



House of Commons  
International Development  
Committee

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**Aid Under Pressure:  
Support for  
Development  
Assistance in a Global  
Economic Downturn:  
Government Response  
to the Committee's  
Fourth Report of  
Session 2008–09**

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**Fourth Special Report of Session  
2008–09**

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## 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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### Committee staff

The staff of the Committee are Carol Oxborough (Clerk), Keith Neary (Second Clerk), Anna Dickson (Committee Specialist), Chlöe Challender (Committee Specialist), Ian Hook (Senior Committee Assistant), Vanessa Hallinan (Committee Assistant), John Kittle (Committee Support Assistant) and Alex Paterson (Media Officer).

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## Fourth Special Report

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On 2 June 2009 the International Development Committee published its Fourth Report of Session 2008-09, *Aid Under Pressure: Support for Development Assistance in a Global Economic Downturn*, HC 179-I. On 9 October 2009 we received the Government's Response to the Report. It is reproduced as an Appendix to this Special Report.

In the Government Response, the Committee's conclusions and recommendations are in bold text. The Government's response is in plain text.

## Appendix: Government response

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The Government welcomes the International Development Committee's report and is grateful for their timely consideration of this critical issue. We are pleased the report appreciates the UK's work to protect the poor against the impact of the downturn and welcome continued support in this crucial area. The report provides clear and useful recommendations on moving forward.

### Impact of the downturn on developing countries

**[Paragraph 23] The rapidly changing nature of the economic crisis makes it essential that DFID is able to respond quickly and flexibly to the different impacts on partner countries. To do this, it needs reliable and frequently updated information. We are impressed by steps DFID has taken to date to analyse the impact on developing countries and its recent efforts to ensure research findings are communicated to policy-makers through the creation of the Global Poverty Alert System. However, the first findings from the new Alert System are not expected to be available until September. Given the real and serious effects that the downturn is having on the poorest people in the world, we would expect DFID to take this initiative forward with greater urgency. We recommend that the Department works with the UN to ensure that the benefits of this new system are available to inform high level political decision-making within the next few months. We also request the Department to provide further details, in its response to this Report, on how the Alert System is operating in practice, how it will influence policy and the extent to which DFID is able to respond quickly and flexibly to increased pressure.**

DFID is grateful for the committee's recognition of the steps taken to analyse the impact on developing countries and have put steps in place to ensure this agenda is taken forward with high priority. DFID agrees with the recommendation and has been working closely with the UN since January 2009 to support development of the new alert system that is able to provide timely indications of how exogenous shocks are affecting the welfare of the most marginalised populations and countries. The Global Impact and Vulnerability Alert System (GIVAS) is being led by the Deputy Secretary General's office and was launched by the UN Secretary General on 23rd September. DFID has provided £1 million for technical assistance and will continue support and monitor GIVAS.

The first GIVAS report was presented to the UN General Assembly comprising a summary analysis of broad trends in how the lives of poor and vulnerable populations are being affected by the global financial crisis. Key findings of the first GIVAS report include:

- The global economic crisis is only now starting for hundreds of millions of people around the globe;
- The near poor, who have just climbed out of poverty, are sliding back into poverty;
- Existing social protection programmes may prove insufficient; there is pressure on social sector budgets.

It is intended that feedback, and additional dedicated research commissioned by GIVAS, will help shape the way that future reports can directly support national policy-makers and international actions.

The GIVAS consists of a Data Platform and will produce a series of Global Alert products, such as 'situation reports', 'buzzer alerts' and 'eye witness reports'. The data platform brings together lower and higher frequency (real time), quantitative and qualitative data. The GIVAS team is coordinating a network of analysts from collaborating UN agencies.

DFID continues to maintain momentum behind the international response to the global financial downturn and has led the way to keep the spotlight on development. We have established the Poverty Response Team within the Policy and Research Division to focus on our commitment to protect the poorest people in the current economic downturn. The team will work to strengthen and disseminate tools and evidence on social protection to partner governments, develop further research, support international policy coherence and work to maintain political momentum. DFID will be spending approximately £150 million bilaterally each financial year for the next two years on social protection.

## Responding to the crisis

**[Paragraph 33] We commend DFID's focus on funding social protection programmes which have been shown to play a vital role in protecting the poorest people in the poorest countries from the worst effects of economic crises. However, DFID must work closely with partner governments to ensure coverage of these programmes is sufficient to reach those with the greatest need.**

DFID agrees and is fully committed to working closely with partner governments to ensure their decisions for protecting the poorest people through social assistance are evidence based and appropriately targeted. We are currently supporting 50 million people in over 20 countries through social protection and safety nets.

For example during the last year DFID has provided US\$2.5 million through the World Bank to support the Benazir Income Support Programme in Pakistan. The programme provides direct monthly income support to approximately 3.2 million vulnerable families, in response to food price inflation. DFID Pakistan funds are being used to provide strategic technical support to improve targeting and distribution mechanisms. DFID also works closely with partner governments in Kenya, Ghana, and Mozambique to ensure that large-

scale social protection programmes reach the most vulnerable, particularly orphans and vulnerable children.

In the last 6 months we have expanded our support to capacity building for design and implementation, including south-south learning on social protection. Our priorities have been to widen engagement of regional institutions, especially in Africa and ASEAN countries, and increase availability of technical and policy advice in response to demand. DFID is supporting Government of Brazil experts to provide technical assistance to Kenya, Ghana, Mozambique and Angola, to build central registries of recipients, and strengthen monitoring and evaluation systems.

We are actively engaged with the World Bank to ensure that our commitment of £200 million—approved by the Secretary of State in March 2009 to help the World Bank scale up social protection programmes—is used effectively. We have already provided the Bank with an additional £2 million of grant technical assistance to support the design of new social protection programmes and to help capture and share lessons and good practice that have potential for application in other IDA [World Bank International Development Association] settings.

As a result of our £200 million commitment, we are seeing a strong response from the World Bank which is now fast tracking and front loading support to social protection. We have seen a three-fold increase in lending to social protection from approximately \$1.5 billion per annum (2006-2008) to \$4.5 billion in 2009. Those countries which have benefited include Afghanistan, Ghana, India, Kenya, Pakistan and Rwanda. The DFID offices in these Public Service Agreement countries are monitoring this scaling up.

