. The UK's White Paper commits the Government to working in partnership with developing countries to achieve these targets.

4.21 Most countries have submitted national sustainable development reports to the CSD but many developing countries have insufficient local

capacity to develop, integrate and implement such strategies. During the UK Presidency of the EU therefore, we propose to submit a draft decision to the CSD to take forward the UNGASS decision on national sustainable development strategies which entails providing assistance to developing countries. Bilaterally, we will support developing countries who are working on these strategies and offer to provide support and assistance.

Global Environment Facility (GEF)

4.22 The GEF helps developing countries and countries in transition meet the additional costs of global environmental actions in four focal areas: climate change; biodiversity; pollution of water; and (for countries with economies in transition) ozone depletion.

4.23 The GEF Council, on which DFID represents the UK, met twice in 1997. DFID makes the UK's contribution to the GEF from the Global Environmental Assistance provision, separate from and additional to the development assistance programme. The UK has, to date, committed £130 million and is the fifth largest donor. In 1997, there were three meetings of donors on the second replenishment of the Facility. The donors agreed to a target of US\$2.75 billion (compare US\$2 billion for GEF 1) for the second replenishment of the Facility and decided to work for final agreement on this by February 1998.

4.24 The Council has approved improvements to the project cycle eg streamlined procedures for medium-sized grants. The monitoring and evaluation work programme has begun. An independent review of the GEF will be published in early 1998. The Council has prepared for the first meeting of the GEF Assembly in New Delhi in April 1998 involving all governments which participate in the GEF.

4.25 Other activities in the GEF in 1998 will include:

- following up recommendations of the independent review, especially as they relate

to improving the quality of GEF investments;

- promoting and participating in the Assembly in April especially to encourage dissemination of best practice and effective projects and to encourage the involvement of the private sector.

Montreal Protocol

4.26 The Multilateral Fund of the Montreal Protocol helps meet the costs of developing countries of their phase-out of ozone-depleting substances. DFID makes the UK's contributions to the Multilateral Fund from the Global Environmental Assistance provision, which is separate from and additional to the development assistance programme.

4.27 The ninth Meeting of the Parties to the Protocol (MoP) met in Montreal in September 1997. The Multilateral Fund Executive Committee, chaired by DFID for the UK, met three times. The MoP agreed to controls on the consumption of methyl bromide. The Executive Committee decided on three set meetings a year with agenda relating to the business cycle; approved more projects in developing countries than any previous year; and reached agreement with the Government of **China** on a halon sector strategy to phase out halon production and consumption in advance of the Protocol target.

4.28 DFID plans to continue to promote the effective deployment of the Multilateral Fund especially to assist developing countries meet the 1999 freeze on CFC consumption; and to work for agreement to the World Bank initiative to phase out CFC production in **Russia**. The UK has committed £2 million on the understanding that other donors meet the balance.

Multilateral Environment Agreements

4.29 DFID represented the EU on developing country issues as part of the UK Delegation to the meeting of the Climate Change Convention in Kyoto, December 1997. This successfully agreed a Protocol that commits developed countries as a whole to reduce their emissions of

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greenhouse gases by over 5% of 1990 levels by 2008 to 2012 and sets legally binding targets for each developed country. The Protocol advances the existing commitments of all parties and reaffirms the Global Environment Facility as the means by which developing countries can be assisted to meet their obligations. It also sets out the basis for a system whereby developed countries can fund projects that reduce emissions in developing countries in return for credits against their own reduction targets. The details of this have yet to be agreed and DFID will have an important role to play to ensure that any system acts in the best interests of developing countries.

4.30 The Desertification Convention had its first Conference of the Parties (CoP) in Rome in October where the Parliamentary Under Secretary of State represented the Government. The Desertification CoP was largely procedural. DFID published its strategy to help developing countries implement the Convention.

4.31 We will be contributing to the follow-up on the Prime Minister's commitment at UNGASS that the UK would work with key developing countries on climate change research and energy efficiency.

Urban Poverty

4.32 The Habitat Agenda, agreed at the 1996 Istanbul Habitat Conference, calls for adequate shelter for all and the development of sustainable human settlements. DFID is applying the agreements made in Istanbul to the problems of urban development and urban poverty. This includes work with the UN Commission on Human Settlements (UNCHS) on environment issues. DFID took over from the Department of Environment, Transport and the Regions responsibility for the UNCHS and its operating body the United Nations Centre for Human Settlements (Habitat). Habitat is the main UN Agency focusing on the issues of poverty and the environment in urban settlements. We aim to strengthen the role of these bodies. The UK has

also agreed to take the lead in the Development Assistance Committee on co-ordinating a set of Urban Environmental Guidelines (with DAC member states and UNCHS).

4.33 DFID has begun two new urban poverty programmes in **India**, in Cuttack and Cochin. These projects differ from the traditional slum improvement projects undertaken in the past in that they adopt a city-wide approach to urban poverty programmes. A multi-sectoral team of engineers, social workers and health workers help the community to define their needs and priorities and to identify solutions. In **Kenya**, DFID has launched a programme covering six medium-sized towns, focusing on the role of the community in the fight against urban poverty and addressing social, economic, health and education issues. Further programmes on these lines are being developed in **Angola** and **Bangladesh**.

EFFICIENT USE OF PRODUCTIVE CAPACITY

Transport

4.34 Our objectives in this area include:

- encouraging better maintenance of transport infrastructure to reduce costs and to avoid the need to build new infrastructure to replace poorly-maintained infrastructure;
- strengthening government transport departments so that they can better programme their work including the maintenance of existing infrastructure;
- improving access to rural areas to provide all-weather rural transport networks (see box);
- encouraging local people to take part in the maintenance of their own feeder roads, and developing the capacity of district authorities to manage this participatory approach. Labour-intensive methods are being developed so that roads can be built using only hand tools and a tractor and trailer;
- helping cities in developing countries avoid the traffic problems we have in our cities, by

helping them to develop commercial and efficient public transport systems and to improve urban traffic management.

4.35 In **Mozambique**, we are implementing a project to build up the capacity of local contractors to take over the construction and maintenance of feeder roads. The project aims to provide work for local people, so bringing cash into the local economy, helping people re-establish themselves on their farms, improving marketing products and providing services in areas badly affected by the civil war. We are also improving Maputo Port in **Mozambique**, including the privatisation of most of the operational side. This has increased the volume of cargo handled through the port significantly.

4.36 Our support for the road building programme in **Nepal** has extended the road network deep into rural areas where there were only footpaths before. This has enabled poor communities to market more of their produce and have access to better health services and education than was possible before.

4.37 A research project in **Zimbabwe** has developed guidelines on efficient and effective organisation and control of urban transport. Research into road accidents among school children in **Ghana** has led to the publication of guidelines to government and teachers in

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POWER: UGANDA

A detailed feasibility study has been completed for the construction of a 10 MW hydropower station in a remote part of western **Uganda**, to serve tea estates, rural communities and the local town with electricity. The project is now being taken forward by the Commonwealth Development Corporation (CDC), which owns and runs several tea estates in the area. A reliable, locally generated source of electricity will alleviate chronic power shortages which have constrained development in this remote part of **Uganda**. We aim to have the new station in operation by the year 2000, ending the cost and the difficulties of transporting diesel fuel to local generators.

Also in **Uganda**, a 10 year programme to rehabilitate the Owen Falls Hydropower Station is almost completed. The station, originally constructed in 1953, is the main source of power to the country. DFID is also providing institutional support and training to the Uganda Electricity Board during a period of reform and restructuring, which is expected to lead to much-needed new investments through private sector partnerships.

section 5

Policy Consistency

5.1 As barriers to international trade and investment fall away in a more inter-dependent and integrated world, policies and actions taken in one region increasingly have repercussions for other, even distant, regions. DFID is therefore working within Whitehall, the EU and with international organisations, to help ensure international policies which affect developing countries complement one another where possible to promote sustainable economic and social development. This includes policies on trade, investment, debt and agriculture and their links to social and environmental issues.

5.2 The White Paper outlined the Government's commitments in this respect and DFID has been closely involved in discussions with other Whitehall Departments such as DTI, MAFF, Treasury, DETR and DfEE who have lead responsibility in these areas. To reflect the importance placed on policy consistency issues, DFID established a new internal department in late 1997 - the International Economic Policy Department - and is now pursuing work in the following key areas.

Trade Policy

5.3 The Government supports an open and sustainable multilateral trading system from which all countries can benefit. DFID is working with other Departments to promote increased multilateral liberalisation of goods and services combined with the best possible access to EU markets for developing countries, in particular for those who most need the potential benefits this could bring. The Government will press for the elimination of tariffs on imports from the Least Developed Countries; for improvements to the Generalised System of Preferences (GSP); and for simpler and less restrictive rules of origin. Renegotiation of the Lomé convention and the mid-term review of the EU's GSP provide opportunities to pursue these objectives (see Box 1).

Agricultural Policies

5.4 Agriculture is a key sector for many developing countries. The Government is committed both to fundamental reform of the EU's Common Agricultural Policy (CAP) and to further multilateral liberalisation of trade in agriculture. DFID is working with other departments to make full use of the opportunities which this presents to developing countries. For the 70 Africa, Caribbean and Pacific (ACP) countries, the Lomé Convention currently gives preferential access to the EU market for some agricultural products. The benefits of such arrangements have been mixed: some countries, such as **Mauritius**, have been able to take advantage of preferential access; in other cases it is not clear that the arrangements have been successful in their objective to promote diversification. DFID is working with other Departments to ensure our obligations to vulnerable ACP agricultural economies, such as banana producers in the Caribbean, are taken forward within the framework of EU obligations under WTO rules (see Box 2).

Investment

5.5 Foreign direct investment can bring a range of benefits to developing countries, including

Standards

5.6 The White Paper highlights the need to pay increased attention to labour, environment and health standards, to ensure that the benefits of international trade and investment contribute to poverty elimination and sustainable development. DFID is working with other Departments to promote the world-wide observance of core labour standards. This includes work with the ILO (see Section 2) and with the EU on the introduction of 'positive incentives' in the EU's GSP scheme (see box 4). In the UK, DFID is supporting the Ethical Trading Initiative - a collaboration between business and the voluntary sector in the UK to develop the local monitoring capacity of core labour standards in developing countries.

5.7 On trade and environment issues, DFID is working with producers and importers to increase trade in sustainably produced products and services from developing countries; and supporting the efforts of developing countries to comply with the main Multilateral Environment Agreements.

Building Capacity for Trade Development

5.8 Dismantling trade barriers will be of limited benefit to developing countries if they lack the human and institutional capacity to take advantage of the opportunities. The Government is supporting on-going work in the multilateral organisations to enable developing countries to become more integrated into the multilateral system and to build trade capacity. This includes work to create an effective international

institutional framework for the participation of developing countries and efforts to improve the multilateral co-ordination of trade-related technical assistance, in particular for the Least Developed Countries (see box 5).

5.9 DFID is developing its own work in this area in its bilateral development programmes and through closer co-ordination with the main multilateral agencies, other Departments, UK organisations and the private sector. For example, the UK recently committed £100,000 to the new 'Trade and Investment Access Facility', set up by the Commonwealth Secretariat following the Commonwealth Heads Of Government Meeting (CHOGM) last November.

Debt

5.10 The Government recognises that, if combined with sensible economic policies, debt reduction can play a key role in creating the right conditions for sustained economic growth in developing countries. DFID is working closely with the Treasury, which takes the lead in dealing with debt problems, and has recently expanded its debt cancellation programme (see box 6).

Wider Policies

5.11 DFID is building its capacity to monitor a wider range of EU and international policies, such as those arising under the EU Internal Market, which may have implications for developing countries. The objective is to ensure that as far as possible the formulation and implementation of these policies take account of UK and EU development objectives (see box 7).

section 5

Box 1 TRADE RELATIONS BETWEEN EU AND ACP - BEYOND LOMÉ IV

The Lomé Convention provides a framework for relations between the European Union (EU) and the 70 countries of the Africa, Caribbean and Pacific regions (ACP). It is wide-ranging and encompasses cultural, social and regional co-operation, as well as economic development and trade co-operation. The latter aims at developing trade relations between the ACP states and the EU, and at supporting the industrialisation of the agricultural states and their agricultural sectors.

The Convention's trade provisions are amongst the most generous offered by the EU and allow duty-free access to EU markets, on a non-reciprocal basis, to almost all ACP manufactured products. Agricultural goods falling under the Common Agricultural Policy (CAP) enjoy preferential but not unlimited access. Certain products such as sugar, bananas and beef are governed by special Protocols to the Convention (see Box 2). These arrangements provide some degree of predictability for exporters and investors.

The current Lomé Convention expires in March 2000 and negotiations on successor arrangements must begin by September 1998. The EU will need to agree a negotiating mandate for the Commission before then, probably during the UK Presidency. DFID has been closely involved with other Departments in discussions on options for future arrangements. The UK Government has proposed that the Lomé trade preferences be integrated into a single, more generous, Generalised System of Preferences with special arrangements for all Least Developed Countries (LDCs) including the 9 non-ACP LDCs, and simplified and harmonised rules of origin. A possible outcome of this is reduced access to EU markets for the non-Least Developed members of the ACP, including a number of low-income countries. As a result of this, one option to explore for existing regional groupings could be phased Free Trade Agreements (FTAs).

Box 2

BANANAS AND WTO RULES

A number of European countries, including the UK, have traditionally imported bananas from the Caribbean and other ACP countries, giving them preferential access to their markets as a result of long historic ties and the dependence of the Caribbean economies on banana exports. Commitment to maintaining access for the ACP countries to the European market is enshrined in the Banana Protocol of the Lomé Convention. The present EU banana regime was created in 1993. It was a serious attempt to meet our obligations to the ACP countries, but following a recent successful challenge to the regime at the WTO by **US, Ecuador, Guatemala, Honduras and Mexico**, parts of the regime have been found to be contrary to WTO rules.

The ruling is obviously of great concern to the Caribbean banana producers, some of whom are very dependent on revenue from banana exports, and a new regime could have important development implications for their small vulnerable economies. However, the findings of the WTO Appellate Body do not

overturn the principle of preferential trading arrangements between the EU and ACP countries, as required under the Lomé Convention.

As firm adherents to a rules-based multilateral trading system, the UK Government recognises that the EU must comply with its WTO obligations and change its arrangements to bring them into conformity with WTO rules. DFID has been working intensively with MAFF and other Whitehall departments to assess the development implications of the WTO ruling and officials have kept in close touch with the European Commission in Brussels, who have the initial responsibility for the Community's response. DFID is seeking to ensure that the UK is able to play a constructive role working with the Commission and other EU member states, during its Presidency of the EU, to reach agreement on changes to the EU bananas regime which bring it in line with WTO rules and take into account the interests of our traditional trading partners in the Caribbean.

section 5

Box 3 INTELLECTUAL PROPERTY RIGHTS

In the last two decades, intellectual property rights (IPR) have become a prominent issue on the international trade agenda. The WTO Agreement on Trade-Related aspects of Intellectual Property (TRIPs) was signed as part of the Uruguay Round Final Act and came into force at the start of 1995. This agreement sets out the minimum rights to be accorded to various categories of intellectual property and also specifies measures for their enforcement.

