

# Departmental Report **2005**



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Department for International Development

# Departmental Report

# 2005

Presented to Parliament by the  
Secretary of State for International Development  
and the  
Chief Secretary to the Treasury  
by Command of Her Majesty  
June 2005

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# About this report

The 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 from April 2004 to March 2005. It explains our approach to working as part of a wider international effort to tackle poverty in poor countries, collaborating with many organisations, including other UK government departments, other donors, multilateral development agencies, the governments of developing and transition countries, civil society, business and academia. It does not contain information about policy that is already set out in other DFID publications.

The report is structured around DFID's Public Service Agreement (PSA) for the period 2003–2006. **Chapter 1** provides an introduction to DFID's work to reduce poverty in developing countries, outlines the significance of the year 2005 to the international effort to achieve the Millennium Development Goals (MDGs), and describes the efforts we are making to enhance the understanding of development within the UK.

**Chapters 2 to 6** focus on DFID's five PSA objectives: our work to reduce poverty in Africa, in Asia, and in Europe, the Middle East and the Americas (Chapters 2, 3 and 4 respectively); our efforts to improve the effectiveness of the multilateral system (including our work with the European Union, the World Bank and United Nations agencies), our involvement with civil society, and how we address debt relief, international trade, conflict prevention, post-conflict reconstruction and humanitarian crises (Chapter 5); and the development of policy (Chapter 6). **Chapter 7** explains how DFID is organised and structured to deliver its objectives efficiently.

**Annex 1** sets out DFID's current and planned financial allocations. **Annex 2** sets out the Millennium Development Goals, including targets and indicators. **Annex 3** provides details of DFID's achievements against the 2003–06 Public Service Agreement (PSA). **Annex 4** outlines the PSA for 2005–08 and shows how it links to the current PSA for 2003–06. **Annex 5** explains the limitations of the available data in measuring progress against our PSA, and the efforts which DFID is making to address these limitations. **Annex 6** outlines DFID's efficiency programme and shows the progress which has been made to date. **Annex 7** shows the DFID Organisational Chart. **Annex 8** lists the reports, policy papers, country and regional assistance plans and other documents that DFID has published in 2004/05. A glossary of the most commonly used acronyms, abbreviations and development terms is given in **Annex 9**. **Annex 10** provides a comprehensive index.

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# Foreword

by the Rt Hon Hilary Benn MP  
Secretary of State for International Development



In the last week of 2004, the world woke to the news of the devastating *tsunami*, which claimed some 330,000 lives in south-east Asia and Africa. Here in the UK and across the globe, the response was overwhelming. Just over 80% of the people in this country pledged money to the disaster appeal, to help rebuild lives and communities. One truth that the tragedy reminded us of was that our neighbours are not only those who live in our community: they are also people living in other countries whose faces and names we may not know, but with whom we share a common bond of humanity.

And yet every single day, the silent *tsunamis* of poverty, disease, war, illiteracy and environmental damage also bring their own devastation. Every 11 weeks, malaria claims as many lives as the *tsunami*. AIDS kills as many every 5 weeks. And the Millennium Development Goals are off-track in Asia, and even more so in Africa.

It is the task of the Department for International Development, DFID, to help in the fight against poverty and injustice all over the world. Our aim is to improve the lives of the two billion of our fellow human beings who try to make their living on less than \$2 a day. I would like to thank all of the staff at DFID for their unfailing energy, skill and determination. This Report – which sets out our achievements over the year – is really about their achievements.

In 2005 we have already seen new political will to help change the future. Developed and developing country governments are part of the solution, but behind them are the many charities, churches, schools – and individual citizens of rich and poor countries alike – who are willing us to succeed.

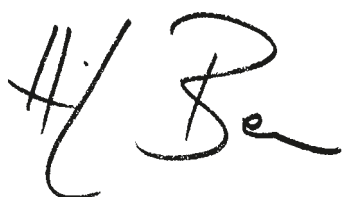
The past year has seen major landmarks in the fight to rid the world of poverty.

