

# A Short Guide to the **Department for International Development**

July 2015



National Audit Office



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**This Short Guide summarises what the Department for International Development (DFID) does, how much it costs, recent and planned changes and what to look out for across its main business areas and services.**

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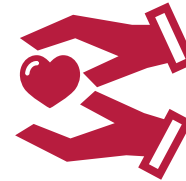
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**£11,462 million**  
**Amount the UK spent on aid in 2013** – also known as Official Development Assistance. DFID spend, £10,063 million, accounted for 88% of this



**£800 million**  
**The amount the UK has committed** to alleviate the crisis in Syria since 2011. These funds provide access to clean water to 1.5 million people and 8.7 million food rations a month



**0.71%**  
**Official Development Assistance spending in 2013** as percentage of the UK's Gross National Income – meeting the Organisation for Economic Cooperation and Development (OECD) target for the first time. DFID was one of only 4 countries to meet this target



**187,300**  
**The Private Infrastructure Development Group (PIDG)** assessment of the number of long term jobs created as a result of projects funded by them. DFID's investment in PIDG between 2012 and 2015 was £700 million



**33%**  
**The percentage increase** in DFID's budget from 2012-13 (£7,862 million) to 2013-14 (£10,439 million)



**28**  
**The number of DFID's** priority countries across Africa, Asia and the Middle East



**2,972**  
**The average number of staff** employed by DFID in 2013-14, an increase of 25% from 2010-11. As at September 2014 over half (53%) are based overseas



**4.9 million**  
**DFID's claim for the number** of girls between the ages of 4 and 15 supported by DFID in primary and lower secondary schools

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### DFID's Objectives and Priorities in 2013-14

The Department for International Development (DFID) leads the UK Government's effort to promote stability and sustainable development and to end extreme poverty and aid dependency through growth and jobs. DFID prioritises its interventions to the poorest countries around the world and works through a range of partners including multilateral institutions, civil society organisations and the private sector. To deliver these objectives it has prioritised 4 themes.

- **Boosting economic development and creating jobs** – stimulating investments and raising incomes.
- **Improving the lives of girls and women** – through education and job creation.
- **Encouraging sustainable economic growth and development** – promoting open societies and government.
- **Responding to humanitarian emergencies** – responding rapidly and decisively.

In addition the UK , along with all 193 UN member states, is committed to meeting 8 Millennium Development Goals, established following the Millennium Summit of the UN in 2000. These goals, each with specific targets, form a blueprint agreed to by all the world's countries and all the world's leading development institutions and have galvanised their efforts in meeting the needs of the world's poorest countries.

The Millennium Goals are:



Global success in achieving these targets is mixed. DFID reports limited progress against goals 1, 6 and 7 and that all the others are behind target.

In September 2015 the UN General Assembly plans to adopt new Sustainable Development Goals.

Key facts

DFID operates with around 3,000 staff in London and East Kilbride and primarily in 28 priority countries and in regional offices in Africa, Asia, the Middle East and the Caribbean. Resources are distributed either directly or through international agencies to achieve objectives and deliver results.

About DFID

DFID's bilateral programme prioritised to support its 28 developing countries, across Africa, Asia and the Middle East, many of which are fragile and conflict-affected states