**[Paragraph 37] Donor investment in infrastructure not only provides developing countries with a source of employment but will also enable them to emerge from this recession with a stronger economy. We welcome DFID’s decision to provide significant funds for infrastructure projects as part of its response to the downturn. The scale of the North-South Corridor project in Africa gives it huge potential to boost trade and economic development in the continent. We request the Department, in its response to this Report, to provide an update on progress with the project.**

DFID welcomes the focus in the report on infrastructure investment, highlighting the development benefits that can be realised in the long term and in the current economic crisis through the creation of more jobs. The Department’s new White Paper —‘Building our Common Future’—similarly highlights the value of infrastructure investment, especially in a regional context to help accelerate the integration of Africa’s small and fragmented economies. The UK will spend £1 billion over four years on regional transport and energy infrastructure.

The Department has now approved a £100 million programme, the new TradeMark Southern Africa. This will facilitate trade and promote regional integration across east and southern Africa. Institutional arrangements are currently being put in place through the Regional Economic Communities and the Development Bank of Southern Africa to implement North-South Corridor projects. These include:

- Measures for leveraging the \$1.2 billion committed at the North-South Corridor Conference;

- Joint public / private road and rail projects. These projects include elaborating measures with national roads authorities for maintaining roads along the North-South Corridor for a 20-year period.

In addition the North-South Corridor Aid-for-Trade pilot programme<sup>1</sup> was presented at the World Trade Organisation's July 2009 global review meeting in Geneva. Here it was showcased as an example for implementing Aid-for-Trade initiatives.

**[Paragraph 40] We fully support DFID's decision to fund the Global Trade Liquidity Programme. Ensuring the availability of trade finance is an important part of supporting small and medium sized businesses in poor countries and thereby sustaining economic development. It is vital that the aim for the Programme to be operational in May is achieved. We request that DFID, in its response to this Report, provides us with an update on the amount of funding which has been disbursed, and to which countries.**

DFID welcomes the support for the Trade Liquidity Programme. The first phase of the Global Trade Liquidity Programme was launched in Geneva on 6th July 2009. The UK was amongst the first set of donors to meet their London Summit commitments, contributing £245 million (£200 million from DFID and £45 million from CDC Group). The IFC [International Finance Corporation, part of the World Bank Group] have begun to disburse funding through the Utilisation Banks (DFID funding is likely to be released in the next couple of weeks). The IFC will monitor country utilisation rates of the programme on a quarterly basis.

The UK contribution will provide trade finance for up to £1.2 billion worth of trade, specifically targeted at developing countries, over the next 2 years.

The GTLP has been set up to specifically address the shortage of trade finance in developing countries and emerging markets. This means that Low and Middle Countries (LICs and MICs) will be the sole beneficiaries of the programme. In the first phase of the programme, it is estimated that somewhere between 35-40% of GTLP funds will go to Africa.

Since its launch on 6th July 2009 IFC have been working to match donors funding with partner banks and to finalise the first 9 facilities under phase one of the programme. Disbursements for the first four committed facilities have now begun and trade finance is starting to flow to developing countries. It is too early to monitor the specific beneficiaries of the programme and this will very much depend on the demand and utilization however the first phase due to the partners that are participating in the programme is expected to have a strong Africa focus. The IFC will publish their first monitoring report towards the end of the year.

The UK is taking every opportunity to encourage other G20 members to contribute to the programme, DFID's White Paper pledged support to the programme and DFID will continue to monitor its progress and impact going forward, including disbursements to developing countries and small and medium sized businesses.

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<sup>1</sup> DFID is implementing this project jointly with the Tripartite of three regional economic communities – COMESA, EAC, and SADC

### Contributions to Date

Country	Amount
<i>G20 members</i>	
UK	\$330 million (£200 million) – DFID \$75 million (£45 million) – CDC
Canada	\$200 million
Dutch	\$50 million
Saudi Arabia	\$300 million
Japan	\$1.5 billion
G20 TOTAL	\$2.46 billion
<i>Non-G20 Contributions</i>	
African Development Bank	\$500 million
IFC	\$1 billion
TOTAL ALL	\$3.96 billion

### Outcomes of the G20 Summit

**[Paragraph 43] The funding commitments made at the G20 London Summit are very welcome. However, uncertainty and lack of clarity remain on the detail of how the pledges will be delivered. We recommend that the UK Government maintain pressure on G20 partners to honour their commitments and on the international financial institutions to ensure that the benefits of these commitments are felt by poor countries at the earliest opportunity.**

The Government agrees it is crucial that the G20 London Summit pledges are honoured. Consequently the Government has played a lead role in maintaining pressure on G20 members and the International Financial Institutions to ensure that the London Summit financing commitments to the poorest countries are delivered. G20 members pledged at the London Summit to “provide \$50 billion to support social protection, boost trade and safeguard development in low income countries”. There has already been considerable progress:

- The IMF has now met its commitment to double access rights for Low Income Countries, resulting in \$4bn in finance. Countries such as Tanzania, Kenya and Mozambique are already benefiting from the increased finance.
- The IMF has delivered new Special Drawing Rights (SDRs) allocations which provides \$21bn to LICs. The UK is leading the agenda to explore how the increased SDR allocations can be used to make even more finance available to LICs.
- The IFC has so far raised \$2.5bn for the Global Trade Liquidity Programme against the \$3-4bn G20 target. This includes a £245 million contribution from the UK (DFID and CDC). We are continuing to push G20 members to ensure that the target is reached.
- The additional \$6bn financing from the World Bank and other development banks for the private sector in the poorest countries is also available now.

We will continue to place pressure on the IFIs to ensure that all financing commitment to the poorest countries are rapidly delivered.

**[Paragraph 50] We agree with the Secretary of State that it was in everyone's interest for the IMF to be recapitalised. But this, in itself, is not enough to support developing countries through the downturn. The UK needs to continue to engage with the IMF to ensure that this additional money is rapidly made available to poor countries which need it. Increasing access limits is an important first step. DFID must also ensure that the conditions attached to IMF loans are reduced and that they are consistent with the aim of reducing poverty and promoting growth in the world's poorest countries. The sale of IMF gold reserves seems a sensible way to increase the concessionality of the rate at which IMF loans are made. We request that DFID, in response to this Report, provides us with more details on progress with the sale.**

The Government agrees that the conditions attached to IMF loans must be reduced and consistent with poverty reduction and DFID is working actively to ensure this. To enable this, the Government and UK NGOs led the way in calling for wholesale reform of the IMF's approach to conditionality. In March the IMF agreed major reforms to its conditionality policy, which applies to its programmes in all countries. Structural policy measures are no longer used as binding conditions, instead they will only be used as benchmarks to monitor progress. So the IMF no longer bases its programme financing decisions on countries' policies such as approaches to privatisation and capital market liberalisation. In addition to the ending of binding structural conditionality, the IMF has demonstrated flexibility on other issues, such as appropriate levels of fiscal deficits for countries. For example 80% of its programmes now support poor countries with higher deficits—an average of 2% of GDP higher—to enable them to manage the effects of the crisis.

