

Department for International Development

Introduction

1. This Supplementary Estimate is required for the following purposes:

Amount £

Changes in resources

RfR 1: Eliminating poverty in poorer countries

Increases:

Take up of End Year Flexibility

- | | | |
|----|---|------------|
| 1. | Programme Resource | 50,000,000 |
| | £50,000,000 of near cash resource to Section D | |
| | Increase in respect of humanitarian assistance following the earthquake in Pakistan | |

Transfers from another RfR

- | | | |
|----|---|-----------|
| 1. | Programme Resource | 4,000,000 |
| | £4,000,000 of near cash to Section D | |
| | Transfer from Request for Resources 2 to fund increases in respect of humanitarian assistance programmes and contributions to international aid organisations | |

Other Increases

- | | | |
|----|--|-----------|
| 1. | Programme Resource | 8,110,000 |
| | £8,110,000 of non-cash to Section J | |
| | Increased forecasts within Annually Managed Expenditure for cost of capital charge on DFID's investment in public corporations | |
| 2. | Administration Costs | 11,000 |
| | £11,000 of near cash to Section G | |
| | Increased provision from within the administration budget relating to the purchase of legal services | |

Neutral Changes:

Transfers within the RfR

- 1 Transfer of £24,000,000 of near cash programme resource from Section D to Section B in respect of development programmes in Asia
- 2 Transfer of £25,000,000 of near cash programme resource from Section D to Section C in respect of development programmes in the Rest of the World
- 3 Transfer of £29,000,000 of near cash programme resource from Section D to Section F in respect of programmes contributing to multiple objectives

Increases/Decreases in gross spending offset by Appropriations in Aid

- 1 Amount -£108,000
Reduction in gross resource provision in Section A to offset lower income from sales relating to bilateral and sectoral programmes in sub-Saharan Africa
- 2 Amount -£50,000
Reduction in gross resource provision in Section B to offset lower income from sales relating to bilateral and sectoral programmes in Asia

Introduction (*continued*)

3	Amount -£90,000 Reduction in gross resource provision in Section C to offset lower income from sales relating to bilateral and sectoral programmes in the Rest of the World	
4	Amount £10,000 Increase in administration costs provision in Section D offset by additional income for seconded officers	
5	Amount £70,000 Increase in gross resource provision in Section F offset by additional income from sale of publications	
	Total change in resources for RfR1	62,121,000

RfR 2: Conflict prevention

Increases:

Transfers from Non Voted Spending

1	Take up of Departmental Unallocated Provision £2,500,000 of near cash programme resource to Section A for Africa Conflict Prevention programmes	2,500,000
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Transfers from other government departments

1	Foreign and Commonwealth Office £2,000,000 of near cash programme resource to Section B for Global Conflict Prevention programmes	2,000,000
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Decreases:

Transfers to another RfR

1.	Programme Resource £4,000,000 of near cash programme resource savings on post conflict reconstruction programmes transferred to Request for Resources 1, Section D	-4,000,000
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Total change in resources for RfR2 **500,000**

Total change in resources for Estimate **62,621,000**

Changes in capital

Neutral Changes:

- Increase in gross capital provision in Section C of £117,000 for expenditure on financial investments offset by additional Non Operating Appropriations in Aid in Sections A (£50,000), Section B (£35,000) and Section C (£32,000) from sales of vehicles and furniture by DFID regional offices.
- Transfer of £8,000 of gross capital provision from Section G to Section C for expenditure on financial investments from savings on information technology systems.
- Transfer of £8,000 of Non Operating Appropriations in Aid from sales of vehicles from Section G to Section C

Total change in capital for Estimate **-**

Introduction (*continued*)

Other Changes

- 1 Total net operating costs in the Forecast Operating Costs Statement now exclude £3,050,000 previously included as non-voted expenditure for the Retrospective Terms Adjustment charge on interest foregone by the Consolidated Fund on the conversion of loans to grants. The revised presentation reflects an agreement to remove this item from the Departmental Resource Account
2. As a result of the above and non-cash adjustments, there is an increase in the net cash requirement of £54,011,000.
3. Symbols are explained in the Introduction to this booklet.

Part I

£

RfR 1: Eliminating poverty in poorer countries	62,121,000
RfR 2: Conflict prevention	500,000
Total additional net resource requirement	62,621,000
Additional net cash requirement	54,011,000

SUPPLEMENTARY amounts required in the year ending 31 March 2006 for expenditure by the Department for International Development on:

RfR 1: Eliminating poverty in poorer countries

International development under the International Development Act 2002, 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; contributions to pension funds and grants in lieu of pensions in respect of overseas service; global environment assistance; payments to United Nations Educational Scientific and Cultural Organisation (UNESCO); current and capital costs relating to investments in public corporations and shareholdings in private sector companies; payments (under the authority of the European Communities Act 1972) to certain beneficiaries of the Gibraltar Social Insurance Fund; administration, related capital expenditure and other administrative costs; and associated non-cash items.

