



House of Commons  
International Development  
Committee

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**Government Response  
to the Committee's  
Eighth Report of  
Session 2002–03:**

**Department for  
International  
Development:  
Departmental Report  
2003**

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**First Special Report of Session  
2003–04**

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## The International Development Committee

The International Development Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for International Development and its associated public bodies.

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The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk)

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### Committee staff

The current staff of the Committee are Alistair Doherty (Clerk), Sarah Hartwell (Second Clerk), Alan Hudson (Committee Specialist), Katie Phelan (Committee Assistant) and Wanda Wilson (Secretary).

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# First Special Report

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The International Development Committee reported to the House on Department for International Development: Departmental Report 2003 in its Eighth Report of Session 2002–03, published on 30 October 2003 as HC 825. The Government Response to that Report was received on 12 January 2004 in the form of a memorandum to the Committee. It is reproduced as an Appendix to this Special Report.

## Appendix

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### Conclusion 1:

**We welcome the changes to the report made in consequence of our recommendations last year. We also welcome the fact that this year the report provides links and references to further information where there is not the space to address these issues in detail.**

#### Answer:

We have noted the Committee's comments.

### Conclusion 2:

**We recommend that the Department aim to include more information within future annual reports about how it is pursuing its objectives. In particular there should be more information about what steps it is taking towards the achievement of joint targets, and then what specific contribution it has made to performance against these. Explanations for underperformance against targets are essential but the Department must do more to ensure that these do not become a substitute for adequate descriptions of actual performance. Equally, it must be clear what specific steps are being taken to remedy underperformance. In particular explanations must be included as addenda to each relevant PSA target, of how problems with data have affected the measurement of performance and how these problems are being addressed.**

#### Answer:

The Department notes the Committee's recommendations. We will provide detailed information on progress against the PSA targets we share with other government departments in our 2004 Departmental Report. In the 2003 Autumn Performance Report on our PSA, a copy of which was sent to the Committee, we provided a description of actual performance against our targets and indicators, as well as an explanation of underperformance and of the steps we are taking to address this. In addition, we included a full explanation of data problems and how we propose to manage these.

### Conclusion 3:

**There will come a point where old PSAs need to be relinquished. However, for the present we recommend that DFID continues to report progress against any targets or**

**sub-targets which are outstanding from Previous Public Service Agreements until they have been met or until the target deadline has expired.**

**Answer:**

While the focus of our reporting is around the new PSA, we have sought in our latest Autumn Performance Report to make clear the links with the previous PSA, in order to enable progress against that to be mapped. We will continue to do this until the previous PSA expires.

**Conclusion 4:**

**We welcome the suggestion by the Department that the 2004 Departmental Report be structured around DFID's objectives. Next year's Report should present a comprehensive account of activity and performance under each objective including the reporting of progress against internal targets in areas not covered by specific PSA targets. As a matter of good practice this further performance reporting should follow the same format as that concerning the PSA targets.**

**Answer:**

We have noted the Committee's comments. The 2004 Departmental Report will be structured around the PSA objectives and report on progress made in the range of activities contributing to each PSA objective including internal and PSA targets.

**Conclusion 5:**

**We would suggest, in future reports, 'joined up' reporting between the Spending Review and the Departmental Report to demonstrate the links between the funds secured and commitments made in the Spending Review and the performance recorded in the Departmental Report.**

**Answer:**

The Departmental Report shows how resources have been allocated by our PSA objectives and, after the event, how these resources were spent. By structuring the Departmental Report around the PSA this should make read across between this and the Spending Review far clearer. Information on commitments in key functional areas is provided through data on the Policy Information Marker System in Statistics on International Development

**Conclusion 6:**

**We would like to see clear, consistent and transparent reporting of DFID's past spending and future plans in a way that facilitates tracking progress and demonstrating changes in policies and priorities. We recommend that the Department ensure that in future years financial tables are stated in equivalent terms and that more complete and fuller explanations are provided for year-on-year variations.**

**Answer:**

We fully accept the importance of providing clear and consistent information over time on the use of resources. This has been made difficult during the transition to resource accounting and there are some areas where, because information was not previously recorded in the same way as it is now, it may not be possible to provide as clear a picture as we would like. We will review the way financial information is presented to ensure that any lack of continuity is minimised and explained.