The priority for the IMF's help to poor countries during the crisis is to provide rapid, substantial, flexible and additional concessional finance. In the year since the onset of the crisis last September the IMF has committed new finance of \$3.4 billion to 26 poor countries through the reformed Exogenous Shocks Facility and the Poverty Reduction and Growth Facility. This is nearly six times the average annual level of IMF lending to poor countries in the three years before the crisis.

At this year's IMF Spring Meetings the Chancellor announced that a temporary reduction in interest rates to zero for concessional lending to low-income countries (LICs) had been agreed. This will apply until December 2011, after which rates will be reviewed every two years. There have been a number of Board discussions on how the IMF should take forward the G20 commitments, including gold sales. Proposals discussed by the Board enable the IMF to provide an additional \$10 billion in concessional resources to the poorest countries as we had sought. A new financing package for LICs has been agreed. This will provide capacity to deliver \$17 billion in concessional finance to LICs over 2009-2014, including \$8 billion in 2009 and 2010. This package incorporates the effects of doubling access and extra capacity from gold sales in line with the G20 call. It compares with average finance to LICs of \$1 billion per year over 2000-2008. So it provides more than \$10 billion additional finance for LICs over six years, with \$6 billion additional in two years. We are pleased with this, which represents a significant boost to the Fund's capacity.

The resourcing for this draws on finance from a number of sources, including from the proceeds of gold sales. The Board has recently approved the sale of up to 403.3 metric tonnes, about one-eighth of the Fund's total gold holdings. The Fund will ensure the sales are conducted under sufficient safeguards to avoid disruption of the gold market. More information about the modalities of the planned gold sales can be found on the IMF's website.

**[Paragraph 53] We agree that the multilateral development banks, and particularly the World Bank, should make the most effective use of the funds they already have on their balance sheets to maximise poverty reduction outcomes. At a time when other donors are having to take hard decisions on spending, it is clearly welcome that the Banks can increase their lending by \$100 billion. DFID has pressed for this and we are pleased that it has won the argument. It should now maintain its engagement with the Banks to ensure funds are disbursed rapidly to poor countries most affected by the downturn.**

DFID welcomes the support for increased spending by the multilateral development banks at this time and will continue to engage actively with the banks to ensure rapid responses for poor countries. At the London Summit G20 Leaders agreed to support an increase in lending of at least \$100 billion by the Multilateral Development Banks (MDBs). MDB management and shareholders in each institution have looked at a range of options to increase lending volumes and effectiveness of their crisis response. Recent reports to the G20 suggest that the MDBs will exceed the target with additional commitments for crisis response of over \$115 billion. The MDBs have made positive moves such as allowing countries to draw down a greater proportion of future assistance (frontloading) and fast-tracking new commitments through to approval.

DFID's White Paper commits the UK to maintaining pressure on the MDBs and we continue to press the importance of MDB resources being delivered quickly. This may mean agreeing more budget support, as this is fast-disbursing and helps Governments to deliver on their current spending plans. We welcome the moves at the African Development Bank to lift the cap on the proportion of resources provided in this way, and press other banks to do likewise.

The Government also continues to emphasise the critical importance of ensuring that each bank makes the best possible use of their existing resources, and welcome the on-going discussions between management and shareholders on this issue. At the same time, discussions have begun in several banks on whether there is a need to increase their capital, in line with the G20 commitment in London to ensure that the MDBs are adequately financed. The UK will continue to engage with MDBs to take this agenda forward.

**[Paragraph 57] We are glad that the World Bank is becoming a more agile institution which can respond more rapidly to the needs of developing countries. However, much progress remains to be made by the international financial institutions (IFIs) to ensure that the gap between approving funds and disbursing them is as short as possible. DFID has played a leading role to date in pushing for these changes and it is the largest contributor to the World Bank's International Development Association. It is entitled to continue to press the IFIs to improve their performance in this regard.**

The Government agrees with this recommendation and the belief that progress is being made. The Government works closely with all the IFIs and has clear demands on their reform agenda. As a result clear progress is being made: the World Bank responded rapidly to the food crisis, committing over \$1.2 billion in over 30 countries under the most accelerated procedures in the World Bank's history. Some projects were approved in as little as five days. As part of their response to the financial crisis, the World Bank set up the IDA fast track facility; 10 countries (Armenia, Democratic Republic of Congo, Central African Republic, Vietnam, Mongolia, Burkina Faso, Senegal, Ghana, Nigeria and Sao Tome and Principe) have benefited from new resources being agreed under faster procedures. In around 20 countries IDA assistance has been frontloaded at the request of the Government.

Elsewhere, there have been some significant efforts by the MDBs to increase disbursement rates. For example the African Development Bank (AfDB) disbursements in the first quarter of 2009 were four times higher than in the first quarter of 2008 (albeit from a low base) and the International Bank for Reconstruction and Development (IBRD) disbursements in 2009 were 76% higher than in 2008. But we recognise the central importance of resources being delivered quickly, and in our engagement with the MDBs, we continually emphasise the necessity of sustained and increased effort on this issue.

The Government believes that the MDBs should reform their procedures and approaches to speed up the design, approval and implementation of new programmes more broadly—not just in response to crises. In our recent White Paper we committed ourselves to pressing for changes at the World Bank that will reduce the average time to design and approve a new project to 12 months.

**[Paragraph 65] If developing countries are going to be properly represented in decisions on how the global community responds to the current economic crisis, reform of the international financial institutions (IFIs) needs to take place without further delay. The UK Government clearly understands the need for reform and we accept that it is not prepared simply to “write a cheque and walk away”. But the timescale set out at the London summit, with no new reforms to be agreed, let alone implemented, until next year at the earliest, fails to respond to the urgent need. We reiterate our view that DFID, as one of the highest donors to the World Bank, must continue to use its leverage at every opportunity to press for swifter reform of the IFIs, particularly in relation to the representation of developing countries on the World Bank board.**

The Government agrees reform of the IFIs needs to be moved along with the greatest of urgency and will continue to use all instruments available to push this agenda forward. DFID's recent White Paper puts firm pressure on IFIs to improve governance, accountability and performance. Some progress has been made in the past 12 months on voting and governance reform in the World Bank. At the 2008 Annual Meetings, a first phase of governance and voice reform was agreed. This saw a doubling of basic votes (which mainly benefits poor countries), a third seat for Sub-Saharan Africa and language on Presidential selection. A second phase, to rebalance the voting weight of high, middle and low income countries was agreed, with a timetable running to 2011. At the G20 Pittsburgh summit, leaders stressed the importance of adopting a dynamic formula at the World Bank which primarily reflects countries' evolving economic weight and the World

Bank's development mission, and agreed to an increase of at least 3% of voting power for developing and transition countries, to the benefit of under-represented countries. We will use the Annual Meetings in Istanbul to move discussions forward.