- In July 2004, the Chancellor of the Exchequer confirmed that DFID's 2004/5 budget of £3.8 billion will rise to £5.3 billion by 2007/2008. He also set a timetable to meet the UN's target of 0.7% of UK national income being spent on overseas aid, by 2013.
- The UK increased its commitment to cancelling developing country debt. Having written off 100% of bilateral debts owing to us over the last five years, in January 2005 we promised to pay our share (10%) of the debt service owed by some of the poorest countries to international finance institutions like the World Bank and the African Development Bank.

- We continued to build support for our proposed International Finance Facility, to front-load an extra \$50 billion of aid each year for the next 10 years. A separate Facility will also significantly increase immunisation rates.
- In February 2005, we made new commitments to harmonise global aid, while promising to ensure that UK aid will support our partners' priorities, and not impose policy conditions.
- In March 2005, the report of the Commission for Africa called for a new relationship between the major donor countries and Africa: a relationship based on mutual accountability, whereby donors deliver on what they have promised – aid, trade, debt relief – while Africa delivers on its own commitments to peace and good governance.

Looking ahead, there will be three big events in 2005. The G8 Summit in Gleneagles in July must see a renewed commitment from richer nations to fight poverty in the developing world, with new resources to match. The Millennium Review Summit in New York in September (when we will review progress with only ten years to go to 2015) must see us all make greater efforts to make faster progress. And the World Trade Organisation meeting in Hong Kong in December must then agree new and fairer trade rules, so that developing countries can trade their way out of poverty.

We live in a world in which plenty sits alongside want, and hope jousts with despair. We mustn't accept this. Only a global effort will rid the world of the global shame that is poverty.

A handwritten signature in black ink, appearing to read 'H. Benn', written in a cursive style.

Hilary Benn  
June 2005



# Summary of Departmental Report 2005

## **DFID's commitment to poverty reduction**

The Department for International Development (DFID) is the UK Government Department with lead responsibility for overseas development. DFID's aim is to eliminate poverty in poorer countries, in particular through achievement by 2015 of the Millennium Development Goals (MDGs). Our Public Service Agreement (PSA) contains objectives and targets by which we measure our progress towards this aim.






## **Where DFID works**

The world map on the opposite page and the maps at the start of Chapters 2, 3 and 4 show where DFID works around the world. The "bilateral programme countries" are those that receive significant bilateral funding from DFID; these include the "PSA focus countries" – 16 in Africa and four in Asia – which are used to measure progress against the 2003–2006 PSA. We currently have 67 overseas offices. DFID also has an important additional role in building support for development within the UK itself, and we work from two UK headquarters, in London and East Kilbride.

## **The significance of 2005**

A series of events during 2005 together represent a unique opportunity for the UK to advance our development priorities. The UK holds the Presidencies of the G8 and the European Union this year; the Commission for Africa reported in March; and the United Nations' Millennium Review Summit in September represents a major opportunity for the international community to take the necessary action so that we can achieve the MDGs.