A number of aspects of the TRIPs agreement are of key interest to the developing countries members of WTO: (i) the transitional arrangements for developing countries and LDCs which allow for a delay in implementation of between one and ten years (the latter applies to LDCs and is extendable); (ii) the provision committing developed country members to provide technical and financial co-operation to assist developing countries and LDCs to prepare and enforce domestic IPR legislation; (iii) the provision allowing members to exclude plants and animals (other than microorganisms) from

being subject to patent provided members provide their own sui generis systems for plant variety protection.

The latter provision is due to be reviewed in 1999 and is the source of a complex debate concerning ownership of, access to and conservation of biological resources in the south; economic issues such as the need to provide incentives for investment and technology transfer; and social and ethical issues. There is also a wider debate concerning the appropriate levels of IPR protection for different countries and whether a global standard may be desirable or feasible.

DFID has been engaged in discussion with the Patent Office (DTI) in recent months regarding a proposed EC Directive concerning the protection of biotechnological inventions and the potential implications for developing countries. DFID is also working to ensure that development perspectives and developing country interests are incorporated into the policy debate in the lead up to the 1999 TRIPs review.

Box 4

EU POSITIVE INCENTIVE SCHEME UNDER GSP

The EU can offer enhanced trade preferences under the Generalised System of Preferences (GSP) to countries which incorporate the substance of standards of three core International Labour Conventions. These are (i) Convention 87 - Freedom of Association and Protection of the Right to Organise; (ii) Convention 98 - Right to Organise and Collective Bargaining; (iii) Convention 138 - Minimum Age for Admission to Employment.

The GSP incentive scheme is a complex but potentially powerful lever to encourage developing country governments and

European importers to work together with local business and trade unions to safeguard the basic human rights of workers, including children, in developing countries. Details of the proposed Regulation are under discussion within the GSP Working Group and should be finalised during the UK Presidency.

DFID, with other departments, has actively contributed to the Working Group focusing, in particular, on the importance of monitoring and technical assistance to countries who express the intention of meeting the criteria but who lack the capacity to do so.

Box 5

WTO HIGH-LEVEL MEETING ON LEAST DEVELOPED COUNTRIES

In October 1997, the WTO held a High-Level Meeting (HLM) on Least Developed Countries to discuss the integration of LDCs into the global trading system - both through enhanced market access for LDCs and an integrated programme of assistance for trade-related capacity building. The results of the HLM were positive. A number of countries - including the European Union and some of the more advanced developing countries - announced improvements in their market access for LDC products. In addition, the 6 multilateral agencies (WTO, UNCTAD, ITC, IMF, World Bank, UNDP) adopted an Integrated Framework for the co-ordination and delivery of trade-related development co-operation.

DFID was involved with DTI and other Departments in the preparations for the meeting and the UK was an active participant, supporting the improvements in market access and pushing for trade-related integrated assistance programmes to be based on recipient needs and subject to careful prioritisation, costing and evaluation. The next stage is to look at ways to achieve further reductions in trade barriers faced by LDCs and to ensure the commitments are translated into action through vigorous and effective follow-up. DFID will continue to remain closely involved in dialogue with DTI, WTO and both multilateral and bilateral donors to achieve these goals.

section 5

Box 6 DFID'S DEBT CANCELLATION PROGRAMME

DFID has announced that it is extending its previous aid debt cancellation programme to include those lower income Commonwealth countries which are committed to the implementation of pro-poor and transparent policies. Agreement has recently been reached with **Barbados, Dominica, Grenada, St Lucia** and **Tonga** to write off aid debts of £15.3 million. Discussions with other possible eligible Commonwealth countries are currently taking place and early progress is expected in a number of cases.

Uganda will be the first country to benefit under the Highly Indebted Poor Countries (HIPC) Debt Initiative which aims to resolve once and for all the problems of unsustainable debt burden faced by some poor countries. DFID will be contributing about £ 6.5 million to the HIPC Trust Fund to help meet the cost of reducing Uganda's debts to the African Development Bank

Box 7

EUROPEAN CHOCOLATE DIRECTIVE

The European Chocolate Directive is a prime example of how actions and policies made in one part of the world can have knock-on implications for other regions and their economies, and highlights the importance of integrating development perspectives into wider policy formulation.

The European Commission has put forward a proposal to replace the 1973 Chocolate Directive which prohibits the use of non-cocoa vegetable fats. Seven out of fifteen Members States of the European Union produce chocolate which contains vegetable fats; the UK enjoys a derogation which allows up to 5% of such fats. Under the co-decision procedure, discussions have taken place within the European Parliament on a new Directive which will be aimed at guaranteeing consumer choice and free trade in chocolate by allowing all member states to permit up to 5% non-cocoa fats and for all such products to circulate freely in a single 'chocolate' market.

A new Directive could have important implications for European consumers, the chocolate industry and cocoa producers in

developing countries. There are substantial uncertainties over the possible effects of the proposed Directive on developing countries. This will depend on how the Directive influences the relative demand for cocoa butter and its substitutes which in turn will be determined by Members States' response to the new Directive, any changes made by the chocolate industry, and the choices that consumers make. It appears that some reduction of the rate of income growth of cocoa producing countries could follow adoption of the new Directive; this may be to some extent counterbalanced by increased demand for vegetable fats such as shea nut which are produced in countries such as **Mali** and **Burkina Faso**.

In recent months DFID has been working with MAFF, which leads on this issue, to build our knowledge of the likely development effects of this Directive and to ensure that development perspectives are incorporated into the UK position. In the long-term, the aim is to ensure developing countries are able to respond to shifts in consumer demand patterns, rather than being locked into the status quo.

section 6

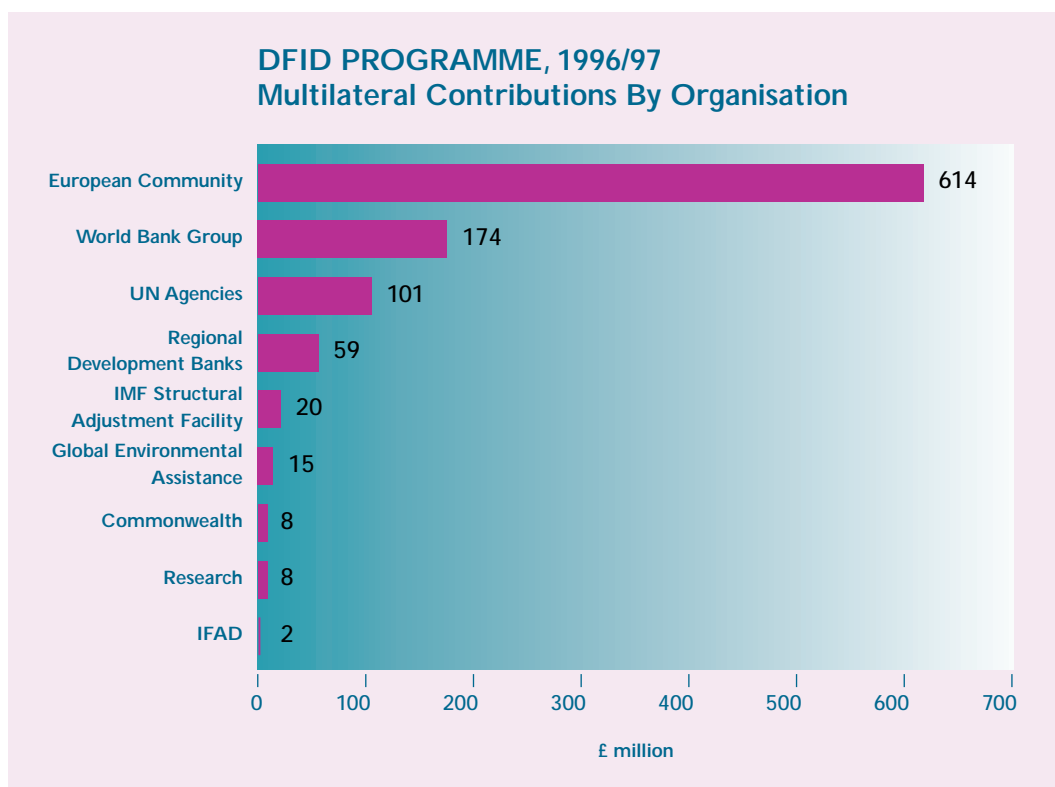
Partnerships

The Multilateral Development Agencies

6.1 Half of our programme is spent multilaterally through the European Union (EU), the UN, the World Bank Group, the Regional Development banks and the Commonwealth. In 1996/97 this accounted for 47% of our total development assistance with £614 million going to the EU, £233 million to the World Bank and other development banks and £109 million to the UN and Commonwealth.

6.2 The international community has a major role to play in helping developing countries eliminate poverty. The combined resources of bilateral and multilateral donors can have a far greater impact on poverty levels than has been evident to date.

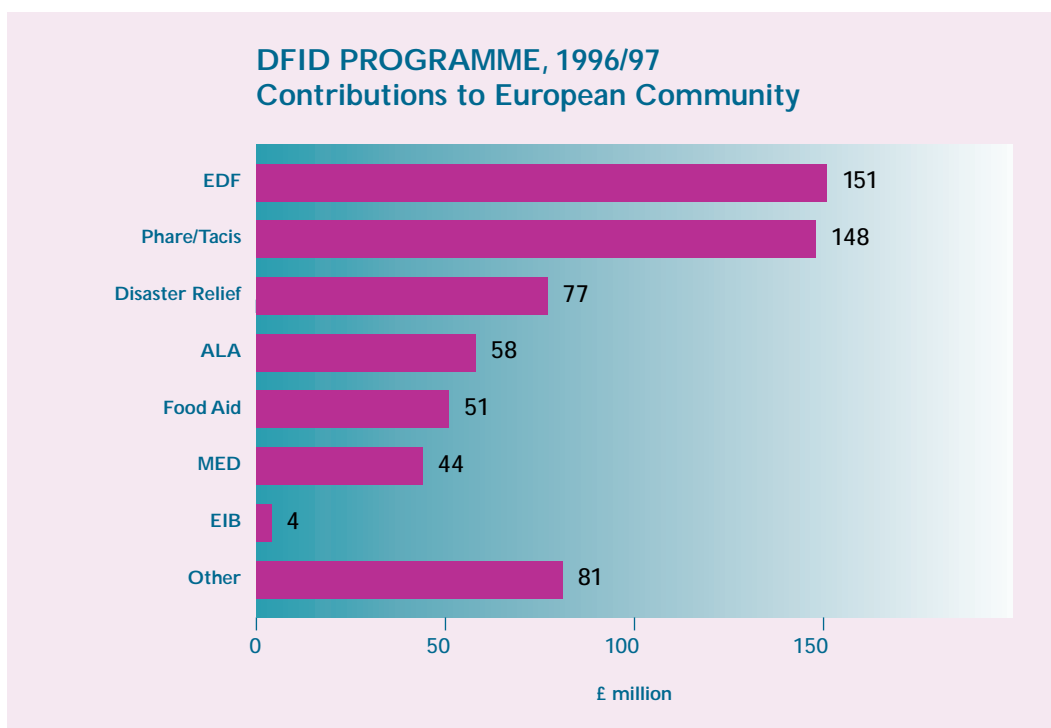
6.3 We shall use our influence in the multilateral system to increase international commitment to eliminating poverty and work to ensure that bilateral and multilateral efforts complement each other.



European Union

6.4 EC assistance is provided through six main programmes:

- the **European Development Fund (EDF)** for African, Caribbean and Pacific countries
- the **Euro-Mediterranean Partnership** for the Mediterranean region
- the **Asia and Latin America Programme (ALA)**
- the **Phare and Tacis Programmes** for Central and Eastern Europe and Central Asia
- **Food Aid Programme** (emergency, project and programme food assistance)
- **Humanitarian Assistance Programme** managed through the EC Humanitarian Office (ECHO)



section 6

6.5 Our key aims for European Union aid - both under the Lomé Convention for 70 African, Caribbean and Pacific (ACP) countries and from the Community budget for other regions - are to improve its poverty focus by directing a larger share of resources to the poorest countries; and to help increase the effectiveness of its programmes. The UK Presidency of the EU in the first half of 1998 provides an opportunity to take these forward.

Lomé Convention

6.6 Negotiation of a successor to the current Lomé Convention will begin in Autumn 1998. But a wide consultation process began in late 1996, with production of the Commission's 'green paper' on the subject. We welcomed this consultation, and have submitted a UK policy paper which sets out our concern that the successor to Lomé should make a real contribution to the goal of eliminating world poverty. The paper emphasises the need for more effective development assistance; agreement on a developmentally sound trade package; and greater substance in the political relationship. We shall continue to pursue these objectives during discussion of the EU negotiating mandate in the first half of 1998, and during the negotiations which follow.

6.7 We also work towards these objectives outside the Lomé framework, and will continue to do so during our Presidency and beyond. For DFID, poverty focus and effectiveness will be the key themes of our Presidency. We shall focus on:

- working for commitment by EU member states and the EC to international development targets
- following up a previous Resolution on poverty
- following up the 1995 Gender Resolution
- work on evaluation

We will take these forward in the Development Council, which sets the policy framework for EC aid. We shall also continue to pursue our aims through bilateral contacts at all levels with the Commission, and by continued provision of staff to work in the Commission in a number of key areas.

International Financial Institutions

6.8 DFID aims to influence the policies of the Multilateral Development Banks (MDBs) and the International Monetary Fund (IMF) to increase their impact on poverty reduction, and improve the efficiency and effectiveness of their operations.

World Bank Group

6.9 The World Bank Group, comprising the **International Bank for Reconstruction and Development (IBRD)**, the **International Development Association (IDA)**, the **International Finance Corporation (IFC)** and the **Multilateral Investment Guarantee Agency (MIGA)**, is the largest single source of multilateral development assistance.