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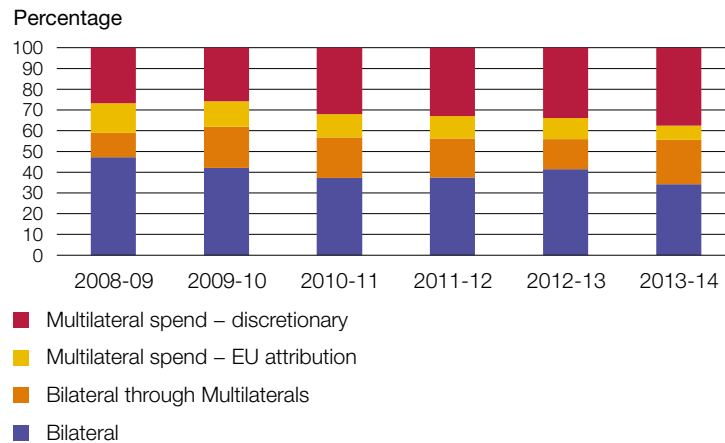
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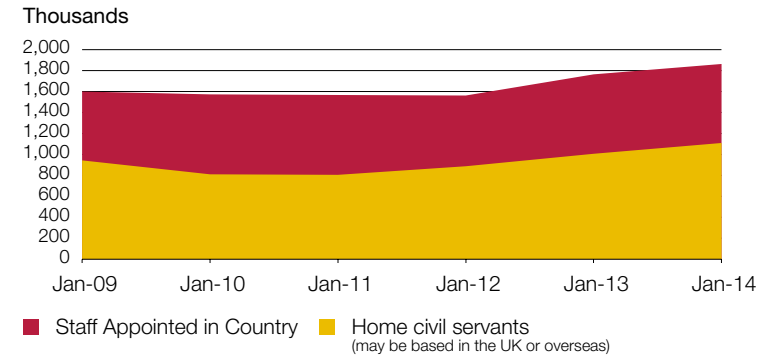


The proportion of aid allocated to multilateral organisations has increased over the past 5 years as bilateral aid has reduced

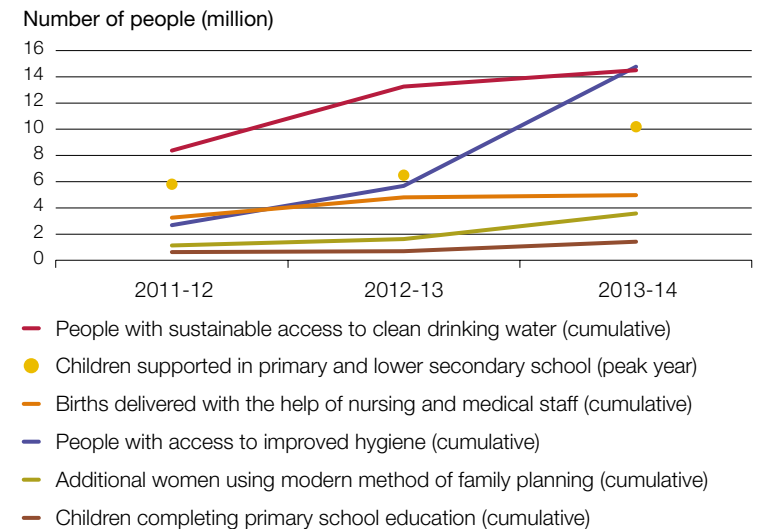


Sources: National Audit Office analysis of the Department for International Development's Annual Report and Accounts 2009-10 to 2013-14; Statistics on International Development, Statistics on UK Gross public Expenditure on International Development

DFID staff numbers have increased over the past 4 years, with more Staff Appointed in Country being used on the frontline



DFID captures information on the results of its programmes



Key facts

In 2013-14 DFID spent £10,103 million, against a budget of £10,439 million. Some £9,918 million was spent on development and aid programmes (98%).