The Government pressed for a faster timetable for voting reform at the London Summit, and we were pleased that Bank Governors endorsed the proposal at the World Bank Spring Meetings. This acceleration brings forward the next phase of reform by a year. Work is well underway, and Governors will review and discuss issues related to voice and representation at the Annual Meetings in October. We continue to emphasise the importance of this discussion focusing broadly on how to improve the voice of the poorest countries; this will require more than voting reform. However reaching agreement by Spring 2010 is an ambitious timetable given the complexity of issues and even the number of stakeholders involved.

**[Paragraph 69] We welcome the creation of the World Bank's Vulnerability Fund—developing countries need large and dedicated sums to support them through the downturn. We do, however, agree with the Secretary of State that setting a target of dedicating 0.7% of stimulus packages to this new Fund could cause confusion and undermine international resolve to achieve the long-standing and much more ambitious commitment to allocate 0.7% of Gross National Income to official development assistance by 2015. Nevertheless, we believe that the premise which underlies the World Bank President's proposal is valid: if rich countries can find substantial sums to boost their own economies, they should recognise the pressing need in poor countries and identify dedicated sums, additional to existing pledges, to assist them. We invite the Secretary of State, in response to this Report, to indicate how the UK is responding to the World Bank President's proposal.**

The Government agrees that there is a pressing need for poor countries at this time and consequently despite a tightening fiscal climate in the 2009 budget the UK re-affirmed its commitment to ODA [Official Development Assistance] levels to 2010/11 made at CSR [Comprehensive Spending Review] in 2007. We are also keeping under review the case for accelerated support as a result of the downturn through our bilateral country programmes. We have already front-loaded some funds to a number of countries in sub-Saharan Africa and will do so more widely if this is needed and we can make a difference. We also continue to place growth at the heart of our approach to sustained poverty reduction. Over the next three years we will ensure at least £1 billion a year in support to growth and trade in developing countries to generate incomes and jobs.

We continue to have concerns about the World Bank President's proposal and prefer to continue to advocate for significant additional resources for the IMF to support poor countries. DFID's White Paper does however commit the UK to considering a long term crisis response facility with the World Bank to deal with shocks. Our leadership of the G20 summit also agreed \$250 billion on trade credit through credit agencies and the multilateral development banks to ensure trade is not affected by fears of non-payment for exports and imports.

## Donor support for development

**[Paragraph 72] We welcome the UK Government's clear determination to fulfil its pledge to allocate 0.7% of Gross National Income to Official Development Assistance by 2013. The increase in DFID's funding of nearly £1 billion in the next financial year, confirmed in the 2009 Budget, is a significant step towards achieving this goal and sends an important message to other donors and to partner countries about the UK's commitment to international development.**

The Government agrees it is important to send a clear message to other donors and partner countries that the UK is committed to achieving the 0.7% target. To this end the Government plans to pass legislation that will commit the UK to allocating 0.7% of GNI to ODA. The commitment to 0.7% ODA/GNI was also restated in the recent White Paper, 'Eliminating World Poverty: Building our Common Future' and we will use our position in the G8, Europe and the UN to continue to press other countries to deliver their promises on financing and to accelerate progress towards the MDGs [Millennium Development Goals]. We will push for a mechanism in the G8 through which countries report on what they have delivered and in the EU we will support reporting by the European Commission on progress by member states.

**[Paragraph 79] We accept that currency fluctuations are a normal occurrence with which all development agencies have to deal. However, the movements in sterling in recent months have been the most extreme in many years and this is bound to have an impact on DFID's spending power. We request that DFID, in its response to this Report, provides us with an update on how its budget for the current financial year has been adjusted to cope with this challenge. We would also be grateful to know the outcome of its deliberations on the Treasury's proposal to allow Departments to ensure the predictability of foreign exchange commitments by entering into hedging transactions.**

Movements in sterling have continued in the months since the IDC report was concluded. The value of sterling was significantly higher in the first part of this financial year than in the last part of last financial year, although still below levels at the time when DFID's three year spending plans were finalised in early 2008.

Most of DFID's allocations and commitments are denominated in sterling. DFID does not generally adjust these allocations or commitments in response to exchange rate movements – either to increase aid when sterling depreciates or to reduce aid when sterling appreciates. DFID's programme allocations to many recipients are however rising this year as DFID's overall programme rises.

The extent to which the value of UK aid to a country is affected by exchange rate movements depends on the use to which the aid is put, the currency in which goods and services are purchased and the price of those goods and services. Where aid is used to procure goods and services in sterling, the value of UK aid to the recipient will remain constant. Aid may also be used to procure goods and services in the recipient's own currency, or in other regional currencies, against which the value of sterling may not have moved to the same extent as it has against the dollar and the euro. Prices of key commodities also impact on the overall value of developing country government resources.

The fall in prices of oil, food and other commodities as the international economy adjusts to the economic downturn will partly offset the reduced value of sterling aid.

The UK share of EC aid programmes is denominated in euro. The additional sterling costs of meeting EU payments this year will reduce the Departmental Unallocated Provision which would otherwise have been available for other purposes.

DFID's overseas offices also meet local expenses in local currency, and are meeting the additional costs arising from the changing value of sterling through additional efficiency savings and by drawing resources from our administration contingency reserve.

DFID has not yet reached any decision to enter into hedging transactions. We recognise the additional stability in budget planning that a firm contract price to buy or sell currencies would provide. However the overall management and transaction costs need to be considered against the risk of adverse price movements in the currency to ensure overall value for money.