**Conclusion 7:**

**It would assist understanding of the report if the Department identified the extent to which expenditure plans represent funds already committed to country programmes and projects, as well as providing a full breakdown of direct budget support expenditure and plans.**

**Answer:**

The nature of commitments varies, from broad commitments made by Ministers through to approved project or budget support allocations and then to signed agreements and contractual commitments. This makes it difficult to state clearly and consistently the extent to which programmes are committed. We will look at what information could usefully be presented in future reports. We do not however allocate funds specifically for direct budget support through the annual Resource Allocation Round. The balance between resources allocated to budget support, projects or other purposes are considered through the country planning process, and will vary from year to year.

Over the last 3 financial years the proportion of DFID's bilateral programme aid given as direct budget support (DBS) has been as follows: 20% in 2000-01, 20% in 2001-02 and 10% in 2002-03. In 2000-01, 97% of DBS went to Africa, but in 2002-03, 65% went to Africa, 31% to Asia and 4% to other regions. More information will be provided in the 2004 Departmental Report about the intended use of budget support in future and further detailed breakdown will be set out in the next Statistics in Development, which will be published in October 2004.

**Conclusion 8:**

**We were pleased to learn that the Department is committed to making use of financial flexibility in order to link funds with performance. However we would welcome more information (and acknowledgement) in the annual report about how this process works. There is still work to do in order to make contributions to multilaterals more performance-oriented. We attach a high priority to the Department securing good value for money for these contributions, and demonstrating that it has done so.**

**Answer:**

The report recognises that we can and do respond to both humanitarian emergencies and to changing development opportunities in the course of the year. This is facilitated by decentralised decision-making, within levels of delegated authority. In addition both Africa and Asia Divisions now have significant performance funds for future years, with

allocation criteria that emphasise the importance of relating resources to performance. Current efforts to strengthen performance management and reporting will enable us to take performance more effectively into account in resource allocation decisions.

In order to deliver our PSA objective IV, 'to improve the effectiveness of the international system,' DFID has been strengthening its institutional partnerships with multilateral organisations and linking these partnerships—and the accompanying financial—to an assessment of their effectiveness as organisations. To do this, it has been necessary to establish a robust, objective system for assessing effectiveness and tracking improvements over time, which is credible with the organisations themselves. Such a system has now been developed and will be applied for the first time in early 2004 when baseline data on the effectiveness of the multilateral organisations will be produced. DFID has also been linking up with other bilateral organisations to combine efforts to monitor multilateral performance at country level.

**Conclusion 9:**

**We consider that the annual report could be more explicit about the choices that the Department has to make and how it addresses new risks and opportunities, by providing examples related to specific countries and programmes. Although there is much information on DFID's risk management processes available elsewhere, there is very little in the report itself. Communication of what risks the Department faces and how it is handling them is central to managing the expectations of the public and Parliament. We would also like therefore to see a brief overview of the Department's risk management processes within this report. Finally, we would welcome more information on staff flexibility, and in particular what happens to staff when responding to sudden crises or changes in policy priorities.**

**Answer:**

Staffing and resourcing priorities had to be urgently reassessed during the year to take account of post conflict reconstruction requirements in both Afghanistan and Iraq. Staff were identified both for positions within Iraq and support positions in London by targeting and contacting existing staff with particular relevant skills, and by issuing office wide internal requests for volunteers. We are about to introduce a more systematic method of accessing staff who are prepared to volunteer, often at short notice, to help out in crisis situations at home and overseas.