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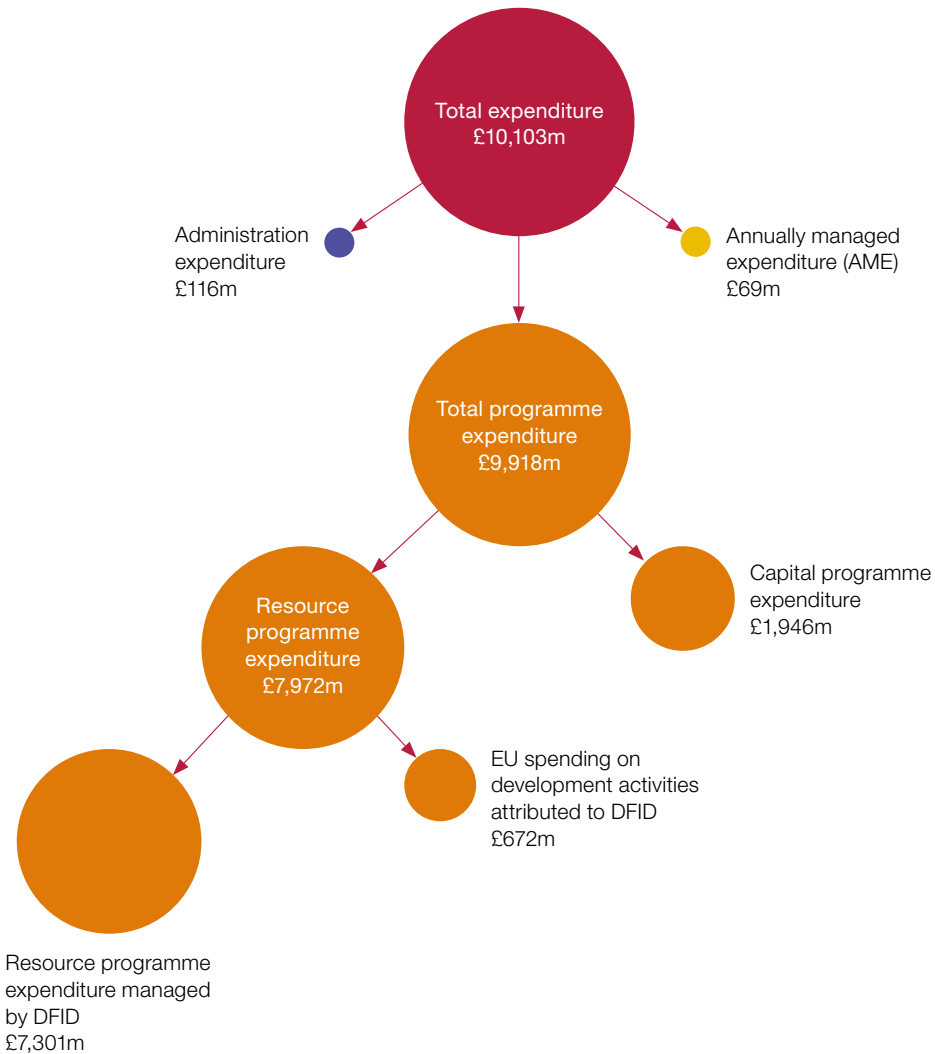
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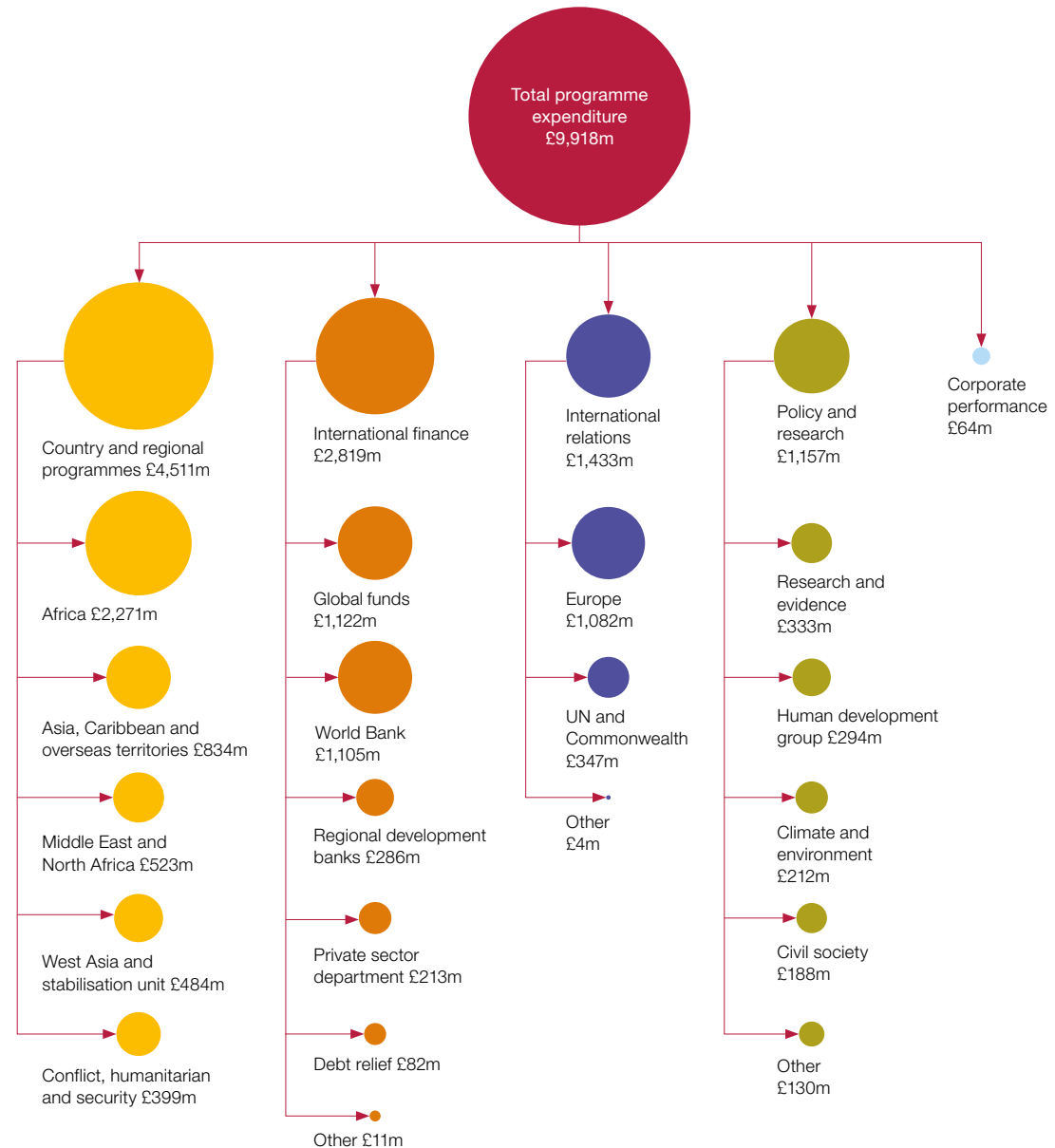
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Source: National Audit Office analysis of the Department for International Development's *Annual Report and Accounts 2013-14*, p. 169