**[Paragraph 82] Whilst we accept the need for the UK Government to reduce public expenditure, the announcement of further departmental efficiency savings reinforces our concerns about DFID's ability to meet its objectives of poverty reduction in the world's poorest countries. As we have pointed out, DFID is unusual in being a Department with an increasing budget and a reducing headcount. The countries in which it now operates are increasingly more fragile ones and therefore likely to be more labour-intensive. We reiterate that it would be regrettable if "efficiency" measures actually made the Department less effective. We shall return to this subject in our inquiry later this year into the DFID Annual Report 2009.**

DFID agrees that ensuring the Department remains effective is vital. However DFID has a good track record in meeting the challenges of a rising budget with falling administration costs and has continued to perform strongly in Whitehall and in international organisational effectiveness benchmarking exercises. The performance of our portfolio of programmes has improved despite the challenge of managing a rising budget alongside decreasing staffing and the shift into fragile states. DFID's Portfolio Quality Index has increased from 71% in 2006/07 to 73% in 2008/09—this score is a measure of how successful programmes of £1 million or more have been in meeting their original objectives. We will achieve the £155 million of efficiency savings in 2010/11 while still delivering international promises and protecting front-line delivery.

We have a clear strategy to address the new set of challenges through the Department's organisational change agenda, 'Making it Happen', and the new White Paper sets out a clear commitment to prioritise and focus Government's efforts where we can have most impact. We are driving forward change and prioritisation in a number of key areas:

- Making it Happen is building a DFID that is effective and resilient to the future challenges, focusing on more effective use of our money and people to get better development results;
- Our 'Money' agenda is helping us achieve greater value for money from our administration costs. This includes a reduction in corporate services staff by

investing in e-enabled systems, co-location and shared services with FCO, and collaborative procurement in travel and IT;

- Our 'People' agenda is helping us manage the headcount reductions by getting more from our people through stronger performance management, better strategic work force planning, a more flexible postings system, and more working with others in HM Government and beyond;
- DFID has made tough resource allocation choices. As a result 90% of our bilateral expenditure is now in 23 countries. More expenditure through effective multilaterals allows us to expand our reach while utilising a lower proportion of staffing;
- DFID is managing the greater challenges of fragile states by putting a higher proportion of our staff into these country offices, by adapting our business models, and has undertaken a workforce review for staffing in these environments;
- We are currently developing our response to HM Treasury's Operational Efficiency Programme. This includes exploring savings through business process re-engineering and the costs of our UK estates.

**[Paragraph 85] We note that the OECD's projections of aid expenditure by Development Assistance Committee countries continue to show an upward trend. We are, however, concerned that these may be over-optimistic and do not provide a true reflection of countries' intentions. We are alarmed by Italy's decision to make a substantial reduction in its ODA budget, particularly in the context of Italy holding the G8 presidency. Its actions could send out the wrong signals about donors' intentions and cause development assistance to drop off the international agenda. We urge the UK Government to make strenuous efforts to ensure that assistance to poor countries remains at the heart of international discussions held during the ongoing economic crisis and thereby build on the achievements which the London summit delivered for developing countries.**

The Government agrees that assistance to poor countries must remain at the heart of international discussions and has made the delivery of ODA targets a key issue for the follow-up. At the G20 meeting in Pittsburgh, leaders reaffirmed their commitment to meet the Millennium Development Goals and ODA pledges, including commitments on Aid for Trade, debt relief, and those made at Gleneagles, especially to sub-Saharan Africa, to 2010 and beyond.

**[Paragraph 90] Whilst the UK Government has indicated that it will honour its commitments to developing countries, despite the onset of the recession, not all countries have done the same. We would encourage DFID to use every opportunity to press donor partners to continue to meet the promises they have made on aid levels, particularly in the context of high-level international meetings.**

The Government agrees it is important to press donor partners to fulfil their commitments and the recent White Paper has committed the UK to do so. We will meet our commitments and use every opportunity to press others to meet theirs. For example we have played a leading role in securing reaffirmations of the EU and G8 ODA

commitments at the G20 London Summit in April, the EU General Affairs and External Relations Council (GAERC) in May, the United Nations Conference on the Financial Crisis in June, and the G8 l'Aquila Summit in July.

**[Paragraph 94] The effects of the economic downturn on donors and recipients could provide the necessary motivation to make more rapid progress on aid effectiveness. This would produce tangible benefits in the impact that existing aid levels have on poverty reduction as well as helping to maintain public support for development. We agree with the Chairman of the OECD Development Assistance Committee that the time is over for Governments simply “paying lip-service” to the principles of aid effectiveness set out in the Paris Declaration. Although DFID has been a good performer to date in implementing the Paris Declaration principles, there is no room for complacency. We recommend that the Independent Advisory Committee on Development Impact (IACDI) consider including evaluation of DFID’s progress towards meeting its Paris Declaration commitments as part of its future work programme.**

DFID welcomes the focus on pushing forward the true implementation of the Paris Declaration and the need for DFID to be constantly involved in evaluating progress. In line with the principles, DFID’s approach is not to do this on our own from a UK perspective but to participate in the ongoing joint evaluation of the Paris Declaration through the OECD DAC, which has strong ownership from developing countries and provides a cost-effective and partnership oriented way of gathering the evidence. DFID’s involvement in the joint evaluation was discussed and agreed with IACDI and is an important component of the work programme of independent evaluations that DFID’s Evaluation Department are delivering, most of our studies being joint evaluations. Partnership is a key principle in DFID’s newly published evaluation policy.

DFID was one of the major financers and most active participants in Phase One of the evaluation, which focused on how the Declaration was being implemented. This led to a series of reports including a major synthesis report, 8 country case studies, 11 studies of donors and various thematic studies. DFID funded a study on applying the Paris principles in fragile states, a study on statistical capacity building, and a DFID donor case study. The synthesis report was published in time to inform the High Level Forum in Accra and was influential in discussions there. DFID is also a partner and is contributing significant funding to Phase Two which is looking at the impact of the Paris Declaration. This work on Phase Two is currently at the planning and procurement stage and will report next year, but the first major meeting in Auckland was encouraging.

In June this year, the Independent Advisory Committee on Development Impact (IACDI) agreed DFID’s topics for evaluation for the period 2009-2012, including assessment of the relevance, effectiveness and impact of the Paris Declaration commitments. The study will be conducted jointly with many other donors and aid-receiving countries. Information will be gathered in more than 15 developing countries during 2010, and the results, available in 2011, will feed in to the fourth High Level Forum on Aid Effectiveness later that year.

