



Department for International Development

Departmental Report

2003

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

by Baroness Amos
Secretary of State for International Development



I am delighted and honoured to have been appointed Secretary of State for International Development. My aim is to take forward the Government's policy agenda set out in the two White Papers and our Public Service Agreement in order to contribute to the achievement of the Millennium Development Goals. I do not underestimate the scale of the task ahead but know that I will be strongly supported by the Department for International Development which is widely recognised to be one of the most effective development agencies in the international system. I am looking forward to the challenge.

This annual report looks back over the last year, but also forward to the period ahead.

International development usually hits the headlines at times of emergencies. At the moment, the crisis in Iraq is in the forefront of all our minds. We are determined to provide humanitarian assistance and support for development so that the people of Iraq can look forward to a better future. Images of war, famine or natural disasters provoke public sympathy. DFID is one of the fastest and most effective agencies in responding to such crises. UK taxpayers are entitled to take pride in the early and significant contributions we make to all such emergencies. Additional charitable contributions are very welcome but they are far outweighed by the speed, scale and flexibility of taxpayers' contributions.

But of course international development is not just about emergency response to specific crises. In fact, this takes up about ten percent of our work. The elimination of abject poverty is a long-term goal. Our central task is to work with the international community to halve world poverty and achieve the other UN Millennium Development Goals by 2015.

Great strides have been made. We have demonstrated that when aid is well-used it has brought sustained improvements to peoples' lives. This was recognised at a series of international conferences over the past few years, culminating in the World Summit on Sustainable Development in Johannesburg in September 2002. The world is now united – on an agenda for which DFID has worked hard – on an unprecedented consensus focused on the systematic reduction of poverty. This provides a great opportunity to make real progress. The UK is in a position to make a very important contribution to this agenda.

But much remains to be done to turn this vision into reality. Kofi Annan, the UN Secretary-General, presented his first report on progress towards the Millennium Development Goals in September last year. In it he warned that there has been some progress towards meeting the Goals, but in most places it is too slow. A step-change is needed.

UK support for international development has never been stronger. The International Development Act, which entered into force in July 2002, outlaws the use of British aid for any other purpose than poverty reduction. In last year's Spending Review, the UK aid budget was increased by £1.5 billion. My department's budget will increase to reach nearly £4.6 billion a year by 2005/06. This includes a commitment to spend 90% of our aid in the poorest countries – and a total of £1 billion per annum to reduce poverty in Africa. This is the first time our spending has reached such levels in that continent. The UK's aid budget will have almost doubled in real terms since 1997, and aid as a proportion of our national income will have reached its highest level in over 20 years.

But we must continue to make progress to our goal of reaching the UN aid target of 0.7% of gross national income. Development spending in all OECD countries is a tiny proportion of overall public expenditure. There is currently \$52 billion available internationally and it is estimated that \$100 billion is needed to meet the Millennium Development Goals. Gordon Brown's proposals for an International Financing Facility are designed to meet this shortfall.

Obviously UK aid alone is not enough. A major focus of our efforts is to ensure the whole of the international community - donors, international organisations such as the EC and the World Bank, rule-making bodies like the World Trade Organisation, and developing countries themselves – all work together to reduce poverty and to create an international system which supports development. We have continued over the past year to increasingly support developing countries' own plans to reduce poverty, designed in consultation with their people. And we have worked with other OECD donors to agree ways to harmonise our efforts and so increase effectiveness and reduce wasteful duplication.

This Report sets out some of our achievements over the past financial year. Poverty levels remain unacceptably high around the world, and millions suffer unnecessarily. But I believe the people of the UK are entitled to take pride in the contribution they are making to building a more just world.



VALERIE AMOS

May 2003

How to use this report

This Departmental Report is intended to provide Parliament, members of the public, our development partners and others interested in development issues with a comprehensive account of how we have been spending, and plan to spend, public funds. The report focuses primarily on DFID's work and key developments in 2002/03. It does not replicate policy information which is set out in other DFID publications. The report refers to key publications where interested readers can find further information on DFID policy. Further information about our work is also available on the DFID website at www.dfid.gov.uk.

Chapters One to Six

Chapter One summarises DFID's objectives. Chapter Two looks at DFID's progress in improving its effectiveness and impact, and that of the wider international system. Chapter Three looks at different approaches to tackling the multiple causes of poverty. Chapter Four details our achievements in the main regions where we work. Chapter Five explains what we spend our money on. Chapter Six explains how we are improving the way we work as an organisation.

Annexes One to Five

Annex One sets out DFID's current and planned allocations. Annex Two provides details of DFID's achievements against our 2001-04 Public Service Agreement. Annex Three sets out our 2003-06 Public Service Agreement. Annex Four lists the Millennium Development Goals. Annex Five gives an up-to-date organisational chart for DFID.

Publications, glossary and abbreviations

All publications mentioned are followed by a number in brackets, which indicates where to find them in the list of publications (in Annex Six) – for example: Eliminating World Poverty: A Challenge for the 21st Century (1). Annex Six also explains how copies of all DFID publications can be obtained. We have sought to avoid, where possible, abbreviations, acronyms and development jargon. A list of the most commonly used acronyms, abbreviations and development terms is listed in Annex Seven. Annex Eight provides a comprehensive index.