Of the £9.918 million programme spend, 45% was spent by teams managing country and regional programmes. 43% went to international finance and international relations, most as core funding to multilateral organisations.




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Over the course of the last Parliament, DFID was unique amongst central government departments in having its budget increased significantly as part of the government's commitment to meet the target of spending 0.7% of Gross National Income on overseas aid.

DFID managed its increased budget by improving the allocation of funds through a review of the multilateral and bilateral programmes and by increasing the size, and changing the composition, of its workforce.

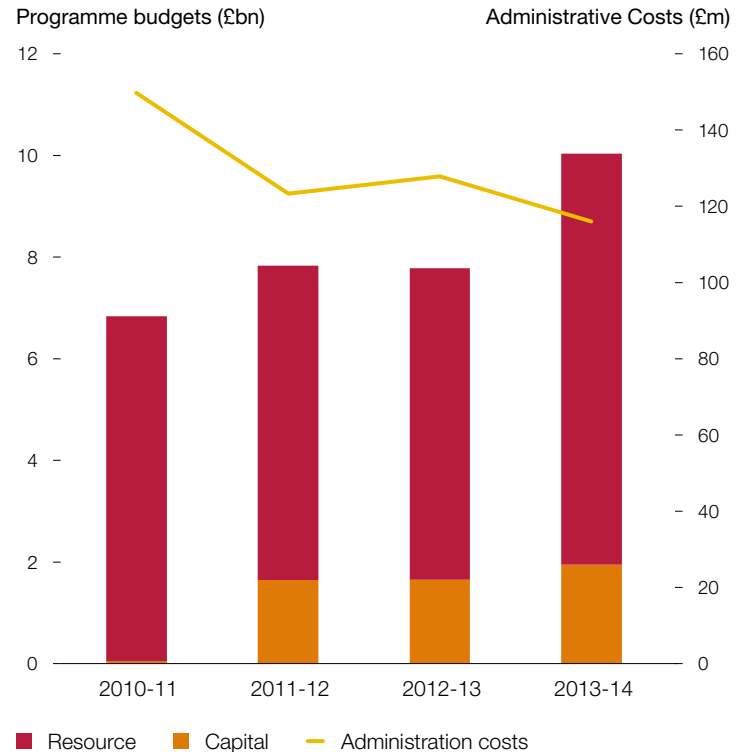
The increase in staff has been on front line staff and on technical experts and specialists.