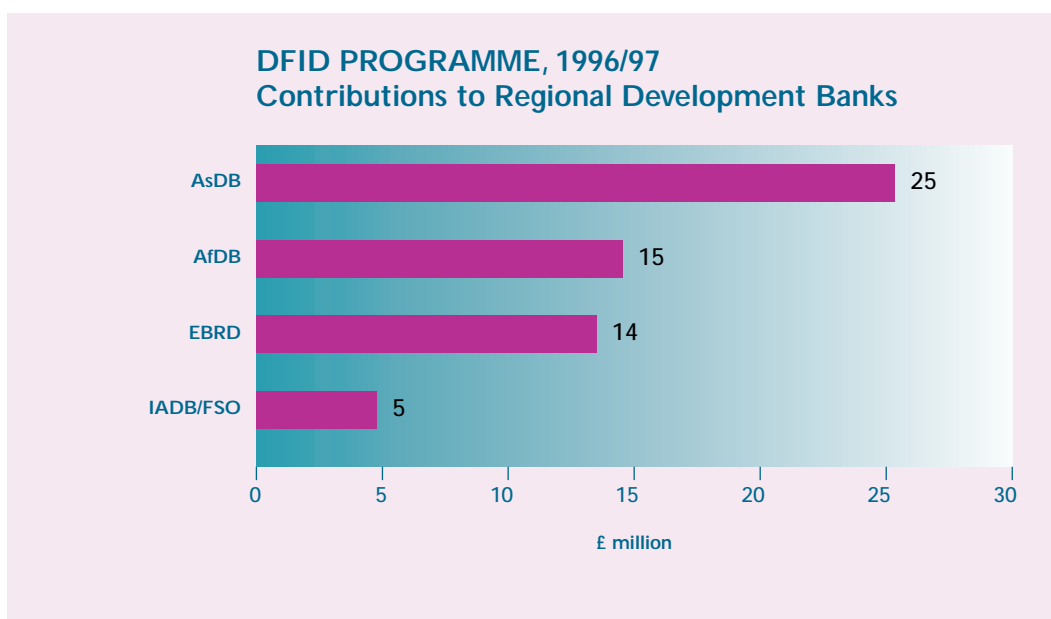
6.10 The World Bank Group is the largest source of multilateral development assistance. Poverty reduction and sustainable development are its central objectives. The World Bank at the top level has endorsed the International Development Targets for the 21st Century. We are working with the Bank's management and other shareholders to enhance the focus and effectiveness with which the Bank pursues this agenda.

6.11 With our support, the World Bank has taken and is taking the following steps:

- it is acting to ensure that social development issues, including gender, are part of its mainstream poverty reduction work
- it has codified its policies to integrate environmental sustainability into its work, and all projects are screened for potential environmental impact
- it is working to achieve closer co-ordination of private sector activities across the whole Group
- its Strategic Compact, agreed with shareholders, commits the Bank to become a leaner and more effective institution, better able to help its clients to eradicate poverty

Regional Development Banks

6.12 The UK holds membership of the **African, Asian, Inter-American and Caribbean Development Banks** (AfDB, AsDB, IADB and CDB) and the **European Bank for Reconstruction and Development** (EBRD). All of them bar the EBRD follow the model of the World Bank with ordinary capital resources for lending at near-market rates to creditworthy members and concessional resources, contributed by donors, for lending to the poorest countries.



section 6

6.13 The Regional Development Banks - the African, Asian, Caribbean and Inter-American Development Banks - were set up to promote regional economic growth. Only in recent years have they adopted strategies for poverty reduction. All are now moving towards more poverty-focused projects in the health and education sectors. The UK has contributed to the development of new policies, programmes and procedures, and welcomes the increasing attention which the Banks are giving to human development, gender inequality and environmental degradation. In the African Development Bank, problems of poor management and inappropriate policies led to ineffective operations and serious financial difficulties. In concert with other donors, we are supporting a programme of institutional reforms being implemented under the Bank's new President. Negotiations are also under way on a new capital increase.

6.14 The EBRD has a different mandate from the other Regional Development Banks and its remit is to help countries in Central and Eastern Europe and Central Asia in the transition towards market-oriented economies. The EBRD's main focus is assisting with the development of the private sector and it has no concessional window.

Enhanced Structural Adjustment Facility (ESAF)

6.15 The IMF's ESAF provides finance on highly concessional terms to poor developing countries with balance of payments problems. The UK is one of the largest contributors and, as a member of the IMF Board, will be considering how to take forward the recommendations of a recent external review.

The United Nations

6.16 The UN agencies are mainly involved in providing technical assistance and cover a wide range of activities which include:

- **UN Development Programme (UNDP)** which is the central planning and co-ordinating agency in the UN system. It is the world's largest organisation providing technical co-operation and is financed from voluntary contributions
- **UN Children's Fund (UNICEF)** which is concerned with the welfare of mothers and children and financed from voluntary contributions
- **Food and Agriculture Organisation (FAO)** which provides technical and policy advice and acts as an international forum for discussion of major agricultural issues. FAO is financed by obligatory, assessed contributions from member governments
- **UN Population FUND (UNFPA)** which helps developing countries with reproductive health and family planning issues
- **World Food Programme (WFP)** which provides food assistance and is funded from voluntary contributions
- **International Fund for Agricultural Development (IFAD)** which provides highly concessional loans and technical assistance grants to support food production in the poorest countries



6.17 One of the key goals of the White Paper is the Government's commitment to enhancing support for the role of the United Nations in development and especially for the UN Secretary-General's Track II reform package which was approved in November 1997 by the General Assembly. We hope these reforms will provide a leaner and more effective organisation necessary to deliver the poverty elimination targets set in UNDP's 1997 Human Development Report.

6.19 There have been some important achievements already in these areas. For example, more effective budgetary discipline has been secured through the adoption of zero nominal growth budgets in the main UN specialised agencies. 1996 saw the successful World Food Summit. The process of change in individual UN agencies continues. Our goals for the future will be to promote continued effectiveness and efficiency as well as support for poverty elimination and sustainable development goals in all these agencies.

6.18 The Government's decisions to rejoin United Nations Educational Scientific and Cultural Organisation (UNESCO) and to reverse the previous Government's intention to leave United Nations Industrial Development Organisation (UNIDO) demonstrate strong UK commitment to the UN and its desire to work from within in order to strengthen the system. In the UN, as in all multilateral institutions, the UK will seek to build new alliances for change and work more closely with its developing country partners to increase the effectiveness of these agencies in meeting the needs of poor countries.

6.20 UK development assistance is channelled primarily through the Commonwealth Fund for Technical Co-operation (CFTC). By tradition, the UK finances 30% of CFTC and other Commonwealth activity.

Foreword

Foreword by the Secretary of State

Eliminating World Poverty

The White Paper on International Development published in November presented our policies for achieving a major advance in poverty eradication. This Report, in addition to setting out spending plans for 1998/99, shows how we are seeking to implement the policies outlined in the White Paper.

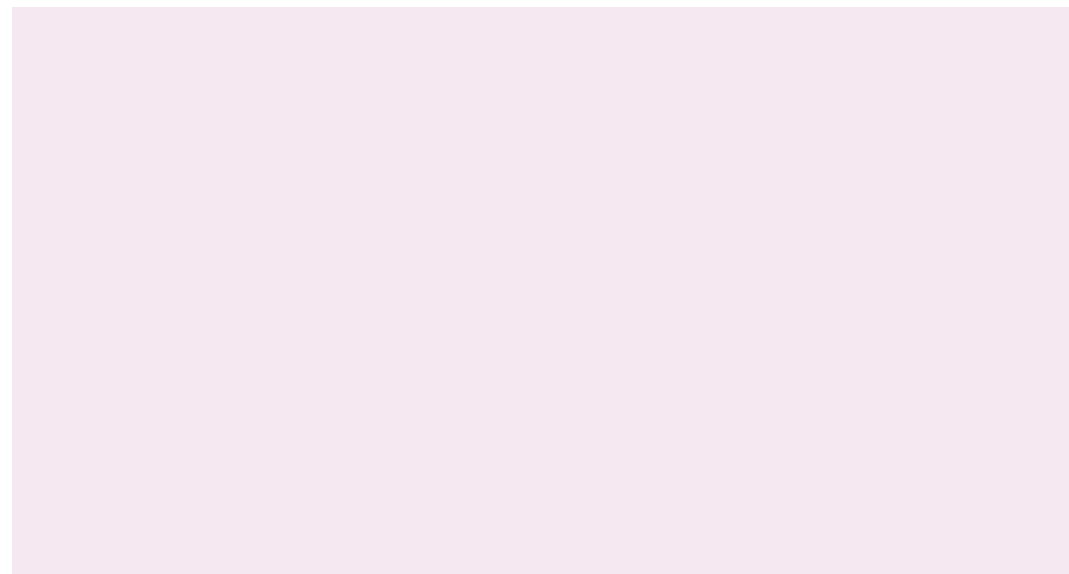
We will, as we have always made clear, work within existing financial ceilings in 1998/99 but intend to justify an increase in the development assistance budget once we have redirected our resources in accordance with our policy priorities. We remain fully committed to the UN target for official development assistance of 0.7% of GNP and to reversing the decline in the British development assistance budget.

One of the major shifts in our effort is the much greater emphasis we now place on our work with multilateral institutions - the UN system including World Bank and IMF, the EU, OECD. ODA was in the past an aid giving arm of the Foreign & Commonwealth Office. ODA's record and reputation was widely respected and I pay tribute to my predecessor and staff for that. But DFID is a very different animal. It is now an independent department and its work is no longer subject to short term political and commercial considerations. It is also invited to bring development considerations into the mainstream of government thinking on trade, debt, agricultural reform and all other aspects of policy.

It is, of course, morally necessary that the interests of the poorest of the world should have fair consideration at the Cabinet table. But, as the White Paper makes clear, this work is not just altruism. There will be no decent future for the next generation wherever they live and whatever their origins unless we do better in eradicating poverty.

reason, the Secretary of State announced in the White Paper that we intend to reorganise CDC so that it can make use of more private sector investment. This will require legislation to allow private sectors to invest money in CDC, turning a state corporation into a partnership between the public and private sectors. The Government will

retain a substantial minority holding and will set a framework for the corporation's operations in order to preserve its unique character and skills. This new partnership will allow the CDC to raise debt and equity on the capital markets and will allow substantial extra funds to be invested in development.



Investing in Knowledge

6.32 Improved access to knowledge, know-how and technology is a powerful tool in our action to eliminate poverty. Access to better knowledge can:

- empower communities and individuals to use their resources better and increase their options and opportunities for development
- inform better policies and decision making by governments and policy makers
- improve the design, implementation and impact of DFID's, and its partners' programmes in international development

DFID invests about 6% of its budget in the generation and dissemination of knowledge. The White Paper commits us to building partnerships with the academic and research community to increase and improve the availability of relevant information and knowledge to developing countries.

6.33 DFID's programmes:

- commission research in a wide range of topics from many institutions in UK, internationally and in developing countries
- identify and disseminate good practice and lessons learnt from development experience
- contribute to strengthening and retaining capacity to carry out knowledge generation and disseminate the findings in the UK, developing countries and to other development organisations

6.34 DFID uses investment in knowledge to:

- generate new and adapt existing knowledge
- improve the availability and relevance of knowledge and technology
- assess the uptake and eventual impact on development processes and the livelihoods of individuals
- build partnerships with the academic and research community, other development organisations, the private sector and NGOs

section 6

KNOWLEDGE GENERATION AND TRANSFER

DFID's economic and social research programme is designed to provide knowledge relevant to the attainment of DFID goals. Through financing research, we seek to inform and influence not only DFID's own policies and programmes, but also wider government policies on trade, investment, agriculture and the environment which impact on our sustainable development objective. We also hope to inform and influence the actions of the wide variety of our partners in development.

Knowledge of many different kinds is increasingly recognised as the key to development. The challenge is to derive, distil and communicate relevant knowledge in ways that promote our objectives. Our immediate task is to develop, as part of DFID's overall knowledge strategy, a specific

role for economic and social knowledge work in contributing more directly to the elimination of poverty. This will need to

The articulation of well defined research strategies and the use of project cycle management techniques, including the setting of 'objectively verifiable indicators' is improving the relevance and uptake of the outputs of DFID's knowledge programmes.

6.35 Evaluation studies have shown that the returns from investment in well managed, carefully targeted and properly disseminated research can be very high.

6.36 In 1998, DFID plans:

- to develop an overall strategy for knowledge generation that will encourage interdisciplinary research on a wide range of multi-sectoral development issues and ensure that knowledge work is fully integrated with the work of DFID and targeted on poverty elimination and the protection of the environment
- to pursue opportunities which we have identified for increasing efficiency in the

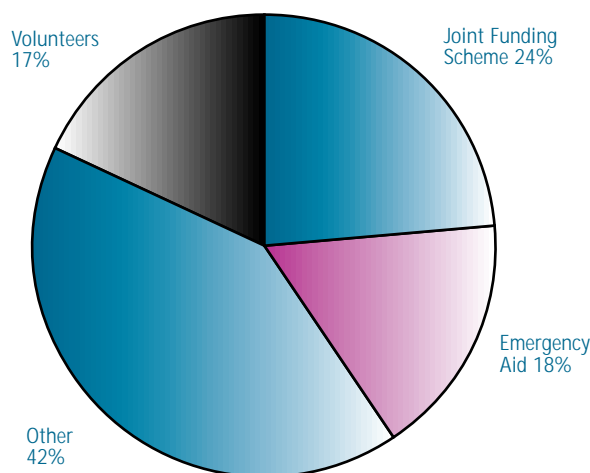
management of research and the knowledge system

- to develop further the application of IT, database systems and DFID's website

Non-governmental Organisations (NGOs)

6.37 NGOs make an important and widely recognised contribution to the official international development programme. In 1996/97 the bilateral development assistance programme channelled more than £167 million through UK NGOs for development activities. DFID plans to strengthen its partnerships with NGOs with a view to sharing a more strategic approach to poverty elimination and encouraging lessons from innovative projects to be widely disseminated and put into practice where they can be of most benefit to poor communities. The two most significant DFID schemes for supporting the development work of UK NGOs are the Joint Funding Scheme and the British Volunteer Programme.

DFID Expenditure through UK NGOs 1996/1997



Joint Funding Scheme (JFS)

6.38 £40 million was spent through the JFS in 1996/97 on some 1800 projects. The scheme works with UK NGOs, in partnership with indigenous NGOs and community groups, to provide lasting benefits to poor and vulnerable people in developing countries. Institutional development of these indigenous groups is frequently a key part of the projects.

Volunteer Programme

6.39 Under the Volunteer Programme, DFID supports 4 UK agencies who specialise in sending skilled volunteers to work on long-term assignments on behalf of poor people in developing countries. £27 million was provided by DFID in 1996/97 towards the cost of sending almost 2,100 volunteers to more than 80 countries. The largest volunteer programme is run by Voluntary Service Overseas (VSO).

The British Council

6.40 The British Council is a key player in the UK's overall effort in international development as well as being the UK's principal agency for cultural relations abroad. The Council promotes the developmental aims of DFID.

6.41 In 1998/99 DFID's Grant-in-Aid to the Council will amount to £30.3 million. DFID has recently committed a further £15 million to the Fund for International Co-operation in Higher Education (FICHE) scheme for international co-operation in Higher Education. In future activities, DFID will seek to work in closer partnership with the Council ensuring that the work funded under the Grant-in-Aid, demonstrates more clearly that it is making a contribution to DFID's aim of eliminating poverty in poorer countries.

Crown Agents

6.42 On 21 March 1997, the Crown Agents ceased to be a public corporation owned by the Government and became a limited company owned by the Crown Agents Foundation. The Foundation has the objectives of carrying on the activities of the Crown Agents on a commercial basis and will use the profits it receives for social and developmental purposes.

section 7

Organisation

Structure

7.1 The organisation of DFID is shown in the chart. The Secretary of State for International Development is the Cabinet Minister responsible for the Department. The Permanent Secretary is the Accounting Officer and senior civil servant in charge of DFID. DFID staff are Home Civil Servants although there are frequent secondments to, and interchange with, the Diplomatic Service. Some directly employed staff are also seconded to appointments which represent direct aid inputs and which are consequently funded from the aid programme. DFID employs directly about 1100 staff but also draws on a large number of staff employed on contract terms, both in the UK and overseas. These include specialist advisers in a wide variety of disciplines who play a key role in managing and planning the aid programme.