RfR 2: Conflict prevention

Conflict prevention, early warning, crisis management, conflict resolution/peacemaking and peacebuilding activity and on associated strengthening of international and regional systems and capacity; post-conflict reconstruction programmes, including administration and related capital expenditure; and associated non-cash items.

The Department for International Development will account for this Estimate.

Part II: Changes proposed

Resources	£'000				
	Present Net Provision	Change in Gross Provision	Change in A in A	Change in Net Provision	New Net Provision
RfR 1: Eliminating poverty in poorer countries					
Spending in Departmental Expenditure Limits (DEL)					
RfR 1 - A Reducing Poverty in sub-Saharan Africa	1,076,447	-108	-108	-	1,076,447
RfR 1 - B Reducing Poverty in Asia	748,427	23,950	-50	24,000	772,427
RfR 1 - C Reducing Poverty in the Rest of the World	195,364	24,910	-90	25,000	220,364
RfR 1 - D Improve the Effectiveness of Multilateral Aid	1,325,146	-23,990	10	-24,000	1,301,146
RfR 1 - F Programmes Contributing to Multiple Objectives	184,934	29,070	70	29,000	213,934
RfR 1 - G Central Departments	76,570	216	205	11	76,581
Spending in Annually Managed Expenditure (AME)					
RfR 1 - J Programmes Contributing to Multiple Objectives	61,512	8,110	-	8,110	69,622
Total RfR 1		62,158	37	62,121	
RfR 2: Conflict prevention					
Non-budget					
RfR 2 - A Africa Conflict Prevention	22,500	2,500	-	2,500	25,000
RfR 2 - B Global Conflict Prevention	17,550	2,000	-	2,000	19,550
RfR 2 - C Post Conflict Reconstruction	8,000	-4,000	-	-4,000	4,000
Total RfR 2		500	-	500	
Total changes to RfRs		62,658	37	62,621	

Capital and Cash	£000		
	Present Provision	Change in Provision	New Provision
Total Capital Expenditure	67,000	117	67,117
Non-Operating A in A	25,000	117	25,117
Net cash requirement	3,818,763	54,011	3,872,774

Part II: Revised subhead detail including additional provision

Resources						Capital		£'000
1	2	3	4	5	6	7	8	
Admin	Other current	Grants	Gross Total	A in A	Net Total	Capital	Non-operating A in A	
RfR 1: Eliminating poverty in poorer countries								
240,881	610,687	3,044,402	3,895,970	5,370	3,890,600	66,917	25,117	
Spending in Departmental Expenditure Limits (DEL)								
<i>Central Government spending</i>								
A Reducing Poverty in sub-Saharan Africa								
56,010	164,156	856,391	1,076,557	110	1,076,447	8,210	900	
B Reducing Poverty in Asia								
32,465	97,416	642,711	772,592	165	772,427	1,700	265	
C Reducing Poverty in the Rest of the World								
23,910	69,868	126,696	220,474	110	220,364	14,315	4,757	
D Improve the Effectiveness of Multilateral Aid								
14,510	85,469	1,201,277	1,301,256	110	1,301,146	16,480	18,000	
E Developing Innovative Approaches to Development								
19,000	10,649	124,229	153,878	-	153,878	-	-	
F Programmes Contributing to Multiple Objectives								
13,600	113,507	86,897	214,004	70	213,934	-	900	
G Central Departments								
81,386	-	-	81,386	4,805	76,581	26,212	15	
H Certain Beneficiaries of the Gibraltar Social Insurance Fund								
-	-	6,200	6,200	-	6,200	-	-	
I Crown Agents Loan Repayments								
-	-	-	-	-	-	-	280	
<i>Anti money laundering</i>								
-	-	-	-	-	-	-	-	
Spending in Annually Managed Expenditure (AME)								
<i>Central Government spending</i>								
J Programmes Contributing to Multiple Objectives								
-	69,622	-	69,622	-	69,622	-	-	
Non-budget								
K EU Research Grants (Net)								
-	-	1	1	-	1	-	-	
RfR 2: Conflict prevention								
3,000	14,270	30,780	48,050	-	48,050	200	-	
Non-budget								
A Africa Conflict Prevention								
-	6,750	15,750	22,500	-	22,500	-	-	
B Global Conflict Prevention								
-	7,020	10,530	17,550	-	17,550	-	-	
C Post Conflict Reconstruction								
3,000	500	4,500	8,000	-	8,000	200	-	
Total for Estimate:								
243,881	624,957	3,075,182	3,944,020	5,370	3,938,650	67,117	25,117	