Revised project design and management process have been introduced to manage the programme.

In meeting its 2013 target DFID funded £1,863 million of new commitments to fund new organisations meeting costs of future activity.

To meet its 2014 targets, DFID will need to maintain appropriate spending which could be difficult to achieve.

This chart shows that DFID's spending on programmes has increased by nearly 50% between 2010-11 to 2013-14 while its administration budget has fallen by 23%.



Source: National Audit Office analysis of the Department for International Development's *Annual Report and Accounts* 2010-11 to 2013-14



## Official Development Assistance target of 0.7% of Gross National Income

### What is it?

Official Development Assistance (ODA) is assistance provided in line with guidance laid down by the Organisation for Economic Co-operation and Development (OECD). The OECD defines ODA as; "those flows to countries and territories on the Development Assistance Committee (DAC) list of ODA Recipients and to multilateral institutions which are:

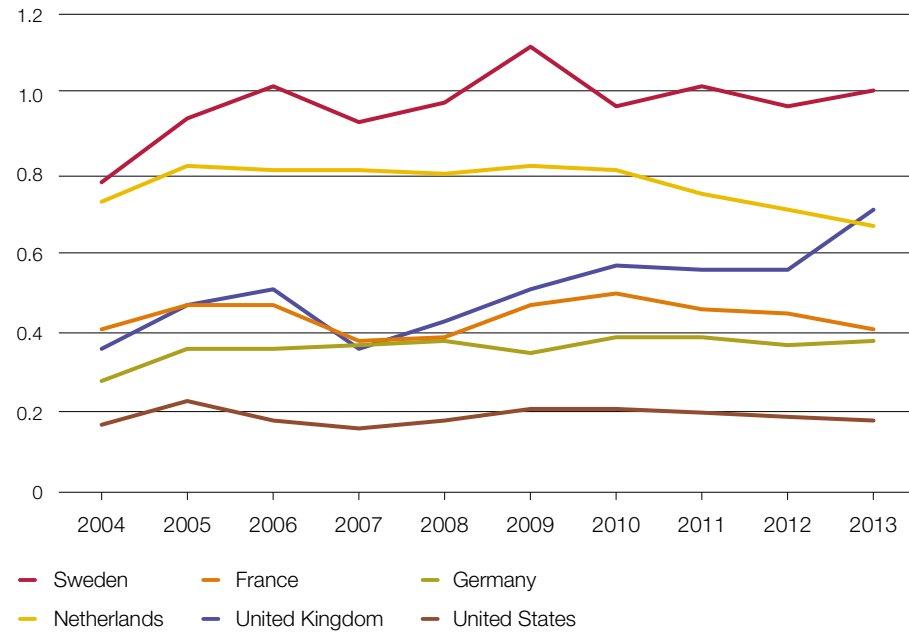
- provided by official agencies, including state and local governments, or by their executive agencies; and
- each transaction of which:
  - is administered with the promotion of the economic development and welfare of developing countries as its main objective; and
  - is concessional in character and conveys a grant element of at least 25% (calculated at a rate of discount of 10%)."

### Why 0.7%?

The Coalition Government made a commitment in 2010 for the UK to spend per annum on ODA an amount equivalent to 0.7% of the Gross National Income of the UK. The basis of the 0.7% figure is UN resolution 2626 (XXV), agreed on 24 October 1970. This was based on the thinking that 0.7% was the required level for support from developed countries to make a meaningful impact on developing countries. The 0.7% goal has been referenced by successive British governments as an ideal but in 2010 the Coalition committed to the 0.7% goal in 2010, with a target date of 2013. In 2015 the International Development (Official Development Assistance Target) Bill enshrined this commitment in law.