7.2 DFID's Headquarters is in two locations: London and East Kilbride. There are seven overseas offices with regional responsibilities. These are located in **Kenya, South Africa, Zimbabwe, Thailand, Barbados, Bangladesh** and **India**. There is also a smaller aid management capacity in the **Pacific**.

Capital Assets

7.3 The approximate value of DFID's capital assets is as follows:

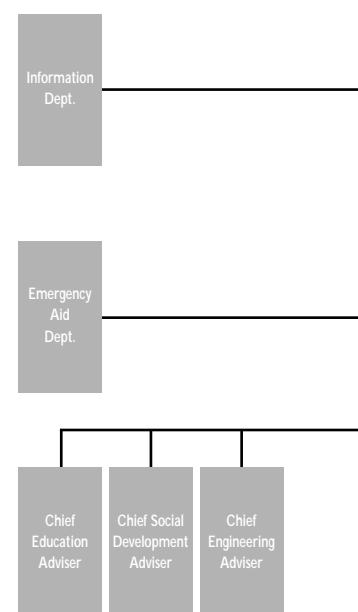
	£'000s
Land and buildings	3,500
Furniture and equipment	1,500
IT and telecommunications equipment	8,000
Information systems	8,000
Total	21,000

Environment/Green Housekeeping

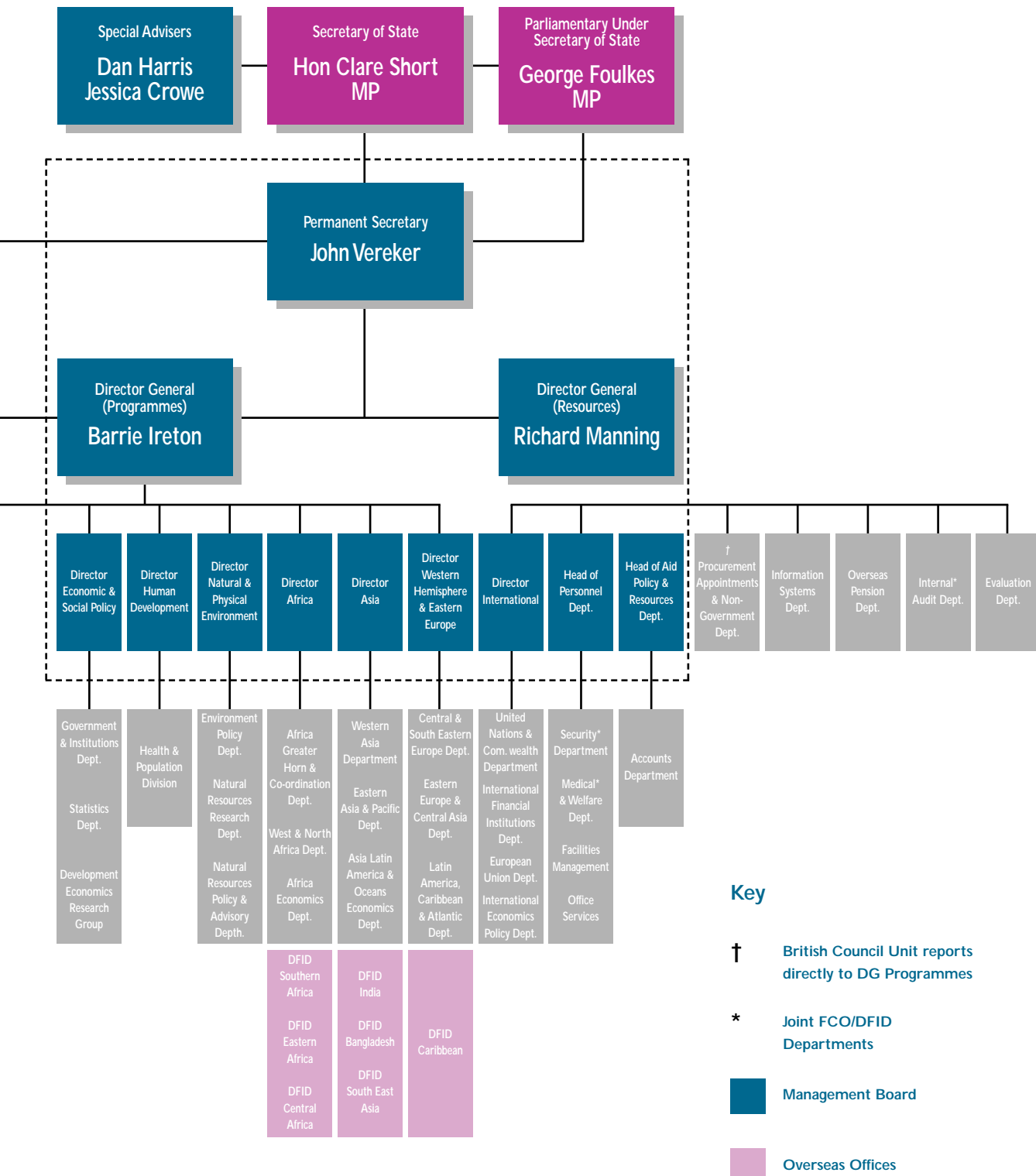
7.4 DFID is committed to Green Housekeeping in its offices. In addition to sensors and optimisers to make its system of heating more responsive and energy-efficient, DFID's East Kilbride building has been equipped with high frequency, energy-efficient lighting. Measures to save water and paper and to recycle waste paper, aluminium cans and glass are in place.

Senior Civil Service Salaries

Salary Range	Numbers
90,000 - 100,000	1
80,000 - 90,000	1
70,000 - 80,000	3
60,000 - 70,000	6
50,000 - 60,000	33
40,000 - 50,000	4



ORGANISATIONAL CHART: Department For International Development



As of 1st February 1998

section 8

Efficiency

Efficiency Plan

8.1 DFID's Efficiency Plan sets out the systems and measures which ensure that running costs are spent effectively and that running costs ceilings are not breached. Since the Competing For Quality White Paper in 1993/94, DFID has subjected over 45% of our Headquarters posts to market tests or independent efficiency review. Headquarters savings of over £5.5 million have been achieved (over 10% of the 1997/98 running costs baseline) with a reduction of over 200 posts.

8.2 In 1997, we carried out efficiency reviews of accounts services, medical and welfare services, telecommunications and postal services, typing and secretarial services and a preliminary review of aid management in the Caribbean. We also completed a pay and grading review and implemented a revised pay and grading system appropriate to DFID's needs.

8.3 We are in the process of introducing resource accounting and budgeting. This has included the introduction of activity based management techniques which should help us to identify new areas for efficiency improvements. In 1998, we plan amongst others to review aid management in Asia, home working, and training and development services.

Running Costs

8.4 DFID's report for the Departmental Spending Review considered issues of efficiency and effectiveness. The emerging conclusions of the studies and of peer review are positive. But DFID, as with other Government Departments whose work has a high policy content, can develop better measures of administrative efficiency. DFID's policy and resource planning process will more closely integrate resource allocation with policy objectives and outcomes, and will be underpinned by output and performance information to be produced by Resource Accounting. A number of operational and management improvements were identified and will be implemented.

8.5 The review considered whether DFID systems were adequate to ensure that funds were spent as intended. It noted that there were robust arrangements for monitoring and audit, and that the NAO assessment of the Department's controls was positive. DFID is already devoting much effort to improving governance and transparency in developing countries, which should be continued.

Equal Opportunities

8.6 DFID operates an equal opportunities policy in all aspects of its employment practices including recruitment. During 1997, 3 complaints of sex discrimination were made internally. On investigation, one was found to be justified and corrective action was taken. The remaining complaints are still under investigation.

Recruitment

8.7 DFID's recruitment is carried out in accordance with the principles of the Civil Service Commissioners' Recruitment Code which emphasises the principles of selection on merit, fair and open competition and equal opportunities. Exceptions to the use of fair and open competition are authorised by Part II of the Code and, in 1997, eight appointments were made under this authority. These comprised six staff on fixed term contracts which were converted to permanent appointments (the original appointments having been made by fair and open competition and the vacancies having been advertised as having prospects of permanency) and two re-appointments of former civil servants originally recruited by fair and open competition where there was a clear benefit to the Department in realising the investment made in their training and experience.

CITIZENS' CHARTER

Open government

8.8 DFID is committed to the principles of the Open Government Code of Practice and publishes much information about the UK aid

programme as printed material, either through its own publications or through the Stationery Office and the Parliamentary publishing programme. An increasing amount of information is now also being issued to the public in electronic format on DFID's Internet Home Page. This includes speeches, press releases, DFID publications as well as contact addresses for DFID staff dealing with the Aid Programme. The Home Page can be accessed on the Internet at <http://www.oneworld.org/dfid>.

8.9 As well as providing printed and electronic material, DFID also makes available on request, and following the consent of overseas governments, information about development assistance plans, how development assistance is used and what it achieves. In 1997 there were 16 requests under the Code of Practice all of which were met.

Overseas Pensions

8.10 Overseas Pensions Department (OPD) is responsible for the administration and payment of 30,000 colonial service and dependants pensions, and for the formulation of Britain's

policy on overseas pensions and UK pensions increase supplements. Only some 5% of its expenditure is met from the International Development Vote. The remainder is met from the Superannuation Vote. Expenditure in 1996/97 was £148.9 million.

8.11 During the year, the department made over 321,500 separate payments, over 1,000 new pension awards and provided 1,100 estimates of entitlements. It also replied to over 23,400 letters and dealt with about 17,000 telephone calls.

8.12 OPD's performance is measured and reported against the service standards, obligations, and efficiency savings detailed in a Service Level Agreement (SLA) which has been in place since 1 April 1994. The measured workload of the department is expected to reduce by about 1.4% each year, but in 1996/97 the actual workload was 10.8% higher than anticipated, and 7.4% more than the previous year.

8.13 The department's success in meeting the performance standards is outlined below:

STANDARD	TARGET %	ACHIEVED %
Accuracy of Initial Calculation of New and Revised Awards	95.00	97.98
Accuracy of Initial Payment Calculation	97.50	99.76
Number of New Awards put into Payment Within 2 Weeks	97.50	98.49
Timeliness of Payments by the Due Date	99.00	99.99
Response to Enquiries Within 2 Weeks of Receipt	97.50	99.12
Substantive Response to Complaints Within 5 Weeks	95.00	95.96

DFID PUBLIC APPOINTMENTS 1997

1. The DFID Advisory Committee On Economic And Social Research Overseas (ESCOR)

	Date Appointed:	Appointment ends:	Usual Term of Appointment	Remuneration
Prof P Collier	Apr 1995	Mar 1998	3 years	nil
Dr S Davies	Apr 1995	Mar 1998		nil
Prof S Wallman	Apr 1995	Mar 1998		nil
Prof K Davey	Apr 1992	Mar 1998		nil
Ms D Elson	Apr 1992	Mar 1998		nil
Dr J Heyer	Apr 1992	Mar 1998		nil
Dr G Kolankiewicz	Jun 1994	Jun 1997		nil
Prof G Chapman	Sep 1993	Sep 1996		nil
Prof A Killick	Feb 1994	Jan 1997		nil

2. The Commonwealth Scholarship Commission

Mr Geoffrey Caston (Chairman)	Dec 1996	Nov 1999	3 years	nil
Prof S B Saul (Deputy Chairman)	Aug 1993	Jul 1999		nil
Prof B M Ogilvie	Aug 1993	Jul 1999		nil
Prof J G G Ledingham	Aug 1992	Jul 1998		nil

And this is why the shift in the balance of our work from bilateral to multilateral effort is so important. UK efforts, through our bilateral programme, spending as much as 0.7% of GNP on the most effective possible programmes, cannot eradicate poverty. UK efforts in the multilateral system - building on the best of what we have learned in our own programmes of working with others who have the moral will and determination to reach the 2015 targets - can make a significant difference to the future of humanity.

Our aim is the elimination of poverty. We have a moral responsibility to build a world order that creates fair opportunities for all of humanity. But we also have a responsibility to care for our planet and to hand on a sustainable future to the next generation. Without greater success in development we will fail in both objectives. Difficult challenges lie ahead. We cannot achieve major progress alone. Building partnerships with developing countries, other donors and international institutions is vital if we are to reach the key targets of reducing by half the proportion of people living in extreme poverty by 2015; getting all the children of the world into primary education; basic health care and clean water and sanitation for all. These aims are achievable if we can focus the political will of the international community and make our contribution to the effort.

This Report demonstrates that we are putting the policies outlined in our White Paper into practice. There is much more to be done. The challenge is enormous. But we should not underestimate what we can achieve working with the best of ideas and the clearest possible intent in partnership with those who share these aspirations. We will report next year on further progress.

CLARE SHORT

Secretary of State for International Development

annex 1

VOTE	TABLE 1 CASH PLANS (£ MILLION)	1992-93 outturn	1993-94 outturn	1994-95 outturn outturn	1995-96 outturn	1996-97 outturn	1997-98 estimated	1998-99 plans
	Department for International Development Central government expenditure Voted in Estimates							
III.1.	International Development							
III.1.A	Bilateral development assistance	1,037	1,086	1,097	1,054	1,050	999	910
III.1.B	Multilateral development assistance	683	646	754	649	518	568	578
III.1.C	Administration	49	54	53	56	60	60	59
III.1.D	Certain beneficiaries of the Gibraltar Social Insurance Fund				3	8	9	9
III.1.E	Commonwealth Development Corporation	51	49	5	19	-15	-10	-15
III.1.F	Unallocated	-47	-45	-40	-39	-48	-50	58
III.1.G	Global environment assistance	9	8	11	10	16	20	20
III.1.H	Public/Private Partnership with the Commonwealth Development Corporation						#	1
III.1.I	Crown Agents Loan Repayments						#	-1
	Aid and Trade Provision (outside the Overseas Development and Cooperation Act 1980)			6	7	2	#	
	Crown Agents					8		
	Natural Resources Institute	1	3	4	8	#		
III.2.	Overseas Superannuation							
III.2.A	Overseas Superannuation	120	120	117	114	114	116	111
III.2.B	Other expenditure					6	45	2
	TOTAL VOTED IN ESTIMATES	1,902	1,920	2,008	1,881	1,719	1,756	1,732
	Other (non-voted)							
	International Development	231	327	349	449	581	512	579
	Crown Agents	-3	3	3	#	#		
	Crown Agents Holding and Realisation Board					15		
	Commonwealth Development Corporation	-4	-15	25	8	29	-8	
	TOTAL OTHER (NON-VOTED)	224	315	377	457	625	504	579
	Total central government expenditure	2,126	2,235	2,385	2,338	2,344	2,260	2,311
	Of which:							
	Central government's own expenditure	2,082	2,198	2,351	2,311	2,307	2,278	2,326
	Public corporations (excluding nationalised industries)	44	37	33	27	36	-18	-15
	TOTAL DEPARTMENT FOR INTERNATIONAL DEVELOPMENT	2,126	2,235	2,385	2,338	2,344	2,260	2,311
	Of which:							
	International Development programmes	2,014	2,127	2,240	2,216	2,179	2,107	2,198

(#) Cash amounts below £0.5 million are not shown

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TABLE 2 RECONCILIATION BETWEEN CASH PLANS TABLE AND ESTIMATES (£ MILLION)	1996-97 outturn	1997-98 estimated outturn	1998-99 plans
Public Expenditure within the Control Total (as in Cash Plans Table)	2,344	2,260	2,311
Less non-Voted expenditure within the Control Total	-625	-504	-579
VOTED EXPENDITURE INCLUDED WITHIN THE CONTROL TOTAL	1,719	1,756	1,732
Voted Expenditure not included in the Control Total			
Privatisation programme: Crown Agents	#		
Other Pensions expenditure	21	20	19
TOTAL VOTED EXPENDITURE NOT INCLUDED IN THE CONTROL TOTAL	21	20	19
TOTAL EXPENDITURE	1,740	1,777	1,751

TABLE 3 RUNNING COSTS (£ MILLION)	1992-93 outturn	1993-94 outturn	1994-95 outturn	1995-96 outturn	1996-97 outturn	1997-98 estimated outturn	1998-99 plans
Administration							
Gross running costs:(1)							
Paybill	42	43	48	48	29	33	
Other	24	29	23	24	28	25	
Total	66	73	71	72	56	58	60
Related receipts	-2	#	-3	-4	-5	-4	-4
NET EXPENDITURE	63	73	67	68	51	54	56
Gross Running Costs Limit							60
Natural Resources Institute(2)	20	22	21	21			

(1) The gross figures are net of any VAT refunds on contracted out services

(2) A Next Steps Executive Agency now in private ownership

(3) Running costs related receipts from within the running costs provision of other government departments are now offset against the gross running costs limit.