In addition to this major international study, IACDI regularly considers DFID’s progress on aid effectiveness, drawing on information gathered through DFID’s regular corporate performance reporting and its participation in the OECD-DAC’s Paris

Declaration monitoring survey. The latest information confirms that DFID is making good progress towards the Paris targets. We have already met seven of the 10 targets for action by donors, three years ahead of schedule. DFID has also taken steps to ensure that the Paris Declaration principles are fully incorporated into our policies, procedures and strategies.

**[Paragraph 96] We believe that DFID could improve the effectiveness of its development activity if it made greater use of the expertise that exists within local government in the UK. We recommend that DFID explore the possibility of a development partnership with the Local Government Association and other local government organisations. We will examine this issue in more detail in our inquiry into Urbanisation and Poverty.**

DFID agrees that there are significant benefits to be made from partnership with local government organisations. DFID is currently working with the Local Government Association (LGA) and other local government organisations through our support to the Commonwealth Local Government Forum's Good Practice Scheme on local government capacity building projects and also through the Development Awareness Fund. DFID is continuing discussions with the LGA about our future relationship which will be informed by a Product Guide to be produced by LGA and evidence of the impact of LGA interventions in low income countries.

Expertise within local government in the UK will also be used in the Stabilisation Unit that works jointly to DFID, Foreign and Commonwealth Office and Ministry of Defence to help countries emerging from conflict.

**[Paragraph 101] We understand the difficulties which national budget cycles pose for donors in setting indicative timetables for reaching the 0.7% goal for aid allocations by 2015. Agreeing timetables would, however, make it much easier to assess whether pledges were being met. Just as importantly, it would greatly assist partner countries in planning future expenditure by giving them more certainty about the amounts of aid they would receive and when. We believe the European Commission should continue to push member states to set timetables. The UK has a good record on aid predictability and meeting its funding pledges. Ways must now be found to improve on this as part of the overall aim of aid effectiveness, notwithstanding the stated obstacle of the Comprehensive Spending Review cycle. The UK has set a more ambitious target than other donors, aiming to reach 0.7% of GNI by 2013. We therefore recommend that DFID now sets out a clear timetable for how this will be achieved over the next four years which includes annual milestones.**

The Government agrees that milestones can be useful in monitoring progress. The 2009 Budget reaffirmed the original trajectory to 2010/11 set out in the 2007 Comprehensive Spending Review and the Government plans to pass legislation that will commit the UK to allocating 0.7% of GNI to ODA.

The UK remains committed to improved predictability and certainty of aid levels for partner countries in line with the Accra Agenda for Action. Providing information on 3-5 year rolling allocations is already the operational norm in many of our partner countries particularly where we provide budget support. We also continue to use 10-year Development Partnership Arrangements (DPAs)—we currently have DPAs with ten

countries. Under new country planning guidance, DFID Country Offices are required to project likely resources up to a 5-year period for internal planning purposes. So where we publish country plans, we publish indicative resource allocations for the CSR period, and in some cases beyond this.

Internationally we are working to support the EU's MDG (Millennium Development Goal) contract, an instrument that will provide long term (6 years) predictable financing for the MDGs for an eligible set of countries. As part of our commitment to improving transparency the UK is leading on the International Aid Transparency Initiative (IATI). IATI is expected to agree, by end 2009, a list of core information that all donors commit to publishing in an accessible form.

**[Paragraph 105] We believe that it is vital that every pound that countries pledge as Official Development Assistance (ODA) is spent on programmes whose main purpose is poverty reduction. We recommend that the internationally agreed definition of ODA is tightened to reflect this. We will return to the specific issue of the relationship between ODA and funding for climate change adaptation and mitigation in our forthcoming report on Sustainable Development in a Changing Climate.**

The Government agrees that the ODA definition must remain focused upon poverty reduction and continues to use its influence with the Development Assistance Committee to ensure its integrity.

In the recent White Paper we set out how we seek to ensure that additional public finance for climate change is made available above existing ODA commitments. However we must acknowledge that climate change hits poor countries first and hardest. Seventy five percent of the poor are dependent on natural resources for their livelihoods. Poor women and children are particularly at risk. Increasing levels of water scarcity and deforestation mean that women and girls have to walk further to collect water and fuel. So we will also increase our poverty-related expenditure on climate change, recognising that part of the climate financing gap could legitimately come from ODA. But this will be limited to up to 10% of our total ODA spend. We will work towards this limit being agreed internationally so that sufficient development assistance continues to be made available for the Millennium Development Goals' achievement in the poorest countries.

## Trade and taxation

**[Paragraph 112] The developed world, represented at the G20 meeting in London, accepted that a new global agreement on trade could boost the global economy by \$150 billion. A successful outcome to the Doha round of World Trade Organisation negotiations could generate three and a half times as much revenue for poor countries as they receive in aid. Unfortunately, acknowledging these facts does not seem to bring a new world trade agreement any closer. We believe that the rich world should show its commitment to economic growth in developing countries by resisting protectionism, offering access to its markets to poor countries and by finally concluding the pro-development Doha round of WTO negotiations. Failure to do this could negate much of the good work which has been done to assist developing countries to cope with the recession. The UK has taken a strong position in trying to encourage other countries to**

**resolve their differences on trade and should continue to engage the US and the EU on this at every opportunity with a view to making real progress at the G8 meeting in July.**

DFID agrees that it is critical to conclude negotiations on Doha as soon as possible—a Doha deal would lift millions of people around the world out of poverty and boost the global economy. The UK remains committed to securing a successful conclusion to the Doha Development Round as the best way to secure open markets for the benefit of all. A deal would provide completely free access to developed markets for at least 97% of exports from least developed countries. The deal would remove major distortions from global agriculture markets (including reductions of 60% in EU agricultural tariffs) and ambitious reform of the international cotton market, where subsidies and tariffs cost poor farmers in West Africa \$75-\$100 million every year.

Meanwhile, we are continuing to enhance the developing world's access to EU markets through Economic Partnership Agreements. We welcome the recent signing of interim agreements by a number of countries and the political commitment in ACP regions to negotiate full EPAs particularly in West Africa, Eastern and Southern Africa and the East African community.

We agree on the importance of resisting protectionism and have actively supported the work of the WTO, OECD, UNCTAD [UN Conference on Trade and Development] and the IMF in bringing together their monitoring and analytical capability to produce reports on developments in national trade and investment policies. However, as member-driven organisations, these bodies are constrained from frank and open analysis and criticism of measures taken by individual states. We have therefore also supported Global Trade Alert, a network of independent academic researchers which examines protectionist measures and publishes information on these at <http://www.globaltradealert.org/>. These measures have been helpful in providing a counterweight to domestic political pressures for protectionism that governments often face in difficult economic times.