DFID has placed increased emphasis on strengthening risk management in the organisation over the last year. We agree that communication of what risks the Department faces and how it is handling these is central to managing the expectations of the public and Parliament. As the Committee notes, risks are identified and assessed and risk management approaches are set out in a number of DFID documents including our Country Assistance Plans and our Institutional Strategy Plans. A fuller description of DFID's risk management processes and approach will be included in the 2004 Departmental Report.

**Conclusion 10:**

We welcome the work being undertaken to evaluate the success of these new methods of disbursing aid. It would have been relatively easy for the Department to commit funds and then sit back for three years, but instead they have chosen to engage fully and monitor the effectiveness of the aid and commitment of the recipient government to poverty reduction. We will continue to follow this closely and will be looking for evidence that DFID, even when acting in concert with other donors, continues to take hard decisions when UK aid objectives are not being met. Other donors' own objectives may not necessarily fit with those of the UK.

**Answer:**

We welcome the Committee's comments.

**Conclusion 11:**

We believe that the Department should continue to attach a high priority to building statistical capacity in the countries in which it operates. Obviously this process will take time, therefore in the interim we would expect a frank summary of the limitations of the performance measurement system as it related to the Department's Public Service Agreement, and what validation has taken place. This should include any findings from forthcoming NAO work to validate the PSA data systems.

**Answer:**

The Department welcomes the Committee's recommendation. Our support for building statistical capacity of our partner countries is set out in the 2003 Departmental Report. This will continue to be a priority.

Our 2003 Autumn Performance Report sets out in detail the data limitations we face when measuring progress against our PSA targets—and how we manage these. The NAO report on validating our PSA data systems has not yet been finalised. However we will work closely with the NAO to implement relevant recommendations. We will update the Committee on this in our 2004 Departmental Report.

**Conclusion 12:**

We consider that improvements could be made in how these policy achievements are reported on, in order to satisfy a sceptical reader who may not necessarily accept that these positive policy outcomes are as a direct result of the Department's work. One way would be to include more details of the original policy target, the timeframe to achieve this, actions taken and other partners.

**Answer:**

We recognise the need to demonstrate as clearly as possible the contribution which DFID's actions have made to broad policy outcomes, whether these be linked to PSA targets or not. We will continue to seek to improve our progress reporting, including by providing the type of details which the Committee suggest.

**Conclusion 13:**

**We would welcome DFID's view on how it protects its priority budgets against the risk of currency fluctuations.**

**Answer:**

As far as possible, commitments are expressed in sterling in order to protect against exchange rate fluctuations. Where this is not possible, as with EC Attribution, we are obliged to accept the exchange rate risk. The destabilising effect of fluctuations in the £:€ rate is dampened by the way our EC Attribution is financed. Once agreed with the Treasury, the estimate made before the start of the year on the expected cost of Attribution does not change during the year. If it is found, on the basis of final audited accounts, that the amount set aside was too high or too low an equivalent adjustment is made to Departmental Expenditure Limit in the next but one financial year. Such adjustments may be necessary either because of currency fluctuations or because EC spending differs from the original budget.

**Conclusion 14:**

**In order for DFID to meet its own objectives we consider it essential that the issue of reforming EC development issues and developing systems to monitor the effectiveness of this multilateral aid continues to be given a high priority within the Department. In addition, we would like to see more information in the departmental report about how these funds are used, the framework for distributing EC funds, current shortcomings and limitations in this, including in measuring aid outcomes and DFID's own efforts in this area.**

**Answer:**

Reforming EC development to make it more effective and poverty focused remains the main objective for our engagement with the EC.

Since its start in 2000, we have closely monitored the reform programme of the EC's external assistance and have requested an in-depth impact assessment at its completion in 2004. Overall, we believe the programme is addressing many of the structural constraints EC aid faces. It should therefore result in important efficiency gains over the years to come. But we also believe that there is more to be done. We are therefore pressing the EC and partners on the importance of pursuing further reforms and to discuss these once the impact of the reforms have been assessed. A second wave of reforms would be likely to address outstanding needs with a particular emphasis on quality and impact.