(4) Only the Gross Running Costs Limit for 1998/99 is shown as the basis for calculation changes from that year.

TABLE 4 STAFF NUMBERS	1992-93 actual	1993-94 actual	1994-95 actual	1995-96 actual	1996-97 actual	1997-98 estimated	1998-99 plans
Department For							
CS FTEs	1,677	1,623	1,481	1,411	998	1,007	1,150
International							
Overtime	15	24	20	20	20	20	20
Development(1)(2)							
Casuals	67	81	89	79	54	47	50
TOTAL	1,759	1,728	1,590	1,510	1,072	1,074	1,220

(1) Figures include the Natural Resources Institute until 1995/96 only.

(2) Figures from 1991-92 include staff designated as working overseas on aid projects

(3) Figure for 1998-99 includes staff taken over from the FCO

**TABLE 5 RESOURCE ALLOCATION:
CLASS III, VOTE 1, 1998-99**

1998-99
Provision
£'000

**CENTRAL GOVERNMENT EXPENDITURE:-
INTERNATIONAL DEVELOPMENT**

SECTION A: BILATERAL PROGRAMME (SECTIONS 2-6, 8, ANNEXES 2 AND 3)

A1 COUNTRY PROGRAMMES (SECTIONS 2-6)	711,452
Financial and budgetary aid and technical cooperation for the purchase of goods, works and services for aid projects and programmes and predictable emergency relief. Financial aid associated with export credits or to reduce the rate of interest on long term commercial loans and technical cooperation for development projects which are also of commercial and industrial importance to Britain.	
(1) Africa	348,830
(2) Asia and Pacific	236,581
(3) Eastern Europe and the Western Hemisphere	126,041
(a) Eastern and Central Europe and the former Soviet Union	67,489
(b) Western Hemisphere	58,552
A2 SECTORAL PROGRAMMES (SECTIONS 2-6, 8 AND ANNEX 3)	188,166
Training, research and other activities, in Britain and overseas, including support for British voluntary agencies; the European Union and international agencies and financial institutions; food aid; emergency and refugee relief	
(1) Renewable natural resources; environment; surveys	27,574
(2) Education (costs of some scholarship schemes are shared with FCO (Diplomatic Wing))	26,665
(3) Mineral and water resources, transport and building	7,870
(4) Health and population	18,000
(5) Development economics; appropriate technology; business development; other related activities	7,300
(6) Joint funding of development activities of voluntary agencies and volunteers working abroad	61,989
(7) Emergency and refugee relief	29,000
(8) Bilateral food aid including through voluntary agencies	2,000
(9) Recruitment and briefing of technical co-operation staff; awards for postgraduate training and experience; aid administration services; evaluation of aid activities; public information; other services	6,248
(10) Technical co-operation in support of the work of the European Commission, and international agencies and financial institutions	1,520
A3 BRITISH COUNCIL: GRANT IN AID (SECTION 6)	30,320
Support in association with the FCO (Diplomatic Wing) (see Class II, Vote 4) for work carried out in developing countries	
A4 PENSIONS (SECTION 8)	7,103
Pensions, pensions supplements and other payments where Britain has taken over responsibilities from overseas governments; other payments	
TOTAL	937,041

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TABLE 5 RESOURCE ALLOCATION
CLASS III, VOTE 1, 1998-99 (cont.)

1998-99
 Provision
 £'000

SECTION B: MULTILATERAL PROGRAMME (SECTION 6 AND ANNEX 2)

B1 EUROPEAN UNION (SECTION 6)	210,400
(1) European Development funds for aid to developing countries associated with the European Union	210,300
(2) Guarantees: payments under UK guarantees of lending by the European Investment Bank (EIB) in relation to developing countries and territories associated with the EU	100
B2 INTERNATIONAL FINANCIAL INSTITUTIONS: GRANTS IN AID (SECTION 6)	284,825
Payments due under international agreements for UK capital subscriptions to international development banks and the UK share of expected disbursements on projects of international development funds and bodies, including contributions due under agreements to maintain the value of earlier payments	
(1) International Development Association	177,650
(2) International Finance Corporation, including for investment, advisory, project development and other services to developing countries	350
(3) International Monetary Fund: Enhanced Structural Adjustment Facility: Interest Subsidy Account	35,000
(4) Asian Development Bank and Fund	35,220
(5) African Development Bank and Fund	13,000
(6) Inter-American Development Bank and Fund	4,800
(7) Caribbean Development Bank and Fund	2,160
(8) International Fund for Agricultural Development	3,000
(9) European Bank for Reconstruction and Development	10,645
(10) Multilateral Investment Guarantee Agency	3,000
B3 UNITED NATIONS, COMMONWEALTH AND OTHER MULTILATERAL (SECTION 6)	100,255
Subscriptions, grants in aid and other contributions to United Nations, Commonwealth and other international bodies; food aid; emergency and refugee relief	
(1) United Nations Development Programme	20,000
(2) United Nations Children's Fund	7,500
(3) Food and Agriculture Organisation	11,393
(4) United Nations Industrial Development Organisation and other UN funds	14,800
(5) Commonwealth Fund for Technical Cooperation and other Commonwealth programmes	7,552
(6) International agricultural and forestry research and other institutions	8,010
(7) UN, WHO and other programmes for health and population	14,650
(8) Multilateral food aid; support for World Food Programme	11,050
(9) Emergency and refugee relief	5,000
(10) Other subscriptions and payments	300
TOTAL	595,480

TABLE 5 RESOURCE ALLOCATION		1998-99
CLASS III, VOTE 1, 1998-99 (cont.)		Provision
		£'000
SECTION C: ADMINISTRATION (SECTIONS 7 AND 8)		
C1 RUNNING COSTS		59,024
Running costs of DFID HQ and development divisions (staff and general administrative expenses) and overseas cost of UK-based staff in agreed diplomatic posts concerned with full time aid administration		
C2 CAPITAL EXPENDITURE		2,000
Mainly for information technology		
C3 OTHER AID ADMINISTRATION		2,000
Overseas cost of locally engaged staff employed by DFID in development divisions and in agreed diplomatic posts concerned with full time aid administration		
TOTAL		63,024
SECTION D: CERTAIN BENEFICIARIES OF THE GIBRALTAR SOCIAL INSURANCE FUND		
Payments (under the authority of the European Communities Act) to certain beneficiaries of the Gibraltar Social Insurance Fund		9,000
SECTION E: COMMONWEALTH DEVELOPMENT CORPORATION (SECTION 8)		
CDC is a public corporation which provides loan and equity finance for projects overseas. Government lends to CDC on softer terms than equivalent commercial loans with drawdown as required through the year. The CDC also uses self-generated funds.		20,919
SECTION F: UNALLOCATED		
Amounts within the agreed programme for which firm plans cannot be made at the time of estimates provision. The provision is used to increase other subheads during the year as new allocations are agreed. No expenditure is brought to account against the subhead.		58,053
SECTION G: GLOBAL ENVIRONMENT ASSISTANCE (SECTION 4)		
G1 GLOBAL ENVIRONMENT ASSISTANCE		19,500
UK contributions to international efforts to combat major global environment problems		
(1) Funding under the Montreal Protocol to help developing countries adopt chlorofluorocarbon substitutes		6,250
(2) Contribution to Global Environment Facility and funding of analogous individual projects		13,250
SECTION H: PUBLIC/PRIVATE PARTNERSHIP WITH THE COMMONWEALTH DEVELOPMENT CORPORATION		
H1 PUBLIC/PRIVATE PARTNERSHIP WITH THE COMMONWEALTH DEVELOPMENT CORPORATION		850
Costs involved in the development of the public/private partnership		
SECTION 1: CROWN AGENTS LOAN REPAYMENTS		
I1 CROWN AGENTS LOAN REPAYMENTS		0
GROSS TOTAL		1,703,867

annex 1

**TABLE 6 RESOURCE ALLOCATION:
CLASS III, VOTE 2, 1998-99**

1998-99
Provision
£'000

CENTRAL GOVERNMENT EXPENDITURE:-

SECTION A: OVERSEAS SUPERANNUATION

A1 SUPERANNUATION PAYMENTS TO AND IN RESPECT OF CERTAIN OVERSEAS PENSIONERS AND THEIR DEPENDANTS		110,347
(1) Pensions and gratuities		
Pensions to former Palestine officers for which HMG 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 (686 pensions)	87	
(2) Pension increases and supplements paid under the UK Pensions (Increase) Act 1971 (as amended) to certain former overseas officers and their dependants		109,844
(a) Pension increases to former officers of the Burma Civil and Defence Services (78 pensions). Provisions for the pensions made under C1(1)(b) below and Class III, Vote 1	418	
(b) Pension supplements to other overseas officers and their dependants (24,762 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	109,426	
(3) Other pensions and gratuities and pension increases		416
(a) Pensions etc. for service with the Cotton Research Corporation and retirement and other benefits for former governors of Dependent Territories etc. (32 pensions)	151	
(b) Pensions in respect of credit for war service (2,365 pensions)	265	
A2 OTHER SUPERANNUATION AND RELATED PAYMENTS		1,210
(1) Police and firemen's pensions, gratuities, pension increases, superannuation transfer values etc.		977
(a) Pensions etc. to or in respect of UK police officers and firemen whose service overseas is terminated by death or retirement (93 pensions)	371	
(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⁾	606	
(2) 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 (4 pensions) and medical, miscellaneous and ex gratia expenses relating to the award of pensions		40
(3) Mobility supplements to certain disabled overseas war service pensioners, analogous to the UK War Pensioners Mobility Supplement administered by DSS (25 Pensions)		58
(4) Supplements to Hong Kong HMOCS/HMOJ pensioners under the UK Sterling Pensions Safeguard Scheme (1,742 Pensions)		135
TOTAL		111,557

**TABLE 6 RESOURCE ALLOCATION:
CLASS III, VOTE 2, 1998-99 (cont)**

**1998-99
Provision
£'000**

SECTION B: OTHER EXPENDITURE

B1 HONG KONG	2,200
(1) Hong Kong HMOCS/HMOJ payments	
(a) Compensation payments to former members of Her Majesty's Overseas Civil Service and Her Majesty's Overseas Judiciary in Hong Kong	

TOTAL **2,200**

OTHER EXPENDITURE NOT INCLUDED IN THE CONTROL TOTAL:

SECTION C: OTHER PENSIONS EXPENDITURE

C1 OTHER PENSIONS PAYMENTS	19,147
(1) Pensions and gratuities	6,009
(a) Pensions to former officers of the Indian and Pakistan Civil and Military Services and certain dependants, including beneficiaries of the former	



annex 1

TABLE 7 PROVISIONAL OUTTURN: 1997-98, CLASS III, VOTE 1		
	Gross Provision £'000	Net Provision £'000
A: Bilateral Aid	1,001,016	999,219
B: Multilateral Aid	567,936	567,836
C: Administration	63,760	59,777
D: Certain beneficiaries of the Gibraltar Social Insurance Fund	9,000	9,000
E: Commonwealth Development Corporation	23,276	-10,000
F: Unallocated	0	-50,268
G: Global Environment Assistance	19,600	19,600
H: Aid and Trade Provision (outside the Overseas Development Co-operation Act 1980)	300	300
I: Crown Agents Loan Repayments	0	-280
J: Crown Agents	30	30
TOTAL	1,684,918	1,595,214

PROVISIONAL OUTTURN: 1997-98, CLASS III, VOTE 2		
	Gross Provision £'000	Net Provision £'000
A: Overseas Superannuation	161,531	161,250
B: Other Pensions Expenditure	20,314	20,314
TOTAL	181,845	181,564

TABLE 8 APPROPRIATIONS IN AID: CLASS III, VOTE 1, 1998-99		1998-99 £'000
AZ APPROPRIATIONS IN AID		26,970
Receipts including from overseas governments arising from bilateral country and sectoral programmes; recoveries of contributions to widows' and orphans' pensions schemes taken over by UK; VAT recoveries		
(1) Country and sectoral programmes		26,969
(2) Pensions		1
BZ APPROPRIATIONS IN AID		17,880
(1) Refunds of payments made under UK guarantees to the EIB (B1(3))		100
(2) Repayment of loans to multilateral organisations		17,780
CZ APPROPRIATIONS IN AID		3,799
(1) Recoveries in respect of running costs services		3,718
(2) Recovery of EBRD Executive Director's salary		60
(3) VAT refunds (non-running costs related)		1
EZ APPROPRIATIONS IN AID		35,919
Repayment of aid budget loans to CDC		
IZ APPROPRIATIONS IN AID		880
Crown Agents Loan Repayments		
GROSS TOTAL		85,428

APPROPRIATIONS IN AID: CLASS III, VOTE 2, 1998-99		1998-99 £'000
AZ APPROPRIATIONS IN AID		271
(1) Superannuation transfer values from overseas employing government in respect of UK police officers and firemen returning to their home forces following overseas service		185
(2) Police pension receipts and bank commission on overseas payments		86
GROSS TOTAL		271