The best defence against protectionism would be progress on and completion of the Doha Development Round. At the G8 summit in L'Aquila leaders of the G8+5, along with Australia, Indonesia and South Korea reaffirmed their commitment "to seek an ambitious and balanced conclusion to the Doha Development Round in 2010, building on the progress already made". Trade Ministers subsequently met in early September in New Delhi to continue discussions on the DDA [Doha Development Agenda]. Key agreements at the meeting included reaffirmation of the need to conclude the Round in 2010; to use the progress made to December 2008 as a basis for further work; and, as a first step, for Senior Official to meet in Geneva. Senior officials met in Geneva in the week beginning 14 September 2009 and drew up a process of engagement for the next 2-3 months. The G20 Summit at Pittsburgh is also expected to discuss trade and we expect it to provide a further signal of political commitment to the Round.

The UK continues to engage at all levels with the US, EU and other WTO members on the importance of fulfilling their commitment and reaching an early agreement on the DDA.

**[Paragraph 120] Developing countries suffer disproportionately from the existence of tax havens which prevent them receiving much-needed tax revenue which they should derive from economic activity within their borders. The ending of tax havens is**

**necessary, not only for reasons of justice but also to promote good governance and robust management of public finances in poor countries. We believe that the consensus reached at the G20 represents an important milestone on the way to reforming and fully implementing international taxation standards. The UK Government deserves credit for ensuring this issue was given appropriate priority at the London summit.**

Momentum now needs to be maintained. The UK has an opportunity to make amends for its previous failure to address this issue by taking urgent steps now to ensure that British Overseas Territories cease to be tax havens. We do not believe that the Prime Minister writing to the territories concerned is sufficient; more direct action must be taken. We request that, in response to this Report, the Department provides us with an update on progress with the FCO's work with Overseas Territories towards their achievement of the OECD's taxation standards.

The Government is grateful for the acknowledgement of progress made and agrees momentum must be sustained. In the White Paper on Building our Common Future, the UK commits to ensure that G20 agreements on standards and sanctions are met, as well as to develop proposals by end 2009 to make it easier for developing countries to benefit from the new co-operative tax environment.

Taxation is, however, a constitutionally devolved competence in Overseas Territories, and is a responsibility of the Territory Government. For constitutional reasons we are unable to impose Tax Information Exchange Agreements (TIEAs) on Territories. Our ability to become involved is therefore limited, but we continue to encourage and assist the Territories to achieve the internationally agreed standard. The Government has extended its entrustment to allow Overseas Territories to negotiate and conclude TIEAs with G20 countries and jurisdictions already on the white list in addition to EU and OECD countries covered under the earlier entrustment. The report notes that the Prime Minister wrote to the Overseas Territories urging them to meet the global standard in tax information exchange. He also said that it will be vital to the interests of the Overseas Territories that they can readily meet the new international standards which may emerge. The UK remains committed to working in partnership with the Territories to try to ensure that they meet the standard as quickly as possible.

The Territories have made significant progress. Bermuda, the British Virgin Islands and the Cayman Islands have already met the standard. Gibraltar has signed nine TIEAs, Turks and Caicos Islands five, and Anguilla four. Montserrat, in receipt of budgetary assistance from DFID, has a very small financial services sector, is working in tandem with HM Revenue and Customs and is close to signing its first agreement, with more to follow shortly. All Territories with a financial services industry are continuing to discuss TIEAs with a number of jurisdictions. They have negotiated and concluded a number of other Agreements, which are either initialled awaiting formal signature or have been sent to the UK for final approval. Territories also have to rely on the completion of internal procedures in the other jurisdiction before formal signing can take place.

As a further indication of the commitment of the Overseas Territories to meet the highest of international standards Bermuda was recently elected vice chair of the OECD's Global

Forum and the Cayman Islands were elected to the steering group charged with reviewing implementation of TIEAs.

## Public support for development

**[Paragraph 128] If DFID is to build public support for development effectively it needs first to establish what people's attitudes are. This requires the collection of information that truly reflects public opinion. We do not believe that DFID's surveys, as they are currently designed, achieve this. They focus on whether people are concerned about poverty, rather than whether they would support increased funding for development, nor do they attempt to assess the relative importance people place on development compared to domestic policy areas such as health and education. We recommend that DFID examines how it assesses the level of public support for development and re-designs its surveys to address the weaknesses we have identified.**

DFID agrees that it is crucial to understand people's attitudes on development, including the relative importance they place upon spending on development versus domestic policies. DFID's White Paper discusses the level of public support for development and notes improved communications is essential to address weaknesses identified. We recently tendered the contract for our annual tracking survey and asked tendering agencies to read the IDC's recommendations and factor them in with their proposals for the next survey.

DFID's annual tracking survey now includes direct questions in relation to priorities. First, respondents are asked to consider the priority which the UK Government gives to support for poor countries at an overall level, ranking it alongside a number of other areas of Government spending such as "the police" and "the NHS". Respondents are then asked to consider the priority which should be given to different overseas issues: for example ranking support to combat global warming/climate change alongside aid in response to a natural disaster or to help reduce population growth. The survey will also ask to what extent the public agree with increased UK Government spending on overseas aid.

**[Paragraph 135] Corruption in the use of aid flows is clearly one of the main concerns the UK public has about development spending. DFID needs to address this issue head on if it is to succeed in allaying taxpayers' concerns. We are not convinced that its current approach is achieving this. We recommend that DFID's Communication Strategy be refocused and redesigned. The aim should be to create a more effective tool for persuading the sceptical sectors of society that their money is not being lost or misspent and that development assistance brings real benefits to the world's poorest people.**

DFID agrees that the appropriate use of funds is a key concern of the British public and is committed to maintaining and building public support for development, especially in the context of the economic downturn. Our research findings show that global poverty is becoming less of a priority for the UK public and there is increasing concern about aid effectiveness and corruption.

DFID's recent White Paper stated our commitment to building support for global development issues in the UK and introduced the UKaid logo. Through application of the new logo to the activities and projects that we fund, we aim to more clearly show where

taxpayers' money is being spent on development. In addition to increased transparency all of DFID's projects will now be available on the DFID website.

Finally, we are currently reviewing how we can strengthen our work to communicate how UK aid works and is effective and will be rolling out this work in the New Year. This will include messages and communication materials which demonstrate how DFID addresses and combats corruption.