During 2003 many multilateral agencies, including the EC, have started to develop, test and put in place new approaches to results based management, with a focus on country level results. As these systems bed down it should be possible to assess and monitor much more effectively the impact of agencies on outcomes at country level. The EC has taken the lead in developing a set of core indicators for monitoring progress against the MDGs at country level. They have also introduced a new results-oriented monitoring system, measuring the effectiveness of their programme portfolio. We welcome this work which should lead to better opportunities for assessing their performance both at project/programme and

country level. But many agencies, including the EC, are still struggling with how to aggregate and present country impacts as corporate level information and we are working closely with them on this, including work to share experience on the use of corporate targets in DFID.

In parallel, DFID is developing a framework to assess the effectiveness of multilateral institutions, including the EC, to inform our future funding decisions and strategies of engagement (see response to conclusion 8). This exercise will help shed further light on the strengths and weaknesses of EC aid and will complement our efforts to collect country based perceptions of EC performance.

One of our key objectives for EC aid—and a DFID PSA target—is to increase the allocation of resources going to low-income countries to 70% of all EC official development assistance. The current trend is positive with recent figures (2002) standing at 52%, up from 38% in 2000. But further progress might be harder to win. In this context, we are pressing hard for the EC to introduce a more transparent and objective resource allocation system, based on countries' needs and performance. Such a system would imply an increasing share of EC funds to low-income countries. We will include more information about the EC's use of funds in the next Departmental Report.

#### **Conclusion 15:**

**The trend seems to be towards providing developmental aid for good performers and humanitarian assistance for crisis countries. But provision of humanitarian assistance alone will not encourage reform. It can only be a stopgap measure rather than a real push along the road to development. The choice between the best development return for your money and not wanting to abandon “failed states” is a difficult one. Recent experiences in Afghanistan, Sierra Leone, Sudan and the Democratic Republic of Congo have highlighted the inadequacies of a policy of humanitarian assistance only for poor performers. Identification of potential future problem states is essential for the avoidance of the failed states dilemma. We were reassured by DFID's Deputy Director of Policy comment: “The new policy division will be doing a lot more work on trying to spot the future Zimbabwe so that we can better prepare our response and prevent conflict and governance breakdown.”**

#### **Answer:**

We agree that humanitarian assistance alone will not help to encourage reform. So in April 2003, Policy Division created a multi-disciplinary team on Poverty Reduction in Difficult Environments to help tackle the challenge of what kind of development aid might be appropriate. The team is developing innovative policy options for working more effectively in places where the state is unable or unwilling to take an active role in delivering poverty reduction policies. Through a series of studies, seminars and workshops we are seeking to improve understanding of internal and external causes of poor policy environments, including whether it is possible to identify in advance potential problem states and be able then to agree any preventive measures.

DFID is not working on this problem alone. A much more effective response from development partners will also be required. DFID is providing support to the World Bank

Unit working on Low Income Countries under Stress with the aim of improving support in knowledge and grants to countries that are not eligible for large loans. We are also jointly leading the Learning and Advisory Process on Difficult Partnerships at the OECD Development Assistance Committee. The Process is using a series of meetings and electronic exchanges to share information and analysis among donors, and to develop stronger policies on effective support to poor people living in difficult environments.

The work of the Foreign Office in diplomacy and peace building is critical, as is the role of the Ministry of Defence in providing basic security, e.g. in Sierra Leone. Working toward a coherent approach to these challenges across Government, we are collaborating with the Prime Minister's Strategy Unit project on Weak and Failing States, providing staff, funding and analytical inputs.

**Conclusion 16:**

**It is vital that DFID assists countries in developing financial management and tracking systems, and we commend the work that DFID is doing in conjunction with the National Audit Office in this respect. We also support the Department's emphasis on statistical capacity building to help developing countries entrench more effective monitoring. This will permit an evaluation of the success of direct budgetary support, and the measurement of progress in implementation of Poverty Reduction Strategies. We agree with DFID that aid-receiving countries should not be overburdened with evaluation mechanisms through donor requirements for parallel reporting systems. This emphasises the need to enhance recipient governments' performance management, accountability and PRS monitoring systems, as these are the key mechanisms that DFID uses for measuring the impact of DBS. The assumed benefits of DBS may justify the associated risks, but careful monitoring and evaluation to minimise these risks and maximise the benefits is crucial.**

**Answer:**

We note the Committee's comments.