Part II: Resource to cash reconciliation

	<u>Present</u>	<u>Increase (+)/ Decrease (-)</u>	<u>Revised</u>
			£'000
Net total Resources	3,876,029	62,621	3,938,650
Voted capital items			
Capital expenditure	67,000	117	67,117
<i>Less: non-operating A in A</i>	<u>25,000</u>	<u>117</u>	<u>25,117</u>
Total net voted capital	42,000	-	42,000
Accruals to cash adjustment			
Adjustments to remove non-cash items:			
Cost of Capital charges	-115,351	-8,110	-123,461
Depreciation	-22,008	-	-22,008
New provisions and adjustments to previous provisions	-2,000	-	-2,000
Profit/loss on sale of assets	-	-	-
Prior period adjustments	-	-	-
Other non-cash items	-250	-500	-750
Increase(+)/decrease (-) in stock	-	-	-
Increase(+)/decrease (-) in debtors	11,444	-	11,444
Increase(-)/decrease (+) in creditors	10,000	-	10,000
Use of provisions	<u>18,899</u>	<u>-</u>	<u>18,899</u>
Total accruals to cash adjustments	-99,266	-8,610	-107,876
Excess cash to be CFERd	-	-	-
Net cash requirement	3,818,763	54,011	3,872,774

Part III: Extra receipts payable to the Consolidated Fund

In addition to Appropriations in aid, the following income and receipts relate to the department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	<u>Present provision</u>		<u>New provision</u>	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income not classified as A in A	2,500	<i>3,000</i>	2,500	<i>2,500</i>
Non-operating income not classified as A in A	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund	500	<i>5,233</i>	6,500	<i>6,500</i>
Excess receipts to be surrendered to the Consolidated Fund	-	-	-	-
Total	3,000	<i>8,233</i>	9,000	<i>9,000</i>

Forecast Operating Cost Statement

		£'000
		2005-06 provision
Net Administration Costs		
RfR 1	235,981	
RfR 2	3,000	
Total Net Administration Costs		238,981
Net Programme Costs		
RfR 1	3,654,619	
RFR 2	45,050	
Non voted expenditure	-2,500	
Total Net Programme costs		3,697,169
Total Net Operating Cost		3,936,150
<i>of which:</i>		
Net Resource Outturn		3,938,650
CFERs		-2,500
Non-voted expenditure		
Resource Budget Outturn		4,567,823

Notes to the Estimate

Reconciliation of resource expenditure between Estimates, Accounts and Budgets

	£'000
	2005-06 Provision
Net Resource Outturn (Estimates)	3,938,650
<i>Adjustments to remove:</i>	
provision voted for earlier years	-
<i>Adjustments to additionally include:</i>	
non-voted expenditure in the OCS	-
Consolidated Fund extra receipts (CFERS) in the OCS	-2,500
Other adjustments	-
Net Operating Costs (Accounts)	3,936,150
<i>Adjustments to remove:</i>	
capital grants to local authorities	-
capital grants financed from the Capital Modernisation Fund	-
European Union income and related adjustments	-1
voted expenditure outside the budget	-
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-
resource consumption of non departmental public bodies	-
unallocated resource provision	4,674
Other adjustments	627,000
Resource Budget Outturn (Budget)	4,567,823
<i>of which:</i>	
Departmental Expenditure Limit (DEL)	4,498,201
Annually Managed Expenditure (AME)	69,622

Reconciliation of capital expenditure between Estimates and Budgets

	£'000
	2005-06 Provision
Net Voted Capital Outturn (Estimates)	42,000
<i>Adjustments to remove:</i>	
gains/losses from sale of capital assets	-
<i>Adjustments to additionally include:</i>	
other Consolidated Fund Extra Receipts	-
capital spending by non departmental public bodies	-
capital grants to local authorities	-
capital grants financed by the Capital Modernisation Fund	-
local authority credit approvals	-
capital spending by levy funded bodies	-
unallocated capital provision	-
Other adjustments	-
Capital Budget Outturn (Budget)	42,000
<i>of which:</i>	
Departmental Expenditure Limits (DEL)	42,000
Annually Managed Expenditure (AME)	-

Notes to the Estimate (*continued*)

Explanation of Accounting Officer responsibilities

In accordance with the Government Resources and Accounts Act 2000 the Treasury has made the following Accounting Officer appointments for the Requests for Resources within this Estimate.