## DFID's Public Service Agreement 2003-2006: progress at a glance

| Target  | Current progress   |
|---|--|
| 1 Progress towards the MDGs in 16 key countries in Africa   | <p><b>Too early to say</b></p> <p>Three sub-targets are on course, in two cases it is too early to say whether or not the sub-target will be met, and three sub-targets (primary school enrolment, under-five mortality and maternal mortality) are off-track. Full details of what DFID is doing to secure progress towards poverty reduction in Africa are provided in Chapter 2.</p>   |
| 2 Progress towards the MDGs in 4 key countries in Asia  | <p><b>Too early to say</b></p> <p>One sub-target (income poverty in South Asia) has been met, three sub-targets are on course, in three cases it is too early to say whether the sub-target will be achieved, and two sub-targets (maternal mortality and TB case detection rates) are off-track. Full details of what DFID is doing to secure progress towards poverty reduction in Asia are provided in Chapter 3.</p>    |
| 3 Improved effectiveness of the international system  | <p><b>Too early to say</b></p> <p>Good progress is being made on debt relief and improving the effectiveness of multilateral agencies. It is too early to say whether the proportion of the EC's expenditure on LICs will reach its target of 70%. Full details of what DFID is doing to improve the effectiveness of the international system are provided in Chapter 5.</p>    |
| 4 Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for developing countries (joint target with DTI and FCO)                        | <p><b>Slippage</b></p> <p>A significant step forward was made in July 2004. The target will not be met by its target date of 2005, but the prospects of it being successfully met at a later date are improving. Details of DFID's work in the field of international trade are provided in Chapter 5.</p>    |
| 5 Increase the proportion of DFID's bilateral programme going to low income countries from 78% to 90%, and a sustained increase in the index of DFID's bilateral projects evaluated as successful | <p><b>On course</b></p> <p>It is estimated that 84% of country-specific bilateral expenditure in 2004/05 went to LICs. The proportion of our high- and low-risk projects evaluated as successful continues to increase; in the case of medium-risk projects, it is too early to say whether a sustained improvement will be achieved over the PSA period. Chapter 7 and Annex 1 provide details of DFID's expenditure and our work to optimise the performance of our projects and programmes.</p>  |

**Key:** **Traffic light assessment used in this report**

**Green:** Means we judge the target to be on course to be met by 2006.

**Amber:** Means we cannot yet make a judgement on progress against this target.

**Red:** Means there has been slippage in progress against this target.

## Africa

There has been progress in Africa, but this needs to be accelerated if there is to be any hope of meeting the MDGs by 2015. In partnership with African governments and a strengthened African Union, the international community needs to increase the level and coherence of its support. At the same time, Africa must continue to establish the conditions for development – such as sustainable peace, effective and accountable governments and economic growth. And more needs to be done to improve Africa's access to international markets and the ability of countries to trade in those markets.

- In 2004/5, 48% of DFID's bilateral assistance was spent in sub-Saharan Africa; in 2005/6 this will increase to 52% (over £1 billion).
- Whilst recent events in countries such as Sudan and Côte d'Ivoire and fragility in central Africa highlight continued instability on the continent, recent data show that deaths caused by conflict have fallen by over 40% since 2000. The UK continues to work with the African Union, the United Nations and the rest of the international community to resolve conflict and establish sustainable peace across the region.
- Budget support from DFID and others has promoted rapid expansion in primary education in Africa. In Tanzania, 9 out of 10 children of primary school age are enrolled; in Uganda, the enrolment rate is now 86% compared with 62% in 1992.
- DFID helped Ghana reach the Heavily Indebted Poor Countries Initiative (HIPC) Completion Point in July 2004, with debt relief now releasing \$230 million a year for poverty reduction.
- In countries such as Kenya, Nigeria and Mozambique, DFID supports programmes to provide insecticide-treated mosquito nets to prevent malaria. In Kenya alone, this is expected to save 40,000 children's lives each year.

## Asia

Although substantial progress has been made in reducing poverty in Asia, it varies across the region, with political will, inequality and conflict identified as the key challenges to achieving the MDGs. DFID is working closely with Asian governments to make poverty reduction a priority, and is focusing on efforts to improve donor co-ordination and harmonisation.

- DFID funding for Asia is expected to increase by 55% between 2003/04 and 2007/08.
- In Afghanistan, DFID is supporting the National Drug Control Strategy, which seeks to eliminate opium poppy production by 2013. We are funding community development programmes and research, to help secure alternative livelihoods for farmers previously cultivating the opium poppy.
- DFID support to the Government of Bangladesh will help to provide 17 million children with free primary education.