How the UK's ODA spend compares

Percentage of Gross National Income



## Official Development Assistance target of 0.7% of Gross National Income

### Achieved in 2013

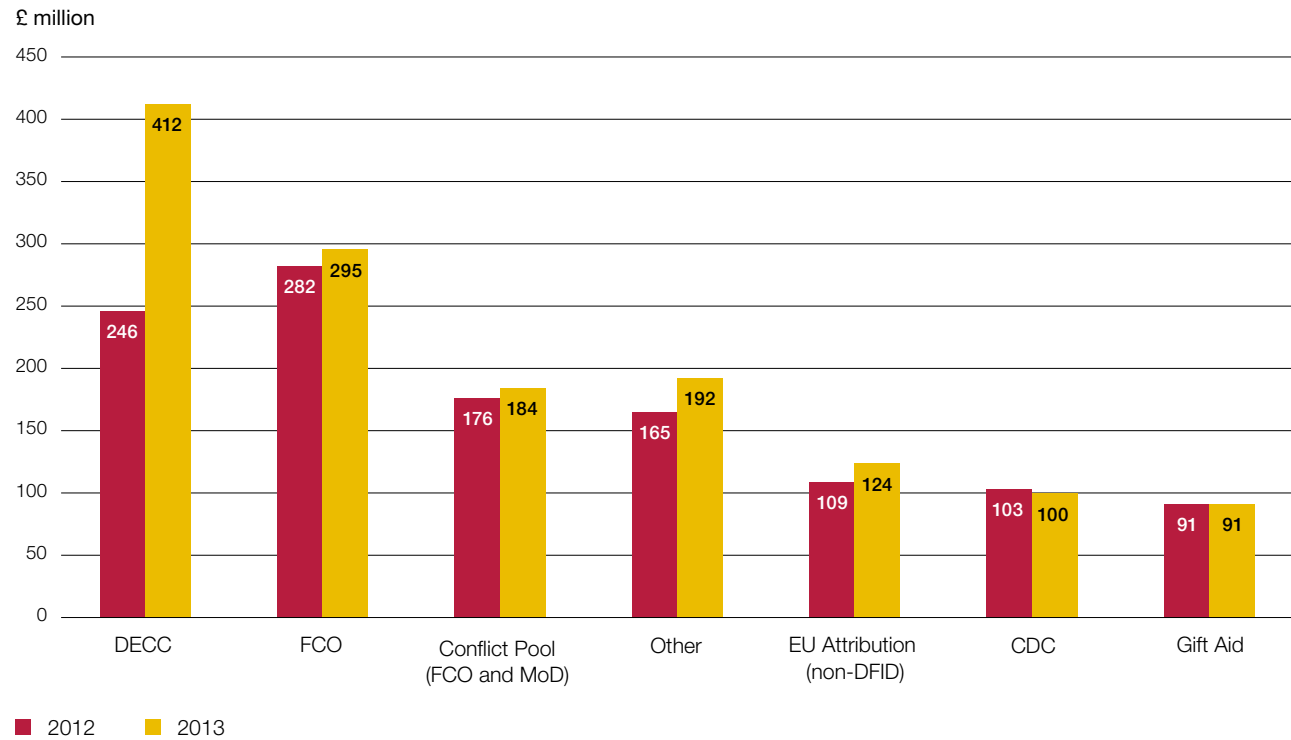
As a result of the commitments of the government in 2010, the DFID budget grew significantly over the period. In 2013, the UK government succeeded in spending £11,462 million on ODA, equivalent to 0.71% of the UK's Gross National Income. While other countries do achieve the 0.7%, the UK is currently the only G7 country to achieve the 0.7% target.

### Who spends the UK ODA?

While in 2013 DFID spent 88% of the ODA budget, a number of other UK government organisations assist DFID in meeting the ODA goal.

