

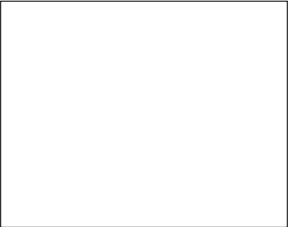


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Departmental Report 2001

Department for International Development

DFID Department for
International
Development



Departmental Report 2001

**The Government's Expenditure Plans 2001/2002 to 2003/2004
and Main Estimates 2001/2002**



This is part of a series of departmental reports and Main Estimates which, accompanied by the document *Public Expenditure: Statistical Analyses 2001/2002*, present the Government's expenditure plans for 2001-2004. The plans were published in summary form in the Budget documentation.

The complete series is also available as a set at a discounted price.



Departmental Report 2001

**The Government's Expenditure Plans 2001/2002 to 2003/2004
and Main Estimates 2001/2002**

**Presented to Parliament by the
Secretary of State for International Development
and the
Chief Secretary to the Treasury
by Command of Her Majesty
March 2001**

HOW TO CONTACT US

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A wide range of publications is also available. Some examples are pictured below. A list, with details of how to obtain them, can be found in Annex 5.



If you have any comments or suggestions about the content or format of this Report, please write to The Departmental Report Editor, Room 541, Development Policy Department, DFID, 94 Victoria Street, London SW1E 5JL, fax 020 7917 0769 or e-mail: deprep@dfid.gov.uk

Front cover picture: Women's literacy and numeracy class in the village of Khabasdi, West Bengal, India.
Credit: Howard Davies/DFID

HOW TO USE THIS REPORT

This Departmental Report is mainly intended to provide Parliament with an account of how we have been spending, and plan to spend, public funds. We hope that it will also be of interest to a wider audience as a report on the achievements and key developments in 2000/2001 and our plans for the next three years. The following paragraphs give a brief description of the way in which it is laid out.

Overview of the work of the Department in 2000/2001

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

Chapters One to Nine

The first three chapters outline our work in achieving each of our three specific objectives: promoting sustainable livelihoods; better education, health and opportunities for poor people; and better management and protection of the natural and physical environment. Chapter Four outlines our strategies for partnership with the important multilateral organisations through which nearly half our development programme is spent. Chapter Five reports on the work we are doing with other Government Departments, businesses and development agencies to reach our goal of eliminating world poverty, while Chapter Six looks at our conflict and humanitarian work. Chapter Seven considers, region by region, the challenges we face and the ways in which we are responding. Chapter Eight shows how we are building support in the UK for development while Chapter Nine examines DFID's progress in implementing the *Modernising*

Government White Paper (78) and other organisational and administrative matters.

Annexes One, Two and Three

The Main Estimates for 2001/2002 relating to DFID are set out in Annex One. The Main Estimates begin the process of seeking funds and authority from Parliament for spending each year.

Table d in the Overview and the tables in Annex Two provide a detailed analysis of Departmental expenditure in resource terms, showing: resource consumption and capital investment; voted and non-voted expenditure; expenditure in 3 year Departmental Expenditure Limits and Annually Managed Expenditure. Annex Two also contains a breakdown of our future spending plans (see tables 10 and 11). We should emphasise that the figures given are for planning purposes only and that actual expenditure will in some cases vary significantly from the figures given (see Overview paragraphs 23 to 26 and 29).

Annex Three looks back at the years 1997/1998 to 1999/2000 (the last financial year for which final figures are available) giving a brief survey of how and where we spent our money. More extensive information can be found in *Statistics on International Development* (51).

Publications and abbreviations

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

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

Annex Eight provides a comprehensive index.

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Foreword

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



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

This year's report looks back at the achievements and key developments in 2000/2001 and forward to our plans for the next three years.

Internationally there have been some notable successes in the past year. The improved debt reduction package began to take effect with 22 countries benefiting from significantly enhanced relief. Through support for the design and implementation of poverty reduction strategies, the Department has worked closely with many governments to ensure that this relief is turned into real improvements for the poor of these countries. We are beginning to see results in countries such as Uganda where poverty levels fell from 56% to 35% over the period 1993–1999.

International commitment to meeting the targets for poverty reduction agreed by the world's governments has been further strengthened. The targets were endorsed by the Millennium Assembly of the United Nations, with virtually all of the world's governments present. Progress in meeting the targets is now firmly on the agenda of G8 leaders.

This commitment to mobilising the international system to meet the International Development Targets is at the core of our work. DFID has published a series of papers setting out strategies for achieving each of the targets. These are helping us to focus our bilateral and multilateral activities more clearly on meeting the targets. They form the basis of our new Public Service Agreement for the period 2001–2004. We are introducing legislation to place poverty reduction as the over-arching aim for the UK's development assistance. The 2000 Spending Review will enable us to play an increased role in contributing to global poverty reduction. The International Development budget is now at the highest level ever in real terms, and the ratio of Official Development Assistance to Gross National Product is on course to rise from 0.26% in 1997 to 0.33% by 2003/2004.

This report also shows how the Department is improving the impact on poverty of the funds it is allocated. Resources are being switched from better off countries with relatively few people in extreme poverty to poor countries with large numbers of poor people, particularly those with good policies. Our decision to untie our development assistance will increase its effective value to our partners and will strengthen our hand in encouraging others to do the same. We are working closely with other development agencies to reduce the burden imposed by our accounting systems and give greater emphasis to the strengthening of government financial systems so that we can rely more on using these. This strengthens government capacity and action against corruption in our partner countries.

The Department led the production of the White Paper on Eliminating World Poverty: Making Globalisation Work for the Poor. Its production involved unprecedented cross-Department working on UK policy on development issues. It has been well received across the international community as an important contribution to the debate on how to manage the forces of globalisation to benefit the poor. It sets out a challenging and vital agenda for the UK Government and for the international community as a whole.

We are determined to do all in our power to commit the international development system to the systematic reduction and then elimination of abject poverty from the human condition.

Clare Short

A handwritten signature in blue ink that reads "Clare Short". The signature is written in a cursive, flowing style.

March 2001

Statement of Purpose

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

OBJECTIVES

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

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

Our specific objectives are:

1 Policies and actions which promote sustainable livelihoods

In particular we shall contribute to:

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

2 Better education, health and opportunities for poor people

In particular we shall contribute to:

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

3 Protection and better management of the natural and physical environment

In particular we shall contribute to:

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

Overview of the work of the Department in 2000/2001

1 This report covers the work of the Department for International Development (DFID) for the financial year that marked the new Millennium, a suitable moment to reflect on the challenge of extreme poverty in the world. The Department's mission is to address this overriding issue, working closely with the rest of Government, with the international community, with the governments of poor countries and with the private sector and civil society in the United Kingdom and around the world.

Growing Consensus on Poverty Reduction

2 The year saw a stronger focus than ever before on the problem of poverty and a clearer international consensus on how to address it effectively. The Millennium Assembly of the United Nations marked an explicit world-wide agreement that extreme poverty must be halved from 1990 levels by 2015 and reaffirmed other targets set in earlier summits and explicitly endorsed by the Government in its *1997 White Paper on International Development* (1) (henceforth referred to as the *1997 White Paper*). Conferences which followed up the Beijing Women's Summit and the Copenhagen Social Summit of 1995 similarly reinforced international support for their goals, and a further conference on Education For All, held in Dakar in April 2000, put renewed energy behind the targets of universal primary education by 2015 and gender equality in schools by 2005. The World Bank devoted its *2000/2001 World Development Report* (80) to the subject of poverty, recommending an approach based on opportunity, empowerment and security, that has been widely accepted.

3 In a significant innovation, the United Nations (UN), the Organisation for Economic Co-operation and Development, the International Monetary Fund and the Multilateral Development Banks produced a report, *A Better World For All* (62), on progress towards the International Development Targets for the G8 Summit in Okinawa. G8 leaders agreed to consider a similar report on an annual basis. At a practical level, a new international initiative to develop better statistics to support such analyses made a promising start. As a result of these various measures, the international development effort can now be scrutinised and held accountable for concrete outcomes in a way that has not been possible before. The United Kingdom has been in the forefront of promoting this concept and of supporting it in practical ways.

4 The centrepiece for the measurement of progress is the set of International Development Targets selected from targets set by a series of UN summits in the 1990s (see Box b). The Department devoted a significant effort to investigating each target, and assessing what it would take to deliver more rapid progress. The outcome of these efforts are the Target Strategy Papers (see Box a), seven of which have been published following wide consultation and two more which will be published later in 2001. They support the view that a "business as usual" approach will be insufficient, and that the governments of poor countries will need to strengthen their commitment to poverty reduction, backed by more effective and collaborative assistance from the international community. The particular challenges of conflict and of the HIV/AIDS pandemic come out clearly. Nevertheless, the papers record a momentum of progress in each case which shows that the lives of many of the poor can indeed be transformed if all concerned put the lessons into practice. Much of the action needed is common to more than one of the targets. Therefore the nine planned Target Strategy Papers do not map directly to the seven International Development Targets. These targets and progress towards achieving them is shown in Box b. Progress by region is shown in Boxes 7b, 7i, 7j, 7o and 7t. The International Development Targets form part of DFID's Public Service Agreements (see Boxes g and h).

BOX a: STRATEGIES FOR ACHIEVING THE INTERNATIONAL DEVELOPMENT TARGETS

The Department has published the following Strategy Papers:

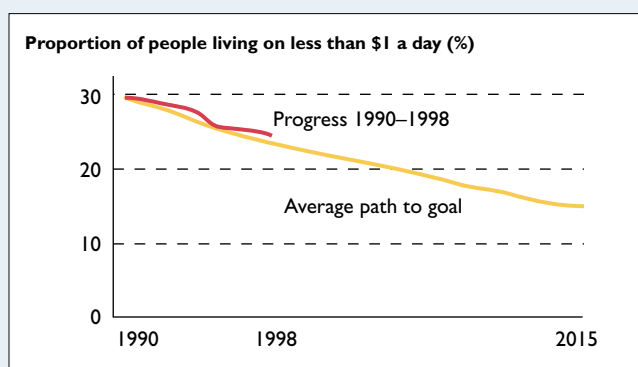
- *Halving world poverty by 2015: economic growth, equity and security* (5)
- *Better health for poor people* (9)
- *Poverty elimination and the empowerment of women* (6)
- *Realising human rights for poor people* (7)
- *The challenge of universal primary education* (10)
- *Achieving sustainability: poverty elimination and the environment* (8)
- *Addressing the water crisis: healthier and more productive lives for poor people* (11)

The following have been published as consultation documents. The final strategies will be published later in 2001:

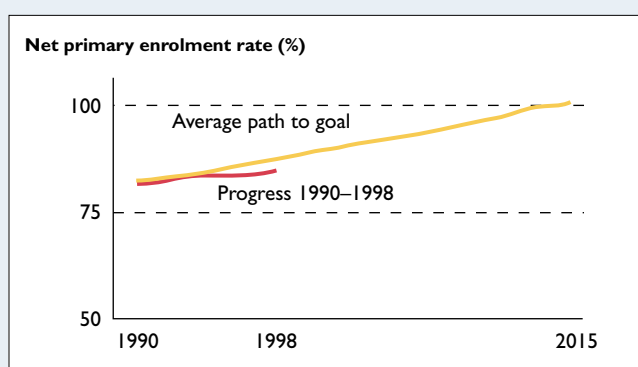
- *Making government work for poor people* (12)
- *Meeting the challenge of urban poverty* (13)

BOX b: PROGRESS TOWARDS THE INTERNATIONAL DEVELOPMENT TARGETS¹

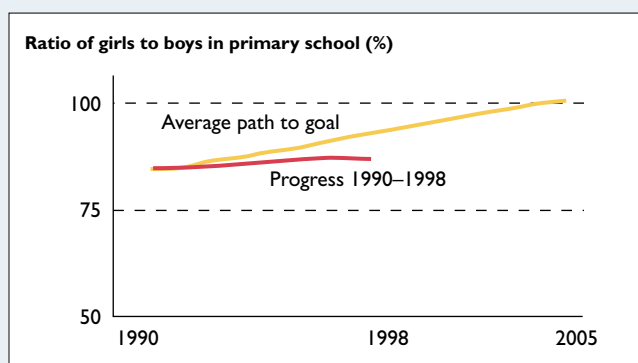
- 1 Reduce the proportion of people living in extreme poverty by half between 1990 and 2015



- 2 Enrol all children in primary school by 2015

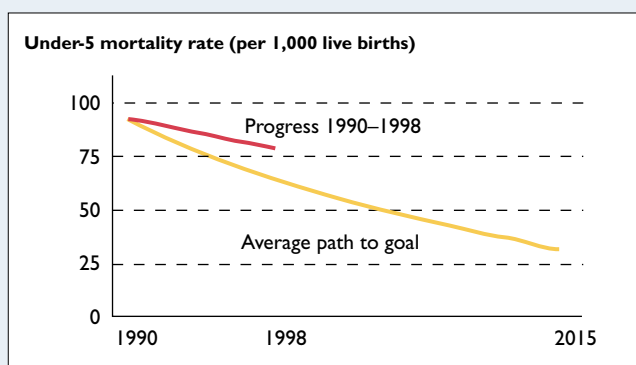


- 3 Make progress towards gender equality and empowering women by eliminating gender disparities in primary and secondary education by 2005

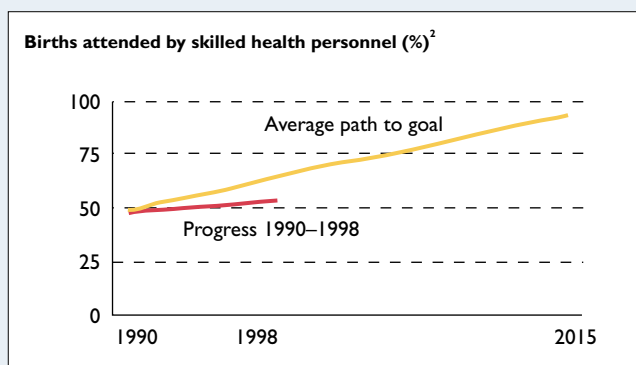


BOX b: PROGRESS TOWARDS SELECTED INTERNATIONAL DEVELOPMENT TARGETS¹

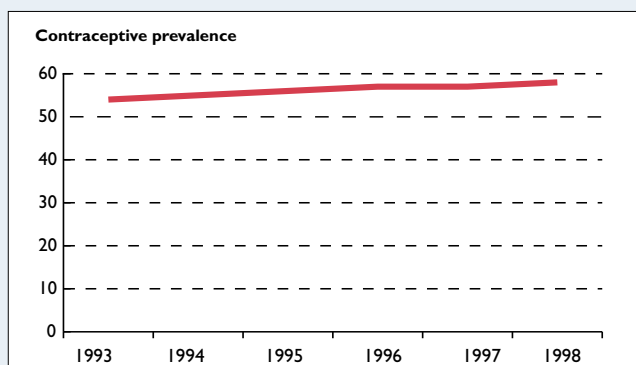
- 4 Reduce infant and child mortality rates by two-thirds between 1990 and 2015



- 5 Reduce maternal mortality ratios by three-quarters between 1990 and 2015



- 6 Provide access for all who need reproductive health services by 2015



- 7 Implementation of national strategies for sustainable development by 2005, so as to reverse the loss of environmental resources by 2015

Although an increasing number of countries have published sustainable development policy papers, work is still ongoing to develop an internationally agreed definition of a national strategy for sustainable development which will allow monitoring against this target (see Box 3h)

¹ From: *A Better World For All* (62)

² In the absence of good data for maternal mortality, births attended by skilled health personnel is a widely used proxy for measurement of this target.

5 As these charts show, progress against most of the targets is not yet at the rate required to ensure their fulfilment by 2015 (or where appropriate 2005), although the overall poverty target itself could well be met thanks to progress in the large countries of Asia. Inevitably

some countries will make faster progress than others and some countries may not make fast enough progress to meet these targets by 2015. However all of the targets remain achievable overall, given sufficient political determination in developing countries to take the ambitious steps

needed and in the international community to back these efforts.

6 The context for poverty reduction is increasingly set by the forces commonly referred to as globalisation. These encompass all the elements that make the world increasingly a global village: not just the ease and speed of movement of goods and capital around the world, but the interconnectedness of information, norms and ideas and the growing importance of international “public goods” such as the global climate or research on diseases. The Department led production of the Government’s second White Paper on International Development *Eliminating World Poverty: Making Globalisation Work for the Poor* (2) (henceforth referred to as *2000 White Paper*), published in December 2000, which set out in detail how public policy can help the poor benefit from the increased wealth that globalisation is producing (see Box c).

Progress and Challenges

7 The world economy continued to grow in the year 2000. Particularly strong growth was recorded in Asian countries recovering from the crisis of the late 1990s, and the two countries with over one billion people, India and China, experienced another year of significant growth in income per head at 4.9% and 6.3% respectively. The sharp rise in fuel prices brought exceptional benefits to major producing countries, but at a cost to those developing countries heavily dependent on imported petroleum, including many of the most vulnerable economies in Africa. For some developing countries, trade balances deteriorated by more than 0.5% of Gross Domestic Product because non-fuel commodity prices remained depressed while import costs rose. The countries hit hardest by falling commodity prices are amongst the world’s poorest. For this reason it was agreed at the Prague meeting of the International Monetary Fund and the World Bank that the

BOX c: THE SECOND WHITE PAPER ON INTERNATIONAL DEVELOPMENT

Eliminating World Poverty: Making Globalisation Work for the Poor (2)

The new White Paper builds on the *1997 White Paper* (1) and sets out how the increased flows of capital, trade, people, and information technology – commonly known as globalisation – can be managed in a way which will accelerate the systematic reduction of poverty world-wide.

Managed wisely, the new wealth being created by globalisation creates the opportunity to lift millions of the world’s poorest people out of poverty. Managed badly and it could lead to their further marginalisation and impoverishment. Neither outcome is predetermined; it depends on the policy choices adopted, by governments, international institutions, the private sector and civil society.

The Paper argues that we need efficient and vibrant private sectors, effective government and strong and reformed international institutions. We need to work collectively to tackle the problems of conflict and corruption, boost investment in education and health, spread the benefits of technology and research, strengthen the international financial system, reduce barriers to trade, tackle environmental problems and make development assistance more effective.

The Paper sets out the UK government’s policies in all these areas. It also outlines the policy measures which need to be adopted by developing countries, other developed countries, the international institutions, civil society and the private sector in order to systematically reduce poverty.

The production of the Paper involved unprecedented cross-departmental working on UK policy on development issues. The result is a Government-wide document and a broader, deeper breath of policy than has been possible before. The White Paper can be obtained from the Public Enquiry Point (see page 2) or at www.globalisation.gov.uk

sustainability of the debt of Heavily Indebted Poor Countries would be reconsidered. We have also provided support to the budgets of reforming countries that have been hit by external shocks to enable them to continue to take forward their reforms.

8 To underpin continued growth, without which the poverty targets will be unattainable, poor countries need to have improved access to markets, in both developed and – increasingly significantly – in developing countries. The successful conclusion of the negotiations between the European Union (EU) and the states of Africa, the Caribbean and the Pacific in the Cotonou Agreement of May 2000 has laid the foundations for continued free access for the large bulk of their exports to the European Union on a basis that meets World Trade Organisation rules. The Government also strongly supported the Commission's proposal for free access for all exports except arms from least-developed countries, which was agreed, with only minor amendment, in February 2001. This will improve the trading opportunities of the poorest countries and help build momentum towards a new Trade Round, which the Government believes can deliver real benefits to poor countries.

9 Poor countries also need, with support from the international community, to create an environment which will encourage diversification, increase investment, and reverse capital flight: for example 40% of Africa's annual savings leave the continent each year compared with 4% in Asia. Stable and predictable economic policies, clear and transparent legal systems and the avoidance of excessive regulation all have a part to play. We continue to provide assistance in all these areas. We also recognise the need to help tackle areas where markets do not work well, often due to exaggerated perceptions of risk. We have put in place challenge funding arrangements to encourage private lending to small enterprises, and are at an advanced stage in designing a facility to support long term finance for private investment in infrastructure in Africa. Good progress was also made

on the conversion of the former Commonwealth Development Corporation (now CDC Capital Partners) into a venture capital company ahead of its partial sale, which is designed to increase private investment in poor countries.

10 The year also saw the start of the improved debt reduction package to which the G7 committed themselves at the Köln Summit in 1999. By the end of 2000, more than \$50 billion of debt relief had been agreed for the 22 countries which had reached "Decision Point". Uganda has achieved completion of the process. A key element of the new approach, for which the UK government worked hard, is the linking of debt reduction to serious strategies for addressing poverty (Poverty Reduction Strategies). In order to make an early start on debt reduction, it was agreed that strategies of an interim nature, with strong commitments to economic and social reforms necessary to reduce poverty, would be sufficient to trigger "Decision Point" with continuing relief dependent on the implementation of strategies that are properly thought through, involving all the relevant stakeholders, and genuinely locally owned. This represents a real opportunity for achieving faster poverty reduction and human development. The Department has sought to work closely with other governments, civil society and international organisations in order to make a reality of this process. If successful, we see the Poverty Reduction Strategies as a central guide for all programmes of external assistance, not only to the Heavily Indebted Poor Countries but to poor countries generally.

11 This reinforces the need, repeatedly pointed out by the Secretary of State, for a thoroughgoing reform of development assistance programmes on the basis of a clear-sighted partnership with poor countries, and for development assistance to be focused on systematic poverty reduction in ways that support local ownership and transparency, and eliminate mixed motives and unnecessary transaction costs. The Government has therefore increased its commitments of assistance for well thought-out pro-

grammes in key sectors in reforming countries and has put more funds through the local budget process where there is a sufficient assurance of sound financial management and priority setting. The readiness of the UK, and increasingly the development agencies of other governments, to put funds through local budget systems has a number of positive effects. First, it helps integrate such funds into local priority setting, administrative and Parliamentary processes and systems of accountability. Second, it ensures that the funds from all sources are linked into a coherent whole. And thirdly, it requires – as previous forms of balance of payments support did not – serious attention to the robustness and transparency of local budget and spending processes by both development agencies and the recipient Government. We are therefore devoting much more effort to helping strengthen such systems – which in turn will improve the quality of public expenditure management as a whole, and help reduce corruption.

12 The Government also announced the removal of all tying restrictions from the aid programme, bringing procurement procedures into line with best practice for other Government Departments. The Government continues to press energetically for multilateral untying in the Organisation for Economic Co-operation and Development and for the strict application of all relevant Directives and legislation by the bilateral aid agencies of all EU member states. We are also encouraging work on the simplification and harmonisation of aid procedures, in order to get away from the inefficiencies of competing donor systems.

13 While these developments point the way to real progress in many poor and heavily-indebted countries, the persistence of conflict, disorder and unaccountable government hold back the prospects of all too many poor people.

14 Conflict continued to disrupt many parts of the developing world during 2000, often affecting those communities least able to bear the

cost. The Department has worked on analysis of the underlying factors that lead to armed conflict, and has provided resources to help the UN improve the effectiveness of its approach to conflicts in developing countries. The Government has agreed to establish budgets that are jointly held between DFID, the Ministry of Defence and the Foreign and Commonwealth Office in order to improve the deployment of developmental, diplomatic and military resources in preventing and resolving conflicts or mitigating their effects. Recognising that a secure environment is essential to sustainable development, the Department has continued to promote closer attention to the transformation of security sectors in developing countries. The Department has offered assistance to poor countries to help them to define and meet their legitimate defence requirements in ways that they can afford and which can be properly managed by their governments.

15 The quality of governance is critical for the eradication of poverty and the achievement of the International Development Targets. Where governments are unrepresentative, ineffective and where corruption is endemic, economic growth and sound development suffer. As a consequence, poor people do not have access to basic services or justice and lack the security necessary to enable them to improve their livelihoods. Governments must take the lead in addressing governance problems, preferably in consultation with civil society and the private sector. Where countries show this commitment, the international development community can help them build their capacity to make governments work for poor people.

16 The international community has also begun to recognise the global responsibility for bearing down on corruption in response to the bribery of foreign officials. The anti-bribery conventions of the Organisation for Economic Co-operation and Development and the Council of Europe illustrate a new commitment to action by developed countries and both developed and developing countries are tackling money laundering in Europe, the Caribbean, Africa and elsewhere. In the UK the

Government is committed to introduce new bills to outlaw bribery overseas by UK nationals, to close loopholes in the law on money laundering, and to make action to recover illegally and corruptly acquired assets more effective.

17 The HIV/AIDS epidemic is increasingly destroying the livelihoods of individuals and their communities, and massively damaging countries' development. The burden and cost of treatment and care for people living with HIV/AIDS is crippling the poor, and impoverishing many who were just about eking out a living. The need for care of people living with HIV/AIDS forces potential wage earners to stay at home, young girls to miss school, and valuable family assets to be sold to pay for treatment. This is having disastrous consequences for broader development of countries and the progress they are making towards achieving the International Development Targets. Life expectancy gains are being reversed in many African countries. But HIV/AIDS is also reducing the labour force, including the supply of health sector workers and teachers, at a rate which cannot be regenerated. It is reducing the possibility of achieving not only the health, but also other International Development Targets. And ultimately it is reducing the economic growth of whole countries.

18 It is important that development is sustainable. In common sense terms this means "treating the earth as if we intended to stay". A more formal definition which has been agreed internationally is that development will be sustainable if equal attention is given to social, economic and environmental considerations. But environment is often neglected in policies and programmes around the world, and as a consequence most environmental trends are deteriorating. The UK is fully committed to the promotion of growth that is equitable and environmentally sustainable. It should be clear from the definition that the integration of environmental considerations into planning and policies is not anti-growth. On the contrary, more effective environmental management can lead to sus-

tainable poverty reduction. Global action is required in order to tackle global environmental problems. Unfortunately the 6th Conference of the Parties of the Climate Change Convention in the Hague was unable to reach agreement on the means by which developed countries will meet their emission reduction targets agreed at Kyoto. However, DFID will continue its efforts to help developing countries take account of global environmental concerns, such as climate change and biodiversity in their development planning.

19 We have continued to work closely with multilateral development organisations supporting their efforts to address all the challenges mentioned above. In recognition of the stronger focus on poverty reduction being promoted by the Asian Development Bank, the UK committed £85 million to the latest replenishment of its soft loan arm (the Asian Development Fund), increasing its share from 3.8% to 4.8%. A similar approach of rewarding good performance was applied to other voluntary contributions such as those to the United Nations Children's Fund and Office for Co-ordination of Humanitarian Affairs. In Europe, the Government continued to play a very active part in pressing for reform of European Community development programmes. A ground breaking new overall European Community development policy was adopted, which focuses all European Community development assistance on poverty reduction. The policy was accompanied by a detailed action plan for implementation. This will need close monitoring but should help improve the effectiveness of European Community programmes.

20 The Department deploys in Resources in a range of ways to meet the diverse challenges which must be addressed to achieve the International Development Targets including: the generation and dissemination of research; advocacy; capacity building; provision of expertise; and the direct provision of financial resources.

Strategy and Resources

21 The Government took strategic decisions in the 2000 Spending Review about both the level of resources for development assistance and the purposes for which they would be used. The financial plans are set out in Box d (resource plans) and Box f (cash plans) below. The Government will ensure that the ratio of the UK's official development assistance to its Gross National Product will rise to a level of 0.33% by the financial year 2003/2004.

22 Following the 2000 Spending Review, the Department has assessed its spending plans in detail. Its plans for allocating the resources in the International Development budget for the next three financial years are set out in Boxes d, e and f, with a more detailed breakdown in Annex 2. The Main Estimates, which begin the process of seeking Parliamentary approval, for DFID are set out in Annex 1.

23 Over the three year period, we will continue to shift resources towards poor countries with large numbers of poor people and with

good pro-poor policy environments. This shift is based on research which shows that aid is more effective if it is focused on these countries. We plan to devote an increasing share of our rising aid programme to those parts of Asia where the vast majority of the poorest in the world live. The most significant increases envisaged are in India, which reflect the Government's commitment to triple our assistance by 2004/2005, and for the Asia Performance Fund (see paragraph 25). Africa also has a growing programme in line with the growth of available resources. Programmes to the Western Hemisphere and Eastern Europe will be reduced, particularly as exceptional levels of assistance to Montserrat decline and countries of Eastern Europe move towards European Union Membership. In some cases, such as Pakistan, the policy environment is not yet favourable but there are large numbers of poor people. We will seek to use our resources selectively, supporting government where it is undertaking reforms and working through civil society as appropriate. In the Pacific Region we will be placing an increasing emphasis on working with and through the key multilaterals rather than through the provision of direct bilateral assistance.

BOX d: RESOURCE PLANS SUMMARY TABLE

£ million (current)

	1998/99 Outturn	1999/00 Outturn	2000/01 Estimated	2001/02 Plans	2002/03 Plans	2003/04 Plans
TOTAL SPENDING IN DEPARTMENTAL EXPENDITURE LIMIT	2,238	2,547	2,798	3,115	3,347	3,560
TOTAL SPENDING IN ANNUALLY MANAGED EXPENDITURE	317	592	720	526	586	662
of which non-cash Annually Managed Expenditure	186	462	593	402	468	545
CONSUMPTION – THE RESOURCE BUDGET						
Resource Departmental Expenditure Limit	2,012	2,276	2,490	2,715	2,955	3,161
Resource Annually Managed Expenditure	317	592	720	526	586	662
of which:						
Programme spending	132	130	127	123	118	116
Non-cash items in Resource Annually Managed Expenditure	186	462	593	402	468	545
Total Resource Budget	2,329	2,868	3,210	3,240	3,541	3,823
Adjustment to reach operating costs	-6	-6	-6	-16	-56	-56
Net Operating Costs	2,323	2,861	3,203	3,224	3,485	3,767
Adjustment to reach voted total	-515	-515	-632	-660	-730	-795
Net Total Resources (Voted)	1,808	2,347	2,572	2,564	2,755	2,972
INVESTMENT – THE CAPITAL BUDGET						
Capital Departmental Expenditure Limit	226	271	307	400	391	399
Total Capital Budget	226	271	307	400	391	399
Adjustment to reach voted capital	–	-247	-252	-343	-377	-415
Net Capital Expenditure (Voted)	226	25	55	57	14	-15

¹ This table summarises information on spending plans, accounts and Estimates across the Department for International Development. All this information is presented in more detail in Tables 9 to 13 of Annex 2.

24 We also seek to use our resources to build a more effective international system. For this reason we have planned for a substantial contribution to the 13th International Development Association replenishment. And we plan to use resources in more creative and imaginative ways, such as increasing our funding to develop new ways of working to combat diseases such as malaria, polio and tuberculosis and establishing a long-term loan facility to leverage both off-shore and local private sector investment in Sub-Saharan Africa.

25 Last year, we established Policy and Performance Funds for Africa, Asia and multilateral institutions. These give flexibility to allocate additional funds to countries and institutions where progress on reform leads to more effective use of increased funds to achieve poverty reduction. These Funds show a hump in allocations in the second year for two reasons, because significant amounts in 2001/2002 have already been allocated to good performing countries and institutions and because in 2003/2004 higher allocations to particular programmes are already planned.

26 The plans for 2001/2002 remain broadly similar to those published in the 2000 *Departmental Report* (48). Some programmes have been increased over previous plans, mainly well-performing African countries (this has been offset by a reduction in the Africa Policy and Performance Fund), and the Asia Policy and Performance Fund has been enhanced to direct more resources to the region where the bulk of poor people live. As more countries are now expected to reach "Decision Point" and approach "Completion Point" under the Heavily Indebted Poor Countries' (HIPC) Initiative in 2001/2002, we have increased the funds allocated for this. We have also allocated more resources to tackle communicable diseases and shifted some resources from our global HIV/AIDS programmes into a specific Africa HIV/AIDS programme. We have increased our allocations to well-performing multilateral institutions such as the UN Children's Fund. We are also planning to pursue new joint funding arrangements with the Ministry of Defence and Foreign and Commonwealth Office to access resources for conflict prevention in Africa and worldwide. Some programmes, such as the Skills

**BOX e – DEPARTMENTAL EXPENDITURE LIMITS AND ANNUALLY MANAGED EXPENDITURE CASH PLANS
I – IN CASH PRICES¹**

£million

	1995/1996 Outturn	1996/1997 Outturn	1997/1998 Outturn	1998/1999 Outturn	1999/2000 Outturn	2000/2001 Estimated
Departmental Expenditure Limit						
Current Budget	1,477	1,393	1,360	1,514	1,774	1,854
Capital budget	272	222	233	226	25	56
Non voted expenditure	449	482	407	521	521	638
Total Spending in Departmental Expenditure Limit	2,197	2,096	1,999	2,261	2,320	2,548
Departmental Annually Managed Expenditure						
Current Budget	135	141	179	132	130	127
Capital budget	19	-15	-10	—	—	—
Non voted expenditure	8	29	-12	-15	—	—
Total Departmental Annually Managed Expenditure	163	155	157	116	130	127

II – CONSTANT 1999/2000 PRICES

	1995/1996 Outturn	1996/1997 Outturn	1997/1998 Outturn	1998/1999 Outturn	1999/2000 Outturn	2000/2001 Estimated
Departmental Expenditure Limit						
Current Budget	1,650	1,508	1,432	1,550	1,774	1,822
Capital budget	304	240	245	231	25	55
Non voted expenditure	502	522	428	533	521	627
Total Spending in Departmental Expenditure Limit	2,455	2,269	2,105	2,314	2,320	2,504
Departmental Annually Managed Expenditure						
Current Budget	151	153	188	135	130	125
Capital budget	21	-16	-11	—	—	—
Non voted expenditure	9	31	-13	-15	—	—
Total Departmental Annually Managed Expenditure	182	168	165	119	130	125

¹ For the purposes of allowing comparisons to be made with previous expenditure over a longer period, this Box shows outturn in cash terms and in constant prices from 1995/1996 to 2000/2001. 2000/2001 is the last year where outturn will be expressed in cash terms.

BOX f: BREAKDOWN OF DFID CASH PLANS^{1,2}
£ million

	1998/1999 outturn	1999/2000 outturn	2000/2001 estimated	2001/2002 plans	2002/2003 plans	2003/2004 plans
Original Comprehensive Spending Review figures	2,326	2,442	2,908	3,274	3,473	3,686
Changes	128	167	33	-57	59	0
<i>Of which:</i>						
Transfers from/to other Government Departments ³	-18	61	-32	-57	0	0
End of year flexibility arrangements ⁴	127	106	65	0	59	0
Adjusted Overseas Superannuation Vote forecast	19	0	0	0	0	0
Total DFID resources	2,454	2,609	2,941	3,217	3,532	3,686
<i>Less:</i>						
Overseas Superannuation	133	130	127	126	125	125
Gibraltar Social Insurance Fund	9	21	8	8	7	7
Total development budget	2,312	2,458	2,806	3,083	3,400	3,554
<i>Less:</i>						
Retrospective Terms Adjustment	2	2	2	0	0	0
Aid administration running costs (gross)	70	74	90	108	95	98
Africa Conflict Prevention Pool – net ⁵	0	0	0	10	50	50
CDC Capital Partners Public Private Partnership costs	3	1	1	1	1	3
<i>Plus:</i>						
Receipts	68	67	46	71	52	45
Estimating Adjustment ⁶	0	0	42	123	142	145
Planning total for allocation	2,305	2,448	2,801	3,158	3,447	3,593
ALLOCATIONS⁷						
BILATERAL COUNTRY PROGRAMMES						
Africa Regional	3	3	4	16	19	23
Africa Conflict Prevention ⁵	–	–	–	18	0	0
Greater Horn of Africa	53	32	67	58	69	71
Central Africa	93	91	156	179	162	167
Southern Africa	40	41	41	45	45	45
Eastern Africa	128	138	194	193	203	210
Western and North Africa	81	97	132	120	137	145
Middle East	15	19	22	19	19	19
Asia Regional	3	10	5	4	4	4
South Asia	192	201	214	265	332	388
South East Asia and East Asia	80	66	74	90	108	113
Pacific	4	3	4	4	4	4
Latin America	22	24	23	31	29	27
Caribbean	12	21	21	21	20	18
UK Overseas Territories	48	40	38	42	34	29
Central and Eastern Europe	76	78	86	91	83	74
Regional Policy Performance Funds	–	–	0	46	150	86
sub-total	850	864	1,081	1,242	1,418	1,423
<i>of which</i>						
Aid and Trade Provision	56	38	28	26	23	15
OTHER BILATERAL						
Knowledge Generation	46	79	82	92	91	89
Commonwealth Development Corporation	36	39	0	0	0	0
British Council grant-in-aid	30	–	–	–	–	–
Conflict and Humanitarian assistance (centrally funded) ⁸	21	164	120	43	37	37
Global Conflict Prevention ⁵	–	–	–	9	0	0
Voluntary agencies	63	65	64	69	71	73
Scholarships and other education programmes	27	18	19	30	33	37
Business and private sector partnerships	2	6	10	44	50	46
Infectious Diseases	1	10	15	22	28	19
Sustainable rural livelihoods (including water)	1	4	12	16	16	16
Social Policy initiatives	0	1	2	2	2	2
Other	44	28	42	49	54	54
Total bilateral	1,123	1,278	1,446	1,618	1,800	1,796

BOX f: BREAKDOWN OF DFID CASH PLANS (continued)

£million

	1998/1999 outturn	1999/2000 outturn	2000/2001 estimated	2001/2002 plans	2002/2003 plans	2003/2004 plans
MULTILATERAL:						
European Community ⁹	702	721	760	790	904	984
World Bank/International Monetary Fund & Regional Banks	265	287	288	393	377	407
United Nations	104	138	222	162	162	169
Commonwealth	7	7	7	8	8	8
Global Environmental Assistance ¹⁰	20	17	22	25	27	28
Conflict and Humanitarian assistance	30	35	46	50	50	50
Other multilateral	8	9	10	11	11	11
Institutional Policy Performance Fund	–	–	0	0	8	10
Total Multilateral	1,136	1,214	1,355	1,439	1,547	1,667
Unallocated/Contingency Reserve	0	0	0	100	100	130

¹ Figures include all DFID expenditure including that which is not reportable to the Development Assistance Committee of the Organisation for Economic Co-operation and Development.

² Totals may not sum due to rounding.

³ The main component of these transfers is the British Council's grant-in-aid. The Comprehensive Spending Review (68) concluded that responsibility for the British Council's grant-in-aid should transfer during 1998/1999 to the Foreign and Commonwealth Office along with resources previously earmarked for this purpose. The figures for 1999/2000 to 2001/2002 include transfers to the Foreign and Commonwealth Office for the Chevening scholarship scheme previously part of DFID's education programme. 2001/2002 figures also include transfers from and to DFID in respect of the newly-constituted Conflict Prevention Pools.

⁴ Under HM Treasury rules, DFID is able to roll forward unspent funds from one year to the next, for example in the case of aid financed by the European Community Budget and attributed to DFID. The figure for 2002/2003 reflects an anticipated underspend of the 2000 provision for European Community budgetised programmes – once the figure is finalised, DFID will seek the agreement of HM Treasury and Parliament to increase the Voted provision on Class VIII, Vote 1 by an equivalent amount.

⁵ The net figures for the Africa Conflict Prevention Pool reflect the unallocated portion of that Pool, which is held by, but not voted to, DFID. The figures for Conflict Prevention under the bilateral programme reflect the initial allocations from the Global and Africa Pools for 2001/2002: further allocations to DFID for 2001/2002 and subsequent years are anticipated but not yet agreed.

⁶ The total of the individual programmes exceeds the resources available because of the inclusion of an 'estimating adjustment', the aim of which is to ensure full and effective spending against the cash limit. The estimating adjustment is set as a percentage of bilateral country programmes (10% from 2001/2002 onwards). At the end of each financial year the estimating adjustment reduces to zero: the figure for 2000/2001 reflects the fact that this process was underway at the time of going to press.

⁷ The allocations are planning figures usually set at the level of a single department. Within the allocated departmental totals, and subject to the agreed policy framework, heads of department are free to use resources in order to respond to changing circumstances and to maximise the effectiveness of their department's contribution to the outcomes set out in the Spending Reviews (see Table 10 in Annex 2).

⁸ In addition to this central provision, the Contingency Reserve is available to meet emergencies and unforeseen expenditure, and country programmes meet the costs of humanitarian assistance in countries with long-running emergencies. Such country programme expenditure is not shown separately.

⁹ Figures for future years reflect DFID's best estimates of European Community spending and attribution.

¹⁰ Figures for global environmental assistance were previously not included in the development budget: a decision was taken in 2000 to incorporate this spending in the development programme.

for Development programme, are progressing more slowly than previously planned. Some large changes in allocations are offset elsewhere, for example, a lower forecast for European Development Fund spending is offset by an increase in the forecast for European Community attribution and a lower predicted rollover.

27 The figures in Boxes d, e and f, and Annex I are of course planning figures. Flexibility is essential, for instance to reward good performers or help countries adjust to external shocks. In order to meet policy commitments and changes in external circumstances actual spending will vary from planning figures, sometimes significantly. Subsequent Departmental Reports will highlight and comment on changes in spending from these plans.

Use of Resources in 2000/2001

28 The International Development programme budget for 2000/2001 was £2,806 million, an increase of more than 13% over the previous financial year.

29 Outturn expenditure will always vary from original plans in any one year, and in aggregate we allocate funds for planning purposes which exceed the cash available in the expectation that overall there will be expenditure slip-page during the course of the year. The flexibility of the Policy and Performance Funds established last year allowed resources to be allocated in-year to well-performing countries or institutions. From the Africa Fund, we allocated an additional £28 million to Kenya in support of the government's new commitment to reform and

provided £23 million of a £57 million commitment over 3 years to assist with the privatisation of the copper industry in Zambia. The latter released the Zambian public finances from a massive unproductive subsidy and enabled a reform agenda to be put in place that led to Zambia qualifying for HIPC. Additionally, we released £15 million of budgetary assistance in support of Zambia's poverty reduction programme with the International Monetary Fund. Last year £20 million was allocated to the Asia Policy and Performance Fund in case substantial additional funds were needed for Pakistan. Despite progress in Pakistan these additional funds were not called upon and were reallocated to other programmes during the year. The International Policy and Performance fund was used to reward reforming Multilateral Institutions (see Box 4b). Lower than envisaged European Development Fund spending was offset by greater than expected resources attributed to European Community development assistance through the budget.

30 Lower than planned expenditure elsewhere, and fewer emergency needs than in 1999/2000, enabled us to augment our support to countries in Africa suffering substantial terms of trade losses, particularly because of the high oil price (e.g. Uganda and Sierra Leone), and to make further substantial contributions to the Global Polio Eradication Programme (£35 million), and to the work of the United Nations Population Fund (£25 million).

Organisation and Systems

31 In February 2001 the Government introduced the International Development Bill into Parliament. The Bill sought to establish the reduction of poverty as the central aim of UK international development assistance. It thus reflected and sought to embed in legalisation the policies set out in the *1997 White Paper (1)* and the *2000 White Paper (2)*. The Bill would repeal and replace the outdated 1980 Overseas Development and Co-operation Act. It also intends to provide for

new powers for the Secretary of State to support civil society organisations undertaking development awareness and advocacy activities, and to engage more effectively with the private sector by taking share-holdings in companies and using convertible instruments, options and guarantees.

32 DFID has put in place a number of internal organisational and other changes in order to improve its ability to pursue its objectives effectively. Perhaps the most significant has been the strengthening of the Department's representation at country level. In 2000/2001, the existing DFID offices in Tanzania and Uganda were given responsibility for programming and managing assistance to these countries, reporting to the head of DFID's existing East African office in Nairobi. Similar developments are in train for programmes in Malawi, Mozambique and Zambia, hitherto managed from Harare. A new office was established in Abuja to take forward co-operation with the new civilian administration in Nigeria. We are in the process of strengthening DFID representation in Guyana and Jamaica through relocating some staff capacity from the DFID Caribbean regional office in Barbados.

33 The rationale behind these developments is that an in-country presence transforms the nature and intensity of the dialogue with host Governments, civil society and international partners. But it would clearly be inefficient to seek to replicate at country level staff resources previously held regionally or in the UK. A management review of our country office in Nepal, established the previous year, advocated reducing the number of expatriate professional staff and relying more explicitly on professional resources already located in Nepal, including in other countries' local development offices. The Nigeria office has been designed to apply a similar approach. There will still be a need for the professional quality control that has always marked the UK development programme, but this can be provided without incurring the costs of a full suite of Advisers in each office.

34 At DFID's Headquarters the personnel administration of DFID was completely restructured in order to handle all UK-appointed staff, whatever their contractual terms, in the same way. Our work with private sector partners is also being strengthened and given greater focus and direction by the recent establishment of a new department which will lead on Corporate Social Responsibility and on tackling those factors which encourage or inhibit private sector involvement in developing and transitional countries. This department will work closely with the existing Enterprise Development Department, which leads on support for small and medium scale enterprises.

35 Corporate and public information is also being strengthened by redesign of both Internet and Intranet sites and by further improvements in our Performance Reporting Information System for Management. This information helps also to underpin a new system of biennial reviews of the effectiveness of our major country programmes, which are discussed by a senior level official committee and then considered by the Secretary of State. Similar mechanisms will enable DFID to review on a regular basis progress of our partnerships with international institutions and civil society bodies to whom we provide multi-year funding.

36 The setting of objectives by each unit, co-ordinated for DFID as a whole by Development Policy Department (formerly Aid Policy Department) takes place against the background of the aims set out in the *1997 and 2000 White Papers* (1,2) These are reflected in the Public Service Agreement targets and in the Target, Country and Institutional Strategies which DFID has developed. Bids for resources are assessed annually against the same aims. DFID thus has a clear system for pursuing relevant objectives, and stands ready to be judged by its effectiveness in working with others to achieve the International Development Targets.

37 DFID is fortunate in its ability to recruit and retain staff of high quality. It is important that the dedication of staff, whether appointed in the UK or developing countries, is not taken for granted, and that the working environment encourages everyone to maximise their contribution to the achievement of our objectives. DFID has therefore put in place a management development programme which is being provided to all staff, and which highlights effective team working. We have piloted 360 degree and upward appraisal as a further encouragement to managers at all levels to work with colleagues in as constructive and open way as possible.

38 Two particular challenges are the development of our increasing cadre of staff appointed in developing countries and the achievement of ethnic and, in particular, gender targets within our senior staff. We have established a more transparent and uniform system for appointment of professional staff recruited in developing countries, and have introduced opportunities for movement of such staff between country or regional offices, and for attachments to headquarters. We have opened an increasing number of senior appointments to cross-Whitehall or open competition in order to encourage greater diversity among candidates.

39 A particular concern, not limited to any one category of staff, is the danger of individual staff being overloaded by the Department's challenging agenda and by information more generally. We are addressing this issue through a rigorous approach to prioritising initiatives, through greater delegation and through initiatives to improve information and knowledge management in the Department.

Delivering Better Public Services

40 In producing its spending plans for 1999-2002 in the 1998 Comprehensive Spending

Review, the Government set new priorities for public spending with significant extra resources to tackle poverty both in the UK and globally. The White Paper, *Public Services for the Future: Modernisation, Reform, Accountability* (74) (Cm 4181), December 1998, and its supplement published in March 1999 (Cm 4315), delivered this commitment by publishing for the first time measurable targets (Public Service Agreements) for the full range of the Government's objectives. In the 2000 Spending Review, which set new plans for public spending for 2001–2004, the Government has further developed Public Service Agreements in order to prioritise the most important goals and reforms it wants to deliver. The targets are set out in the White Paper, *Spending Review 2000: Public Service Agreements 2001–04* (73) (Cm 4808), July 2000 and will be fully reported on in the Spring 2002 Departmental Reports.

41 The White Paper, *Modernising Government* (78), published in March 1999 is a statement of the Government's vision for reform and modernisation of the delivery of public services. These principles provide a means of achieving the targets set in the Public Service Agreements.

Departmental objectives and 1998 Comprehensive Spending Review Public Service Agreement

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

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

- using our knowledge and resources effectively and efficiently.

43 The Public Service Agreement targets set by the 1998 Comprehensive Spending Review were for achievement by the year 2002. These targets are linked to the International Development Targets (see box b).

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

(i) At least 75% of DFID's bilateral country resources are allocated to low income countries by 2002. We are on course to meet this target. Low income countries are forecast to receive 75% of bilateral resources in 2000/2001.

(ii) An annual 1.5% increase in the Gross Domestic Product per capita in the top 30 UK development partners. In 1998 Gross Domestic Product per capita for our largest partners fell by 0.2%. This is due to the impact of the Asian Crisis which caused sharp economic slow-down in many countries. The economies of Indonesia (-14%), Russia (-6%) and Philippines (-5%) all shrank significantly. Growth in other large countries such as India and China was less than in the previous year. There are, however, now good signs of recovery in Russia and East Asia, with growth forecasts expected to exceed 1999 rates in 2000.

(iii) A reduction of under-five and maternal mortality rates from 74 to 70 per 1000 live births, and from 324 to 240 per 100,000 live births respectively by 2002 in the top 30 UK development partners. Latest data indicate a further fall in under-five mortality to 65 per thousand live births which is

well under the Public Service Agreement target. However, there is considerable variation amongst the 30 countries which are included in this measure. Rates are declining steadily in large Asian countries, but there have been increases in child mortality in a number of Africa countries. These alarming increases are likely to result from the HIV/AIDS crisis. The latest data for maternal mortality gives a figure of 277 per 100,000 live births. This is a sharp decrease from the previous years figure of 316. However, maternal mortality is very difficult to measure, particularly year on year. It looks increasingly likely that we will not achieve the target of 240 per 100,000 live births by 2002. Availability of skilled personnel and capacity of health systems remain serious constraints in many countries and take time to address. Maternal mortality rates remain highest in very poor countries in sub-Saharan Africa.

(iv) An increase from 81% to 91% of children in primary school by 2002 in the top 30 UK development partners. Latest data indicate an average of 89% with increases in almost all countries. 13 countries already have enrolment rates above 91%. If progress is sustained, particularly in South Asia, this target should be met by 2002.

Departmental operations and 1998 Comprehensive Spending Review Public Service Agreement productivity targets

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

- **increasing operational productivity:** a value for money index was developed and forms part of our Public Service Agreement for 2001–2004 (Box h). Mechanisms to measure progress against this index are set out in our Service Delivery Agreement 2001–2004;

- **resource accounting:** we have successfully introduced systems for resource accounting and produced our first resource accounts according to the HM Treasury timetable. These accounts were agreed without qualification by the National Audit Office;
- **enhancing the Department's information systems:** we have made further progress at connecting staff to the Internet and DFID Intranet. This year we introduced additional new improvements to our Performance Reporting Information System for Management which will improve information management and facilitate lesson learning across DFID. Staff will be able to access, via the Intranet, key documents relating to DFID programmes;
- **procurement:** we are on schedule to bring UK development assistance into line with other government procurement by applying the EU Procurement Directives from 1 April 2001. This will allow us to maximise value for money for goods and services that we procure.

46 DFID is also responsible for the administration and payment of colonial pensions. All 2000/2001 targets were met with unit administration costs falling by more than 7% in cash terms (against a target of not exceeding inflation). All service delivery targets were also exceeded. This sustained high performance was recognised by the award of a Charter Mark to the overseas pensions team. Details of how DFID has been reforming and modernising delivery of services in line with the *White Paper: Modernising Government* (78) are set out in chapter 9.

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

	Baselines	2000/2001 target	Recent performance
Departmental Objectives: Public Service Agreement targets			
Associated International 1. Policies and actions which promote sustainable livelihoods Associated International Development Target: <ul style="list-style-type: none"> A reduction by one half in the proportion of people living in extreme poverty by 2015 			
Public Service Agreement measures:			
<ul style="list-style-type: none"> % of bilateral country programme resources allocated to low income countries increased from 65% to 75% by 2002 	65% (1996/1997) ¹	75%	ON COURSE: Forecast outturn for 2000/2001 is 75% .
<ul style="list-style-type: none"> % of relevant bilateral projects likely to fully or largely meet their objectives up from 64% to 75% by 2002 	64% (Projects completed November 1995 – October 1996)	75%	ON COURSE: Project completion reports submitted in financial years 1998/1999 and 1999/2000 indicate that 74.6% of relevant projects fully or largely achieved their objectives.
<ul style="list-style-type: none"> Annual 1.5% real Gross Domestic Product per capita growth in top 30 UK development partners² (population weighted)³ 	4.33% (1995/1996)	1.5% p.a.	BELOW TARGET: -0.2% (1997-98). In 1998 the population weighted average Gross Domestic Product per capita for our 30 largest partners fell by was -0.2. This is due to the impact of the Asian Crisis which caused sharp economic slow-down in many countries. The economies of Indonesia (-14%), Russia (-6%) and Philippines (-5%) all shrank significantly. The rebound in Asia is continuing, buttressed by robust growth in India and China, and there has been improved activity in Africa which is projected to rise further. However large swings in commodity prices have affected many developing countries and the outlook for non-fuel commodity prices is weak, while rising oil prices benefit only a few. Almost all of the countries hit hardest are among the poorest. Thus, although the target appears achievable overall, there are specific concerns.
Other measures:			
<ul style="list-style-type: none"> Effectiveness of the international system in promoting sustainable development 	(Not applicable)	(No interim targets set)	Achievements this year include <ul style="list-style-type: none"> 22 countries reached decision point by the end of 2000 under Heavily Indebted Poor Countries Initiative 2¹ UN/World Bank/International Monetary Fund/Organisation for Economic Co-operation and Development produced report of progress against International Development Targets "A Better World for All" (62) presented to G8 Heads of Governments New European Community development policy and action plan adopted World Bank's 2000/2001 <i>World Development Report</i> (80) devoted to analysis of action required to eliminate poverty

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

	Baselines	2000/2001 target	Recent performance
Departmental Objectives: Public Service Agreement targets (continued)			
<ul style="list-style-type: none"> • Increase of share in Gross Domestic Product of poorest 20% of population in top 30 UK development partners² (various years, population weighted³) 	7.1% ⁵	(No interim targets set)	BELOW TARGET: Latest figures for our top 30 development partners give an overall figure (population weighted) of 7.0% . Bangladesh, Egypt, Pakistan, Ghana and Romania have the most favourable distribution (>8.3%). Sierra Leone, South Africa, Zimbabwe, Zambia and Russia have the least favourable distributions (4.4% or less). But figures cover a wide range of years and an overall trend is hard to identify.
Public Service Agreement measures			
2. Better education, health and opportunities for poor people Associated International Development Targets: <ul style="list-style-type: none"> • Universal primary education in all countries by 2015 • Demonstrated progress towards gender equality and empowerment of women by eliminating gender disparity in primary and secondary education by 2005 • A two-thirds reduction in the under-five mortality rate by 2015 • A reduction by three-fourths in maternal mortality by 2015 • Access to reproductive health services for all by 2015 			
<ul style="list-style-type: none"> • (a) Under-5 mortality (Top 30 UK development partners², 1997, population weighted) down from 74 to 70 per 1000 live births, and 	(a) 74 (1996)	(No interim targets set)	(a) ON COURSE: Latest data for our top 30 partners indicates population weighted average of 65 . 12 countries with under 5 mortality less than 62. Countries with large populations (Asian countries in the top 30) have declining rates, however, there have been increases in many African countries (Kenya, Malawi, Mozambique, South Africa, Uganda, Zambia and Zimbabwe) – it is thought to be due to HIV/AIDS. It is possible that the HIV/AIDS crisis may result in a reverse of progress to date over the coming years.
<ul style="list-style-type: none"> • (b) Maternal mortality (Top 30 UK development partners², population weighted) down from 324 to 240 per 100,000 live births respectively by 2002 	(b) 324 (1990–96)	(No interim targets set)	(b) BELOW TARGET: Latest data indicate some progress has been made with the population weighted average for our top 40 partners of 277 . There is considerable variation, 11 countries have met the target whilst 12 have rates above 500 per 100,000 live births. In particular, progress is notably slow in Sub-Saharan Africa and exacerbated by the impact of HIV/AIDS. Specific methodological issues make direct annual measurement impossible. The separate measurement of attendance by skilled birth attendants is used world-wide as a proxy for maternal mortality and forms part of our Public Service Agreement 2001–2004.
<ul style="list-style-type: none"> • % of children in primary education up from 81% to 91% in top 30 UK development partners² by 2002 	81% ⁵	(No interim targets set)	ON COURSE: Latest data for our top 30 partners indicates an average of 89% . 13 countries have primary school enrolment greater than 91%. All 30 countries have shown an increase with the exception of Jordan and Kenya.

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

	Baselines	2000/2001 target	Recent performance
Departmental Objectives: Public Service Agreement targets (continued)			
Other measures:			
<ul style="list-style-type: none">Gender disparity in secondary education (Girls as % of Boys, top 30 UK development partners², various years, population weighted)% of population with access to safe water (Top 30 UK development partners², various years, population weighted)	86% ^{2,3} <		

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

	Baselines	2000/2001 target	Recent performance
Departmental Operations: Public Service Agreement productivity targets			
5. Increasing the productivity of operations			
<ul style="list-style-type: none"> Reduction in central and support costs as a percentage of aid policy and administration by 1% or approximately £0.5 million per year 	(Not applicable)	1% per annum	NO AGREED MEASURE: Systems for cost allocation which will provide a true picture of the balance between central and support costs and total costs are under development
<ul style="list-style-type: none"> Pay at least 95% of undisputed bills within 30 days, or other agreed credit period 	95.8% (1998)	95%	ON COURSE: 97.5% achieved in 2000.
<ul style="list-style-type: none"> Reply to 100% of Ministerial correspondence within 21 days of receipt 	89% (1997)	100%	BELOW TARGET: Performance slipped to 82% in 2000 due to heavy correspondence on the Mozambique floods and the Education for All initiative. But the rate improved in the second half of the year and this trend is expected to continue in 2001.
<ul style="list-style-type: none"> Development of a departmental efficiency indicator 	Not applicable	(No interim target set)	ON COURSE: Value-for-money target is included in revised Public Service Agreement (2001-2004) published in August 2000. Mechanisms for measurement were developed as set out in the new Service Delivery Agreement 2001-2004 published in November 2000.
6. Enhancing the Department's Information System			
<ul style="list-style-type: none"> Introduce resource accounting and budgeting to standard timetable set out by HM Treasury 	Not applicable	Meet HM Treasury timetable	MET: First published resource accounts submitted to the Controller and Auditor-General within the Treasury timetable and agreed by National Audit Office without qualification.
<ul style="list-style-type: none"> DFID Intranet to be made available to staff in UK and some overseas offices in conjunction with new accounting system. 	No overseas staff have access	Targets in expansion workplan met	MET: Intranet access delivered to all UK staff, around 75% of overseas staff connected via a virtual private network or through an Internet service provider. Work on satellite links for corporate systems access has now commenced.
<ul style="list-style-type: none"> Development of Performance Reporting Information System for Management 	Pilot introduced in 1998/1999	(No interim target set)	ON COURSE: Development of the Performance Reporting Information System for Management continued through 2000 with an Intranet version covering all of DFID's portfolio becoming available to all staff in December 2000. Training in use of this and related systems is taking place during 2001.
<ul style="list-style-type: none"> Provide access to Internet for all staff 	(Not applicable)	(No interim target set)	ON COURSE: Internet available to all UK staff. Over 75% of overseas staff had access by March 2001, with plans in hand to connect remainder of overseas offices.
<ul style="list-style-type: none"> Introduction and testing of a new system for scoring on-going projects 	None – new system	Testing to be completed by April 2000	MET: The system is now operating. The information generated feeds into the Performance Reporting Information System for Management (see above).
7. Better Quality Services			
<ul style="list-style-type: none"> Regular and systematic review of services and their delivery (Better Quality Services Initiative) with 60% of services reviewed by 2003 	Not applicable	Review programme produced & implemented	ON COURSE: A rolling programme of reviews has been devised and agreed with the Cabinet Office, and is currently being implemented. Reviews completed in 2000 include the DFID/Foreign and Commonwealth Office Service Level Agreement and DFID's Resource Management systems.

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

	Baselines	2000/2001 target	Recent performance
Departmental Operations: Public Service Agreement productivity targets (continued)			
8. Electronic Government			
<ul style="list-style-type: none"> Increase the proportion of business transactions undertaken electronically to at least 25% by 2002 	(Not applicable)	No interim targets set	ON COURSE: 25% target achieved in early 2001. We are taking part in pilot trials of electronic training in 2001, which if successful will increase our take up significantly in 2002/2003.
9. Sickness Absence			
<ul style="list-style-type: none"> Reduction in sickness absence rates by 23.8% by 2003 from 8.4 days per staff year in 1998 to 6.4 in 2003⁶ 	8.4 days per staff year (1998)	7.4 days in calendar year 2000	ON COURSE: Sickness absence reduced to 7.31 days per staff year in 1999. Data is not yet available for 2000.
10. Fraud			
<ul style="list-style-type: none"> Review of administrative procedures and delegations of authority within Accounts Department 	Not applicable	Completed by April 2000	MET: Completed in August 1999. All recommendations implemented.
<ul style="list-style-type: none"> Review of accounting procedures including separation of duties in 3 overseas offices in line with plans to introduce a new accounting system 	Not applicable	Completed by March 2000	MET: All three reviews completed on schedule. The reviews ensured standardisation of financial procedures overseas, including the introduction of a common accounting system that directly interfaces with the accounting system in the UK. Three further reviews completed in 2000/2001.
<ul style="list-style-type: none"> Provide an improved level of financial management information to all UK staff 	Not applicable	(No interim target set)	ON COURSE: Pilot systems for improved budgeting, forecasting and suspense management have been developed and are being tested.
<ul style="list-style-type: none"> Increased awareness of fraud 	Not applicable	(No interim target set)	ON COURSE: Regular distribution of notices including Treasury case notes available on intranet.
<ul style="list-style-type: none"> Ongoing programme of internal audit review 	Not applicable	Annual report produced	ON COURSE: The 2000 Annual Audit Report was endorsed by DFID's Management Board in October 2000. The 2000/2001 Audit Programme is on target. An Audit Needs Assessment was scheduled to be considered by the Management Board in March 2001.
11. Procurement			
<ul style="list-style-type: none"> All advertisements and application forms for overseas employment contracts available on DFID's website 	Not applicable	(No interim target set)	MET: Available on website since March 1999
<ul style="list-style-type: none"> Introduction of procurement cards for UK administrative expenditure 	None – new system	(No interim target set)	MET: System in place in the UK in September 2000.
<ul style="list-style-type: none"> Implementation of overseas pilot exercise in the use of procurement cards 	Not applicable	(No interim target set)	DELAYED: Decision to proceed will depend on outcome of experience in the UK. Target date put back to end 2001.
<ul style="list-style-type: none"> Strengthening of local procurement capacity in overseas offices 	Not applicable	(No interim target set)	ON COURSE: Three Overseas offices have designated local contract officers (Pretoria, Delhi and Hanoi). One more is currently being trained and DFID continues to seek out further opportunities for contracting of local resources.
<ul style="list-style-type: none"> Initiating the electronic receipt of invoices 	Not applicable	April 2000	DELAYED: Awaiting development of associated e-commerce systems from the Office of Government Commerce.

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

	Baselines	2000/2001 target	Recent performance
Departmental Operations: Public Service Agreement productivity targets (continued)			
Other measures			
• Progress towards meeting Investors in People initiative	Not applicable	Certification in 2000	MET: DFID accredited as an Investor in People in December 2000
• Improving public knowledge of, and attitudes to, development issues	Not applicable	not applicable	ON COURSE: Strategy Paper on <i>Building Support for Development</i> (26) published in April 1999. Annual surveys conducted on UK public's attitude towards poverty in developing countries. Guidance documents produced in 2000/2001 on incorporating a global dimension into the school curriculum in England and Scotland.

Source: "Public Services for the Future: Modernisation, Reform, Accountability" (71), December 1998 and "The Government's Measure of Success: Output and Performance Analyses" (CM4315), March 1999.

- ¹ In line with the policy of the Organisation for Economic Co-operation and Development's Development Assistance Committee, DFID updates income groups, based on World Bank income per capita thresholds, every three years. In December 1998 the 1992 World Bank income group thresholds were changed to 1995 World Bank income group thresholds. The published baseline of 67% in 1996/1997 was based on the 1992 income group thresholds and is now updated to 65% using 1995 income group thresholds.
- ² The countries used for this target are the top 30 recipients in 1996/1997 of the combined total of 1996/1997 Bilateral DFID Programme and DFID's imputed share of multilateral organisations in 1996. They are Angola, Bangladesh, Cambodia, China, Ivory Coast, Egypt, Ethiopia, Ghana, India, Indonesia, Jordan, Kenya, Malawi, Morocco, Mozambique, Nepal, Pakistan, Philippines, Poland, Romania, Russia, Sierra Leone, South Africa, Sri Lanka, Tanzania, Uganda, Vietnam, West Bank & Gaza Strip, Zambia, Zimbabwe.
- ³ There has had to be a further change in the data series used to calculate this figure as a consequence of continuing changes in World Bank data production. The figure for 1996/1997 is now 5.3% on the basis of latest Gross Domestic Product per capita growth data. In the original *Public Service Agreement Command Paper* (published on our website: www.dfid.gov.uk) the figure of 1.04% was used. *Department Report 2000* (48) used an updated figure of 4.33%. We are in consultation with the World Bank regarding data series consistency.
- ⁴ The 22 countries which have reached decision point are: Benin, Bolivia, Burkina Faso, Cameroon, Gambia, Guinea, Guinea Bissau, Guyana, Honduras, Madagascar, Malawi, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Sao Tome and Principe, Senegal, Tanzania, Uganda, Zambia.
- ⁵ There are no common annual baseline data for this indicator. It has therefore been constructed using information from different years in different countries.
- ⁶ Original Public Service Agreements contained reduction of sickness absence rates by 30% by 2003, however in common with other Government Departments, this target has been modified in line with the overall Civil Service Target of 23.8%.