- DFID opened a new country office in Pakistan in January 2005, which will help to build more effective relationships with national partners.
- A joint World Bank-DFID tuberculosis control programme in China is on course to treat over 500,000 patients and save over 120,000 lives by 2009.
- An independent report has stated that DFID's promotion of free condoms has been the single most effective measure in reducing HIV and AIDS in Cambodia.

## Europe, Middle East, North Africa and the Americas

Patterns of poverty vary widely across these regions. Much remains to be done if they are to achieve the MDGs; this is particularly the case in the low-income countries within them. Constraints to progress include: inequality, HIV and AIDS, conflict, governance problems, corruption and human rights abuses. Iraq remains a major challenge; however, significant progress has been made over the last year.

- About £264 million of the £380 million DFID has committed to humanitarian and reconstruction assistance in Iraq has been disbursed since March 2003.
- DFID's Emergency Infrastructure Programme has helped to improve power, water and fuel services for over 5 million people in southern Iraq.
- DFID has allocated £17 million to the Palestinian Authority through a World Bank Trust Fund since April 2004. Without this support, the Authority would not be able to continue to provide basic services to the poor.
- With DFID support, Bulgaria and Romania have reformed their public administrations and are on course for accession to the European Union by 2007. Croatia has achieved candidate status.
- DFID spearheaded the European Bank of Reconstruction and Development's Early Transition Countries Initiative, which will help to stimulate economic activity in the poorest countries of Europe and Central Asia.
- A DFID-sponsored initiative in the Caribbean to address stigma and discrimination against people with HIV and AIDS drew pledges of action from political and religious leaders, and support from music and sports stars.

## Working with multilateral agencies and civil society, and responding to conflict and humanitarian crises

DFID continues to work in partnership with different multilateral and international organisations, and with civil society. Only by improving the effectiveness of the entire international aid and trading system will it be possible to make substantial progress in eliminating poverty.

- The UK is continuing to push for more EC aid to be directed to the poorest countries.

- The UK has played a leading role in setting a new policy framework for the World Bank's work in poor countries.
- In September 2004, the UK announced a major new initiative for the relief of multilateral debt.
- DFID is supporting the poorest countries in international trade negotiations so that their voice can be heard more loudly.
- DFID channelled more than £220 million through UK civil society organisations that direct support for poor people in developing countries.
- In September 2004, a joint DFID-FCO-MOD Post Conflict Reconstruction Unit was launched to improve the effectiveness of the UK's assistance in the immediate aftermath of conflict.
- DFID has committed £75 million to the immediate relief and recovery effort following the Indian Ocean earthquake-tsunami in December 2004.

## Developing evidence-based, innovative approaches to development

DFID is working to respond to the challenge of reaching off-track MDGs in the next decade. This includes ensuring that the political opportunities of the UK's Presidencies of the G8 and EU result in action towards the MDGs.

- In the area of health, new plans have been produced on: HIV and AIDS, access to medicines, sexual and reproductive health, and maternal and child mortality.
- Work on development effectiveness has included a new UK Government policy paper on conditionality and a Poverty Reduction Budget Support paper.
- DFID has produced new policy papers on how to respond to fragile states and security challenges, and on working to improve education for girls.
- There has been close collaboration with other government departments on a range of issues, including asylum, climate change and worker remittances.
- DFID will increase its spending on research to £136 million by 2007.

## Organisation and management of delivery

DFID is implementing a change programme to ensure that we are organised in the best way to achieve our objectives. We strive to ensure that the vast majority of our funding goes to the poorest people in the poorest countries, and that our corporate processes support this efficiently.

- We have in place plans to deliver £400 million of efficiency gains over the period 2005/06 to 2007/08.

- The Catalyst programme – a programme of business change – has produced improvements in human resource systems, management of travel claims, compliance with corporate procedures and remote working.
- 62 posts have been relocated from London to East Kilbride.
- We are taking action to achieve a sustained increase in the proportion of our bilateral projects that are evaluated as successful.