TABLE 9 CONSOLIDATED FUND EXTRA RECEIPTS

£'000

DETAILED BREAKDOWN OF DFID'S CONSOLIDATED FUND EXTRA RECEIPTS

VOTE 1: INTERNATIONAL DEVELOPMENT	
unallocated	25,339
Commonwealth Development Corporation	464
VOTE 2: OVERSEAS SUPERANNUATION	
	84
DFID TOTAL	25,887

TABLE 10 GRANTS-IN-AID AND INTERNATIONAL SUBSCRIPTIONS
EXCEEDING £1 MILLION IN 1998/99

NAME	AMOUNT £ thousand
BRITISH COUNCIL	30,320
IPPF	4,500
UNFPA	5,500
WHO Priority Actions	2,000
UNICEF	7,500
IMF ESAF	35,000
UNRWA	4,500
UNHCR	5,000
FICHE	2,500
EDF	252,300
EBRD	10,600
CFTC	6,500
UNDP	20,000
FAO	12,000
UNIDO	3,800
UNESCO	11,000
IDA	177,650
MIGA	3,000
IFAD	3,000
AsDB/F	23,220
AfDB/F	13,000
IADB/F	4,800
CDB/F	2,160

annex 2

Delivery of Bilateral and Multilateral Aid

- Table 1:** Bilateral Aid by Country 1996/97
- Figure 1:** DFID Programme 1996/97: Bilateral aid by Form of Aid
- Figure 2:** DFID Programme 1996/97: Bilateral aid by Region
- Figure 3:** DFID Programme 1996/97: Developing Countries (excl. Emergency Aid) by Income Group
- Table 2:** Gross Public Expenditure on Multilateral Contributions 1994/95 - 1996/97
- Table 3:** DFID Programme 1996/97: Bilateral Technical Co-operation
- Table 4:** Emergency Aid 1994/95 - 1996/97
- Figure 4:** Bilateral and Multilateral Assistance as a Percentage of DFID programmes 1974/75 - 1996/97

AFRICA: NORTH OF SAHARA

Algeria	-	46	-	-	-	-	46	-	-	46	
Egypt	-	3,292	1,350	377	-	-	1,268	6,287	-	6,287	
Morocco	-	23	250	7	-	-	-	280	-	71	351
Tunisia	-	9	112	-	-	-	-	121	-	-	121

TOTAL NORTH OF SAHARA	-	3,371	1,712	384	-	-	1,268	6,734	-	71	6,805
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AFRICA: SOUTH OF SAHARA

Angola	-	1,138	2,647	104	-	5,898	-	9,787	-	-	9,787
Botswana	-	3,090	315	-	-	-	842	4,246	-	-	4,246
Burkina	-	-	204	-	-	-	-	204	-	-	204
Burundi	-	28	14	-	-	1,518	-	1,560	-	-	1,560
Cameroon	-	887	1,312	-	-	-	-	2,199	-	-	2,199
Cape Verde	-	-	22	-	-	-	-	22	-	-	22
Central African Republic	-	-	15	-	-	6	-	21	-	5	26
Chad	-	-	128	-	-	14	-	142	-	-	142
Comoros	-	-	17	-	-	-	-	17	-	-	17
Congo	-	-	-	-	-	-	-	-	-	990	990
Congo (Dem. Rep.)	-	-	105	-	-	2	-	107	-	1,106	1,213
Djibouti	-	-	1	-	-	-	-	1	-	-	1
Eritrea	-	657	464	-	-	90	-	1,210	-	-	1,210
Ethiopia	-	2,344	5,184	-	-	233	153	7,914	-	440	8,354
Gambia	-	1,338	390	-	-	22	112	1,862	-	-	1,862
Ghana	3,428	8,164	6,098	5,279	-	194	2,379	25,541	2,696	-	28,237
Guinea	-	-	8	-	-	170	-	178	-	234	412
Guinea-Bissau	-	-	6	-	-	-	-	6	-	-	6
Ivory Coast	-	3	221	-	-	135	274	633	3,549	732	4,914
Kenya	165	11,181	10,075	-	-	4,030	645	26,096	-	10	26,106
Lesotho	224	2,029	1,000	641	-	16	-	3,911	-	-	3,911
Liberia	-	-	19	-	-	2,986	-	3,006	-	-	3,006
Madagascar	-	34	303	-	-	61	-	399	-	202	601
Malawi	2,926	4,559	3,946	-	20,006	1,241	875	33,554	11,320	-	44,874
Mali	-	-	500	-	-	23	-	523	-	8,133	8,656
Mauritania	-	-	5	-	-	13	-	18	-	275	293
Mauritius	-	1,082	191	-	-	-	-	1,273	-	-	1,273
Mozambique	5,294	2,233	1,879	-	11,000	542	1,251	22,198	2,382	2,030	26,610
Namibia	-	2,721	1,371	-	-	-	-	4,092	1,578	-	5,670
Niger	-	-	99	-	-	-	-	99	-	355	454
Nigeria	-	3,604	3,609	-	-	0	-	7,213	-	-	7,213
Rwanda	-	857	1,094	-	-	7,717	-	9,667	-	-	9,667
Sao Tome & Principe	-	-	12	-	-	-	-	12	-	-	12
Senegal	-	14	498	-	-	-	65	577	-	187	764

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AMERICA: CENTRAL

Costa Rica	-	270	216	-	-	362	-	848	8,259	-	9,107
Cuba	-	-	128	-	-	278	-	406	-	5	411
El Salvador	-	-	208	-	-	-	-	208	513	-	721
Guatemala	-	100	325	-	-	48	-	473	-	-	473
Haiti	-	-	10	-	-	-	-	10	-	-	10
Honduras	-	311	402	-	-	64	280	1,056	6,318	-	7,374
Mexico	-	1,864	909	-	-	-	-	2,773	-	-	2,773
Nicaragua	-	106	601	-	-	206	36	949	-	-	949
Panama	-	5	98	428	-	-	-	532	-	-	532

TOTAL AMERICA CENTRAL	-	2,656	2,896	428	-	958	316	7,254	15,090	5	22,349
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AMERICA: CARIBBEAN

Anguilla	297	987	78	-	-	-	-	1,362	-	5	1,367
Antigua & Barbuda	0	166	69	-	-	0	-	235	-	-	235
Bahamas	-	2	36	-	-	31	-	70	-	30	99
Barbados	-	189	109	-	-	-	-	299	-	25	323
Belize	338	1,187	470	-	-	-	-	1,995	5,625	46	7,666
Bermuda	-	57	-	-	-	-	-	57	-	-	57
British Virgin Islands	286	771	25	-	-	2	-	1,085	-	11	1,095
Caymen Islands	-	-	-	-	-	-	-	-	-	26	26
Dominica	1,201	271	45	-	-	-	-	1,517	3,492	2	5,011
Dominican Republic	-	-1	17	-	-	-	-	17	2,835	-	2,852
Grenada	257	325	51	-	-	-	-	634	-	1	635
Guyana	562	1,918	284	-	-1	27	2,572	5,364	-	1,654	7,018
Jamaica	359	1,090	305	-	-	-	-	1,754	7,909	10	9,673
Montserrat	1,463	1,224	260	-	5,758	5,754	-	14,459	-	-	14,459
St Kitts-Nevis	2	541	75	-	-	-	-	618	-	10	628
St Lucia	5	367	54	-	-	-	-	427	-	14	441
St Vincent	120	408	60	-	-	-	-	587	-	-	587
Surinam	-	-	10	-	-	-	-	10	-	8	18
Trinidad & Tobago	-	101	168	-	-	-	-	269	-	10	278
Turks & Caicos Islands	863	2,335	-175	-	-	8	-	3,031	-	167	3,198
Caribbean Unallocated	2,166	3,468	915	-	-	332	-	6,882	-	302	7,183

TOTAL AMERICA CARIBBEAN	7,921	15,407	2,857	-	5,757	6,155	2,572	40,670	19,861	2,319	62,850
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AMERICA: SOUTH

Argentina	-	27	108	-	-	-	-	136	-	-	136
Bolivia	-	1,823	2,369	-	-	79	151	4,422	-	535	4,957
Brazil	-	1,963	2,454	-	-	66	-	4,484	-	-	4,484

TABLE 1 BILATERAL AID BY COUNTRY 1996/97
(Continued)

£ thousand

	Technical Co-operation (exc ATP)							TOTAL DFID PROGRAMME	Other Programmes		TOTAL GROSS PUBLIC EXPENDITURE
	Financial Aid (exc ATP)	Generation & Transfer of Knowledge	Grants & other Aid in Kind	Aid & Trade Provision	Programme Aid	Emergency Aid ¹	DFID Debt Relief ²		CDC		
									Investments	Other ³	
United Arab Emirates	-	-	-	-	-	-	-	-	27	27	
West Bank & Gaza Strip	1,181	2,407	2,510	-	-	50	-	6,148	-	6,148	
Yemen	-	242	1,197	-	-	535	-	1,975	30	2,004	
Middle East Unallocated	-	-	186	-	-	-	-	186	-	186	
TOTAL ASIA MIDDLE EAST	1,181	6,736	5,301	295	-	7,851	4,251	25,615	58	25,673	
ASIA: SOUTH											
Afghanistan	-	-	138	-	-	8,623	33	8,794	900	9,694	
Bangladesh	699	18,611	23,550	229	12	527	763	44,393	2	44,395	
Bhutan	-	0	20	-	-	-	-	20	-	20	
Burma	-	7	36	-	-	272	-	314	5	319	
India	46,647	31,349	13,617	-	-	612	-	92,225	19,728	111,972	
Maldives	-	226	122	-	-	-	-	348	-	348	
Nepal	3,979	8,102	3,250	-	7	106	-	15,443	3	15,445	
Pakistan	9,064	9,694	4,383	2,267	-	-11	1,794	27,190	31,754	59,040	
Sri Lanka	896	3,367	2,371	127	-	-	350	7,111	12,526	19,637	
TOTAL ASIA SOUTH	61,284	71,356	47,487	2,623	19	10,128	2,941	195,838	1,024	260,870	
ASIA: FAR EAST											
Brunei	-	12	6	-	-	-	-	18	-	18	
Cambodia	-	1,641	2,847	-	-	994	-	5,482	-	5,482	
China	-	9,418	732	21,772	-	150	-	32,072	-	32,072	
Hong Kong	-	82	-	-	-	-	-	82	-	82	
Indonesia	1,628	7,474	745	21,154	-	-	1,411	32,412	6,015	38,427	
Korea (South)	-	-	-	-	-	795	-	795	-	795	
Laos	-	-	441	-	-	288	-	729	-	729	
Malaysia	-	1,311	661	-3,235	-	5	-	-1,258	-49	-1,307	
Mongolia	-	158	171	-	-	50	-	378	-	378	
Philippines	-	215	619	6,653	-	146	-	7,632	8,253	15,885	
Singapore	-	107	103	-	-	-	-	210	-	210	
Thailand	-	639	376	964	-	-	-	1,978	2,243	4,237	
Vietnam	-	4761	562	174	-	109	-	5,606	-	5,606	
TOTAL ASIA FAR EAST	1,628	25,817	7,262	47,481	-	2,537	1,411	86,136	16,462	102,614	
Asia Unallocated	-	2,119	1,511	85	-	75	-	3,790	938	4,728	
TOTAL ASIA (EXCLUDING CENTRAL ASIAN REPUBLICS)											
	64,092	106,028	61,561	50,483	19	20,592	8,603	311,378	80,470	393,884	
ASIA: CENTRAL ASIAN REPUBLICS											
Kazakhstan	-	2,078	106	-	-	-	-	2,184	-	2,184	
Kyrgyzstan	-	734	123	-	-	65	-	923	12	935	
Tajikistan	-	5	7	-	-	4,290	-	4,301	-	4,301	
Turkmenistan	-	180	109	-	-	-	-	290	1	290	
Uzbekistan	-	473	109	-	-	-	-	581	1	582	
TOTAL CENTRAL ASIAN REPUBLICS	-	3,470	454	-	-	4,355	-	8,279	13	8,292	
TOTAL ASIA (INCLUDING CENTRAL ASIAN REPUBLICS)											
	64,092	109,498	62,016	50,483	19	24,947	8,603	319,657	80,470	402,176	
EUROPE											
Albania	-	857	80	-	-	101	-	1,038	-	1,038	
Armenia	-	381	363	-	-	378	-	1,122	-	1,122	
Azerbaijan	-	605	32	-	-	456	-	1,093	-	1,093	
Belarus	-	890	75	-	-	-	-	965	7	972	
Bosnia & Herzegovina ⁵	-	639	88	-	-	-	-	727	25	752	
Bulgaria	-	3,033	259	-	-	131	-	3,423	36	3,459	
Croatia ⁵	-	440	62	-	-	-	-	502	100	602	
Cyprus	-	181	99	-	-	-	-	280	7	287	
Czech Republic	-	2,187	417	-	-	-	-	2,604	6	2,610	
Estonia	-	697	68	-	-	-	-	766	-	766	
Georgia	-	562	185	-	-	1,104	-	1,851	-	1,851	
Gibraltar	-	118	-	-	-	-	-	118	45	163	
Hungary	-	3,782	454	-	-	-	-	4,237	39	4,276	

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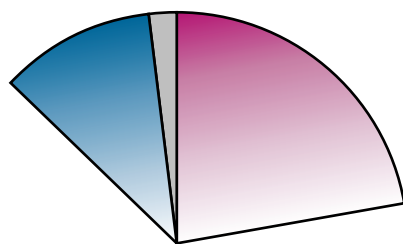
Latvia	-	757	67	-	-	-	-	824	-	8	833
Lithuania	-	973	157	-	-	-	-	1,130	-	8	1,139
Macedonia ⁵ (FYR of)	-	496	71	-	-	-	-	567	-	100	667
Malta	-	96	24	-	-	-	-	120	-	-	120
Moldova	-	382	101	-	-	-	-	483	-	-	483
Poland	-	11,481	1,237	-	-	-	-	12,718	-	76	12,793
Romania	-	4,792	379	-	-	23	-	5,194	-	9	5,203
Russia	-	30,562	460	-	-	995	-	32,017	-	50	32,067
Serbia & Montenegro ⁵	-	190	57	-	-	-	-	247	-	-	247
Slovakia	-	2,622	193	-	-	-	-	2,815	-	-	2,815
Slovenia ⁵	-	646	8	-	-	-	-	654	-	-	654
States of ex-Yugoslavia ⁵	-	9	-	-	-	42,464	-	42,473	-	-	42,473
Turkey	-	6	18	4,737	-	28	-	4,789	-	13	4,803
Ukraine	-	6,921	2,992	-	-	-	-	9,913	-	10	9,923
Europe Unallocated	-	3,257	569	-	-	-	-	3,826	-	764	4,590
TOTAL EUROPE	-	77,563	8,516	4,737	-	45,681	-	136,496	-	1,305	137,801
of which:											
Developing Countries	-	5,226	1,087	4,737	-	44,532	-	55,581	-	290	55,871
CEE ⁶	-	77,162	8,375	-	-	45,652	-	131,188	-	1,240	132,428
TOTAL PACIFIC⁷	24	5,285	3,209	-	-	23	11	8,552	3,906	-	12,458
World Unallocated ⁸	-	104,954	65,079	344	-	11,703	-	182,081	-	874	182,954
Exchequer Advances to the CDC	-	-	-	-	-	-	-	16,320	-	-	-
TOTAL ALL COUNTRIES⁹	99,804	425,280	236,114	63,159	94,681	119,934	23,504	1,078,795	187,125	33,624	1,283,224
Developing Countries ⁹	99,804	352,800	228,540	63,159	94,681	118,754	23,504	997,562	187,125	32,522	1,200,889
SPA Countries	21,664	62,562	52,833	5,279	85,342	17,442	9,107	254,229	45,096	24,700	324,025
SAR & SAR Countries	18,301	49,124	32,965	1,175	60,223	9,178	6,248	177,215	56,313	12,124	245,651
Commonwealth	90,735	168,584	109,957	5,738	94,674	15,297	14,948	499,932	149,140	15,025	664,096
of which:											
Dependencies	5,394	7,535	329	-	9,320	5,764	-	28,343	-	254	28,597
TOTAL CEE/CA¹⁰	-	80,632	8,829	-	-	50,007	-	139,467	-	1,253	140,720
of which:											
Developing Countries	-	8,294	1,399	-	-	48,858	-	58,552	-	238	58,790