2000 Spending Review Public Service Agreement

47 The 2000 Spending Review provided an opportunity to improve the measurement of progress and effectiveness. The Government reviewed the targets which were set for the Department in the Comprehensive Spending Review of 1998, and set new targets in the form of a new Public Service Agreement, supported by a Service Delivery Agreement, both published in October 2000 on the DFID website¹. The Public Service Agreement 2001–2004 (Box h) maintains the focus on sustainable development and poverty reduction but marks a new departure in including joint targets – on debt with HM Treasury and on conflict prevention with the Foreign and Commonwealth Office and the Ministry of Defence. It also includes a value for money target which incorporates measures of programme performance and the level of project risk. Growth in per capita Gross Domestic Product is not retained as a target because of the lack of a consistent reliable data series. The new Public Service

Agreement reflects an increasing focus on DFID working effectively with others to achieve the International Development Targets and on improving the impact and effectiveness of DFID performance. Progress against the 2001–2004 Public Service Agreement will be reported in future Departmental Reports, starting in 2002.

48 The Service Delivery Agreement has two functions. In the first place, it complements the Public Service Agreement by setting out a number of supporting measures and showing the concrete action DFID will take to meet our targets. Secondly, it outlines the Department's objectives against a number of Government-wide targets and its own efficiency plans. It will be reported on in parallel to the Public Service Agreement. The Public Service Agreement and Service Delivery Agreement are accompanied by a Technical Note (also on the website) which shows how progress against targets will be measured and explains key terms and statistical references.

¹ www.dfid.gov.uk

BOX h: PUBLIC SERVICE AGREEMENT TARGETS 2001–2004

Objective I: to reduce poverty through the provision of more focused and co-ordinated development assistance by the international community to low and middle income countries.

1. *An increased focus by DFID on poor countries, particularly those with effective governments pursuing high growth and pro-poor economic and social policies, as demonstrated by:*
 - (a) an increase in the percentage of DFID's bilateral programme going to poor countries, particularly those with favourable policy environments;
 - (b) an increase in the percentage of European Community development assistance going to poor countries and;
 - (c) adoption and implementation of effective Poverty Reduction Strategies by 2004 in all countries accessing International Development Association high impact or adjustment lending.

Objective II: to promote sustainable development through co-ordinated UK and International Action.

2. *To promote the integration of developing countries into the global economy through co-ordinated UK and international action, including by:*
 - (a) relief of unsustainable debt by 2004 for all Heavily-Indebted Poor Countries (HIPC) committed to poverty reduction, building on the internationally agreed target that three-quarters of eligible HIPCs reach decision point by end 2000 (joint target with Treasury) and;
 - (b) gaining international agreement on the integration of social, economic and environmental aspects of sustainable development into poverty reduction programmes.
3. *Improved effectiveness of the UK contribution to conflict prevention and management, as demonstrated by a reduction in the number of people whose lives are affected by violent conflict and by a reduction in potential sources of future conflict, where the UK can make a significant contribution (joint target with Foreign and Commonwealth Office and Ministry of Defence).*

Objective III: improved education outcomes in key countries receiving DFID education support

4. *Improved education systems in our top ten recipients¹ of DFID education support demonstrated by:*
 - (a) an average increase in primary school enrolment from a baseline established in 2000 of 75% to 81% on the basis of data available in 2004 and;
 - (b) improvements in gender equality in education, particularly primary education.

Objective IV: improvements in health outcomes in key countries receiving DFID health care assistance

5. *Improvements in child, maternal and reproductive health in our top ten recipients² of DFID health care assistance demonstrated by:*
 - (a) an decrease in the average under-5 mortality rate from 132 in 1997 to 103 on the basis of data available in 2004;
 - (b) an increase in the proportion of births assisted by skilled attendants from a baseline established in 2000 of 43% to 50% on the basis of data available in 2004; and
 - (c) improved access to reproductive health care.

Value for Money

6. *Improved value for money and effectiveness of projects in DFID's bilateral programme, as demonstrated by a year on year improvement in the index³ of their evaluated success.*

¹ The top ten recipients of DFID Education Support are Bangladesh, China, Ghana, India, Malawi, Pakistan, South Africa, Tanzania, Uganda, Zambia. This target group of countries will remain fixed over the Public Service Agreement period, 2001–2004.

² The top ten recipients of DFID health care assistance are Bangladesh, Ghana, India, Kenya, Malawi, Pakistan, South Africa, Tanzania, Uganda, Zambia. This target group of countries will remain fixed over the Public Service Agreement period, 2001–2004.

³ The index is defined in the Technical Note which accompanies DFID's Service Delivery Agreement (see website www.dfid.gov.uk)

Chapter 1

Policies and actions which promote sustainable livelihoods

1.1 The achievement of long-term, sustainable poverty reduction will critically depend on enhancing the livelihoods of poor people. This Chapter sets out DFID's recent work to achieve this in the following areas:

- **sound policies and pro-poor economic growth;**
- **encouraging private sector involvement in pro-poor growth;**
- **access of poor people to markets;**
- **debt relief;**
- **governance and human rights for the poor;**
- **women's empowerment.**

Sound policies and pro-poor economic growth

1.2 Economic growth is essential for poverty reduction. It depends on having sound, market-based policies which promote investment and deliver effective macro-economic management. This means a continued commitment to economic reform and liberalisation. Well functioning markets require a strong foundation of effective governance institutions.

1.3 In September 2000 DFID published its strategy paper *Halving world poverty by 2015: economic growth, equity and security* (5). It advocates national strategies for poverty reduction which are based on sound analysis, widely debated including by poor people themselves, and given broad political support. To assist this process donors and international agencies must deliver an improved international policy environment as well as better co-ordinated, and more effective aid flows.

1.4 Achievement of the target of halving world poverty by 2015 will require better knowledge and data to inform policy makers which is used to develop more effective policies. Box 1a explains a new initiative which was launched in 2000 to improve the integration of economic and social research, policy influencing and capacity building in developing countries.



LANA WONG/PANOS PICTURES

DFID's assistance to the Rwandan Government is linked to policy commitments. Projects such as the laying of a water pipe to supply a village are undertaken within the framework of a sound Poverty Reduction Strategy geared to progress towards the International Development Targets.

BOX 1a: DEVELOPMENT RESEARCH CENTRES

DFID have established 6 Development Research Centres which aim to be centres of specialisation focused on particular research and policy themes. These Centres will provide ideas and advice to DFID, other development agencies and organisations in developing countries. DFID will provide financial support over five years for a programme of work with clear objectives, leading to specified outputs. Progress will be reviewed annually by an independent steering group. The research centres are:

- *Centre for New and Emerging Markets, London Business School* examining the role of the private sector in poverty reduction including the adoption of new technologies in companies in developing countries.
- *Centre for the Study of Responses to Crisis, London School of Economics*, looking at the different ways in which communities respond to crisis in a globalising world and how vulnerability to crisis and conflict can be reduced.
- *Centre for the Future States, Institute of Development Studies* considering the conditions for the effective exercise of public authority and the elements of “good governance” from a poverty reduction perspective in the context of globalisation.
- *Centre for Research on Chronic Poverty & Development Policy, Institute for Development Policy & Management* focusing on those who will remain in extreme poverty when the 2015 target is achieved and laying the groundwork for the next stage of work towards poverty eradication.
- *Centre for Research on Regulation & Competition, Institute for Development Policy & Management* examining the ways in which regulation and competitive processes impact upon the poor and are shaped by public policy.
- *Centre on Citizenship, Participation and Accountability, Institute of Development Studies* looking at participation by poor people and the response of states and institutions to this voice, including the articulation and development of citizens’ rights.

1.5 DFID has actively promoted a more effective and collaborative approach by the international community to encouraging developing countries to strengthen poverty reduction policies. The Poverty Reduction Strategy process is fundamental to this (see Box 4c). We have worked closely with the International Monetary Fund and World Bank to ensure that their external assistance programmes support nationally owned Poverty Reduction Strategies. This approach helps to encourage more participatory and locally owned policy making. We are working in partnership with specific country governments in the preparation of Poverty Reduction Strategy Papers through both technical assistance and funding to allow for a comprehensive and thorough pro-poor policy analysis. In Rwanda for example, DFID has assisted the Government with both technical and financial support to undertake a comprehensive participatory poverty analysis

(see Box 1b). This will provide vital information to the Government as it strengthens its pro-poor policies.

1.6 DFID continues to provide budgetary support for governments committed to poverty reduction and sound economic management. Such assistance has been predominantly for reforming African countries, though we are seeking to extend this support to Indian States pursuing pro-poor policies (see Box 7k).

1.7 DFID is working with others in the donor community to improve donor coordination and agree harmonised procedures to lessen the administrative burden placed on developing countries by multiple donor systems (see Chapter 5, paragraphs 5.27–5.32). Where

BOX 1b: SUPPORTING POVERTY REDUCTION IN RWANDA

The centrepiece of UK support for Rwanda’s Poverty Reduction Strategy over the next 3 years is a Budget Support Programme to provide £63 million to help finance the Government of Rwanda central budget. Disbursement of the funds will be linked to progress against Rwandan policy commitments. Assistance is given for development, implementation and monitoring of a sound Poverty Reduction Strategy, macro-economic management and reallocation of public expenditure towards poverty reduction activities; and undertakings related to education sector policy, particularly that geared to progress towards the education International Development Targets. An associated Education Sector Support Programme will help strengthen the Ministry of Education, teacher training and provision of books to primary schools. Complementary projects will continue to provide technical support for the Government of Rwanda units which are developing and monitoring the Poverty Reduction Strategy and the Medium Term Expenditure Framework.

developing country budget and fiduciary systems are robust enough, we are encouraging all donor agencies to support the implementation of Poverty Reduction Strategy Papers by working directly with, and through, national governments. For example, in Mozambique we are joining forces with other donor governments to agree a common allocation mechanism for budgetary programme funding. In China and India, DFID has been looking at ways of combining grant funds with World Bank and Asian Development Bank loans to increase the poverty focus of programmes (see Box 7m).

1.8 In many poor countries governments' lack of effective systems for policy making and planning reduce their ability to make best use of available resources. DFID continues to work with developing and transitional country governments to increase capacity to make and implement effective policies, and strengthen systems for financial management and accountability (see paragraphs 1.39–1.41). In Russia, for example, DFID is providing technical assistance to help its negotiations for entry into the World Trade Organisation. Similar projects are also underway in Ukraine and Moldova. In Vietnam we are providing support for the Government of Vietnam's Poverty Analysis and Policy Analysis Programme by funding poverty specialists from the World Bank.

Encouraging private sector involvement in pro-poor growth

1.9 DFID works with developing and transitional countries to create conditions that encourage private sector activity and economic growth and enhance the participation of the poor and the benefits they derive.

1.10 The ability of business to grow and generate income and employment opportunities for the poor is critically affected by the legal, regulatory and policy environment, as well as by the quality of the infrastructure of communications, transport, power and water. DFID supports the development of new legislative frameworks and the removal or rationalisation of regulations that obstruct enterprise (see Box 1c).

1.11 Enterprises can also be obstructed by unfair competition. Where entry to markets is governed by cartels or even by state enterprises, it is usually those who are well-connected and resourced who achieve market access, whilst the poor and small enterprises are excluded. DFID is working to develop competition law and effective competition bodies at a national level to ensure that markets are fairly contested and not biased against small businesses and is complementing this with work at multilateral level (see paragraphs 5.19–5.22).

1.12 DFID supports the withdrawal of the state from endeavours that are better undertaken by the private sector, thereby releasing public funds for improved social services. While the



PAUL SMITH/PANOS PICTURES

Creating employment opportunities: women in machine knitting class in La Paz, Bolivia.

Box 1c: IMPROVING THE ENABLING ENVIRONMENT FOR BUSINESS

The Enabling Environment Project in Kenya estimates that the total cost of registering business names and of trade licensing amounts to 1% of Gross Domestic Product. DFID is supporting the Government of Kenya to streamline the business licensing process. Introduction of the Single Business Permit by local authorities during the first phase of the Enabling Environment Project is expected to contribute 0.2% to annual growth of Gross Domestic Product. A further phase of this project, lasting 4 years, is being implemented in co-ordination with an initiative to support reforms in Kenya's commercial justice system. DFID is providing support to similar initiatives in Bulgaria and Uganda.

In Uganda, DFID is supporting changes in banking laws to allow micro-finance institutions to use collateralised savings for group lending – thereby increasing the access of the poor to financial services. DFID is also supporting a five year Commercial Justice Reform Programme focusing on the Commercial Courts and the Companies and Land Registries with a view to creating a sound legal environment in which both foreign and domestic businesses have confidence in increasing investment levels.

market fundamentalism of the 1980s and 1990s has been discredited, it is now almost universally accepted that efficient markets are indispensable for effective development. In Bosnia and Herzegovina, for example, DFID is working to enhance the competitiveness of publicly-owned enterprises, reducing their reliance on state and donor assistance (see also Box 1f).

1.13 Policy decisions by governments are too often made without reference to the businesses that will be affected, particularly smaller ones. DFID therefore supports associations and other entities that represent small businesses to enhance their ability articulate their views and contribute to policy-making by local and national public bodies. In South Africa the 'Private Sector Initiative', a partnership between the private sector, non-governmental organisations, government agencies and DFID, supports the design and implementation of local economic development programmes. The initiative has helped establish six business linkage centres around South Africa that foster commercial links between large and small businesses (particularly black-owned ones). Since 1997, the initiative has given rise to £20 million worth of contracts to nearly 900 small African-owned firms, creating over 2,000 new jobs.

1.14 Good infrastructure is essential to economic growth. Without transport to access markets, communications to deal with suppliers and customers, and power and water, few people or enterprises can prosper. Yet many developing

country governments have inadequate arrangements to maintain existing infrastructure, let alone to extend and upgrade it. Appropriately regulated private investment could potentially fill this gap, but in many developing countries investors are deterred by perceptions of political and economic risk. DFID has been pursuing a number of initiatives to create more favourable conditions for private sector investment in infrastructure. An important initiative was the creation of the Public-Private Infrastructure Advisory Facility which promotes the development of legal and regulatory environments necessary to encourage such investment. This initiative was put forward by DFID, and is now hosted by the World Bank and funded by a range of donors. It encourages consistency across the policies of development agencies and government, which is particularly important to encourage the growth of the private sector. Later in 2001, DFID is planning to launch the Africa Private Infrastructure Financing Facility, which will encourage banks to increase long-term lending to infrastructure projects in Sub-Saharan Africa.

Access of poor people to markets

1.15 Ensuring poor people have access to markets is vital for poverty reduction and pro-poor growth. Improved access to human, social, financial, physical and natural assets enhances the income-earning opportunities of poor house-

Box 1d: IMPROVING THE PROVISION OF FINANCIAL SERVICES TO THE POOR

DFID works to strengthen the capacity, sustainability and outreach of micro-finance institutions in many partner countries. Our largest micro-finance project (£16.5 million), with the Small Industries Development Bank of India, builds the capacity of wholesalers and retailers of micro-finance throughout the country. The programme will enhance the role of the formal financial sector in providing services to poor people and reforming and improving the policy environment for micro-finance. DFID's in-country initiatives are complemented and supported by non-country specific DFID funds such as the Financial Deepening Challenge Fund and the Enterprise Development Innovation Fund, which seek to stimulate greater involvement of banks in providing financial services to the poor, as well as the development of innovative ways of doing so.

holds and communities and allows for better mitigation of risks.

1.16 Most poor people have to make ends meet with temporary employment, often in uncertain jobs in small and medium enterprises and self-employment in their own micro-enterprises. The productivity of such micro, small and medium enterprises is often hampered by lack of access to finance. DFID has been a leading supporter of the development of micro-finance to overcome this obstacle (see Box 1d) and works extensively to help develop financial markets, institutions and instruments that support the growth of enterprise. In Latin America, where the micro-finance sector is highly advanced, banks have increasingly become involved in the provision of small loans to the poor, significantly boosting the amount of capital available to the poor and the professionalism of services offered. The UK has encouraged this process (for example through CDC Capital Partner's investment in ProFund, which invests in a commercial basis in Latin American micro-finance institutions: see Chapter 5 for more information on CDC Capital Partners). We will continue to do so with special emphasis on sub-Saharan Africa and South Asia.

1.17 Better access to credit helps the poor to expand their enterprises, but they also need to guard against business failure and other unexpected setbacks such as illness or natural disaster. DFID has been giving increasing support to the development of savings and insurance instruments that help the poor to reduce their vulnerability. The Micro-Save project in East Africa, supported

by DFID and the World Bank, for example, is taking forward pioneering work in this field.

1.18 Rural areas are particularly affected by the absence of markets for certain goods and services as well as difficulties in accessing markets that do exist. Inadequate infrastructure services isolate people from market opportunities and deny them the benefits of participating in a mutually beneficial exchange of goods. Many initiatives are under way to address such hurdles. In Ghana, DFID is providing financial and technical assistance in 11 districts to support the development of the rural road network in order to give poor people better access to agricultural markets as well as to basic social services such as schools and hospitals. An equally important task is to facilitate access to land for agriculture and housing. In India, for example, DFID has assisted the Government of Himachal Pradesh in conducting a review of the forest sector with the aim of improving livelihoods of people dependent on forest resources (see Box 1e).

1.19 DFID is committed to making markets work better for the poor. Many of our initiatives in this area such as those focusing on improving access to health, infrastructure or financial services are discussed in other sections of this report.

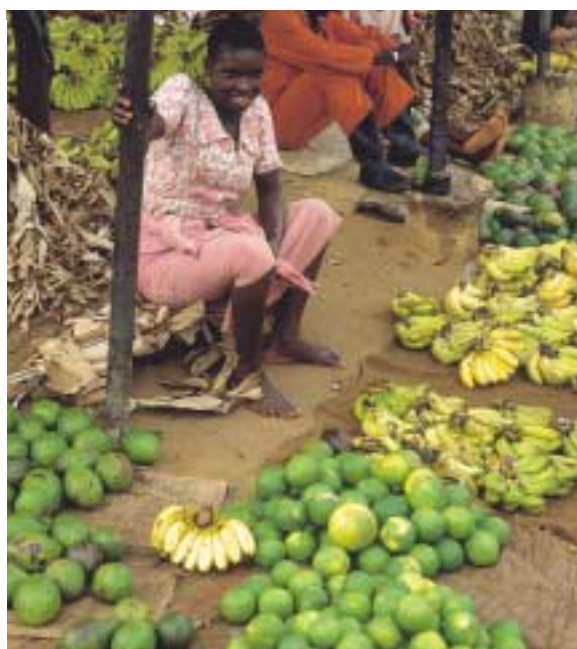
Box 1e: FOREST SECTOR DEVELOPMENTS IN HIMACHAL PRADESH, INDIA

Over 90% of the population of Himachal Pradesh live in rural areas and are dependent or partly dependent on natural resources for their livelihoods. Although only 22% of land is under tree cover, over 65% of the total land area is legally defined as forest land which imposes constraints on the access of poor people to land and its resources. Forest goods and services such as fuel wood, fodder, small timber, grazing, medicinal plants and other non-timber forest products are particularly vital to local people.

As part of ongoing DFID support to the Government of Himachal Pradesh, a consultative forest sector review involving representatives of people affected by forestry policy was undertaken during 1999/2000 and generated policy recommendations related to:

- People's participation in forest management to contribute to livelihood needs
- Increasing the goods and services available from forest land
- Governance, laws and policy coherence

The findings of the review are shaping the Government of Himachal Pradesh's plans for development of forest sector policies, strategy and institutions. A proposed second phase of the project (£11 million over 7 years) would support this process and complement the Government's broader reform agenda.



PENNY TWEEDIE/PANOS PICTURES

Access to markets is invaluable for any poverty reduction strategy in helping to provide assets and thus greater security – market in Malawi.

Debt relief

1.20 Debt has remained high on the political agenda, with emphasis in the financial year 2000/2001 shifting to the delivery of the relief agreed in 1999. The focus of the Government's efforts has been on accelerating the implementation of the enhanced Heavily Indebted Poor Countries (HIPC) Initiative.

1.21 By the Annual Meetings of the World Bank and the International Monetary Fund in September 2000, ten countries had reached their "Decision Point" under the enhanced HIPC framework – the milestone at which debt relief starts to flow. UK lobbying was instrumental in getting agreement at the Meetings to a number of steps to accelerate progress. These steps include closer collaboration between the World Bank and the International Monetary Fund through the Joint Implementation Committee; and greater flexibility in assessing countries' commitment to implement pro-poor economic policies and reforms, with the focus being placed on the commitment to reform, rather than the length of time countries had been pursuing programmes agreed with the International Monetary Fund. This more flexible and co-ordinated approach enabled a number of countries that did not meet the normal HIPC requirements to receive debt relief in 2000. The target of 20 countries reaching Decision Point by the end of 2000 was exceeded, with 22 countries having their debt relief agreed. This will result in debt relief of around \$50 billion – around two-thirds of the debt of the countries concerned.

1.22 By the end of 2000, only Uganda had completed the HIPC process, and received their final, irrevocable relief. Up to eight more countries could complete the process in 2001.

1.23 Conflict remains a major barrier to development in many countries, and progress towards debt relief will be dependent on establishing peace. Countries such as Burundi, Democratic Republic of Congo, Liberia, Myanmar, Somalia and Sudan are all some way from qualifying for HIPC debt relief. The UK has been working to reinforce the commitment made at the G8 Heads of Government Summit in Okinawa to strengthen efforts to help resolve conflicts. At the Annual Meetings in Prague, the World Bank and International Monetary Fund undertook to review and report in April 2001 on the assistance they offer to countries emerging from conflict.

1.24 The impact of HIPC relief on debt service paid in 2000/2001 was varied. Some countries have seen marked falls, while the decline in others' debt servicing has been less. The factors which determine the debt savings made by each country include the proportion of debt that was being serviced prior to relief and the extent to which multilateral creditors have frontloaded their relief (i.e. provided more of the benefit in the early years). For the first 10 countries to qualify, debt relief service payments decline on average by a third (for the first 5 years after relief) in comparison to what they were paying immediately before. The share of the budget spent on debt repayment has been reduced to 11%, well below the average for developing countries.

1.25 A number of agreements were reached in 2000/2001 on the participation of the multilateral institutions in the HIPC process. In particular, important progress was made on securing their financing. The UK played a full part in working groups to discuss the African Development Bank and the multilateral Latin American creditors, as well as the discussions organised by the World Bank to look at the overall financing of HIPC. Donors pledged additional contributions to the HIPC Trust Fund, which assists multilateral institutions that cannot provide their full share of debt relief from their own resources. The UK has pledged over \$300 million to the Trust Fund,

including our share of the contribution from the European Community, which agreed a 1 billion euros package for debt relief, of which 680 million euros will be for the HIPC Trust Fund. In addition, we have contributed \$43 million to assist the International Monetary Fund with its costs of delivering HIPC debt relief, the second largest commitment by a donor country.

1.26 Some governments, including the UK, have agreed to go beyond international agreements and provide additional relief to countries that qualify under the HIPC Initiative. The UK Government's policy of providing 100% relief on all remaining debts of HIPC countries to the Export Credit Guarantee Department from Decision Point was implemented for qualifying countries. This policy was extended in October 2000 to include CDC Capital Partners' debts, which were transferred to DFID in preparation for the transformation of the Commonwealth Development Corporation into a public/private partnership (see paragraph 5.50 for more information). In December 2000, the Chancellor of the Exchequer and the Secretary of State announced a further step. Payments made by HIPC countries before Decision Point on their old Export Credit Guarantees Department debts will now be held in trust and returned to these countries, for spending on poverty reduction, when they qualify for HIPC debt relief.

1.27 Ensuring that debt relief benefits the poor is central to the Government's objectives and DFID has therefore strongly supported the development of national Poverty Reduction Strategies, as outlined in paragraphs 1.5–1.6 and Chapter 4. These strategies set out governments' policies and priorities for tackling poverty, and include a budgetary framework showing how all resources, including savings from debt relief, are to be allocated.

1.28 Towards the end of 2000, the rise in oil prices focused attention more sharply on the prospects for countries to maintain sustainable levels of debt, once they have received their debt

relief. Work began to look at how the international community might assist countries responding to an “external shock”, such as marked changes in the prices of their imports or exports, or natural disasters such as drought. In parallel, DFID continued to co-fund, with other donor agencies, technical expertise to assist countries to develop their capacity to manage their existing and future debt effectively. The Government is also working in the Organisation for Economic Co-operation and Development with others to agree a framework for productive expenditure to ensure export credits to poor countries do not result in the creation of unsustainable debt, but instead contribute to economic and social development. To assist development in poor countries, the UK adopted a screening process that limits officially supported export credits to productive exports.

Improving governance and human rights for the poor

1.29 The quality of governance has a major impact on economic conditions that promote growth, more effective services, and respect for the views and needs of the poor. Governments need to be responsive to the needs of their people, accountable for their actions, equitable in providing access to services, to provide security and justice which is fair and accessible to all people, to bear down on corruption, and to use resources effectively. This section sets out how DFID has been working with the international community, within the UK and with developing and transitional countries to improve governments’ response to the needs of poor people.

Corruption and Money Laundering

1.30 DFID is paying increased attention to the damaging effects of corruption on development. Corruption is a global phenomenon, and strategies to address it have to be global in response. DFID therefore places high priority on fostering stronger international collaboration and improv-

ing co-ordination between UK Government Departments in Whitehall.

1.31 In May 2000, the UK, Germany, Netherlands and Norway announced a joint anti-corruption policy, pledging improved co-ordination of effort between the four countries in developing common policies and working together in developing countries towards joint programming, pooling funds and sharing management. We have undertaken to work together to develop deeper co-operation with the World Bank and United Nations funds and programmes. A detailed action plan has been agreed to set measurable objectives for this collaboration.

1.32 DFID provided support for three major multilateral efforts to establish effective regional controls against money laundering in the financial year 2000/2001. The East and Southern Africa Anti-Money Laundering group, which covers eight countries, was set up in April 2000. Agreement was also reached for the joint funding by DFID and the European Community of a three-year programme of assistance for ten East and South-East Asian countries. This programme will operate under the forum of the annual Asia-Europe Meeting in order to strengthen anti-money laundering mechanisms in the region. DFID support was also agreed for a programme of anti-corruption work with civil society and parliamentarians in 14 countries to be implemented by the World Bank Institute (see paragraphs 1.39 and 1.41, and Box 7g for more examples of our work to strengthen governance and the financial systems of developing countries).

1.33 In addition, DFID has strengthened its capacity for managing its anti-corruption work by creating a new Anti-Corruption Co-ordinator post which was filled from September 2000. The key functions of the post are to give greater direction to anti-corruption efforts within DFID and to strengthen policy coherence with other relevant UK government departments.

Access to basic services

1.34 Getting reliable access to basic services is one of the key concerns of poor people. Poor quality, inaccessible services are a major cause of low living standards. Governments need to guarantee the universal provision of effective basic services using a mixture of state, private sector and non-governmental providers. Chapter 2 gives more details of our work to help improve basic services such as health and education. Strengthening public institutions at all levels remains central to our work so that the state has the capacity to deliver services where it is best placed to do so and to regulate provision outside of government. Well regulated provision of services by the private sector is often the only way to secure the investment needed to increase efficiency and reliability.

1.35 Poor people need to be adequately represented and involved in decisions about service provision, where people have a voice in setting standards and can monitor performance against agreed targets they receive better services (see also Box 7m).

1.36 In India, we have been helping the state Government of Orissa reform its power sector, securing private investment and ending a huge drain on scarce public resources (see Box 1f). In Ghana, we have been helping the Government improve its delivery of services through the Civil Service Improvement Programme (see Box 1g).

Safety, Security and Accessible Justice

1.37 Insecurity caused by crime is a major concern for poor people, ranking equally in importance with hunger, unemployment and lack of safe drinking water. In very many cases justice systems fail to protect the poor, and in particular women who are most vulnerable to all forms of crime including domestic violence.

1.38 DFID support for programmes of reform are described in the DFID document *Safety, security and accessible justice* (58). Programmes include:

- support for sector reform programmes in Uganda, Malawi and Bangladesh; which aim to make justice systems more responsive to poor people's concerns
- an urban poverty project in Jones Town (Jamaica) where the rate of violent crime has dropped by 37% in one year;
- an initiative in Jordan aimed at exposing and combating domestic violence and abuse. Reporting of cases of domestic violence have increased over a 20 months period and are being tackled through the establishment of a family protection unit within the police service (the first of its kind in the Arab world).

Managing revenue and expenditure for poverty eradication

1.39 The choices which governments make about raising and spending public money are crucial to poverty eradication. The Heavily Indebted Poor Countries Initiative (see paragraphs 1.20 to 1.28) and enhanced budgetary support, are focusing international attention on issues of resource allocation and accountability and efficiency in the use of resources. DFID is developing new approaches to aid delivery and helping governments strengthen their budgeting, accounting and resource management systems.

1.40 Governments need accurate information in order to make good policy choices. In Bangladesh, a programme of reforms in Budgeting and Expenditure Control has assisted with more accurate budgeting and better expenditure management. DFID is also working to strengthen the Office of the Auditor General, with the intent that better auditing of public finances will increase accountability and reduce mismanagement and corruption. But accurate information of itself is not enough and political will is needed to act on the findings.

BOX 1f: ORISSA POWER

In the mid 1990's the huge fiscal deficit of the Orissa State Electricity Board was becoming an increasing financial burden on the Government of Orissa. In total, subsidies and debts were consuming nearly a third of state expenditure. Corruption was endemic and systemic, and performance was poor. With DFID and World Bank support performance has been turned around in the last six years:

- national power sector reform legislation was passed which enabled Orissa and many other Indian States to proceed with reforms;
- an independent Regulator to promote consumer interests in the power sector was set up; the first of its kind in India;
- large subsidies for the State Electricity Board adversely affected the budget and revenue of all sectors. The phasing out of subsidies will allow Orissa to make better use of its resources;
- the corrupt practice of 'illegal hooking' where a consumer is connected to the system, but is not billed for electricity has been tackled with some success. Two of the private sector companies have empowered committees in 600 villages to recommend cases for disconnection where illegal hooking is taking place and be responsible for reading meters, billing and collection. This has resulted in most people regularising their connection with an increase in revenue by as much as 50% compared to earlier years;
- private sector participation has resulted in more focus on the customer and has seen the network expand to more rural communities;

The Orissa Power Sector Reforms will provide electricity to more consumers more reliably while reducing the fiscal burden on the state government, freeing much needed resources to be used for social spending.

BOX 1g: CIVIL SERVICE IMPROVEMENT PROGRAMME, GHANA

After several years work, the Civil Service Performance Improvement Programme in Ghana is beginning to produce tangible results in terms of improved service delivery and, in some cases, revenue collection. The programme makes civil servants responsible for identifying problems and planning and implementing improvements, taking account of the voices of consumers. The programme has gained international recognition through the Commonwealth Association for Public Administration and Management who awarded the Civil Service Performance Improvement Programme one of three Bronze awards in October 2000 as part of its International Innovations Awards Programme 2000. In making the award the jury noted the genuine innovations in the reform methodology adopted by Ghana's Civil Service. Two examples illustrate this: many District Assemblies have given priority for the first time to improved sanitation and waste disposal facilities, day-care centres for market women and improved village market infrastructures; and the Driver and Vehicle Licensing Authority boosted its annual revenue from 11 billion to 28 billion cedis between 1998 and 1999 through better organisation and cutting down opportunities for corruption.

1.41 DFID is supporting changes in the budget process, moving from annual to multi-year budgeting and from planning based on inputs (such as medical supplies allocated per hospital) to planning and budgeting which links resources to outcomes (such as actual improvements in people's health). For example, in Albania DFID has supported the introduction of a Medium Term Expenditure Framework which the Government has now put at the centre of its poverty reduction strategy. In Rwanda we are supporting both the introduction of an expenditure framework for 2001 – 2003 and the development of a poverty reduction strategy.

Human rights

1.42 In October 2000, DFID published the Strategy Paper *Realising Human Rights for Poor People* (7). This sets out the importance of incorporating considerations on human rights in order to achieve the International Development Targets. Over the last financial year we have built on existing knowledge and good practice to deepen our understanding of the ways in which we can support the realisation of rights for poor people.

1.43 DFID has provided funding to help civil society apply a human rights perspective to their policies and practices. Over the last year, DFID has developed partnership agreements focused on their work to promote the participation of excluded people in policy dialogue and to encourage civil society involvement in monitoring governments' performance (see also paragraph 7.25).

1.44 One of our key priorities is to make sure that poor people are consulted in discussions about policies. DFID supported the World Bank's work to incorporate the views of poor people in the production of its *World Development Report 2000/2001* (79) on poverty. This work involved a series of participatory poverty assessments which elicited poor people's own perspectives and understanding of their situation. One of the results of this exercise was that the Bank's report presented a much richer analysis of poverty and its causes.

1.45 The full results of the participatory poverty assessments have been published in a series of reports, entitled *Voices of the Poor* (74, 75, 76). These reports have reinforced apprecia-

tion of the value of using participatory approaches to develop policies. DFID is using these methods in a number of countries to look more closely at people's own understanding of their rights and the obstacles they face in accessing entitlements. Participatory rights assessments will add to analyses of poverty and help to ensure that poverty strategies support the delivery of poor people's rights. Box 1i shows examples of our work on participatory poverty assessments in Uganda and Bangladesh.

1.46 Access to information and freedom of expression are fundamental rights. A free press, and the freedom to associate and to voice one's opinion are essential to claiming wider rights and the services to which the poor are entitled. Lack of information reinforces poverty and livelihood insecurity. Where people live in conflict affected areas, the need for information becomes acute. DFID is providing support to strengthen public service broadcasting in the former Yugoslavia (see Box 1h). In August 2000, DFID issued guidelines to help development workers understand the role that media can play in conflict and other emergency situations and the options open to them for supporting practical initiatives.

BOX 1h: GOVERNANCE IN THE BALKANS

Establishing good governance is a key challenge in the Balkans. In the aftermath of inter-ethnic conflicts and a decade of political and social instability, there is a need for stable and fair mechanisms of government which represent all people.

Regional Stabilisation

DFID is working in conjunction with the European Commission and World Bank to help governments to meet the membership criteria set by the European Union. We also support the modernisation of government structures and processes. In Macedonia, advisory support is being provided to the Office of Government, the European Integration Office and the Public Administration Reform Unit. In Bosnia-Herzegovina's Republika Srpska, DFID is assisting with a process of government-wide modernisation and reform. In Croatia, we are about to help the Ministry of European Integration prepare the necessary regulatory and organisational changes needed to guide the Croatian government into eventual membership of the European Union.

Democratisation

In the republics of the former Yugoslavia, we have assisted with the development of public service broadcasting, and have funded Radio Television Kosovo and the BBC school of Journalism in Sarajevo to improve technical, editorial and management skills.

Elections and voter Education

In Kosovo, DFID funded two local non-governmental organisations to monitor the recent Municipal Elections. At the same time, we funded voter and civil education campaigns in Kosovo's remoter rural areas, to help ensure that all people, and especially the old and vulnerable, had the opportunity to vote freely.

1.47 Increasing access to information and communication technologies is an important factor in supporting people's rights to information and expression. Last year DFID launched a programme of activities, called 'Bridging the Digital Divide' (see paragraph 2.37), which is supporting human rights, for example, through the development of computer linkages between radio stations so that they can broadcast up to the minute radio features about development and other issues of relevance to people living in poverty.

1.48 DFID has developed guidance on mainstreaming child rights approaches across DFID's regional programmes. We have provided funding to the United Nations Children's Fund to take forward its work on children's rights through the development of training packages and operational guidelines for all their programmes. We have helped the development of a pan-African process to promote sound policy, planning and practice to assist older people living in poverty. We have also supported research on the links between ethnicity, discrimination and poverty.

1.49 DFID is looking at the best ways to encourage human rights institutions to promote all the rights of poor people and not just civil and political rights. We have provided support to the Office of the High Commissioner for Human Rights in Geneva to improve its information technology systems and increase public access to



HOWARD J. DAVIES/PANOS PICTURES

A free press and access to the media are essential to enhance the involvement of poor people in policy discussion – newspapers on wall, Bangladesh.

reports on the human rights situation in different countries. We are currently working with other donors to explore the ways in which institutions, such as the African Commission for Human and People's Rights, can most effectively address the rights of people living in poverty and involve civil society in their work to promote human rights.

1.50 DFID is particularly concerned with helping governments of the poorest countries to promote the rights of all people. This requires a focus on the allocation and expenditure of resources. National and local budget processes, which set

BOX 1i: MAKING RIGHTS REAL: TURNING POLICY INTO PRACTICE

Participatory poverty assessments provide a deeper understanding of how the poor perceive the problems they face and the assistance they need to solve them.

Uganda: A finding of the participatory poverty assessment was that people did not know about government policies and their existing rights and entitlements. This meant that they were not able to hold governments to account against policy commitments. Since the assessment figures on the amount of money given to schools have been made public, the transparency and accountability of the education system has increased, enabling people to claim entitlements to education.

Bangladesh: The Government of Bangladesh has published a charter of citizens' rights to health. In reality, however, rights are rarely fulfilled. In order to encourage the implementation of the charter, DFID has supported the development of 'Social Watch Committees'. These local level committees enable poor people to voice their own views about health service provision, and monitor implementation of health policies. The local committees are linked to government representatives at local and national level, as well as journalists. These contacts help to ensure that the views of the committees are heard and taken seriously.

out how much money is spent, on what and whom, are central to the delivery of poor people's rights and entitlements. Last year DFID supported initiatives which encouraged civil society engagement in deciding on budget priorities and monitoring expenditure. We are reviewing this work, and other related initiatives, to look at the best ways of making sure that budgets are participatory and transparent in process, promote equitable outcomes and support the greater accountability of governments to citizens through the delivery of agreed commitments and entitlements.

Women's empowerment

1.51 DFID has published its new strategy for *Poverty Elimination and the Empowerment of Women* (6) as part of the series of strategies for achieving the International Development Targets. The new strategy underlines the clear and direct links between the empowerment of women and the reduction of poverty. Upholding the rights of women as full and equal members of society not only brings benefits to them, but to the whole development process.

1.52 The new strategy places the emphasis on fundamental reforms – including of legal frameworks, public spending priorities, and access to opportunities and resources – to ensure that women have equal opportunities to fulfil their potential and enjoy a fair share of the benefits of development.

1.53 Women's empowerment raises many challenges to international development and is the subject of keen debate. A special session of the UN General Assembly took place in June 2000 to review progress five years on from the World Conference on Women held at Beijing in 1995. There was widespread agreement that real progress has been made, but much remains to be done. The UK worked with EU partners to ensure that global commitments were strengthened.

1.54 The agreements reached at the meeting contained important steps forward in a number of key areas. Globalisation was seen as offering opportunities as well as threats to women, provided it was properly managed. The importance of the International Development Targets and the need to make rapid, measurable progress towards their achievement was also underlined. For the first time, an international consensus was achieved on concerns about forced marriage and honour killings. Women's sexual and reproductive rights and access to health services were protected during vigorous debate.

1.55 The UN Security Council devoted two full days in November to a debate on the crucial role of women in peace keeping and conflict prevention. As a permanent member of the Security Council, the UK played an active role in bringing this onto the agenda. Our practical support for these efforts is reflected in our support to a gender training programme for UN peace keepers which we are jointly funding with the Government of Canada.

1.56 Bringing concerns about women's empowerment into the mainstream of international development work means ensuring that this issue is fully incorporated into the key instruments of development co-operation. This means engaging directly with the development of national poverty reduction strategies, including the Poverty Reduction Strategy Papers being prepared as part of the HIPC debt relief initiative (see paragraph 1.5 and Chapter 4), and in the framework of support for sector reform programmes.

1.57 DFID has been working closely with the World Bank and other development agencies, as well as with developing countries, to ensure that Poverty Reduction Strategy Papers take full account of women's empowerment. We have also been supporting regional development banks, and particularly the African Development Bank, to develop and strengthen the gender

aspects of their lending policies. We continue to build and strengthen our collaboration with UN funds and programmes, including the United Nations Development Fund for Women.

1.58 The Development Assistance Committee of the Organisation for Economic Co-operation and Development plays a central role in the co-ordination of policy among donor countries. DFID has contributed to the work of the Task Force of the Development Assistance Committee's Working Party on Gender Equality to look at good practice in bringing issues of gender equality into the mainstream of sector work. The final products from this work will include guidance on how to bring gender concerns into the mainstream of large scale sector investment in developing countries.

1.59 DFID programmes continue to tackle gender inequalities and support women's empowerment. Box 1j shows some examples of this work. We are taking steps to increase our own capacity, and that of our partners, to take this work forward. We are developing a new Internet website containing a comprehensive selection of guidance, tools and methods, and research findings, to help practitioners inside and outside of DFID turn policies and strategies into practice on the ground. This will be launched later in 2001. We are also continuing to improve our capacity to measure progress towards the achievement of gender equality goals.



Creating equal opportunities for women in the workplace has benefits for both individuals and the whole development process – women making bricks for sale in Kenya.

DAVID DAHMEN/PANOS PICTURES

BOX 1j: WORKING FOR WOMEN'S EMPOWERMENT IN DFID'S PROGRAMMES

- DFID support is helping the government of The Gambia to incorporate gender concerns into the planning and implementation of public services in one of West Africa's poorest countries. Assistance is being provided as part of wider DFID support to the Government's Strategy for Poverty Alleviation and is channelled through the Government's Co-ordinating Office and the Women's Bureau. These units are working directly with Planning Units in key departments – such as health and education – to ensure that improved services bring real and lasting benefits to those who need them most.
- A major contribution by DFID to a Trust Fund to Eliminate Violence Against Women has helped the United Nations Development Fund for Women to work with partners around the world to build up a portfolio of innovative projects and programmes to tackle violence against women. A United Nations publication, *With an End in Sight* (79) was issued in 2000, containing key examples of good practice including the introduction of alternative rites of passage for young girls in Kenya which have saved them from the ordeal of female genital mutilation, and major progress in persuading the government of Jordan to support a change to the country's penal code which allows lenient sentences for so-called honour crimes.
- Changing public attitudes lies at the heart of tackling deep-rooted social problems such as female genital mutilation and empowering women to protect themselves from the risk of HIV infection. An innovative programme run by a non-governmental organisation Health Unlimited has been promoting public debate about these issues in the Somali-speaking areas of the Horn of Africa, where 99% of women have undergone genital mutilation, and female literacy is very low at only 14%. The DFID supported project worked with local media professionals to develop a package of 25 radio programmes, which were broadcast on the BBC Somali service. Evaluation studies by the London School of Hygiene and Tropical Medicine showed an unexpectedly positive response from many male listeners to the threat to health and women's empowerment posed by female genital mutilation, and a general rise in demand among women and men for reproductive health services and information. Although it is too soon to say what changes in behaviour might result, the evaluators concluded that the project has had an important, positive impact on listeners and community groups.
- In India, DFID has provided a long term funding commitment to establish a Gender Centre at the National Academy of Administration in Uttar Pradesh that will act as an accessible expert resource for government ministries and civil society organisations. The centre is actively engaged in integrating the analysis of gender inequality, poverty elimination and women's access to justice into national policy debates, it supports women's networks and provides training in gender awareness for civil service staff.

Better education, health and opportunities for poor people

2.1 This chapter describes key developments in DFID's work in the following areas:

- **promoting basic healthcare, including reproductive health;**
- **safe drinking water and sanitation;**
- **universal primary education and skills for development;**
- **tackling the digital divide**

Promoting basic health care, including reproductive health

2.2 DFID's Health Target Strategy Paper, published in 2000, *Better Health for Poor People* (9), commits the Department to help in "creating social, political and physical environments to improve health". It establishes three main strands as the basis of the Department's policy: the priority health issues of the poorest billion; creating strong, effective health systems; and creating conducive social political and physical environments for healthier living.

2.3 This section outlines DFID's policy towards health and population: through efforts to drive the global political will, funding global initiatives, and through work to strengthen health systems in countries.

Global Political Will

2.4 A number of major steps were taken in 2000/2001 as part of the global community's efforts to tackle the major communicable diseases (HIV/AIDS, malaria and tuberculosis) which so seriously affect the poor. Political commitment came from the G8, which endorsed the International Development Targets at Okinawa in June, the UN Millennium Summit and the European Commission's Round Table on Communicable Diseases. DFID worked closely with the G8, European Commission and United Nations agencies including the World Health Organisation and the Joint United Nations Programme on HIV/AIDS to ensure that this unprecedented political support will be translated into country level action which will make a difference to the lives of poor people in developing countries. In particular DFID is working for stronger international leadership in tackling HIV/AIDS in preparation for the June 2001 UN General Assembly Special Session on HIV/AIDS.

2.5 The G8 Meeting on Infectious Diseases held in December 2000 outlined a number of key principles that will underpin the efforts of the G8, European Commission and United Nations agencies to develop a new global partnership to tackle the major communicable diseases over the next 10 – 15 years. DFID will continue to work with multilateral organisations to help strengthen existing international mechanisms so that they can provide appropriate support to developing countries. Our goal is to ensure that no developing country which is committed to tackling communicable diseases, allocating resources equitably and engaging in necessary reform should fail through lack of appropriate commodities or lack of capacity building to establish systems to deliver health services to the poor.

Global initiatives

2.6 The key challenge now is to transform political commitment into country level action which effectively tackles the major communicable diseases. The Global Alliance for Vaccines

and Immunisation is a new international partnership that supports governments in strengthening routine immunisation, through expanded programmes of immunisation and introducing new vaccines. DFID provided £3 million to the Alliance in 2000/2001 and is helping to further refine the Alliance's strategy. By working with country programmes to monitor and modify the Alliance's approach, DFID expects to help disseminate lessons for global health initiatives.

2.7 DFID's response to HIV/AIDS is increasingly multi-sectoral, reflecting the complexity of the epidemic. In many countries in Africa and Asia DFID is supporting nationally led, multi-sectoral AIDS control programmes. For example, in Kenya DFID has invested £25 million over 5 years to support the implementation of the government's national AIDS control programme (see Box 7h).

2.8 DFID continues to work with the Joint United Nations Programme on HIV/AIDS to ensure effective country level action, in particular through the International Partnership Against Aids in Africa. In Russia, DFID has been working with the police and with criminal justice departments to tackle the spread of HIV through intravenous drug use.

2.9 Glaxo Wellcome, Boehringer Ingelheim, Bristol-Myers Squibb, Merck and F Hoffman-La Roche have announced a commitment to reduce the cost of anti-retroviral therapies. Subsequently Glaxo Wellcome stated they would make an anti-retroviral therapies available at \$2 per head per day. This has presented new opportunities for care of people living with HIV/AIDS. So far only Uganda and Senegal have completed negotiations

with the companies. However even these prices are still unaffordable for many developing countries. DFID will continue to work with UNAIDS, pharmaceutical companies, civil society and developing countries to reduce the cost of therapies.

2.10 This announcement by the private sector follows increasing focus on HIV/AIDS control as a global public good (see Box 2a). The UK Government's Performance and Innovation Unit was commissioned in December 2000 to report on the incentive framework required to increase research and development into (and to make available and generate) affordable Global Public Goods to tackle communicable disease in developing countries. Their final report is expected to be published in June 2001. In addition, DFID cohosted a conference on civil poverty with HM Treasury in February, at which tax breaks were announced for research and development into drugs to treat diseases which disproportionately affect the poor.

2.11 Developing countries rely heavily on support from donors and the UN Population Fund to provide subsidised contraception for the people. Access to safe contraception and reproductive health services for all is essential if we are to reduce the incidence of HIV/AIDS across the developing world, cut the alarming levels of unwanted pregnancies and the number of pregnancy-related deaths. Last year DFID helped to prevent a prospective shortage of contraceptives by providing £25 million to the United Nations Population Fund. (see Box 2b).

2.12 The goal of eradication of polio, another central facet of our policy, is within sight. The Department is contributing to a final concerted

BOX 2a: WHAT ARE GLOBAL PUBLIC GOODS IN HEALTH?

2000/2001 saw increasing focus on global public goods in health. These are goods that benefit the whole of the world's population rather than one set of countries or people. New technologies, needed to stop the spread of major communicable diseases such as HIV/AIDS, multi-drug resistant tuberculosis and malaria, are 'global public goods', since ensuring the eradication of such diseases is in the interest of all.

BOX 2b: REPRODUCTIVE HEALTH COMMODITY SECURITY

In September 2000 the United Nations Population Fund reported an emerging crisis in the availability of condoms and other reproductive health commodities across a large number of developing countries. The use of contraceptives has grown dramatically in the last 35 years, up from 10% of couples to around 60% globally; and in countries badly affected by HIV/AIDS demand for condoms has increased greatly. There had been a marked decline in donor support for contraceptives in 1999. The United Nations Population Fund estimated that a shortfall in funding of just £500,000 could lead to 360,000 unwanted pregnancies, 150,000 unsafe abortions, more than 800 maternal deaths and 11,000 child deaths. In late 2000 it reported a shortfall of around £50 million. Matched by a similar sized donation from the Dutch Government, DFID moved quickly to provide £25 million to enable the Fund to purchase and supply male and female condoms, oral contraceptives and other reproductive health drugs and equipment.

push to ensure we rid the world of this disease by 2005 (see Box 2c below). Eradication of polio will result in an enormous reduction in human suffering and in \$1.5 billion annual global savings on immunisation costs. These could be used for controlling other diseases of poverty.

Strengthening Health Systems

2.13 Better access to healthcare, and to new and existing drugs and vaccines, will only be achieved with substantial investment in health service infrastructure, financing and human resources. Improving health systems is at the core of DFID's work in developing countries. Since May 1997, DFID has agreed new bilateral commitments to help improve basic healthcare of around £800 million. Chapter 7 provides more details of our health programmes in specific countries.

2.14 Many of the poor lack access to acceptable public sector healthcare, and obtain their healthcare and medicines through the private sector. Achieving better health service coverage and use means working with both public and private

sectors especially in primary care. In Uganda, South Africa and Tanzania, for example, we are working with the public sector, in particular at district level, to strengthen capacity for provision of quality care for those least able to afford it. We have increased our emphasis on governmental engagement with the private sector and with civil society, to ensure that the health sector as a whole responds to the needs of the poorest.

2.15 DFID is also promoting approaches with other agencies to consolidate external funding sources for the health sector. Sector investment programmes in, for example, Bangladesh, Uganda and Ghana are resulting in stronger developing country ownership and more resources invested in pro-poor health systems. Reductions in maternal mortality and morbidity require a well-functioning and affordable health service at all levels, including community-based education, skilled primary level care and effective referral for emergency obstetric services. Lessons from safe motherhood programmes in countries such as Nepal, Malawi and Kenya are helping to build health systems with more capacity to deliver better maternal health outcomes.

BOX 2c: ERADICATION OF POLIO BY 2005

The Global Polio Strategic Plan was launched in 2000 at the Global Polio Partners Summit in September 2000, in New York. Led by the World Health Organisation, it is designed to achieve global certification of polio eradication in 2005. This refines the current successful strategy and builds upon the global partnership and existing political commitment.

DFID provided £35 million to the World Health Organisation in 2000 in support of this global concerted effort. This money builds on specific country and regional investments and reinforces our engagement in the global initiative. Funds have been used to provide rapid and flexible assistance where there is the greatest need.

Since 1995, the UK has contributed £165 million to the polio eradication effort, saving many from lifelong disablement. Our commitment will remain until we have seen the last of this disease.



DFID provided £35 million to the World Health Organisation for programmes such as their inoculation project in North India which contributes towards the target of eradicating polio by 2005, and thus preventing the lifelong disablement of many.

Safe drinking water and sanitation

2.16 One in six people (over 1 billion) do not have access to safe drinking water and one in three people (almost 2.5 billion) do not have access to adequate sanitation. This situation has a devastating affect on poor people's health and livelihoods. DFID's approach to water supply and sanitation is focused on helping to meet the basic requirements for sanitation, improving hygiene practice, and providing reliable access to adequate safe water for domestic use near to where people live. As well as the health benefits this brings, it also saves people – mainly women and children – from the daily drudgery of collecting water, freeing their time and energy for other productive activities and in the case of children to attend school.

2.17 In March 2001, DFID published its Water Strategy Paper *Addressing the Water Crisis – Healthier and More Productive Lives for Poor People* (11). This proposes a set of priorities for DFID, and other key players, for instituting improved

management and access in the water and sanitation sector. It highlights how DFID will work towards achieving the target agreed at the United Nations Millennium Summit of halving, by 2015, the proportion of people who are unable to access or to afford safe drinking water. DFID is working to encourage the general acceptance of an equivalent target for sanitation. Priorities for our work in the water and sanitation sector are outlined in the *2000 Departmental Report* (48).

2.18 Expenditure in water supply and sanitation has risen from a previous base of £25 million per year in the early 1990's to reach nearly £60 million in 1999/2000, a figure that is budgeted to increase further in future years. In 2000 DFID supported a variety of projects in water and sanitation primarily in Africa and Asia, providing new services to poor people and assisting existing water utilities to improve their service delivery. This support has been split approximately evenly between urban and rural settlements. Examples of DFID support for water and sanitation are shown in Box 2d.

Box 2d: DFID ACHIEVEMENTS IN WATER AND SANITATION PROGRAMMES 2000/2001

- Strengthening national water management institutions, including those in South Africa, Ghana and Swaziland, so enabling them to provide a more reliable and extensive service to the whole population, especially poor people.
- Delivery of community-based water supply and sanitation services, in India, Nepal, Malawi and Macedonia. Benefits include improved health, greater empowerment of people and more time for productive activities.
- Support to the Global Water Partnership's Framework for Action, the principles of which are being adopted by a number of water ministries in developing countries (e.g. China and Zambia)
- Support to the World Commission on Dams in the development of their report, launched in London in November 2000. This set out a protocol and guidelines for the future development of dams, and is widely recognised to represent current global best practice to ensure that social and environmental issues are fully considered in the development of large dams.



FRED HOOGERVORST/PANOS PICTURES

Tackling water pollution is integral to improving health.

2.19 Significant expenditure has been directed towards emergency relief and humanitarian responses to Mozambique and Kosovo in particular. DFID has provided temporary, life saving emergency water supplies and sanitation facilities to people suffering in situations of natural disasters and conflicts and also assisted with the urgent rehabilitation of the normal water supply and sanitation arrangements in these areas.

Universal primary education and skills for development

2.20 Education is a prerequisite for development. DFID's work in education is focused on the attainment of the two International Development Targets for education: to achieve universal primary education by 2015; and gender equality in primary and secondary education by 2005. This section considers the progress in raising commitment to achieving these targets through the World Education Forum and DFID's own activities. It also assesses DFID's contribution to using education to combat HIV/AIDS, to promote skills for development and to improve knowledge about educational strategies.

World Education Forum

2.21 DFID was active in preparations, participation and follow-up to the World Education Forum in Dakar, Senegal in April 2000. The Forum re-affirmed the continuing commitment of the world community to the educational vision and principles of the first World Conference on Education for All in Jomtien, Thailand in 1990, while recognising the need to make more effective progress in delivering results. It resulted in strong political commitment by national governments and the international community to the International Development Targets for education and Education for All, recognition of the importance of education policy as part of Poverty Reduction Strategies, and agreement on the need for significantly enhanced investment by governments and

donors in basic education. The international community made clear at Dakar that it will back reformers. It affirmed that no government seriously committed to achieving Education for All shall be thwarted in this aim by a lack of resources.

2.22 The Dakar Framework for Action was endorsed at the G8 Summit in Okinawa in July 2000 at which a commitment was made to strengthen efforts to achieve the International Development Targets for education and provide greater assistance for countries with sound education strategies. The declaration of the Millennium Summit in New York in September also re-affirmed the target of universal primary education by 2015.

2.23 DFID is working closely with national governments, international agencies and civil society to achieve these commitments. Real sustainable progress towards Education for All will only be achieved and sustained within well-defined, country-led strategies for the sector, firmly set within broader development and budgetary frameworks. We are working to ensure that basic education is given priority within Poverty Reduction Strategy Papers (see paragraphs 1.5 – 1.7 and Box 4c).

Universal primary education

2.24 DFID published the target strategy paper *The Challenge of Universal Primary Education* (10) in January 2001. It outlines DFID's three-fold strategy;

- contribution to the development and co-ordination of international commitment, policies and programmes designed to achieve Education for All;
- strong, well targeted country programmes – with priority to sub-Saharan Africa and South Asia – which will provide strategic assistance to governments and civil societies committed to universal primary edu-

cation and gender equality, within sound education sectors, and wider poverty reduction and development frameworks;

- knowledge and research strategies and outcomes that will contribute to the ability of the international community, including partner countries, to learn lessons, share experience and monitor progress.

2.25 Since May 1997 DFID has agreed new bilateral commitments of over £500 million to support sustainable education systems in developing countries able to provide high-quality primary education for all children. DFID's education programmes aim to provide more children, especially girls, with access to primary schooling; a better quality of education resulting in reduced drop-out rates; and the establishment of effective primary education systems which will remain locally run and locally funded when our partnership ends. We have an expanding pipeline of programmes, increasingly in support of sector policies agreed with national governments and co-ordinated with other funding agencies. Examples include major basic education programmes under development in China (with the World Bank), Vietnam and Zambia. DFID's support for national education programmes is increasingly longer-term and channelled through governments' own budgetary systems where they are sufficiently robust.

2.26 DFID's new commitments to basic education programmes in 2000 totalled £200 million (see Chapter 7 for examples by region). In Africa, DFID agreed support for primary education programmes in Malawi, Rwanda and South Africa. In Asia, a major further commitment to primary education in India (Orissa) was approved. In addition, at a conference on child poverty cohosted by the Secretary of State and the Chancellor of the Exchequer in February, the UK government announced a fund to mark the Queen's Jubilee, which will be used to improve access to education for the most vulnerable groups in Commonwealth countries.



A flexible approach to achieving universal primary education; older children teaching younger children in Bangladesh

2.27 Even governments committed to universal primary education may miss out a lot of children if they focus exclusively on rolling out the existing formal system. In some countries, including all children requires a flexibility of response which recognises the diverse circumstances in which children live. The cost of reaching marginalised children is higher than the average, and governments may need to look at cost-effective and imaginative alternatives to the formal system. The use of low cost “suitcase radios” – portable, low-power community radio broadcasting stations – in poor infrastructure regions in Northern Uganda offers one model. Our informal programmes in India use curricula and materials similar to those in the formal system, but lessons are delivered through part time teaching (including by volunteers), at a time and place convenient to learners. A range of experimental approaches are being piloted in other countries, with flexibility and variety in design and delivery as common characteristics.

Gender equality in education

2.28 Achieving gender equality in schools requires a change in the mindset of governments and societies. Real progress can only be made by mainstreaming gender through the development of all policies, strategies and institutional practices. Guinea, for example, doubled the percentage of girls enrolled in school over the period 1991–1998 by taking action to redress discrimination, and catering for the particular needs of girls, such as by providing separate latrines. In Kenya, DFID has supported the development of a comprehensive gender strategy. Research funded through the project has identified barriers to girls’ attendance and performance at school. Gender-aware approaches have been developed to in-service teacher training and class and school management techniques. A voluntary code of conduct has been agreed with local publishers and authors to eliminate gender stereotyping from reading materials.

Education and HIV/AIDS

2.29 Education can play a key role in preventing the spread of HIV/AIDS and coping with its effects. It can promote behaviour that will reduce the risk of infection and strengthen people’s ability to cope with personal or family infection. Experience in Thailand, and in Uganda (where DFID is supporting national HIV/AIDS responses through a major sexual and reproductive health programme), shows that Government commitment to take action on HIV/AIDS education, including integration into the school curriculum, can be instrumental in reducing the prevalence of the disease.

2.30 DFID has been in regular dialogue with international agencies and non-Governmental Organisations about education and HIV/AIDS, and provided financial support to activities that enhance political and programme responses at country level. For example, DFID has joined the Interagency Working Group on School-based AIDS Education and contributed to a UNAIDS paper on HIV/AIDS and the Education Sector.

HIV/AIDS issues are being addressed in DFID programmes of support for education in Africa and Asia.

Skills for Development

2.31 The *2000 White Paper* (2) addresses both the opportunities and threats to development from globalisation. Many of these have educational implications. DFID aims to help provide developing countries with an essential framework for skills acquisition and training provision.

2.32 DFID's Skills for Development programme is small in scale but explores how we can better support broad-based economic growth through effective, work-related education and training opportunities in developing countries. The programme is focused on building capacity necessary to address key skills gaps. Much of this work involves supporting existing educational systems. The programme has started a number of initiatives to foster developments in Further Education, Higher Education and post-basic education more generally. These include a collaborative programme with the World Bank and others to develop global expertise in policy analysis and planning in post-basic education, establishment of a network in sub-Saharan Africa of comprehensive education and training in pro-poor policy analysis and management, and developing the legal basis for Middle Technical Institutes in Egypt. All these initiatives include strong capacity-building and information and communications technology components, promoting analysis, policy formation and planning.

2.33 Major reviews of DFID support for the Commonwealth Scholarships and Fellowships Plan and the Higher Education Links Scheme (financed through the Fund for International Cooperation in Higher Education) have been undertaken. These have resulted in a number of changes to both schemes aimed at enhancing their contribution to the provision of key skills

for development and capacity-building for skills training in poorer countries. They include the development of "distance learning scholarships" (tuition provided by UK institutions to developing country students in their own country) and thus greater synergy between the two schemes. Distance learning, involving new technologies to expand access to education and skills training, is increasingly important. In Mozambique, for example, DFID is supporting the Ministry of Education – which has recently established a Department of Distance Education – to use distance and open learning to promote access to learning opportunities and improve education quality.

Knowledge and Research

2.34 Investment in knowledge generation and dissemination is essential for our work in education. The revised Education Knowledge and Research Strategy launched in 2000 is, in response to demand, more focused on capacity building in developing countries to achieve DFID's major education and development objectives. The current research programme focuses on the programme of Education for All and the International Development Targets; skills for development; and education and information and communication technologies.

Tackling the digital divide

2.35 The information and communications technology revolution of the last two decades offers developing countries unprecedented and low cost opportunities to compete in the global economy. These emerging technologies, especially when linked with more traditional communications media such as radio, television and press, offer new opportunities. There is, however, also a very real danger of a growing digital divide. If this is not addressed and developing countries (or marginalised groups within developing countries) remain essentially outside of this 'new economy', the consequences will be growing marginalisation.



DFID is helping to tackle the digital divide through building capacity in developing countries.

2.36 In July 2000, at the G8 summit in Okinawa, Head of Governments agreed a charter on the global information society and launched the G8 digital opportunities task force (dot force). DFID played an integral part in drafting this charter and subsequently, in close partnership with both civil society and the private sector, in pushing for a concrete, poverty focused objective for dot force. Similarly, the UN Millenium Declaration in September endorsed an earlier decision to establish a UN task force to tackle this issue. DFID has helped to shape this UN task force. We have also engaged in discussions with the European Commission and Commonwealth on how best to tackle the issue.

2.37 In 2000 DFID launched a co-ordinated programme entitled 'Bridging the Digital Divide' in close partnership with the Dutch, which seeks to have a major impact on the level of access to Information and Communications Technology in developing countries (see Box 2g)

2.38 We have also continued to support the use of more traditional forms of communication, such as radio, which are accessible by a far wider audience. For example, the "Bridging the Digital Divide" programme includes the development of computer linkages between radio stations so that they can broadcast up to the minute radio features about development and other relevant issues. We are also working with the Commonwealth of Learning to establish 250 community radio stations in Africa.

2.39 The Prime Minister's initiative for technology in education (the Imfundo Partnership for Information Technology and Education) was set up by DFID in 2000/2001 to increase the quality of education and access to it in sub-Saharan Africa (see Box 2h for details).

BOX 2g: BRIDGING THE DIGITAL DIVIDE

The "Bridging the Digital Divide" programme is a package of initiatives which address key barriers and opportunities for Information and Communications Technology to help achieve the International Development Targets. The programme has been put together as a partnership with a number of key organisations active in the field.