Request for Resources 1	Suma Chakrabati, Principal Accounting Officer and Permanent Head of the Department for International Development
Request for Resources 2	Suma Chakrabati, Principal Accounting Officer and Permanent Head of the Department for International Development

Suma Chakrabati as the Principal Accounting Officer (PAO) of the Department for International Development has personal responsibility for the proper presentation of the Department for International Development's resource accounts as prescribed in legislation, or by the Treasury, and their transmission to the Comptroller and Auditor General. The PAO as the permanent head, in addition to the responsibilities for the assigned RfR, remains in general overall charge of the Department for International Development.

The responsibilities of an Accounting Officer are set out in Annex 4.1 of Government Accounting. In essence these responsibilities include a personal responsibility for the propriety and regularity of the public finances for which they are answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all available resources. In addition, the Accounting Officer must ensure that there is a sound system of internal control to support the achievement of the Department for International Development's policies, aims, and objectives; and should regularly review the effectiveness of that system.

Notes to the Estimate (*continued*)

Analysis of appropriations in aid (A in A)

	£'000	
	2005-06 Provision	
	Operating A in A	Non operating A in A
RfR 1: Eliminating poverty in poorer countries		
Bilateral and multilateral loan repayments	-	6,697
Guarantee refunds from European Investment Bank	100	-
Rental income - Office accommodation	4,342	-
Recovery of EBRD Director's salary	100	-
Receipts from staff secondments	558	
Crown Agents Loan repayment	-	280
Receipts from overseas governments	100	-
Sales of Fixed Assets	-	140
Other programme receipts	170	
Loan repayments - multilateral	-	18,000
Total RfR1	5,370 *	25,117 **
<i>of which: Administration Budgets</i>	<i>4,900</i>	<i>-</i>

*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; refunds of payments made under UK guarantees to the European Investment Bank; administration receipts for: seconded officers, including recovery of the European Bank for Reconstruction and Development Executive Director's salary; recoveries from other government departments; recoveries from staff for use of official vehicles.

** Amount that may be applied as non-operating appropriations in aid arising from repayments of loans given to the Crown Agents; capital repayments of development assistance loans, income from debentures issued to DFID by CDC Group plc and income from the sale of land, buildings, surplus vehicles, and other fixed assets.

Notes to the Estimate (*continued*)

Analysis of Consolidated Fund extra receipts

	£'000	
	2005-06 provision	
	Income	Receipts
Interest on loans	2,500	2,500
Other amounts collectable on behalf of the Consolidated Fund	6,500	6,500
Total	9,000	9,000

Departmental Expenditure Limits and Administration Budgets

As announced to the House of Commons, the Department for International Development Departmental Expenditure Limit will change as follows:

	New DEL			£'000
	Change	Voted	Non-voted	Total
Resource	46,111	3,869,027	629,174	4,498,201
<i>of which :Administration Budget</i>	-	238,981	-	238,981
Capital	-	42,000	-	42,000
Depreciation*	-	-22,008	-	-22,008
Total	46,111	3,889,019	629,174	4,518,193

*Depreciation, which forms part of resource DEL, is excluded from total DEL since capital DEL includes capital spending and to include depreciation of those assets would lead to double counting.

Cash which may be retained to offset expenditure

	£'000
Cash which may be retained by the department to offset expenditure in the year due to its relationship with income (operating and non-operating) that has been or will be appropriated in aid	30,333

Notes to the Estimate (*continued*)

Contingent Liabilities

Contingent Liabilities exist as follows:

Statutory Liabilities Charged to Resource Estimates	RfR	Value
African Development Bank callable capital	1	£263.2m
Asian Development Bank callable capital	1	£550.2m
Caribbean Development Bank callable capital	1	£25.9m
Inter-American Bank Callable capital	1	£491.9m
Multilateral Investment Guarantee Agency callable capital	1	£39.7m
European Bank for Reconstruction and Development callable capital	1	£863.8m
Maintenance of value of capital subscriptions of regional development banks and funds	1	Unquantifiable
Liabilities of the Crown Agents Holding and Realisation Board that could not be met from assets of the Board	1	Unquantifiable
Guarantee of borrowing by CDC group from European Investment Bank	1	13.4m
International Bank for Reconstruction and Development callable capital	1	4.1m
Non-Statutory Liabilities Charged to Resource Estimates		
UK share of European Community member states collective guarantee of European Investment Bank lending under Lome Convention	1	334.4m
UK national guarantees for European Investment Bank lending to UK dependent territories	1	1.4m
Indemnities to University of Greenwich in respect of transfer of ownership of National Resources Institute	1	Unquantifiable
Tax indemnities to commercial banks under Aid and Trade Provision soft loan financing arrangements	1	5.3m
Guarantee to Bank of Montserrat in respect of mortgage loans for the construction of private sector housing	1	0.2m
Guarantee to the National Westminster Bank in respect of loan to Day Chocolate Company for marketing of Fair Trade chocolate bar	1	0.4m