**[Paragraph 139] Whilst the policies which DFID pursues should always be those which will have the most impact on poverty reduction, the Department must make every effort to present its work in a way that is accessible and meaningful to the public. This would be assisted by emphasising its desired outcomes in the promotion of its major programmes rather than the sums of money to be spent.**

DFID agrees that it is essential to present our work in an accessible and meaningful way, with emphasis upon impact and outcomes rather than spend. DFID is changing the way it communicates the impact of its work through its 'Making it Happen Agenda'. Within this there is a clear push on results and at its heart, a Results Action Plan. The Action Plan embeds results more firmly in DFID's culture and systems, encourages partner countries to focus on improving their statistical systems and encourages an international system with a clear focus on impact.

DFID is making good progress against its Results Action Plan. For example, an improved logical framework format is helping DFID improve the quality of project design, monitoring and measuring results. A baseline on the quality of logical frameworks and economic appraisals was established in 2008 with improvements being tracked in 2009. DFID has also produced a new and improved evaluation policy. Portfolio quality is improving—the index we use to aggregate performance of all our projects and programmes increased from 72% in 2007/08 to 73% in 2008/09<sup>2</sup>. Countries now also have more robust results frameworks in line with some new country plan guidance which DFID produced for its country operations.

In 2009, DFID's Departmental Report was entirely results focused. Entitled "Better results for poor people" it provided a compact results-focused assessment of our performance. It contained a section on key achievements and used a more accessible and easy-to-read format. See <http://www.dfid.gov.uk/About-DFID/Finance-and-performance/Annual-report/Annual-Report-2009/#contents>

DFID also carries out research to find out the most effective messages and presentation in reaching our UK public audiences and engaging their support. The new logo, UKaid, is a key component in our Departmental communications and we now make information about the projects we fund accessible through a new database on the DFID website.

**[Paragraph 145] We endorse the Secretary of State's view that the UK's development work needs to gain greater resonance in the public consciousness. We, too, want to reach a point where the UK's achievements in meeting its international commitments to developing countries is seen as being part of our national identity. We agree**

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<sup>2</sup> Portfolio quality is an index which assesses the performance of projects of £1million or over in DFID's bilateral portfolio. It assesses the likelihood of whether or not a project will achieve its objectives.

**that increased public awareness of DFID’s work could make a significant contribution to this and that greater visibility for the Department’s activities is a key component of a more effective public relations strategy. We would therefore support a change in the Department’s name to better reflect what it does and that it is funded by UK taxpayers. We are open-minded on what the new title should be but “British Aid” or “DFID UK” seem like reasonable suggestions. The Secretary of State indicated that this matter would be included in DFID’s new White Paper to be published later this year—we look forward to seeing firm proposals for change then.**

DFID appreciates the support to explore new branding avenues. DFID’s recent White Paper stated our commitment to building support for global development issues in the UK and introduced the UKaid logo. Through application of the new logo to the activities and projects that we fund, we aim to more clearly show UK taxpayers where their money is being spent on development.

However, the Department will continue to be called DFID. This is because DFID is well-established and recognised within the development community and consequently we do not want to risk compromising this heritage. However, ‘DFID’ does not effectively communicate what we do to the UK public and therefore UKaid was tested with the UK public. The tests found it to be an effective way of identifying our overseas development work and building understanding of what we do.

We have initially introduced the UKaid logo on DFID activities in the UK, with a period of consultation over its usage with our NGO partners and piloting in some of our country offices. We intend to roll-out its application to all relevant DFID-funded activities by November 2009.

**[Paragraph 150] Time spent in a developing country can clearly be a worthwhile and rewarding experience for the young people involved. However, DFID must ensure that it is using its resources for awareness-raising in a way that achieves the maximum possible impact. It may be that “less glamorous” work in the UK would be a more efficient use of money than funding people to travel abroad. We suggest that the Department uses the opportunity presented by the review of its development awareness work to reassess its Community Linkage initiative and reflect upon whether it is the most effective way to achieve the Department’s aims.**

DFID agrees that it is very important to use its resources for awareness-raising in ways that will achieve the maximum possible impact whilst maintaining value for money. DFID recently commissioned reviews of our awareness raising work over the last decade, and we are supporting further research on this issue.

DFID is grateful for the Committee’s thoughts on the new Community Linking Programme. The programme is at a very early stage of implementation. We have just begun the inception phase and during this phase, a baseline survey of existing community links, and an assessment of their quality and effectiveness will be undertaken. This data will be used to determine what activities should be undertaken during the implementation phase of the programme, including deciding how many links should be set up, and how much of the programme’s resources should be used to improve existing links. A wide range of communities across the UK will link with communities in developing countries.

The aim is to increase UK public understanding of development issues and undertake mutually beneficial activities through providing small grants to communities in the UK. A plan for measuring the impact of the programme on UK public awareness and support for international development is being developed, and appropriate indicators of impact are being identified. DFID will monitor carefully the information provided, in order to ensure that the programme is an efficient use of departmental funds.

The majority of the activities which we finance to raise awareness in the UK are UK-based. For example, DFID's Global Schools Partnership programme (DGSP) supports links between schools in the UK with schools in developing countries. This offers support and guidance to teachers in UK schools, and grants to schools to make the most out of a partnership, both as a learning tool for students and to develop and embed a global dimension within their curriculum. Similarly, other programmes, while having an overseas element still require volunteers to undertake activities when they return and ensure that their learning and experience is shared with their peers and their wider community. An example of this is DFID's Platform2 programme (which funds young people aged 18-25 from less advantaged backgrounds to undertake projects in developing countries).

**[Paragraph 153] DFID needs to build on the work it has done to increase public awareness of development in schools. We recommend that, as part of the review of its building support for development programmes, DFID investigate the possibility of extending its work with young people beyond schools into youth work, and higher and further education.**

DFID appreciates the need to explore all avenues to increase public awareness. DFID's White Paper commits the UK to continue to focus on promoting learning about development through the UK education system, seeking to deepen our collaboration with the education departments and institutions that influence schools and teachers in the UK.

DFID has reviewed its schools education work and wider activities to raise development awareness amongst young people in the UK as part of its recent review of its building support for development programmes. The reports have been published on the DFID website <http://www.dfid.gov.uk/Working-with-DFID/Consultations/Open-consultations/Recommendations-of-Reviews-of-DFIDs-Building-Support-for-Development-Work-in-the-UK/> and have been opened for public consultation. Once the consultation has concluded, DFID officials will consider how to take forward the review recommendations, including on how best to continue to work with young people.