The programme includes:

- strengthening local capacity to address policy and regulatory issues;
- supporting demand led pilot projects resulting from local consultation;
- information inclusion for the poor through linking Information and Communication Technologies with traditional media e.g. radio;
- increasing capacity and use of the internet for development;
- supporting knowledge and research activities in key areas.

BOX 2h: THE IMFUNDO PARTNERSHIP FOR INFORMATION TECHNOLOGY AND EDUCATION

The Imfundo Partnership for Information Technology and Education was set up to explore ways in which information and communication technology could be used to enhance universal primary education in sub-Saharan Africa. It is a five year public-private programme developed as a partnership between DFID, Cisco, Marconi and Virgin. Imfundo means “the acquisition of knowledge, the process of becoming educated” and is from the Ndebele people of Southern Africa. Its specific objectives are to help speed up and improve teacher training and improve education management. It aims to use new technologies where appropriate and draw in expertise from the private sector. Imfundo set out to identify champions for change and design pilot projects to demonstrate the use of Information and Communication Technology in education and make recommendations for the implementation of new approaches in partnership with governments and communities.

Imfundo’s first achievements this year have been:

- Development of expertise on all aspects of information and communications technology and education in sub-Saharan Africa
- Established pilots in Rwanda and The Gambia, focused on utilising information and communication technology to train teachers
- Assessed further pilot projects in several sub-Saharan African countries, including South Africa, Uganda and Senegal

Better management and protection of the natural and physical environment

3.1 Poor people in both urban and rural environments depend heavily on better access to and management of natural and physical resources if they are to improve their livelihoods. The sustainable management of these assets is fundamental to poverty elimination and environmental protection.

3.2 This chapter describes key developments in DFID's work in the following areas:

- **improving livelihoods;**
- **Increasing opportunities through research and knowledge generation;**
- **Urbanisation and development;**
- **Mainstreaming environmental considerations into development;**
- **Tackling global environmental problems**

Improving livelihoods

3.3 Sustainable Livelihoods approaches to poverty reduction focus on building on the strengths of poor people in the process of development. The principles underlying the approaches include the need for poverty focused development activity to be sustainable, people centred, responsive and participatory, multi-level, dynamic, and conducted in partnership.

3.4 DFID is applying livelihoods approaches and the principles of sustainable development strategies in many of its programmes. Livelihoods analyses help to identify the poorest within society and to define their opportunities for escaping from poverty (Box 3a). These approaches and principles are used as the basis for poverty reduction policies and strategies (Box 3b).

3.5 The Department is also supporting a number of programmes applying these approaches to directly improve the incomes of poor people. For example, the recently completed DFID-supported programme, Decentralisation of Livestock Services in the Eastern Regions of Indonesia, provided improved animal health and production services to poor farmers. Initially the communities were 50% poorer than the district average, but the programme helped directly to reduce poverty and this gap has now closed completely. The success of this project has had a wider influence on the policies of the Indonesian Government including

BOX 3a: REACHING THE "EXTREME POOR" IN BANGLADESH

Approximately 40-53% of the 120 million people living in Bangladesh are living on less than \$1 per day. Of particular concern are the 25-36% who are extremely poor. Evidence suggests that the extreme poor are missing out in the wider development process. Their livelihoods are improving only very slowly, particularly in rural areas.

Recent studies have shown that the majority of programmes are not reaching the extremely poor. Consequently, DFID is working with the Bangladesh non-Government organisation, Proshika, to address these concerns. We have jointly developed a programme which will identify and test a development strategy for reaching the extremely poor in rural areas based on livelihood analysis. DFID has also commissioned the Bangladesh Centre for Advanced Studies to undertake a study to identify and analyse the linkages between poverty and environmental degradation. We will share these findings with the Government, non-government organisations and other development agencies.

BOX 3b: IMPROVING POLICY PLANNING AND THE LIVELIHOODS OF THE RURAL POOR IN UGANDA

The Uganda poverty reduction strategy is an early example of a planning approach which is addressing many of the principles of sustainable development strategies. The strategy has strong national ownership and political commitment. It recognises the importance of the environment as one of its essential components. DFID support helped the Ugandan environment agency become involved in the process and integrate environmental issues which had been overlooked in the early stages. Assistance was also provided to ensure that poverty-environment links were addressed in the Plan for the Modernisation for Agriculture, a key priority emerging from the strategy for eliminating poverty.

DFID has helped the Government to design the plan using livelihoods approaches. Its goal is “Eradicating mass poverty by improving the natural resource-based livelihoods of the mass of the population in a sustainable manner.”

The Government of Uganda has demonstrated commitment to the ideals of the plan at the highest level. The plan seeks to strengthen decentralisation by empowering local Government and rural people. Examples of how it challenges traditional ways of working include:

- the transfer of financial resources on a non-sectoral basis to local Government, with incentives to allocate funds on the basis of the priorities of local communities;
- radical changes in the way Government does business, e.g. reforms which empower poor farmers to purchase privately-delivered, publicly-funded advisory services; and
- establishing a forum to ensure that lessons learned at district level translate into adjustments in policy.

forestry policies. In Jamaica, DFID have used participatory planning to build on and strengthen community spirit and identify the diverse changes wanted by the poor such as community safety, capacity building, environment and sanitation, education and micro enterprise. Lessons learnt from this community-based action are feeding in to the government urban policy.

3.6 DFID recently commissioned a study on how livelihoods approaches can best contribute to poverty reduction strategies at country level. The report, due later in 2001, should help to improve the sustainability, efficiency and impact of DFID poverty programmes.

3.7 Livelihoods approaches have proved an effective means of forging partnerships with the UN system and other international agencies. DFID is working closely with the UN Food and Agriculture Organisation and the International Fund for Agricultural Development and has seconded a livelihoods specialist to the UN Development Programme. The World Food Programme is also keen to work with DFID to explore whether livelihoods approaches might improve the impact of its programmes.

3.8 DFID’s Sustainable Livelihoods Support Office provides advice to practitioners. It produces guidance, learns lessons and seeks to develop best practice. Support is being given to partner countries and meetings have been held with consultants and others working with DFID. An interactive website¹ has also been established. An independent review of the Sustainable Livelihoods Support Office concluded that its communications strategy is a “model” for DFID.

Increasing opportunities through research and knowledge generation in natural resources

3.9 The 2000 Departmental Report (48) recorded the publication of a revised and updated edition of DFID’s strategy for natural resources research. It provides the framework within which DFID responds to demand for new and innovative ways of increasing food sufficiency and income-earning opportunities for the millions of poor people in developing countries whose livelihoods depend on their natural resources.

¹ www.livelihoods.org

3.10 The strategy is operated through eleven research programmes focusing on different aspects of agricultural, forestry, livestock and fisheries production, and through complementary collaboration with the sixteen international centres of the Consultative Group on International Agricultural Research.

3.11 Key features of the strategy include:

- the need to ensure relevance; all research projects accepted for funding must respond to the clearly defined problems of a specified group of beneficiaries;
- a focus on countries where there is scope for significant impact on poverty elimination;
- systems which help to ensure research quality and cost-effectiveness;
- wide dissemination of research results: publication in internationally accessible media; promotion to target institutions; contributions to public awareness of the role of biological and social sciences in development.

Research commissioned under the strategy is producing an increasing number of practical products and technologies relevant to poor people's needs. Two examples are given in Box 3c.

3.12 During the last year, evaluations of selected forestry and livestock research themes were completed. These studies provide evidence of benefits already accruing from implementation of research findings. The evaluations point to opportunities to extend these benefits to more poor people through wider promotion. DFID is responding to this message by concentrating more resources on the countries where most poor people live; building closer collaborative links with developing country agencies which can take up and apply research outcomes (national research systems, civil society organisations and the private sector); and exploring more professional means of marketing information. Opportunities are being explored to commit resources during 2001 to longer-term collaborations in forestry, livestock, fodder and fisheries research.



DANIEL CLEARY/PANOS PICTURES

Fishing provides both employment and cheap food for the poor. DFID is supporting research to improve the nutritional and economic value of fish resources: drying the day's catch of fish in India.

BOX 3c: NATURAL RESOURCES RESEARCH – SOME KEY STUDIES

Reducing losses and increasing income

Solar drying permits perishable foodstuffs to be preserved and transported, securing better prices for producers. UK scientists have collaborated with entrepreneurs in Uganda to raise the quality and hygiene of fruit and vegetables produced and sun-dried by rural women. This collaboration has:

- increased the efficiency and economic returns to small-scale producers – drying times were reduced by a third or more ensuring a higher quality product; and capital paid back in under a year;
- produced handbooks and colour guide charts on quality standards;
- trained farmers in drying technology and management, and trained local trainers to provide training to more farmers.

There are now about a hundred solar-drying businesses in Uganda. Most are operated by single women or women's groups. Other processor groups have also sprung up in Tanzania, Burkina Faso, Zambia, Rwanda, Pakistan and Guyana.

Fish drying

Fishing, and its processing and trading, offer employment to some of the most disadvantaged people. Fish are also of particular nutritional importance to the poor being usually cheaper than meat. For example in Ghana fish provides 60% of the population's intake of animal protein; and the sector employs over 1.5 million people, around 10% of the population.

Fishing is dependent on a scarce resource and its products are highly perishable and vulnerable to heavy losses in tropical climates. Losses occur throughout the chain of handling, transportation, processing and storage – and take many forms. Research in Ghana examined better control systems to reduce post-harvest losses and improve the nutritional and economic value of fish resources using materials and skills which are locally available and affordable.

Benefits are already evident. Cash returns because of lower losses and better quality have resulted in increased income for fishermen of between 15% and 25% and for fish traders of between 11% and 22%.

Urbanisation and development

3.13 Nearly half the world's population, representing almost 3 billion people, live in urban areas. By 2025 this number will rise to over 5 billion people, representing 61% of the total world population. Most of this increase will occur in developing countries. This rapid growth is putting great pressure on city managers, public institutions and the private sector to ensure that both existing and new citizens can have safe and secure land for housing, access to essential services and better employment opportunities.

3.14 DFID is publishing an Urban Poverty Strategy Paper – *Meeting The Challenge of Urban Poverty* – in Spring 2001, based on the consultation document of the same name (13). It sets out how DFID believes the international community can contribute towards reducing urban poverty, and the way in which urban governance can be strengthened to include the urban poor and thus

help to develop poor people's capacity to improve their socio-economic conditions. The paper also sets out priorities for DFID's contribution to these efforts.

3.15 Recent evaluations of DFID's urban poverty reduction programmes, undertaken in the 1980s and early 1990s, have informed our new strategy and are leading to new ways of working both at the local and country level and with our international partners, focused on scaling-up and reaching the poorest and most vulnerable (see box 3d).

3.16 DFID is currently seeking to reduce urban poverty through a broader approach to urban governance. This is being achieved by maintaining an emphasis on direct support to poor people through slum upgrading and city wide vulnerability programmes while also seeking to strengthen the capacity of civil society to participate in government decision-making and to advocate and manage services itself.

BOX 3d: SLUM IMPROVEMENT PROJECTS: IMPACT ASSESSMENT STUDY

Recent impact assessment studies of DFID funded slum improvement programmes in India during the 1980s and 1990s, show that the provision of basic infrastructure and services, within specifically defined slum settlements, while necessary, was not sufficient to achieve sustainable poverty reduction in urban areas. This was because:

- The needs and priorities of different social groups were not sufficiently understood. As a result infrastructure and service improvements, while largely successful because they resulted in improved living conditions, especially to women, did not address the specific and immediate survival and security needs of the poorest and most vulnerable, such as food, health, and shelter. In addition, community development inputs, such as vocational training, were often badly targeted and vulnerable to being captured by urban elites.
- Many of the poorest and most vulnerable people living in urban areas were excluded altogether. They included those living in slum settlements located on precarious sites along canal banks and railways lines that were not recognised by city authorities, as well as those who live outside slums altogether, on pavements, in hostels, or in scattered dwellings alongside richer houses.

Urban poverty is a dynamic condition, and an individual or household's position can decline or improve over short periods according to changing circumstances, such as illness, unemployment, a pay rise or eviction. Policy makers have learnt that a sustained reduction in urban poverty will only take place if the needs of all poor people are taken into account in programme planning and service delivery.

3.17 Support to municipal governments to enable them to improve their planning, legal and social policy and financial management capacity is another critical feature. The Andhra Pradesh Urban Services for the Poor Project, in India, which is working in 32 medium sized towns, aims to strengthen civil society and improve the capacity of city managers to manage urban service delivery more effectively.

3.18 DFID, in its role as the lead UK Government agency for global human settlements issues, has been supporting a programme to strengthening the institutional capacity and work of the United Nations Centre for Human Settlements (Habitat) with an explicit focus on the reduction of urban poverty. This work is detailed in the Institutional Strategy Paper *HABITAT – The United Nations Agency for Cities and Human Settlements* (30) (see Box 3e).



CLIVE SHIRLEY/PANOS PICTURES

In South Africa, the rapid movement of people to urban areas has led to increasing numbers of people being left without safe or secure housing and access to services, exacerbating efforts to eliminate poverty.

BOX 3e: INSTITUTIONAL STRATEGY PAPER OUTLINING SUPPORT TO UNITED NATIONS AGENCY FOR CITIES AND HUMAN SETTLEMENTS (HABITAT) (30)

The strategy is being implemented successfully. Habitat has recently launched two global campaigns one on good urban governance and the other on security of tenure. They signal a new and strategic approach to achieving the Habitat Agenda commitments. The global campaigns advocate better governance at all levels and improved security of tenure and will involve building capacities for inclusive decision-making processes as well as promoting good policy and best practice.

3.19 DFID is also assisting a number of multi-lateral and multi-donor activities. We have played a key role in the development of the joint World Bank/Habitat “Cities Alliance” – which aims to co-ordinate and scale up donor work on urban infrastructure improvements – as well as helping take forward the United Nations Development Programme/Habitat Urban Management Programme into a new fourth phase. Together these programmes will aim to improve the living conditions of 100 million poor people over the next 20 years.

3.20 DFID has also launched the City-Community Challenge Fund. The initiative is focused on developing effective partnerships between the community, public and private sectors through an innovative funding mechanism (Box 3f).

3.21 DFID’s knowledge and research programs continue to produce results demonstrating how urban poverty can be addressed (see Box 3g). We are working to ensure that knowledge which is generated is accessible to those responsible for urban policy making.

Mainstreaming environmental considerations into development

3.22 Environmental outcomes are inextricably linked to the actions of people, firms and public and private institutions. For development to be truly sustainable, the environmental dimension must be mainstreamed throughout the policies and programmes of countries.

3.23 DFID is working with developing country partners to help strengthen their strategic planning frameworks (see Box 3h), ensuring coherence between them and integrating poverty reduction and sustainable development goals. This commitment is reflected in our Public Service Agreement (see Overview Box h). We are focusing on the underlying principles that could be applied to any strategic process to give it the best chance of putting a country on a path towards sustainable development. DFID is working with the Organisation for Economic Co-operation and Development’s Development Assistance Committee and developing country partners to produce guidance on formulating sus-

BOX 3f: THE CITY-COMMUNITY CHALLENGE FUND

The purpose of the Fund is to develop an effective and transferable mechanism for channelling multiple small-scale investments to community initiated poverty reduction projects. It is currently being piloted in Uganda and Zambia, with a budget of £1 million over two years. What makes it different is the extent to which the Fund’s methodology will make support for community initiatives more continuous, more flexible, and more responsive to changing circumstances, better linked to on-going city activities and with a stronger emphasis on the productive energy of poor citizens, drawing on local resources and keeping down costs.

It aims to influence the behaviour of fund flow managers by providing an efficient funding route through which a multitude of small scale projects can be supported. The pilot project will contribute towards greater coherence by the international community in improving more directly the livelihoods of the urban poor. Uganda and Zambia have been chosen as locations for the initial pilot project.

BOX 3g: KNOWLEDGE AND RESEARCH ON URBAN POVERTY – Some Key Studies

In addressing urban poverty, targeted research has been undertaken in the following areas:

Urban Governance: Building Municipal Capacity for Community Participation

With decentralisation, municipal authorities are largely left in charge of urban development policy. Central to this is the participation of poor urban communities in the delivery of services and infrastructure. In response, a manual has been developed which sets out how to address this lack of practical knowledge in implementing participatory processes. The manual is now being developed by the World Bank into practical toolkits for strengthening the capacity of municipal authorities to undertake effective community participation.

Waste Management: Capacity Building for Primary Solid Waste Management

Primary solid waste management systems are seen as a key intervention for increasing incomes of the urban poor and improving the local environment. In addressing this, synthesised field notes and city-specific guides have been produced. They cover issues of management, gender, indicators of success and sustainability whilst recognising the variety of livelihood opportunities derived from urban waste.

Communication: Improving Knowledge Transfer

Understanding the networks that provide knowledge for the urban poor is a pre-requisite to learning about their priorities for development. A set of guides has been developed, aimed at improving the exchange, transfer of knowledge gathered and generated by researchers to benefit the urban poor in developing countries. Guides have been distributed to the global research community, especially southern partners who have been active in the web based development of the guides. They can be viewed at www.wmin.ac.uk/builtenv/maxlock/.

tainable development strategies, and, together with the World Bank and UN in the lead up to the second UN Conference on sustainable development (Rio+10). This work includes ensuring that considerations of environmental sustainability are incorporated into poverty reduction strategies and ensuring that commitments made are reflected in the development programmes that then emerge. DFID's support to the development of Uganda's Poverty Eradication Action Plan and the Plan for the Modernisation of Agriculture demonstrates this approach.

3.24 Poverty reduction and environmental management are central to achieving sustainable development. Environmental problems are a significant cause of poverty and generally hit the poor hardest. Better environmental management is therefore essential in order to secure lasting

poverty reduction. The international community is committed to this concept through the International Development Target on sustainable development and environment, initiated at the UN Rio Conference and endorsed by the Millennium Assembly of the United Nations. Nevertheless, the links between sustainable development, poverty reduction and the environment are still not well understood. DFID is supporting studies to analyse these links. This work will help to inform the focus and sustainability of DFID country programmes and will contribute to better judgements on the commitments and priorities contained in poverty reduction strategies.

BOX 3h: KEY PRINCIPLES FOR SUSTAINABLE DEVELOPMENT STRATEGIES.

Existing country-level planning frameworks (such as poverty reduction strategies, the Comprehensive Development Framework, sustainable development strategies, country vision statements and national Agenda 21 processes) share a number of underlying principles. DFID is working to ensure international agreement and adherence to key common principles. These include real country ownership and multi-stakeholder participation; integration of a long term vision and the various dimensions of sustainable development; political commitment; prioritisation linked to resource allocation; systems for feedback, monitoring and learning.



Environmental considerations are central to achieving sustainable development: recycling garbage in Brazil.

Tackling global environmental problems

3.25 DFID works with other Government Departments, principally the Department of Environment, Transport and the Regions, in promoting progress in a wide range of multilateral environmental agreements and institutions. It focuses on issues of priority concern in the UK Government's relationship with developing countries, in particular those surrounding implementation of the agreements, such as finance, capacity building and the transfer of technology. For example, DFID has made important contributions this year in forestry, helping with the creation of the UN Forum on Forests. We also co-sponsored a workshop on financing sustainable forest management. In late 2000 agreement to the Biosafety Protocol of the Convention on Biological Diversity and a successful conclusion to the negotiations on a new Convention to counter the threat from persistent organic pollutants, were achieved. DFID played a key role in articulating developing country concerns within the UK. Increasingly, DFID is also working within the international system to encourage account to be taken of environment and sustainable development concerns.

3.26 Over the coming year, DFID will pursue a significant replenishment of the Global Environment Facility, pressing for a 50% increase. Preparation for Rio+10 in 2002 will become a priority, as will further action on climate change following the 6th Convention of the Parties. DFID will work with developing countries for a successful conclusion to the negotiations on Plant Genetic Resources. It will continue to support partner countries to take account of the global environmental agenda and try to identify synergies between global and national programmes with the aim of enhancing their combined contribution to poverty elimination.



CAROLINE PENN/PANOS PICTURES

DFID is supporting sustainable forest management both at the global level and in country projects such as this one in Ghana.

Working with multilateral development organisations

4.1 Multilateral Development Organisations play a very important role in the elimination of global poverty through the scale of their resources, their research and analysis, and the influence they have with Governments. Around 50% of DFID expenditure is spent through multi-lateral channels, (as shown below in Box 4a).

4.2 This chapter considers DFID's work with:

- the **World Bank Group and International Monetary Fund;**
- the **Regional Development Banks;**
- the **European Community;**
- the **United Nations;**
- the **Commonwealth.**

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

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

BOX 4a: CONTRIBUTIONS TO MULTILATERAL AGENCIES 1999/2000

	£000
European Community	674,422
World Bank Group	170,631
International Monetary Fund	1,700
Regional Developments Banks	66,720
UN Agencies	151,072
Commonwealth	7,421
Global Environmental Assistance	16,939
International Research Organisations	9,535
Total DFID contributions to multilateral agencies	1,113,740
of which	
Aid to developing countries	968,283

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

4.5 DFID has launched a process of producing and publishing Institutional Strategy Papers which outline proposals for strengthening and improving the effectiveness of the work of the agencies for all the Multilateral Development Organisations with which it has a substantial relationship. Those published in 2000/2001 included papers on the *World Bank Group* (35), the *Asian Development Bank* (25), the *European Investment Bank* (29), *United Nations Development Programme* (33), *United Nations Children's Fund* (32), *United Nations High Commissioner for Refugees* (31) and *World Food Programme* (34). Further papers scheduled for publication later in 2001 include the *Inter-American Development Bank*, the *Commonwealth*, *United Nations Food and Agriculture Organisation*, *United Nations Educational, Scientific and Cultural Organisation* and *International Fund for Agricultural Development*.

4.6. Our work on the Institutional Strategy Papers, and also the thematic treatment of multilateral development organisations in DFID's strategies for achieving the International Development Targets, has highlighted the extent to which the international development system is fragmented amongst a plethora of agencies and programmes, each with its separate governance arrangements and its separate mandate. This constitutes a significant problem for the coherence of the international system and for its co-ordinated support for the fundamental objective of poverty eradication. At the country level, in the course of the year DFID has particularly sought to promote the Poverty Reduction Strategy process and the principles underlying the Comprehensive Development Framework (Box 4c), as well as the UN family's co-ordination mechanism, the Development Assistance Framework. At the global level, the Department has pressed for institutions to work together, avoid duplication and focus on their respective strengths. In many cases, improved and/or streamlined governance arrangements are needed.

4.7 Last year, DFID established an International Policy and Performance Fund to

reward improvements in the performance of multilateral organisations and to provide support to help them to press ahead with reform processes that will help to improve the effectiveness of their contribution to the International Development Targets. The Fund for 2000/2001, set at £15 million and subsequently increased to £17 million, was fully allocated to eight well-performing institutions (see box 4b). Allocations from the Fund were also made to six of these institutions in subsequent years to give them greater stability in their financial planning. These allocations now appear under the respective institution budget line. There is also an unallocated provision in the Fund for 2002/2003 and 2003/2004. However, the planned balance of the 2001/2002 Fund has been earmarked to finance major new health initiatives and accelerated implementation of the Heavily Indebted Poor Countries initiative.

The World Bank Group and International Monetary Fund

4.8 DFID's objectives for working with the World Bank are explained in the *World Bank Group: Institutional Strategy Paper* (35) published in March 2000. We are making good progress

BOX 4b: ALLOCATIONS UNDER THE INTERNATIONAL POLICY AND PERFORMANCE FUND

NOW INCORPORATED UNDER RESPECTIVE INSTITUTIONS' BUDGET LINES

£million

Organisation and Purpose	2000/2001	2001/2002	2002/2003
United Nations Development Programme Support reform process	2.5	1.6	1.1
United Nations Fund for Children Core funding recognising good performance and support to steps to reform humanitarian and conflict programmes	5.1	5.0	5.0
World Health Organisation Support initiative for provision of technical experts in emergency situations	0.5	1.0	1.0
United Nations Industrial Development Organisation Recognition of strong performance in carrying forward reform agenda under current Director General	1.4		
United Nations Office for Co-ordination of Humanitarian Affairs Good performance against agreements set out in Institutional Strategy Paper	1.5	1.5	1.5
International Committee of the Red Cross Good performance against agreements set out in Institutional Strategy Paper	2.0	2.0	2.0
International Federation of Red Cross and Red Crescent Societies Good performance against agreements set out in Institutional Strategy Paper	1.0	1.0	1.0
World Food Programme Good performance in humanitarian field and to assist with sharp increase in demands for emergency food due to droughts and floods	3.0		
Total	17.0	12.1	11.6

BOX 4c: COMPREHENSIVE DEVELOPMENT FRAMEWORK AND POVERTY REDUCTION STRATEGY PAPERS

The **Comprehensive Development Framework** is a vision proposed by World Bank President James Wolfensohn to overcome fragmentation of development efforts and focus on poverty reduction and sustainable development. The Comprehensive Development Framework was initially piloted in 13 self-selected countries, between January 1999 and September 2000. The approach is being gradually rolled out to other countries, including middle-income countries. The core principles are:

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

Poverty Reduction Strategy Papers provide a mechanism to put into effect these principles and ensure that resources for development, including the savings from debt relief, have the maximum impact on poverty reduction. The process of preparing these papers was launched in September 2000 at the World Bank/International Monetary Fund Annual Meetings. The papers are intended to be prepared by countries themselves with a 3-5 year horizon. Poverty Reduction Strategy Papers were initially introduced in countries taking part in the Heavily Indebted Poor Countries debt initiative, but are now being introduced in all low-income countries receiving concessional resources from the International Monetary Fund and World Bank.

Preparation of a full Poverty Reduction Strategy Paper involves extensive participation and consultation to ensure broad ownership within developing countries. This can take some time. Some Heavily Indebted Poor Countries approaching "Decision Point", are preparing interim Poverty Reduction Strategy Papers which allow them to qualify quickly for debt relief pending completion of a full strategy paper. DFID is working in partnership with a number of governments to help them overcome capacity constraints in developing Poverty Reduction Strategy Papers. However, there is delicate balance to be struck between helping the processes along and ensuring that the process is fully led and owned by the developing country (see para 1.5).

Four countries have presented their national poverty reduction strategy to the international community, and a further 18 countries have developed outline ones, showing how they would develop a full strategy.

against these objectives. Poverty reduction is now widely accepted as the goal of the World Bank's work. The *World Development Report 2000/2001* (80) on poverty proposed a three-pronged strategy of promoting opportunity, facilitating empowerment and enhancing security. DFID helped to fund the *Voices of the Poor* (74, 75, 76) study which brought together the opinions of 60,000 poor people in 60 countries, and which was a major input to the *2000/2001 World Development Report* (80) (see paragraphs 1.44–1.45).

4.9 The World Bank's approach has evolved over the past year, particularly as a result of the Comprehensive Development Framework initiative and the implementation of the Poverty Reduction Strategy Paper process for low income countries (see box 4c). We welcome the introduction of a new lending instrument, the 'Poverty Reduction Support Credit' which is expected to become the main vehicle for the World Bank's support for Poverty Reduction



PENNY TWEEDIE/PANOS PICTURES

Uganda became the first country to benefit under the HIPC process, receiving \$350 million-worth of debt relief in April 1998, just eighteen months after the initiative was launched. This reflected the excellent track record of economic management Uganda had built up over the previous 10 years. Immunisation programme, Uganda.

Strategy Papers and to complement the International Monetary Fund's Poverty Reduction and Growth Facility. To make this process work, developed countries must improve co-ordination and simplify procedures to reduce the burden they impose on developing countries (see paragraphs 5.27–5.32).

4.10 The World Bank's relationship with the International Monetary Fund in both low and middle income countries remains critical to these processes. DFID welcomes the joint statement by the International Monetary Fund Managing Director and the World Bank President in September 2000 in which they reaffirmed their commitment to co-operation and their shared objective to help improve the quality of life and reduce poverty through sustainable and equitable growth. Substantial progress has been made in low income countries through the implementation of the Poverty Reduction Strategy Paper and Heavily Indebted Poor Countries processes to put this commitment into action, although there remains room for improvement.

4.11 During the course of 2001, DFID will be negotiating the new, three-year policy framework for the World Bank's concessional lending operations in low income countries (known as 'IDA13', see also paragraph 24 of the Overview) and the UK's financial contribution to this. We aim to build on the progress made during the previous three years, which included a closer link between country allocations and performance and a special effort in sub-Saharan Africa. Following a UK initiative, the World Bank's Operations Evaluation Department is conducting a review of the Bank's performance and developmental effectiveness in low income countries. The report of this is due by mid-2001 and we will take account of its findings in the 'IDA13' process.

4.12 The 'Strategic Compact' internal reform process, launched by the World Bank in 1997, ended in September 2000. Its main objective was

to modernise the World Bank's management and organisation and increase its effectiveness. It was allowed to spend an additional \$250 million to fund these reforms, with a return to 1997 levels thereafter. A full assessment of the Strategic Compact concluded that there has been progress in enhancing the quality of Bank lending, in better targeting of specific sectors, in developing more effective ways of sharing knowledge, and in revisions to the Bank's organisational structure, including decentralisation to Country Offices. It also pinpoints where more needs to be done in these areas. DFID is working to ensure that the new Strategic Framework now being prepared takes on board the lessons of the assessment, and draws together the other strategic discussions taking place. The Department is also supporting efforts to strengthen the Bank's work by secondments of staff, including to the Comprehensive Development Framework unit.

4.13 The UK has been at the forefront of measures to increase transparency and promote greater public understanding of the International Monetary Fund and the World Bank's work. DFID supported the decision to launch a consultative process on the new Disclosure Policy for the World Bank in late 2000. This proposes to make a larger number of Bank documents available publicly and to make an enhanced effort to disseminate documents in developing countries. The International Monetary Fund has also taken significant steps in 2000 to increase its institutional transparency and accountability, including a policy of increased publication of Fund documents, and the establishment in 2001 of the new Independent Evaluation Office.

The Regional Development Banks

The African Development Bank

4.14 DFID continues to pursue the objectives set out in *The African Development Bank: Institutional Strategy Paper* (24) published in November 1999. In working with the Bank to put into effect its Vision Statement, we are providing technical assistance to train Bank staff in ways of mainstreaming poverty reduction into all aspects of its operations. Recognising the need for selectivity, the Department is encouraging the Bank to work in close partnership with other donors, and welcome the Strategic Partnership with the World Bank which provides an important framework for closer co-operation and co-ordination between the two institutions in Africa.

4.15 With the completion of a substantial programme of reforms to financial policies and institutional arrangements, an organisational study was undertaken and its results implemented in early 2001. It is designed to enable the Bank to deliver its development agenda through changes to its organisational structure and management culture. DFID intends to help the Bank to implement the necessary changes, including through more detailed studies of parts of the organisation. We welcome particularly the intention to establish a network of field offices which will enable the Bank to work more closely both with its borrowing member countries and the donor community, including our own country offices.

The Asian Development Bank

4.16 DFID's objectives for working with the Asian Development Bank are set out in *The Asian Development Bank: Institutional Strategy Paper* (25) published in May 2000.

4.17 The Asian Development Bank's new Strategy 'Reducing Poverty' (61), approved in November 1999, sets out three pillars for poverty reduction: pro-poor economic growth, social development and governance. DFID is seeking ways to respond to the Bank's request to help it put this, and its new Private Sector Strategy approved in July 2000, into effect. We expect to second governance and social development staff to its headquarters in Manila to assist with the development and implementation of policies in these areas.

4.18 Negotiations on the Asian Development Fund concluded in September with agreement to a \$5.6 billion replenishment of the Bank's concessional resources for lending to the poorest countries of the region. Endorsing the Bank's overarching objective of poverty reduction, agreement was reached on the introduction of a performance based allocation system, enhanced policies on good governance, and the need for the Bank to work in partnership with other donors through the Comprehensive Development Framework and Poverty Reduction Strategy processes. Reflecting our satisfaction at the Asian Development Bank's efforts to enhance its impact on poverty, the UK increased its share of the replenishment from 3.8% to 4.8%.



DFID has increased its commitment towards the Asian Development Bank due to its efforts to combat poverty: Hangzhou, China.

ALAIN LE GARSMEUR/PANOS PICTURES

4.19 Recently, DFID has contributed to the Bank's thinking on a new Long Term Strategic Framework which will define the Bank's role over the coming 15 years in helping its borrowers to achieve the International Development Targets. This will be followed by a Medium Term Strategic Framework setting out how the Bank should be organised to achieve this goal.

The Inter-American Development Bank

4.20 As the Inter-American Development Bank moves to implement its own institutional strategy, with the emphasis on social sector reform, modernisation of the state and regional integration, DFID is pressing for reduction of poverty and inequality to be placed at the centre of its development agenda. The Department plans to issue an Institutional Strategy Paper by mid-2001 setting out objectives for our work with the Bank.

4.21 At its 2000 Annual Meeting, the decision was taken that the Bank should participate in the Heavily Indebted Poor Countries Initiative under which four countries in Latin America are eligible for debt relief. The agreement on financing reached in July has yet to be implemented because of delays in receipt of some contributions. The UK has pledged to contribute to the costs of both the Inter-American Development Bank and the Caribbean Development Bank to enable the region's poorest countries to receive debt relief for poverty reduction.

The Caribbean Development Bank

4.22 As part of the Caribbean Development Bank's Strategic Plan for 2000-2004, a new Mission Statement has been introduced to emphasise the Bank's role in the systematic reduction of poverty through social and economic development. In the *Caribbean Development Bank: Institutional Strategy Paper* (27), published in January 2001, support is given to the Bank's intention to become a more

regional organisation, serving the interests of more of the poorest people in the Caribbean, and to develop partnerships with the other development institutions in the region, identifying the comparative advantage of each.

4.23 Negotiations began in December on the replenishment of the Bank's Special Development Fund, which provides concessional resources to the poorer countries of the Caribbean.

The European Bank for Reconstruction and Development

4.24 The European Bank for Reconstruction and Development makes project-based investments, mainly with the private sector, in the countries of central and eastern Europe and central Asia with the aim of furthering the transition of those countries towards market economies. The Bank is unique among International Financial Institutions in requiring its countries of operation to be committed to, and apply, the principles of multiparty democracy and pluralism. DFID's broad aim is for the European Bank for Reconstruction and Development to maximise its impact on sustainable economic development and poverty reduction in transition countries.

4.25 During the past year the Bank has consolidated its financial recovery following the Russian crisis. Throughout 2000 the Bank cautiously re-engaged in Russia and was supported by the UK in imposing tough conditions, and being prepared to vigorously tackle key corporate governance issues, when negotiating terms for its investments. DFID supports the Bank's plans to increase the volume of its investments in the Balkans and in countries where transition is still at an early stage, including the countries of central Asia, when the commitment to real reform means they can be effective.

The European Community

4.26 The European Community (EC) is not meeting its potential for promoting international development. Around 30% of DFID's budget is spent annually through the EC's programmes and our contributions amount to around 17% of EC aid resources. The appointment of a new European Commission in 1999, and signature in May 2000 of the new Cotonou Agreement between the EC and African, Caribbean and Pacific states, has provided a good platform for substantial improvements in the EC's impact on poverty reduction. This represents substantial progress against DFID's strategy for working with the EC, which was published in December 1998 (28). In light of this, and in order to take account of the significant developments in the EC since 1998, a new Institutional Strategy Paper is being prepared and should be published by summer 2001.

European Community Development Policy

4.27 In November 2000 EU Development Ministers and the Commission agreed a Declaration on the EC's Development Policy. This was a milestone for the EC and established, for the first time, that poverty reduction, and ultimately its elimination, is the principal objective for the EC's programmes in all developing countries. It endorses Commission proposals for a much sharper focus in the EC's programmes and calls for better coherence between EC policies affecting developing countries. The policy declaration was accompanied by an action programme, which EU Development Ministers will use to monitor progress in implementing the new policy.

European Community Reform

4.28 In April 2000 Neil Kinnock, Vice-President in charge of Commission Reform, published a White Paper on reform of financial and staff management across the Commission. The cornerstone of this is a proposal to modernise the European Commission's financial manage-

ment. This will give managers greater financial responsibility, which should improve accountability and ownership of programmes. There will also be a move to activity-based budgeting, in order to better focus administrative resources where they are needed. Negotiations on a new Financial Regulation are underway now and a 'fast-track' proposal is close to agreement, which will start to streamline procedures and make additional posts available to administer the EC's external programmes.

4.29 In addition, Chris Patten, the External Relations Commissioner, made proposals in May 2000 to reform the management of EC external assistance. These are now being implemented. A new implementing body entitled Europe Aid has from January 2001 taken on full responsibility for implementing EC development programmes, from identification to evaluation. An Inter-Service Quality Support Group is benchmarking good practice in all programmes. There will be extensive devolution of project management to Commission delegations, accompanied by a strengthening of their staff resources. Responsibility for implementation will be devolved to staff in developing countries where possible.

Better Procedures for Aid contracts

4.30 The Commission has tackled the cumbersome system previously used for overseas aid tenders and contracts. There were more than 40 sets of procedures for the EC's various aid programmes, all different. This was slow, confusing, and frustrating for aid recipients, contractors and the EC. In consultation with the fifteen EU member states the Commission reduced this unwieldy collection to a single, "global", set of procedures which is much more streamlined and more simple to operate. The new procedures were introduced during 2000, speeding up aid contracts, payments and delivery on the ground.

External spending in North Africa and the Middle-East

4.31 A new Regulation governing the European Community's programme of assistance to the Mediterranean region (North Africa and the Middle East) was adopted during 2000. The UK has been very critical of the poor performance of this programme and prominent in demanding improvements so that assistance was directed more toward helping poorer people within those countries. The new Regulation includes specific commitments to address poverty and tighter provision for review and evaluation.

External spending in the Western Balkans

4.32 In December 2000 a new Regulation for EU aid to the Western Balkans was agreed, which brings together all EC assistance under a new programme of Community Assistance for Reconstruction, Democratisation and Stabilisation. This will encourage regional co-operation and assist countries to prepare for application for membership of the EU through support for economic and financial reform, introduction of free trade arrangements, approximation of national laws with EU legislation and support in other areas such as justice and home affairs.

4.33 The UK has been closely involved in the drawing up of this new regulation. It provides for: assistance to be targeted towards poverty reduction; a clear linkage of the use of budgetary aid by the EC to the macro-economic and stabilisation programmes of the International Financial Institutions; a more strategic role for (and less micro-management by) Member States; and standard procedures for project design, implementation and monitoring.

The United Nations

4.34 The Government's objectives for international development collaboration with the United Nations (UN) are set out in the DFID Institutional Strategy Paper *Working in Partnership with the United Nations* (36), published in March 1999. This strategy paper identifies three main objectives for our partnership with the UN:

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

4.35 DFID is strongly committed to providing increasing support to those UN agencies which modernise their management and organisation to increase their effectiveness in helping meet the International Development Targets. We have therefore used the International Policy and Performance Fund (see Box 4b) to allocate additional resources to reward strong performance.

Millennium Summit

4.36 149 world leaders met in New York from 6-8 September 2000 for the Millennium Summit. In their Millennium Declaration, world leaders endorsed many of the International Development Targets, including the overarching target of halving the proportion of people living in extreme poverty by 2015 (see box 4d). World leaders also commissioned regular reviews of progress against the commitments set out in the Declaration. This high-level endorsement will help us to encourage all the UN funds, programmes and specialised agencies to focus their efforts around the achievement of the Targets.

BOX 4d: UN MILLENNIUM DECLARATION

Inter alia, at the UN Millennium Summit on 8 November 2000 in New York, 149 world leaders resolved to:

- spare no effort to free our fellow men, women and children from the abject and dehumanising conditions of extreme poverty, to which more than a billion of them are currently subjected;
- halve, by the year 2015, the proportion of the world's people whose income is less than one dollar a day and the proportion of people who suffer from hunger, and also, by the same date, to halve the proportion of people who are unable to reach, or to afford, safe drinking water;
- ensure that, by the same date, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling; and that girls and boys will have equal access to all levels of education;
- by the same date, have reduced maternal mortality by three quarters, and under-5 child mortality by two thirds, of their current rates;
- have, by then, halted and begun to reverse, the spread of HIV/AIDS, the scourge of malaria and other major diseases that afflict humanity;
- provide special assistance to children orphaned by HIV/AIDS;
- promote gender equality and the empowerment of women, as effective ways to combat poverty, hunger and disease and to stimulate development that is truly sustainable;
- request the General Assembly to review on a regular basis the progress made in implementing the provisions of this Declaration, and ask the Secretary-General to issue periodic reports, for consideration by the General Assembly and as a basis for further action.

Financing for Development

4.37 The UN is preparing for the International Conference on Financing for Development in early 2002. DFID sees this as an opportunity to:

- build consensus on how best to mobilise the resources required to achieve the International Development Targets;
- foster more effective co-operation between the UN, the World Bank and other development actors in pursuit of the International Development Targets.
- stimulate new ideas and international agreement on the best ways to enhance domestic financial capacity and to promote foreign private investment flows;
- develop greater international agreement on the most appropriate roles for and allocation of official development assistance and elicit commitment to deploy official development assistance more effectively;
- strengthen commitment to the principles of the Comprehensive Development Framework and Poverty Reduction Strategy processes to improve aid co-ordination.

4.38 As the preparations for the Financing for Development event develop, DFID is working actively with other EU Member States to promote this agenda. It will play a full part in ongoing negotiations in New York. The Department will seek to ensure that the messages in the Government's *2000 White Paper* (2) feed into the outcomes of the Financing for Development process.

4.39 The Third UN Conference on Least Developed Countries in May 2001 will be an important building block. DFID is working with other EU Member States to focus the Conference on areas where it can make a useful contribution (e.g. trade and untying of aid).

UN Development Programme

4.40 In November 2000, *The United Nations Development Programme Institutional Strategy Paper* (33) was published setting out how the Department intends to work to strengthen the UN Development Programme's contribution to the International Development Targets. We are encouraging the UN Development Programme to strengthen its co-ordination role of the

United Nations system, so as to promote a more coherent UN development effort; and to narrow the focus of its programme activities onto its areas of comparative advantage.

4.41 The UN Development Programme is implementing a substantial and far-reaching process of reform with a view to improving its effectiveness. In November 2000, in recognition of these significant efforts to promote reform, DFID announced a £2.1 million contribution from the International Policy and Performance Fund (see Box 4b) to support six “transformative” projects which are designed to help to accelerate improvements in effectiveness.

4.42 The UN Development Programme takes the lead amongst UN delegations in developing countries on the UN Development Assistance Framework. This Framework is a country level planning tool which seeks to improve the focus and effectiveness of UN programmes, and to strengthen co-operation within the UN family and with other donors. By the end of 2000 UN Development Assistance Framework documents were agreed in 19 countries with the process underway in a further 25. Experience with the Framework varies greatly. Over time, it should become a UN family business plan, defining the roles of different UN players in supporting a country-owned Poverty Reduction Strategy. DFID will seek to ensure that best practice in current UN Development Frameworks is mainstreamed throughout the programme, through technical co-operation support and through the UN General Assembly’s evaluation of UN Development Assistance Frameworks in 2001.

UN Children’s Fund

4.43 In November 2000, DFID published *The United Nations Children’s Fund: Institutional Strategy Paper* (32) setting out how we intend to work to strengthen the UN Children’s Fund’s contribution to the International Development Targets. We will do so by encouraging the fund to collab-

orate more closely with other UN agencies with overlapping mandates, and seeking to clarify the respective roles and responsibilities of the various UN players who have a role in education and child health.

4.44 In recognition of the UN Children’s Fund’s effective in-country performance, its progress in introducing results-based management, and its potential to make an important contribution to the achievement of the health and education International Development Targets, DFID used the International Policy and Performance Fund to increase the voluntary core contribution to the fund to £17 million in 2000/2001, up from £13 million in 1999/2000. An additional £1.1 million was provided to support work to build the capacity of the fund’s humanitarian and conflict programmes.

UN Industrial Development Organisation

4.45 An Institutional Strategy Paper on the UN Industrial Development Organisation will be published in mid 2001 setting out how the Department intends to help strengthen the organisation’s contribution to meeting the International Development Targets. DFID is encouraging the organisation to narrow the focus of its programmes onto a few key areas where it has comparative advantage and where it can most effectively contribute to the achievement of the International Development Targets. The Department believes that a key part of a more focused niche for the organisation should be the important environmental work it carries out on behalf of the Montreal Protocol and the Global Environment Facility.

4.46 The UN Industrial Development Organisation is one of the UN agencies that has most enthusiastically and vigorously embraced reform. It has set in train an energetic programme of measures to increase efficiency and effectiveness. In recognition of these efforts, in

November 2000, DFID announced an additional voluntary contribution of \$2 million from the International Policy and Performance Fund to support the organisation's Integrated Programmes (Box 4b).

UN Educational Scientific And Cultural Organisation

4.47 DFID has been working with the UN Educational, Scientific and Cultural Organisation on basic education for all in the context of the World Education Forum in Dakar. The organisation has been given the task of co-ordinating the implementation of the Dakar framework for action, and has decided that this should be its top priority for its education work. This will continue to be the main focus of DFID's co-operation with the organisation, together with support for the work of the new Institute for Statistics in developing data relevant to the achievement of the International Development Targets. The UN Educational, Scientific and Cultural Organisation is a co-sponsor of UNAIDS, and we see scope for working with the organisation on capacity development in the field of educational responses to HIV/AIDS.

4.48 The new Director-General of the UN Educational, Scientific and Cultural Organisation has embarked on a substantial process of reform, which includes a new internal oversight system, which promises to bring significant improvements in the effectiveness of the organisation. DFID will now be looking for a much sharper focus in the organisation's activities, taking full account of its role in achieving the International Development Targets, when it adopts its new medium term strategy for 2002 – 2007 and its biennial programme for 2002 – 2003.

International Labour Organisation

4.49 DFID is a relative newcomer to supporting the work of the International Labour Organisation. Responsibility for the Government's relationship with the organisation rests with the

Department for Education and Employment. With them, DFID is giving its support to the organisation's emphasis on implementing the "Decent Work" strategy while taking account of the fact that our objectives on poverty elimination coincide only in part with the International Labour Organisation's broader agenda.

4.50 In the last year, in addition to collaboration through our bilateral programmes, DFID has provided funding to the International Labour Organisation's programme for employment intensive approaches to infrastructure, small enterprise development and the eradication of child labour. We have also provided technical assistance to the programme supporting the ratification and implementation of the Declaration of Fundamental Principles and Rights at Work – which sets out the rights often referred to as Core Labour Standards. The Department is in the process of agreeing a partnership framework agreement under which it is increasing support and formalising annual dialogue with the International Labour Organisation on common objectives.

Food and Agriculture Organisation

4.51 In November 1999, the Food and Agriculture Organisation's General Conference adopted a Strategic Framework for 2000–2015 (65) whose three inter-related global goals – food security, the contribution of agriculture to development and the conservation and use of sustainable natural resources – are consistent with the International Development Targets. The Strategic Framework (65), based on the core principles of interdisciplinarity and partnerships, marks an important step forward. The Framework is being taken into effect through a *Medium Term Plan* (64) published in 2000, covering the period 2002–2007. Major features of the Medium Term Plan are the extension of results-based budgeting across the programmes of the organisation and an increased commitment to interdisciplinary methods of working. The UK has been a strong supporter of the Food and



DFID is helping mainstream the sustainable livelihoods approach in the Food and Agriculture Organisation: Workshop on an experimental farm in Bolivia.

Agriculture Organisation's innovations in the fields of corporate planning, budgeting, evaluation and accountability.

4.52 DFID is helping mainstream the sustainable livelihoods approach (see paras 3.22–3.24) in the Food and Agriculture Organisation. Involvement spans fisheries, livestock, forestry, information and the Special Programme on Food Security. A DFID Institutional Strategy Paper is scheduled for publication later in 2001 which sets out the Department's overall strategy for the organisation together with details of partnership programmes.

The Commonwealth

4.53 An Institutional Strategy Paper will be published in mid 2001 which sets out how DFID will seek to work with the Commonwealth to strengthen its contribution to the International Development Targets. DFID is encouraging the Commonwealth to focus its development programmes more strongly on its strengths such as debt management, trade issues and small states. We are also seeking to better exploit the scope for using the Commonwealth's potential to foster consensus on development issues which prove difficult to resolve in wider international fora.

4.54 At the Commonwealth Heads of Government meeting in 1999, a High Level Group was established under the chairmanship of President Mbeki to review the role of the Commonwealth in the twenty-first century and to make recommendations to the 2001 Heads of Government meeting in Brisbane. We are seeking to promote our ideas about a more focused and better targeted Commonwealth development programme in the on-going High Level Group discussions.

Trade, investment and the broader development agenda

5.1 DFID is continuing to work for greater coherence on policies affecting development countries. This chapter sets out how DFID is working to achieve this in the following areas:

- **international trade, competition, investment and tax**
- **core labour standards**
- **increasing the effectiveness of development assistance**
- **strategic export controls**
- **illicit drugs**
- **knowledge and research**

5.2 To achieve its objectives and promote policy coherence, DFID interacts with many UK organisations. This chapter explains our approach to working with:

- **other Government Departments**
- **the Private Sector**
- **CDC Capital Partners**
- **civil society**

International trade, competition, investment and tax

5.3 DFID continues to emphasise the importance of trade, competition, investment and tax

in international development. Our aim is to promote greater participation in international trade by poor people and countries, and to increase the benefits and minimise the costs of international trade to the poor.

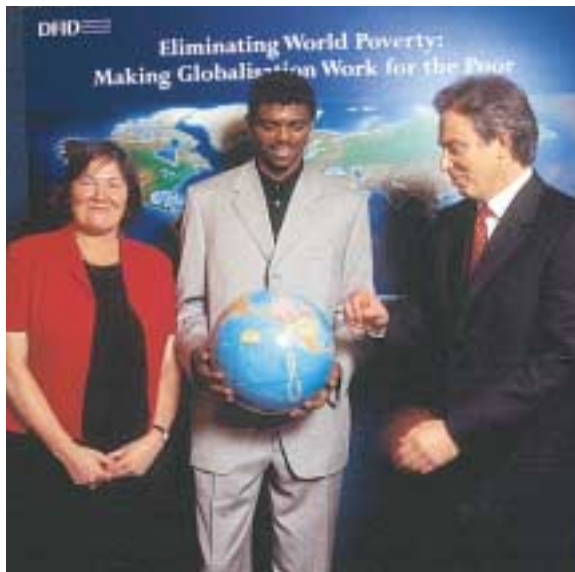
5.4 The *2000 White Paper (2)* focuses on globalisation. It highlights the need to promote policies and measures to enhance the pro-poor impact of globalisation. International trade can make a crucial contribution to achieving this objective.

5.5 We maintain close links with other Government Departments, international organisations and other Governments. We are using these links to ensure that the development dimension is included in trade policy and similarly that trade policy is treated as an integral part of the development agenda.

Influencing trade policy and improving understanding

5.6 Highlights this year have included development of a positive agenda on trade and development for the *2000 White Paper (2)* on globalisation, the European Commission's 'Everything But Arms' proposal for duty-free access to the European Union for exports from least developed countries, an active involvement in the current World Trade Organisation agriculture negotiations and our work to make the European Union General System of Preferences scheme more liberal and accessible.

5.7 The failure of the Seattle Ministerial meeting in December 1999 to launch a new trade Round in the World Trade Organisation was a setback for the multilateral trade system and the interests of developing countries. The UK position has remained consistent – the Government is calling for a 'Development Round' and a broad agenda, which we believe will bring about real gains for developing countries. We have worked with the World Trade Organisation Secretariat to



Launch of DFID White Paper 2000 – Trade and globalisation formed an integral part of the Department's White Paper.

ensure that developing countries' views are taken into account in Geneva, and to build confidence in the World Trade Organisation system.

5.8 The UK Government has been prominent in the development of European Union trade policy towards developing countries. DFID was active in securing support from other member states for the European Commission's proposal to allow all least developed country exports (except arms) into the European Union free of all duties and quotas. We are working closely with Department of Trade and Industry on a forthcoming review of the European Union General System of Preferences urging that the scheme be made more generous, more transparent and simpler for developing country exporters, and European Union importers, to use.

5.9 DFID is working to ensure that developing countries have the opportunity to participate fully in the current World Trade Organisation services negotiations, and that UK and European Union positions take account of development perspectives.

5.10 As part of the so-called "built-in agenda" (subjects on which further talks were scheduled as part of the Uruguay Round agreements), the World Trade Organisation agriculture negotiations got under way in March 2000. The Department maintained an active involvement in the discussions. We have aimed to ensure that the needs of developing countries are taken into account in the negotiations, and also to encourage further liberalisation of the European Union's regime for agriculture products.

5.11 The Department has commissioned research to further our understanding of the range of issues which need to be considered in the process of making sound trade policy towards developing countries. This research has included the creation of a market access database for use in the Department to analyse European barriers to entry for the agricultural exports of developing countries.

5.12 Standards imposed by the European Union on the import of goods from developing countries act as significant barriers to trade for many exporters. Such standards cover areas such as quality, hygiene and food safety. In working to ensure that developing countries are best able to meet these standards, the Department has maintained an active involvement in related World Trade Organisation committees. We have supported several studies to assess how developing countries can increase their involvement in the standards-setting process and the impact that these standards have on developing countries' ability to trade.

5.13 The Department has increased its knowledge of, and involvement in, Trade Related Aspects of Intellectual Property Rights. Through studies and discussions with developing country representatives, we intend to build on this work to support developing country policy-making on Intellectual Property Rights, as set out in the *2000 White Paper (2)* (see also paragraph 5.39).

5.14 DFID has worked systematically with other donor development agencies to ensure a co-ordinated approach to the challenge of integrating the trade and development agendas. In March 2001 we hosted a meeting of development ministers to promote greater integration of this agenda in all donor governments. A strategic partnership with Canada has been established on a range of trade and development issues.

Building trade-related capacity

5.15 DFID is involved in various trade related technical assistance programmes, to support developing country governments in implementing their commitments from the Uruguay Round of trade negotiations. With greater capacity, developing countries will be able to enter future Rounds fully prepared to negotiate for the best outcomes to suit their needs (see box 5a).

5.16 As part of the proposals set out in the *2000 White Paper* (2), the UK's commitments in support of improving developing countries' participation in the international trading system will double, from around £15 million in the last three years to £30 million in the next three years.

5.17 In addition, the Department has provided support to projects managed by the World Bank and the South Centre (an intergovernmental organisation of developing countries) offering technical assistance to developing country officials involved in the current agriculture negotiations. These projects aim to ensure that developing countries are better informed of the issues and are better able to articulate their positions.

5.18 The Department is funding the production of a handbook for developing country policy-makers on Trade and Poverty. This will be used to encourage the integration of trade policy into the analysis underlying the development of Poverty Reduction Strategy Papers (see paragraphs 1.5–1.7 and Box 4c).

Investment, competition and tax

5.19 Increased investment is essential for enhanced economic growth and poverty reduction. International agreements offer the potential for enhancing beneficial investment in developing countries, strengthening their efforts to establish a competitive business environment and control monopoly power, and enabling them to avoid a “race to the bottom” of their tax regimes.

5.20 DFID is working closely with other Government Departments, countries and international agencies to promote the inclusion of a multilateral agreement on investment in the next World Trade Organisation Trade Round. We aim to bring about a set of multilateral rules which encourage investment policies that are open, transparent, non-discriminatory and provide investor protection, whilst reflecting the different stages of development of member countries. The Department complemented this broad, strategic work with two specific investment initiatives. We continued our work with the United Nations Conference on Trade and Development, funding hands-on workshops to prepare developing countries better for negotiating future multilateral and bilateral investment agreements. And, in recognition of our desire to promote greater regional co-operation, we facilitated a workshop in East Africa, which led to a decision

BOX 5a: PROJECTS ON NEW TRADE ISSUES

Over the last year, DFID has begun new bilateral trade-related programmes in Ghana, Russia, Moldova, Ukraine, Zimbabwe and Malawi and has finalised plans for a major new regional initiative in Africa: the Africa Trade and Poverty Programme. Two projects have also been undertaken which aim to build developing countries' capacities in the field of trade and environment. These include a series of workshops, seminars and country case studies which aim to strengthen research and policy-making capacity on trade and environment in developing countries and to identify how developing countries can take advantage of market opportunities in sustainably produced products.

by Kenya, Uganda and Tanzania to create a model investment law and establish a working group to draft a harmonised law on investment. Other DFID activities to encourage pro-poor investment are discussed in Chapters 1 and 7.

5.21 DFID is also working closely with other Government Departments to push for the inclusion of a multilateral agreement on competition policy and law in the next World Trade Organisation Round. Such an agreement should include a requirement for all governments to introduce competition laws, and a commitment to co-operate across competition authorities, whilst reflecting the different stages of development of members. This should be associated with a programme of technical assistance to help developing countries devise their own laws and participate effectively in negotiations. The Department has sought to build a constituency in support of the role of competition policy in pro-poor development through a series of workshops and studies. The Secretary of State chaired a top-level round table in July 2000, after which we circulated an issues paper on the key principles and possible ways forward. A DFID funded workshop in South Africa helped to sensitise African World Trade Organisation members and observers to the importance and challenges of competition policy at the national, regional and international level. Promotion of competition policy will be informed further by the results of a comparative study of competition regimes in seven South Asian and African countries, which commenced this year and is being led by an Indian non-governmental organisation.

BOX 5b: TACKLING DEBT BONDAGE IN NEPAL

On July 17th 2000, the government of Nepal made a historic decision to ban the *kamaiya* system of debt bondage. The declaration followed a long protest by *kamaiya* labourers and a coalition of civil society organisations. With ActionAid, DFID has given support to "Creation of Creative Society", a Nepali non-governmental organisation, which has worked for the past three years with *kamaiyas*.

Life for the newly liberated bonded labourers has not proved easy. Some have been barely affected by the change, while others face homelessness and unemployment. In partnership with the Nepal government, the German Development Agency Gesellschaft für Technische Zusammenarbeit, and the World Food Programme, DFID is supporting a food security programme which will provide employment, skill building, empowerment and organisational support to 7000 of the most vulnerable ex-*kamaiya* families. At the same time, donor agencies, government and non-Governmental organisations are developing initiatives within an overall framework which addresses ex-*kamaiyas*' short and long term needs, and ensures their rights to freedom and basic livelihood security are met.



GIACOMO PIROZZI/PANOS PICTURES

Core Labour Standards – The promotion of decent working conditions for poor people, particularly children is a fundamental part of DFID Policy

5.22 The Department has also worked with Inland Revenue, the Treasury and the Caribbean region on seeking to resolve problems arising from the Organisation of Economic Co-operation and Development's Harmful Tax Competition Initiative, in particular in discussions with it, the Commonwealth Secretariat and at the high-level consultations hosted in January by the Government of Barbados.

Core Labour Standards

5.23 The promotion of secure and sustainable livelihoods, and decent working conditions for poor people, is an important component of our

policy agenda for managing globalisation in ways that support growth, social justice and equity and our strategy for rights based development.

5.24 Building on consultative studies carried out last year, DFID has developed an action plan to promote core labour standards. Priorities are:

- elimination of the worst violations and most abusive working practices;
- enhancing decent working conditions for people whose livelihood comes from outside formal employment;
- promoting core labour standards for poor people working in formal employment.

5.25 Our most urgent work is to address the worst violations – abusive child labour and forced labour (contemporary forms of slavery). We continue to work with civil society, governments and international bodies such as the International Labour Organisation (see paragraph 4.49) and United Nations Children’s Fund (see paragraph 4.43) to eliminate child labour. Tackling forced labour is a new undertaking which needs to be developed. So far support has been provided to reduce trafficking in women and children and to eradicate debt bondage (see Box 5b).

5.26 During the year DFID has worked to build a coherent international policy framework – promoting core labour standards at international meetings such as the follow up to the United Nations World Summit for Social Development and through dialogue with the World Bank and regional financial institutions. This framework is based on the International Labour Organisation’s Declaration of Fundamental Principles and Rights at Work. A new partnership agreement has been discussed with the International Labour Organisation to scale up DFID support for their programmes in eliminating child labour and effectively implementing the Core Labour Standards.

Increasing the effectiveness of development assistance

5.27 Over the past year DFID has continued its efforts to maximise the effectiveness of global development assistance through focusing on systematic poverty reduction in ways that support local ownership and transparency, and eliminate mixed motives and unnecessary administrative burden. We have done so by promoting a more focused allocation, improved harmonisation of donor procedures, support for strengthening of partner government systems to enable an increasing proportion of resources to be channelled through them, and aid untying.

5.28 We contributed to research which has helped to create a growing consensus that development assistance should be targeted on poor countries with large numbers of poor people, particularly governments of these countries which are committed to reform and poverty reduction. Paragraph 23 of the Overview indicates the example being set by DFID programmes. We have continued to encourage the European Community and other bilateral development agencies to adopt the same approach.

5.29 DFID worked hard during 2000/2001 for harmonisation of donor procedures for development assistance in order to reduce the burden on developing country administrations and facilitate more effective international co-operation. In the Development Assistance Committee of the Organisation for Economic Co-operation and Development, DFID is chairing a new working group which will identify best practice donor procedures. In developing countries the Poverty Reduction Strategy Paper process provides an incentive and a framework for better collaboration between different development agencies which is leading to changes in donor practices (see Box 4c).

5.30 We are working with other donor agencies to harmonise specific aspects of the project cycle – for example, with the World Bank and other donors to harmonise assessments of the adequacy of partner government financial management and control systems, and with the Netherlands, Germany and Norway (the other members of the “Utstein” Group) to mount joint evaluations. In a number of countries we are also representing other donors (e.g. Canada in respect of Uganda education) or relying on other development agencies for monitoring (e.g. Canada in parts of Francophone West Africa).

5.31 In most of our main partner countries we are supporting this more collaborative approach at the sectoral level through co-financing well thought out government-led comprehensive sectoral strategies which incorporate all significant donor activities in that sector – the “Sector-Wide Approach” or “sector programme” (see Box 5c for two examples).

5.32 Our long-term objective is to provide our funding through the local budget process. This helps integrate these funds into local priority setting and into administrative and Parliamentary processes and systems of accountability. It ensures that all government funding is linked into a coherent whole. But we can only channel funding through the local budget process where there is a sufficient assurance

of sound financial management and priority setting. We have been helping a number of our partner countries to strengthen their systems (see para 1.8). This has enabled us to provide direct support to the budget in a limited number of countries (e.g. Uganda) and to provide a phased process of transition to direct support as systems have improved in others (e.g. Ghana).

Aid Untying

5.33 Aid tying remains one of the most inefficient aid practices. In 2000/2001 DFID made considerable progress towards ending its use.

5.34 Internationally the Department continues to press for agreement across the Organisation for Economic Co-operation and Development to untie aid to the least developed countries. Resolve was expressed by the G8 at the Okinawa Summit to take this step, but progress remains slow. However, DFID is persevering for early agreement on arrangements to come into force on 1 January 2002.

5.35 Alongside this the Department is working for early and complete European Union-wide unifying of Member States’ bilateral aid, and will press this strongly both with the Commission and with other Member States.

BOX 5c: WORKING THROUGH SECTOR WIDE APPROACHES IN EDUCATION, EXAMPLES FROM MALAWI AND UGANDA

- The Ministry of Education in **Malawi** has produced a Policy Investment Framework within which all investment in education is now set, and has called upon all of Malawi’s main partners to work together to support the aims of the framework. DFID has pledged £63 million over the next five years to help the Ministry to implement this framework. By the end of 2000, almost all investments, whether by Malawi or by its external partners, directly reflected one or more elements of the framework by the end of 2000. DFID’s programme was developed in close dialogue with other partners and the systems may in due course be suitable channels for the funds of other donors.
- In **Uganda**, DFID’s investment of £67 million in the education sector over a five year period (1998–2003) forms a crucial element of our support to the Government’s Poverty Eradication Plan (see Box 7d). Alongside six others, DFID provide financial support which is channelled through a consolidated fund managed by the Government of Uganda. The priority of all allocations from the fund is the achievement and sustainability of almost 100% net primary school enrolment by 2003. Programmes are helping the Government to reduce the primary pupil:teacher ratios, increase primary students’ access to basic learning materials and improve the learning environment for all primary school children.

5.36 In line with the policy of pressing for multilateral untying, DFID set an example by announcing, in the *2000 White Paper* (2) that all UK development assistance will be untied from 1 April 2001. This will increase value for money from our assistance, end any suggestion of mixed motives within the UK development programme and encourage others to follow the UK lead.

Strategic export controls

5.37 Since September 1997 DFID has joined the Foreign and Commonwealth Office and the Ministry of Defence in advising the Department of Trade and Industry on strategic export licensing applications. DFID examines licence applications for strategic exports to poor countries (which account for about 20% of all licences) using agreed UK and European Union criteria. These criteria require consideration as to whether a purchase would seriously hamper the sustainable development of the recipient country, taking into account the recipient's relative levels of military and social expenditure and levels of Official Development Assistance. As a result we have advised the Department for Trade and Industry on several applications on issues of particular relevance to the economies of the developing countries concerned and we are looking to introduce improvements to the approval process to allow us to carry out work more effectively in the future.