**Conclusion 17:**

**Direct budgetary support is intended to provide greater predictability of aid flows for recipient governments. It is, however, unclear how a recipient country could achieve this or restrict donor exit from the DBS club unless it sticks strictly to conditions imposed upon it... We support the Department's intention to develop consistent principles and practices that take account of the risks and benefits of withdrawing budget support. We would like to see, in future Departmental reports, greater information and discussion of the way which DFID uses DBS as a lever for influencing government policy in recipient countries,**

**Answer:**

DBS is provided on the basis of a proven 'trajectory of positive change'. We do not usually identify hard and fast 'conditions' but benchmarks that indicate change. We are aware that targets can be missed although positive change is occurring. DBS is usually provided in the context of ongoing joint donor dialogue with a government about its macro economic

performance, reform programme and measures to reduce fiduciary risk. We usually only consider delaying or withdrawing DBS where there has been a breakdown in communication. Our policy discussions with partner countries continue at both macroeconomic and sector level.

**Conclusion 18:**

**While such effective donor coordination is commendable, DFID still needs to make such independent assessments and evaluations, not least because donors' goals and objectives are not identical**

**Answer:**

We agree. Part of the rationale behind strengthening country offices is to deepen access to country specific information. This enhances our ability to form independent assessments and evaluations.

**Conclusion 19:**

**We agree that NGOs should focus on communicating their service delivery potential to the governments of aid-receiving countries.**

**Answer:**

We have noted the Committee's comments.

**Conclusion 20:**

**It is commendable that the Department has maintained its financial and political support for the UNDP's Millennium Development Goals Support Programme and highlighted the importance of linking this to Poverty Reduction Strategies and to the need to build statistical capacity. We welcome the work that DFID is undertaking in statistical capacity of developing countries to allow more effective monitoring of progress towards MDGs, as we recommended in our last report last year. However, it is also essential to ensure that DFID target countries currently without a PRS can benefit from developmental assistance, which is increasingly given in such strategies.**

**Answer:**

Growing numbers of countries that work with DFID are developing Poverty Reduction Strategies, or equivalent national plans, which demonstrate the political commitment of the partner governments to poverty reduction. DFID's aid allocation model for an individual country is based upon there being high numbers of poor people, a good policy environment and a government that is committed to poverty reduction.

**Conclusion 21:**

**We believe that DFID should re-examine its policy on technical assistance in those countries with large skills gaps—particularly those affected by AIDS and HIV. The level at which technical assistance is being provided is significant. Providing technical assistance at middle-ranking civil service level may be more helpful and less divisive than merely targeting the higher levels of administration. One particularly interesting**

suggestion came from Dr Bingu Wa Mutharika, Malawi's Minister for Economic Planning. In common with many sub-Saharan African countries, Malawi loses many of its skilled and professional workers to the lure of higher wages in the developed world. Dr Bingu suggested maintaining a database of skilled Malawians working abroad and encouraging them to return to Malawi on sabbaticals to provide capacity where needed. Donors could play a useful role in funding such sabbaticals from the African diaspora as a form of technical assistance. The committee will shortly be starting an enquiry into migration and development and will investigate such ideas further.

**Answer:**

We agree with this recommendation. DFID has retained flexibility in the way it manages and deploys technical assistance in different contexts, for different periods of time and at different levels of government. We agree that in cases of very limited capacity, there is still a case for considerable technical assistance to substitute for missing government capacities. Afghanistan is one such example.

We will review our experience and position on the provision of technical assistance as part of our work on aid instruments and aid effectiveness.