1. Emergency Aid 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.

3. This is mainly non-DFID debt relief, but also includes small amounts of drug related assistance funded by the Home Office and the Foreign and

Figure 1 DFID PROGRAMME 1996/97
Bilateral Aid by Form of Aid



section 1

Purpose

1.1 The Department for International Development (DFID) was created in May 1997 with other Government Departments to promote consistency and coherence in all policies affecting the development of poor and transition countries. This is the first report. DFID's responsibilities include those of the Overseas Development Administration. It manages Britain's bilateral and multilateral development programmes in poor countries, and has taken full responsibility for our programmes in transition. DFID has wider responsibilities than before on trade, debt and environment issues. The new department has been established in recognition of the fact that aid is not enough. Opportunities to trade and grow sustainably are essential to development. DFID therefore works

Box A

SUMMARY OF WHITE PAPER: "ELIMINATING WORLD POVERTY: A CHALLENGE FOR THE 21ST CENTURY"

Section 1 The Challenge of Development

We shall:

1. Refocus our international development efforts on the elimination of poverty and encouragement of economic growth which benefits the poor. We will do this through support for international sustainable development targets and policies which create sustainable livelihoods for poor people, and promote human development and conserve the environment.

Section 2 Building Partnerships

We shall:

2. Work closely with other donors and development agencies to build partnerships with developing countries to strengthen the

commitment to the elimination of poverty, and use our influence to help mobilise the political will to achieve the international development targets.

3. Pursue these targets in partnership with poorer countries who are also committed to them.

4. Put in place new ways of working with the UK private and voluntary sectors, and the research community, towards the international development targets including transforming the Commonwealth Development Corporation into a dynamic public/private partnership.

5. Measure the effectiveness of our efforts, alongside others, against the targets, including the aim of halving the proportion of the world's population living in extreme poverty by 2015.

**TABLE 2 GROSS PUBLIC EXPENDITURE ON
MULTILATERAL CONTRIBUTIONS 1994/95 to 1996/97**

£ thousand

	1994/95		1995/96		1996/97		Total
	DFID	Other Govt	DFID	Other Govt	DFID	Other Govt	
	Programme	Departments	Programme	Departments	Programme	Departments	
EUROPEAN COMMUNITY¹							
European Development Fund	243,117	-	223,064	-	150,832	-	150,832
European Commission National Experts ²	331	-	427	-	679	-	679
European Investment Bank	7,738	-	7,304	-	4,074	-	4,074
EC Attribution	347,564	11,852	445,248	11,689	458,239	12,000	470,239
of which							
Asian and Latin American Countries	38,205	-	62,245	-	57,933	-	57,933
Mediterranean Associates	32,082	-	29,371	-	43,730	-	43,730
Food Aid ³	50,294	-	64,493	-	50,530	-	50,530
Diaster Relief	45,821	-	62,979	-	77,497	-	77,497
Phare/Tacis (developing countries)	13,514	-	15,723	-	21,095	-	21,095
Phare/Tacis (other CEE/CA countries)	98,906	-	132,839	-	126,421	-	126,421
Other	68,742	11,852	77,598	11,689	81,033	12,000	93,033
TOTAL EUROPEAN COMMUNITY	598,749	11,852	676,043	11,689	613,824	12,000	625,824
of which Developing Countries	476,968	11,852	520,839	11,689	467,546	12,000	479,546
WORLD BANK GROUP							
International Development Association	220,609	-	200,000	-	167,240	-	167,240
International Bank for Reconstruction and Development (IBRD)	-	-	-	-	-	-	-
International Finance Corporation	7,069	-	6,727	-	7,090	-	7,090
World Bank Group TC	50	-	150	-	68	-	68
TOTAL WORLD BANK GROUP	227,728	-	206,877	-	174,398	-	174,398
IMF STRUCTURAL ADJUSTMENT FACILITY							
	90,000	-	30,000	-	20,000	-	20,000
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)							
	2,463	-	1,510	-	1,924	-	1,924
GLOBAL ENVIRONMENTAL ASSISTANCE⁴							
	9,626	-	9,315	142	14,516	123	14,639
REGIONAL DEVELOPMENT BANKS							
African Development Bank	-	-	-	-	71	-	71
African Development Fund	13,339	-	7,056	-	14,577	-	14,577
African Development Bank TC	0	-	-	-	-	-	-
Asian Development Bank	1	-	142	-	236	-	236
Asian Development Fund	12,552	-	12,993	-	25,489	-	25,489
Caribbean Development Bank (CDB)	268	-	-	-	-	-	-
CDB Special Development Fund	1,237	-	1,522	-	-	-	-
Inter-American Development Bank (IADB)	992	-	1,495	-	1,092	-	1,092
IADB Fund for Special Operations	3,272	-	4,200	-	3,736	-	3,736
European Bank for Reconstruction and Development (EBRD)	39,549	-	42,103	-	13,630	-	13,630
TOTAL REGIONAL DEVELOPMENT BANKS	71,212	-	69,513	-	58,833	-	58,833
COMMONWEALTH							
Commonwealth Science Council	288	-	220	-	279	-	279
Commonwealth Youth Programme	616	-	696	-	700	-	700
Commonwealth Fund for Technical Co-operation	6,938	-	6,210	-	5,849	-	5,849
Commonwealth Foundation	249	548	207	835	218	327	546
South Pacific Commission	-	533	-	347	-	112	112
Other Commonwealth	841	-	459	-	430	-	430
TOTAL COMMONWEALTH	8,932	1,082	7,792	1,182	7,477	439	7,916
UN AGENCIES⁵							
Food and Agriculture Organisation ⁶	5,699	-	6,246	-	5,705	-	5,705
International Atomic Energy Authority	500	1,958	469	1,870	-	2,205	2,205
International Labour Organisation	-	1,260	-	1,407	-	1,387	1,387
UN Agency for Palestinian Refugees (UNRWA)	6,000	-	6,666	-	8,140	-	8,140
UN Childrens Fund (UNICEF):							
General Resources	8,500	-	8,500	-	9,000	-	9,000
Special Appeals	4,200	-	5,050	-	3,800	-	3,800
Other	70	-	45	-	1,047	-	1,047

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UN Department of Humanitarian Affairs	1,600	-	207	-	243	-	243
UN Development Programme	28,212	-	26,031	-	29,000	-	29,000
UN Drugs Programmes ⁷	22	-	15	-	15	2,888	2,903
UN Environment Programme	-	4,500	-	5,000	-	4,500	4,500
UN High Commission for Refugees (UNHCR)	15,055	-	16,046	-	5,036	-	5,036
UN Industrial Development Organisation	3,964	-	4,727	-	41	-	41
UN Industrial Development Fund	-	-	-	-	-	-	-
UN Population Fund	11,250	-	6,750	-	10,000	-	10,000
UN Regular Budget	-	3,997	-	4,287	-	4,538	4,538
World Food Programme: Food Aid ⁸	3,412	-	3,226	-	9,675	-	9,675
World Health Organisation (WHO)	12,766	10,212	5,969	9,269	11,819	11,187	23,005
World Meteorological Organisation	-	68	-	81	-	47	47
Other	780	766	1,597	1,596	7,813	885	8,699
TOTAL UN AGENCIES	102,031	22,760	91,542	23,510	101,334	27,637	128,970
INTERNATIONAL RESEARCH ORGANISATIONS							
Consultative Group on International Agricultural Research (CGIAR)	7,323	-	7,783	-	6,929	-	6,929
of which:							
Int Centre for Agricultural Research in the Dry Areas	590	-	667	-	574	-	574
Int Centre for Living Aquatic Resources Management	-	-	76	-	117	-	117
Int Centre for Tropical Agriculture	847	-	1,092	-	796	-	796
Int Crop Research Inst. for the Semi-Arid Tropics	899	-	1,004	-	994	-	994
Int Food Policy Research Institute	175	-	215	-	237	-	237
Int Institute for Tropical Agriculture	443	-	490	-	550	-	550
Int Irrigational Management Institute	-	-	-	-	51	-	51
Int Livestock Research Institute	326	-	-	-	-	-	0
Int Maize and Wheat Improvement Centre	770	-	867	-	619	-	619
Int Plant Genetics Resources Institute	663	-	772	-	613	-	613
Int Potato Centre	712	-	833	-	424	-	424
Int Rice Research Institute	931	-	967	-	1,108	-	1,108
Int Service for National Agricultural Research West Africa Rice Development Association	205	-	272	-	263	-	263
Other CGIAR	633	-	428	-	482	-	482
OTHER INTERNATIONAL RESEARCH ORGANISATIONS							
CAB International	65	352	65	213	80	220	300
Int Centre for Dev. Orientated Research in Agriculture	114	-	115	-	115	-	115
Other International Research	991	-	1,039	-	712	-	712
TOTAL INTERNATIONAL RESEARCH ORGANISATIONS	8,493	352	9,001	213	7,835	220	8,055
TOTAL MULTILATERAL CONTRIBUTIONS							
	1,119,234	36,046	1,101,593	36,737	1,000,141	40,418	1,040,560
Memo - contributions from DFID voted funds which are not reportable to DAC and so excluded from above.							
Food and Agriculture Organisation	5,095	-	5,583	-	5,100	-	5,100
Global Environment Assistance	1,181	-	1,061	-	1,901	-	1,901
OECD Development Centre	406	-	131	-	-	-	-
ICCROM	34	-	-	-	-	-	-

1. EC Attribution data for 1996/97 is 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 both regular provisions and emergency food aid. The emergency component is shown in the table Emergency Aid 1994/95 to 1996/97.

4.

GENERATION AND TRANSFER OF KNOWLEDGE

PERSONNEL

Consultancies	162,117
of which:	
Developing Countries ¹	111,890
CEE/CA ²	55,596
Other Personnel	85,171
Wholly Funded	80,509
Long Term	70,415
Short Term	10,094
Supplemented	4,662
Long Term	1,744
Short Term	2,918
Volunteers	27,187

TOTAL PERSONNEL 274,474

TRAINING AND SCHOLARSHIPS

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

annex 2

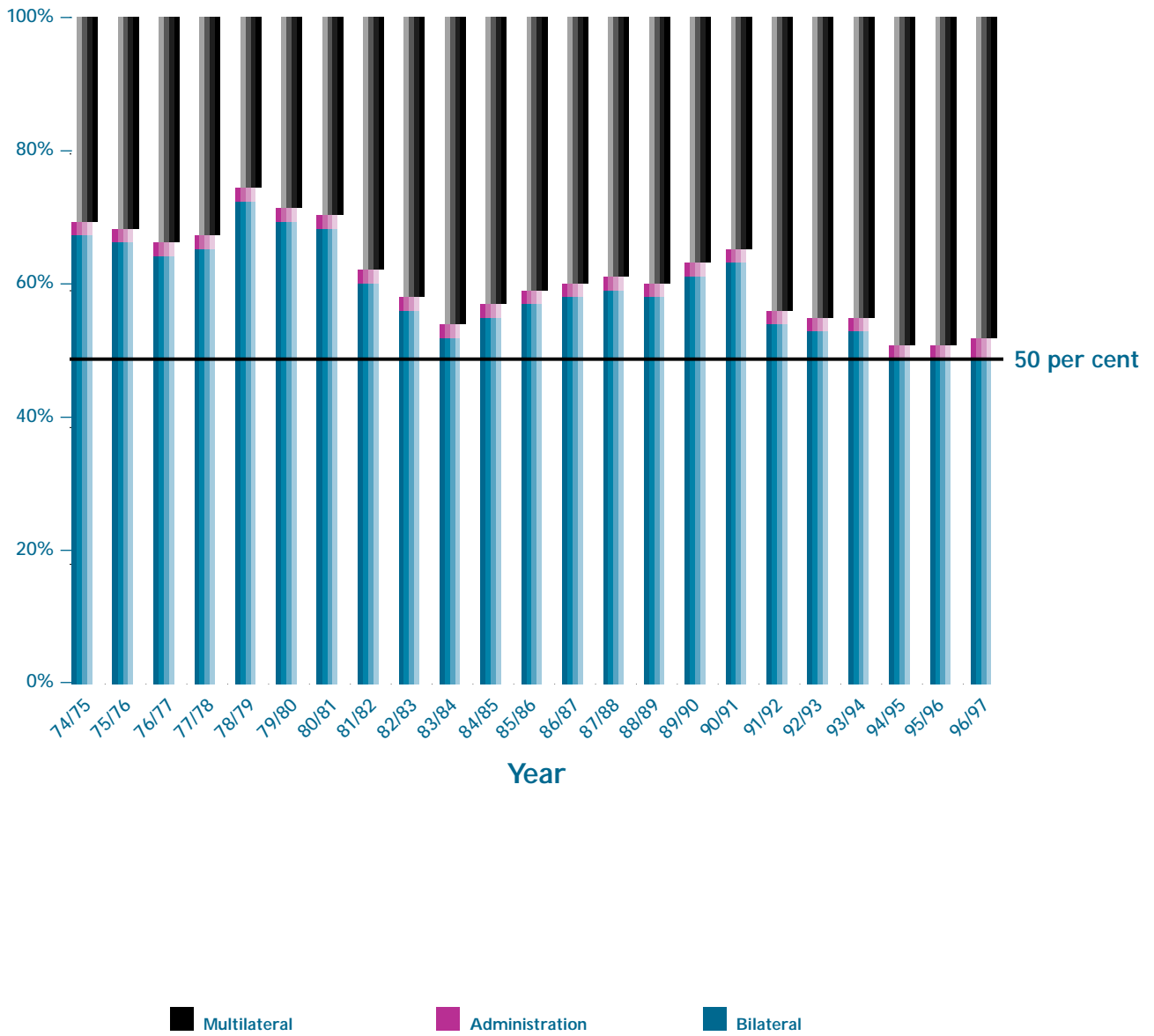
TABLE 3 DFID PROGRAMME: BILATERAL TECHNICAL CO-OPERATION 1996/97 (Continued)		£ thousand
MISCELLANEOUS		
Surveys		337
Evaluation ⁵		1,047
Pensions		8,008
Other Aid in Kind		35,731
Equipment and Supplies		34,988
Books and Journals		652
Low Priced Books Scheme		90
TOTAL MISCELLANEOUS		45,123
UNALLOCATED		49,369
TOTAL TECHNICAL CO-OPERATION		664,058
of which:		
Developing Countries ¹		584,025
CEE/CA ²		89,854

1. This includes all countries defined as developing by DAC, ie those on Part I of the DAC List of recipient countries.
2. This represents all countries covered by the Know How Fund, some of which are included in the developing countries total.
3. This comprises: Water Resources, Energy Efficiency, Geo Science and Urbanisation and Transport.
4. Mainly UK registered organisations, but also including Southern NGOs, and specific contributions to UN agencies.
5. Expenditure in this category falls under two headings; (i) the evaluation of certain aid activities by DFID Evaluation Department and (ii) miscellaneous review, monitoring and appraisal missions.