Illicit drugs

5.38 DFID's policy towards illicit drugs continues to be guided by our strategy paper of March 1999 *Illicit Drugs and the Development Assistance Programme* (56). This paper emphasises the importance of tackling poverty to address the underlying issues of drugs abuse and supply. Where the supply or abuse of illicit drugs is increasing poverty or obstructing development,

DFID works to strengthen developing country responses and to equip poor people with alternative sustainable livelihoods. In Pakistan, for example, we are working with rural communities and local authorities to consolidate recent eradication of opium poppy cultivation in North West Frontier Province. The Department is also looking at measures to address the growing problem of drug addiction within Pakistan.

Knowledge and research

5.39 During 2000/2001 DFID has continued to place a high value on the role of knowledge and research in achieving the Department's objectives. The *2000 White Paper* (2) restates the importance of knowledge as a weapon in the fight against poverty and emphasises the need for governments and development agencies to invest directly in the production and effective use of new knowledge that will benefit poor people. It also recognises the importance of encouraging private sector investment, particularly in health and agricultural research, and the need for balanced rules on intellectual property if such research is to be encouraged and the results made as accessible as possible. A Commission on Intellectual Property Rights is being put in place to consider these questions, as proposed in the *2000 White Paper* (2).

5.40 In 1999/2000, DFID committed £61 million to new programmes where knowledge was seen as fundamental to the design of the project – up from £44million in 1998/1999. Research and knowledge are a significant or principal objective for over a quarter of the total number of DFID bilateral programmes. DFID also allocates significant resources to the international research effort on development through, for instance, the Consultative Group on International Agricultural Research¹ and the European Community's Fifth Framework Programme².

¹ Consultative Group on International Agriculture Research – www.cgiar.org
² www.dfid.gov.uk/public/working/eu5.html

5.41 During 2000, DFID launched a new scheme to provide long term flexible funding to six theme based Development Research Centres (see Box 1a). Apart from facilitating more sustained research efforts by teams working on areas relevant to DFID objectives, they also allow more effective collaboration with, and building of capacity in, developing country partner institutions. A similar initiative has been started to fund long term research on health. The Prime Minister also announced a doubling to £100 million per annum of our funding on the development of new treatments for diseases, including malaria (see chapter 2 for more on work DFID is undertaking to combat diseases).

5.42 Increasing resources are now directed to the communication or sharing of knowledge, particularly utilising the power of the internet. New initiatives in 2000 included:

- Establishment of *Livelihoods Connect*³ as a knowledge network on sustainable livelihoods;
- A collaboration with the science journal *Nature* to initiate an interactive, internet-based, science for development network;⁴
- Hosting an International Workshop in London on Science Communication as a follow up to the 1999 World Science Conference in Budapest;⁵
- Publication of a Research Guide, also available on the Internet;⁶
- An electronic consultation, in partnership with OneWorld, about information and communications technologies as a preparatory exercise for the *2000 White Paper* (2).

Working with other Government Departments

5.43 During the past year, DFID has continued to work closely with other Government Depart-

ments. Inter-Departmental links are becoming ever more important in pursuing greater coherence in development issues. Details of this collaboration are provided in the relevant sections of this Report (e.g. working with the Department of Trade and Industry on trade issues in paragraphs 5.5–5.7, with the Ministry of Defence and Foreign and Commonwealth Office on conflict prevention in paragraphs 5.26 and 6.3–6.5, with Her Majesty's Treasury on debt in paragraphs 1.20–1.28 and with the Department for the Environment, Transport and the Regions on environment issues in paragraph 3.20).

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

5.45 The Group met twice in the financial year 2000/2001 and worked towards achieving policy coherence across Departments on: the preparation and implementation of the *2000 White Paper* (2); climate change; global public goods in health; and work to combat corruption. The Group also provides a focus for formal and informal cross-Departmental official-level working groups which cover a diverse range of issues. There was, for example, extensive collaborative work undertaken between officials from different Departments on the *2000 White Paper* (2).

³ www.livelihoods.org

⁴ www.scidev.net

⁵ Report at www.dfid.gov.uk/public/working/dfidunesco_report.html

⁶ www.dfid.gov.uk/public/working/research_guide.html

BOX 5d: THE ETHICAL TRADING INITIATIVE

The Ethical Trading Initiative is a tripartite alliance of business, trade unions and non-governmental organisations funded largely by DFID. The three groups work together to promote and monitor the International Labour Organisation code of conduct to improve the working conditions and environment for workers in the overseas supply chains of member retailers (whose turnover exceeds £60 million per annum). The Ethical Trading Initiative also works to influence other companies to adopt similar policies, thus strengthening the ethical trading movement.

Working with the Private Sector

5.46 International business activity is the main driver behind the accelerating openness and integration of the world's economy. The impact of increased trade and investment has been mixed in developing countries. For this reason, international companies are being called upon to consider the wider impact of their operations in such countries. This requires going beyond simply obeying local laws and regulations; it demands a careful consideration of the social, environmental and economic aspects of commercial ventures. To further one aspect of these considerations, in May 2000 DFID co-hosted a major international conference looking into the role business plays in conflict and conflict prevention in developing countries. DFID is also supporting work with the business community to establish and learn lessons from projects aimed at maximising the potential positive impact of commercial activities. In doing so, we are building on the business community's increased recognition of the importance of these issues. Linked to this, DFID is supporting the Export Credit Guarantee Department as it sets up new Business Principles which aim to ensure companies applying for Export Credits take into account environmental,

human rights and labour standards issues in projects they take on in developing countries.

5.47 A new Private Sector Policy Department has been established within DFID to build and expand upon the earlier work of the Business Partnerships Department in this area. In addition to promoting responsible business behaviour, we are looking at ways to improve the enabling environment for commercial investment in developing countries and to influence the operation of the overseas financial sector.

5.48 The Department supports a number of international initiatives, including the Organisation for Economic Co-operation and Development Guidelines on Multinational Enterprises, the United Nations Global Compact and the World Bank's Business Partners for Development programme. These initiatives seek to encourage business leaders to work with governments and civil society to create and enact business principles that take due account of human rights, labour conditions and environmental issues. We have, in addition, continued our support for the Ethical Trading Initiative (see box 5d).

BOX 5e: BUSINESS LINKAGES CHALLENGE FUND

The £17million Business Linkages Challenge Fund was launched in January 2001 in Southern Africa and the UK – and will be rolled out to Central Africa, South Asia and the Caribbean in due course. The Fund will encourage and support linkages between enterprises in developing countries and domestic and/or international partners. It will help small, medium and large companies in developing countries to capitalise on the opportunities created by globalisation and economic growth through, for example; improving access to information, suppliers, partners and markets; enhancing skill and technical capabilities; and mobilising resources. The Fund will support a wide range of inter-enterprise linkages, such as:-

- Cost and risk-sharing (e.g. investment in new suppliers and/or distribution partners)
- Capacity building (e.g. training programmes for local contractors, development of certification processes)
- Access to information (e.g. databases of local enterprises, importing regimes, potential joint-venture partners)
- Initiatives to promote regulatory reform (e.g. stream-lining customs procedures)

5.49 DFID has also developed Challenge Funds as competitive and transparent mechanisms for working with business. The Tourism Challenge Fund encourages the piloting of new, private-sector led tourism initiatives which benefit poor people in destination countries. The Business Linkages Challenge Fund (see Box 5e) supports the formation of inter-firm linkages, where such linkages would enhance competitiveness and yield benefits for the poor. The projects supported by the Fund will generate more viable business units through enhancing information flows, knowledge transfer, market access, co-operation and flexibility in supply and sourcing.

CDC Capital Partners

5.50 In March 2000 the Commonwealth Development Corporation was rebranded as CDC Capital Partners. This followed the transformation of the Commonwealth Development Corporation in December 1999 from a statutory corporation into a public limited company, registered as CDC Group plc. For the time being the Corporation remains wholly Government-owned, with effectively all the shares held by the Secretary of State along with a special share. DFID is working to prepare CDC Capital Partners for Public/Private Partnership. The purpose of this is to enable them to perform a more effective role in mobilising funds for investment in developing countries. This will be a long term partnership between Government and the private sector. The next key step will be when the Corporation acquires a final capital structure similar to that of other public limited companies next financial year.

Working with civil society

5.51 Civil society has an important role to play in supporting the elimination of poverty in a globalising world. Its voice takes many forms: non-governmental organisations, trade unions, faith, environmental, consumer and community groups. When its message is clear and is based on strong evidence and common vision, civil society's voice can be a force for sustainable

change at local, national and international levels. For example:

- some of the world's largest international non-governmental organisations now have incomes larger than some bilateral donors, are active in more countries, and are as influential in their ability to command public and political attention and to bring about change – (e.g. the global ban on landmines)
- local church groups in Africa played a significant role in the Jubilee 2000 campaign to reduce developing world debt.
- the *Voices of the Poor* report (78) on the views of 60,000 poor people in 60 countries showed that poor people see their churches, temples and mosques as the organisations which help them most and represent them best.

5.52 In light of the changes in the international system, DFID has built a new agenda for work with civil society based on:

- building capacity of civil society in the South, not just to deliver stand-alone basic services but capacity for putting poor people at the centre of the development process;
- evidence based lobbying and advocacy work;
- building public awareness and understanding, in both the developed and the developing world of global issues and new approaches to international development.

5.53 Two new funding mechanisms have been established to encourage partners to work towards this new agenda: the Civil Society Challenge Fund and Partnership Programme Agreements (see box 5f).

5.54 In May 2000 DFID hosted a successful international conference in Glasgow on strengthening engagement with civil society attended by 80 representatives from all the major multilateral and bilateral donor agencies and some key actors

BOX 5f: CIVIL SOCIETY CHALLENGE FUND AND PARTNERSHIP PROGRAMME AGREEMENTS

Through **Partnership Programme Agreements**, DFID aims to strengthen and deepen its strategic relationship with key development actors in British civil society, with the aim of collectively making more impact on the International Development Targets. DFID is negotiating 11 such agreements in the financial year 2000/2001, including Save the Children (UK), Oxfam, ActionAid and Voluntary Service Overseas. These Agreements will be worth £150 million over the next three years. There are plans to extend agreements to other major civil society players in the UK in the coming years. This responds to the need for a long-term approach to development and building necessary partnerships.

The Civil Society Challenge Fund, which is open to any non-profit making organisation or network, was successfully launched in 2000. The Fund supports initiatives which will strengthen the voice of poor people within their communities and boost their role in policy making locally, regionally, nationally and internationally. In 2000, £4.1 million was allocated to support 100 initiatives. Examples include a grant to Homeless International to support slum dwellers in East Africa so that they can negotiate for improved services from municipal authorities. With One World Action we are working with women in Export Processing Zones and in domestic service in Nicaragua to campaign for their employment rights.

in both developed and developing countries' civil society. DFID is working with the World Bank, International Monetary Fund and overseas governments to encourage the participation of civil society in the development and implementation of national poverty reduction strategies (see Box 4c).

5.55 In 1999/2000 £195 million was provided to UK civil society groups. £32 million of this was channelled through the Joint Funding Scheme which supported 1480 projects. £28 million was provided to five volunteer sending agencies and helped to send over 2700 volunteers all over the world. The balance was provided through our Conflict and Humanitarian Affairs Department, advisory departments and country programmes. Box 5g provides details of allocations to different agencies under our major civil society funding schemes in 2000/2001.

BOX 5g: ALLOCATIONS IN 2000/2001 UNDER THE CIVIL SOCIETY CHALLENGE FUND, PARTNERSHIP PROGRAMME AGREEMENTS, THE JOINT FUNDING SCHEME AND VOLUNTEER PROGRAMMES.

	£million
1. Civil Society Challenge Fund	4.1
2. Partnership Programme Agreement	1.5
3. Joint Funding Scheme	
Oxfam	5.6
Save the Children (UK)	4.8
Christian Aid	3.1
Worldwide Fund for Nature	2.3
Catholic Fund for Overseas Development	2.0
Competitive Joint Funding Scheme	14.5
Total Joint Funding Scheme	32.3
4. Volunteer Programme	
Voluntary Service Overseas	22.5
International Co-operation for Development	2.0
Skillshare Africa	1.6
British Expatriate Service Overseas	1.3
United Nations Association International Service	1.0
Total Volunteer Programme	28.4
5. Total all Programmes	66.3



UK civil society has a significant contribution to make to DFID's strategic objectives: Voluntary Service Overseas volunteer at work, Kenya.

Chapter 6

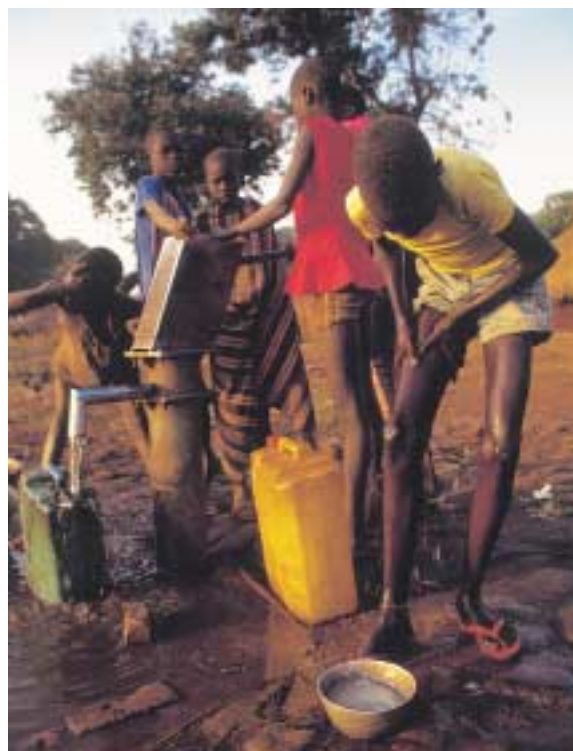
Conflicts and emergencies

6.1 Conflicts and natural disasters continue to be major blocks on development. Following the publication of DFID's policy on *Conflict Reduction and Humanitarian Assistance* (53) in 1999, this Chapter describes our efforts to reduce the impact of crises, with a particular emphasis on prevention and reduction of the future vulnerability of the poorest.

Reducing conflict

6.2 The effect of conflict upon development is catastrophic. Civilians rather than soldiers are the main victims, with wars are increasingly taking place within states rather than between them. Twenty of the poorest countries in the world are either involved in violent conflict or have recently emerged from it. Conflict particularly affects those countries that are the richest in mineral resources such as Angola, Sierra Leone, Sudan and the Congo. To address these problems, we and other donors have to recognise that development and security are inseparable. As Kofi Annan has said, 'The prevention of conflict begins and ends with the promotion of human security and human development'.

6.3 A key objective for DFID is to improve the effectiveness of our work on conflict prevention and reduction, thereby reducing the number of people whose lives are affected by violent conflict as well as reducing potential sources of future conflict. The successful delivery of this strategy depends upon governments, international bodies, civil society groups, the private sector and others co-operating closely. We need to work together in the design and delivery of coherent, complementary policies and interventions in order to defuse tensions, reduce violence, tackle the factors that underlie armed



CRISPIN HUGHES/PANOS PICTURES

DFID provide services in countries where volatile situations prevent governments successfully delivering them: water pump, Sudan.

conflict and build governments and institutions capable of sustaining peaceful and democratic societies.

6.4 Where the UK can make a significant contribution, DFID, the Foreign and Commonwealth Office and the Ministry of Defence are working in partnership with others to:

- strengthen international and regional systems and capacity for conflict prevention, early warning, crisis management, conflict resolution/peace making, peace keeping and peace building;
- contribute to global and regional conflict prevention initiatives such as curbing the proliferation of small arms and the diversion of resources to finance conflict;
- promote initiatives in selected countries, including indigenous capacity building, to help avert conflict, reduce violence and build sustainable security and peace.

6.5 The crises in Kosovo, East Timor, and Sierra Leone and the reviews of previous operations in Rwanda and Srebrenica have highlighted the weaknesses of the international system in effective conflict management. These were brought out clearly in the 2000 Report by the Panel on UN Peace Operations (the “Brahimi” Report) whose recommendations deserve speedy implementation. Meanwhile to improve the coherence and effectiveness of the UN’s performance in conflict prevention and mitigation, DFID has agreed a major programme of support including:

- assisting in the establishment of a peace building unit in the Department of Political Affairs;
- training for UN staff in early warning and preventative action;
- briefing programmes for UN special envoys and representatives;
- setting up a Conflict Prevention and Peace Forum to give the UN access to independent expertise in conflict management and prevention;
- developing a web-based information system for UN staff on conflict prevention.

6.6 A major challenge for developing countries is to define and meet their legitimate defence requirements in a way that they can afford. The issue of appropriate military expenditure was thus central to a keynote international conference on Security Sector Reform held in London in February 2000. Recognising that the proliferation of small arms and light weapons are a major cause of conflict, we have helped Saferworld to launch a new global programme of awareness raising and training. In order to improve our analysis of the impact of conflict on development programmes, we have been developing conflict impact assessments through field studies in selected countries such as Sri Lanka, Nepal, and Kyrgyzstan. (For information on work undertaken in the area of arms licences see paragraph 5.37)

6.7 Despite the processes of international humanitarian and human rights law, those engaged in conflict continue to violate the human rights of civilians, both adults and children. In the past year we have worked closely with the United Nations Office of the High Commissioner for Human Rights in order to strengthen its capacity to develop and manage field programmes and operations, and to mainstream human rights (including economic, social and cultural rights) across the work of the United Nations system.

6.8 We are supporting the World Bank’s aim to strengthen its work on conflict management issues, by collaborating with the Bank’s Post Conflict Unit and Disaster Management Facility. In particular, we are encouraging more intensive efforts by the World Bank on promoting the reform of the security sector including the introduction of greater transparency in defence expenditure (see paragraphs 4.8–4.13 for more).

6.9 Promoting peace and stability in the world is a key element of British foreign and development policy. A key development in the



CLIVE SHIRLEY/PANOS PICTURES

DFID is working in Bosnia on programmes to help rebuild after the destruction of war.

past year has been the cross-cutting reviews on conflict prevention. These have involved the Foreign and Commonwealth Office, DFID and the Ministry of Defence, in association with the Cabinet Office and HM Treasury. These recommended ways in which Government Departments could improve the UK's contribution to peace keeping, conflict prevention and management by working more closely together. Two sub-committees of the Cabinet Committee on Defence and Overseas Policy have been established as a result, one for Africa and one for the rest of the world not in the North Atlantic Treaty Organisation. The Africa sub-committee, chaired by the Secretary of State for International Development, is producing a joint strategy to facilitate collective decision-making and improve the effectiveness, impact and efficiency of Britain's contribution to peacekeeping, conflict prevention and management which will be published. Two joint funding pools have been established for sub-Saharan Africa and the rest of the world not in the North Atlantic Treaty Organisation, harnessing the resources that each Department currently devotes to conflict prevention in these regions, together with additional resources from Treasury. The new arrangements come into effect in April 2001.

6.10 Forecast peacekeeping and other operations will be funded at the time of Main Estimates each year in accordance with collectively agreed forecasts of expenditure. Unforeseen and unavoidable pressures arising in year will be met in the first instance from any available resources within the pooled budgets; if these are insufficient, there will be a presumption of access to the Departmental Expenditure Limit's Reserve. In the event of an underspend on peacekeeping, it has been agreed that up to 10% of the resources allocated to it can be spent on programmes instead. Future backward-looking Departmental Reports will assess progress.

Humanitarian action

6.11 The aims of DFID's humanitarian assistance are to:

- help improve the quality and speed of humanitarian response in order to save lives, relieve suffering, and protect livelihoods;
- promote effective recovery through appropriate transition from emergency assistance to rehabilitation and reconstruction;
- assist disaster-prone countries to reduce vulnerability and better manage natural, environmental and industrial risks;
- encourage the strengthening of international systems for dealing with humanitarian crises.

6.12 DFID responded to a number of disasters, in 2000/2001. Our response to the Indian earthquake is outlined in Box 6a. We also funded a major package of winter relief to Serbia, as well as assistance for refugees in West Africa, and victims of the conflict in Sudan, Afghanistan, Indonesia and the Middle East. We brought to a successful conclusion our major emergency pro-



DFID allocated £10 million to support the emergency relief effort in Gujarat – Indian earthquake victim carries what remains of his belongings upon his shoulders.

BRYN EVANS/PANOS PICTURES

BOX 6a: INDIA EARTHQUAKE

DFID's response to the earthquake in Gujarat was rapid and built on the lessons from recent similar disasters. Our objectives were to:

- maximise lives saved through search and rescue operations;
- sustain the well-being of survivors through helping to meet basic needs;
- facilitate and strengthen, where possible, the organisation and management of relief efforts through international agencies and state authorities;
- encourage transition to recovery through early restoration of livelihoods and planning for physical rehabilitation taking on board lessons for future vulnerability reduction.

Within 24 hours of the disaster striking, we had deployed a UK Search and Rescue team of 69 personnel. In addition we supported the Russian Ministry of Emergencies for the provision of 75 Search and Rescue personnel. Together they rescued some 25 people. We arranged for the transport of numerous relief items including tents, other shelter items, medical supplies and blankets to the region. We deployed a DFID humanitarian assessment team to Ahmedabad to liaise with the Indian authorities and operational humanitarian agencies and assist with the co-ordination of the immediate relief effort.

DFID has allocated a total of £10 million to support the emergency relief effort, without reducing our spending in other parts of India. Our priority has been to ensure that those who have survived the earthquake are cared for until normal services can be restored. DFID assistance for the provision of essential relief items has been channelled through operational agencies, including the Red Cross, United Nations Children's Fund, World Food Programme, World Health Organization, and a number of operational non-governmental Organisations (including Care International, Save the Children, Christian Aid, Oxfam).

grammes in Kosovo and East Timor. We have expanded the Emergency Response Team of our Conflict and Humanitarian Affairs Department in order to enable DFID to respond to several simultaneous emergencies, provide technical expertise to UN agencies, and to forge stronger partnerships with humanitarian agencies of the UN and Red Cross/Red Crescent systems. Box 6.b shows the top ten recipient countries of DFID humanitarian assistance in 1999/2000.

6.13 Disasters are a major impediment to development and we are therefore increasing disaster reduction efforts including through the disaster reduction programmes of international and regional organisations and networks. One of the causes of greater human suffering as a result of natural disasters is that more people are living on marginal land and therefore larger numbers are more vulnerable. DFID is also working to improve its understanding of the possible impact of climate change on developing countries, in order to help poorer countries take account of the effects of global warming in their development planning in order to reduce their future vulnerability.

BOX 6b: DFID HUMANITARIAN ASSISTANCE 1999/2000: TOP TEN RECIPIENT COUNTRIES (CONTRIBUTIONS IN £ MILLION)

States of ex-Yugoslavia ¹	81
Balkan Regional ²	16
Albania ²	15
Mozambique	12
East Timor	7
Iraq ³	7
Afghanistan ³	5
Montserrat ⁴	4
India	4
Russian Federation	3

¹ Includes humanitarian assistance to all the successor states of ex-Yugoslavia

² Exceptional expenditure in relation to the Kosovo crisis which affected refugees in neighbouring countries.

³ There is no UK aid to the government of Iraq. The amounts recorded as flows to these countries are emergency aid provided through UN agencies and non-governmental organisations directly to people with humanitarian needs

⁴ Forms part of the total bilateral programme allocation to Montserrat.

6.14 We continue to be heavily involved with humanitarian mine action, spending £10 million on clearance in countries such as Cambodia, Afghanistan and Mozambique, and £8.6 million on a one off initiative in Kosovo. This includes developing indigenous capacity where longer term programmes are necessary, including land-mines awareness. We are also providing funding

for the development, testing and field trials of suitable technologies. We continue to promote strengthened collaboration within the international mine action community especially through the United Nations Mines Action Service, encouraging other countries to accede to the Landmine Ban Treaty and helping them to meet their consequent obligations.

6.15 In order to provide an effective response, humanitarian agencies must be sensitive to the rights and needs of people directly affected by emergencies. DFID support for the Humanitarian Accountability Initiative of non-governmental organisations continues with the aim of ensuring that the concerns of people affected by conflict and disaster are better heard and acted upon by the agencies.

6.16 Civilian humanitarian workers continue to be targeted as illustrated by the deaths in West Timor, Guinea, Burundi and Chechnya. While recognising that humanitarian assistance often means working in dangerous environments, more can be done to reduce risks through better preparation and training, co-ordinated protection efforts, and investment in contingency measures. DFID has initiated a global programme to facilitate better equipment and training for humanitarian agencies and will be urging the expansion of the capacity of the Office of the United Nations Security Co-ordinator.

6.17 DFID has established strong partnerships with the humanitarian agencies of the United Nations and Red Cross/Red Crescent systems. Reviews carried out over the past year indicate better performance, although improving inter-agency co-ordination remains a challenge. A new partnership agreement was made with the World Food Programme, and an *Interim Strategy Paper* (34) was published as a framework for future co-operation with the newly appointed UN High Commissioner for Refugees. We are working to enhance the UN Development Programme's emergency response capacity



CLIVE SHIRLEY/PANOS PICTURES

Refugee camp, Sierra Leone: DFID published an interim strategy paper as a basis for the future co-operation with the newly appointed UN High Commissioner for Refugees.

focused on helping to improve disaster preparedness in vulnerable countries, and to hasten the transition from crisis to recovery and rehabilitation. We also support a number of capacity-building measures which are aimed at developing United Nations Children's Fund's ability to address emergencies, focusing particularly on the issues of children caught up in situations of armed conflict (see paragraph 4.44).

6.18 The European Commission's Humanitarian Aid Office is the world's largest donor of humanitarian assistance. Along with other member states, we are working together to identify ways to increase the speed and efficiency of this Office's operations. The Commission is also considering how to improve the link between its short term emergency and longer term development programmes: the bilateral rehabilitation and recovery programmes of member states may have a role that will be explored further.

Building development partnerships with poorer countries

7.1 This chapter sets out the development challenges faced by the developing and transitional countries in which DFID works, and how DFID is helping partner countries meet these challenges in order to achieve the International Development Targets.

7.2 The planning figures for our bilateral programmes are shown in Annex I. They show a significant increase over the period with country programmes in 2003/2004 expected to be almost twice that of 1996/1997 in cash terms, and nearly 50% higher in real terms. The changing regional balance of expenditure is summarised in Box 7a. Actual outturn may vary from plans. Country situations will change and our plans will need to be adjusted accordingly. Where we see good opportunities we will seek to take them and where performance falls short we will be ready to pull back. Our overall aim is to ensure, so far as we

can, that we are supporting those who genuinely want to reduce poverty and have credible plans for doing so. The Overview comments on major changes from previous plans.

Africa

The challenge

7.3 The problems faced by Africa are well documented and remain daunting. 46% of the population in sub-Saharan Africa live on less than \$1 a day. Box 7b shows the lack of progress towards the International Development Targets in Africa and illustrates the extent of the challenge. Declining terms of trade, high oil prices and sluggish demand have meant that economic growth in sub-Saharan Africa in 1999 was less than half of the 7% needed to attain the International Development Targets. Most African countries have experienced serious external shocks, sharply rising oil prices and declining commodity prices during 2000. Deteriorating external conditions are damaging growth prospects and raising the cost of key items consumed by the poor, such as transport and fuel. Violent conflict is also a major barrier to development in Africa. Preventing, resolving and managing conflicts is essential for the achievement of the Targets. Moreover, many African governments display considerable weaknesses in governance, with a reluctance or inability to deal with endemic corruption and a lack of sufficient accountability to electorates.

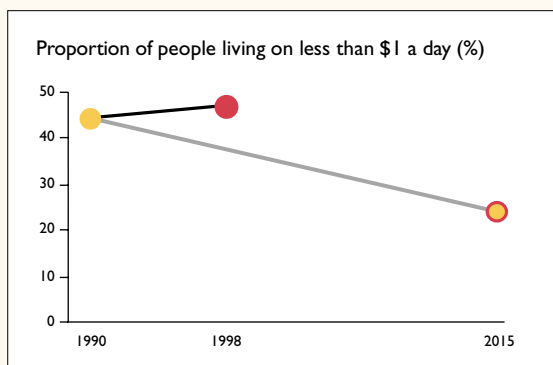
BOX 7a: THE REGIONAL BALANCE OF EXPENDITURE¹

	1996/1997 (actual)		2003/2004 (planned)		
	£ million	%	£ million	£ million	%
			(including 10% estimating adjustment)	1996/97 prices (excluding 10% estimating adjustment)	
Africa	300	41	687	521	48
Asia and Pacific	282	39	587	444	41
Eastern Europe/Central Asia	89	12	74	56	5
Western Hemisphere	35	5	45	34	3
Overseas Territories	26	3	29	22	2
Total	731		1,422	1,077	

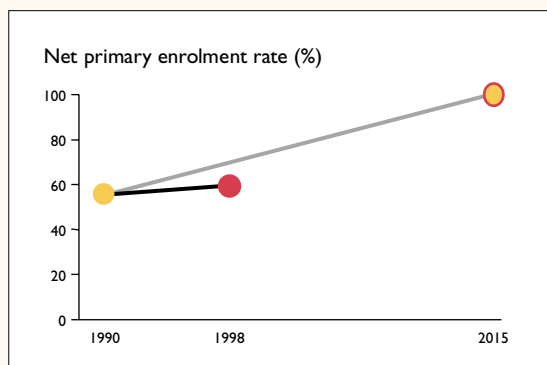
¹ Totals may not sum due to rounding.

BOX 7b: PROGRESS TOWARDS THE INTERNATIONAL DEVELOPMENT TARGETS IN SUB-SAHARAN AFRICA

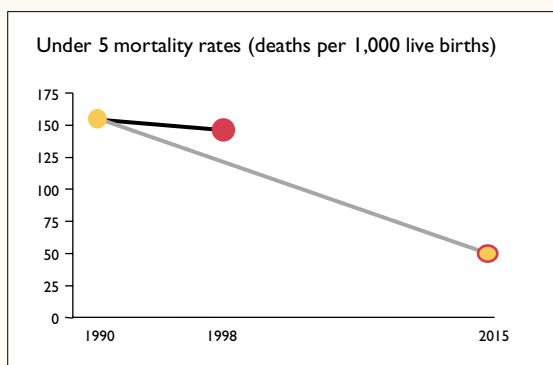
Target: to reduce the proportion of people living in poverty by half between 1990 and 2015



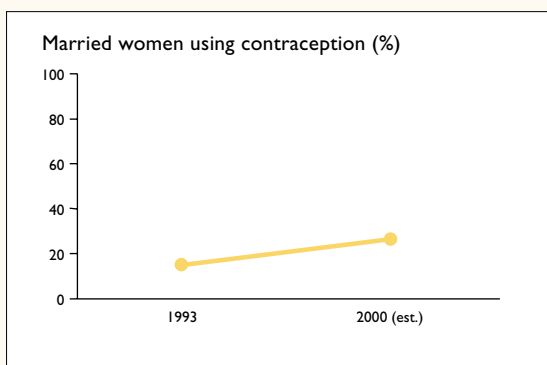
Target: to enrol all children in primary school by 2015



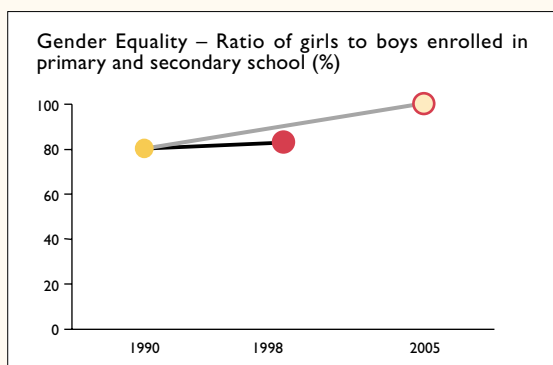
Target: to reduce child mortality rates by two-thirds by 2015



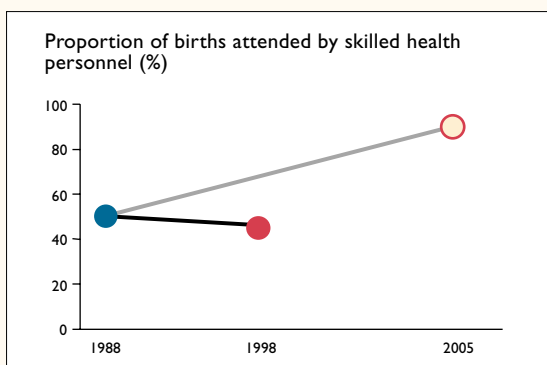
Target: to provide access for all who need reproductive health services by 2015



Target: make progress towards gender-equality and empowering women by eliminating gender disparities in primary and secondary education by 2015



Target: to reduce maternal mortality ratios by three-quarters between 1990 and 2015¹



KEY: 1988 ● 1990 ● 1998 ● 2005 ● 2015 ●
Progress to date — Rate of progress needed to meet targets —

¹ In the absence of good data for maternal mortality, births attended by skilled health personnel is a widely used proxy for measurement of this target.

7.4 Africa also bears the heaviest disease burden in the world, hampering economic progress and poverty reduction. A decade ago, HIV/AIDS was regarded primarily as a serious health crisis. Today, it is clear that AIDS is also a development crisis. The huge foreign debt burden faced by many African countries (\$231 billion in 1999, accounting for 76% of Gross National Product) is also a serious barrier to tackling poverty. Debt relief will help ensure that governments have the finance to spend on improving access to basic health, education, water, and sanitation, and also help improve investor confidence and create the conditions for faster growth.

DFID's response

7.5 Achieving the International Development Targets will depend primarily on actions taken by African governments. Developed country governments must complement this by promoting equitable trade rules and focusing debt relief and higher levels of development assistance on those African governments committed to poverty reduction. The domestic and foreign private sector must also be encouraged to increase investment.

7.6 The Department has continued to work this year to increase collaboration across the development community in order to improve the effectiveness and reduce the administrative burden of differing aid delivery procedures on developing country governments. Both the enhanced Heavily Indebted Poor Countries initiative (see paragraphs 1.20 – 1.28) and the Poverty Reduction Strategy process (see Box 4c and 7d) offer a more efficient and co-ordinated way of working towards the International Development Targets for both donors and partner governments. Through the Strategic Partnership with Africa, which is a mechanism for engaging with other donors in policy dialogue and co-ordination of procedures, DFID has continued to work with the World Bank, the European Commission, the International Monetary Fund and the African Development

Bank to integrate debt relief and our other aid to governments into these Poverty Reduction Strategies. Assistance has been provided in support of partner-led comprehensive pro-poor sectoral strategies (sector-wide approach) wherever possible (see Box 5c for examples). As progress is made by partner governments in strengthening their financial management and control systems the Department has channelled more resources through these systems. DFID also works closely with the private sector and civil society organisations. The Africa Policy and Performance Fund provides a pool of resources to support reforms which will achieve more rapid poverty reduction (see Overview paragraphs 25–26 and 29). This year, the Department has explored partnerships with some regional institutions and has established co-operation with the UN Economic Commission for Africa. Some of its key achievements in collaboration with others in Africa are shown in Box 7c.

7.7 There are opportunities for change emerging in a number of countries. Growing international awareness of the challenges that Africa faces led world leaders to discuss these issues on a number of occasions in 2000; at the EU-Africa summit, the G8 Okinawa summit and the UN Millennium Summit amongst others. A number of ideas for a closer partnership between Africa and the UK are being discussed in response to pledges made at the UN Millennium Summit by the Prime Minister, including proposals from African leaders. The Government intends this new partnership to promote the development and implementation of an African-led reform agenda, and the wider dissemination of best practice in development.

7.8 Action is also needed at the international level to create the conditions which will allow African countries to participate more strongly in the global economy. While Africa has 10% of the world's population, its exports account for less than 2% of world trade. In line with the 2000 *White Paper* (2) commitments on trade, DFID

BOX 7c: SOME ACHIEVEMENTS OF 2000; WORKING IN COLLABORATION WITH OTHER PARTNERS

- In **Mozambique** DFID is one of seven donors which has committed to providing direct financial assistance to the Government's budget to support the priorities laid down in the Poverty Reduction Strategy Papers, while engaging in systematic dialogue to review medium-term expenditure reviews, the annual budget and overall progress in implementation of the Papers. This dialogue seeks to encourage better management of, and greater transparency in, government financial accounting.
- In **East Africa**, DFID launched a £15 million Financial Deepening Challenge Fund to co-fund joint initiatives from financial institutions in developing countries and the UK to develop financial services which are accessible to the poor (see chapter 1).
- In **Tanzania** a new multi-donor facility, the Poverty Reduction Budget Support Facility, has been established with DFID funding to provide a source of budget support to finance poverty-focused government expenditure more directly.
- The Africa Policy and Performance Fund was used to support reform in Kenya and Zambia (see Overview, paragraph 29).
- in **Kenya**, DFID is working in partnership with local non-Governmental organisations to develop agricultural extension services and community-based animal health services, which in 2000 were scaled up to have an impact at the national level. Together with Oxfam, we also worked to give pastoralists a greater say in policies that affect their livelihoods.
- with the **South African Development Community**, DFID is supporting implementation of an Integrated Water Resources Development and Management plan, providing advice on the strategic management of the process in this water-stressed region.
- DFID began a major new engagement in **Nigeria**, after the democratic elections, to put Nigeria onto the path of sustained economic development, poverty reduction and governance reform. A new DFID office has been opened in Abuja. Our new strategy will support the drive for reform at central and regional levels, with particular emphasis on poverty reduction and the fight against HIV/AIDS. We have also commenced a multi-donor effort to improve economic management.

has launched a new Africa Trade and Poverty initiative in sub-Saharan Africa. This aims to build capacity in countries to formulate and negotiate inclusive and pro-poor trade reform policies. The programme will strengthen the ability of African countries to negotiate effectively with international bodies such as the European Union and World Trade Organisation (see paragraphs 5.6–5.14).

7.9 By the end of 2000, 18 African countries had reached their Heavily Indebted Poor Country Initiative (HIPC) "Decision Points". Debt relief worth £14.6 billion (or £25 billion in nominal terms) was agreed under the HIPC framework; this and other relief will reduce these countries' debts by around two-thirds. Four countries have had their full Poverty Reduction Strategy Paper accepted – Uganda,



GIACOMO PIROZZI/PANOS PICTURES

Building training course for young men in Rwanda – DFID is working to increase the involvement of the poor in the development of their country.

BOX 7d: THE POVERTY REDUCTION STRATEGY PROCESS IN UGANDA

In September 2000, Uganda reached HIPC completion point. Their Poverty Eradication Action Plan (which has been accepted as a Poverty Reduction Strategy Paper by the World Bank) is an excellent example of a framework with broad ownership in Government and civil society, which incorporates economic, social, environmental and governance issues. In support of the development and implementation of the Action Plan, DFID have supported:

- technical assistance with analysis and building capacity in Government for poverty analysis and monitoring implementation
- a civil society led consultation
- integration of priorities and principles from the Action Plan into the budget process
- with the World Bank, budget support to implement the Action Plan and address key public expenditure management reforms and developments in the sectors of health, rural development and legal sector reform
- technical assistance to implement the Action Plan and support priority reform initiatives in Government and strengthen the private sector and civil society
- efforts to encourage other donors to subsume their strategies Action Plan framework and move towards budget support for its implementation.



NEIL COOPER/PANOS PICTURES

DFID supports the empowerment of African women and their equal status and access to opportunities in society: mothers learning physiotherapy in Malawi.

Burkina Faso, Tanzania and Mauritania and are on track to complete the HIPC process and receive their debt relief irrevocably. The savings derived by individual countries vary, but initial information shows that debt service payments are cut by around a third.

7.10 DFID has been helping a number of African countries to produce strong Poverty Reduction Strategy Papers. This help has included providing technical assistance to increase the analytical capacity of staff in Rwanda, providing finance and policy advice for improving national data collection capacity in Tanzania, Ghana and Nigeria, and supporting participatory processes in Kenya, Rwanda and Uganda (see Box 7d).

7.11 Reducing or preventing conflict is an essential prerequisite for poverty elimination. While some African countries have begun to make economic and political progress in recent years, in the 21 countries in sub-Saharan Africa currently affected by conflict progress remains threatened and undermined.

7.12 DFID continues to provide direct support to conflict prevention programmes and in 2000/2001 worked in 13 African countries. A major share of our financial contribution to conflict prevention in 2000/2001 went to Sierra Leone (see Box 7e). Support for conflict prevention and peace-building is also provided at regional and international levels and through contributions to multilateral donor agencies, including the UN. Some key milestones of our work this year with countries affected by conflict is shown in Box 7f.

7.13 In April 2001 a Government sub-committee on conflict prevention in sub-Saharan Africa chaired by the Secretary of State for International Development was established to develop a joined-up UK policy position towards African conflicts (see Chapter 6). A Joint Pool was also established for sub-Saharan Africa, bringing together both the resources that each Department currently devotes to conflict prevention in the region and additional resources from HM Treasury.

BOX 7e: CONFLICT PREVENTION IN SIERRA LEONE

Since the renewal of hostilities in May 2000, DFID has worked closely with the Foreign and Commonwealth Office and UK Ministry of Defence to help overcome the legacy of long-term conflict affecting Sierra Leone.

The Ministry of Defence has trained soldiers of the Sierra Leone army and provided essential equipment and military advice. We have provided £13 million of support for the Sierra Leone police, who have been successful in maintaining security in the capital, Freetown, and continued the long term support for the Sierra Leone Ministry of Defence, which will among other things ensure civilian control of the armed forces. The conflict has led to half a million refugees seeking refuge in neighbouring countries, and a similar number being displaced within Sierra Leone itself. DFID has channelled assistance through UN agencies such as the Office of the UN High Commissioner for Refugees, and international non Governmental organisations and their local partners to meet the ongoing humanitarian needs of the refugees.

BOX 7f – KEY MILESTONES AND ACHIEVEMENTS IN WORKING IN AFRICAN COUNTRIES AFFECTED BY CONFLICT IN 2000/2001

- DFID's programmes in **Rwanda** focus on monitoring of the Memorandum of Understanding between the UK and Rwanda and support for the Poverty Reduction Strategy Paper, and aim to create the environment for national reconciliation. DFID is encouraging a similar approach from other development agencies.
- **Angola** – DFID has supported a conflict radio "soap" to complement humanitarian aid and a non-governmental organisation urban poverty programme. With the Foreign and Commonwealth Office we have also commissioned a consultancy review on civil society's contribution to peace;
- **Democratic Republic of Congo** – DFID has supported the office of the international facilitator for the internal national dialogue agreed in the Lusaka Cease-fire Agreement; we are also working with Christian Aid and Catholic Fund for Overseas Development to develop a peace-building programme in the Kivus;
- **Sudan** – DFID provided small-scale support for civil society peace activities and political and financial support for the Intergovernmental Authority on Development Sudan peace secretariat in Nairobi;
- **Ethiopia** – Since January 2000 DFID has committed food & non-food aid (such as transportation, bridge construction, emergency water tankering projects) worth some £15.5 million. The signing of a peace agreement in Algiers in December 2000 led to a review of our bilateral programme. We are encouraging International Financial Institutions and the European Commission to re-engage as the peace process unfolds.

BOX 7g: IMPROVING GOVERNANCE

- In **Sierra Leone**, in addition to DFID's direct support for the security sector outlined in Box 7e, the Department has continued to help rebuild the machinery of government, through technical assistance for the newly created Anti Corruption Commission and the reform of the judiciary.
- In **Ghana**, DFID facilitated the democratic elections by providing photo identification cards which helped to eliminate 'ghost' voters from the electoral register.
- In **Malawi**, DFID has launched a £35 million sector programme to support the National Council for Safety and Justice's work, which assists the Law Commission, traditional courts, police, magistracy, judiciary and prison service.
- In **Tanzania**, DFID provides wide-ranging support to the implementation of the national Anti-Corruption Strategy, including the preparation of a communications strategy, the development of an accountability, the transparency and integrity programme with the World Bank, the linking of UK financial aid to progress in the enabling environment for corruption prevention and prosecution, and the reinforcement of the capacity of civil society organisations and the media to address corruption.

7.14 Tackling corruption and establishing transparent and accountable governance are essential for sustained poverty reduction in Africa. DFID is assisting through a wide range of activities (see Box 7g and paragraphs 1.30 to 1.33).

7.15 In 2000/2001 DFID spent over £11 million on ongoing programmes in Africa to combat HIV/AIDS, tuberculosis, malaria, polio and diarrhoeal disease, which are endemic throughout sub-Saharan Africa. The international response to

BOX 7h: DFID SUPPORT TO COMBAT HIV/AIDS AND COMMUNICABLE DISEASES

- In **Malawi**, a sexual and reproductive health programme over six years, including support for the National HIV/AIDS programme, condoms, contraceptives and treatments for sexually transmitted infections.
- In **South Africa**, a condom social marketing project to increase condom availability awareness and use; and programmes to improve the acceptability and accessibility of reproductive health services to young people.
- In **South Africa** and **Ghana**, sexually transmitted diseases and HIV/AIDS prevention programmes in mining areas.
- In **Nigeria**, a contraceptive social marketing project to increase knowledge, access and use of modern contraception for prevention of HIV/AIDS.
- In **Kenya**, an innovative £26 million cross-sectoral education and health programme was launched. Aimed at reducing HIV/AIDS infection levels, this project will be rolled into the national HIV/AIDS programme.
- In **East Africa**, a programme to eradicate polio in the region.
- In **Zambia**, a programme to ensure tuberculosis patients have access to an uninterrupted supply of essential drugs.
- In **Uganda**, a programme to disseminate knowledge on HIV/AIDS, voluntary counselling, testing schemes, raising HIV/AIDS awareness. Incidence rates have fallen from 14% in 1995 to an expected 7% in 2000.

HIV/AIDS in Africa has been held back by fragmented efforts and insufficient resources. However, over the past year, there has been a genuine increase in the level of commitment shown by African leaders to fighting the spread of the epidemic. This has resulted in a corresponding increase in the level of resources flowing to Africa for AIDS prevention and care. DFID is committed to working in partnership with governments and other organisations to achieve a bigger impact (see paragraphs 2.2–2.12). This year, DFID has embarked upon a major new international programme to: intensify, better co-ordinate and increase the effectiveness of African countries' responses to HIV/AIDS, support actions to care for people living with or affected by HIV/AIDS and, increasingly, actions to mitigate the broader consequences of the epidemic. This year DFID expects at least to match last year's global spending of around £50 million on HIV/AIDS related work, the greater proportion of this being for Africa. Some DFID initiatives being undertaken to combat diseases are shown in Box 7h.

7.16 In 1997 at the G8 Denver Summit, the Prime Minister announced DFID's undertaking to increase by 50% UK commitments to basic education, health care and clean water in sub-Saharan Africa by 2000. The Department achieved this target in 1999 and surpassed it by some 25% in 2000, committing a cumulative total of £452 million.

7.17 This year, the Prime Minister launched an innovative DFID programme on the use of Information Communications Technology in education. The Imfundo Partnership, discussed in Box 2h, is piloting Information and Communications Technology as a tool for development in Africa.

Asia

The Challenge

7.18 Nearly one in three Asians – about 800 million people – survive on less than \$1 a day. Rapid progress is possible, as has been shown in East Asia, where most countries have reduced their incidence of poverty by half over the last two decades. However, East Asia still has more than 270 million poor, including over 10 million who slipped into poverty as a result of the financial crisis in 1997/1998. Recovery from the crisis has been impressive in most countries but it is not complete and East Asia is still vulnerable to external shocks. Threats to growth such as heavy debt, loss of investor confidence and greater household insecurity persist. Similarly, the small islands of the Pacific, despite relatively high per capita incomes, have limited ability to deal with external shocks.

7.19 South Asia has also seen strong recent growth, averaging more than 5 percent a year over the past decade. However, it remains one of the poorest parts of the world. 45% of the population, or half a billion people, are living below the international poverty line of \$1 a day (see Box 7i). It has the world's lowest adult literacy rate (48%), high rates of maternal and infant mortality, and more than half of the region's children aged 5 years or under are malnourished.

7.20 If the International Development Targets are to be reached, Asia and the Pacific must expand delivery of basic social services to the poor, and raise economic growth to levels where sustained poverty reduction is possible. There are compelling arguments for increased concessional resource transfers to India and China, as the countries with the largest numbers of poor people, and to the poorer states and provinces within them. The demand for resources is increasing, with the threat of HIV/AIDS in Asia highlighting the need for significant spending on prevention and care. Boxes 7i and 7j show that the Asia region, notably East Asia and the Pacific, has made considerable progress towards the achievement of the International Development Targets. A huge challenge remains, however, and South Asia in particular needs to accelerate progress.

7.21 However, increased resource transfers on their own will not lead to sustainable wider benefits or reach the extreme poor. Poverty reduction is hampered by the effects of poor policy environments – including internal strife, lack of political accountability and corrupt or inefficient administrations. Pakistan, Fiji, Indonesia and Sri Lanka have all been affected by one or more of these problems. Rising inequalities in Bangladesh and Nepal highlight the need for a better understanding of the dynamics of poverty and incentives for change. Progress is possible where governments are willing to undertake reform and committed to the reduction of poverty.

DFID's response

7.22 DFID's response to the challenge is to work in support of higher, equitable growth in Asia and the Pacific, which will deliver sustainable improvements in livelihoods and basic services for the poor. We aim to support this with increased resources for those countries committed to poverty reduction. Our efforts will emphasise the following:

- helping countries to participate in and benefit from globalisation;
- promoting better governance and more effective institutions at all levels, and increasing the involvement of poor people in policy decision-making;
- supporting human rights and improving the status of women;
- promoting partnerships with government, civil society and donors to work in support of the above.

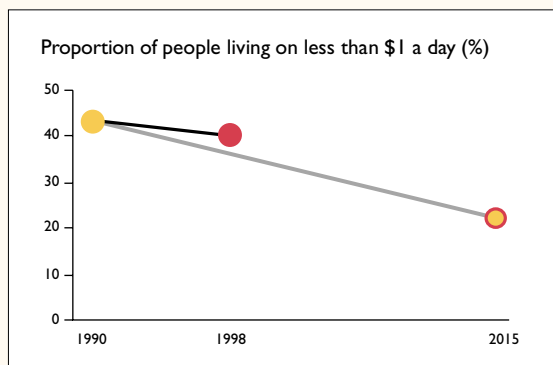


HOWARD J. DAVIES/DFID

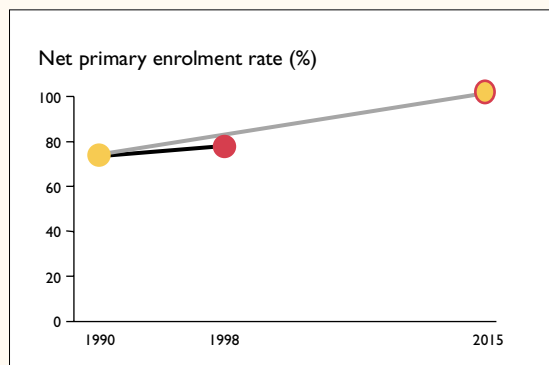
Through partnerships with the State Governments in India DFID is enhancing the participation of poor people in policy decision making.

BOX 7i: PROGRESS TOWARDS THE INTERNATIONAL DEVELOPMENT TARGETS IN SOUTH ASIA

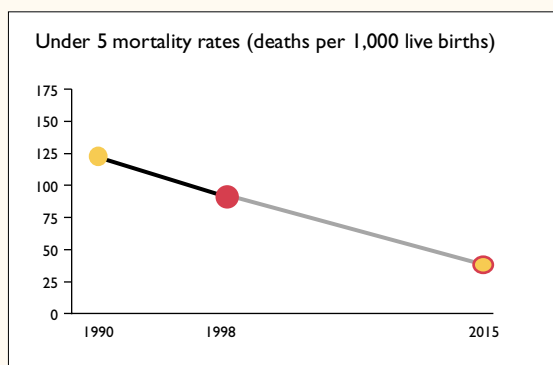
Target: to reduce the proportion of people living in poverty by half between 1990 and 2015



Target: to enrol all children in primary school by 2015



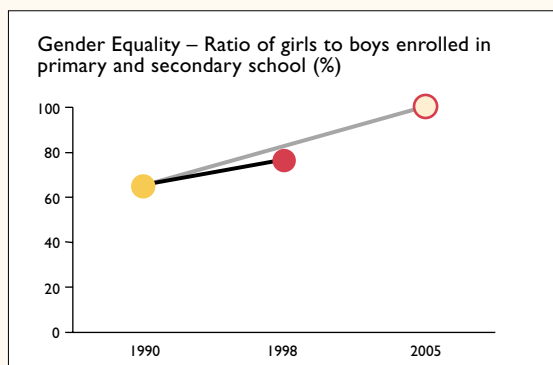
Target: to reduce child mortality rates by two-thirds by 2015



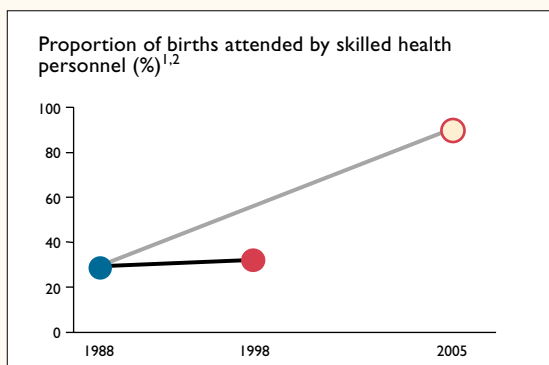
Target: to provide access for all who need reproductive health services by 2015



Target: make progress towards gender-equality and empowering women by eliminating gender disparities in primary and secondary education by 2015



Target: to reduce maternal mortality ratios by three-quarters between 1990 and 2015



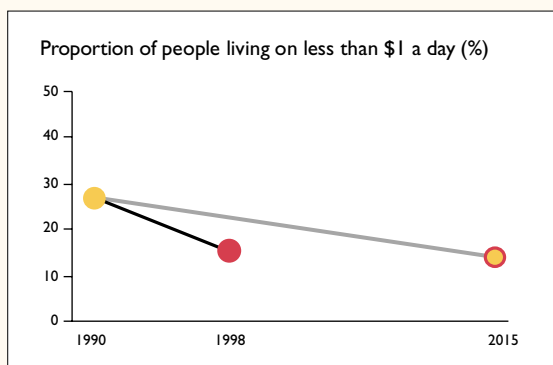
KEY: 1988 ● 1990 ● 1998 ● 2005 ○ 2015 ●
Progress to date — Rate of progress needed to meet targets —

¹ In the absence of good data for maternal mortality, births attended by skilled health personnel is a widely used proxy for measurement of this target.

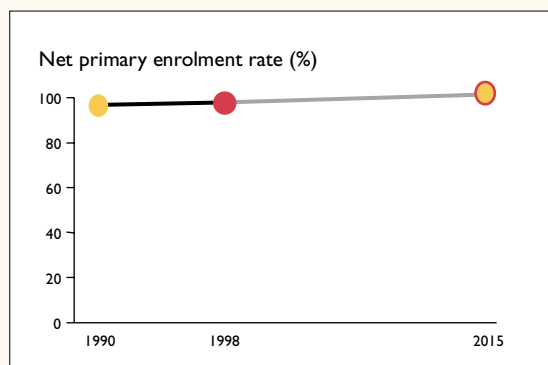
² Figures shown for births attended by skilled health personnel are those for Asia as a whole, excluding India and China.

BOX 7j: PROGRESS TOWARDS THE INTERNATIONAL DEVELOPMENT TARGETS IN EAST ASIA AND THE PACIFIC

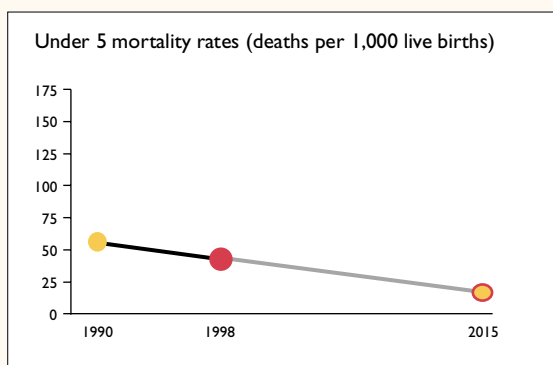
Target: to reduce the proportion of people living in poverty by half between 1990 and 2015



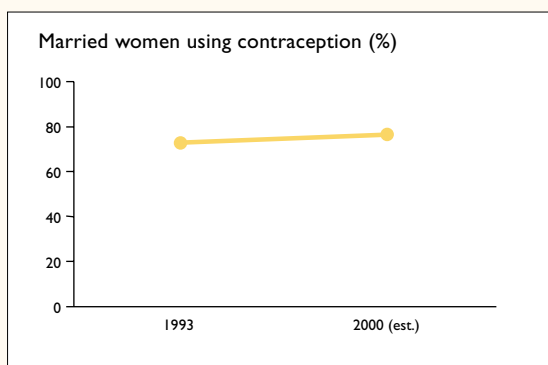
Target: to enrol all children in primary school by 2015



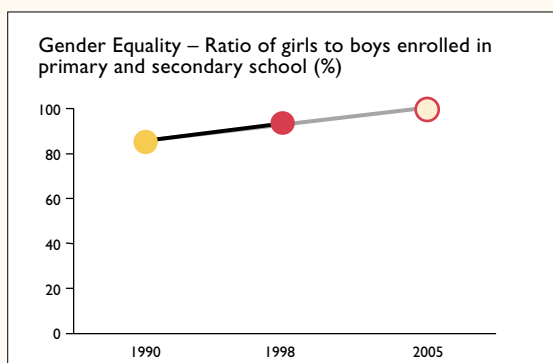
Target: to reduce child mortality rates by two-thirds by 2015



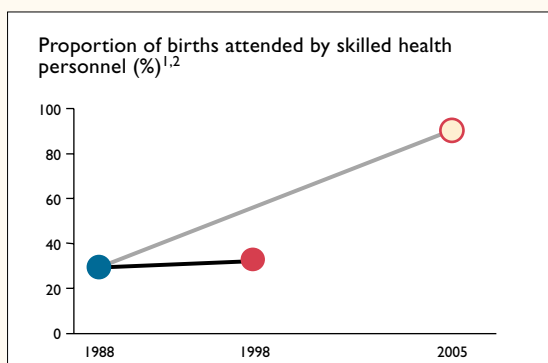
Target: to provide access for all who need reproductive health services by 2015



Target: make progress towards gender-equality and empowering women by eliminating gender disparities in primary and secondary education by 2015



Target: to reduce maternal mortality ratios by three-quarters between 1990 and 2015



KEY: 1988 ● 1990 ● 1998 ● 2005 ○ 2015 ●
Progress to date — Rate of progress needed to meet targets —

¹ In the absence of good data for maternal mortality, births attended by skilled health personnel is a widely used proxy for measurement of this target.

² Figures shown for births attended by skilled health personnel are those for Asia as a whole, excluding India and China.

7.23 Globalisation is increasing interdependence across and within regions, with significant potential benefits from increased international trade, investment and growth. But, as the Asia crisis illustrated, this openness brings greater exposure to external shocks. DFID is working to implement the recommendations of the 2000 *White Paper* (2) through, for example, work on competition policy in India and research on trade liberalisation in China. In Bangladesh, DFID has begun the implementation of new initiatives supporting government efforts to promote tax reform, trade and private sector development. We have also supported activities in India to promote wider debate and understanding of the issues surrounding globalisation.

7.24 The benefits of globalisation cannot reach the poorest unless political, economic and social structures support broad participation. DFID is working to promote accountable and pro-poor governments which can deliver effective services. The Department is taking an active role in promoting participative and locally-owned Poverty Reduction Strategies in Cambodia, Vietnam, Nepal and Bangladesh. We are working with State governments in Andhra Pradesh and Orissa in India to improve public expenditure management (Box 7k). In Cambodia, we are supporting a community-based programme to improve local governance, and in

Pakistan, working for an early transition to democracy by helping with electoral reform and administrative decentralisation.

7.25 These efforts are often hampered by poor policy environments (see Box 7l). DFID is working to support forces for positive change in such environments. In Nepal, the Enabling State Programme is helping to form a critical mass of advocates within Nepalese society, to press for a pro-poor approach to government. In Indonesia, the Department is working with other donors to provide technical and financial support to a new Indonesian-led Partnership for Governance Reform. A DFID country strategy paper for *Burma* (16) was published in July 2000, which looks at the challenges of trying to further development goals without adding legitimacy to, or propping up, the current regime. We have encouraged the UN Children's Fund to minimise contact with the regime while carrying out their important work in Burma.

7.26 Enhancing the human rights of the poor is an important priority for DFID. We are working with local groups to ensure a successful outcome to the government of Nepal's historic decision to free bonded labourers. In India, we are working with the State Governments of Madhya Pradesh and Orissa to improve services for women and members of excluded castes and tribes. Despite

BOX 7k: WORKING WITH SUB NATIONAL GOVERNMENTS IN INDIA

DFID's programme in India is built around partnerships with the State Governments of Andhra Pradesh, Madhya Pradesh, Orissa and West Bengal. Working at state level, DFID is able to have a more substantial impact and, with other development agencies, to encourage and support reform. State Governments in India are responsible for setting and implementing many key development policies and as such are key agents of change and reform. Financial and political pressures, including the need to reduce debt burdens and compete for inward investment, give these governments an incentive to change.

DFID has established four state teams, with a representative in each state capital. DFID's profile and policy involvement in these partner states has increased, and it is increasingly being asked to support key policy reforms and strategic programmes rather than discrete projects. For example, in Andhra Pradesh, the State Government requested DFID assistance to look at the impact of government programmes in key sectors. A review is being undertaken to assess the effectiveness of each programme; and consider how they contribute to the Government's declared aim of eliminating poverty in the state by 2020. This review is a key element of the Government's effort to restructure public expenditure and improve expenditure management; and will inform the state budget for 2001/2002.

Closer partnerships of this nature are enabling us to spend resources more effectively and to meet the challenge of sustainable poverty reduction in India more quickly.

BOX 7I: WORKING IN POOR POLICY ENVIRONMENTS

Cambodia – Forestry, governance, economic expansion

Tackling the issue of illegal logging goes to the heart of the governance agenda in Cambodia. It relates to the establishment of an effective judicial system, tackling corruption at the highest levels and a commitment to increasing government resources for poverty reduction. Good progress is being made in forest sector reform and DFID is contributing to this by supporting a Forest Crime Monitoring and Reporting capacity within government which is independently monitored by Global Witness. The Forest Crime Monitoring and Reporting Units have played a critical part in planning and implementing case tracking in order to investigate and take action against illegal practices. Expansion of these functions to cover prevention and cross border surveillance is planned.

Nepal's 'Enabling State Programme'

The Enabling State Programme represents a new approach to governance reform, tailored to the poor policy environment of Nepal. This programme recognises that lack of skills or knowledge is not the main constraint to pro-poor governance in Nepal. It assumes instead that the key constraint lies in the hearts and minds of key power holders in the country. A strong elitist hierarchy, patronage and corruption mean that many of these key people have no interest in pro-poor governance, but wish to continue with the present system. The programme seeks to help build up pressure for change in the society, and especially the pressure on key holders of power. The Enabling State Programme is working with the Nepalese on their own ideas for governance change. It aims to foster the development of new influential Nepalese who will advocate change, and will offer networking and lesson-learning channels to support this. These advocates will be able to push those in power in Nepal, providing a real incentive for them to change. This approach will take a long time – at least a decade. But if it is successful, the country will be ready to undertake real locally-owned policy and institutional change.

ratification of many international human rights treaties in Asia and the Pacific, abuses of human rights – particularly women's human rights – persist. DFID is committed to assisting resistance to these abuses: for example we are supporting efforts in Bangladesh to prevent women and child trafficking, and violence against women.

7.27 The development of strong partnerships – with government, civil society and donors – underpins DFID's work in Asia and the Pacific. DFID is closely engaged with national and sub-national governments, and with other donors in

our partner countries. We are developing new partnerships with bilateral and multilateral donors (Box 7m): promoting joint donor working in support of Government reform in Nepal; providing technical expertise for the World Bank's office in Vietnam; developing new aid instruments with the World Bank in China and Asian Development Bank in India; and channelling more aid through multi-donor programmes which maximise impact and minimise transactional costs.

BOX 7m: NEW WAYS OF WORKING WITH OTHER DONORS

DFID is supporting **Vietnam's Poverty Analysis and Policy Analysis Programme** by funding two poverty specialists in the World Bank's office in Hanoi. The programme is a broad-ranging participative programme aimed at generating improved knowledge about the causes and manifestations of poverty in Vietnam. The programme has also generated a deeper understanding of poverty in Vietnam, and resulted in a high degree of ownership by both Government and World Bank. The strategy of implanting specialists has been highly successful and has generated interest among other donors.