We note Dr Mutharika's suggestion on the use of diaspora. We are exploring ways to encourage return migration and to tap diaspora networks. DFID has provided written and oral evidence to the Committee's current inquiry into migration and development, which covers this issue.

**Conclusion 22:**

**Parliamentary participation in the process has to date been slight and needs to be increased. It is essential that the PRS process does not merely become a box-ticking exercise for aid-receiving countries. Genuine participation requires an early engagement with parliaments, civil society, and multi-stakeholder groups, even before a PRS is drafted.**

**Answer:**

We have noted the Committee's comments and agree that broad ownership of the Poverty Reduction Strategy at partner government level is important to its success. These strategies are important in setting out a government's approach to poverty reduction and resources should be aligned behind them. By clearly setting out their analysis and priorities for resources, the Poverty Reduction Strategies also have the potential of making the partner government more accountable to their electorates.

**Conclusion 23:**

**We agree with the importance placed on country ownership of PRSs but think that donors should be more explicit about the influence they have over the content of the PRSs. Furthermore, donors should explain how they seek to balance the need for country ownership and the need for good policy, wherever the policy originates.**

**Answer:**

The UK Government believes strongly in the value of the PRS process and, through our monitoring of progress, considers that it is leading to improved economic management and social reform. As part of this, we attach a great importance to participation, which should not be confined to only a few groups. Instead, it should include representatives of the people of a country, both Parliamentarians who have been elected, and civil society, for example, churches, women's organisations and village groups, who can ensure that the real poor get a say in their country's priorities.

Recognising that there is still some way to go on participation, DFID is supporting the consultation process specifically in Uganda, Honduras, Kenya, Rwanda, Tanzania and the Gambia. We are also supporting a number of UK-based NGOs working with developing country partner organisations to strengthen capacity to engage in policy debates.

**Conclusion 24:**

**We welcome the development of the frameworks for working with partner governments and the links with the other national processes DFID is operating. We would welcome further information and details on progress within next year's annual report.**

**Answer:**

We have noted the Committee's comments and will provide more information on Country Memoranda of Understanding in the 2004 Departmental Report.

**Conclusion 25:**

**Donors should explicitly recognise the influence they exert on the content of PRSs and the donor-recipient dialogue on PRS content should be formalised, possibly using MoUs. This may be useful to countries preparing PRSs and would allow donors to identify important but sometimes neglected issues such as gender or trade capacity building.**

**Answer:**

Wherever DFID is present in a country which is developing a PRS, we are working alongside the partner government to try to ensure that this responds appropriately to the needs of that country by leading to the development of good policies to reduce poverty. However we are anxious not to formalise this dialogue in such a way as to lose sight of country ownership.

**Conclusion 26:**

**DFID needs to use realistic indicators that reflect what its work can achieve, and measure progress towards meeting its objectives. As we stressed in our report last year, DFID should explicitly analyse the relationship between its need to achieve its own objectives, and in support for locally owned development strategies.**

**Answer:**

The Department agrees with the Committee's recommendations. Our objectives, as set out in the Public Service Agreement, Country Assistance Plans and other planning documents are based on our partner countries' own plans to reduce poverty which are in turn based on what countries themselves believe they can achieve. This ensures that we do not commit resources to support activities or programmes which are not in line with local priorities. We also use local systems and indicators wherever possible to measure progress against our shared objectives.

We believe strongly in the value of this approach, as it puts developing country governments in the lead in bringing together economic policies, resources from debt relief, other external assistance, and local revenues to reduce poverty.

**Conclusion 27:**

**We encourage DFID to push for adoption of reporting and monitoring systems along these lines so that it can better demonstrate the effectiveness of assistance provided in support of PRSs.**

**Answer:**

DFID contributes to the Reviews of the Poverty Reduction Strategy process conducted by the World Bank and the International Monetary Fund and in this way continues to reinforce the need for good monitoring and reporting systems to ensure the effectiveness of the Strategies, and the assistance provided in support of them.