TABLE 4 EMERGENCY AID ¹ 1994/95 TO 1996/97			£ thousand
	1994/95	1995/96	1996/97
BILATERAL			
Food Aid ²	36,304	26,149	16,909
Disaster Relief ³	143,288	93,643	86,651
Refugee Relief	25,792	18,877	12,071
Disaster Preparedness	2,782	2,891	4,303
TOTAL BILATERAL EMERGENCY AID	208,165	141,560	119,934
MULTILATERAL			
UNITED NATIONS			
UN Department of Humanitarian Affairs	1,600	207	243
UN High Commission for Refugees	15,055	16,046	5,036
UN Agency for Palestinian Refugees (UNRWA)	6,000	6,666	8,140
TOTAL UN EMERGENCY AID	22,655	22,919	13,419
EUROPEAN COMMUNITY			
EC Food Aid (Emergency Provision)	28,466	32,301	25,265
EC Disaster Relief	45,821	50,949 ⁴	67,944 ⁴
EC Refugee Relief	6,650	12,030 ⁴	9,553 ⁴
EDF - Emergency and Refugee Allocation	24,916	15,446	4,159
TOTAL EC EMERGENCY AID	105,853	110,726	106,921
TOTAL MULTILATERAL EMERGENCY AID	128,508	133,645	120,340
TOTAL GPEX ON EMERGENCY AID	336,673	275,205	240,274
of which:			
DFID Programme	336,673	275,205	240,274

1. Emergency aid includes disaster relief, emergency food aid, short term refugee relief and disaster preparedness.
2. DFID uses the World Food Programme as a means of delivering 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 uses certain UN Agencies as a means of delivering emergency assistance to individual countries. These amounts are recorded as bilateral disaster relief as DFID has influence over the use and desintination of the funds.
4. From 1995/96 EC Refugee Relief is included in the EC Disaster Relief totals shown in the table Gross Public Expenditure on Multilateral Contributions 1994/95 to 1996/97, but is shown separately here.

Figure 4 Bilateral and Multilateral Assistance as a Percentage of DFID Programmes 1974/75-1996/97



annex 3

Bilateral Aid Performance Measurement

1. Formal performance measurement helps DFID determine how far it is fulfilling its objectives in support of its overall aim. For some time it has been used routinely in **Project Completion Reports** and in retrospective **Evaluation Studies**. It is now progressively being introduced into the monitoring and review of ongoing projects. It involves the assessment of progress towards objectives by regular reference to verifiable indicators which have been specified at the outset, together with a rating or scoring system.

Project Completion Reports (PCRs)

2. PCRs are required for all projects costing more than £500,000, and are encouraged for other projects of an innovative nature. They assess how well projects have been implemented and forecast how far their objectives are likely to have been achieved. The forecasts are provisional as the full extent of impact may take time to emerge. PCR findings are regularly analysed and reported on by DFID's Evaluation Department and the reports are available on request. The latest study showed that around two-thirds of DFID projects were expected to achieve their immediate objectives. The best-performing sectors were energy, transport, renewable natural resources, business and financial services, and health and population. The most challenging projects, where risk is highest and the degree of success most likely to be mixed, are those involving a high degree of institutional strengthening, and the proportion of such projects is increasing. The findings continue to demonstrate the importance of a close partnership between donor and recipient beneficiaries from the very first stages of a project and throughout its life.

Evaluation Studies

3. Because project impact may not become fully evident until some time after completion, some 12 projects a year are subject to a full retrospective impact evaluation. Projects are selected in small clusters based on a sector or theme and the findings of each cluster, modified where necessary by evidence from the current

project portfolio, are drawn together in a synthesis study, supplemented by findings from reviews of relevant current projects. Subjects covered by synthesis studies during the period under review include population, higher education and emergency relief and rehabilitation. These will be followed in the next few months by synthesis studies on natural resources research, health management and small and medium enterprises. In addition, major studies on poverty and the environment are under way.

4. Key findings and lessons from recent studies include:

- in projects directed to the strengthening of university institutions, it is vitally important to set agreed performance indicators at the outset
- in population projects, it is crucial to establish appropriate distribution strategies at the outset, in view of the fact that using NGOs does not necessarily guarantee that the poorest will be reached
- in emergency aid interventions, there is a need for more capacity to deal with a large number of implementing partners; and a review of co-ordination arrangements between Whitehall departments is required

All evaluation and synthesis studies, and their separate summaries (EVSUMs), are available on request.

Review of policy information marker system to reflect new DFID objectives

5. PIMS was introduced in 1993 to track the targeting of bilateral commitments and expenditure on priority policy objectives of the aid programme. PIMS has been reviewed more or less annually since it was introduced in order to maintain its relevance and focus on new and changed priorities. The latest review in 1996 resulted in revised definitions for some markers

6. PIMS is being reviewed to reflect the new objectives for DFID as set out in the White Paper

annex 3

Resources Accounting and Budgeting (RAB):

Work on this exercise in DFID falls into two parts:

- commercial style accounting techniques and performance
- a framework for planning and controlling expenditure in terms of objectives and outputs

The exercise will provide an enhanced framework for the planning and control of public expenditure. It will give more in-depth information and new areas of information such as expenditure by departmental objective. The latter will require a detailed analysis by activity. New accounting software is being introduced and staff trained. A cost allocation model will shortly be completed, involving three categories of department: front-line/spending, direct support, and business services. The costs of service departments will be passed forward to DFID's spending departments so that the full overheads of each department are known and an allocation by activities against objectives can be made.

The RAB exercise relates closely to the OPA work. The OPA and RAB work will come together in Schedule 5 of the Resource Accounts which requires DFID to report expenditure against aims.

PRISM: Performance measurement work at the project level includes the introduction of a Performance Reporting Information System for Management (PRISM). This system will be piloted in selected Departments and Development Divisions by October 1998. Initial work will analyse Management Information Systems data and produce a standard set of reports within a pilot department. The new requirement by which projects with expenditure greater than £0.5 million will be subject to a scoring system will also be met. The system will then be extended to other units. Pipeline information and more qualitative information will subsequently be incorporated into the system over a period of months.

annex 4

Contingent Liabilities

1. DFID's Contingent Liabilities at 31 March 1997, including those of the bodies it sponsors, that would be charged to the External Assistance vote as reported in the Consolidated Fund Account Supplementary Statements for 1996/97, total £2515 million and comprise:
 - (i) the callable capital of international financial institutions, and guarantees to those institutions in respect of UK dependent territories, totalling £1934.2 million
 - (ii) the UK's share of the guarantees provided collectively by European Union Member States in respect of European Investment Bank (EIB) lending under Lome Conventions and the parallel Council Decisions on the association of Overseas Countries and Territories (ECU 526.8 million). The UK share for successive conventions is 22.2%, 21.9%, 19.1% and 19.1%. There is also a contingent liability for 100% national guarantees on EIB lending in relation to UK Dependencies. These contingent liabilities total £380 million
 - (iii) the contingent liabilities for certain non-departmental public bodies sponsored by DFID, ie the Commonwealth Development Corporation and the Crown Agents Holding and Realisation Board, totalling £55.7 million
 - (iv) tax indemnities, under Aid and Trade Provision soft loan financing arrangements, to commercial banks which lend at concessional rates to developing countries to finance aid projects, totalling £12.6 million
 - (v) a guarantee until June 1997, given jointly by DFID and the Treasury, of Hong Kong's performance of preparatory work for the 1997 annual meetings of the International Monetary Fund and the World Bank. DFID's half share of the contingent liability is £2 million
 - (vi) Sterling Safeguard Scheme to protect the value of Hong Kong public service pensions: the contingent liability is £130 million
 - (vii) indemnities to the University of Greenwich in respect of the transfer of ownership of the Natural Resources Institute (this liability is unquantifiable) and in respect of any deficiency in the warranties given by DFID in the contract for the sale of business and assets of the Natural Resources Institute; this liability is £0.5 million
2. There is also a contingent liability in respect of the maintenance of the value of the capital stock of certain institutional financial institutions. Pending adoption by the institutions of an agreed basis of valuation in succession to the original measure, which was in terms of gold-based US dollars, payments are effectively suspended and the liability is unquantifiable.
3. A contingent liability of £4.8 billion at 31 March 1997 in respect of the callable capital of the International Bank for Reconstruction and Development would, if called, be met from the Consolidated Fund.

annex 5

IPTRID	International Programme for Technology Research in Irrigation and Drainage
IT	Information Technology
ITC	International Trade Centre
JFS	Joint Funding Scheme
LDC	Least Developed Country
MAFF	Ministry of Agriculture, Fisheries and Food
MAI	Multilateral Agreement on Investment
MDB	Multilateral Development Bank
MIGA	Multilateral Investment Guarantee Agency
MoP	Meeting of Parties (Desertification Convention)
NGO	Non-Governmental Organisation
OAU	Organisation of African Unity
OECD	Organisation for Economic Co-operation and Development
OPA	Output Performance Analysis
OPD	Overseas Pensions Department
PCR	Project Completion Report
PES	Public Expenditure Survey
PIMS	Policy Information Marker System
PPA	Participatory Poverty Assessment
PRISM	Performance Reporting Information System for Management
RAB	Resource Accounting and Budgeting
SLA	Service Level Agreement
SME	Small and Medium Scale Enterprise
SPA	Special Programme of Assistance for Africa
TFR	Total Fertility Rate
TRIPS	Trade-Related Aspects of Property Rights
UN	United Nations
UNCTAD	UN Commission on Trade and Development
UNCHS	UN Commission on Human Settlements
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNGASS	United Nations General Assembly Special Session
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNIFEM	United Nations Women's Programme
UNRWA	United Nations Agency for Palestinian Refugees
VSO	Voluntary Service Overseas
WHO	World Health Organisation
WTO	World Trade Organisation

annex 6

DFID publications

(This list only gives details of DFID's main publications since the creation of the new Department in May 1997. Further details on DFID publications can be obtained from the DFID Library and Information Centre, Room AH221, Abercrombie House, Eaglesham Road, East Kilbride, Glasgow G75 8EA (telephone: 01355 843167/e-mail: library@dfid.gtnet.gov.uk) and **DFID's Internet Home Page which can be accessed on the Internet at <http://www.oneworld.org/dfid>**)

Eliminating World Poverty: The White Paper on International Development
The Stationery Office
November 1997
Cm 3789 ISBN 0-10-137892-0 Price £9.85

White Paper Summary
November 1997
ISBN 1-86192-001-6

British Aid Statistics 1992/93-1996/97
Government Statistical Service
December 1997
ISBN 1-86192-085-7 Price £10.00

Developments: DFID's quarterly magazine

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Afghanistan	0247	Gibraltar	0246
Albania	0171 210 0012	Guatemala	0154
Algeria	0427	Guinea	0427
Argentina	0610	Guinea-Bissau	0427
Armenia	0171 210 0039	Haiti	0305
Azerbaijan	0171 210 0039	Honduras	0154
Belarus	0171 210 0037	Hungary	0171 210 0019
Benin	0476	Jordan	0464
Bhutan	0323	Kazakhstan	0171 210 0038
Bolivia	0327	Kyrgyzstan	0171 210 0038
Bosnia	0171 210 0003	Laos	0323
Brazil	0068	Latvia	0171 210 0022
Bulgaria	0171 210 0019	Lebanon	0464
Burkina Faso	0427	Lithuania	0171 210 0022
Burma	0323	Macedonia	0171 210 0012
Burundi	0392	Madagascar	0705
Cameroon	0476	Mali	0427
Cape Verde	0427	Malta	0464
Central African Republic	0476	Mauritania	0427
Chad	0476	Mauritius	0705
Chile	0610	Mexico	0335
China	0640	Moldova	0171 210 0037
Colombia	0154	Mongolia	0323
Comoros	0705	Montserrat	0293
Congo	0476	Morocco	0427
Costa Rica	0305	Nicaragua	0305
Cote d'Ivoire	0427	Niger	0427
Croatia	0171 210 0003	Nigeria	0568
Cuba	0154	Oman	0464
Cyprus	0464	Pakistan	0247
Czech Republic	0171 210 0022	Panama	0305
Djibouti	0671	Paraguay	0610
Ecuador	0335	Peru	0327
Egypt	0471	Poland	0171 210 0015
El Salvador	0305	Romania	0171 210 0016
Equatorial Guinea	0476	Russia	0171 210 6238
Eritrea	0671	Rwanda	0392
Estonia	0171 210 0022	St Helena	0246
Ethiopia	0671	Sao Tome & Principe	0711
Falkland Islands	0246	Senegal	0427
Gabon	0476	Seychelles	0705
Gambia	0476	Sierra Leone	0446
Georgia	0171 210 0039	Slovakia	0171 210 0022
Ghana	0446	Slovenia	0171 210 0003

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Somalia	0705	Turkmenistan	0171 210 0038
Sudan	0705	Ukraine	0171 210 0037
Syria	0464	Uruguay	0610
Tajikistan	0171 210 0038	Uzbekistan	0171 210 0038
Togo	0476	Venezuela	0068
Tunisia	0427	West Bank & Gaza	0465
Turkey	0464	Yemen	0464

DFID's overseas offices are responsible for the following countries:

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Bangladesh

DFID India, British High Commission (Delhi)

(Telephone: 0091 11 687 1647)

India

DFID Caribbean (Bridgetown)

(Telephone: 00 (1246) 4369873)

Anguilla, British Virgin Islands, Antigua & Barbuda, Barbados, Cayman Islands, Belize, Dominica, Grenada, Turks and Caicos Islands, Guyana, Jamaica, St Kitts & Nevis, St Lucia, St Vincent
European Union Aid Only: Barbados, Dominican Republic, Haiti, Suriname, Trinidad & Tobago

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DFID Southern Africa (Pretoria)

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DFID Pacific (Suva)

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DFID South East Asia (Bangkok)

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Cambodia, Indonesia, Malaysia, Nepal, Sri Lanka, Vietnam and Thailand