DFID is also investigating **new ways of combining grant funds with World Bank and Asian Development Bank loan funds** to increase the poverty focus of programmes in China and India. In China, DFID is working up proposals to blend DFID grants and International Bank for Reconstruction and Development loans to bring a poverty focus to World Bank support in the social sectors, and act as a catalyst for additional poverty-focused resources from both the World Bank and the Government of China. Blending DFID grants and Asian Development Bank loans in India is intended to produce similar outcomes.

BOX 7n: KEY ACHIEVEMENTS IN 2000/2001

This box outlines examples of progress towards DFID's objectives in Asia

- Significant achievements in promoting sustainable livelihoods and basic services for the poor in Bangladesh, through projects in health, basic education, rural water supply, agriculture and fisheries, and through the promotion of human rights;
- Restructuring of the India programme around the four partner states of Andhra Pradesh, Madhya Pradesh, Orissa and West Bengal, with representation in each;
- Establishment of an Asia Regional poverty fund, providing £5million annually in support of innovative, regional programmes focused on the International Development Targets;
- Launch of a major regional initiative to tackle HIV/AIDS in Asia and the Pacific, through national and global political advocacy, improved knowledge and increased in-country focus on HIV/AIDS in all sectors;
- Continued progress in building a poverty-focused programme in China, with implementation of major new activities on HIV/AIDS, water policy, sustainable development and urban health;
- Deepening of DFID's relationship across the region with the Asian Development Bank (see para 4.16);
- Progress in building up policy level dialogue with key regional organisations in the Pacific, such as the Forum Secretariat, on education policy and on governance.

7.28 DFID is ready to support these partnerships with increased resources. Many of DFID's main partner countries in Asia will see a substantial increase in UK aid commitments over the coming three years, with a substantial pool of additional resources available in the Asia Policy and Performance Fund for high performing countries which show a strong commitment and proven ability to eliminate poverty (see Overview paragraph 29). Box 7n shows some of DFID's key achievements in Asia in 2000/2001.



The Secretary of State's visit to China in October 2000 – DFID has achieved continued progress in building a poverty focused programme in China.

Central and South Eastern Europe

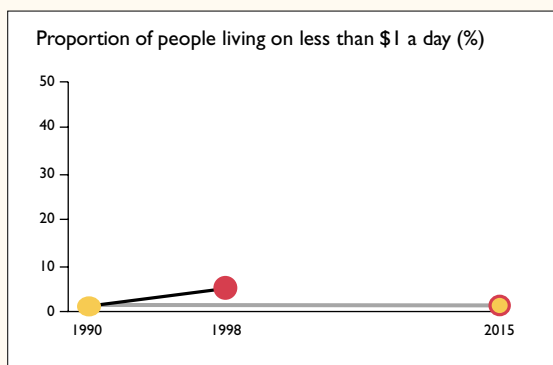
The Challenge

7.29 At the beginning of 2000 the people of Croatia rejected the politics of division and nationalism and voted into office a democratic, reformist government. Towards the end of the year the people of Yugoslavia decisively rejected the destructive and divisive policies of the Milosevic government. During 2000, peaceful and successful elections also took place in Bosnia and Herzegovina, Macedonia, Albania and Kosovo, demonstrating the advance of democratic norms in this troubled part of Europe. The challenge for the international community is to seize the opportunities which these developments bring, and to help the countries of the region to build on the progress they have made.

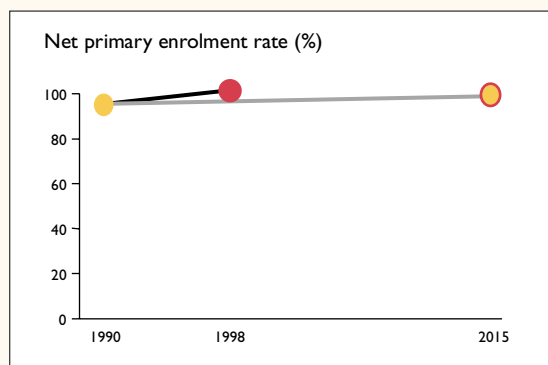
7.30 Both Europe and Central Asia are better placed than many African and Asian countries to meet the International Development Targets, with relatively low levels of poverty and good social indicators. Progress in the region is shown in Box 7o. However, the aggregate figures hide significant variations both between Central Europe and the poorer countries which lie further east and south, and within countries themselves. There are concerns about the impact of

BOX 7a: PROGRESS TOWARDS THE INTERNATIONAL DEVELOPMENT TARGETS IN EASTERN EUROPE AND CENTRAL ASIA¹

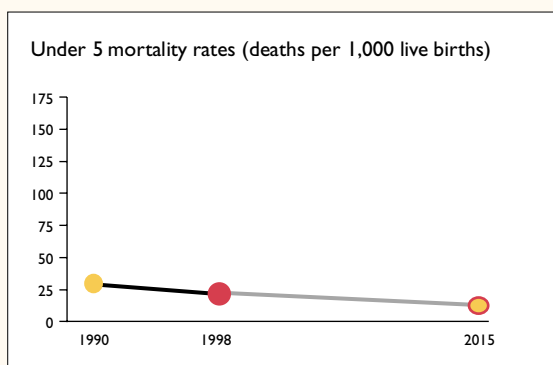
Target: to reduce the proportion of people living in poverty by half between 1990 and 2015



Target: to enrol all children in primary school by 2015



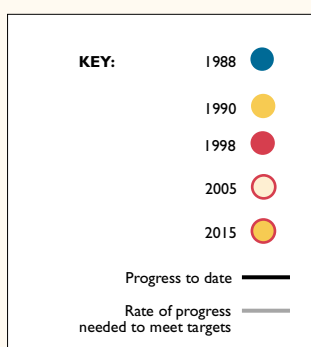
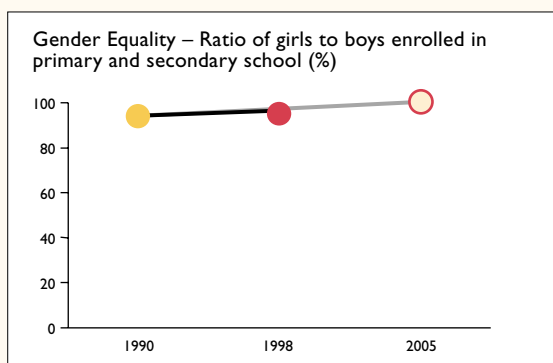
Target: to reduce child mortality rates by two-thirds by 2015



Target: to provide access for all who need reproductive health services by 2015



Target: make progress towards gender-equality and empowering women by eliminating gender disparities in primary and secondary education by 2015



¹ Data for the proportion of births attended by skilled health personnel, used to measure progress towards reducing maternal mortality, are not available for Eastern Europe and Central Asia.

conflict and growing inequality. Particularly worrying is the trend in the countries of the former Soviet Union undergoing economic and social transition where the proportion of poor has more than tripled since 1990. Better qualitative

and quantitative poverty analysis is needed in individual countries to improve the impact of government action and external assistance on the International Development Targets.



DFID is working closely with the government of Albania to improve delivery of social services, such as healthcare.

DFID's response

7.31 DFID has continued to shift the emphasis of its work towards the south eastern part of the region, away from the central European countries that are nearer to their goal of accession to the European Union and towards the poorer countries of the former Yugoslavia as well as Albania, Romania and Bulgaria. The Department is working with the countries of the region and the international community to:

- bring support to the development of the private sector, including capital market development; promotion of foreign investment; support to trade;
- encourage small and medium enterprises; and assistance with the restructuring of privatised industry;
- establish effective and accountable systems of public administration at both central and local levels;

- promote development of sound social policy and social welfare systems, including co-operation between government and civil society;
- improve systems of health care and the efficient allocation of resources;
- bring improved access to justice and support for independent and impartial media;
- support preparations for alignment with, and eventual membership of, the European Union.

7.32 The major part of DFID's contribution to transition in the region is through its share of the programmes of the European Commission and the multilateral agencies, particularly the World Bank and European Bank for Reconstruction and Development. DFID is working closely with the European Commission both to promote the quality of European Community programmes and to ensure they complement DFID's own bilateral activities. The Department has broadened and strengthened its co-operation with the World Bank, particularly in the area of social policy reform. Collaboration with the World Bank in this area is a particular feature of its programmes in Albania and Kosovo (see Box 7p) and Bosnia and Herzegovina, where it has begun work on two major projects to reform social policy and social service delivery and to help with monitoring of income and poverty indicators. DFID plans further collaboration with the World Bank in poverty assessments in Albania and Kosovo. Box 7p also explains DFID's work in Romania.

7.33 DFID is supporting the Working Group on trade of the Stability Pact for South East Europe where solid progress has been made towards an agreement on trade liberalisation and facilitation, and is taking an active part in the Pact's Investment Compact to promote private sector development. The Department also funded, within the context of the Stability Pact, the European Bank for Reconstruction and Development's programme of support to private sector develop-

BOX 7p: DFID PROGRAMMES IN ALBANIA, KOSOVO AND ROMANIA

- In **Albania** DFID has worked closely with the authorities and the World Bank in support of a Social Service Delivery Programme. This is a major programme of policy development and strategy building in social services, in the context of the Government of Albania's programme for poverty reduction. By agreement with the World Bank and the Albanian authorities, DFID is leading on that part of the overall programme concerned with reform and capacity building in the Ministry of Labour and Social Affairs. We have also worked closely with the Government and the World Bank to support Albania's preparation for a Poverty Reduction Strategy, providing consultants to design options for public participation in its development. The Department is discussing with the World Bank collaboration on a national poverty assessment.
- During 2000, DFID made the transition from a major programme of humanitarian support to **Kosovo**, to which it provided over £100 million in emergency and humanitarian assistance, to a programme of technical assistance to support the strengthening of public administration and service delivery by the Kosovan authorities. This has included support to policy and public investment planning; the development of social policy and social welfare reforms; and the strengthening of systems of revenue collection, to reduce Kosovo's dependency on funding provided by the international community. DFID also provided direct support to the monitoring of the municipal elections of October 2000 and assists with the establishment of an independent, public broadcasting service (see Box 1h). We will continue to support the development of local capacity in Kosovo in these and other areas.
- **Romania** is a candidate country for EU membership but faces many challenges before accession becomes reality. These include the continuing plight of institutionalised children and minority groups, weak administrative capacity and government decision making, widespread corruption, weak economic situation and an agricultural sector badly in need of reform. DFID is working closely with the European Commission and the World Bank to help address some of the key issues. Current priorities include Public Administration reform, the mitigation of the effects of transition among the poorest groups and a major effort towards improving children's rights.

ment in the region, as well as funding a World Bank co-ordinated regional programme to support and strengthen small and medium enterprises throughout the region. This programme has hosted 10 seminars on business support services for over 400 companies has helped produce a study on barriers to investment and has worked with communities in Albania to review opportunities for developing a sustainable tourism sector.

7.34 DFID is supporting Croatia and Macedonia in their negotiations of Stabilisation and Association Agreements with the European Community, and their preparations for eventual membership of the European Union. We have

made a central contribution to the European Commission's designing of a revised policy instrument to deliver support to the Balkan region. DFID's contribution has included the recognition of the need for European Commission programmes to address poverty in the region and the more effective delivery of assistance at country level.

7.35 DFID has re-established activity in Yugoslavia following the overthrowing of the Milosevic regime. Future strategy will be based on the assessment of need being discussed with the Yugoslav authorities by the European Commission and World Bank (see Box 7q).

BOX 7q: YUGOSLAVIA

DFID responded to the change of government in Yugoslavia in late 2000 by providing a £10 million package of immediate humanitarian assistance to provide food and medicines for the winter period. This complemented a major programme of 200 million euros of immediate humanitarian aid provided by the European Union. The European Commission and the World Bank are carrying out a joint appraisal of long term needs in support of reform in Yugoslavia. This will be the basis of support from the international community. To assist the Yugoslav authorities in their development of policies and priorities and their discussions with the multilateral agencies, DFID has provided advice and guidance on macro-economic reform, banking rehabilitation, privatisation and reform of public administration. We have also assisted with the establishment of an Aid Coordination Unit, to enable the Yugoslav authorities to coordinate the effective use of international assistance.

Eastern Europe and Central Asia

The Challenge

7.36 In 2000 the region as a whole saw significant economic growth for the first time since the start of the transition, largely as a result of high oil prices and currency devaluation. It is too early to judge the extent to which this will slow the dramatic rise in poverty levels the region has experienced over the past ten years. Many people are now receiving wages and pensions again, but rising inequality means that the impact of growth on poverty will inevitably be reduced. Income inequality in several countries of the region has nearly doubled, meaning this region is now among the most unequal in the world.

7.37 Elections in Belarus and several countries in Central Asia and the South Caucasus in 2000 fell short of international standards. Unresolved conflicts (in the North and South Caucasus, Moldova and in Central Asia) and corruption continue to bedevil the region. The Southern parts of the region were also severely affected by drought. HIV/AIDS is still at fairly low levels in the region, but the infection rate is growing faster than anywhere else in the world.

7.38 Reducing poverty in the region will depend upon sustained progress on economic reform and on specific measures to help the most vulnerable people to earn a livelihood and access basic social benefits and services. Democratic processes, an effective legal system, a free media and serious efforts to tackle corruption will continue to be essential to the region's long-term prospects. Many of the countries, including the low income countries of the region perform well against most of the International Development Targets, particularly those relating to human development. But across the region there has been a sharp decline in most indicators over the past ten years (see Box 7o).

DFID'S response

7.39 DFID's response has been:

- to work with the multilateral agencies to promote sound economic policies, and encourage them to give higher priority to the impact of their policies and programmes on poor people (see Box 7r).
- to support countries' efforts to play a fuller part in the wider international system, in particular the World Trade Organisation (Box 7s).
- to work with national and regional partners to develop policy and pilot new ways of providing services and opportunities for poor people.
- to continue to strengthen institutions important for democracy and peace-building including independent media and civil society organisations.

7.40 In Russia, DFID re-launched its programme (previously the Know How Fund) as the Britain-Russia Development Partnership to reflect our focus on the social impact of transition and our commitment to developing long term partnerships with Russian institutions. We commissioned a major independent review of our programme, which concluded that overall British assistance was highly regarded by DFID's partners and that the projects evaluated had generally made good progress towards their objectives. DFID's new country strategy paper for *Russia* (22), due to be published in April 2001, takes account of the review's recommendations, and specifies that the top priority for the Development Partnership will be to support the Russian Government's Economic and Social Modernisation Programme which is designed to generate sustainable growth while providing opportunities and social support for the most vulnerable people.

BOX 7r: EXAMPLES OF COLLABORATION WITH MULTILATERAL AGENCIES

- In **Ukraine** DFID consultants are helping the Government implement its mine closure programme in a safe and socially responsible way. DFID work has helped to pave the way for more than \$300 million in World Bank lending, to ensure that 175,000 redundant miners received the redundancy payments due to them, and to set up 15 social adaptation centres to help them find new jobs. DFID is also working closely with the World Bank to help the government to implement its crucial public administration reform programme.
- In the **Kyrgyz Republic** DFID has begun a major project to improve hygiene, sanitation and water-use practices. This initiative is designed to ensure that loans totalling over \$60 million from the World Bank and the Asian Development Bank result in real improvements in people's health through a nation-wide reduction of 10% in childhood diarrhoea and 20% in intestinal worm infections. Without DFID's hygiene component the impact of improved infrastructure on people's health would be far less.
- In **Russia** DFID continues to work with the European Bank for Reconstruction and Development and other bilateral donors to improve water and sewerage services in St Petersburg. DFID's involvement will ensure that those who cannot afford the new tariffs necessary to finance the investments will nonetheless share in the benefits of the improved services. In addition we launched an initiative to help two Oblasts prepare themselves to benefit from a \$150 million loan for tuberculosis and HIV/AIDS prevention and treatment.

BOX 7s: CLOSER INTEGRATION INTO THE WORLD ECONOMY: WORLD TRADE ORGANISATION

Closer integration into the global economy through membership of the World Trade Organisation offers great potential benefits to the region and can help to underpin and drive necessary economic reforms. Through the application of transparent rules, membership helps to promote transparency and good economic practice in member countries, who also benefit from greater access to the markets of other countries and through their economies to imports. The World Trade Organisation framework can also establish economic ground rules, like the establishment of fair and transparent regulatory frameworks, to ensure that countries are able to capture the benefits of trade.

DFID is working closely with other government departments and the European Commission to help Russia to join the World Trade Organisation as soon as possible on sensible terms. DFID is providing technical assistance to the Russian Ministry of Trade and Economic Development to help it to negotiate Russia's entry, and to explain the implications of membership to legislators, businessmen and the general public. Other trade policy and trade capacity building projects are also beginning in Ukraine and Moldova, and we have started a regional trade initiative to enable all the countries of the former Soviet Union to maximise the gains from trade.

7.41 In Ukraine DFID continues to work with international partners to urge the government to implement the reforms necessary to help Ukraine to realise its potential, and have developed several new projects, including one to pilot effective ways of targeting family allowances and housing benefit to those who need them most. The Department is deepening its partnerships with, and substantially increasing its direct support to Armenia, Georgia, the Kyrgyz Republic and Moldova. DFID responded to international appeals for humanitarian assistance in Central Asia and in the North and South Caucasus.

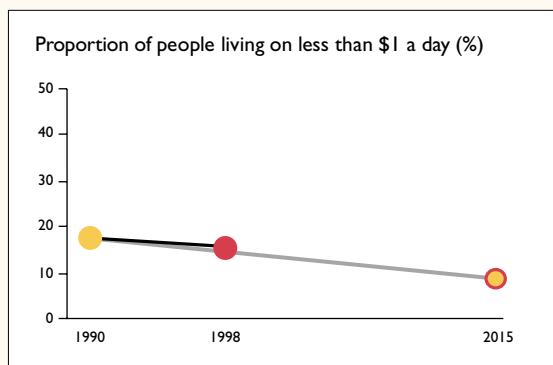
Latin America

The Challenge

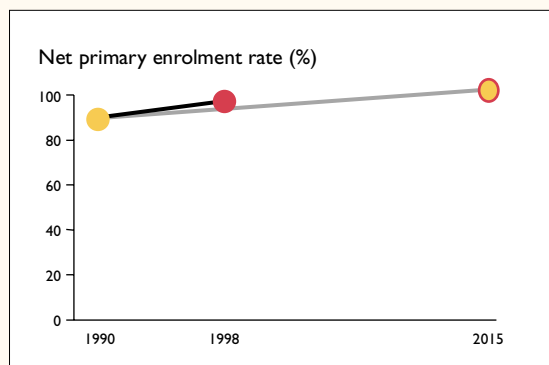
7.42 Latin America has the greatest extremes of income inequality in the world. This inequity has very strong ethnic dimensions and reflects the inequality and powerlessness of women. The challenge is to promote pro-poor economic management; increase social inclusion and participation for the poor; and to assist improvements in the way governments work for poor people. While the UK has historically not been a major player in Latin America, the region remains important because of the high proportion of poor people in relatively prosperous countries. The UK seeks to play its part alongside others to tackle these challenges and help the region to stay on track meeting the International Development Targets (see Box 7t).

BOX 7t: PROGRESS TOWARDS THE INTERNATIONAL DEVELOPMENT TARGETS IN LATIN AMERICA AND THE CARIBBEAN

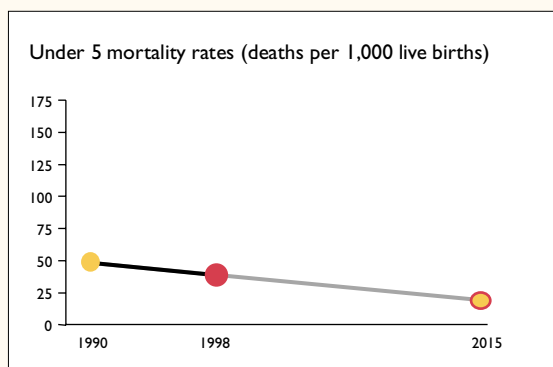
Target: to reduce the proportion of people living in poverty by half between 1990 and 2015



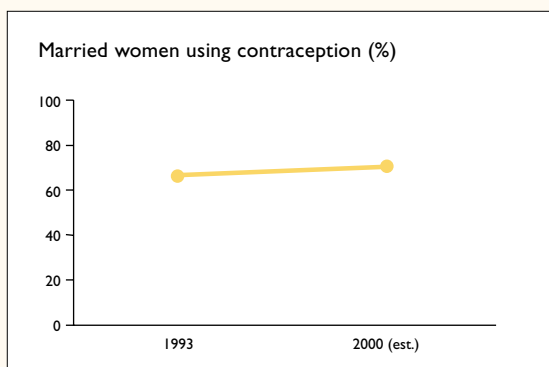
Target: to enrol all children in primary school by 2015



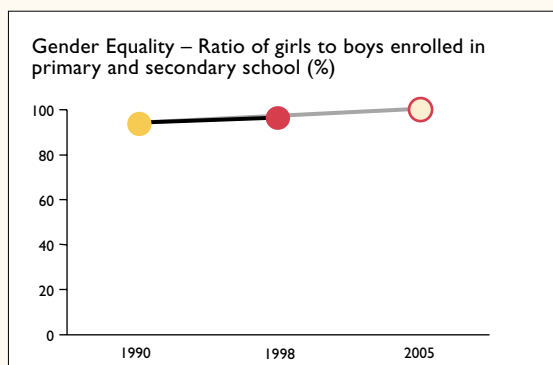
Target: to reduce child mortality rates by two-thirds by 2015



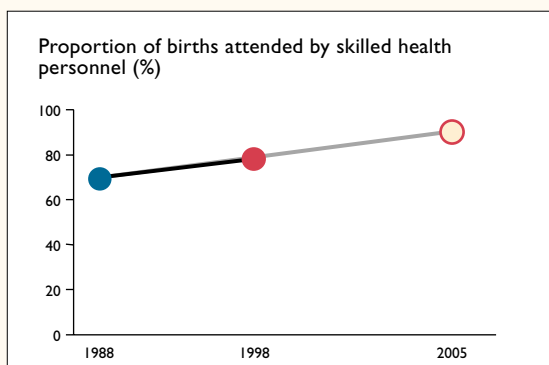
Target: to provide access for all who need reproductive health services by 2015



Target: make progress towards gender-equality and empowering women by eliminating gender disparities in primary and secondary education by 2015



Target: to reduce maternal mortality ratios by three-quarters between 1990 and 2015



¹ In the absence of good data for maternal mortality, births attended by skilled health personnel is a widely used proxy for measurement of this target.

DFID's response

7.43 DFID's response to these challenges has been:

- a new strategic framework for work in Latin America, which concentrates our efforts on the main development challenges of the region as listed above and commits us to working more closely with the rest of the international community;
- to develop links and collaboration with the international financial institutions, principally the Inter-American Development Bank (see paragraphs 4.20–4.21) and the World Bank (see paragraphs 4.8–4.13), and other donors to contribute more effectively to the global effort to eliminate poverty in Latin America;
- to focus our work on the development of policies and programmes that target the poorest;
- to concentrate our efforts on tackling social and economic inequality and improving the efficiency and transparency of government.

7.44 DFID has played an important role among donors in supporting the governments of Bolivia, Nicaragua and Honduras in the preparation of Poverty Reduction Strategy papers, which will enable them to qualify for debt reduction under the Highly Indebted Poor Countries Initiative, focusing our efforts on promoting effective participation of the poor.

7.45 In Central America, DFID is collaborating with the key multilateral organisations as part of a more coherent donor approach to the Poverty Reduction Strategy process, focusing on health, governance and disaster preparedness.

7.46 In Brazil, DFID is consolidating its bilateral contribution to national and global environmental objectives through the G7 Pilot Programme, concentrating on increasing the

poverty reduction orientation of the programme. We are also expanding support for governance and health programmes to support Brazil's poverty reduction programmes.

7.47 In Bolivia, DFID is working with the main multilateral organisations and 'like minded' donors to provide co-ordinated assistance through the Government-led Poverty Reduction Strategy process. Priorities are improving governance, health and developing secure livelihoods for poor people. In Peru, progress in developing DFID's programme has been delayed by the controversial elections in 2000. The Department is preparing a programme of support to civil society and local government based on helping poor people to exercise their rights to effective and accountable government, in anticipation of the situation improving next year.

Caribbean

The Challenge

7.48 Caribbean countries remain particularly vulnerable to changes in the global trading system, and to the effects of hurricanes and other natural disasters. Many of them have been heavily dependent on preferential access to the EU for bananas, sugar, rice, rum and other traditional products. These preferential arrangements are being challenged by global trade liberalisation, and by proposals for wider duty-free access to the EU. Caribbean countries will also be affected by international initiatives on standards in the offshore financial services industry.

7.49 Progress against the International Development Targets has generally been good (see Box 7t), with the region generally achieving universal primary education, although quality problems remain. However, the good performance in health may be threatened by the growing incidence of HIV/AIDS in the region. There has also been mixed progress on the poverty target, with continuing pockets of poverty and uncertain

commitment on the part of some governments. Moreover, because these mainly small economies depend heavily on trading and economic links with the rest of the world, they are at particular risk of increased poverty and social instability if they fail to respond effectively to the challenges of globalisation.

DFID's response

7.50 DFID's aim is to help the Caribbean reduce its poverty and vulnerability to global economic changes by concentrating its support in critical areas where it is best able to help, working as part of the international donor community in close collaboration with Caribbean governments. Areas of DFID focus include strengthening the quality of and access to education, which is a critical element in ensuring that the Caribbean has the necessary knowledge and skills to compete in the global economy; improving the delivery of public services for example by supporting a major public sector modernisation programme in Jamaica; and a new programme of support for enterprise development in the region. The Department is also financing a regional programme to strengthen the

capacity of Caribbean civil society to press for improvements in governance and in the delivery of public services to poor people. Specific achievements in 2000/2001 include new poverty focused education programmes under implementation in Guyana and Jamaica; better donor co-ordination with joint programmes being developed with the World Bank and others; and a new coordinated donor approach to help to tackle the underlying constraints to enterprise development in the Caribbean.

7.51 Because the Caribbean banana industry is high cost compared to other banana producers, its continuing viability is under question following the changes to the EU banana regime required by World Trade Organisation rules. DFID is working closely with the European Commission to help improve the industry's efficiency, and to promote economic diversification in the Windward Islands. The Department is also increasing our collaboration with the World Bank, particularly in education, and have seconded a DFID staff member as World Bank co-ordinator in Guyana. DFID is participating actively in



MARC FRENCH/PANOS PICTURES

Strengthening the quality and access to education is a focus for DFID's programmes in the Caribbean: School in Jamaica

the preparation of a Poverty Reduction Strategy Plan (see Box 4c) in Guyana, which is intended to provide a comprehensive framework for a co-ordinated development programme by the donor community in that country.

7.52 There is an increasing need for a co-ordinated regional approach by the Caribbean to enable it to rise to the challenges of globalisation. DFID is therefore increasing its collaboration with key Caribbean regional agencies. The Department is providing substantial support, with other donors, to the Caribbean Regional Negotiating Machinery, which represents the Caribbean's interests in international trade and economic negotiations with the World Trade Organisation and EU, and on the proposed Free Trade Area of the Americas. DFID is also examining the potential for providing support to caricom in implementing the Caribbean Single Market and Economy recently agreed by the Caribbean Community.

Overseas Territories

The Challenge

7.53 DFID provides development assistance to five Overseas Territories: Montserrat; St Helena; Turks and Caicos Islands; Anguilla; and Pitcairn Island. The British Virgin Islands programme came to an end in 2000. The five have made good progress towards achieving international development targets particularly in universal primary education, in access to primary health and reproductive health care, and in reducing maternal and child mortality. Very few people in the Overseas Territories are living in extreme poverty. Much of DFID's work in the territories is aimed at helping maximise economic growth and self sufficiency. However, all Overseas Territories remain vulnerable to repeated natural disasters and external shocks. In November 1999 Hurricane Lenny ravaged Anguilla causing substantial damage to economic infrastructure, much of it uninsured. In Montserrat the volcano remains active and creates uncertainty for the people and potential

foreign investors. In three Overseas Territories concerns have intensified about the possible impact of international tax initiatives on their domestic economies. Limitations of the human resource base, diseconomies of scale, and physical isolation in St Helena and Pitcairn create particular difficulties.

The Response

7.54 DFID's bilateral programmes are increasingly focused on the provision of technical assistance to help meet the challenge of effective planning and management of sustainable economic growth, to promote transparency and accountability in government and to encourage equity and access in the provision of services. Support to meet basic needs is still being provided for Montserrat and St Helena.

7.57 Where practicable DFID is supporting efforts on a regional basis to ensure a consistent approach across the Territories and to develop their capacity to provide mutual support. Examples include programmes to help combat HIV/AIDS, to develop common financial accounting procedures and to introduce appropriate systems for disaster preparedness. A new Overseas Territory Global Environment Programme was approved in November to help the Overseas Territories with the challenges of climate change, loss of biodiversity, and protection of international waters.

7.56 The broad framework for DFID's development assistance in the Overseas Territories is set out in Country Policy Plans (or their equivalent) agreed between the Government and each Territory. Progress was made in 2000 with the completion of Anguilla's Plan. Those for Montserrat, Turks and Caicos Islands and St Helena will be reviewed and updated in the first half of 2001.

7.57 Montserrat is still recovering from the volcanic crisis (the most serious such event in the Caribbean since the 1920s). However over the last five years the safe northern zone of the island has benefited from more than £125 million worth of assistance from DFID – a substantial sum for a population of less than 5000 people. Most of the essential infrastructure and building blocks for economic regeneration are now in place. These include a new road network, installation of water and electricity supplies, construction of a new hospital in St John's, a first class rehabilitation of Salem Secondary School (and on the same campus, construction of a new centre for the University of the West Indies to conduct distance education) and finance for over 1000 houses. The island's heliport at Gerald's Park has been upgraded and in 2001, DFID/EU finance will be employed to construct an airfield in the same location. Montserrat has now progressed well beyond the emergency phase. While still in receipt of annual DFID budgetary aid, the government is aiming towards balancing its budget within five years. This, along with further measures to develop the private sector, will be important further steps on the road to achieving self sufficiency.

7.58 In St Helena DFID took forward agreements reached in the January 2000 Country Policy Plan discussions, including support for recruitment and retention of teachers and nurses through targeted budgetary aid support, improvement of basic infrastructure on the island and tackling a range of social issues impacting on the most vulnerable. In the period ahead DFID will maintain this focus while also helping to create an economic environment conducive to private sector development.

Chapter 8

Building Support for Development

8.1 This chapter sets out:

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

Strategy

8.2 Our work has focused on implementation of the strategy paper *Building Support for Development* (26), which was published in 1999. The strategy set clear objectives for raising public awareness and understanding of development issues, as well as details of how we would measure progress. Our key target areas continue to be formal education, the media, business and trade unions, and churches and faiths; and, as in previous years, we have been assisted in our work by the Development Awareness Working Group, an advisory group of external experts chaired by the Parliamentary Under Secretary of State.

Working with Schools

8.3 Following the increased emphasis given to a global dimension in the revised National Curriculum for England, we led work on an

accompanying guidance document on how most effectively to bring a global perspective into schools' work. This was prepared jointly with the Department for Education and Employment, the Qualifications and Curriculum Authority and others. We have funded a scheme enabling study visits to developing countries by teachers in the UK, as part of the Department for Education and Employment's Continuing Professional Development work, and are exploring with providers of initial teacher training the best way to include a global dimension in their work. We have launched pilot exercises, in Wales and in Yorkshire and Humberside, to review the organisational support available to schools and Local Education Authorities on global issues, with a view to long-term strengthening of the network of support across the UK. Alongside this, we launched a new database on the National Grid for Learning. The database showcases good quality teaching materials and resources in this area.

8.4 In co-operation with the Scottish Executive Education Department and others, in March 2001 we launched a guidance document for Scottish schools on the global dimension, and we are also in discussion with the education authorities in Wales and Northern Ireland about collaborative work in this area.

8.5 A particular area where we have increased our support is the linking of schools in the UK with those in developing countries. Our aim is to develop links based on equality and mutual learning and founded on a genuine commitment from both sides. The number of recorded links over the last year grew from 881 to over 1000, and we have further strengthened our support for monitoring and supporting existing links. We have also funded the British Council to produce on our behalf new materials to promote and support links, as well as establishing a "blueprint" of best linking practice.

Working with the Media, Business and Trade Unions and Faiths

8.6 We published in August 2000 the results of a major research project on television coverage of developing countries. Television remains, for the public as a whole, the principal source of information about developing countries, and *Viewing the World* (39), which was launched at the Guardian Edinburgh International Television Festival, analysed attitudes within the television industry to developing country coverage, as well as testing both content and audience responses. There has been considerable interest within the industry in the Report, and follow up activities are planned or underway with a number of broadcasters and other relevant organisations. *The Government's White Paper on Communications*, (77) published in December 2000, also incorporated a requirement for "full and balanced information about the world at local, regional and global levels" into its provisions on public service broadcasting.

8.7 In our direct work with the media we have continued to aim for an approach which focuses on issues and on increasing understanding of them, rather than on headlining one-off projects or allocations. For example we worked with the Independent on a 12 page supplement on Globalisation, to accompany the launch of the *2000 White Paper* (2).

8.8 We are currently working with business and the trade unions on a detailed assessment of the opportunities for collaborative work, and have also directly supported work on particular issues such as the promotion of fair and ethical trade. We are also developing joint activities with religious groups and are in dialogue with a number of faiths about joint awareness raising activities. Following the success of the publicity booklet on the 2015 targets produced jointly with Christian Aid last year, we have produced similar documents with the Catholic agencies in Britain and Ireland, for dissemination through their networks, and plan to publish a

2015 booklet with Jewish and Muslim faith groups later in 2001.

Public Attitude Monitoring

8.9 Monitoring progress is as important in this as in all areas of DFID's work. In July 1999 we undertook a baseline survey of general public attitudes. We repeated this a year later and also undertook a survey of the attitudes of 11-16 year olds, to determine the impact of our work in schools. These surveys help us measure progress in our work to promote public understanding of our interdependence and the need for international development, and also to refine our strategies for the future. We amended the format of some of the general public questions from last year, and added others in order to give more meaningful information, but the core remains the same. The results show that the level of concern about poverty in developing countries remains high and that it continues to be seen as a moral issue. However, there is strong recognition that poverty in developing countries has consequences for UK interests – financial, commercial and in other areas. There is also interesting evidence on the strategies which people see as important in reducing poverty, with conflict reduction in particular being seen as increasingly important. Much of the rest of the data reinforces that which we saw last year. The results from the 11-16 year old monitoring show similarly high levels of concern, and also a clear wish to learn more about developing countries as part of school lessons. We will be refining our approach to building awareness and understanding in the light of these findings, as well as setting specific targets in certain areas.

Development Awareness Fund

8.10 Our Development Awareness Fund, which covers both our own activities in this area as well as support for the work of outside organisations, grew from £3.75 million in 1999/2000 to £5.75 million in 2000/2001. Examples of our grants included £254,280 for Somerset Goes Global, a project designed – with

full support from the County Council – to introduce a global dimension to schools across the County; £380,550 for work with the Development Education Association to strengthen the evaluation of development education and the training of development education practitioners; and continued support to Worldaware for its work with schools.

Direct contact with the UK public

8.11 Ministers continued their series of visits to different parts of the UK to promote greater awareness of development issues, and DFID's mobile display unit also attended a range of public events through the summer.

8.12 A second round of Development Policy Forums was held from January to July 2000. Eleven locations across the UK were covered and participants came from a variety of backgrounds including business, trade unions, the voluntary sector, education, local government, the media and different faiths. The aim of the Forums was to promote debate and dialogue on key current development issues, as well as to look at the scope for more effective engagement with these issues. The issues addressed this time included trade, corruption and aid untying, and again there was strong support for the process, as well as an overwhelming view from participants that the Forums has deepened their knowledge and understanding of the issues. A further round is planned for early 2002.



GEITF 2000

The Secretary of State Clare Short launching Viewing the World (39) at the Edinburgh International Television Festival, August 2000.

8.13 Building on DFID's commitment to openness, we have continued to publish all our major strategy papers, including those covering individual countries and the institutions with which we work. Annex 4 provides details. We also produced a "popular" version of the new White Paper entitled *Making Globalisation Work for World's Poor* (4) alongside the full text, promoting this both nationally and through partner networks. Our public enquiry point dealt with more than 800 enquiries per month over the last year. We plan to launch a new website in May 2001 and website usage has increased to an average of over 40,000 page hits per week.

Delivering better public services

9.1 This chapter explains the ways in which DFID has been working towards reforming and modernising the delivery of our services, by focusing on the five key commitments made in the *White Paper: Modernising Government* (78):

- **policy making**
- **responsive public services**
- **quality public services**
- **information age government**
- **public service staffing and organisation**

It also reports on DFID's **investment strategy** and how we are improving the **environmental management** of our operations

Policy making

9.2 DFID follows the Cabinet Office guidelines (as outlined in the Report “*Professional Policy Making for the Twenty First Century*”) (69), in seeking to be forward looking in developing policies, in order to deliver outcomes that matter. The Department is taking steps to ensure that policy-making activity is:

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

9.3 The Government's overall **strategic framework** for international development is set out in the *1997 White Paper* (1). This focused DFID's efforts on poverty eradication and the

outcome-focused International Development Targets. A new Public Service Agreement and Service Delivery Agreement have been developed explaining the specific targets which DFID aim to achieve by the end of 2003/2004 (see Overview Box g). The *2000 White Paper* (2) stands alongside the earlier one, but in addition analyses the challenges of globalisation, and sets out an agenda for managing it in a way which will ensure that the new wealth being generated will improve the lives of the one in five of humanity who live in extreme poverty.

9.4 A set of strategy papers has been published which assesses what the international community needs to do to help achieve the International Development Targets and how the British Government will contribute towards this (see Overview Box a). Country Strategy Papers analyse the development challenge and DFID's proposed response over 3–4 years in countries in which we are working directly. Institutional Strategy Papers set out DFID's policy towards the major multilateral institutions to which we contribute.

9.5 The work of the Department covers issues which involve many different Government Departments. Globalisation is making it increasingly important that the Government pursues **joined-up** working in taking fully into account the developmental consequences of all policies. Over the last year DFID has therefore worked closely with other Departments on areas such as the preparation of the *2000 White Paper* (2), aid untying, conflict prevention, migration, corruption, environment and debt relief. In addition, DFID hosts the Inter-Departmental Working Group on development to review joined-up working on specific issues (see paragraphs 5.43–5.45).

9.6 DFID policy is informed by a research programme, which is focused on the International Development Targets. DFID has in place well tested systems to support **evidence-**

based policy development. This includes knowledge and research programmes, risk analysis systems and evaluation, the results of which are used to challenge current practice and accepted views and feed back into new activities. DFID's Evaluation Department conduct a programme of evaluation studies which are published on completion. A synthesis of findings from Project Completion Reports for the period 1986–1999 will be published in mid-2001. In addition we are setting up a Performance Assessment Resource Centre to provide information advice and training on performance assessment and evaluation issues to DFID staff, consultation and partners. The centre is expected to be fully operational from mid-2001. The Department works closely with the Organisation for Economic Co-operation and Development's Development Assistance Committee, UN agencies, the World Bank and policy makers from developing countries on the methodology of evaluation as well as on assessing progress. This work feeds into the progress reports on achieving the International Development Targets, requested by the Heads of Governments at the G8 Summit (see Overview paragraph 3).

9.7 DFID's policy making process aims to ensure that policies are **inclusive and participatory**. All policies are the subject of internal and external consultation and regular review, and all strategy papers are publicly available (see Annex 5 for a list). DFID goes to great lengths to liaise with all those with an interest, including customers, deliverers and the academic community. Governments, business and civil society are consulted during the design of our overall strategies, and increasingly formulation of our Country Strategies is being linked directly to wider, country-led processes, such as the Comprehensive Development Framework and Poverty Reduction Strategy Papers (see Box 4c). We attempt to consult fully in all decisions in line with our experience that, unless those with an interest are adequately involved at the design, implementation and review stages, projects and programmes are

less likely to succeed. Ministers and officials participate regularly in forums within the UK, to raise development awareness and receive feedback on policy, strategy and implementation (see paragraphs 8.11 to 8.13).

Responsive public services

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

Pensions

9.9 DFID's Overseas Pensions Department is responsible for the calculation and payment of colonial service and dependants' pensions. During 1999/2000, some 57,000 pensions and supplements were paid to about 16,500 service pensioners and 10,500 dependants. Almost 284,000 separate payments were made, to a total value of £136 million.

9.10 Performance in providing this service is measured and reported against the standards and obligations detailed in a Service Level Agreement. Those standards are also set out in a statement of commitment contained in Overseas Pensions Department: A Guide to Your Pension, which can be found on the website,¹ an information booklet supplied to every new pensioner.

9.11 DFID performed better than the required standard for all targets set for 1999/2000 (see Boxes 9a and 9b).

¹ www.dfid.gov.uk/public/what/penart.html

BOX 9a: PERFORMANCE AGAINST PENSIONS SERVICE STANDARDS (1999/2000)

Standard	Target %	Achieved %
Accuracy of initial calculation of new and revised awards	95.00	99.17
Accuracy of initial payment calculation	97.50	99.28
Number of new awards put into payment within two weeks	97.50	99.58
Timeliness of payments by the due date	99.00	99.99
Response to enquiries within two weeks of receipt	97.50	99.57
Initial response to complaints within two weeks, and a more detailed reply, if one is needed, within five weeks	95.00	96.39

BOX 9b: ACTUAL AVERAGE PENSION RESPONSE TIMES (1999/2000)

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

9.12 In addition to quality and timeliness targets, the Service Level Agreement requires annual running cost savings equivalent to 80% of the reduction in the pensioner population, which in 1999/2000 equated to a target running costs saving of 3.46%. Box 9c shows that the savings achieved were significantly greater.

9.13 The unit costs – per pensioner, pension and payment – take into account all increases in salary costs and fully reflect the net reduction in the number of pensioners. Taking inflation into account, the savings in real terms in 1999/2000 were (on average for all activities) almost 7.5%.

BOX 9c: CHANGES IN PENSIONS WORKLOAD AND COSTS

Workloads	1998/1999	1999/2000	Change
No. of service pensioners	17,374	16,517	- 4.93%
No. of dependants	10,798	10,483	- 2.92%
Total no. of pensioners	28,172	27,000	- 4.16%
Total no. of pensions	59,517	57,154	- 3.97%
Total no. of payments	296,654	283,877	- 4.31%

	1998/1999	Target 1999/2000	Outturn 1999/2000	Change
Running Costs on core activities	£1.32m	£1.27m	£1.20m	- 9.09%
Unit Costs:				
Per pensioner	£46.86	£48.08	£44.44	- 5.16%
Per pension	£22.18	£22.76	£21.00	- 5.32%
Per payment	£4.45	£4.57	£4.23	- 4.94%

9.14 If DFID causes, or contributes significantly to, any excessive delay in making a pension award or payment, then consideration is given to paying compensation for the loss of use of the funds. Two such payments were made during 1999/2000, totalling a little under £6,000 and no such payments have been made so far in 2000/2001.

9.15 Every new pensioner has, since October 1999, been sent a customer survey questionnaire six months after their first payment. Some 232 such forms were issued during the remainder of 1999/2000, of which 161 (69%) were returned. These revealed that 99% of pensioners rated the department's overall performance as either "very good" (84%) or "good", and staff as being "helpful", "efficient" and "friendly". During 2000/2001, DFID's Overseas Pensions Department received a "Charter Mark", in recognition of the exceptionally high quality of service provided. In its findings, the Cabinet Office made particular mention of the fact that staff were highly motivated and well trained, and praised them for consistently providing a first class service.

9.16 Further information on DFID's workload and achievements in handling overseas pensions is published each year in an *Annual Report* which is available on DFID's web-site¹.

Managing DFID contract personnel and other consultants

9.17 DFID's Recruitment and Personnel Management for staff at home and overseas was brought together under a single Human Resources Division in a re-organisation in 2000 as outlined below in paragraph 9.20. The new Division's responsibilities include personnel services to some 469 contract staff. Performance against service level targets remains high (see Box 9d). Service levels are currently under review with a view to continuous improvement.

BOX 9d: RECRUITMENT AND PERSONNEL MANAGEMENT – TIMELINESS PERFORMANCE

Services Standard	Target	1997/1998 %	1998/1999 %	1999/2000 %
Activate recruitment process	within 2 days of request	99	99.6	100
Posts advertised	within agreed timescale	98	93	98.4
Salaries and allowances paid	By last working day of each month	100	100	100

9.18 The total number of consultancy contracts let by DFID in 1999/2000, shown in Box 9e. Box 9f shows progress against our Service Level Agreement targets for timelines and quality in processing contracts and services. Box 9g lists contracts awarded by DFID worth over £1 million which started in 1999/2000.

BOX 9e: CONSULTANCY CONTRACTS LET BY PROCUREMENT DEPARTMENT IN 1999/2000.

Type of Contract	Number	Value (£million)
Competitively let	245	135
Non-competitively let	1194	109
Call down contracts	597	13
Total	2036	257

BOX 9f: RECRUITMENT AND PERSONNEL MANAGEMENT – TIMELINESS PERFORMANCE

Services Standard	Target	1997/1998 %	1998/1999 %	1999/2000 %
Activate requests to engage consultants	within two days	99	99	99
Provide lists of consultant candidates	within five days	100	100	100
Notify consultants of outcome of evaluation process	within ten days	100	100	100

Quality public services

Improving Efficiency

9.19 The financial and administrative systems which underpin DFID's world-wide activities are the subject of regular review and critical appraisal. Our Better Quality Services Plan, agreed with the Cabinet Office in 1999, is a five year rolling programme of operational reviews covering the major support functions within the Department. Each review seeks to identify ways in which the services examined can be delivered more efficiently and effectively, providing better value for money for the taxpayer.

9.20 The past year has seen a major reorganisation of the Department's personnel and recruitment functions as a result of two separate reviews. Our new Human Resources Division is designed to provide more coherent and professional Human Resources services to individuals and departments across DFID, and to promote a

¹ www.dfid.gov.uk/public/what/penart.html

BOX 9g: CONTRACTS OVER £1 MILLION STARTED IN 1999/2000 BY VALUE OF CONTRACT

Consultant	Project Title	Primary Country	Value £million
Health & Life Sciences Partnership Ltd	Shapla: Organisation & Management, Human Resource and Hospital Management Projects	Bangladesh	10.61
Hunting Technical Services Consultants	Management of the Natural Resources System Programme	Global (Non Project Specific)	9.00
Northern Ireland Centre for Health Care Co-operation and Development	Shapla: Nursing, Medical Education & Public/Private Partnership Projects	Bangladesh	8.03
Hunting Technical Services Consultants	Agricultural Service Innovation & Reform Project	Bangladesh	7.02
Newcastle University	Adult Morbidity & Morality Project Phase 2	Tanzania	5.74
Bannock Consulting	Long Term Interim Technical Assistance to Centenary Rural Development Bank	Uganda	5.18
Arthur Andersen & Co and Hirani Ratcliffe Development Consultants	Andhra Pradesh Power Sector Reform – Institutional Strengthening	India	5.11
The British Council	Technical Co-operation Training Services: India 1999/2000	India	4.72
The British Council	Russian President's Management Training Initiative: Main Phase	Russia	4.67
Entec UK	Project Coordinator: Support for Environmental Assessment & Management Project Phase 2	Egypt, Arab Republic	4.60
Marine Resources Assessment Group	Integrated Lake Management Project	Uganda	4.42
ULG Consultants Ltd	Fourth Fisheries Project	Bangladesh	4.32
Crown Agents Legal Advisory Service	Humanitarian Assistance Services	Global (Non Project Specific)	4.00
Agricultural Development Advisory Service International	Sustainable Rural Livelihoods Pilot Project	Russia	3.75
Robert Fleming Holdings Ltd & Hirani Ratcliffe Development Consultants	Power Sector Reform: Institutional Strengthening Distribution	India	3.72
Hunting Technical Services Consultants	Guyana Land Administration Support Programme	Guyana	3.51
Agrisystems (Overseas) Ltd	Improving Rural Livelihoods in North & East Uganda	Uganda	2.84
Defence Systems Ltd	Mine Action programme 2000	Yugoslavia	2.69
Helm Corporation Ltd	Financial Management Academy	Bangladesh	2.61
Halcrow Group Ltd	Construction of Bhairab Bridge: Phase 2	Bangladesh	2.49
Natural Resources International Ltd	Restructuring Forests of the Former Homeland Administrations Project	South Africa, Republic of	2.44
Scott Wilson Kirkpatrick & Co Ltd	Support to Rural Feeder Roads	Ghana	2.25
Pricewaterhouse Coopers	Support for Improving Tax Administration in the Rwanda Authority	Rwanda	2.25
IMC Group Consulting Limited	National Agency for the Development & Implementation of Reconstruction Programmes	Romania	2.10
The Adam Smith Institute	Technical Assistance for Public Enterprise Reform in Orissa	India	2.06
European Landmine Solutions	Mine Action Programme	Yugoslavia	2.05

BOX 9g: CONTRACTS OVER £1 MILLION STARTED IN 1999/2000 BY VALUE OF CONTRACT (continued)

Consultant	Project Title	Primary Country	Value £million
The British Council	Family Protection Project Managers	Jordan	1.95
The British Council	Public Administration Institutional Development Project	West Bank and Gaza	1.89
Pricewaterhouse Coopers	Technical Assistance for Introduction of Value Added Tax in Andhra Pradesh	India	1.77
Scott Wilson Kirkpatrick & Co Ltd	Cross River State Community Forestry Project	Nigeria	1.74
KPMG	Support for Improving Corporate Services & Management in the Rwanda Revenue Authority	Rwanda	1.72
Pricewaterhouse Coopers	Transmission Institutional Strengthening Project	India	1.70
CRC Sogema	Caribbean Overseas Territories Government Accounting Reform	Anguilla	1.51
University of Birmingham	Local & Regional Government Institutional Strengthening	Ukraine	1.50
The Adam Smith Institute	Assistance to the Palestinian Negotiations Affairs Department	West Bank and Gaza	1.48
FRR Ltd (Formerly Fountain Renewable Resources)	Community Forestry Development Project Phase II	Cameroon	1.43
Population Services International	Social Marketing of Condoms	Mozambique	1.38
KPMG	Jamaica: Performance Improvement Project	Jamaica	1.35
The British Council	Technical Co-operation Training Programme – 1999/2000 – 2001/2002	Brazil	1.28
Emerging Market Economics Ltd	Project Management Agency: Support for Regional Trade Negotiating Machinery	Caribbean Regional	1.28
WS Atkins International Ltd	Western India Rainfed Farming Project Phase II	India	1.22
Battle Area Clearance and Technical Equipment Consultants International Ltd	Mine Action Programme 2000	Yugoslavia	1.21
Cambridge Education Consultants	Gansu Basic Education Project	China	1.19
International Livestock	Smallholder Dairy Project Phase II	Kenya	1.18
International Livestock	Rural Development Project	Poland	1.17
WSP International Ltd	Rural Access Programme	Nepal	1.16
Pricewaterhouse Coopers	Strengthening & Modernising Value Added Tax Administration	Bangladesh	1.09
The British Council	Provision of Technical Co-operation Training Services in Kenya	Kenya	1.09
The Prince of Wales Business Forum	Resource Centre for the Social Dimensions of Business Practice: Core Contract	United Kingdom	1.09
Entec UK	Bulgaria: Solid Waste Management Project:	Bulgaria	1.07
Environmental Resources	Support for the Environment & Management	Egypt, Arab Republic	1.06
Wilde Sapte	Privatisation & Capital Market Development	Bosnia	1.04
Centre For British Teachers Education Services	Primary Schools Education Management Development Project	Botswana	1.03
The British Council	Technical Co-operation Training – Nigeria, Cameroon & The Gambia	Nigeria	1.01

more strategic approach to staff management issues. Other reviews in 2000 covered DFID's Service Level Agreement with the Foreign and Commonwealth Office, which governs the services provided by it (accommodation, communications, etc) for our offices and personnel overseas; and the Resource Management systems which inform our decisions on the allocation of funding to programmes. In each case we are following up the possible improvements identified.

Increased use of developing country goods and services

9.21 DFID is working to increase the contracting capacity of overseas offices. A new procurement course has been developed, with over 100 additional DFID personnel trained in the calendar year 2000.

9.22 The number of contracts let locally has increased in the African regions where DFID's efforts have been concentrated. In 1999/2000, 117 local contracts were let in Southern Africa (compared to only 42 in 1998/1999) and 198 were let in East Africa (compared to 21 in 1998/1999). To date the consultancy contracts let locally by DFID have been of a relatively low value. As the procurement capacity of DFID overseas offices improves, the value of local contracting is expected to increase.

9.23 Panels of governance consultants have been established to support DFID's work in Southern and Central Africa. DFID will provide these consultants with necessary training and engage them as and when required. A February 2000 review of the progress of DFID India's contracts and Procurement Advice section reported significant improvements in procurement practice. Competition is more frequent and there are proper separation of duties. In 1999/2000, DFID India let 200 contracts locally with a value of £1.68 million.

Improving the systems for engaging consultants

9.24 DFID continues to look to improve ways of engaging the expertise required for development programmes. In the *International Development Committee's Report on the DFID 2000 Departmental Report* (70), the Committee called for improvements in our procurement practice, in particular more frequent use of advertised competition, an improved complaints procedure and better communication with our suppliers. These issues are being addressed as part of the implementation of the decision announced in the *2000 White Paper* (2) to untie all aid (see Chapter 5); DFID:

- has started a programme of consultation with its existing and potential suppliers, particularly with those involved in supplying external development expertise to discuss our plans for changes to our systems in light of the untying initiative and implementation of the European Community Public Procurement Directives
- will, from 1 April 2001, make much greater use of international advertisement through the Official Journal of the European Community, DFID's web site, international and local journals;
- is setting up a complaints procedure which is more widely advertised and accessible.

9.25 As part of our e-business strategy we are looking at the use of electronic tendering and invoicing in close collaboration with the Office of Government Commerce. This should reduce administrative effort and improve efficiency. We are also looking at building stronger links with key suppliers through the nomination of individual staff to oversee the corporate relationship.

Prompt payment of bills

9.26 DFID is committed to the Better Payment Practice Code. In line with Government policy, DFID's procurement procedures comply with BS 7890, the British Standard for achieving good pay-

ment performance in commercial transactions. The aim is to pay bills in accordance with agreed contractual conditions, or where no such conditions exist, within 30 days of receipt of the goods or services or the presentation of a valid invoice, whichever is the later. The percentage of invoices settled within the 30 day period in 2000 was 97.2% (the comparable figure for 1999 was 96.7%).

Compensation for maladministration

9.27 During 2000/2001, DFID was not involved in any complaints to the Parliamentary Commissioner for Administration and was not required to pay any awards of compensation.

Information age government

9.28 DFID is working closely with business, other Departments and International Agencies as part of the Modernising Government Agenda to ensure best use of Information and Communications Technology to support its objectives. Senior staff are active members of the Government Information Age Champions Group and continue to contribute to the work on data standards, electronic entry portals, web sites, knowledge management and other initiatives.

9.29 Our “e-business strategy” was developed into a formal document with business users this year and places considerable emphasis on developing the ability to share knowledge and to communicate globally. The strategy is available on the DFID web-site¹. We remain on course to meet our targets for electronic delivery of services.

9.30 A major programme to upgrade Information Technology infrastructure is on-going and will include high bandwidth networks with optic fibre backbones in our UK offices. We have commenced installing satellite and broad bandwidth links to our overseas offices in a joint proj-

ect with the Foreign and Commonwealth Office, to ensure fast, reliable data communications to all central corporate systems. This will include video-conferencing facilities in all overseas offices and the ability to arrange multi-link conferences with up to 8 locations sharing a system operated and maintained by the World Bank. These improvements will allow more effective communication between staff in different locations, facilitate exchange of information and ideas and improve our delivery of outputs. Most DFID staff now have access to the DFID Intranet, though overseas, this is presently partially dependent on availability and speed of their locality internet service provider. The Intranet is being re-designed to improve navigation and access to information with a target for completion in April/May 2001.

9.31 In November 2000, DFID’s management information system, known as Performance Reporting and Information System for Management, was updated. The updated system generates analysis on the allocation of resources and on performance by country, objective and sector. It is supported by the Department’s Policy Information Marker System, introduced in 1993, which analyses bilateral commitments and expenditure on priority areas of the aid programme by objective. These systems are key tools for linking the Department’s objectives and programmes. They allow all staff in all of the Department’s offices to access information across the whole overseas aid portfolio. The information can then be collated and analysed in a wide range of ways to provide material for the Service Delivery Agreement (see Overview Box g) and strategy papers (see paragraphs 9.3–9.4). By improving access to information, this will increase the Department’s responsiveness to new developments and improve the management of aid programmes. Further improvements to the Performance Reporting and Information System for Management are planned for late 2001, such as linking in data Project Completion Reports. These systems provide the basis for an integrated management information system drawing together all major information, and including regular reporting to the Management Board.

¹ www.dfid.gov.uk

Public service staffing and organisation

9.32 As indicated in the *2000 Departmental Report* (48) DFID continues to focus on improving management and development of its staff. Investors in People accreditation was obtained in December 2000. The process of achieving accreditation acted as an important catalyst for changes in the way DFID had traditionally approached staff management and development. The consultation exercises and resulting Effective Staff Management Action Plan have made significant improvements in communication at all levels within the Department. DFID is also now much better placed to ensure that staff development activities are more closely linked to business objectives and are outcomes based. The Department plans to work closely with the Assessors on a continuous basis to benefit further from the process and focus on our identified areas for development – including job to job induction and identifying and tackling poor managers – to ensure continued improvement and retain accreditation.

Management Development

9.33 We introduced a behavioural skills-based Management Development Programme last financial year. This programme provides staff with an opportunity to develop the behavioural skills which contribute to effective staff management, to help to improve the overall management culture within DFID. The behavioural skills approach has proved both successful and popular and will continue to be one of our mandatory programmes. By 31 March 2001 over 620 staff in the UK and overseas had been through the programme and the number of participants on each event has now been increased to cope with demand. A further programme for more junior staff will be in place by 31 March 2001. Non-residential versions of both courses are available for those who cannot be away from home overnight due to caring responsibilities. Follow up activities to help assess the organisational impact of the programme, together with an evaluation of individual learning, are an integral part of the arrangements.

Other Development Activities

9.34 Training in the strategic areas of poverty awareness and skills, basic economics and influencing skills are all underway. In addition to continuing improvements to our general induction processes we have also introduced specific induction training for fast stream staff and are considering introducing further tailor-made induction courses for specialist new entrants – particularly from the Economist and Statistician groups. A series of diversity focus groups were held which were instrumental in assessing our current approach to diversity and allowed us to design appropriate training which is now being given to all staff (see paragraph 9.39). Underpinning all these activities is our imperative to continue to implement the principles of Investors in People through the Effective Staff Management action plan.

Organisation

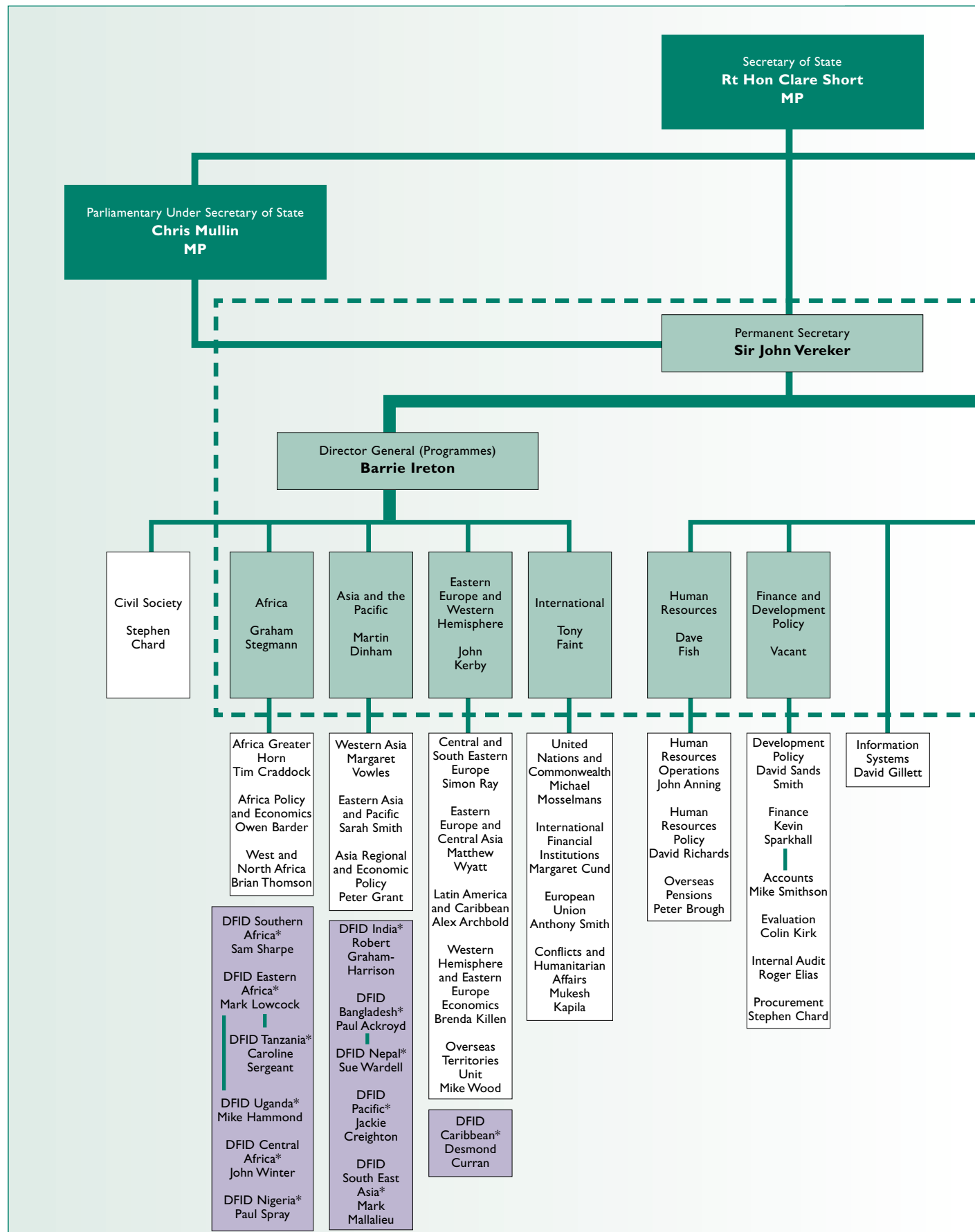
9.35 Our Ministerial and Parliamentary Team and our Departmental organisation are set out in Boxes 9h and 9i.

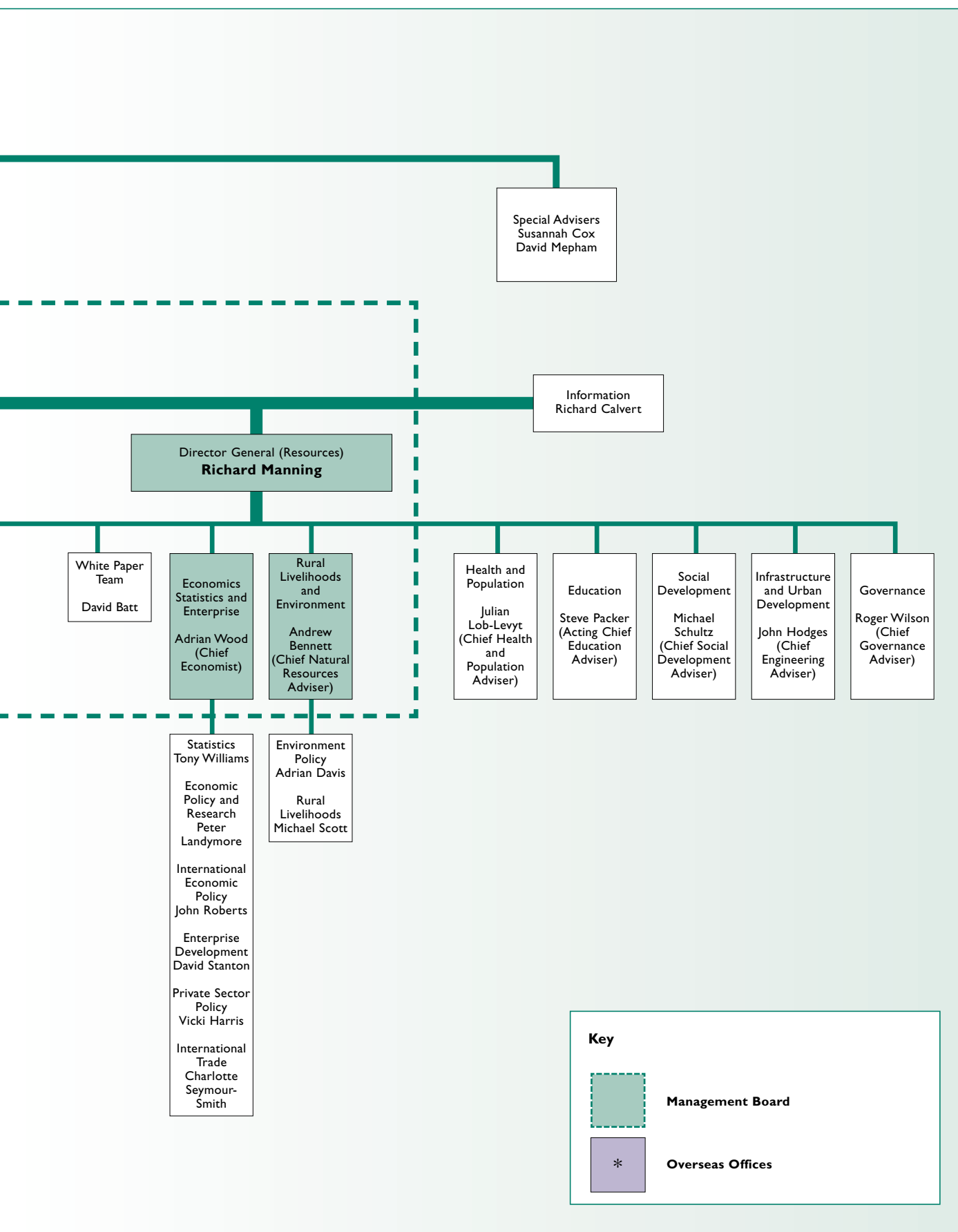
Recruitment

9.36 It is essential for the Department to be able to recruit and retain high quality staff with a wide range of skills. In general, we have been able to identify good candidates both at entry grades and in mid-career. DFID remained popular with fast stream recruits in 2000/2001, receiving the most nominations from those candidates who expressed a preference for a particular Home Civil Service Department during the recruitment process.