**Conclusion 28:**

**We encourage DFID's efforts to influence the international policy environment and to defend the policies agreed at the ICPD as complementary to progress towards the MDGs.**

**Answer:**

We welcome the Committee's comments.

**Conclusion 29:**

**While we welcome the proposal to structure future reports according to DFID's objectives, it would be useful if they could also present key financial data with respect to SRH. In addition, the importance of adequately explaining instances of 'flexible financial management' within future reports is underlined by the confusion surrounding the reporting of variations in the UNFPA's core grant allocation since 2000/2001.**

**Answer:**

We recognise the Committee's desire for financial data on SRH, distinct from HIV/AIDs data. Our current system is unable to provide this breakdown and in some instances this reflects the fact that funding is for projects with broader health remits including both

HIV/AIDS and SRH. However, we are currently looking into the feasibility of generating this information through new project reporting systems.

**Conclusion 30:**

**If the intention is to ‘mainstream’ SRH within DFID, we would like to hear more in future reports about the mechanisms by which this will be achieved. We would also like to see information detailing how, since its restructuring, DFID has continued to prioritise the full range of SRH issues (including gender-based violence, unsafe abortion and young people’s access to SRH information and services), not just those which are more easily identified within the MDGs.**

**Answer:**

DFID has taken seriously the concerns raised by the Select Committee and other interested parties about the profile of sexual and reproductive health issues in its work. It is in the process of recruiting a dedicated senior adviser to work on these issues. S/he will be based in the MDG and Reproductive Health Team in Policy Division that brings together multidisciplinary expertise to develop innovative new policy approaches to child, maternal and reproductive health matters. The team will take forward the full range of reproductive health issues (including gender based violence, unsafe abortion and young people’s access to SRH information and services). It will work closely with the HIV/AIDS team and colleagues in International Division in DFID to take forward policy in the international arena and to provide policy support to the work on reproductive health issues in our country programmes.

We recognise that sexual and reproductive health cuts across sectors, involving issues of education, rights, choice, gender, and social and economic development as well as health. DFID is supporting advances in reproductive health through a range of mechanisms including:

- Comprehensive health and other sectoral support programmes
- Focused projects and technical assistance, including support for programmes in some countries to address the unmet needs and demands for access to a range of contraceptive methods
- Funding of research that aims to extend significantly the evidence base for policy and practice in the area of sexual and reproductive health and to promote the use of this evidence by policy makers and practitioners
- Participation in a range of partnerships at national and international level

DFID spent over £270m on reproductive health and HIV/AIDS in financial year 2002/3. This is additional to our significant contributions to partners such as the World Health Organisation, the United Nations Population Fund, the World Bank and the European Community.

**Conclusion 31:**

**In future reports we would like to see evidence of how these funding strategies have supported DFID's objectives in relation to SRH, with particular attention paid to the participation of "Southern" NGOs.**

**Answer:**

DFID has increased its overall support to UK based NGOs from £190 million in 2001/02, to £223 million in 2002/03. DFID funding for two of the more prominent NGOs in the SRH field—Marie Stopes International and Population Services International—has also significantly increased during the same period.

DFID recognises that civil society (including NGOs) has an important role in lobbying governments on the provision of services. This is clearly illustrated by the criteria for the Civil Society Challenge Fund that highlight the important role civil society can play in lobbying governments on service delivery. The importance of innovation is also highlighted in the criteria.

We are also providing much greater funding to some of the larger UK based NGOs through our Partnership Programme Agreements. These are based around agreed strategic outcomes, and provide a considerable degree of flexibility. We are about to open negotiations for a new Partnership Programme Agreement with the HIV/AIDS Alliance that has a strong focus on SRH.

The Civil Society Challenge Fund and the Partnership Programme Agreements stress the importance of UK NGOs working in partnership with legitimate and accountable Southern civil society organisations. As well as support through these programmes, Southern civil society also receives support through DFID country programmes. Some DFID country offices have or are establishing specific funding schemes for Southern civil society—e.g. in India, Bangladesh and Tanzania

**Conclusion 32:**

**We remain concerned that the existence of MDG relating to HIV/AIDS should not be allowed to cause a shift in Departmental focus and funding away from broader issues of SRH.**

**Answer:**

DFID agrees with the Select Committee that the important commitments made to prevent and treat HIV/AIDS by DFID and the global community should not detract attention from underlying reproductive health issues. Investments in reproductive health save and improve lives, encourage gender equality and of course help to slow the spread of HIV/AIDS and other sexually transmitted infections. HIV/AIDS is an important issue within the reproductive health agenda and it is helpful that it is highlighted by the MDGs, but DFID remains firmly committed to the International Development Target on reproductive health and is working to ensure that it continues to command appropriate attention in its bilateral and multilateral programmes and is taken seriously by the international community as a whole.

**Conclusion 33:**

**We would like to see evidence of the steps DFID is taking to develop a broader analytical approach to the power relations between men and women across all sectors of their work. In future reports we would also like to see more detailed information on the nature and operation of gender budgets and how they can assist in analysis of gender impacts of public expenditure. As with SRH, we are concerned that the diffusion of responsibility associated with mainstreaming gender equality should not result in its invisibility.**

**Answer:**

DFID already looks at power relations between men and women in many of our programmes, for example in education, in those aimed at reducing maternal mortality and in work on HIV/AIDS. However, we recognise that more could be done across all sectors.

We will be reviewing our work on gender budgets both in the work we are supporting on rights, and in our aid effectiveness work. This will help to mainstream the issue. We continue to believe that everyone is responsible for gender mainstreaming and this is reflected in DFID's efforts to ensure that gender is a part of all DFID training.

DFID's Development Committee met in April 2003 and reviewed our work on gender and the Millennium Development Goals and mainstreaming Country Assistance Plans and Directors Delivery Plans. It concluded that while much progress was being made, further efforts were needed and that this would be assisted by the appointment of a Senior Gender and Rights Adviser who will take up post in January 2004. This should ensure that the issue remains high on our agenda.

**Conclusion 34:**

**We support the proposal that the new 'scoping' team has established within DFID's Policy Division should examine the Department's strategy for engagement in post-primary education and training, including the achievement of gender equity in higher education.**

**Answer:**

Post-primary education and gender equity issues are being taken forward in a discussion paper that will be presented to DFID's Development Committee in February 2004.

**Conclusion 35:**

**We hope that the establishment of the agricultural policy team will mark a change in DFID's emphasis. Its work should not be restricted merely to creating an enabling framework for agriculture, but should encompass specific measures to boost smallholder production. It is important that the team is built up to deal with Renewable Natural Resources (RNR) as a whole, and should make use of the experience already available among RNR advisers.**

**Answer:**

The Renewable Natural Resources and Agriculture Team has begun its work and a key element of its work plan is to understand why agriculture has performed poorly in a number of regions and made a disappointing contribution to poverty reduction. This work involves understanding the rural realities which condition poor farmers' access to markets, inputs and the management of risk and vulnerability; key factors which inhibit agriculture's role in poverty reduction and move well beyond the enabling framework. The team is addressing issues related to wider natural resources, specifically forests and aquatic resources.

The Team has just published a new policy paper: *Agriculture and poverty reduction: unlocking the potential*. It outlines our ongoing efforts and the challenges to unlocking agriculture's potential to reduce poverty. It also commits us to new policy guidelines by the end of 2004, aimed at improving the effectiveness of our work. It will be available at <http://www.dfid.gov.uk/Publications>.

**Conclusion 36:**

**The establishment of an agricultural policy team in DFID should provide an opportunity for serious thinking about alternative routes to agricultural development that are sustainable, give farmers choices, promote rather than confuse private sector actors, and have an exit strategy for donors like DFID.**

**Answer:**

The Renewable Natural Resources and Agriculture team will cover these issues.

**Department for International Development**

**8 January 2004**