9.37 The Department's recruitment practices conform to the requirements of the Civil Service Commissioners' Code. DFID made one permitted exception to fair and open competition in 2000/2001 for conversion of a fixed term contract to permanent status. The numbers of staff recruited during 2000 are set out in Box 9j.

BOX 9h: ORGANISATION CHART: DEPARTMENT FOR INTERNATIONAL DEVELOPMENT





BOX 9i: DFID'S MINISTERIAL AND PARLIAMENTARY TEAM



Rt Hon Clare Short MP
Secretary of State for International Development



Chris Mullin MP
Parliamentary Under Secretary of State



Baroness Amos
Spokesperson in the Lords



Dennis Turner MP
Parliamentary Private Secretary

Equal opportunities/diversity

9.38 DFID operates an equal opportunities policy in respect of all aspects of its recruitment and employment practices. Processes are monitored by gender, ethnic origin and disability. During 2000 there was one equal opportunities complaint which remained unresolved by March

2001. The Department is a member of Opportunity Now (formerly Opportunity 2000) and operates a range of alternative working practices. We took part in two Civil Service wide diversity questionnaires: one focused on staff attitudes to progress on diversity generally and one focused on women.

BOX 9J: UK BASED APPOINTMENTS FILLED IN 2000

PAY BAND	TOTAL	WOMEN	ETHNIC MINORITIES
SCS	2	—	—
A1	8	5	2
A2	46	23	—
A3	3	1	—
Fast Stream B1 (D)	15	12	3
B1	1	—	—
B2	3	—	—
C1	34	23	13
C2	44	29	2
TOTAL	156	93	20
% OF TOTAL	100	61%	13%

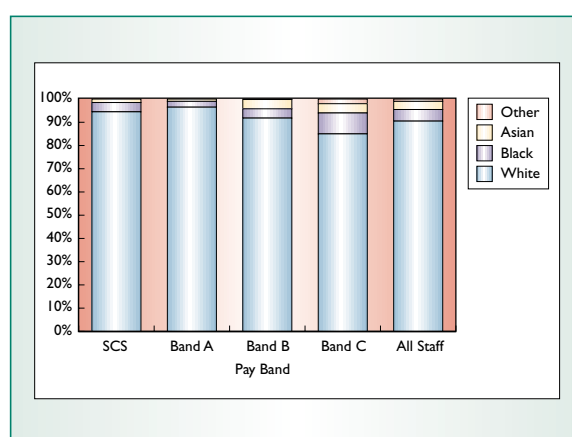
9.39 As part of the Modernising Government agenda, in April 2000 we produced an action plan for progress on diversity, which covered action already taken to promote diversity and looked forward to activities planned for the rest of 2000 and beyond. It includes targets for the representation of women, ethnic minority staff and staff with disabilities up to the year 2005. One of the key activities in it was a programme of focus groups with staff in the UK and overseas to find out what they think about our equal opportunities and diversity policies and practices. Staff were asked to identify the key areas in which they want to see change. This process is expected to lead to the establishment of small groups which will meet regularly with the Permanent Secretary and act as a standing source of advice.

9.40 We launched an in-house bursary scheme for ethnic minority staff at the end of 1999, which aimed to help staff at more junior levels develop more quickly the skills and competencies needed for promotion to higher grades. All five bursaries on offer were taken up in 2000. We sponsored two Windsor Fellows, under a scheme aimed at talented black and asian undergraduates, and we have created a link with the National Mentoring Consortium to

offer mentoring to undergraduates from a range of universities. The Department also took part in recruitment fairs in London and Glasgow aimed at attracting ethnic minority graduates and undergraduates into the Civil Service.

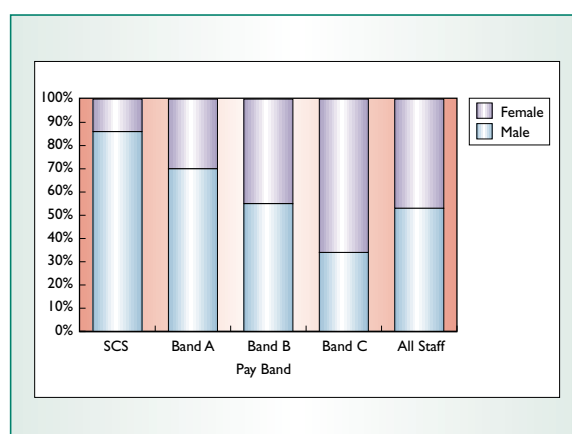
9.41 The representation of ethnic minority staff among UK-based staff is shown at Box 9k.

BOX 9k: ETHNIC MINORITIES IN DFID UK-BASED STAFF ON PAYROLL BY PAY BAND



9.42 There are now 11 women out of 65 staff in the Senior Civil Service. This includes staff on secondment to other departments and institutions. We remain committed to, and are working towards, the Civil Service target of 35% of Senior Civil Service posts filled by women by 2005. The overall gender composition among UK-based staff is shown in Box 9l.

BOX 9l: GENDER REPRESENTATION IN DFID UK-BASED STAFF ON PAYROLL BY PAY BAND



9.43 DFID has met its obligations to staff under the Disability Discrimination Act 1995 on a case by case basis. 22 members of UK based staff (2%) have declared themselves as disabled. We are supporting financially a bursary scheme organised by the Cabinet Office for staff with disabilities to help them develop their skills and competencies.

Numbers and salaries of staff

9.44 DFID has 11 offices with substantial delegated authority world-wide and a further 34 locations with personnel in overseas offices or the British High Commission. In December 2000, there were 827 staff in our London headquarters and 465 staff in our East Kilbride headquarters. We employed 967 staff overseas, including 424 appointed in country (see also paragraph 9.45). The numbers and levels of remuneration of the Department's staff are shown in Boxes 9m and 9n. Pay ranges and grade structures for staff appointed overseas vary by location depending on local conditions: comparative data cannot readily be produced in summary form. The numbers working in our 11 main overseas offices are shown in Box 9o.

Box 9m: SENIOR CIVIL SERVICE SALARIES IN DFID¹
(1 November 2000)

Salary Range £	Female	Male
40,000 – 44,999	0	1
45,000 – 49,999	2	4
50,000 – 54,999	2	10
55,000 – 59,999	3	7
60,000 – 64,999	1	14
65,000 – 69,999	0	7
70,000 – 74,999	0	3
75,000 – 79,999	1	4
80,000 – 84,999	0	1
85,000 – 89,999	0	0
90,000 – 94,999	0	2
95,000 – 104,999	0	0
105,000 – 109,999	0	0
110,000 – 114,999	0	0
115,000 – 119,999	0	0
120,000 – 124,999	0	0
125,000 – 129,999	0	1

¹ Includes permanent, UK-appointed staff only.

BOX 9n: OTHER STAFF SALARIES IN DFID¹

Sub Band	Salary Range £	Female	Male
A1	33,894 – 58,514	20	84
A2	30,445 – 48,252	41	107
A3	23,263 – 31,915	37	37
B1	18,599 – 26,398	72	116
B2	13,568 – 21,493	129	129
C1	10,626 – 17,277	225	98
C2	9,000 – 14,459	65	52
Fast Stream	16,217 – 29,923	19	19

¹ Includes permanent, UK-appointed staff only.

Staff appointed in country

9.45 DFID has a significant group of employees who are appointed directly by its overseas offices, (see Box 9o). They play an increasingly important role in the effective delivery of DFID's programmes and DFID is continuing the process started two years ago of integrating them more closely into the work of the Department. We have had a positive response to the scheme we launched last year, which offers these staff the opportunity to expand their career development and training opportunities either by attachment to our UK offices or to another of our overseas offices.

BOX 9o: STAFF APPOINTED IN COUNTRY
(as at December 2000)

Office	Female	Male
DFID Central Africa (Zimbabwe)	27	13
DFID East Africa (Kenya)	22	15
DFID East Africa (Tanzania)	11	11
DFID East Africa (Uganda)	15	15
DFID South Africa	28	10
DFID India	60	76
DFID Bangladesh	14	8
DFID South East Asia (Thailand)	14	7
DFID Nepal	13	41
DFID Pacific	5	2
DFID Caribbean	15	2

Departmental Investment Strategy

9.46 During 2000 we produced a Departmental Investment Strategy, which can be found on our website¹. This showed the capital resources employed by DFID and set out plans for investment over the period to 2003/2004. These investments are in administrative capital and in Commonwealth Development Corporation Capital Partners and International Financial Institutions (see Box 9r). The Strategy has been published electronically alongside the Public Service Agreement and the Service Delivery Agreement (see Overview).

¹ www.dfid.gov.uk

Administrative capital investment strategy

9.47 DFID's administrative capital needs are small, being mostly limited to providing the accommodation and information systems needed for effective operations. Total administrative fixed assets are outlined in Box 9p, and planned administrative capital investment in Box 9q. Investment over the past few years has been largely concerned with the development and enhancement of communications and Information Technology systems. Administrative capital spending is currently higher than normal because the site of the current DFID London Office is due for demolition and redevelopment. A building, requiring considerable refurbishment, has been acquired, which we hope will provide an innovative, modern working environment, with a large number of informal working areas and meeting rooms. The new site will also incorporate, in the reception area, a permanent exhibition/display area for the public. The relocation will enable the Department to upgrade its Information Technology systems, which will improve our overall effectiveness and enhance our communications with overseas offices.

9.48 DFID has also continued to enhance its presence overseas. A new office has been opened in India to replace the four separate buildings spread around New Delhi. Local consultants were used extensively in the design and implementation of the work. The office opened in August 2000 and is well thought of by staff and visitors. Our other UK HQ in East Kilbride also requires major refurbishment work. Following an economic analysis it was concluded that a small permanent annex should be constructed to accommodate staff displaced during the refurbishment and that this will then be used in future as meeting and training rooms.

9.49 We continue to develop a reliable Information Technology infrastructure in the UK and in our overseas offices and to improve communications between them (see paragraphs

9.28 – 9.31). Particular emphasis will be on the development of systems for measuring performance; improving the control and effectiveness of accounting systems; developing video conferencing facilities and on-line communications with overseas offices, and extending the use of Information Technology in the field of procurement.

9.50 All administrative capital investment is subject to rigorous systems of appraisal, monitoring and evaluation. Due to the current peak in administrative capital requirements it will be necessary to find funds in-year to cover them, within overall spending limits.

Box 9p: ADMINISTRATIVE FIXED ASSETS HELD BY DFID AS AT 31 MARCH 2000 (£million)

Category	Gross Book Value	Accumulated Depreciation	Net Book Value
Freehold Land and Buildings	3.9	0.7	3.3
Vehicles	2.0	0.9	0.2
Furniture & Other Equipment	7.0	3.9	2.1
IT Equipment	8.0	4.9	2.4
IT Systems	9.3	2.0	6.7
Total	30.2	12.4	14.7

Box 9q: ADMINISTRATIVE CAPITAL INVESTMENT PLANS 2001/2002–2003/2004 (£million)

	2001/2002	2002/2003	2003/2004
Freehold land and Buildings	17	9	3
Vehicles	1	1	1
Furniture & Other Equipment	2	2	2
IT Equipment	4	5	6
IT Systems	6	7	8
Total	30	24	20

Resource Accounting and Budgeting

9.51 Our Resource Accounts for 1999/2000 were signed on schedule before the end of November 2000 and have been agreed without qualification by the National Audit Office. Cash accounts were also produced to schedule. Parallel cash and resource accounts will be prepared for one more year. The Estimates for 2001/2002 have for the first time been produced on a resource basis. Future planning and decision-making will take full account of the information provided through resource accounting and budgeting.

Investments in CDC Capital Partners and International Financial Institutions

9.52 DFID is the owner of the UK government interest in CDC Capital Partners (formerly Commonwealth Development Corporation, see paragraph 5.50). DFID's balance sheet therefore includes the net worth of CDC Capital Partners, which will remain wholly government-owned until the introduction of private capital through a Public-Private Partnership, as well as the value of the company's outstanding loans.

9.53 The balance sheet also includes the current value of our shareholdings in International Financial Institutions (see Chapter 4 and Box 9r). In principle, we are entitled to a share of these institutions' assets in the unlikely event of our withdrawal or their winding up. Our shareholdings are only a small part of the contributions we make to these institutions; the bulk take the form of grants to help finance their development activities.

9.54 At the end of the last financial year the total value of our investments in CDC Capital Partners and International Financial Institutions was estimated at £2.1 billion. Details are provided in Box 9r.

Box 9r: ESTIMATED VALUE OF DFID'S FIXED ASSET INVESTMENTS AS AT 31 MARCH 2000 (£million)

	£million
Commonwealth Development Corporation Group plc	639
International Bank for Reconstruction & Development	782
European Bank for Reconstruction & Development	261
International Finance Corporation	173
Asian Development Bank	138
Inter-American Development Bank	71
African Development Bank	33
Caribbean Development Bank	20
Multilateral Investment Guarantee Agency	10
Total	2,126

Environment

9.55 DFID's "Green Minister" is the Parliamentary Under Secretary of State. He is responsible for both ensuring that the Department's Objectives of poverty eradication and sustainable development are sufficiently taken into account in Whitehall discussions on the global environment, and for overseeing "green" issues within the Department. DFID remains committed to ensuring that full account is taken of the needs of the environment and the more efficient use of resources.

9.56 Over the past year we have continued to develop our Environmental Management System, and to improve the environmental management of our operational activities. Similarly, our programme to raise awareness of green issues has focused in turn on specific areas such as reducing waste, increasing re-use and recycling, conserving water and electricity, and encouraging the use of green alternatives to car and domestic air travel (see Box 9s). The Environmental Management System will initially focus on DFID's UK offices, but will in due course be extended to our overseas offices.

9.57 We have published and circulated Green Transport Plans for our London and East Kilbride offices, and have begun work on implementation.

9.58 DFID is committed to developing an environmentally sound office design for its new London Headquarters. Environmental considerations have been integral to the planning of the refurbishment, which is due to be completed by late 2001. This has included the replacement of Air Conditioning Equipment and Refrigerant with more environmentally friendly alternatives.

Box 9s: ENVIRONMENTAL MANAGEMENT SYSTEM – PRINCIPAL TARGETS

TARGET	ACTION SO FAR
WASTE: to reduce the amount of waste produced by DFID's offices, and to encourage re-use and recycling.	Paper recycling increased by 30% following awareness campaign. Formal measurement systems being introduced. Department now recycling spent fluorescent tubes, plastic cups and printer cartridges. Surplus computer equipment donated to local school.
AIR EMISSIONS: To reduce emissions to the atmosphere from office activities.	To be considered under plans for new London Headquarters.
ENERGY: To reduce consumption of energy in offices.	Awareness campaign has resulted in reduction in lights/computers left on overnight. Measurement procedures being implemented.
WATER USE/DISCHARGE: To reduce the consumption of water in the offices.	Awareness raised through water-saving notices around offices.
TRANSPORT: To reduce the adverse impact of DFID travel on the environment, and to encourage the use of "green" alternatives.	Green Transport plans for London and East Kilbride offices produced. Discussions initiated with East Kilbride bus companies following comments from DFID staff. London Transport maps and guides made available to staff. Facilities and security improved for cyclists. Department supported and publicised European Car Free Day.

Box 9s: ENVIRONMENTAL MANAGEMENT SYSTEM – PRINCIPAL TARGETS (continued)

TARGET	ACTION SO FAR
PURCHASE OF GOODS AND SERVICES: To incorporate environmental criteria increasingly into the purchase of goods and services.	Trial of recycled paper instigated at main offices.
NOISE: To minimise noise associated with DFID activities.	To be considered under plans for new London Headquarters.
AWARENESS AND TRAINING: To increase the "green" awareness of staff and contractors, including the benefits and application of an Environmental Management System.	Now forms part of induction training for all new staff. "Green" intranet site for staff updated. Rolling awareness programme continued, focusing on Waste, Recycling and Transport, with staff competitions for best suggestions.

Other issues

Public Appointments

9.59 In May 2000 the Department published the following equal opportunity targets for the public appointments for which it is responsible¹:

- to increase the percentage of appointments held by women from a 1999 baseline of 24% to 42% by the end of 2003;
- to increase the percentage of appointments held by members of ethnic minority groups to 20% by the end of 2000 and to seek to ensure that it does not fall below 12% in subsequent years;
- to encourage applications for all appointments from women and from members of ethnic minority groups by ensuring advertisements reach potential candidates;

- to make every effort to include women and ethnic minority candidates on every short list for appointments and to give reasons for non-selection of each candidate at each stage of the appointment process;
- to ensure that advertisements also make clear that applications from people with disabilities are welcome;
- to ensure we contact organisations representing women, members of ethnic minorities and people with disabilities to publicise/seek nominations;
- to ensure those involved in the selection process have had training in equal opportunities, which includes disability awareness.

9.60 The public appointments for which the Department is responsible are summarised in Box 9t:

BOX 9t: PUBLIC APPOINTMENTS

Name	Date appointed	Appointment ends	Remuneration
Advisory Committee on Economic and Social Research			
Dr G Kolankiewicz	Jun 1994	Jun 2000	nil
Prof A Booth	Mar 1998	Mar 2001	nil
Prof A Caplan	Mar 1998	Oct 2001	nil
Prof F Ellis	Mar 1998	Mar 2001	nil
Dr C Harper	Mar 1998	Mar 2001	nil
Prof D Hulme	Mar 1998	Mar 2001	nil
Dr A Hussein	Mar 1998	Mar 2001	nil

¹ Published in the Cabinet Office publication *Quangos Opening Up Public Appointments 2000–2003* (72)

BOX 9t: PUBLIC APPOINTMENTS (continued)

Name	Date appointed	Appointment ends	Remuneration
Prof A Markandya	Mar 1998	Oct 2001	nil
Prof C Rakodi	Mar 1998	Mar 2001	nil
Crown Agents Holding and Realisation Board			
Mr D Probert (Chair)	Jul 1991	Unspecified	nil
Mr P Berry	Jul 1988	Unspecified	nil
The Overseas Service Pensions Scheme Advisory Board			
Miss D Phillips	Jan 1992	Unspecified	nil
Mr D Le Breton CBE	Nov 1996	Unspecified	nil
Mr T Davey OBE	Apr 1998	Unspecified	nil
Mr H Smith OBE	Apr 1998	Unspecified	nil
The India Family Pensions Funds Body of Commissioners			
Mr R Fenton MBE	Jan 1957	Unspecified	nil
Mr J Phelps	Oct 1965	Unspecified	nil
Major Gen D Horsford CBE DSO	Oct 1975	Unspecified	nil
Mr J Coventry	Apr 1984	Unspecified	nil
Lt Col P Kemmis-Betty MC	Sep 1987	Unspecified	nil
Mrs P Lamarque	Jan 1993	Unspecified	nil
Mrs M Ramsay-Brown	Jan 1993	Unspecified	nil
Development Awareness Working Group			
Iqbal Asaria	Nov 1999	April 2001	nil
Doug Bourn	Jan 1998	April 2001	nil
Kevin Cahill	Nov 1999	April 2001	nil
Paul Chitnis	Nov 1999	April 2001	nil
Paddy Coulter	Jan 1998	April 2001	nil
Sue Davison	Nov 1999	April 2001	nil
Phillip Ferguson	Nov 1999	April 2001	nil
Carol Madison Graham	Nov 1999	April 2001	nil
Penny Krucker	Nov 1999	April 2001	nil
Cathy Midwinter	Nov 1999	April 2001	nil
Ashok Ohri	Jan 1998	April 2001	nil
Mike Power	Nov 1999	April 2001	nil
Charles Reed	Nov 1999	April 2001	nil
Ros Tennyson	Nov 1999	April 2001	nil
Tom Wylie	Jan 1998	April 2001	nil
Commonwealth Scholarships Commission			
Mr G Caston (Chair)	Dec 1999	Dec 2001	nil
Prof. T Harpham (Deputy Chair)	Aug 1993	Feb 2001	nil
Prof. I Livingstone	Dec 1995	Nov 2001	nil

BOX 9t: PUBLIC APPOINTMENTS (continued)

Name	Date appointed	Appointment ends	Remuneration
Mr S Aziz	May 1996	Apr 2002	nil
Mrs A Lonsdale	May 1996	Apr 2002	nil
Mr C George	Aug 1996	Apr 2002	nil
Prof. J Dilawari	Mar 1998	Feb 2001	nil
Prof. W Hill	Mar 1998	Feb 2001	nil
Ms Levy	Apr 2000	Mar 2003	nil
Mr D Miles	Apr 2000	Mar 2003	nil
Dr P Richardson	Apr 2000	Mar 2003	nil

Publicity and advertising

9.61 DFID's public information work forms an integral part of our wider strategy for Building Support for Development (see Chapter 8). The Department continued to publish key strategy and issues papers (see Annex 5 for details); produced the *2000 White Paper* (2), together with an introductory version for wider public dissemination; and has also continued to produce the quarterly *Developments* magazine (54) which has continued to attract new readers and won a national design award. The Department mounted displays at a number of relevant events, as well as running the series of Development Policy Forums described in Chapter 8. We also plan to launch a newly re-designed website (www.dfid.gov.uk) in the spring. Expenditure on official departmental publications in 2000 amounted to £1,151,845. Paid advertising was largely restricted to recruitment, which cost £752,090 in 2000, but also included a Supplement in *The Independent* covering the White Paper.

Sponsorship

9.62 The Department received sponsorship for a number of activities in 2000/2001. Most sponsorship received was in the form of co-funding for communications campaigns or events by voluntary organisations or interested private sector parties. In addition, some specific initiatives received sponsorship-in-kind. For example, the Imfundo Project, outlined in Box 2h, involved set-

ting up a public-private sector team, based in DFID, which examined how information and communication technology could be used to increase the quality of education and access to it in sub-Saharan Africa, and how the resources of the private sector could be used to support this. Three companies each seconded one member of staff to the team for between six and nine months during 2000. These were Cisco Systems, Virgin, and Marconi plc. The companies paid the salaries of the secondees and some of their travel costs.

Public Accounts Committee

9.63 In February 2001, the Public Accounts Committee published their report on DFID's response to the humanitarian crisis in Kosovo. The Committee noted that DFID was at the forefront of the international response to crisis, with major projects including the restoration of power and water supplies, and the provision of health services. Despite the complex, changing and, at times, dangerous circumstances, some 90% of operational targets were achieved on schedule, within budgeted costs, and while preserving the safety and security of staff. The report offered constructive recommendations on improving DFID's response to crises. It identified four main lessons for DFID's future emergency response. These cover supply chain management; promptness in accounting for funds used and in the retendering or renewal of contracts; consistency in monitoring projects funded; and standardising field office procedures. The Department is

Main Estimates 2001/2002

The Main Estimates begin the process of seeking funds and authority from Parliament. For an analysis of Department expenditure plans, with explanatory text, see Annex 2. Hitherto the Main Estimates for all Government Departments have been presented to Parliament by HM Treasury in a single document. With the introduction of Resource Accounting and Budgeting the Main Estimates (in resource terms) for 2001/2002 are being published in individual Departmental Reports. The Treasury will separately publish a Summary Request for Supply for these Estimates. This Annex sets out for Parliament the Main Estimates for 2001/2002 relating to DFID.

2001/2002 INTERNATIONAL DEVELOPMENT

This Estimate covers expenditure by the Department for International Development (DFID) on: the United Kingdom's international development programme; global environment assistance; payments to certain beneficiaries of the Gibraltar Social Insurance Fund; the development of a public/private partnership with CDC Capital Partners; conflict prevention and peace-keeping; related administrative work, including the administration of pensions expenditure; certain associated non-cash items.

A detailed breakdown of voted resource allocation is provided in Table 10 of Annex 2 of this report. The tables in Annex 2 also include details of non-voted attribution for the UK share of European Community budgetary spending on aid and for the loss of interest to the Consolidated Fund as a result of Retrospective Terms Adjustment arrangements stemming from debt relief.

Payments for certain subheads are charged to the Estimate at the time of issue and adjustments made if necessary on receipt of audited accounts of statements. The Comptroller and Auditor General will be provided with these and with a report on them by auditors. Where satisfactory discharge cannot be obtained by means of audited accounts or statements, due to circumstances beyond the control of DFID, the expenditure will be the subject of a note in both the Appropriation Account and the Resource Account.

The British Government has given assurance that should any person protected by a Public Officers Agreement not be paid by an overseas territory Her Majesty's Government will ensure the continued payment of the pension.

Section E – Unallocated, contains provision for contingencies to meet additional needs elsewhere on the Estimate as they emerge.

TABLE 1: INTERNATIONAL DEVELOPMENT RESOURCE ESTIMATE FOR 2001/2002

£000

PART 1:	
Request for Resources 1: Eliminating Poverty in Poorer Countries	2,413,867
Request for Resources 2: Conflict Prevention	27,308
Total Net Resource Requirement	2,441,175
Net cash requirement	2,438,044
Amount required in the year ending 31 March 2002 for expenditure by the Department for International Development on:	
Request for Resources 1: Eliminating poverty in poorer countries	
International Development under the Overseas Development and Co-operation Act 1980 including financial and technical assistance to governments, institutions, voluntary agencies and individuals; capital and other subscriptions and contributions, including payments under guarantee to multilateral development banks and other international and regional bodies; emergency, refugee and other relief assistance; pensions and allowances in respect of overseas service including contributions to pension funds (including payments under the Overseas Pensions Act 1973, and grants in lieu of pensions); global environment assistance; payments to the UN Educational Scientific and Cultural Organisation; administration, related capital expenditure and other administrative costs; costs involved in the development of a public/private partnership with CDC Capital Partners; payments (under the authority of the European Communities Act 1972) to certain beneficiaries of the Gibraltar Social Insurance Fund; and on associated non-cash items	
Request for Resources 2: Conflict Prevention	
Conflict prevention, early warning, crisis management, conflict resolution/peacemaking, peacekeeping, and peacebuilding activity and on associated strengthening of international and regional systems and capacity; and on associated non-cash items	
The Department For International Development will account for this Estimate.	

£000

	Net total	Allocated in vote on Account	Balance to complete
Request for Resources 1	2,413,867	1,009,610	1,404,257
Request for Resources 2	27,308	12,289	15,019
Total Net Resource Requirement	2,441,175	1,021,899	1,419,276
Cash requirement	2,438,044	1,092,993	1,345,051

TABLE 2: INTERNATIONAL DEVELOPMENT RESOURCE ESTIMATE FOR 2001/2002

£000

PART II Subhead detail	2001/2002 Resource Budget						2001/2002 Non-Resource Budget items		2000/2001 Provision 9	1999/2000 Outturn 10
	1 Administration	2 Other current	3 Grants	4 Gross Total	5 Appropriations in Aid	6 Net total	7 Capital	8 Non-operating Appropriations in Aid		
PART II: REQUEST FOR RESOURCES 1: ELIMINATING POVERTY IN POORER COUNTRIES	86,601	152,299	2,179,547	2,418,447	4,580	2,413,867	106,150	49,203	2,445,365	2,217,244
SPENDING IN DEPARTMENTAL EXPENDITURE LIMITS										
<i>Central government's spending</i>										
A* Bilateral development assistance	0	0	1,420,637	1,420,637	633	1,420,004	0	29,500	1,277,961	1,282,218
B* Multilateral development assistance	0	0	415,928	415,928	100	415,828	64,796	19,400	470,263	383,133
C* Administration	66,746	2,000	0	68,746	3,847	64,899	41,354	23	67,516	67,796
D* Certain beneficiaries of the Gibraltar Social Insurance Fund	0	7,600	0	7,600	0	7,600	0	0	8,000	20,980
E* Unallocated	0	0	75,000	75,000	0	75,000	0	0	0	0
F* Public/Private Partnership with CDC Capital Partners	500	0	0	500	0	500	0	0	900	722
G* Crown Agents Loan repayments	0	0	0	0	0	0	0	280	0	0
H* Anti money-laundering¹	0	0	1	1	0	1	0	0	0	0
SPENDING IN ANNUALLY MANAGED EXPENDITURE										
<i>Non-cash items</i>										
I* Bilateral development assistance	0	98,456	0	98,456	0	98,456	0	0	91,578	322,619
J* Multilateral development assistance	0	44,243	267,981	312,224	0	312,224	0	0	519,168	131,816
K* Administration	19,355	0	0	19,355	0	19,355	0	0	9,979	7,960
REQUEST FOR RESOURCES 2 CONFLICT PREVENTION	0	0	27,308	27,308	0	27,308	0	0	0	0
SPENDING IN DEPARTMENTAL EXPENDITURE LIMITS										
<i>Central government's spending</i>										
A* Sub-Saharan Africa – Programme Expenditure	0	0	18,408	18,408	0	18,408	0	0	0	0
B* Global – Programme Expenditure	0	0	8,900	8,900	0	8,900	0	0	0	0
TOTAL	86,601	152,299	2,206,855	2,445,755	4,580	2,441,175	106,150	49,203	2,445,365	2,217,244
RESOURCE TO CASH RECONCILIATION	2001/2002						2000/2001		1999/2000	
NET TOTAL RESOURCES	2,441,175						2,445,365		2,217,244	
Voted capital items										
Capital	106,150						96,084		48,639	
Less Non-operating Appropriations in Aid	-49,203						-40,703		-23,879	
<i>Subtotal</i>	56,947						55,381		24,760	
ACCRUALS TO CASH ADJUSTMENTS:										
Cost of capital charges	-145,073						-152,274		-135,802	
Depreciation	-17,247						-8,966		-4,216	
Other non-cash items	-140						-140		-140	
Increase (+) / Decrease (-) In debtors	0						7,678		17,121	
Increase (-) / Decrease (+) In creditors	0						23,788		-22,891	
Increase (-) / Decrease (+) in provisions	+102,382						-180,169		-75,843	
Excess cash to be returned to the Consolidated Fund	0						0		0	
<i>Subtotal</i>	-60,078						-310,083		-221,771	
NET CASH REQUIRED	2,438,044						2,190,663		2,020,233	
PART III EXTRA RECEIPTS PAYABLE TO THE CONSOLIDATED FUND (£000)										
	2001/2002		2000/2001		1999/2000					
	Income	Receipt	Income	Receipt	Income	Receipt				
Operating income not classified as Appropriations in Aid	12,000	12,000	6,500	6,500	6,316	6,316				
Non operating income not classified as Appropriations in Aid	0	0	0	0	0	0				
Other income not classified as Appropriations in Aid	0	0	0	0	0	0				
TOTAL	12,000	12,000	6,500	6,500	6,316	6,316				

¹ Joint European Community/DFID funded project administered by DFID – the European Community contribution is handled through Suspense Account Provision in Vote shown by net token sub-head.

* This indicates discretionary expenditure.

TABLE 3: INTERNATIONAL DEVELOPMENT RESOURCE ESTIMATE FOR 2001/2002

£000

Forecast Operating Cost Statement	2001/2002 Provision	2000/2001 Provision	1999/2000 Outturn
ADMINISTRATION COSTS			
Staff Costs	42,275	41,212	37,344
Other administration costs	44,326	39,369	41,102
Gross administration costs	86,601	80,581	78,446
Operating income	-3,847	-3,920	-3,558
Net administration costs	82,754	76,661	74,888
PROGRAMME COSTS			
Voted Expenditure			
International Development			
Expenditure	2,331,846	2,369,437	2,151,221
Income	-12,733	-7,233	-15,181
Subtotal	2,319,113	2,362,204	2,136,040
Conflict Prevention			
Expenditure	27,308	0	0
Income	0	0	0
Subtotal	27,308	0	0
Non-voted Expenditure			
Expenditure	671,820	638,036	520,985
Income	0	0	0
Subtotal	671,820	638,036	520,985
Net Programme Costs	3,018,241	3,000,240	2,657,025
Net Operating Costs	3,100,995	3,076,901	2,731,913
Net Resource Outturn	2,441,175	2,445,366	2,217,244
Resource Budget Outturn	3,117,295	3,083,401	2,738,229

TABLE 4: INTERNATIONAL DEVELOPMENT RESOURCE ESTIMATE FOR 2001/2002

£000

Forecast Cash Flow Statement	2001/2002 Provision	2000/2001 Provision	1999/2000 Outturn
Net cash outflow from operating activities	-3,040,917	-2,766,818	-2,510,142
Capital expenditure and financial investment	-56,947	-55,381	-24,759
Receipts due to the Consolidated Fund which are outside the scope of the Department's operations	0	0	0
Payment of amounts due to the Consolidated Fund	-12,000	-6,500	-6,734
Financing	3,109,864	2,828,699	2,557,894
Increase (+)/Decrease (-) in cash in the period	0	0	16,259
Notes to the cash flow statement			
i) Reconciliation of operating costs to operating cash flows			
Net Operating Cost	3,100,995	3,076,901	2,731,913
Remove non-cash transactions	-430,441	-621,131	-462,723
Adjust for movements in working capital other than cash	0	31,466	-5,770
Use of provisions	370,363	279,582	246,722
Net cash outflow from operating activities	3,040,917	2,766,818	2,510,142
ii) Analysis of capital expenditure and financial investment			
Tangible fixed asset additions	41,144	16,332	5,768
Intangible fixed asset additions	210	205	50
Proceeds of disposal of fixed assets	-23	-23	0
Loans to other bodies	0	0	38,670
Adjust for movement in working capital on capital expenditure and financial investment	0	0	0
Investments and repayments of loans	15,616	38,867	-19,729
Net cash outflow for capital expenditure and financial investment	56,947	55,381	24,759
iii) Analysis of financing and reconciliation to the net cash requirement			
From Consolidated Fund (Supply) current year expenditure	2,438,044	2,190,662	1,998,963
From Consolidated Fund (Supply) prior year expenditure	0	0	0
From Consolidated Fund (Non-Supply)	671,820	638,036	520,985
Net payments from the Contingencies fund	0	0	0
Net loans from the National Loans Fund	0	0	0
Net financing	3,109,864	2,828,698	2,519,948
Increase (-)/Decrease (+) in cash	0	0	-16,259
Net cash flows other than financing	3,109,864	2,828,698	2,503,689
Adjust for payments and receipts not related to Supply:			
Amounts due to the Consolidated Fund – received in a prior year and paid over	0	0	-1,098
Amounts due to the Consolidated Fund – received and not paid over	0	0	680
Consolidated Fund Standing Service – payments	-671,820	-638,036	-520,985
Current year payments accounted for in following year	0	0	0
Prior year payments accounted for in current year	0	0	37,949
Net cash requirement for the year	2,438,044	2,190,663	2,020,235

TABLE 5: INTERNATIONAL DEVELOPMENT RESOURCE ESTIMATE FOR 2001/2002

£000

Reconciliation Note	2001/2002	2000/2001	1999/2000
Net Resource Outturn	2,441,175	2,445,365	2,217,244
Add non-voted expenditure in the Operating Cost Statement	671,820	638,036	520,985
Add Consolidated Fund Extra Receipts in the Operating Cost Statement	-12,000	-6,500	-6,316
Remove provision voted for earlier years	—	—	—
Remove other adjustments	—	—	—
Net Operating Costs	3,100,995	3,076,901	2,731,913
Add other Consolidated Fund Extra Receipts	12,000	6,500	6,316
Add unallocated resource provision	4,300	—	—
Other adjustments	0	0	0
Resource Budget Outturn	3,117,295	3,083,401	2,738,229
Of which:			
Department Expenditure Limit	2,714,910	2,490,326	2,275,834
Spending in Employment Opportunities Fund	—	—	—
Annually Managed Expenditure	402,385	593,075	462,395

EXPLANATION OF ACCOUNTING OFFICER RESPONSIBILITIES

The Treasury has appointed the Permanent Head of the Department for International Development, Sir John Vereker, as Accounting Officer for the Department with overall responsibility for preparing the Department's Estimate: "Request for Resources 1: Eliminating Poverty in Poorer Countries"; and "Request for Resources 2: Conflict Prevention".

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum, issued by the Treasury and published in *Government Accounting* (66).

TABLE 6: INTERNATIONAL DEVELOPMENT RESOURCE ESTIMATE FOR 2001/2002

£000

Appropriations in Aid Analysis	2001/2002 Provision		2000/2001 Provision		1999/2000 Outturn	
	Operating Appropriations in Aid	Non-Operating Appropriations in Aid	Operating Appropriations in Aid	Non-Operating Appropriations in Aid	Operating Appropriations in Aid	Non-Operating Appropriations in Aid
Request for Resources 1: Eliminating poverty in poorer countries						
Loan repayments	—	30,900	—	32,400	—	23,599
Guarantee refunds from European Investment Bank	100	—	100	—	46	—
Administrative costs recoveries	3,771	23	3,867	—	3,587	—
Recovery of European Bank for Reconstruction and Development Director's salary	76	—	76	—	107	—
Crown Agents Loan repayment	—	280	—	280	—	280
Receipts from overseas governments	633	—	633	—	8,819	—
Income from CDC Capital Partners	—	18,000	—	—	—	—
Refunds of Value Added Tax	—	—	100	—	718	—
Request for Resources 2: Conflict Prevention	—	—	—	—	—	—
Total	4,580	49,203	4,776	32,680	13,277	23,879

Amount that may be applied as appropriations-in-aid in addition to the net total, arising from:

receipts from overseas governments in respect of bilateral country and sector programmes; recoveries of contributions to widows' and orphans' pension schemes taken over by the UK; refunds of payments made under UK guarantees to the European Investment Bank, and recoveries in respect of administration including European Bank for Reconstruction and Development Executive Directors' salary.

Amount that may be applied as non-operating appropriations-in-aid arising from:

repayments of loans to Crown Agents; capital repayments of development assistance loans, income from a debenture issued to DFID by CDC Capital Partners and income from the disposal of fixed assets.

TABLE 7: INTERNATIONAL DEVELOPMENT RESOURCE ESTIMATE FOR 2001/2002

£000

Analysis of Extra Receipts payable to the Consolidated Fund Detail	2001/2002 Provision		2000/2001 Provision		1999/2000 Outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
<i>In addition to appropriations-in-aid the following income and receipts relate to the department and are payable to the Consolidated Fund</i>						
Interest on loans	11,500	11,500	5,500	5,500	6,316	6,316
Miscellaneous	500	500	500	500	0	0
Total	12,000	12,000	6,000	6,000	6,316	6,316

OTHER EXPLANATORY NOTES TO THE ESTIMATE

TABLE 8: DEPARTMENTAL EXPENDITURE LIMIT AND ADMINISTRATION COST LIMIT FOR 2001/2002

£ million

Resource	
Bilateral	1,418
Multilateral	416
Others	110
Non-voted	704
<i>subtotal</i>	<i>2,648</i>
Capital	
Bilateral	-29
Multilateral	45
Administrative	41
Others	0
Non-voted	341
<i>subtotal</i>	<i>398</i>
Administration	69
<i>Administration Cost Limit</i>	<i>69</i>
Total DEL	3,115

The provision sought for 2001/2002 is 0.2 per cent lower than the final net provision for 2000/2001 of £2,445 million and 0.2 per cent lower than the forecast outturn for that year of £2,445 million. Details of DFID's contingent liabilities and those of the bodies it sponsors can be found in Annex 4 of this Report

Differences in the Operating Cost Statement and the Cash Flow Statement (Tables 3 and 4) from the Figures published in DFID's 1999–2000 Resource Account are due to the classification of certain items in the Account which are currently under discussion between HM Treasury and the National Audit Office.

TABLE 9: INTERNATIONAL SUBSCRIPTIONS AND CORE FUNDING OF INTERNATIONAL ORGANISATIONS EXCEEDING £1 MILLION FOR 2001/2002

£000

Name	Amount
African Development Bank and Fund	29,910
Asian Development Bank and Fund	28,692
Caribbean Development Bank and Fund	2,870
Commonwealth Fund for Technical Co-operation	6,500
European Bank for Reconstruction and Development	14,000
European Development Fund	116,000
Inter-American Development Bank and Fund	1,679
International Committee of the Red Cross	17,000
International Development Association	243,690
International Federation of Red Cross and Red Crescent Societies	5,000
International Fund for Agricultural Development	3,000
International Labour Organisation	4,250
International Monetary Fund Enhanced Structural Adjustment Facility	19,000
Multilateral Investment Guarantee Agency	1,430
UN Children's Fund	17,000
UN Development Fund for Women	2,000
UN Development Programme	35,000
UN Educational, Scientific and Cultural Organisation	12,393
UN Food and Agriculture Organisation	12,400
UN High Commissioner for Refugees	12,142
UN Industrial Development Organisation	3,300
UN Office for the Co-ordinator of Humanitarian Affairs	5,500
UN Office of the High Commissioner for Human Rights	2,800
UN Population Fund	15,000
UN Programme on HIV/AIDS	3,000
UN Relief and Works Agency for Palestine Refugees in the Near East	10,000
World Food Programme	5,000
World Health Organisation	10,000

Details of DFID's international subscriptions and core funding of international organisations exceeding £1 million are shown in table 9.

Details of DFID's grants-in-aid can be found in Table 13 of Annex 2 of this Report.

2001/2002 OVERSEAS SUPERANNUATION

The Estimate covers various superannuation payments and grants arising from service overseas. The main components being pensions, UK supplements and increases to overseas service pensions of former officers of the India, Pakistan and Burma civil and military services and their dependants, and to former colonial public servants and dependants; pension entitlements arising from post-independence service; pensions for beneficiaries of certain former over-

seas pension funds for which the UK assumed responsibility for the take-over of the pensions; police and firemen pension liabilities; war service credit; Hong Kong – Her Majesty's Overseas Civil Service compensation and pension package.

Details of expenditure in each of the sections of the Estimate and a breakdown of the request for resource allocation are provided in Table 11 of Annex 2 of this Report.

The administration costs associated with this Estimate are met from the International Development Vote.

TABLE 10: OVERSEAS SUPERANNUATION RESOURCE ESTIMATE FOR 2001/2002

£000

PART I:	
Request for Resources I: Overseas Superannuation	123,168
Net cash requirement	123,168
Amount required in the year ending 31 March 2002 for expenditure by the Department for International Development on:	
Request for Resources I: Pension and superannuation payments, grants and compensation payments in respect of overseas services	
Pension and superannuation payments, grants and compensation payments, etc. in respect of overseas services; and sundry other services and expenditure	
The Department For International Development will account for this Estimate.	

£000

	Net total	Allocated in vote on Account	Balance to complete
Request for Resources I	123,168	55,426	67,742
Total Net Resource Requirement	123,168	55,426	67,742

TABLE 11: OVERSEAS SUPERANNUATION RESOURCE ESTIMATE FOR 2001/2002

£000

Resource Budget							Non-Resource Budget items		2000/2001 Provision	1999/2000 Outturn		
1 Administration	2 Other current	3 Grants	4 Gross Total	5 Appropriations in Aid	6 Net total	7 Capital	8 Non operating Appropriations in Aid	9	10			
PART II REQUEST FOR RESOURCES 1: DFID SUPERANNUATION PENSIONS												
—	—	123,293	123,293	125	123,168	—	—	126,598	129,586			
SPENDING IN ANNUALLY MANAGED EXPENDITURE												
Central government's spending												
A DFID: Overseas Superannuation pensions												
—	—	123,293	123,293	125	123,168	—	—	126,598	129,586			
Non-cash items												
B DFID: Overseas Superannuation pensions												
—	—	—	—	—	—	—	—	—	—			
Totals	—	—	123,293	123,293	125	123,168	—	—	126,598	129,586		
RESOURCE TO CASH RECONCILIATION							2001/2002		2000/2001	1999/2000		
NET TOTAL RESOURCES							123,168		126,598	129,586		
Voted Capital Items												
Capital							—	—	—			
Less Non-operating Appropriations in Aid							—	—	—			
Subtotal							—	—	—			
ACCRUALS TO CASH ADJUSTMENTS:												
Cost of capital charges							—	—	—			
Depreciation							—	—	—			
Other non-cash items							—	—	—			
Increase/Decrease In debtors							—	—	—			
Increase/Decrease In creditors							—	—	—			
Increase/Decrease in provisions							—	—	—			
Excess cash to be returned to the Consolidated Fund							—	—	—			
Subtotal							—	—	—			
NET CASH REQUIRED							123,168	126,598		129,586		
PART III EXTRA RECEIPTS PAYABLE TO THE CONSOLIDATED FUND (£000)												
In addition to appropriations-in-aid the following income relates to the department and is payable to the Consolidated Fund (cash receipts being shown in <i>italics</i>):												
							2001/2002	2000/2001	1999/2000			
							Income	Receipts	Income	Receipts	Income	Receipts
Operating income not classified as Appropriations in aid							—	—	—	—	12	—
Non operating income not classified as Appropriations in aid							—	—	—	—	—	—
Other income not classified as Appropriations in aid							—	—	—	—	—	—
TOTAL							—	—	—	—	12	

TABLE 12: OVERSEAS SUPERANNUATION RESOURCE ESTIMATE FOR 2001/2002

£000

Forecast Operating Cost Statement-Revenue Account	2001/2002 Provision	2000/2001 Provision	1999/2000 Outturn
PROGRAMME COSTS			
Voted Expenditure			
Income	-125	-124	-142
Expenditure	123,293	126,722	129,716
Net Operating Cost	123,268	126,598	129,574
Net Resource Outturn	123,268	126,598	129,574
Resource Budget Outturn	123,268	126,598	129,574

TABLE 13: OVERSEAS SUPERANNUATION RESOURCE ESTIMATE FOR 2001/2002

£000

Forecast Cash Flow Statement	2001/2002 Provision	2000/2001 Provision	1999/2000 Outturn
Net cash outflow from operating activities	-123,168	-126,598	-129,586
Capital expenditure and financial investment	0	0	0
Receipts due to the Consolidated Fund which are outside the scope of the Department's operations	-	-	-
Payment of amounts due to the Consolidated Fund	-	-	-
Financing	123,168	126,598	129,586
Increase (+)/Decrease (-) in cash in the period	0	0	0
Notes to the cash flow statement			
Reconciliation of operating costs to operating cash flows			
Net Operating Cost	123,168	126,598	129,574
Remove non-cash transactions	-	-	-
Adjust for movements in working capital other than cash	-	-	-
Use of provisions	0	0	12
Net cash outflow from operating activities	123,168	126,598	129,586
Analysis of capital expenditure and financial investment			
Tangible fixed asset additions	-	-	-
Intangible fixed asset additions	-	-	-
Proceeds of disposal of fixed assets	-	-	-
Loans to other bodies	-	-	-
Adjust for movement in working capital on capital expenditure and financial investment	-	-	-
Investments and repayments of loans	-	-	-
Net cash outflow for capital expenditure and financial investment	-	-	-
Analysis of financing and reconciliation to the net cash requirement			
From Consolidated Fund (Supply) current year expenditure	123,168	126,598	129,586
From Consolidated Fund (Supply) prior year expenditure	-	-	-
From Consolidated Fund (Non-Supply)	-	-	-
Net payments from the Contingencies fund	-	-	-
Net loans from the National Loans Fund	-	-	-
Net financing	123,168	126,598	129,586
Increase (-)/Decrease (+) in cash	0	0	0
Net cash flows other than financing	123,168	126,598	129,586
Adjust for payments and receipts not related to Supply			
Amounts due to the Consolidated Fund – received in a prior year and paid over	-	-	-
Amounts due to the Consolidated Fund – received and not paid over	-	-	-
Consolidated Fund Standing Service – payments	-	-	-
Current year payments accounted for in following year	-	-	-
Prior year payments accounted for in current year	-	-	-
Net cash requirement for the year	123,168	126,598	129,586

TABLE 14: OVERSEAS SUPERANNUATION RESOURCE ESTIMATE FOR 2001/2002

£000

Reconciliation Note	2001/2002	2000/2001	1999/2000
Net Resource Outturn	123,168	126,598	129,586
Add Consolidated Fund Extra Receipts in the Operating Cost Statement	0	0	-12
Net Operating Costs	123,168	126,598	129,574
Adjustments	0	0	0
Resource Budget Outturn	123,168	126,598	129,574
Of which:			
Department Expenditure Limit	-	-	-
Spending in Employment Opportunities Fund	-	-	-
Annually Managed Expenditure	123,168	126,598	129,574

EXPLANATION OF ACCOUNTING OFFICER RESPONSIBILITIES

The Treasury has appointed the Permanent Head of the Department for International Development, Sir John Vereker, as Accounting Officer of the Overseas Pension Scheme with responsibility for preparing the Estimate for the Scheme.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Pension Scheme's assets, are set out in the Accounting Officers' memorandum, issued by the Treasury and published in *Government Accounting* (66).

TABLE 15: OVERSEAS SUPERANNUATION RESOURCE ESTIMATE FOR 2001/2002

£000

Appropriations in Aid	2001/2002 Provision		2000/2001 Provision		1999/2000 Outturn	
	Operational Appropriations in Aid	Non-Operational Appropriations in Aid	Operational Appropriations in Aid	Non-Operational Appropriations in Aid	Operational Appropriations in Aid	Non-Operational Appropriations in Aid
Request for Resources 1: Pension and superannuation payments, grants and compensation payments in respect of overseas services						
Transfers in	45	—	44	—	53	—
Banking Receipts	80	—	80	—	77	—
Total	125*	—	124*	—	130*	—

*Amount that may be applied as appropriations-in-aid, in addition to the net total, arising from superannuation transfer values from overseas employing governments in respect of UK police officers and firemen returning to their home forces following service overseas and bank commission on overseas payments.

TABLE 16: OVERSEAS SUPERANNUATION RESOURCE ESTIMATE FOR 2001/2002

£000

Consolidated Fund Extra Receipts	2001/2002 Provision		2000/2001 Provision		1999/2000 Outturn	
	Income	Receipts	Income	Receipts	Income	Receipts
In addition to appropriations-in-aid the following income and receipts relate to the department and are payable to the Consolidated Fund (cash receipts being shown in italics):						
Miscellaneous receipts not classified as Appropriations-in-Aid	0	0	0	0	12	12
	0	0	0	0	12	12

EXPLANATORY NOTES TO THE ESTIMATES

The provision sought for 2001/2002 is 2.7 per cent lower than the final net provision for 2000/2001 of £126.6 million.

Expenditure is determined principally by the annual increases added to pension supplements to compensate for inflation, the incidence of pensioners qualifying for supplements for the first time and the mortality of pensioners and their dependants. The 2000/2001 provision reflects the 2000 pensions increase of 1.1 per cent applicable from 10 April 2000. Allowance has been made for a pensions increase of 3.3 per cent applicable from 9 April 2001.

The following subheads contain provision for Expenditure resting on the sole authority of the Appropriation Act:

A1, Pensions etc. for service with the Cotton Research Corporation – £239,000; A2, Grants to British subjects in lieu of superannuation and other benefits due to them by the former Shanghai Municipality, payment of which has been suspended; grants to certain pensioners of the former Burma services resident outside Burma – £40,000.

Cash which may be retained by the department to offset expenditure in the year due to its relationship with income which has been or will be appropriated in aid for: 2001/2002 Provision – £0; 2000/2001 Outturn – £0; and 1999/2000 Outturn – £0.

Analysis of Departmental expenditure plans

1. Following the introduction of resource accounting and budgeting, there have been a number of changes to the core tables in this year's Departmental Report. Resource accounting and budgeting provides a more accurate measure of departmental expenditure by matching costs to time, taking account of the full consumption and investment of arms-length bodies such as Non-Departmental Public Bodies and public corporations, and measuring the full cost of government activity, including non-cash expenditure such as depreciation, cost of capital charges, and provisions.

2. The aim of the tables is to provide a detailed analysis of Departmental expenditure plans in resource terms, showing: resource consumption and capital investment; Voted and non-Voted expenditure; and expenditure in three year Departmental Expenditure Limits and Annually Managed Expenditure.

3. Following the decision to introduce resource budgeting in two stages, the major non-cash items – depreciation, cost of capital charges, and provisions – score in Annually Managed Expenditure for the 2000 Spending Review years (2001/2002 to 2003/2004). Throughout the tables, non-cash expenditure in Annually Managed Expenditure is distinguished from annually managed programme expenditure for the Department. In Stage 2 resource budgeting, which is scheduled for the 2002 Spending Review, these items will score in Departmental Expenditure Limits.

4. Because resource accounting and budgeting data is at present available only from 1998/1999, the scope of the resource tables is restricted to 1998/1999 to 2003/2004, the last year covered by the 2000 Spending Review. However, Box e in the Overview sets out Departmental Expenditure Limits in cash terms from 1995/1996 to 2000/2001, whilst Table 9 in this Annex shows the cash to resource accounting and budgeting reconciliation for Departmental Expenditure Limits numbers for 1998/1999 to 2000/2001.

5. As in previous years, tables are included showing key information on administration costs and staff numbers.

6. The tables are:

Table 1 – Departmental Voted Cash Requirement
Table 2 – Total Capital Employed by Department
Table 3 – Consumption: Analysis of Resource Budget Spending Plans
Table 4 – Investment: Analysis of Capital Budget Spending Plans
Table 5 – Reconciliation of resource expenditure between accounts, Estimates and budgets
Table 6 – Reconciliation of capital expenditure between accounts, Estimates and budgets
Table 7 – Analysis of administration costs
Table 8 – Staff numbers
Table 9 – Cash to resource reconciliation
Table 10 – Allocation by Programme: International Development
Table 11 – Allocation by Programme: Overseas Superannuation
Table 12 – Appropriations in Aid and other receipts
Table 13 – Planned Grants-in-Aid

TABLE I – DEPARTMENTAL VOTED CASH REQUIREMENT

Under resource accounting and budgeting, Parliament votes both a net resource requirement for Departmental expenditure, reflecting the total Voted provision sought in resource terms, and the cash requirement needed to fund this commitment. The Voted net cash requirement represents the Parliamentary limit for the Department in cash terms and the limit for the amount of cash which can be drawn down for use by the Department in the year.

The Voted net cash requirement is calculated by removing non-cash costs from net operating costs, adjusting for accruals/cash differences such as timing, and then stripping out the part of the Departmental cash requirement that is not Voted.

The net Voted cash requirement is shown from 1998/1999 to the final year covered by the 2000 Spending Review, 2003/2004.

TABLE I – DEPARTMENTAL VOTED CASH REQUIREMENT

A. International Development

£ million

	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004
Net Total Resources (Voted)	1,677	2,217	2,445	2,441	2,637	2,856
Net Capital Expenditure (Voted)	226	25	55	57	14	-15
Adjust for non-cash transactions	-186	-140	-161	-162	-201	-249
Adjust for movements in working capital	23	-6	31	0	0	0
Adjust for transfers from provision	0	-76	-180	102	110	118
Net Cash Required	1,740	2,020	2,191	2,438	2,560	2,709

B. Overseas Superannuation

	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004
Net Total Resources (Voted)	132	130	127	123	118	116
Net Capital Expenditure (Voted)	0	0	0	0	0	0
Adjust for non-cash transactions	0	0	0	0	0	0
Adjust for movements in working capital	0	0	0	0	0	0
Adjust for transfers from provision	0	0	0	0	0	0
Net Cash Required	132	130	127	123	118	116

TABLE 2: TOTAL CAPITAL EMPLOYED BY DEPARTMENT

Resource accounting and budgeting gives a much clearer picture of the capital assets used by a Department. This is used as the basis for calculating the cost of capital charges paid by Departments to

reflect the economic costs of holding the assets. Table 2 sets out the Total Capital Employed by the Department: details are provided in Chapter 9 of this report.

TABLE 2: TOTAL CAPITAL EMPLOYED BY DEPARTMENT

£ million

1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004
1,328	2,260	2,303	2,194	2,730	3,386

¹ Net figures are provided, with liabilities deducted from assets.

TABLE 3 – CONSUMPTION: ANALYSIS OF RESOURCE BUDGET SPENDING PLANS

Table 3 gives a detailed breakdown of the resource or current spending plans from 1998/1999 to 2003/2004. The functional splits by which resources are allocated match those in the Main Resource Estimates, split into Departmental

Expenditure Limits and Annually Managed Expenditure. Non-cash expenditure in Annually Managed Expenditure is shown by category – depreciation, cost of capital charge, and changes in provisions and other charges.

TABLE 3 – CONSUMPTION: ANALYSIS OF RESOURCE BUDGET SPENDING PLANS £ million

	1998/1999 Outturn	1999/2000 Outturn	2000/2001 Estimated	2001/2002 Plans	2002/2003 Plans	2003/2004 Plans
INTERNATIONAL DEVELOPMENT						
Resource Budget						
Departmental Expenditure Limits						
Request for Resources 1						
Bilateral development assistance	1,071	1,282	1,278	1,420	1,463	1,554
Multilateral development assistance	354	383	470	416	478	523
Administration	56	68	68	65	72	78
Gibraltar Social						
Insurance Fund	8	21	8	8	8	8
Unallocated	0	0	0	75	120	120
Public/Private Partnership with CDC Capital Partners	1	1	1	#	0	0
Total Request for Resources 1	1,491	1,755	1,825	1,984	2,142	2,283
Request for Resources 2						
Africa Conflict Prevention ¹	0	0	0	18	0	0
Global Conflict Prevention ¹	0	0	0	9	0	0
Total Request for Resources 2	0	0	0	27	0	0
Non voted expenditure	521	521	666	704	814	879
Total Departmental Expenditure Limit	2,012	2,276	2,490	2,715	2,955	3,161
<i>Of which:</i>						
Central Government spending	2,012	2,276	2,490	2,715	2,955	3,161
<i>Of which:</i>						
Voted	1,491	1,755	1,825	2,011	2,142	2,283
Non-voted	521	521	666	704	814	879
Annually Managed Expenditure						
Request for Resources 1						
Bilateral development assistance	18	323	92	98	100	101
Multilateral development assistance	163	132	519	312	372	444
Administration	4	8	10	19	23	28
Total Request for Resources 1	186	462	621	430	496	573
Non voted expenditure	0	0	-28	-28	-28	-28
Total Annually Managed Expenditure	186	462	593	402	468	545
<i>Of which:</i>						
Central Government spending	186	462	593	402	468	545
<i>Of which</i>						
Voted	186	462	621	430	496	573
Non-voted	0	0	-28	-28	-28	-28
<i>Of which non-cash items in Annually Managed Expenditure</i>						
<i>of which:</i>						
Changes in Provisions and Other Charges	0	76	180	-102	-110	-118
Cost of Capital Charges	182	136	152	145	180	223
Depreciation	4	4	9	17	21	25
Provisions in relation to subscriptions	0	247	252	343	377	415
OVERSEAS SUPERANNUATION						
Annually Managed Expenditure						
Request for Resources 1						
DFID: overseas Superannuation	132	130	127	123	118	116
Total Request for Resources 1	132	130	127	123	118	116
Non voted expenditure	#	#				
Total Annually Managed Expenditure	132	130	127	123	118	116
<i>Of which:</i>						
Central Government spending	132	130	127	123	118	116
<i>Of which</i>						
Voted	132	130	127	123	118	116
Non-voted	#	#				

¹ The figures in Request for Resources 2 reflect the initial allocations to DFID from the Africa and Global Conflict Prevention Pools: further allocations for 2001/2002 and subsequent years are anticipated but not yet agreed. The figures for non-voted expenditure from 2001/2002 onwards include the unallocated portion of the Africa Pool, which is held by, but not voted to, DFID.

Denotes a figure of less than £0.5 million.

TABLE 4 – INVESTMENT: ANALYSIS OF CAPITAL BUDGET SPENDING PLANS

Table 4 gives a detailed breakdown of the investment and capital spending plans from 1998/1999 to 2003/2004. The functional splits by which resources are allocated match those in the Main

Resource Estimates, split into Departmental Expenditure Limits and Annually Managed Expenditure. Non-Voted expenditure is shown with a brief description as to its functions.

TABLE 4 – INVESTMENT: ANALYSIS OF CAPITAL BUDGET SPENDING PLANS

£ million

	1998/1999 Outturn	1999/2000 Outturn	2000/2001 Estimated	2001/2002 Plans	2002/2003 Plans	2003/2004 Plans
Capital Budget						
Departmental Expenditure Limit						
Request for Resources I						
Bilateral development assistance	-28	-10	-21	-30	-28	-28
Multilateral development assistance	250	29	60	45	20	-8
Administration ¹	4	6	17	41	22	21
Crown Agents Loan Repayments	-#	-#	-#	-#	-#	-#
Total Request for Resources I	226	25	55	57	14	-15
Non voted expenditure	0	247	252	343	377	415
Total Departmental Expenditure Limit	226	271	307	400	391	399
<i>Of which</i>						
Central Government spending	226	271	307	400	391	399
<i>Of which</i>						
Voted	226	25	55	57	14	-15
Non voted expenditure	0	247	252	343	377	415

¹ Increased expenditure on Administration capital from 2000/2001 reflects the costs of preparing new London offices and refurbishing those in East Kilbride.
Denotes a figure less than £0.5million.

TABLE 5 – RECONCILIATION OF RESOURCE EXPENDITURE BETWEEN ACCOUNTS, ESTIMATES AND BUDGETS

This is a technical table showing the inter-relationship between the three totals for accounts, Estimates and budgets. The outturn against the total Voted by Parliament in the Estimates is shown first. The net operating costs figure in the accounts includes items which are not part of the resource total voted by Parliament, such as non-Voted expenditure within the Departmental accounting boundary, and receipts surrendered to the Consolidated Fund.

The budgeting total reflects the spending authority for the Department within the Government's framework for expenditure control. This is an administrative limit imposed by the Government on the Department and its sponsored bodies. So the resource budget outturn total includes a number of categories of expenditure which are not included in, or scored differently from, the totals recorded for Voted Estimates and the Department's accounts.

The main adjustments from the net operating cost in the accounts to the outturn against resource budget total are:

further adjustments for receipts surrendered to the Consolidated Fund, where these score differently in accounts and in budgets;

the budget scores the full resource consumption of sponsored bodies (Non-Departmental Public Bodies and public corporations), whilst the Estimate scores only voted grants to those bodies;

capital grants to the private sector are Voted as current grants in Estimates. But for administrative control purposes, these score as capital in budgets. Similarly, gains and losses on asset disposals pass through the accounts and Estimates on the resource side, but are recycled through the capital budget under transitional resource budgeting regime;

Departmental Unallocated Provisions are not Voted but appear in budgets, as the expenditure has not yet been assigned to a particular function.

TABLE 5 – RECONCILIATION OF RESOURCE EXPENDITURE BETWEEN ACCOUNTS, ESTIMATES AND BUDGETS £ million

	1998/1999 Outturn	1999/2000 Outturn	2000/2001 Estimated	2001/2002 Plans	2002/2003 Plans	2003/2004 Plans
INTERNATIONAL DEVELOPMENT						
1. Net Resource Outturn (Estimates)	1,677	2,217	2,445	2,441	2,637	2,856
Adjustments for:						
2. Non-voted expenditure in the Operating Cost Statement	521	521	638	672	736	801
3. Consolidated Fund Extra Receipts in the Operating Cost Statement	-6	-6	-6	-12	-6	-6
4. Provision voted for earlier years	—	—	—	—	—	—
5. Other adjustments	—	—	—	—	—	—
Cross-check total of above	2,192	2,732	3,077	3,101	3,367	3,651
6. Net Operating costs (Accounts)	2,192	2,732	3,077	3,101	3,367	3,651
Adjustments for:						
7. Other Consolidated Fund Extra Receipts	6	6	6	12	6	6
8. Full resource consumption of non-departmental public bodies	—	—	—	—	—	—
9. Full resource consumption of public corporations	—	—	—	—	—	—
10. Capital grants to the private sector and local authorities	—	—	—	—	—	—
11. Gains/losses from sale of capital assets	—	—	—	—	—	—
12. European Union income and related adjustments	—	—	—	—	—	—
13. Voted expenditure outside the budget	—	—	—	—	—	—
14. Unallocated resource provision	—	—	—	4	50	50
15. Other adjustments ¹	—	—	—	—	—	—
Cross-check total of above	2,198	2,738	3,083	3,117	3,423	3,707
16. Resource Budget Outturn (Budget)	2,198	2,738	3,083	3,117	3,423	3,707
Of which:						
17. Departmental Expenditure Limit	2,012	2,276	2,490	2,715	2,955	3,161
18. Spending in Employment Opportunities Fund	—	—	—	—	—	—
19. Annually Managed Expenditure	186	462	593	402	468	545
OVERSEAS SUPERANNUATION						
1. Net Resource Outturn (Estimates)	132	130	127	123	118	116
Adjustments for:						
2. Non-voted expenditure in the Operating Cost Statement	—	—	—	—	—	—
3. Consolidated Fund Extra Receipts in the Operating Cost Management	#	#	—	—	—	—
4. Provision voted for earlier years	—	—	—	—	—	—
5. Other adjustments	—	—	—	—	—	—
Cross-check total of above	132	130	127	123	118	116
6. Net Operating costs (Accounts)	132	130	127	123	118	116
Adjustments for:						
7. Other Consolidated Fund Extra Receipts	—	—	—	—	—	—
8. Full resource consumption of non-departmental public bodies	—	—	—	—	—	—
9. Full resource consumption of public corporations	—	—	—	—	—	—
10. Capital grants to the private sector and local authorities	—	—	—	—	—	—
11. Gains/losses from sale of capital assets	—	—	—	—	—	—
12. European Union income and related adjustments	—	—	—	—	—	—
13. Voted expenditure outside the budget	—	—	—	—	—	—
14. unallocated resource provision	—	—	—	—	—	—
15. Other adjustments	—	—	—	—	—	—
Cross-check total of above	132	130	127	123	118	116
16. Resource Budget Outturn (Budget)	132	130	127	123	118	116
Of which:						
17. Departmental Expenditure Limit	—	—	—	—	—	—
18. Spending in Employment Opportunities Fund	—	—	—	—	—	—
19. Annually Managed Expenditure	132	130	127	123	118	116

¹ Interest lost under Retrospective Terms Agreement arrangements (non-voted)
Denotes a figure less than £0.5 million.

TABLE 6 – RECONCILIATION OF CAPITAL EXPENDITURE BETWEEN ACCOUNTS, ESTIMATES AND BUDGETS

This table shows the inter-relationship between the three totals for capital expenditure.

The adjustments from the Voted Estimates totals to the capital expenditure in the accounts are broadly the same as they are on the resource side. The main adjustments from the capital expenditure in the accounts to the outturn against the capital budget are as follows:

the capital budget scores the full capital expenditure of public corporations, including expenditure not funded by Vote;

capital grants to the private sector, which are Voted as resource expenditure in Estimates, are included in the capital budget;

gains and losses on asset disposals pass through the accounts and Estimates on the resource side, but are recycled through the capital budget under the transitional resource budgeting regime;

unallocated capital provision in the Departmental Unallocated Provision is not voted in Estimates but is included within the budgeting total.

TABLE 6 – RECONCILIATION OF CAPITAL EXPENDITURE BETWEEN ACCOUNTS, ESTIMATES AND BUDGETS

£ million

	1998/1999 Outturn	1999/2000 Outturn	2000/2001 Estimated	2001/2002 Plans	2002/2003 Plans	2003/2004 Plans
Net Voted Capital Outturn (Estimates)	226	25	55	57	14	-15
Gains/losses from sale of capital assets	0	0	0	0	0	0
Other adjustments (Subscriptions)	0	247	252	343	377	415
Capital Budget Outturn	226	271	307	400	391	399
of which:						
Departmental Expenditure Limits	226	271	307	400	391	399
Annually Managed Expenditure	0	0	0	0	0	0

TABLE 7 – ANALYSIS OF ADMINISTRATION COSTS

£ million

	1998/1999 Outturn	1999/2000 Outturn	2000/2001 Estimated	2001/2002 Plans	2002/2003 Plans	2003/2004 Plans
Gross Administration costs						
Paybill	37	37	42			
Other	22	33	29			
Total Administration costs	59	70	71	69	75	80
Related Receipts	-4	-4	-4	-4	-5	-5
Net Expenditure	55	67	67	65	71	75
Gross controlled administration costs limits				69		

TABLE 8 – STAFF NUMBERS

Staff years

	1995/1996	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004
Civil service full time employees ^{1,2,3}	1411	998	1007	1095	1280	1313	1363	1363	1363
Overtime	20	20	20	20	20	20	20	20	20
Casuals	79	54	42	35	25	14	14	14	14
Total	1,510	1,072	1,069	1,150	1,325	1,347	1,397	1,397	1,397

¹ Figures include the Natural Resources Institute until 1995/1996 only² Figures include staff designated as working overseas on aid projects³ Figures for 1998/1999 include some staff taken over from the Foreign and Commonwealth Office

TABLE 9 – CASH TO RESOURCE RECONCILIATION

This table illustrates how the new resource based outturn figure have been derived from the previous cash numbers for both the resource and capital budgets, in both Departmental Expenditure Limits and Annually Managed Expenditure. The main types of adjustment from the cash to the resource based system are:

- timing adjustments, reflecting the fact that under resource accounting and budgeting costs are scored when the economic activity takes place, not when it is paid for;
- classification switches from resource to capital, and vice-versa as a result of the new accounting and budgeting rules;
- the inclusion of capital charges on the department's civil estate in the resource Departmental Expenditure Limits;
- scoring adjustments to reflect the full resource consumption and capital investment of Non-Departmental Public Bodies and public corporations, including switching capital spending by financed public corporations generated by the corporations themselves from Annually Managed Expenditure into Departmental Expenditure Limits;
- the inclusion of non-cash costs in Annually Managed Expenditure.

TABLE 9 – DEPARTMENTAL EXPENDITURE LIMITS AND ANNUALLY MANAGED EXPENDITURE CASH TO RESOURCE RECONCILIATION 1998/1999 TO 2000/2001

£ million

	1998/1999 outturn	1999/2000 outturn	2000/2001 estimated
Departmental Expenditure Limit Current Budget – Cash	1,514	1,749	1,883
Timing adjustments	-23	6	-31
Capital charges on the civil estate	#	#	#
Notional audit fees	0	#	#
Interest lost under Retrospective Terms Arrangements	2	4	2
European Commission Attributed aid	518	517	636
Resource Budget Department Expenditure Limit	2,012	2,276	2,490
Departmental Expenditure Limit – Capital Budget – Cash	226	271	307
Cash unwinding of provisions	0	-247	-252
Capital Budget – Cash	226	25	55
Total Departmental Expenditure Limit under cash	1,740	2,020	2,191
Total Departmental Expenditure Limit under Resource Accounting and Budgeting	2,238	2,301	2,546
Annually Managed Expenditure Current Budget – Cash	132	130	127
Depreciation	4	4	9
Capital charges	182	136	152
Take up of provisions	0	323	460
Release of provisions	0	0	-27
Resource Budget Departmental Annually Managed Expenditure	317	592	720
Non-cash items in Resource Annually Managed Expenditure	186	462	593

Denotes a figure less than £0.5m.

TABLE 10 – ALLOCATION BY PROGRAMME: INTERNATIONAL DEVELOPMENT

The resources available are allocated within DFID in an annual Resource Allocation Round. This establishes an Aid Framework with planning figures, at departmental level, for the following three years. Although some allocations are shown at country level, actual expenditure will, and should, vary in line with a country or institution's commitment and abil-

ity to demonstrate reform. Thus, within the allocated departmental totals, and subject to agreed policy frameworks, departments can reallocate resources within their responsibility to respond to changing circumstances and to maximise the effectiveness of their contribution to the outcomes set out in the 1998 and 2000 Spending Reviews.

TABLE 10 – ALLOCATION BY PROGRAMME: INTERNATIONAL DEVELOPMENT^{1,2}

£000

	1997/1998 outturn	1998/1999 outturn	1999/2000 outturn	2000/2001 estimated	2001/2002 Plans	2002/2003 Plans	2003/2004 Plans
BILATERAL COUNTRY PROGRAMMES							
Africa Greater Horn Department							
Angola	5,025	4,052	4,971	2,800	2,500	2,000	40
Ethiopia	3,415	4,964	6,372	6,093	6,000	9,000	10,000
Eritrea	957	818	438	234	200	160	160
Mauritius	966	543	375	149	60	60	60
Rwanda	0	13,288	14,240	32,800	29,000	30,000	32,000
Indian Ocean Islands	553	416	575	243	336	336	336
Africa Food Aid	6,090	3,089	0	0	0	0	0
Eastern Africa Regional	17,574	25,686	5,423	24,604	20,000	27,000	28,000
Total	34,580	52,856	32,394	66,923	58,096	68,556	70,596
Africa Policy & Economics Department							
Africa Regional	3,227	2,678	2,761	4,300	6,000	8,000	11,000
Africa Policy Performance Fund	—	—	—	0	10,000	41,900	26,600
Africa HIV/AIDS Fund ³	—	—	—	—	7,000	7,000	8,000
Africa Capacity Building Foundation ⁴	—	—	—	—	1,900	2,400	2,400
Africa Conflict Prevention Fund ⁵	—	—	—	—	18,400	—	—
Imfundo (Information and Communication Technology)	—	—	—	—	1,000	1,500	2,000
Total	3,227	2,678	2,761	4,300	44,300	60,800	50,000
DFID Central Africa							
Malawi	24,235	46,285	45,725	62,000	70,000	71,000	72,000
Mozambique	19,452	24,046	20,980	29,007	37,000	37,000	37,000
Zambia	12,127	11,027	10,522	51,500	57,000	41,000	45,000
Zimbabwe	10,771	10,038	11,638	11,250	13,000	12,000	12,000
Central Africa Regional	575	1,595	1,989	2,300	2,000	1,500	1,000
Total	67,160	92,991	90,854	156,057	179,000	162,500	167,000
DFID Eastern Africa							
Kenya	25,675	30,427	24,232	48,000	55,000	55,000	55,000
Tanzania	39,987	48,000	61,976	63,000	70,000	73,000	75,000
Uganda	45,417	49,980	51,988	83,000	68,000	75,000	80,000
Total	111,079	128,407	138,196	194,000	193,000	203,000	210,000
DFID Southern Africa⁶							
Botswana	3,262	2,931	2,741	2,100	—	—	—
Lesotho	4,175	3,403	2,759	2,490	—	—	—
Namibia	4,118	3,276	3,051	2,520	—	—	—
South Africa, Republic of	22,944	26,163	27,127	29,570	30,000	30,000	30,000
Swaziland	2,934	2,739	2,805	1,290	—	—	—
Southern Africa Regional	1,793	1,802	2,333	3,030	15,000	15,000	15,000
Total	39,226	40,314	40,816	41,000	45,000	45,000	45,000
West and North Africa Department							
Cameroon	1,723	1,409	1,804	2,200	2,500	2,500	2,500
Egypt, Arab Republic	5,087	3,803	3,140	2,700	4,000	4,000	4,000
Gambia, The	857	464	1,144	1,400	2,000	2,000	2,000
Ghana	15,056	46,228	42,624	67,000	58,000	65,000	70,000
Nigeria	6,984	9,604	13,342	17,000	25,000	35,000	35,000
Sierra Leone	2,943	8,784	29,649	38,745	25,500	27,000	30,000
West Africa Regional	1,163	1,662	2,630	2,400	2,000	1,000	1,000
North Africa Regional	438	452	326	—	—	—	—
Africa — Aid and Trade Provision	7,727	9,226	2,671	740	600	600	0
Total	41,978	81,632	97,330	132,185	119,600	137,100	144,500
AFRICA – TOTAL	297,250	398,878	402,351	594,465	638,996	676,956	687,096

TABLE 10 – ALLOCATION BY PROGRAMME: INTERNATIONAL DEVELOPMENT (continued)

£000

	1997/1998 outturn	1998/1999 outturn	1999/2000 outturn	2000/2001 estimated	2001/2002 Plans	2002/2003 Plans	2003/2004 Plans
DFID India⁷							
India	75,135	83,941	95,839	104,000	150,035	200,000	250,000
Total	75,135	83,941	95,839	104,000	150,035	200,000	250,000
Eastern Asia and Pacific Department							
East Asia Regional	87	—	—	—	—	—	—
China	8,468	12,868	9,461	18,800	25,200	40,100	50,000
Mongolia ⁸	340	306	255	225	—	—	—
Asia — Aid and Trade Provision	53,540	47,044	34,851	25,800	25,119	22,215	14,840
Oceania Regional	4,190	3,475	3,000	3,900	4,000	4,500	4,500
Total	66,625	63,693	47,567	48,725	54,319	66,815	69,340
Western Asia Department							
Afghanistan	99	176	46	45	72	72	72
Jordan	3,773	3,017	3,891	4,500	3,500	3,500	3,500
Pakistan	23,388	19,859	19,939	12,500	15,000	15,000	15,000
Palestinian Autonomy	5,778	4,895	7,743	8,000	8,000	8,000	8,000
Middle East Regional ⁹	972	1,097	1,559	1,400	2,000	2,000	2,000
Middle East Regional Emergency Aid ⁹	3,350	5,739	6,133	8,500	5,500	5,500	5,500
Total	37,360	34,783	39,311	34,945	34,072	34,072	34,072
DFID Bangladesh							
Bangladesh	36,469	65,330	63,475	74,200	75,000	90,000	95,000
Total	36,469	65,330	63,475	74,200	75,000	90,000	95,000
DFID South East Asia¹⁰							
South East Asia Small Country Programmes	2,428	1,673	3,257	6,600	4,500	3,500	3,000
Cambodia	2,980	4,084	3,540	4,500	5,000	7,000	9,000
Indonesia	6,498	7,442	6,346	7,150	10,000	15,000	15,000
Sri Lanka	5,335	6,575	6,331	5,950	5,500	5,000	4,500
Vietnam	3,979	4,048	4,550	7,300	16,000	18,000	19,000
South East Asia Regional	2,952	2,357	3,389	3,980	3,900	2,700	2,400
Total	24,172	26,179	27,413	35,480	44,900	51,200	52,900
DFID Nepal¹⁰							
Nepal	16,366	15,859	15,126	17,000	20,000	22,000	23,000
Total	16,366	15,859	15,126	17,000	20,000	22,000	23,000
Asia Regional Economics and Policy Dept							
Asia Regional Poverty Fund	—	—	—	4,745	4,000	4,000	4,000
Asia Policy Performance Fund	—	—	—	—	36,000	108,000	59,000
Response to Asia Financial Crisis	—	2,570	10,412	—	—	—	—
Total	0	2,570	10,412	4,745	40,000	112,000	63,000
ASIA – TOTAL	256,127	292,355	299,143	319,095	418,326	576,087	587,312
DFID Caribbean							
Belize	2,205	1,417	5,720	4,500	2,500	2,500	2,000
Guyana	2,578	1,722	4,374	5,000	6,000	6,000	5,500
Jamaica	2,872	2,535	2,369	3,110	6,250	5,000	4,750
Caribbean Regional	3,134	2,868	4,406	4,993	3,750	4,250	3,750
Eastern Caribbean	5,616	3,813	4,116	2,929	2,750	2,500	2,000
Total	16,405	12,355	20,985	20,532	21,250	20,250	18,000

TABLE 10 – ALLOCATION BY PROGRAMME: INTERNATIONAL DEVELOPMENT (continued)

£000

	1997/1998 outturn	1998/1999 outturn	1999/2000 outturn	2000/2001 estimated	2001/2002 Plans	2002/2003 Plans	2003/2004 Plans
Latin America, Caribbean and Atlantic Department							
Bolivia	4,062	3,898	6,009	5,622	6,000	7,000	7,000
Brazil	5,288	6,131	5,936	7,800	11,000	11,000	10,000
Chile	942	961	410	—	—	—	—
Colombia	1,649	1,246	808	1,100	650	—	—
Ecuador	1,360	980	704	125	40	—	—
Honduras	822	733	868	230	—	—	—
Mexico	3,109	2,821	2,009	1,500	550	400	—
Peru	2,450	2,386	3,329	2,400	4,000	4,000	4,000
Latin America — Aid and Trade Provision	664	577	490	403	403	229	135
Latin America Regional	2,657	2,717	645	472	1,200	800	500
Central America	—	—	1,405	2,090	5,000	5,000	5,000
Latin America Small Programmes	—	—	1,775	1,641	1,800	1,000	365
Total	23,003	22,450	24,388	23,383	30,643	29,429	27,000
Overseas Territories Unit							
St Helena	8,723	8,742	9,359	10,150	9,500	10,000	11,000
Anguilla	2,427	1,961	1,978	2,100	1,750	1,500	1,250
British Virgin Islands	586	618	503	200	0	0	0
Montserrat	38,279	31,517	22,744	20,500	24,400	17,000	13,600
Turks and Caicos Islands	2,472	3,477	3,744	2,700	3,000	2,750	1,250
Caribbean Dependencies Regional	1,540	1,392	1,111	1,950	2,500	2,250	1,300
Pitcairn Islands	0	0	0	50	500	200	100
Total	54,027	47,707	39,439	37,650	41,650	33,700	28,500
Central and South Eastern Europe Department							
Albania ¹¹	—	—	762	460	3,000	3,000	3,000
Albania/Macedonia/Slovenia ¹¹	1,522	1,172	0	0	0	0	0
Baltics	1,865	949	1,016	745	1,200	1,200	0
Bosnia ¹²	—	—	3,478	3,600	6,000	5,000	5,000
Bulgaria	2,569	2,404	2,869	2,871	4,000	3,000	3,000
Croatia ¹²	—	—	1,185	1,000	2,000	1,100	1,100
Czech Republic	1,738	1,072	778	740	800	600	0
Hungary	2,991	2,709	2,216	2,000	1,500	800	0
Former Republic of Yugoslavia/Kosovo ¹²	556	4,039	6,959	14,000	10,000	10,000	10,000
Former Yugoslav Republic of Macedonia ¹¹	—	—	877	1,300	2,000	2,000	1,500
Poland	12,358	7,400	4,463	4,000	2,500	700	0
Romania	5,374	4,065	3,692	3,500	5,000	5,000	5,000
Slovak Republic	2,911	2,482	1,720	1,110	2,700	2,500	0
Slovenia ¹¹	—	—	172	135	200	100	0
Investment Schemes	3,177	1,371	280	200	0	0	0
Environment	673	675	0	500	0	0	0
Accession Countries Regional	—	—	—	—	—	—	400
Central European Regional	2,504	1,802	2,319	2,950	2,900	2,000	2,000
Total	38,238	30,140	32,786	39,111	43,800	37,000	31,000
East Europe and Central Asia Department							
Khazakhstan ¹³	1,919	1,267	1,082	—	—	—	—
Other Former Soviet Union States	4,555	4,166	5,346	4,982	12,000	11,000	9,800
Georgia/Armenia/Kyrgyzstan ¹³	—	—	—	5,051	—	—	—
Ukraine	8,833	8,366	8,234	9,000	9,000	8,000	7,000
Russia	30,785	30,234	27,502	25,950	26,700	26,700	26,700
Chancellor's Scheme	1,706	318	0	0	0	0	0
Environment	908	1,343	0	0	0	0	0
East Europe and Central Asia Regional	—	114	2,501	1,767	0	0	0
Total	48,706	45,808	44,665	46,750	47,700	45,700	43,500
Eastern Europe & Western Hemisphere Division	180,379	158,460	162,263	167,426	185,043	166,079	148,000
TOTAL – BILATERAL COUNTRY PROGRAMMES	733,756	849,693	863,757	1,080,986	1,242,365	1,419,122	1,422,408

TABLE 10 – ALLOCATION BY PROGRAMME: INTERNATIONAL DEVELOPMENT (continued)

£000

	1997/1998 outturn	1998/1999 outturn	1999/2000 outturn	2000/2001 estimated	2001/2002 Plans	2002/2003 Plans	2003/2004 Plans
BILATERAL OTHER							
Civil Society Department							
Joint Funding Scheme	35,858	35,506	34,959	31,698	8,092	4,213	1,697
Partnership Programme Agreements ¹⁴	23,933	25,883	26,706	28,245	49,637	54,430	59,306
Other non-governmental organisation Grants	2,129	2,084	2,876	636	473	486	499
Civil Society Challenge Fund	—	—	—	3,421	10,606	11,871	11,498
Total	61,920	63,473	64,541	64,000	68,808	71,000	73,000
Conflict and Humanitarian Affairs Department							
Emergency Response ¹⁵	57,287	19,580	39,153	44,830	12,000	12,000	12,000
Programmed Emergency Response ¹⁵	—	—	—	24,550	5,000	5,000	5,000
Refugees & Migration ¹⁵	—	—	—	1,500	2,000	2,000	2,000
Mines Action Initiative	—	—	9,715	10,670	10,000	10,000	10,000
Food aid (Bilateral)	0	0	3,225	0	0	0	0
Conflict and Humanitarian Policy	—	1,323	9,251	10,465	8,250	8,250	8,250
Kosovo Humanitarian	—	—	102,432	27,600	6,000	0	0
Global Conflict Prevention Fund ¹⁶	—	—	—	—	8,900	0	0
Total	57,287	20,903	163,776	119,615	52,150	37,250	37,250
Development Policy Department							
Support for Knowledge and Research	—	242	1,051	800	1,660	965	975
Total	0	242	1,051	800	1,660	965	975
Economic Policy & Research Department							
Seedcorn Funds	708	1,747	813	340	700	750	850
Overseas Development Institute Fellowship Scheme	—	—	—	771	980	1,009	1,039
Economic and Social Research	4,569	5,201	5,995	6,285	8,600	8,850	9,015
Poverty Reduction Initiative	—	—	—	300	585	335	100
Institute of Development Studies Library	—	—	431	225	200	200	100
Children of the Millennium	—	—	—	—	1,000	1,000	0
Total	5,277	6,948	7,239	7,921	12,065	12,144	11,104
Education Division							
Commonwealth School & Fellowship Plan	9,733	9,569	10,139	10,020	11,000	12,000	12,500
Commonwealth of Learning	809	365	356	1,000	1,000	1,000	1,000
Higher Education Textbook Subsidy	865	296	0	0	0	0	0
University Links	2,666	2,619	2,800	3,213	3,500	3,500	3,500
Shared Scholarship Scheme	1,446	2,581	1,878	2,000	2,000	2,000	2,000
Chevening Scholarship Scheme ¹⁷	12,467	11,459	—	—	—	—	—
Books	75	125	244	377	0	0	0
Education Research & Development	538	986	1,129	800	1,800	2,200	3,000
Prince of Wales Scholarships	165	165	165	165	165	100	0
Skills for Development	—	—	70	570	6,800	7,400	9,500
Association for the Development of Education in Africa	—	—	159	244	0	0	0
Education Strategic Support & Development	—	—	0	0	0	0	0
Universal Primary Education	—	—	736	500	3,300	4,250	5,000
Total	28,764	28,165	17,676	18,889	32,450	36,500	
Enterprise Development Department							
Public & Private Partnership	266	769	461	800	1,000	1,250	1,550
Private Sector Development	—	—	—	800	5,800	7,750	7,250
Rural Enterprise Technology Facility	—	—	—	—	400	1,000	1,000
Total	266	769	461	1,600	7,200	10,000	9,800
Environmental Policy Department							
Renewable Natural Resources Research	3,113	3,484	4,248	4,370	4,500	4,300	4,500
Total	3,113	3,484	4,248	4,370	4,500	4,300	4,500
European Union Department							
European Community Technical Co-operation	740	878	964	1,000	1,500	1,500	1,500
Total	740	878	964	1,000	1,500	1,500	1,500
Evaluation Department							
Evaluation	1,117	820	992	768	1,445	1,420	1,480
Total	1,117	820	992	768	1,445	1,420	1,480
Governance Department							
Governance and Human Rights	—	—	1,390	2,100	3,500	3,750	3,900
Total	—	—	1,390	2,100	3,500	3,750	3,900

TABLE 10 – ALLOCATION BY PROGRAMME: INTERNATIONAL DEVELOPMENT (continued)

£000

	1997/1998 outturn	1998/1999 outturn	1999/2000 outturn	2000/2001 estimated	2001/2002 Plans	2002/2003 Plans	2003/2004 Plans
Health and Population Division¹⁸							
Health and Population	16,208	14,799	17,718	16,970	20,000	20,000	20,000
Reproductive Health Access ¹⁹	5,850	5,500	5,500	7,900	8,000	7,000	8,000
Maternal Mortality ¹⁹	—	—	—	0	3,000	5,000	6,000
HIV/AIDS	—	—	687	880	6,000	10,000	12,000
Malaria	—	500	9,250	14,650	16,000	18,000	7,000
Total	22,058	20,799	33,155	40,400	53,000	60,000	53,000
Infrastructure & Urban Development							
Engineering Research and Development	12,370	8,081	16,053	11,144	13,300	13,200	14,050
Engineering Resource Centre	671	528	775	745	780	820	820
Infrastructure for Sustainable Livelihoods	—	—	615	1,665	3,000	3,000	3,000
Water & Sanitation	—	948	2,637	6,377	7,000	7,000	7,000
Promoting Private Sector Initiatives	—	1,514	4,193	7,617	30,000	30,000	26,730
Information Development	—	—	346	295	1,200	1,200	1,500
Appropriate Technology	1,500	1,500	1,000	500	0	0	0
Human Settlements	—	—	—	—	—	2,000	0
Total	14,541	12,571	25,619	28,343	55,280	57,220	53,100
Information Department							
Development Awareness	1,105	1,770	3,763	5,750	6,500	6,500	6,750
Total	1,105	1,770	3,763	5,750	6,500	6,500	6,750
International Financial Institutions Department							
Financial Architecture and Private Sector	—	—	—	350	0	0	0
Debt Capacity	—	—	—	480	630	500	300
Technical Co-operation for Development Banks	—	—	290	715	750	650	650
Heavily Indebted Poorer Countries 100% Policy ²⁰	—	—	—	4,026	4,500	7,000	6,500
Total	0	0	290	5,571	5,880	8,150	7,450
International Trade Department							
Trade Related Technical Co-operation/Research Activities	235	785	2,034	2,800	4,000	3,650	3,900
Total	235	785	2,034	2,800	4,000	3,650	3,900
Overseas Pensions Department							
Pensions	7,024	6,699	6,332	7,642	5,926	5,678	5,441
Total	7,024	6,699	6,332	7,642	5,926	5,678	5,441
Procurement Department							
Natural Resources Institute Programme Costs	—	106	82	0	0	0	0
Contract Price Investigation Consultancies	26	33	77	26	190	194	194
Total	26	139	159	26	190	194	194
Private Sector Policy Department							
Commonwealth Development Corporation	23,286	35,919	38,670	0	0	0	0
Business Partnerships	—	—	264	700	7,000	9,800	10,000
Total	23,286	35,919	38,934	700	7,000	9,800	10,000
Human Resources Operations Department							
Pre and in-service training	1,995	1,990	2,379	2,850	3,057	3,139	3,220
Aid Personnel Support Costs	550	723	864	1,153	1,376	1,412	1,450
Total	2,545	2,713	3,243	4,003	4,433	4,551	4,670
Resource Management							
Aid Administration Agency Services	601	633	651	668	675	675	675
Total	601	633	651	668	675	675	675
Rural Livelihood Department							
Sustainable Rural Livelihoods	—	94	1,833	4,700	8,750	9,000	9,000
Renewable Natural Resources Research	24,894	29,168	29,030	33,500	32,000	32,200	29,440
Total	24,894	29,262	30,863	38,200	40,750	41,200	38,440
Social Development Department							
Social Development Knowledge	886	1,986	1,160	1,780	2,050	1,800	2,350
Workers Group Development Scheme	—	99	117	0	0	0	0
Social Policy Initiatives	—	—	1,448	2,075	2,250	2,000	2,250
Total	886	2,085	2,725	3,855	4,300	3,800	4,600
Sponsored Organisation Unit							
British Council Mixed Money	29,813	29,813	—	—	—	—	—
Total	29,813	29,813	—	—	—	—	—

TABLE 10 – ALLOCATION BY PROGRAMME: INTERNATIONAL DEVELOPMENT (continued)

£000

	1997/1998 outturn	1998/1999 outturn	1999/2000 outturn	2000/2001 estimated	2001/2002 Plans	2002/2003 Plans	2003/2004 Plans
Statistics							
Statistical Capacity	—	—	230	2,120	3,300	3,200	3,300
Total	0	0	230	2,120	3,300	3,200	3,300
United Nations and Commonwealth Department							
Technical Co-operation for UN Organisations	957	1,442	2,444	3,900	3,600	3,100	3,300
Total	957	1,442	2,444	3,900	3,600	3,100	3,300
TOTAL – BILATERAL OTHER	286,455	270,312	412,780	365,041	377,227	382,497	374,829
TOTAL BILATERAL²¹	1,020,211	1,120,005	1,276,537	1,446,027	1,619,592	1,801,619	1,797,237
MULTILATERAL							
Conflict and Humanitarian Affairs Department							
Multilateral Partnerships	10,179	29,476	29,896	38,131	45,000	45,000	45,000
World Food Programme and other food aid	15,725	10,000	5,000	8,000	5,000	5,000	5,000
Total	25,904	39,476	34,896	46,131	50,000	50,000	50,000
Environment Policy Department							
International Trade & Timber Organisation	50	45	52	55	60	60	60
Desertification Convention	—	229	280	335	200	200	200
Global Environment ²²	19,600	19,500	16,969	21,300	23,550	25,885	27,500
UN Development Programme/European Community Poverty-Environment Initiative	—	—	—	—	300	300	300
Rio+10 International Environment Conference	—	—	—	—	1,000	250	0
Total	19,650	19,774	17,301	21,690	25,110	26,695	28,060
Enterprise Development Department							
Consultative Group Assisting the Poorest, International Labour Organisation and others	—	—	—	—	800	500	500
Total	—	—	—	—	800	500	500
European Union Department							
European Investment Bank — Lome Guarantees	2,483	2,798	2,805	2,552	3,600	3,700	3,800
European Development Fund I — VIII	136,857	212,997	212,893	121,376	116,000	164,000	179,000
Research	—	—	3,585	71	700	700	700
European Commission Attribution ²³	403,121	486,000	502,000	636,000	670,000	736,000	801,000
Total	542,461	701,795	721,283	759,999	790,300	904,400	984,500
Health and Population Division							
World Health Organization	—	—	—	10,250	10,000	11,000	13,000
UN Population Fund ²⁴	11,500	13,000	15,000	47,200	15,000	18,000	18,000
Communicable Diseases ²⁵	14,963	10,341	11,300	5,900	33,600	23,300	28,700
UNAIDS	—	—	3,000	3,000	3,000	3,000	3,000
Polio Eradication ¹⁷	—	—	—	45,000	0	5,000	5,000
Total	26,463	23,341	29,300	111,350	61,600	60,300	67,700
Infrastructure & Urban Development							
UN Centre for Human Settlements (Habitat)	172	425	2,017	2,680	1,000	1,000	1,000
Energy Sector	300	500	300	1,189	500	700	700
Total	472	925	2,317	3,869	1,500	1,700	1,700
International Financial Institutions Department							
International Development Association: replenishment 9-12	189,630	170,860	166,710	203,470	243,690	220,290	174,200
International Development Association: replenishment 13	—	—	—	—	—	—	80,000
Multilateral Investment Guarantee Agency	—	—	—	1,570	1,430	1,430	1,430
Support for Heavily Indebted Poor Countries	—	10,000	35,683	27,518	50,000	50,000	50,000
International Finance Corporation	100	100	100	571	574	574	100
International Monetary Fund Enhanced Structural Adjustment Facility	20,000	18,000	17,000	0	19,000	19,000	19,000
African Development Bank	0	0	0	887	860	860	860
African Development Fund	17,152	19,094	16,599	13,200	29,050	33,190	30,170
Asian Development Bank	—	134	358	370	910	910	910
Asian Development Fund	32,169	31,939	34,369	25,851	27,782	27,668	26,880
Caribbean Development Bank	—	—	1,612	0	270	270	270
Caribbean Development Fund	538	2,113	2,308	930	2,600	5,325	6,100
Inter-American Development Bank	792	985	1,006	889	610	410	250
Inter-American Development Bank Fund Special Operations	3,736	3,736	520	1,069	1,069	0	0
Total	264,117	256,961	276,265	276,325	377,845	359,927	390,170

TABLE 10 – ALLOCATION BY PROGRAMME: INTERNATIONAL DEVELOPMENT (continued) £000

	1997/1998 outturn	1998/1999 outturn	1999/2000 outturn	2000/2001 estimated	2001/2002 Plans	2002/2003 Plans	2003/2004 Plans
Rural Livelihoods Department							
International Renewable Natural Resources Research	6,407	7,497	8,205	9,000	9,500	9,500	9,500
Total	6,407	7,497	8,205	9,000	9,500	9,500	9,500
Social Development Department							
UN Development Fund for Women	1,050	150	2,000	2,000	2,000	3,000	3,000
Centre on Housing Rights and Evictions	—	—	—	35	150	150	150
International Labour Organisation	—	752	730	560	4,250	4,000	4,000
UN Research Institute for Social Development	—	—	330	200	200	300	300
Total	1,050	902	3,060	2,795	6,600	7,450	7,450
United Nations and Commonwealth Department							
International Fund for Agricultural Development	2,684	2,155	2,713	2,749	3,000	3,000	3,000
UN Development Programme	22,123	30,000	35,553	35,000	35,000	35,000	35,000
UN Children's Fund	8,000	10,000	28,000	19,000	17,000	17,000	17,000
UN Educational, Scientific and Cultural Organisation	15,823	11,267	10,638	12,431	12,393	12,393	12,393
UN Industrial Development Organisation	6,853	3,114	3,500	4,400	3,300	3,400	3,500
Food and Agriculture Organisation Subscription	11,050	9,951	10,298	12,400	12,400	12,400	12,400
Commonwealth Fund for Technical Cooperation	5,933	5,669	5,746	5,500	6,500	6,500	6,500
Other Commonwealth Programmes	1,204	1,120	1,268	1,100	1,100	1,100	1,100
International Policy and Performance Fund	—	—	—	—	0	8,000	10,000
Total	73,670	73,276	97,716	92,580	90,693	98,793	100,893
Western Asia Department							
UN Relief & Works Agency	10,067	3,360	13,034	19,000	10,000	10,000	10,000
Total	10,067	3,360	13,034	19,000	10,000	10,000	10,000
Western Hemisphere and Eastern Europe Economics							
European Bank for Reconstruction and Development: Subscription Costs	5,907	8,166	10,204	11,680	14,000	16,000	16,000
European Bank for Reconstruction and Development: Annual Meeting Costs	74	25	54	35	55	0	40
Research/Consultancy	—	—	—	170	300	300	300
Total	5,981	8,191	10,258	11,885	14,355	16,300	16,340
TOTAL MULTILATERAL	976,242	1,135,498	1,213,635	1,354,624	1,438,303	1,545,565	1,666,813

¹ Direct comparison between DFID departments' and divisions' over the period covered is not always possible due to internal reorganisation of responsibilities.

² Totals in some cases may not reflect exactly the sum of individual lines due to rounding of the figures.

³ The Africa HIV/AIDS Fund was shown in previous years as part of the HIV/AIDS/Sexually Transmitted Infections line.

⁴ Prior to 2000/2001 Africa Capacity Building Foundation was included under the Africa Regional line.

⁵ The Africa Conflict Prevention Fund figure for 2001/2002 represents DFID's initial allocation from the joint DFID, Foreign and Commonwealth Office, Ministry of Defence pool (see Chapter 6, paragraphs 6.9–6.10). Further allocations for 2001/2002 and future years are anticipated but not yet agreed.

⁶ Expenditure for Southern Africa (except South Africa) will be managed on a regional basis.

⁷ Support for Bhutan is included in the India line.

⁸ From 2000/2001 onwards support for Mongolia will be included in the China line.

⁹ Middle East regional has been split into Programmes and Emergency Aid.

¹⁰ Prior to 2000/2001, Nepal was included in the DFID South East Asia line.

¹¹ There has been no change in policy or support for Albania, Macedonia and Slovenia, but a re-classification of a previously combined line into separate lines.

¹² Prior to 1990/2000, Croatia and Bosnia expenditure was included in what is now shown as Former Republic of Yugoslavia/Kosovo, although the majority of Bosnia expenditure was under Emergency Aid.

¹³ For 2000/2001 onwards lines for Kazakhstan and Georgia/Armenia/Kyrgyzstan are grouped with Other Former Soviet States.

¹⁴ Includes all Volunteer Programmes (hitherto shown separately) and other Partnership Programme Agreements.

¹⁵ In addition to central provision for humanitarian/emergency aid, the Contingency Reserve is available to meet emergencies and unforeseen expenditure, and country programmes meet the costs of humanitarian assistance in countries where the emergency is ongoing. In such country programmes expenditure is not shown separately. Expenditure on Programmed Emergency Responses and Refugees and Migration, previously included under Emergency Response is now shown separately.

¹⁶ The Global Conflict Prevention Fund figure represents DFID's initial allocation from the joint DFID, Foreign and Commonwealth Office, Ministry of Defence pool (see Chapter 6, paragraphs 6.9–6.10). Further allocations for 2001/2002 and future years are anticipated but not yet agreed.

¹⁷ The bilateral line 'Poverty Challenge Fund – Polio Eradication', shown in the 2000 Departmental Report has been combined with the Multilateral Polio Eradication line.

¹⁸ From 1999/2000 this has not been recorded as a separate line but has been incorporated within the "Transfers from/to other Government Departments" line in Overview Table f.

¹⁹ Prior to 2000/2001 the Maternal Mortality line was part of Reproductive Health Access.

²⁰ To compensate the Export Credits Guarantee Department for the additional debt relief they provide, over and above the HIPC framework, so that qualifying HIPC countries receive 100% relief on their debts.

²¹ The total of the individual programmes exceeds the resources available because of the inclusion of an "estimating adjustment", the aim of which is to ensure full and effective spending against the cash limit. The estimating adjustment is set as a percentage of the bilateral country programmes (10% from 2001/2002 onwards).

²² Formally included as a separate item under Class VIII, Vote I, Subhead F of DFID's Cash Plans.

²³ European Commission budgetised expenditure is attributed to DFID once the figure is known. Typically this process can take up to 12 months after the close of the year in question. The figure is therefore DFID's best estimate.

²⁴ The 2000/2001 figure includes £32.2 million for emergency procurement of reproductive health commodities (see Chapter 2, Box 2b).

²⁵ In 2000 this was referred to as International Health and it was previously called World Health Organisation priority actions.

TABLE 11: ALLOCATION BY PROGRAMME: OVERSEAS PENSIONS

Section A: Overseas pensions

A1: Superannuation payments to and in respect of certain overseas pensioners and their dependants

£000

	2000/2001 estimated	2001/2002 plans	2002/2003 plans
i. Pensions and gratuities: Pensions to former Palestine officers for which Her Majesty's Government assumed responsibility when the Mandate terminated in 1948 and to certain beneficiaries of the former Aden Widows' and Orphans' Pension Fund, which was wound up at independence (507 pensions):	70	66	63
ii. Pension increases and supplements paid under the UK Pensions (Increase) Act 1971 (as amended) to certain former overseas officers and their dependants:			
(a) Pension increases to former officers of the Burma Civil and Defence Services (45 pensions). Provisions for the pensions made under C1(1)(b) below and Class III, Vote I	334	312	304
(b) Pension supplements to other overseas officers and their dependants (22,169 pensions). Provision for most of the pensions is made under A1(1), C1(1)(b) and Class III, Vote I; others remain the liability of the overseas country where the pension was earned, e.g. Hong Kong	106,222	104,000	102,000
iii. Other pensions and gratuities and pension increases			
(a) Pensions etc. for service with the Cotton Research Corporation and retirement and other benefits for former governors of Overseas Territories etc. (30 pensions)	137	239	243
(b) Pensions in respect of credit for war service (2,070 pensions)	238	223	213
TOTAL A1	107,001	104,840	102,823

A2: Other superannuation and related payments

£000

	2000/2001 estimated	2001/2002 plans	2002/2003 plans
i. Police and firemen's pensions, gratuities, pension increases, superannuation transfer values etc:			
(a) Pensions etc. to or in respect of UK police officers and firemen whose service overseas is terminated by death or retirement (66 pensions)	297	286	278
(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)	668	690	703
ii. Grants to British subjects in lieu of Superannuation and other benefits due to them by the former Shanghai Municipality, payment of which is suspended and grants to certain pensioners of the former Burma services resident outside Burma (3 pensions) and medical, miscellaneous and ex-gratia expenses relating to the award of pensions:	40	40	40
iii. Mobility supplements to certain disabled overseas war service pensioners, analogous to the UK War Pensioners Mobility Supplement administered by the Department of Social Security (21 Pensions):	49	60	61
iv. Supplements to Hong Kong Her Majesty's Overseas Civil Service/Her Majesty's Overseas Judiciary pensioners under the UK Sterling Pensions Safeguard Scheme	135	135	135
TOTAL A2	1,189	1,211	1,217
TOTAL A – OVERSEAS SUPERANNUATION	108,190	106,051	104,040

TABLE 11: ALLOCATION BY PROGRAMME: OVERSEAS PENSIONS
(continued)

Section B: Other expenditure

B1: Hong Kong

£000

	2000/2001 estimated	2001/2002 plans	2002/2003 plans
i. Compensation payments to former members of Her Majesty's Overseas Civil Service and Her Majesty's Overseas Judiciary in Hong Kong	2,200	2,200	0
TOTAL B – OTHER EXPENDITURE	2,200	2,200	0

Section C: Other pensions expenditure

C1: Other pensions payments

£000

	2000/2001 estimated	2001/2002 plans	2002/2003 plans
i. Pensions and gratuities:			
(a) Pensions to former officers of the Indian and Pakistan Civil and Military Services and certain dependants, including beneficiaries of the former Indian Family Pensions Funds which have been wound up (2,785 pensions)	2,271	2,194	2,093
(b) Pension payments for post-independence service by overseas officers. Under the pensions takeover arrangements between HM Government and the governments of overseas countries Her Majesty's Government receive a capital sum to meet the future cost of pension payments for post-independence service; the capital sums are treated as extra receipts payable to the Consolidated Fund (12,338 pensions)	1,860	1,774	1,693
(c) Pensions to certain beneficiaries of certain former overseas pension funds which are being wound up. The proceeds of the sale of the funds' assets are treated as extra receipts payable to the Consolidated Fund (3,926 pensions)	1,298	950	950
ii. Pension increases to former officers of the Indian and Pakistan Civil and Military Services and certain dependants (see C1 (1)(a) above) (2,424 pensions):	10,902	10,124	9,388
TOTAL C – OTHER PENSIONS PAYMENTS	16,331	15,042	14,124
TOTAL GROSS OVERSEAS SUPERANNUATION VOTE	126,721	123,293	118,164

TABLE 12 – APPROPRIATIONS IN AID AND OTHER RECEIPTS

£000

Appropriations in Aid: Class VIII, Vote 1, 2000/2001 to 2003/2004	2000/2001 estimates provision	2001/2002 plans	2002/2003 plans	2003/2004 plans
AZ: Bilateral Development Assistance Receipts, including those from overseas governments, arising from bilateral country and sectoral programmes, including loan repayments; recoveries of contribution to widows' and orphans' pensions schemes taken over by the UK.	13,633	9,133	8,444	8,539
Value Added Tax Refunds for contracted out services	0	0	0	0
Income from CDC Capital Partners: Public Sector Loans	8,000	18,000	20,000	14,000
Total AZ Appropriations in Aid	21,633	27,133	28,444	22,539
BZ: Multilateral Development Assistance Refunds of payments made under UK guarantees to the European Investment Bank	100	100	100	100
Repayment of loans to multilateral organisations	19,400	19,400	19,057	18,028
Total BZ Appropriations in Aid	19,500	19,500	19,157	18,128
CZ: Administration Recoveries in respect of running costs services	3,678	3,794	3,867	3,966
Recovery of European Bank for Reconstruction and Development Executive Directors' Salary	76	76	76	76
Value Added Tax Refunds (non-running costs related)	0	0	0	0
Value Added Tax Refunds for contracted out services	100	0	0	0
European fast streamers	0	0	0	0
Total CZ Appropriations in Aid	3,854	3,870	3,943	4,042
GZ: Crown Agents loan repayments	280	280	280	280
Gross Total	45,267	50,783	51,824	44,989

Appropriations in Aid: Class VIII, Vote 2, 2000/2001 onwards	2000/2001 estimates provision	2001/2002 plans	2002/2003 plans	2003/2004 plans
i. Superannuation transfer values from overseas employing government in respect of UK police officers and firemen returning to their home forces following overseas service	44	46	47	49
ii. Police pension receipts and bank commission on overseas payments	80	80	80	80
Total Appropriation in Aid	124	126	127	129

TABLE 13: PLANNED GRANTS-IN-AID EXCEEDING £1 MILLION IN 2001/2002

£000s

Name	Amount
Montserrat Budgetary Aid	7,200
St Helena Budgetary Aid	10,150

International subscriptions exceeding £1 million in 2001/2002 are shown in Annex I, Table 9.

Delivery of Bilateral and Multilateral Aid

This annex contains a summary of our expenditure in 1999/2000. For more detailed information, please consult *Statistics on International Development* (52).

Table 1: Bilateral Aid by Country 1999/2000

Table 2: Gross Public Expenditure on Multilateral Contributions 1997/1998 to 1999/2000

Table 3A: DFID Programme: Bilateral Technical Co-operation 1997/1998 to 1999/2000

Table 3B: DFID Programme: Bilateral Grants and Other Aid in Kind 1997/1998 to 1999/2000

Table 4: Humanitarian Assistance 1997/1998 to 1999/2000

Table 5: New Policy Information Marker System marked Bilateral Commitments 1999/2000
Poverty Aim Marker by region

Figure 1: New Policy Information Marker System marked Bilateral Commitments 1999/2000
Poverty Aim Marker

Table 6: New Policy Information Marker System marked Bilateral Commitments 1999/2000
Policy Objective Marker by region

Figure 2: New Policy Information Marker System marked Bilateral Commitments 1999/2000
Policy Objective Marker

Figure 3: DFID Programme 1999/2000 Bilateral Aid
(excluding Humanitarian Assistance) by Income Group

Figure 4: DFID Programme Bilateral Aid by Region 1999/2000

Figure 5: DFID Programme Bilateral Aid in 1999/2000 by Form of Aid

Figure 6: Bilateral and Multilateral Assistance as a Percentage
of DFID Programmes 1975/1976 to 1999/2000

Table 7: Bilateral commitments in 1998/1999 and 1999/2000 by Policy Information Marker

Table 8: Humanitarian Assistance: Top Ten Recipient Countries

TABLE 1: BILATERAL AID BY COUNTRY 1999/2000

£000s

	Financial Aid (Excl ATP)			Technical Co-operation	Aid and Trade Provision	Grants and Other Aid in Kind	Humanitarian Assistance ¹	DFID Debt Relief ²	Total DFID Programme	Other Programmes		TOTAL GROSS PUBLIC EXPENDITURE
	Project or Sector Aid	Programme Aid								CDC Investments	Other ³	
Africa: North of Sahara												
Algeria	0	0	0	0	0	5	0	5	0	0	5	
Egypt	0	0	2,024	0	1,116	0	406	3,546	0	0	3,546	
Morocco	0	0	0	10	155	0	0	164	0	9	173	
Tunisia	0	0	0	0	171	0	0	171	0	0	171	
North Africa Regional	0	0	28	0	0	0	0	28	0	0	28	
Total North of Sahara	0	0	2,052	10	1,442	5	406	3,915	0	9	3,923	
Africa: South of Sahara												
Angola	0	0	1,239	0	625	3,236	0	5,100	0	0	5,100	
Benin	0	0	82	0	0	0	0	82	0	858	940	
Botswana	51	0	2,620	0	200	55	118	3,045	0	0	3,045	
Burkina Faso	0	0	0	0	267	0	0	267	0	0	267	
Burundi	0	0	0	0	203	798	0	1,001	0	0	1,001	
Cameroon	0	0	1,247	0	1,181	3	0	2,431	0	4,574	7,005	
Cape Verde	0	0	0	0	15	0	0	15	0	0	15	
Central African Republic	0	0	0	0	0	0	0	0	0	5	5	
Comoros	0	0	0	0	21	0	0	21	0	0	21	

TABLE 1: BILATERAL AID BY COUNTRY 1999/2000 (continued)

£000s

	Financial Aid (Excl ATP)			Aid and Trade Provision	Grants and Other Aid in Kind	Humanitarian Assistance ¹	DFID Debt Relief	Total DFID Programme	Other Programmes		TOTAL GROSS PUBLIC EXPENDITURE
	Project or Sector Aid	Programme Aid	Technical Co-operation						CDC Investments	Other ²	
Congo	0	0	24	0	0	0	0	24	0	3,200	3,224
Congo (Democratic Republic of)	0	0	49	0	15	1,257	0	1,322	0	810	2,132
Cote d'Ivoire	0	0	109	0	158	0	261	528	11,026	540	12,095
Eritrea	0	0	6	0	270	162	0	438	0	0	438
Ethiopia	0	0	2,462	0	1,431	3,076	0	6,969	0	330	7,299
Gambia	22	0	1,047	0	301	0	0	1,370	0	0	1,370
Ghana	10,436	14,000	17,487	1,124	2,732	52	2,369	48,200	3,835	0	52,035
Guinea	0	0	0	0	91	38	0	129	0	152	281
Kenya	813	0	20,210	0	3,627	2,535	0	27,186	5,847	28	33,061
Lesotho	424	0	1,439	22	1,089	0	0	2,974	0	0	2,974
Liberia	0	0	437	0	812	0	0	1,249	0	0	1,249
Madagascar	0	0	0	0	308	635	0	943	0	166	1,109
Malawi	9,849	20,002	14,050	0	2,233	384	168	46,687	2,650	0	49,337
Mali	0	0	0	0	205	0	0	205	0	437	642
Mauritania	0	0	0	0	1	0	0	1	0	199	200
Mauritius	28	0	435	0	44	0	63	570	0	0	570
Mozambique	11,147	14,003	4,058	0	1,711	11,736	1,251	43,906	21,785	4,666	70,356
Namibia	3	0	2,816	0	521	172	0	3,511	0	0	3,511
Niger	0	0	9	0	168	0	0	177	0	629	806
Nigeria	739	0	8,068	0	5,797	43	0	14,648	1	0	14,649
Rwanda	0	10,000	2,440	0	784	1,320	0	14,544	0	0	14,544
Sao Tome and Principe	0	0	0	0	1	0	0	1	0	0	1
Senegal	0	0	0	0	318	0	61	379	0	136	515
Seychelles	15	0	45	0	241	0	0	300	0	0	300
Sierra Leone	33	16,472	9,552	0	3,852	4	0	29,914	0	130	30,044
Somalia	19	0	9	0	350	372	0	751	0	0	751
South Africa	24	0	20,034	0	9,323	221	0	29,602	18,281	0	47,883
St Helena & Dependencies	2,346	4,664	2,353	0	0	0	0	9,362	0	0	9,362
Sudan	106	0	15	0	319	2,791	0	3,232	0	0	3,232
Swaziland	40	0	2,245	0	851	0	0	3,137	396	0	3,533
Tanzania	7,668	37,000	14,984	0	3,311	1,211	0	64,173	4,012	6,764	74,949
Togo	0	0	0	0	114	0	0	114	0	249	363
Uganda ⁴	41,467	16,000	18,595	0	4,713	555	0	81,330	386	8,694	90,410
Zambia	1,051	0	7,620	0	2,662	266	2,816	14,415	4,765	27,618	46,798
Zimbabwe	3,537	0	5,856	1,495	2,929	212	0	14,029	3,344	0	17,373
East African Community	771	0	0	0	0	0	0	771	0	0	771
Southern Africa											
Development Community	0	0	1,684	0	275	11	0	1,971	0	0	1,971
South of Sahara Unallocated	0	0	2,328	0	1,105	198	0	3,630	0	32	3,663
Total South of Sahara	90,590	132,142	165,653	2,641	55,176	31,346	7,107	484,654	76,328	60,217	621,199
Africa unallocated	0	0	8,350	0	1,532	452	0	10,334	0	0	10,334
Total Africa	90,590	132,142	176,055	2,650	58,150	31,803	7,513	498,903	76,328	60,226	635,457
America: Central											
Costa Rica	0	0	5	0	111	0	0	117	15,615	0	15,732
Cuba	0	0	49	0	170	0	0	219	2,449	12	2,680
El Salvador	0	0	3	0	315	0	0	318	0	0	318
Guatemala	0	0	21	0	322	28	0	371	12,361	0	12,732
Haiti	0	0	0	0	16	0	0	16	0	0	16
Honduras	0	0	578	0	537	608	373	2,097	0	0	2,097
Mexico	0	0	1,960	0	213	0	0	2,172	0	1	2,174
Nicaragua	0	0	270	0	549	334	0	1,153	2,627	0	3,780
Panama	0	0	32	233	59	0	0	324	0	0	324
Total Central America	0	0	2,918	233	2,293	970	373	6,788	33,052	13	39,853
America: Caribbean											
Anguilla	1,232	0	763	0	38	25	0	2,057	0	0	2,057
Antigua & Barbuda	740	0	452	0	94	0	357	1,643	0	8	1,650
Bahamas	0	0	4	0	0	30	0	35	0	0	35
Barbados	14	0	44	0	54	0	46	158	862	0	1,020
Belize	4,626	0	984	0	149	0	0	5,760	9,116	0	14,876
Bermuda	0	0	13	0	0	0	0	13	0	0	13
British Virgin Islands	0	0	484	0	33	0	0	517	4,215	0	4,732
Cayman Islands	0	0	18	0	0	0	0	18	0	31	49
Dominica	1,019	0	654	0	23	244	541	2,481	0	0	2,481
Dominican Republic	0	0	0	0	40	0	0	40	35,152	0	35,192
Grenada	3	0	235	0	59	0	625	923	0	0	923
Guyana	1,087	0	4,133	0	162	0	4,537	9,919	4,372	1,861	16,152
Jamaica	17	0	2,364	0	126	0	5,516	8,023	1,017	1	9,041
Montserrat	0	8,232	5,096	0	5,102	4,382	0	22,813	0	0	22,813

TABLE 1: BILATERAL AID BY COUNTRY 1999/2000 (continued)

£000s

	Financial Aid (Excl ATP)			Technical Co-operation	Aid and Trade Provision	Grants and Other Aid in Kind	Humanitarian Assistance¹	DFID Debt Relief²	Total DFID Programme	Other Programmes		TOTAL GROSS PUBLIC EXPENDITURE
	Project or Sector Aid	Programme Aid								CDC Investments	Other³	
St Kitts — Nevis	1	0	23	0	75	0	0	99	0	0	99	
St. Lucia	5	0	528	0	39	0	333	905	0	0	905	
St. Vincent & Grenadines	5	0	278	0	29	0	0	311	0	0	311	
Trinidad and Tobago	100	0	124	0	30	0	0	254	0	0	254	
Turks and Caicos Islands	1,564	0	2,271	0	16	0	193	4,044	0	0	4,044	
Caribbean Unallocated	93	0	5,011	0	386	384	0	5,874	0	2,114	7,988	
Total Caribbean	10,506	8,232	23,480	0	6,454	5,065	12,149	65,886	54,734	4,015	124,635	
America: South												
Argentina Republic	0	0	36	0	99	0	0	134	8,541	0	8,675	
Bolivia	0	0	5,784	0	543	6	0	6,334	26,657	6,610	39,601	
Brazil	0	0	5,257	0	1,134	0	0	6,391	0	478	6,869	
Chile	0	0	410	0	0	0	0	410	0	0	410	
Colombia	0	0	538	256	478	266	0	1,537	0	653	2,190	
Ecuador	0	0	488	0	261	0	0	748	6,345	0	7,093	
Paraguay	0	0	122	0	133	0	0	255	0	0	255	
Peru	0	0	2,857	0	1,242	8	318	4,424	3,495	512	8,431	
Uruguay	0	0	4	0	247	0	0	252	0	0	252	
Venezuela	0	0	0	0	168	769	0	938	0	33	971	
Latin America Regional	0	0	159	0	0	15	0	174	0	0	174	
Total South America	0	0	15,654	256	4,305	1,064	318	21,597	45,038	8,287	74,922	
America: unallocated	0	0	2,049	0	255	0	0	2,304	0	0	2,304	
Total America	10,506	8,232	44,101	490	13,307	7,099	12,840	96,575	132,824	12,315	241,713	
Asia: Middle East												
Iran	0	0	0	0	0	488	0	488	0	500	988	
Iraq⁴	0	0	0	0	0	6,585	0	6,585	0	0	6,585	
Jordan	353	0	3,380	69	520	637	1,277	6,236	0	0	6,236	
Lebanon	0	0	0	0	168	0	0	168	0	0	168	
Oman	0	0	0	0	13	0	0	13	0	0	13	
Syria	0	0	0	0	75	0	0	75	0	0	75	
West Bank and Gaza	628	0	6,391	0	971	0	0	7,990	0	0	7,990	
Yemen	309	0	565	0	613	0	0	1,488	0	0	1,488	
Middle East Unallocated	1	0	0	0	288	0	0	288	0	0	393	
Total Middle East	1,291	0	10,336	69	2,647	7,710	1,277	23,330	0	500	23,830	
Asia:South												
Afghanistan	0	0	130	0	193	4,909	29	5,262	0	190	5,452	
Bangladesh	19,081	0	24,454	0	21,241	619	292	65,687	6,181	0	71,868	
Bhutan	0	0	0	0	11	0	0	11	0	0	11	
Burma	9	0	56	0	287	207	0	559	0	0	559	
India	46,145	0	42,791	0	12,680	3,938	0	105,553	5,167	0	110,720	
Maldives	0	0	44	0	248	0	0	292	0	0	292	
Nepal	2,092	0	11,990	0	1,907	0	0	15,989	0	0	15,989	
Pakistan	3,260	0	13,954	523	4,018	153	751	22,658	0	852	23,510	
Sri Lanka	832	0	5,245	33	487	1,306	76	7,980	0	0	7,980	
Total South Asia	71,419	0	98,663	555	41,072	11,132	1,148	223,990	11,348	1,042	236,381	
Asia: Far East												
Brunei	6	0	0	0	0	0	0	6	0	0	6	
Cambodia	0	0	2,861	0	1,387	2,810	0	7,058	0	0	7,058	
China	1,272	0	7,125	16,269	1,064	531	0	26,260	0	0	26,260	
East Timor	0	0	1,482	0	0	6,975	0	8,457	0	0	8,457	
Indonesia	109	0	5,948	11,209	1,568	0	0	18,833	36,868	0	55,702	
Korea	0	0	0	0	0	638	0	638	0	0	638	
Laos	0	0	14	0	389	833	1	1,237	0	0	1,237	
Malaysia	353	0	731	0	2	0	0	1,086	0	0	1,086	
Mongolia	0	0	35	0	255	32	0	322	0	0	322	
Philippines	0	0	44	44	406	0	0	495	5,681	0	6,176	
Singapore	73	0	66	0	0	0	0	139	0	0	139	
Taiwan	0	0	0	0	0	30	0	30	0	0	30	
Thailand	0	0	322	170	83	0	0	576	2,379	0	2,955	
Vietnam	0	0	4,417	0	716	123	0	5,257	0	0	5,257	
Total Far East	1,813	0	23,046	27,693	5,870	11,973	1	70,396	44,928	0	115,325	

TABLE 1: BILATERAL AID BY COUNTRY 1999/2000 (continued)

£000s

	Financial Aid (Excl ATP)			Technical Co-operation	Aid and Trade Provision	Grants and Other Aid in Kind	Humanitarian Assistance ¹	DFID Debt Relief ²	Total DFID Programme	Other Programmes		TOTAL
	Project or Sector Aid	Programme Aid								CDC Investments	Other ³	GROSS PUBLIC EXPENDITURE
Asia: Central Asian Republics												
Kazakhstan	0	0	999	0	83	0	0	1,082	0	0	1,082	
Kyrgyzstan	0	0	1,181	0	42	0	0	1,223	0	0	1,223	
Tajikistan	0	0	39	0	7	0	0	45	0	0	45	
Turkmenistan	0	0	71	0	26	0	0	97	0	0	97	
Uzbekistan	0	0	457	0	48	0	0	505	0	0	505	
Total Central Asian Republics	0	0	2,747	0	206	0	0	2,953	0	0	2,953	
Asia: unallocated	0	0	3,137	52	1,599	54	0	4,842	0	50	4,892	
Total Asia	74,523	0	137,928	28,370	51,394	30,870	2,427	325,512	56,276	1,592	383,381	
Europe												
Albania ²	0	0	607	0	140	14,557	0	15,304	0	0	15,304	
Armenia	0	0	1,017	0	78	0	0	1,096	0	0	1,096	
Azerbaijan	0	0	643	0	53	0	0	697	0	0	697	
Belarus	0	0	179	0	99	0	0	278	0	0	278	
Bosnia — Herzegovina	0	0	3,262	0	215	666	0	4,143	0	1,852	5,995	
Bulgaria	0	0	2,733	0	230	0	0	2,963	0	18	2,981	
Croatia	0	0	954	0	236	100	0	1,290	0	0	1,290	
Cyprus	12	0	180	0	-3	0	0	188	0	0	188	
Czech Republic	0	0	543	0	235	0	0	778	0	0	778	
Estonia	0	0	139	0	175	0	0	315	0	0	315	
Georgia	0	0	582	0	36	479	0	1,097	0	0	1,097	
Gibraltar	0	0	24	0	0	0	0	24	0	0	24	
Hungary	0	0	2,144	0	152	0	0	2,296	0	0	2,296	
Latvia	0	0	130	0	186	0	0	316	0	0	316	
Lithuania	0	0	161	0	72	0	0	233	0	0	233	
Macedonia ³ (former Yugoslav Republic of)	0	0	837	0	50	8,488	0	9,374	0	30	9,405	
Malta	2	0	97	0	0	0	0	99	0	0	99	
Moldova	0	0	804	0	25	0	0	829	0	0	829	
Poland	0	0	4,178	0	335	0	0	4,513	0	0	4,513	
Romania	0	0	3,489	0	249	0	0	3,738	0	6	3,744	
Russian Federation	0	0	23,590	0	768	3,384	0	27,742	0	1	27,743	
Serbia & Montenegro ⁴ (including Kosovo)	0	0	6	0	0	6,245	0	6,251	0	0	6,251	
Slovak Republic	0	0	1,311	0	453	0	0	1,764	0	0	1,764	
Slovenia	0	0	146	0	26	0	0	172	0	0	172	
States of former Yugoslavia ⁴	0	0	325	0	0	65,509	0	65,834	0	0	65,834	
Turkey	0	0	0	3,176	0	1,565	0	4,741	0	11	4,751	
Ukraine	0	0	8,222	0	220	0	0	8,442	0	0	8,442	
Balkan Regional ⁴	0	0	1,502	0	50	16,021	0	17,573	0	0	17,573	
Europe unallocated	0	0	2,149	0	2,309	852	0	5,310	0	878	6,188	
Total Europe	14	0	59,952	3,176	6,391	117,866	0	187,399	0	2,796	190,195	
Pacific	534	0	2,651	0	598	49	360	4,193	3,055	0	7,248	
TOTAL ALL COUNTRIES ¹	176,215	140,374	531,813	34,757	159,384	221,851	23,140	1,326,204	268,483	100,721	1,656,738	
Africa	90,590	132,142	176,055	2,650	58,150	31,803	7,513	498,903	76,328	60,226	635,457	
of which:												
South of Sahara	90,590	132,142	165,653	2,641	55,176	31,346	7,107	484,654	76,328	60,217	621,199	
America	10,506	8,232	44,101	490	13,307	7,099	12,840	96,575	132,824	12,315	241,713	
Asia	74,523	0	137,928	28,370	51,394	30,870	2,427	325,512	56,276	1,592	383,381	
Europe	14	0	59,952	3,176	6,391	117,866	0	187,399	0	2,796	190,195	
Pacific ²	534	0	2,651	0	598	49	360	4,193	3,055	0	7,248	
World Unallocated ¹	48	0	111,126	71	29,545	34,163	0	174,953	0	23,791	198,744	
Exchequer Advances to the CDC ⁴	0	0	0	0	0	0	0	38,670	0	0	0	
Total Developing Countries ⁵	176,124	140,374	484,713	34,757	156,212	218,436	23,140	1,272,427	268,483	100,665	1,602,904	
Commonwealth	169,872	130,374	260,813	3,196	92,019	28,148	20,053	704,475	96,231	55,227	855,934	
of which												
Dependencies	5,141	12,897	10,914	0	5,228	4,406	193	38,779	4,215	31	43,025	
Special Programme of Assistance for Africa Countries	82,488	127,478	113,981	1,124	30,663	22,776	6,926	385,435	54,306	59,375	499,116	

¹ Humanitarian Assistance comprises food aid and other humanitarian assistance.² This comprises both interest and principal foregone under Retrospective Terms Adjustment. Amounts reported are repayments which would have fallen due each year.³ This is mainly non-DFID debt relief, but also includes small amounts of drug related assistance funded by the Home Office and the Foreign and Commonwealth Office and contributions from other Government Departments to non-governmental organisations.⁴ In 1999/2000 financial aid of £26.7 million for Uganda was channelled through a World Bank Trust Fund for Heavily Indebted Poor Countries.⁵ There is no aid to the government of Iraq. The amounts recorded as flows to Iraq are humanitarian assistance provided through UN agencies and non-governmental organisations for Iraqi citizens.⁶ Includes humanitarian assistance to Kosovo for 1999/2000.⁷ No country breakdown is available for the Pacific region as all expenditure is regional.⁸ Commonwealth Development Corporation Exchequer Advances are included in Total DFID Programme. However, this internal UK DFID to Commonwealth Development Corporation flow is excluded from Gross Public Expenditure.⁹ "World Unallocated" comprises block grants to the British Council, Voluntary Service Overseas, non-governmental organisations, Research Institutions and Commonwealth Organisations based in the UK, and some Aid and Trade Provision Technical Co-operation.

TABLE 2: GROSS PUBLIC EXPENDITURE ON MULTILATERAL CONTRIBUTIONS 1997/1998 TO 1999/2000

£000s

	1997/1998		1998/1999		1999/2000		
	DFID Programme	Other Govt Departments	DFID Programme	Other Govt Departments	DFID Programme	Other Govt Departments	TOTAL
European Community¹							
European Development Fund	136,857	0	212,997	0	212,893	0	212,893
European Commission National Experts ²	802	0	892	0	965	0	965
European Investment Bank	2,483	0	2,798	0	2,805	0	2,805
European Community Attribution of which:	403,120	14,025	518,399	19,463	457,760	17,945	475,705
Asian & Latin American Countries	49,190	0	59,418	0	69,174	0	69,174
Disaster Relief	69,620	0	67,056	0	71,837	0	71,837
Food Aid ³	42,670	0	41,100	0	42,735	0	42,735
Mediterranean Associates	42,080	0	54,097	0	48,505	0	48,505
Phare/Tacis (developing countries)	24,320	0	41,740	0	31,093	0	31,093
Phare/Tacis (other countries)	97,290	0	166,970	0	110,240	0	110,240
Other	77,950	14,025	88,018	19,463	84,176	17,945	102,121
Total European Community	543,262	14,025	735,085	19,463	674,422	17,945	692,367
of which developing countries	425,400	10,364	548,606	12,126	541,953	11,332	553,285
World Bank Group							
International Development Association	189,630	0	170,860	0	166,710	0	166,710
International Bank for Reconstruction and Development	0	0	2,570	0	14	0	14
International Finance Corporation	183	0	183	0	183	0	183
World Bank Group Technical Co-operation	37	0	1,641	0	3,724	0	3,724
Total World Bank Group	189,851	0	175,254	0	170,631	0	170,631
IMF Structural Adjustment Facility	20,000	0	18,000	0	17,000	0	17,000
Global Environmental Assistance⁴	16,431	127	15,186	134	16,939	156	17,095
Regional Development Banks							
African Development Bank	34	0	102	0	161	0	161
African Development Fund	17,152	0	19,093	0	16,599	0	16,599
Asian Development Bank	1	0	134	0	358	0	358
Asian Development Fund	32,169	0	31,939	0	34,355	0	34,355
Caribbean Development Bank	538	0	2,113	0	3,920	0	3,920
Inter-American Development Bank	792	0	788	0	605	0	605
Inter-American Development Bank Fund for Special Operations	3,736	0	3,736	0	464	0	464
European Bank for Reconstruction & Development	5,988	0	8,191	0	10,258	0	10,258
Total Regional Development Banks	60,411	0	66,096	0	66,720	0	66,720
Commonwealth							
Commonwealth Foundation	274	668	222	667	289	693	982
Commonwealth Fund for Technical Cooperation	5,478	0	5,669	0	5,727	0	5,727
Commonwealth Science Council	289	0	268	0	279	0	279
Commonwealth Youth Programme	661	0	685	0	687	0	687
Pacific Community	0	10	0	10	0	11	11
Other Commonwealth	904	0	340	0	439	0	439
Total Commonwealth	7,605	678	7,184	677	7,421	703	8,124
UN Agencies⁵							
Food and Agriculture Organisation ⁶	5,855	0	5,274	0	5,439	0	5,439
International Atomic Energy Authority	0	2,250	0	2,601	0	2,345	2,345
International Fund for Agricultural Development	2,684	0	2,155	0	2,713	0	2,713
International Labour Organisation	0	1,115	752	1,134	730	1,136	1,866
Office for Co-ordination of Humanitarian Affairs ⁷	173	0	2,100	0	3,083	0	3,083
UN Agency for Palestine Refugees	10,067	0	3,360	0	13,034	0	13,034
UN Aids	2,300	0	2,750	0	3,000	0	3,000
UN Childrens Fund							
of which:							
General Resources	8,000	0	10,000	0	28,000	0	28,000
Special Appeals	0	0	0	0	0	0	0
Other	1,241	0	461	0	1,143	0	1,143
UN Development Programme	22,602	0	30,850	0	35,960	748	36,708
UN Drug Control Programme ⁸	15	3,050	5	1,704	0	2,270	2,270
UN Environment Programme	0	4,500	0	4,500	0	4,486	4,486
UN Educational, Scientific and Cultural Organisation ⁹	3,956	0	2,817	0	2,681	0	2,681
UN High Commission for Refugees ⁴	10,000	0	10,003	0	7,012	50	7,062
UN Industrial Development Organisation	6,853	0	3,114	0	3,544	0	3,544
UN Population Fund	11,500	0	13,120	0	15,000	0	15,000
UN Regular Budget	0	4,098	0	3,680	0	3,552	3,552

TABLE 2: GROSS PUBLIC EXPENDITURE ON MULTILATERAL CONTRIBUTIONS 1997/98 TO 1999/2000
(continued) £000s

	1997/1998 DFID Programme	Other Govt Departments	1998/1999 DFID Programme	Other Govt Departments	1999/2000 DFID Programme	Other Govt Departments	TOTAL
World Food Programme ¹⁰	15,775	0	10,057	0	5,014	0	5,014
World Health Organisation	12,099	10,655	8,091	9,720	20,300	9,178	29,478
World Meteorological Organisation	0	47	0	69	0	70	70
Other UN Agencies	1,834	609	1,347	1,319	4,418	1,558	5,976
Total UN Agencies	114,954	26,324	106,256	24,727	151,072	25,393	176,465
International Research Organisations							
Consultative Group on International Agricultural Research	5,381	0	6,636	0	6,831	0	6,831
<i>of which:</i>							
International Centre for Agricultural Research in the Dry Areas	270	0	450	0	480	0	480
International Centre for Living Aquatic Resources Management	139	0	215	0	272	0	272
International Centre for Tropical Agriculture	382	0	629	0	671	0	671
International Crop Research Institute for the Semi-Arid Tropics	626	0	902	0	915	0	915
International Food Policy Research Institute	190	0	121	0	170	0	170
International Institute for Tropical Agriculture	321	0	469	0	523	0	523
International Irrigation Management Institute	47	0	88	0	60	0	60
International Livestock Research Institute	632	0	792	0	864	0	864
International Maize and Wheat Improvement Centre	564	0	510	0	698	0	698
International Plant Genetics Resources Institute	610	0	831	0	313	0	313
International Potato Centre	421	0	387	0	409	0	409
International Rice Research Institute	653	0	852	0	948	0	948
International Service for National Agricultural Research	70	0	94	0	195	0	195
West Africa Rice Development Association	315	0	222	0	314	0	314
Other	140	0	73	0	0	0	0
Other International Research Organisations							
Cab International	65	226	107	233	85	240	325
International Centre for Development Oriented Research in Agriculture	115	0	115	0	117	0	117
Other International Research	218	0	944	0	2,501	0	2,501
Total International Research Organisations	5,779	226	7,802	233	9,535	240	9,775
TOTAL MULTILATERAL CONTRIBUTIONS	958,292	41,380	1,130,864	45,234	1,113,740	44,438	1,158,178
Contributions from DFID funds which are not reportable to the Development Assistance Committee of the organisation for Economic Co-operation and Development and so excluded from above:							
UN Food and Agriculture Organisation	5,234		4,714		4,862		4,862
UN Educational, Scientific and Cultural Organisation	11,867		8,451		8,044		8,044
Global Environmental Assistance	2,274		0		0		0

¹ European Community Attribution data for 1999/2000 are provisional subject to the Court of Auditors report.

² Formerly European Community Technical Co-operation, but renamed as used entirely for funding of national experts working for European Community.

³ European Community Food Aid includes only regular provisions. Emergency food aid is included indistinguishably in the Disaster Relief figures.

⁴ From 1994/1995–1997/1998, this comprised 84% of the UK's contributions to the Global Environment Facility and 100% of contributions to the Montreal Protocol. These amounts were defined by the Development Assistance Committee of the Organisation for Economic Co-operation and Development as official development assistance. The non-aid elements are listed at the end of this table. From 1998/1999, all contributions count as aid.

⁵ DFID uses certain UN Agencies as a means of delivering emergency assistance to individual countries. This is shown in more detail in Table 4.

⁶ This includes only contributions to the UN Food and Agriculture Organisation which are counted as aid. See memo items at the end of this table for the non-aid elements.

⁷ Prior to 1998, the Office for Co-ordination of Humanitarian Affairs was known as the Department of Humanitarian Affairs.

⁸ Where DFID has influence over the destination of some payments to the UN High Commissioner for Refugees and UN International Drugs Control Programme these are counted as bilateral aid and included in Table 1.

⁹ This includes only contributions to United Nations Educational, Scientific and Cultural Organisation which are counted as aid. See memo items at the end of this table for the non-aid elements.

¹⁰ This is the regular programme of food aid.

TABLE 3A: DFID PROGRAMME: BILATERAL TECHNICAL CO-OPERATION¹ 1997/1998 TO 1999/2000

£000s

	1997/1998	1998/1999	1999/2000
PERSONNEL			
Consultancies	201,476	195,954	194,630
of which:			
developing countries ²	138,422	145,031	149,331
Other Personnel	86,491	89,958	108,091
Wholly Funded	86,488	89,958	108,090
Long Term	78,554	81,377	99,407
Short Term	7,934	8,582	8,683
Supplemented (long term)	3	0	1
Volunteers	25,201	27,352	28,433
TOTAL PERSONNEL	313,167	313,264	331,154
TRAINING AND SCHOLARSHIPS			
British Council Training	16,406	13,190	17,621
Commonwealth Scholarship Scheme	9,135	8,973	9,459
Chevening Scholarship ³	12,470	11,459	0
Shared Scholarship Scheme	1,453	2,581	1,878
Other Training	29,808	17,448	17,739
TOTAL TRAINING & SCHOLARSHIPS	69,272	53,651	46,697
KNOWLEDGE AND RESEARCH			
Agriculture, Forestry and Fishing	24,785	23,786	29,947
Energy	41	1	259
Engineering ⁴	12,323	10,844	20,236
Health	10,047	14,344	14,458
Economic & Social	5,790	11,059	11,960
of which:			
Institute of Development Studies	2,240	1,885	2,091
Education	1,755	1,847	2,900
Other	14,571	12,042	13,693
TOTAL KNOWLEDGE & RESEARCH	69,312	73,922	93,454
UNALLOCATED	33,834	46,572	62,252
TOTAL TECHNICAL CO-OPERATION	485,586	487,409	533,557

¹ Includes Aid and Trade Provision technical co-operation.

² This includes all countries defined as developing by Development Assistance Committee of the Organisation for Economic Co-operation and Development i.e. those on Part I of the Development Assistance Committee List of recipient countries. See glossary (Annex 6).

³ From 1999/2000 the Foreign and Commonwealth Office took over full responsibility for the Chevening Scholarship Scheme.

⁴ This comprises: Water resources, Energy Efficiency, Geo Science and Urbanisation and Transport.

**TABLE 3B: DFID PROGRAMME: BILATERAL GRANTS AND OTHER AID IN KIND
1997/1998 TO 1999/2000**

£000s

	1997/1998	1998/1999	1999/2000
GRANTS			
Joint Funding Scheme	38,341	36,646	35,912
Block Grants	11,287	11,209	14,513
Accountable Grants	26,316	24,556	21,015
Administration	738	882	384
Other non-governmental organisations	25,559	16,792	15,703
National ¹	11,787	9,924	9,479
Other International	7,134	1,260	643
International Planned Parenthood Federation	5,850	5,500	5,500
Non Emergency Special Appeals	787	108	81
British Council Grants ²	32,658	32,621	2,988
Other UK Bodies	1,180	245	230
TOTAL GRANTS	97,738	86,304	54,833
Small Grants Scheme	15,167	16,141	15,519
Other Aid in Kind			
Equipment	27,374	36,585	37,167
Books and Journals	466	77	206
Low Priced Books Scheme	994	287	64
TOTAL Other Aid in kind	28,834	36,949	37,437
MISCELLANEOUS			
Overseas Survey Directorate	264	0	71
British Geological Survey	34	41	57
Other Surveys	654	185	188
Development Awareness	1,215	1,734	3,162
TOTAL MISCELLANEOUS	2,168	1,961	3,479
Unallocated	35,936	43,644	48,116
TOTAL GRANTS & OTHER AID IN KIND	179,843	184,998	159,384

¹ Mainly UK registered organisations, but also including non-governmental organisations in developing countries, and specific contributions to UN agencies.

² DFID's contribution to British Council ceased from 1 April 1999.

TABLE 4: HUMANITARIAN ASSISTANCE 1997/1998 TO 1999/2000

£000s

	1997/1998	1998/1999	1999/2000
Food Aid ¹	6,203	3,089	6,459
Other Humanitarian Assistance	87,478	122,998	215,392
of which			
contributions to the International Committee of the Red Cross ²	5,000	15,000	15,000
Total Bilateral Humanitarian Assistance	93,680	126,087	221,851
Multilateral			
United Nations			
UN High Commission for Refugees ³	10,000	10,003	7,012
UN Agency for Palestinian Refugees	10,067	3,360	13,034
Office for the Co-ordination of Humanitarian Affairs	173	2,100	3,083
Total UN Humanitarian Assistance	20,240	15,464	23,129
European Community			
European Community disaster relief ⁴	66,955	67,056	71,837
European Community refugee relief ⁴	2,665	n/a	n/a
European Development Fund — emergency and refugee allocation	2,071	1,997	6,604
Total European Community Humanitarian Assistance	71,691	69,053	78,441
Total Multilateral Humanitarian Assistance	91,931	84,517	101,570
Total Humanitarian Assistance	185,611	210,605	323,421

¹ DFID channels assistance through the World Food Programme and non-governmental organisations as a means of providing emergency food aid. These amounts are recorded as bilateral food aid as DFID has control over the decision to provide such food aid to a particular destination. Regular non-emergency provisions of food are not included in this table.

² Prior to 1999/2000 expenditure was not treated as a core contribution.

³ DFID provides funding to certain UN Agencies for their humanitarian assistance programmes in individual countries. These amounts are recorded as bilateral disaster relief as DFID has influence over the use and destination of the funds.

⁴ European Community disaster relief includes, indistinguishably, the emergency element of European Community food aid. It also includes European Community refugee relief which was separately identifiable until 1997/1998.

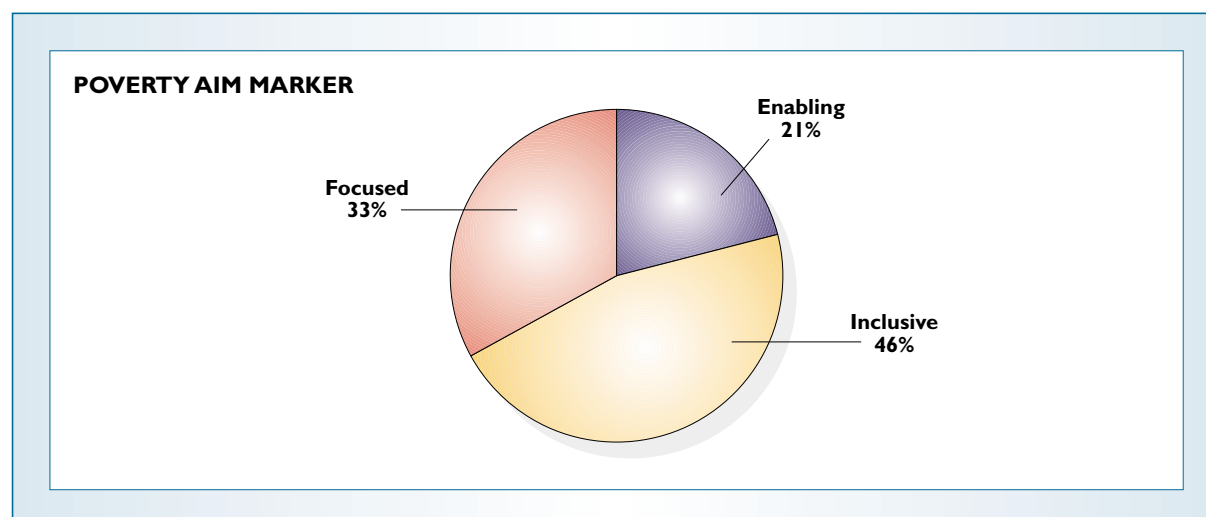
TABLE 5: NEW PIMS MARKED BILATERAL COMMITMENTS 1999/2000¹
POVERTY AIM MARKER BY REGION (VALUE AND PERCENTAGE)²

	Africa		America		Asia		Europe		Non region Specific		Total	
	£million	%	£million	%	£million	%	£million	%	£million	%	£million	%
Poverty Aim Marker												
Enabling actions which support the policies and context for poverty reduction and elimination.	78.7	21	13.6	34	39.6	16	22.9	13	33.1	45	187.9	21
Inclusive broad-based actions which improve opportunities and services generally, and also address issues of equity and barriers to participation of poor people.	236.2	63	16.3	40	115.5	46	39.1	22	20.0	27	427.1	46
Actions focused predominantly on the rights, interests and needs of poor people.	61.7	16	10.4	26	95.8	38	118.1	66	20.5	28	306.5	33
Total by region	376.6	100	40.3	100	250.9	100	180.1	100	73.6	100	921.5	100

¹ This includes new Bilateral Project/Programmes with a commitment of £100,000 or over created during fiscal year reported on and all subsequent changes in commitment value during the year.

² Percentage of the total commitment value.

FIGURE 1: NEW PIMS MARKED BILATERAL COMMITMENTS 1999/2000¹
POVERTY AIM MARKER



¹ This includes new Bilateral Project/Programmes with a commitment of £100,000 or over created during fiscal year reported on and all subsequent changes in commitment value during the year.

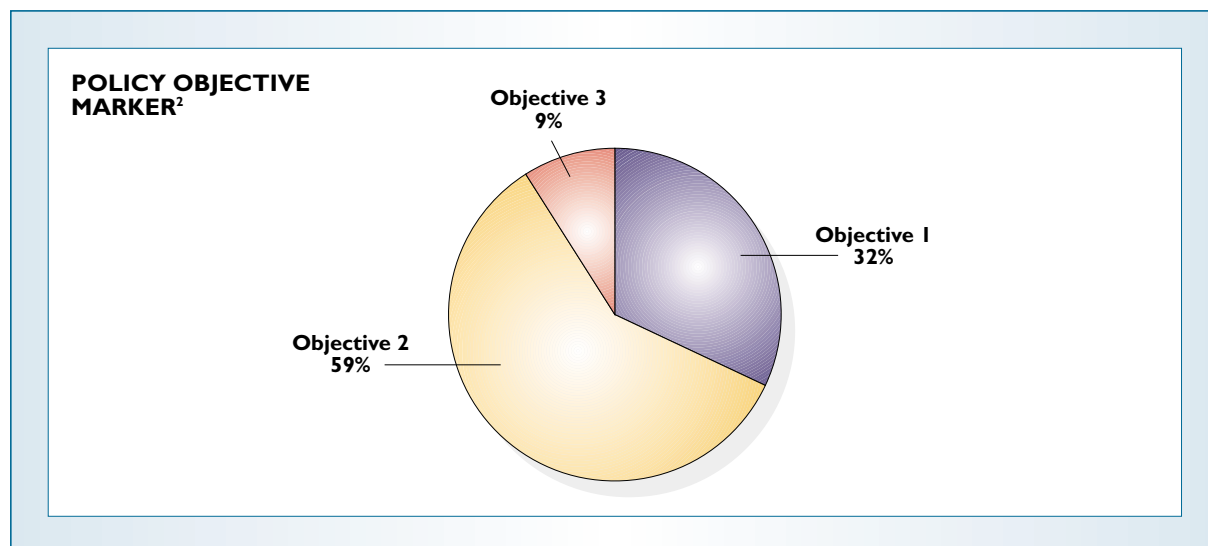
TABLE 6: NEW PIMS MARKED BILATERAL COMMITMENTS 1999/2000¹
POVERTY OBJECTIVE MARKER BY REGION (VALUE AND PERCENTAGE)²

	Africa		America		Asia		Europe		Non region Specific		Total	
	£million	%	£million	%	£million	%	£million	%	£million	%	£million	%
Policy Objective Marker												
Policies and actions which promote sustainable livelihoods.	135.8	36	11.0	27	101.4	40	26.5	15	22.2	30	296.9	32
Better education, health and opportunities for poor people.	233.5	62	26.9	67	145.3	58	121.8	68	18.6	25	546.1	59
Protection and better management of the natural and physical environment.	7.3	2	2.4	6	4.2	2	31.8	18	32.8	45	78.5	9
Total by region	376.6	100	40.3	100	250.9	100	180.1	100	73.6	100	921.5	100

¹ This includes new Bilateral Project/Programmes with a commitment of £100,000 or over created during fiscal year reported on and all subsequent changes in commitment value during the year.

² Percentage of the total commitment value.

FIGURE 2: NEW PIMS MARKED BILATERAL COMMITMENTS 1999/2000¹
POLICY OBJECTIVE MARKER



¹ This includes new Bilateral Project/Programmes with a commitment of £100,000 or over created during fiscal year reported on and all subsequent changes in commitment value during the year.

FIGURE 3: DFID PROGRAMME 1999/2000 BILATERAL AID
(EXCLUDING HUMANITARIAN ASSISTANCE) BY INCOME GROUP

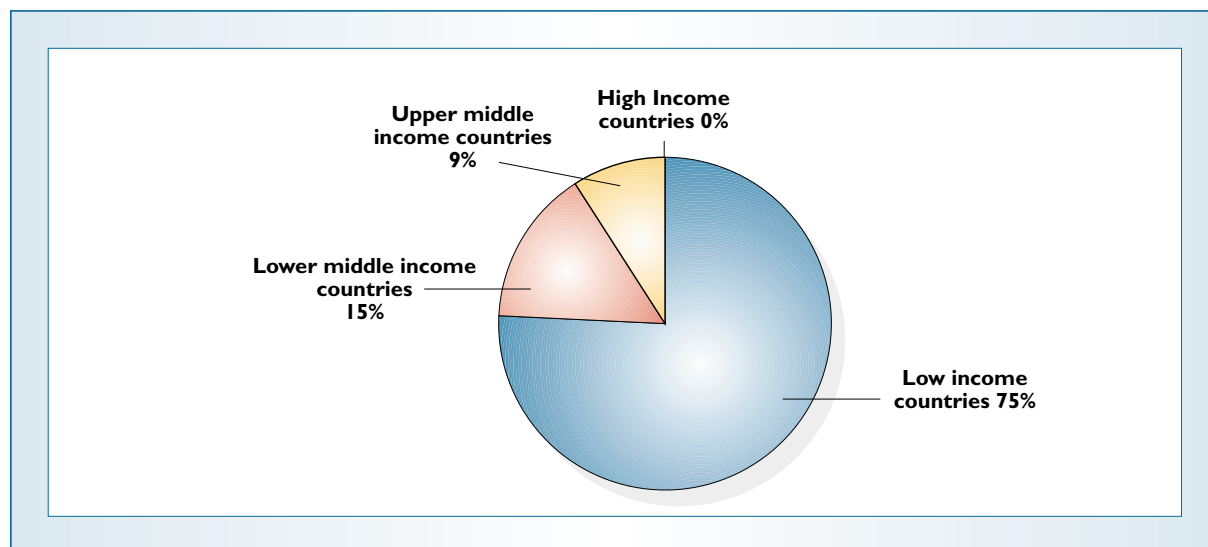


FIGURE 4: DFID PROGRAMME BILATERAL AID BY REGION 1999/2000

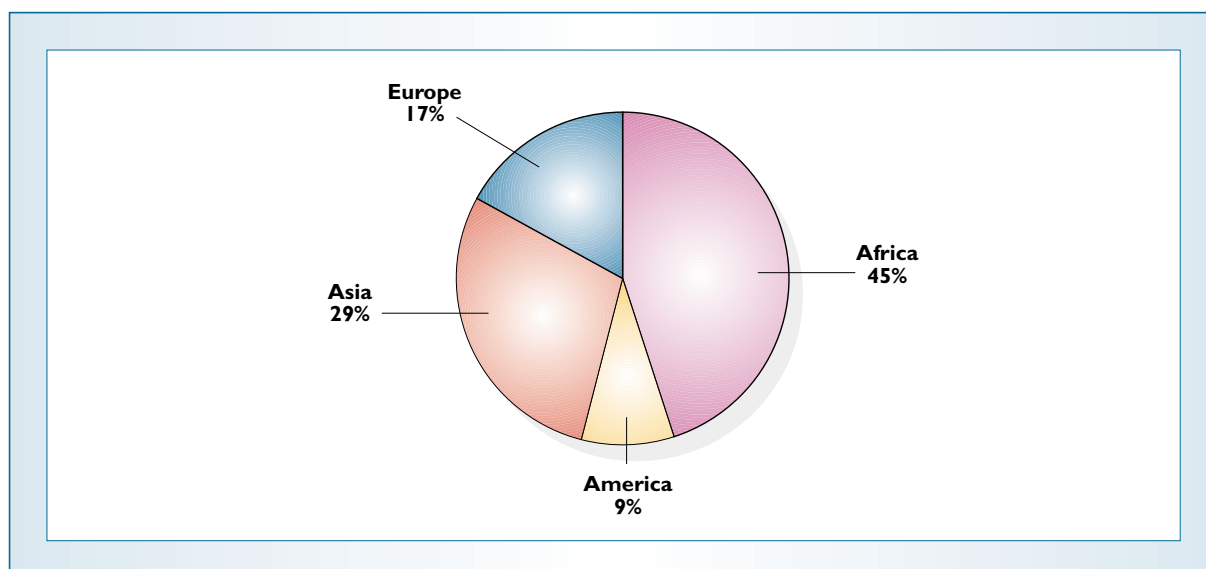


FIGURE 5: DFID PROGRAMME BILATERAL AID IN 1999/2000 BY FORM OF AID

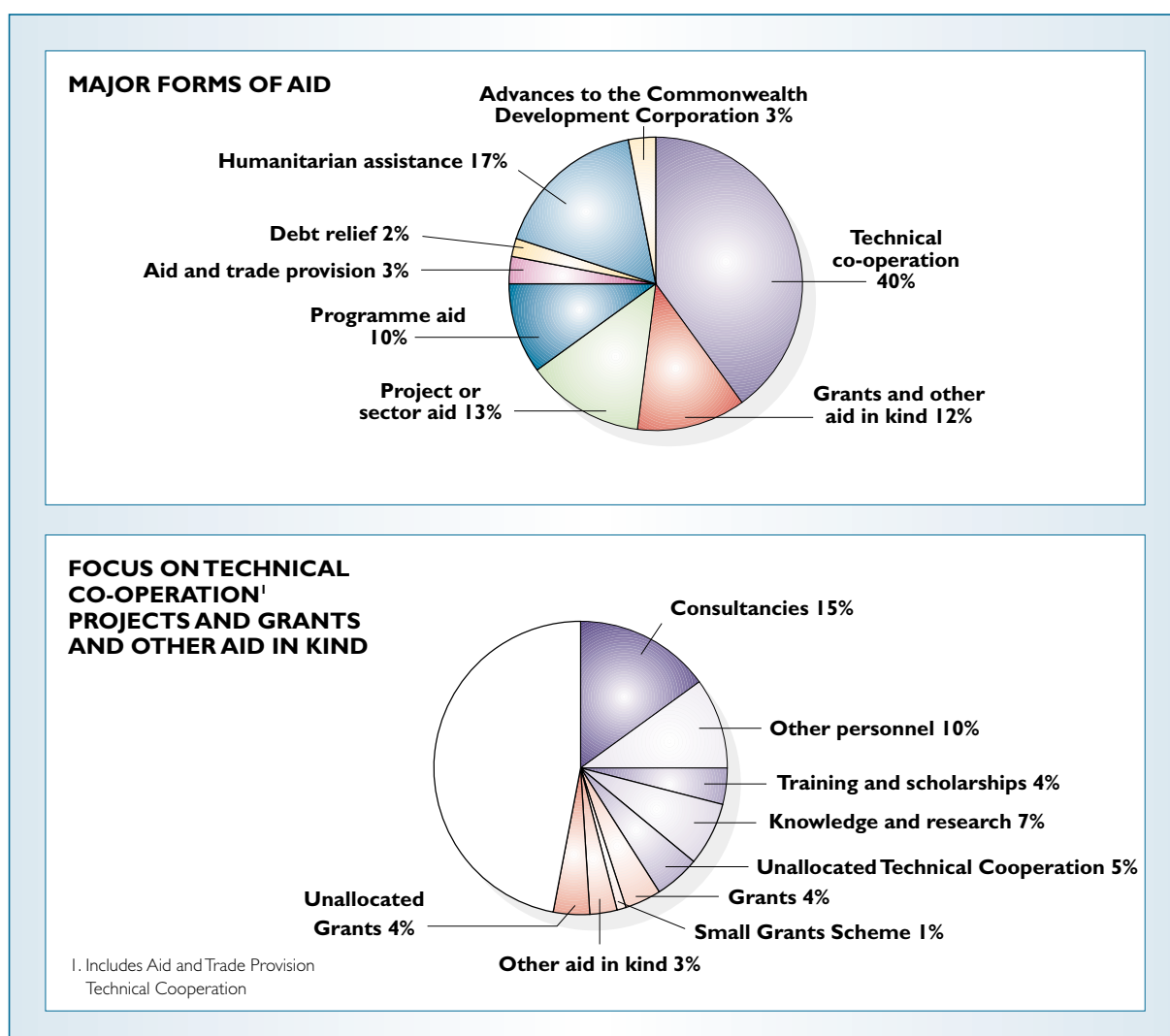


FIGURE 6: BILATERAL AND MULTILATERAL ASSISTANCE AS A PERCENTAGE OF DFID PROGRAMMES 1975/1976 TO 1999/2000

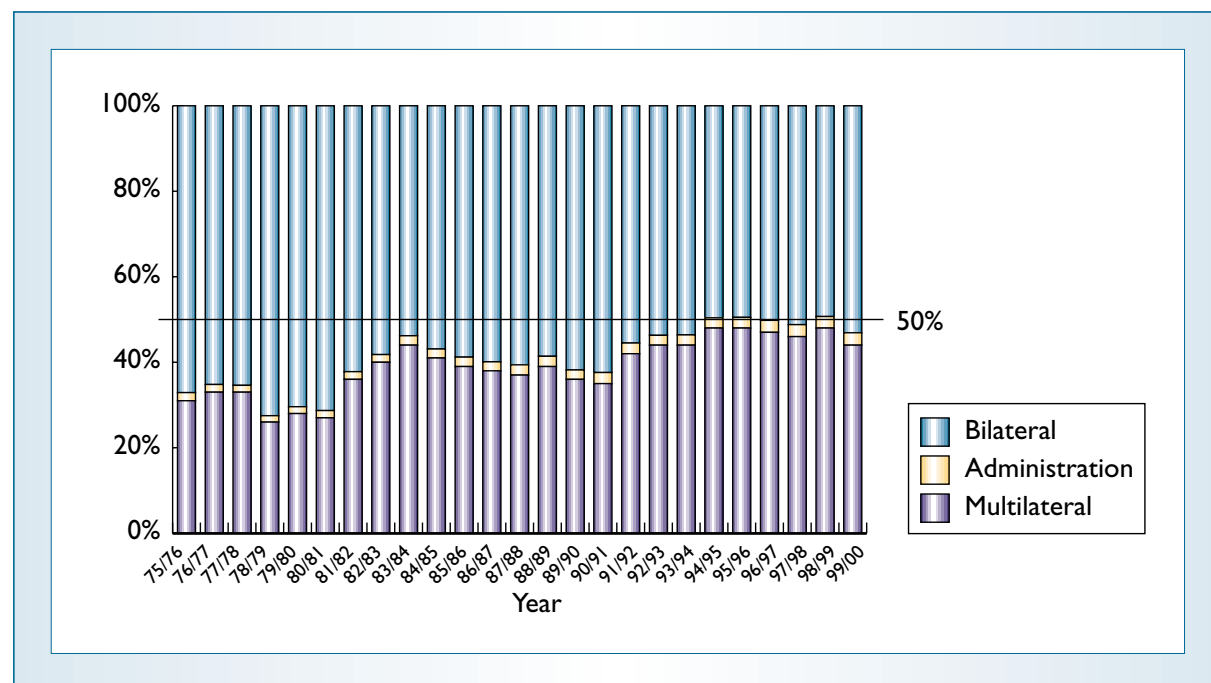


TABLE 7: BILATERAL COMMITMENTS IN 1998/1999 AND 1999/2000 BY POLICY INFORMATION MARKER^{1,2}

£ million

	Principal		Significant		Total	
	1998/1999	1999/2000	1998/1999	1999/2000	1998/1999	1999/2000
Policies and actions which promote sustainable livelihoods						
Sound social and economic policies	349.9	106.9	302.4	100.8	652.3	207.7
Direct assistance to the private sector	54.6	12.4	60.7	24.1	115.3	36.5
Sustainable rural livelihoods	151.7	139.1	310.6	51.9	462.3	191.0
Mobility and communication	7.8	7.4	5.0	7.5	12.8	14.9
Good governance	215.4	70.2	578.2	167.1	793.6	237.3
Human rights and empowerment	117.8	20.0	309.1	96.9	426.9	116.9
Conflict reduction	53.7	17.7	43.5	42.9	97.2	60.6
The removal of gender discrimination	75.1	8.5	569.8	259.6	644.9	268.1
Business partnership	11.0	3.0	31.4	15.9	42.4	18.9
Reducing the illicit drugs trade	1.2	0.5	19.5	2.9	20.7	3.4
Promotion of the rights of the child	80.8	17.3	205.6	82.1	286.4	99.3
Training and skills development	126.4	27.5	448.1	212.6	574.5	240.1
National strategies for sustainable development	23.9	6.0	122.1	86.9	146.0	92.9
Better education, health and opportunities for poor people						
Lower child mortality	187.7	53.7	257.1	169.4	444.8	223.1
Lower maternal mortality	77.8	3.7	153.9	157.5	231.7	161.2
Essential health care	177.8	182.7	199.2	104.6	377.0	287.3
Reproductive health services	93.2	57.1	77.7	97.4	170.9	154.5
Effective universal primary education	253.9	103.8	56.4	19.5	310.3	123.3
Literacy, access to information and life skills	56.6	31.0	247.6	50.5	304.2	81.4
Safe drinking water and adequate sanitation	252.4	56.6	179.7	83.0	432.1	139.6
Food security	115.2	48.8	128.1	125.7	243.3	174.5
Emergency and humanitarian needs	147.8	238.8	19.9	18.2	167.7	257.0
HIV/AIDS	59.4	43.4	56.6	122.1	116.0	165.5
Post primary education	11.0	10.7	121.3	3.3	132.3	14.1
Protection and better management of the natural and physical environment						
Integrated management of water resources	92.8	5.6	84.8	80.6	177.6	86.2
Efficient use of productive capacity	138.1	43.5	285.0	169.7	423.1	213.2
Environmental management and planning ³	12.8	6.0	126.8	79.0	139.6	85.0
:Of which Protection of the Environment		4.7		77.7	-	82.4
Urban development	93.9	35.5	84.4	14.7	178.3	50.1
Energy efficiency and climate change	15.8	27.5	36.7	1.8	52.5	29.4
Sustainable forest management	25.4	11.3	51.7	88.1	77.1	99.4
Biodiversity	4.7	-	4.8	25.6	9.5	25.6
Sustainable agriculture	97.5	107.6	35.4	85.0	132.9	192.6
Desertification, land degradation and drought mitigation	22.8	0.5	50.7	57.7	73.5	58.3
Other Markers						
Knowledge and research	96.7	60.9	395.3	172.3	492.0	233.2
Total commitments marked with Policy Information Marker					1,447.5⁴	921.5

¹ This includes new Bilateral Project/Programmes with a commitment of £100,000 or over created during fiscal year reported and all subsequent changes in commitment.

² Each programme can be marked with more than one Policy Information Marker.

³ Prior to 1/1/2000 this marker was called Protection of the Global Environment and had a different definition.

⁴ The 1998/1999 figure includes a number of large commitments. There were 28 programmes with commitment values of £10 million (totalling £791 million) of which 5 had commitment values over £50 million (totalling £307 million).

TABLE 8: HUMANITARIAN ASSISTANCE: TOP TEN RECIPIENT COUNTRIES

Rank	1997/1998		1998/1999		1999/2000	
	Country	£m	Country	£m	Country	£m
1	States of ex-Yugoslavia ¹	20	Sudan	23	States of ex-Yugoslavia ¹	81
2	Montserrat	12	Bangladesh	16	Balkan Regional ¹	16
3	Afghanistan	7	Central America	10	Albania ²	15
4	Sudan	4	Montserrat	8	Mozambique	12
5	Iraq ²	3	Iraq ²	6	East Timor	7
6	Ethiopia	3	Kenya	5	Iraq ²	7
7	Rwanda	3	States of ex-Yugoslavia ¹	4	Afghanistan	5
8	Malawi	2	Tanzania	4	Montserrat	4
9	Burundi	2	Ethiopia	3	India	4
10	Angola	2	Malawi	3	Russian Federation	3

¹ Includes humanitarian assistance to all the successor states of ex-Yugoslavia.

² There is no UK aid to the government of Iraq. The amounts recorded as flows to Iraq are emergency aid provided through UN agencies and non-governmental organisations for Iraqi citizens.

³ Exceptional expenditure in relation to the Kosovo crisis which affected refugees in neighbouring countries.

Liabilities

DFID has a number of liabilities, some of which should accrue at a future date in accordance with agreed schedules and providing the qualifying criteria is met. Some of the payment schedules relating to such liabilities can be set for several

years ahead and it is not unusual for the schedules to be altered during the period or for the qualification criteria to be questioned. Other liabilities are regarded as contingent because they are unlikely to accrue. DFID's policy under resource accounting is to record both of these types of liabilities in the notes to the balance sheet. The tables below identify each type.

TABLE 1: LIABILITIES ACCRUING OVER SEVERAL YEARS

£ million

	Promissory notes	Others	Total
African Development Bank	0.0	7.1	7.1
African Development Fund	89.0	98.6	187.6
Asian Development Bank	1.9	2.8	4.7
Asian Development Fund	87.7	16.8	104.5
Caribbean Development Bank	1.3	0.0	1.3
Caribbean Development Bank Special Development Fund	16.9	0.0	16.9
European Bank for Reconstruction and Development	12.1	86.3	98.4
Inter-American Development Bank	2.0	0	2.0
Inter-American Development Bank Fund for Special Operations	2.1	0.0	2.1
International Bank for Reconstruction and Development Global Environment Trust Funds	95.7	42.6	138.3
International Bank for Reconstruction and Development Montreal Protocol Multilateral Fund	9.2	0	9.2
International Development Association	445.6	511.3	956.9
International Fund for Agricultural Development	18.4	0.0	18.4
Multilateral Investment Guarantee Agency	0.0	4.4	4.4
Sub Total	781.9	769.9	1,551.8

TABLE 2: CONTINGENT LIABILITIES

	£ million
The UK's share of the callable capital of the International Bank for Reconstruction and Development	4,909.7
The UK's share of the callable capital of international financial institutions and HM Government guarantees to those institutions in respect of UK loans made to dependent territories	2,275.2
The UK's share of the guarantees provided collectively by European Union Member States in respect of European Investment Bank lending and national guarantees on European Investment Bank lending in relation to UK dependencies	251.7
The Sterling Safeguard scheme to protect the value of pensions for overseas civil servants in Hong Kong and the dependent territories	98.6
For certain non-departmental public bodies	51.1
Tax indemnities, under Aid and Trade Provision soft loan financing arrangements which are callable only if the Inland Revenue remove concessions	21.0
Indemnities to Natural Resources Institute	unquantifiable
Maintenance value of the capital stock of International Bank for Reconstruction and Development and some of the Regional Development Banks	unquantifiable
A guarantee issued to a company operating on a capital aid project to meet the costs of certain disputed claims	3.0
A guarantee issued to the Bank of Montserrat in respect of a project to make mortgage loans for the construction of new private sector housing	4.5
A guarantee to the National Westminster Bank in respect of a loan made to the Day Chocolate Company for the purposes of marketing a new Fair Trade chocolate bar	0.4
Total	7,615.2

Publications

This Annex provides:

- a list of the main DFID publications issued in 2000/2001
- a list of other publications referred to in the Report. All are published by DFID unless otherwise stated.

DFID Publications

DFID produces a wide range of publications, aimed at both general and specialist audiences. In addition DFID publishes a number of technical and

professional reports and speeches by the Secretary of State. All are free unless otherwise indicated. Further details are included in our comprehensive publications list, which can be obtained from DFID Library and Information Centre, Room AH 219, Abercrombie House, Eaglesham Road, East Kilbride, Glasgow G75 8EA. Details can also be found on our website at www.dfid.gov.uk.

We also run a Public Enquiry Point to act as a central access point to the Department. Telephone access is via a local call rate number: 0845 3004100 (+44 1355 84 3132 hr overseas callers). The enquiry point can also be contacted by e-mail (enquiry@dfid.gov.uk) and fax (+44 1355 84 3632). Postal enquiries should be sent via the DFID Library address above.

White Papers on International Development

1. Eliminating World Poverty: A Challenge for the 21st Century – White Paper on International Development (full version).
Published by The Stationery Office (TSO)
ISBN 0-10-137892-0
November 1997 82 pages £9.85
Also available in French (ISBN 1-86192-0962) direct from DFID
2. Eliminating World Poverty: Making Globalisation Work for the Poor – White Paper on International Development (full version)
Published by The Stationery Office (TSO)
ISBN 0-10-150062-9
December 2000 108 pages £11.80
Also available in French, Spanish, Portuguese and German

White Paper Summaries

3. Eliminating World Poverty: A Challenge for the 21st Century – A Summary of the White Paper on International Development
ISBN 1-86192-001-6
November 1997 21 pages
Also available in Hindi, Punjabi, Urdu, Bengali, Gujarati, Chinese,
4. Making Globalisation Work for the World's Poor. An Introduction to the UK Government's White Paper on International Development.
ISBN 1-86192-325-2
December 2000 24 pages
Also available in Hindi, Punjabi, Urdu, Bengali, Gujarati, Russian, Chinese, Arabic and Welsh

Strategies for achieving the International Development Targets

5. Halving world poverty by 2015: economic growth, equity and security
ISBN 1-6192-89-2
September 2000 56 pages
6. Poverty elimination and the empowerment of women
ISBN 1-86192-299-X
September 2000 40 pages
7. Realising human rights for poor people
ISBN 1-86192-300-7
October 2000 36 pages
8. Achieving sustainability: poverty elimination and the environment
ISBN 1-86192-312-0
October 2000 60 pages
9. Better health for poor people
ISBN 1-86192-316-3
November 2000 48 pages
10. The challenge of universal primary education
ISBN 1-86192-327-9
January 2001 48 pages
11. Addressing the water crisis: healthier and more productive lives for poor people
ISBN 1-86192-337-6
March 2001 56 pages

Strategies for achieving the International Development Targets: Consultation versions:

12. Making government work for poor people
June 2000 40 pages

13. Meeting the challenge of urban poverty
November 2000 52 pages

Country Strategy Papers

14. Albania: Country Strategy Paper
ISBN 1-86192-329-5
January 2001 20 pages
15. Bosnia & Herzegovina
ISBN 1-86192-303-1
September 2000 20 pages
16. Burma
ISBN 1-86192-209-4
July 2000 16 pages
17. Cambodia
ISBN 1-86192-247-7
March 2000 20 pages
18. Indonesia
ISBN 1-86192-304-X
September 2000 16 pages
Also available: Bahasa Indonesian
19. Jordan
ISBN 1-86192-268-X
July 2000 16 pages
20. Moldova
ISBN 1-86192-293-0
June 2000 16 pages
21. Nigeria
ISBN 1-86192-302-3
September 2000 20 pages
22. Russia
April 2001

Regional Strategy Papers

23. Central Asia and South Caucasus
ISBN 1-86192-311-2
October 2000 24 pages
Also available in Russian

Institutional and Other Strategy papers

24. African Development Bank
ISBN 1-86192-173-X
November 1999 13 pages
Also available in French
25. Asian Development Bank
ISBN 1-86192-273-6
May 2000 20 pages
26. Building Support for Development
ISBN 1-86915-105-5
April 1999 14 pages
27. The Caribbean Development Bank
ISBN 1-86192-334-1
February 2001 16 pages

28. European Community
December 1998 14 pages

29. European Investment Bank
March 2000 18 pages
30. HABITAT – UN Agency for Cities and Human Settlements
ISBN 1-86192-186-1
September 1999 10 pages
31. United Nations High Commissioner for Refugees
Interim Strategy Paper
ISBN 1-86192-229-9
July 2000
32. The United Nations Children's Fund (UNICEF)
ISBN 1-86192-318-X
November 2000 12 pages
33. The United Nations Development Programme (UNDP)
ISBN 1-86192-319-8
November 2000 12 pages
34. The United Nations World Food Programme
ISBN 1-86192-317-1
October 2000 20 pages
35. World Bank Group
ISBN 1-86192-297-3
March 2000 16 pages
36. Working in Partnership with the United Nations
ISBN 1-86192-009-1
March 1999 14 pages

Issues Papers

37. Enterprise and Development
ISBN 1-86192-243-4
April 2000 9 pages
38. Justice and Poverty Reduction
ISBN 1-86192-328-7
December 2000 20 pages
39. Viewing the World: A study of British television coverage of developing countries (full report)
ISBN 1-86192-254-X
July 2000 180 pages
40. Viewing the World (summary)
ISBN 1-86192-249-3
July 2000 28 pages

Background Briefings

41. Can Africa halve poverty by 2015? Myths and reality
ISBN 1-86192-234-5
July 2000 12 pages
42. Debt relief for poverty reduction
ISBN 1-86192-309-0
September 2000 8 pages

43. Humanitarian mine action, second progress report
ISBN 1-86192-307-4
September 2000 16 pages
44. Land settlement in Zimbabwe
ISBN 1-86192-208-6
March 2000 4 pages
45. Strategies for sustainable development:
Can country-level strategic planning frameworks
converge to achieve sustainability and eliminate
poverty?
ISBN 1-86192-308-2
September 2000 8 pages
46. The UK's development partnership with
the People's Republic of China – a summary
ISBN 1-86192-315-5
October 2000 4 pages

Factsheets

47. Development Counts 2000 Edition: Selected
statistics on international development
ISBN 1-86192-244-2
July 2000 16 pages

Annual Reports

48. DFID Departmental Report 2000: the
Government's Expenditure Plans 2000–2001 to
2001–2002
ISBN 0-10-146102-X
April 2000 172 pages
49. Development Policy Forum 2000
ISBN 1-86192-306-6
September 2000 14 pages
50. DFID Research
ISBN 1-86192-33-7
January 2001 76 pages
51. Statistics on International Development
1995/1996–1999/2000
ISBN 1-86192 321X
December 2000 185 pages

Other DFID publications

52. Catalogue of DFID Evaluation Studies
1999 66 pages
53. Conflict Reduction and Humanitarian Assistance
ISBN 1-86192-058X
February 1999 6 pages
54. Developments
The International Development Magazine
ISBN 1461-474X
Monthly
55. Engineering Knowledge and Research Progress
2000
December 2000 132 pages

56. Illicit Drugs and the Development Assistance
Programme
ISBN 1-86192-019-9
March 1999 16 pages
57. Rural Livelihoods Department Publications
Catalogue
ISBN 1-86192-310-4
November 2000 22 pages
58. Safety, Security and Accessible Justice
ISBN 1-86192-3287
December 2000
59. Target 2015 In association with Catholic Fund for
Overseas Development, Scottish Council Overseas
Aid Fund and TRoCAIRE
ISBN 1 86192 323 6
November 2000 30 pages
60. Voluntary Service Overseas Partnership
Programme Agreement
ISBN 1-86192-330-9
January 2001 20 pages

Non DFID Publications

61. Asian Development Bank Strategy: Reducing
Poverty: Major findings and implications
ISBN 9-71-561256-3
November 1999
62. A Better World for All 2000: Progress towards the
international development goals
Published by Communications Development,
Washington D.C, and Grundy & Northedge,
London
June 2000 25 pages
63. Commonwealth Development Corporation (CDC)
Report and Accounts
Published by Royle Corporate Print
March 1999
64. Food and Agriculture Organisation: Medium Term
Plan, 2002–2007 (CL119/17)
August 2000
65. Food and Agriculture Organisation: Strategic
Framework, 2000–2015
September 1999
66. Government Accounting
ISBN 0-11-702668-9
November 2000
67. International Development Select Committee
Report. DFID 2000 Report
ISBN 0-10-257700-5
August 2000
68. Modern Public Services for Britain:
Comprehensive Spending Review (Cm 4011)
ISBN 0-10140-112-4
July 1998

69. Professional Policy-Making for the 21st century
Cabinet Office
September 1999
70. Public Accounts Committee Report on DFID's
response to the humanitarian crisis in Kosovo
ISBN 0-10-208201-4
February 2001
71. Public Services for the Future: Modernisation,
Reform, Accountability (Cm 4181)
ISBN 0-10-141812-4
December 1998
72. Quangos: Opening up Public Appointments
2000–2003
Cabinet Office
2000
73. Spending Review 2000: Public Service Agreements
2001–2004 (cm4808)
ISBN 0-10-148082-2
July 2000
74. Voices of the Poor (Can Anyone Hear Us?)
ISBN 0-19-521601-6
April 2000
75. Voices of the Poor (Crying Out for Change)
ISBN 0-19-521602-4
October 2000
76. Voices of the Poor (From Many Lands)
ISBN 0-19-521603-2
December 2000
77. White Paper: A New Future for Communications
(Cm 5010)
ISBN 0-10-15010-21
December 2000 112 pages
78. White Paper: Modernising Government (Cm 4310)
ISBN 0-10-143102-3
March 1999
79. With an End in Sight
ISBN 0-9679502-9-5
December 2000
80. World Development Report 2000/2001
Attacking Poverty
ISBN 0-19-521127-4
September 2000

Glossary

For more information on statistical terms please see *Statistics on International Development* (57).

Administrative Costs

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

Aid and Trade Provision

Aid and Trade Provision was an allocation of bilateral aid funds to finance development projects which were also of commercial and industrial importance. It was in the form of either mixed credits, where grant funds were associated with the export credits guaranteed by Export Credits Guarantee Department, or soft loans, where the Aid and Trade Provision grant enabled banks to provide long term loans at below market interest rates. The Aid and Trade Provision scheme was closed for new projects in November 1997.

Aid Untying

The ending of the practice of most donors to insist that aid is spent on goods and services from the donor country in favour of giving unrestricted access to those who can compete best on price, quality and service.

Annually Managed Expenditure

Programme expenditure where the level of commitment is not controlled by DFID.

Appropriations in Aid

Money received by a Government Department which it is authorised (by Parliament) to retain to offset related expenditure in the current financial year.

Attribution of European Community Budgetary Spending

Development assistance provided through the European Community regular budget is attributed to European Union Member States. Such aid mainly covers the countries of Asia, Latin America, Mediterranean, South Africa, Eastern Europe and Central Asia; food aid; humanitarian aid; and assistance provided through non-governmental organisations. Most of the UK's share of European Community expenditure for developing countries is attributed to DFID and forms part of its expenditure.

Bilateral Aid

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

Budgetary assistance or Budgetary Support

Budgetary assistance is general financial assistance provided to a government to finance its spending plans in one or more sectors.

Call down contracts

A call down contract must be issued for each assignment under the covering enabling agreement (see entry for Enabling agreement).

Charter Mark

Charter Mark is the government's award scheme for encouraging and rewarding improvement in public services. Those services that are assessed as providing an excellent standard of service get the public recognition of the Charter Mark Award.

Civil Society Challenge Fund

A DFID scheme which supports UK-based non-profit making organisations or networks which share DFID's overall objective of the elimination of poverty. The scheme works on a competitive basis and provides matching funding for proposals for up to five years.

Civil Society Organisations

All Civic Organisations, associations and networks which occupy the "Social Space" between the family and the State who come together to advocate their common interests through collective action. It includes volunteer and charity groups, parents and teachers associations, senior citizens groups, sports clubs, arts and culture groups, faith-based groups, workers clubs and trade unions, non-profit think-tanks and "issue-based" activist groups.

Comprehensive Development Framework

The Comprehensive Development Framework is a vision of development articulated by the World Bank President James Wolfensohn. The framework sets out a long-term development process which is owned by the developing country concerned, involves civil society, the private sector and poor people, and which is focused on achieving real results of poverty reduction.

Concessional Resources

Development assistance with a grant element normally greater than 35%.

Core Labour Standards

A set of labour standards which are very widely recognised to be of particular importance. These are the elimination of child labour exploitation, the prohibition of forced labour, freedom of association, the right to organise and bargain collectively, and non-discrimination in employment.

Country Strategy Papers

DFID has produced or is producing Country Strategy Papers for all countries where we provide development assistance programmes. These papers, produced in consultation with governments, business, civil society, and others within the country concerned and within the UK, set out how we aim to contribute to achieving the international development targets in the country in question. Country Strategy Papers are normally intended to cover a 3-4 year period. For some groups of countries a Regional Strategy Paper is produced.

Debt Relief

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

- a. Debt cancellation (or Retrospective Terms Adjustment) is relief from the burden of repaying both the principal and interest on past loans.
- b. Debt rescheduling is a form of relief by which the dates on which principal or interest payments are due are delayed or rearranged.
- c. Official bilateral debts are re-organised in the Paris Club of official bilateral creditors, in which the UK plays its full part. The Paris Club has devised increasing generous arrangements for reducing and rescheduling the debt of the poorest countries; most recently agreeing new terms for the enhanced Heavily Indebted Poor Countries Initiative.

Departmental Expenditure Limit

Predictable programme expenditure for which DFID is responsible for managing and controlling the level of commitment.

Developing Countries (see Development Assistance Committee: List of Aid Recipients below)

Development Assistance Committee Working Groups

The Development Assistance Committee of the Organisation for Economic Co-operation and Development has established working parties, expert groups, temporary task forces and informal networks, in which Development Assistance Committee Members are generally represented by specialists. Their respective mandates reflect major ongoing orientations of the Committee: financial aspects of development assistance; development assistance, the environment; statistics; aid evaluation; gender equality; participatory development and good governance; conflict, peace and development; and institutional and capacity development.

Development Assistance Committee

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

Development Assistance Committee: List of Aid Recipients

This list is in two parts. Part I shows developing countries and territories eligible to receive official development assistance. Part II shows countries and territories eligible to receive official aid. The list is designed for statistical purposes and not as guidance for aid or other preferential treatment.

Part I: Developing Countries and Territories

The list comprises all countries and territories: in Africa; in America except the United States, Canada, Bahamas, Bermuda, Cayman Islands and Falkland Islands; in Asia except Japan, Brunei, Hong Kong, Israel, Kuwait, Qatar, Singapore, Taiwan and United Arab Emirates; in the Pacific except Australia and New Zealand; plus Albania, Armenia, Azerbaijan, Georgia, Gibraltar, Malta, Moldova, Turkey and the states of former Yugoslavia in Europe.

Part II: Countries and Territories in Transition

The list comprises Belarus, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Russia, Slovakia and Ukraine, plus the more advanced developing countries which have moved from Part I of the List, namely Bahamas, Bermuda, Brunei, Cayman Islands, Cyprus, Falkland Islands, Hong Kong, Israel, Kuwait, Qatar, Singapore, Taiwan and United Arab Emirates. Note that Moldova moved to Part I of the List on 1 January 1997.

Development Council

The European Union's Council of Development Ministers.

Enabling agreements

An "umbrella" agreement used to engage consultants. DFID can call on the services of particular consultants using previously agreed personnel, terms and conditions and fee rates. There is no commitment on DFID's part to use the services.

European Community

The 15 member states and the common institutions, notably the European Commission, co-operating on a range of economic and other issues in supra-national integration.

European Development Fund

The European Development Fund is the main route through which funds committed under the Lomé Convention are channelled.

European Union

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

Financial Aid

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

Globalisation

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

Grant in Aid

A form of grant which cannot be accounted for in detail by the recipient because of the nature of the service being supported. Normally given when the service is being financed from more than one source. Budgetary aid is an example.

Grants and other Aid in Kind This covers:

- a. Support to the development work of UK and international voluntary organisations, grants to the British Council and other UK institutions, and non-emergency special appeals through multilateral agencies.
- b. The Small Grants Scheme, which allows Heads of UK Diplomatic Missions to finance projects in line with DFID objectives costing up to £100,000 a year, with an annual ceiling normally of £250,000.
- c. Funding of land and geological surveys in developing countries.
- d. Provision of books, equipment and other supplies.

Gross Domestic Product

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

Gross National Product

Gross National Product comprises the total value of goods and services produced within a country (i.e. its Gross Domestic Product), together with income received from other countries (notably interest and dividends), less similar payments made to other countries.

Gross Public Expenditure on Aid

Gross Public Expenditure on Aid is expenditure by all official UK sources on aid to developing countries and countries on Part II of the Development Assistance Committee List, which meets the criteria for developmental official flows agreed by the Development Assistance Committee.

G7/G8 Group

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

Habitat

The UN Centre for Human Settlements.

Heavily Indebted Poor Countries Initiative

An initiative launched by the International Monetary Fund and the World Bank in 1996 to provide debt relief to the poorest countries. Revised in 1999 to deliver twice as much debt relief as the original initiative.

Humanitarian Assistance

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

Income Groups

The classification of aid recipient countries by income groups is based on Gross National Product per capita figures in 1995 according to the thresholds set out below.

low income group: countries with a Gross National Product per capita in 1995 of below \$766;

lower middle income group: countries with a Gross National Product per capita in 1995 of \$766 – \$3035;

upper middle income group: countries with a Gross National Product per capita in 1995 of \$3036 – \$9385;

high income group: countries with a Gross National Product per capita in 1995 of \$9386 or above.

Institutional Strategy Papers

Institutional Strategy Papers are designed to set our partnerships with multilateral development institutions in a strategic framework. The papers are prepared in consultation with that institution and other interested parties and set out the objectives for our partnership with that institution. Institutional Strategy Papers have been or are being prepared for our main partner institutions and will normally be produced every 3–4 years.

Intellectual Property Rights

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

International Development Targets

The International Development Targets (sometimes called goals) are a set of seven internationally agreed targets which will monitor progress at reducing poverty worldwide from levels in 1990, the baseline year. The seven targets come from agreements and resolutions of world conferences organised by the United Nations in the 1990s. Each of the seven targets addresses an aspect of poverty but they should be viewed together and are mutually reinforcing. A list of the targets can be found in Overview Box b.

Least Developed Country

Least Developed Countries are those assessed as having particularly severe long-term constraints to development. Inclusion on the list of Least Developed Countries is now assessed on two main criteria: economic diversity and quality of life. The total number of Least Developed Countries at 31 March 2000 was 48.

Multilateral Development Banks

The term Multilateral Development Banks typically refers to the five main development banks, the four Regional Development Banks and the World Bank. The Multilateral Development Banks were established to provide financial support and professional advice for economic and social development activities in developing countries.

Multilateral Aid

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

Non Governmental Organisations

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

Official Aid

This is the equivalent, for countries on Part II of the Development Assistance Committee List, of official development assistance to countries on Part I of the Development Assistance List (i.e. developing countries). To qualify as official aid, resource flows should have the same concessional and qualitative features as official development assistance.

Official Development Assistance

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

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

Only aid to countries on Part I of the Development Assistance Committee List is eligible to be recorded as official development assistance.

Organisation for Economic Co-operation and Development

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

Other Official Flows

Other Official Flows are defined as flows to aid recipient countries by the official sector which do not satisfy both the criteria necessary for official development assistance or official aid.

Parastatal

A government owned or controlled enterprise.

Partnership Programme Agreements

A DFID scheme which links strategic funding for major UK civil society organisations with agreed objectives. See 5.35.

Phare

The Phare programme is a European Union initiative which provides grant finance to support its partner countries in Central Europe through the process of economic transformation and strengthening of democracy to the stage where they are ready to assume the obligations of membership of the European Union.

Policy Information Marker System

The system by which DFID's spending departments mark new bilateral project commitments according to which policy areas they target.

Poverty Aim Marker

A mechanism for indicating the predominant means by which each DFID project or programme aims to address poverty elimination. One of the following three categories is used: enabling, inclusive or focused.

Poverty Objective Marker

An indication of the main DFID objective targeted by each DFID project or programme. One of the following three objectives is selected: policies and actions which promote sustainable livelihoods; better education, health and opportunities for poor people; or protection and better management of the natural and physical environment.

Poverty Reduction Strategy Papers

Poverty Reduction Strategy Papers are prepared by the member country government in collaboration with the World Bank and International Monetary Fund as well as civil society and development partners. These documents describe the country's macroeconomic, structural and social policies and programs to promote growth and reduce poverty, as well as associated external financing needs and major sources of financing.

Programme Aid

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

Project or Sector Aid

Project aid finances investment schemes primarily designed to increase the physical capital of the recipient country. Sector-wide programmes (typically in education, health or agriculture) comprise a combination of forms of assistance including support for the sector budget and technical co-operation.

Public Corporations

Public corporations are defined as corporate enterprises which are publicly-owned and controlled but which, at the same time, have substantial freedom to conduct their business affairs.

Public Private Partnership

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

Public Service Agreement

A set of measurable targets agreed with the Cabinet Office for the Department's objectives, as required by the White Paper *Public Services for the Future: Modernisation, Reform, Accountability* (CM4181). See Overview Box g.

Sector Wide approaches or sector investment programmes

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

Security Sector

The security sector is defined as those who are, or should be, responsible for protecting the state and communities within the state. This includes military, paramilitary, intelligence and police services as well as those civilian structures responsible for oversight and control of the security forces and for the administration of justice.

Spending Review

A fundamental re-evaluation of priorities, objectives and targets by the UK Government, which establishes a three year planning cycle, including spending plans, for all departments. The current cycle runs from 1999/2000 - 2001/2002. The 2000 Spending Review set targets, priorities objectives and spending plans for 2001/ 2002 to 2003/2004.

Strategies for Achieving the International Development Targets (or Target Strategy Papers)

These papers set out the key development challenges to be addressed in order to achieve that international development targets. The papers also explore the action needed by the international community, developing country governments, civil society, the private sector and others in order to achieve the targets. Finally the papers explain what DFID will do to contribute to that effort. Details of the Target Strategy Papers and how they can be obtained can be found in Annex 5.

Tacis

The Tacis programme is a European Community initiative for the New Independent States and Mongolia which fosters the development of harmonious and prosperous economic and political links between the European Union and these partner countries.

Technical Co-operation

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

Voted Funds

Voted funds are those funds approved by Parliament for public expenditure.

World Bank

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

World Trade Organisation

The World Trade Organisation exists to ensure that trade between nations flows as smoothly, predictably and freely as possible. To achieve this, the World Trade Organisation provides and regulates the legal framework which governs world trade. Decisions in the World Trade Organisation are typically taken by consensus among the 140 member countries and are ratified by members' parliaments.

Abbreviations

ATP	Aid and Trade Provision
AIDS	Acquired Immune Deficiency Syndrome
BBC	British Broadcasting Corporation
Cm	Command Paper
CDC	Commonwealth Development Corporation
DFID	Department for International Development
EC	European Community
EU	European Union
G7/8	Group of Seven/Eight Leading Industrialised Nations
HIPC	Heavily Indebted Poor Countries
HIV	Human Immunodeficiency Virus
HM Treasury	Her Majesty's Treasury
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations

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