### Composition of non-Department ODA

The majority of non-Department ODA in 2012 and 2013 was accounted for by the Department of Energy & Climate Change, Foreign & Commonwealth Office, and the Conflict Pool



### Notes

- 1 Other comprises: Department for Business, Innovation & Skills (£49 million in 2013); Department for Environment, Food & Rural Affairs (£40 million); Home Office (£33 million), Export Credits Guarantee Department (£30 million), Department of Health (£12 million), Scottish Government (£11 million), Department for Work & Pensions (£10 million), Ministry of Defence (£3 million), Colonial Pensions (£2 million), Welsh Government (£1 million); and Department for Culture, Media & Sports (£1 million).
- 2 The Conflict Pool is managed jointly by the Department, the Foreign & Commonwealth Office and the Ministry of Defence. It is the principal mechanism by which the government allocates joint resources in support of its commitments to prevent and tackle conflict through discretionary conflict prevention, stabilisation, and peacekeeping activities. The Department's contribution to the Conflict Pool is not included in the sums above.

Key facts

DFID's workforce is broadly in line with civil service averages in terms of sex, age and ethnicity. It is slightly below average in terms of disability.

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- Gender has remained stable and mirrors the trend for the wider civil service.

Overview of DFID's operations

- The percentage of staff that did not declare is 36%, higher than the civil service average.

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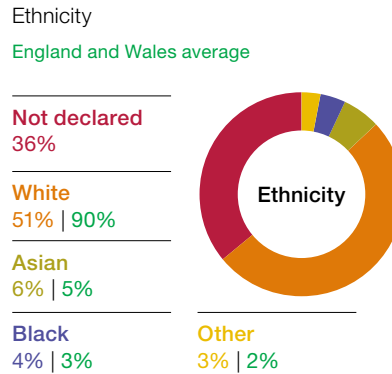
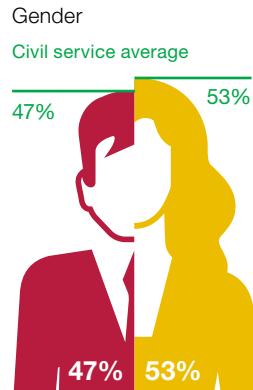
- The proportion of older staff is declining.

Changes in DFID's budget

- The proportion of those declared disabled is lower than civil service averages.

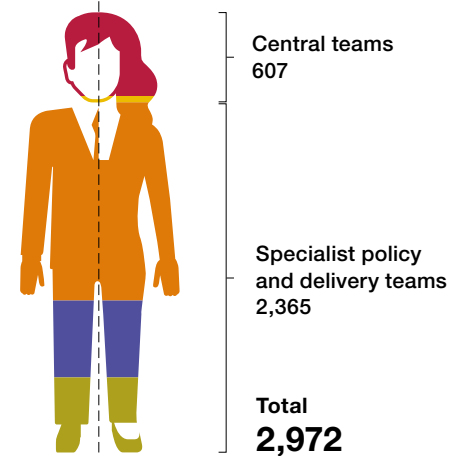
Staff and pay

**Workforce in DFID**



**Distribution of staff across DFID in the 2013-14 period**

- 565**  
Corporate performance group
- 42**  
Top management group
- 1,339**  
Africa, south and east Asia, western hemisphere
- 519**  
Western Asia, Middle East, North Africa, conflict, humanitarian, security, international finance
- 507**  
Policy and international relations



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**Pay median of directors**

Ratio of highest to median remuneration  
Highest remuneration  
Median remuneration

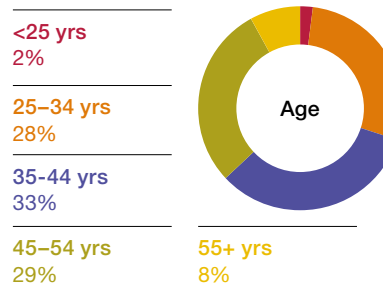


**3.4:1**  
**£180,000**  
**£52,901**

The ratio of the highest paid person in DFID to the median was 3.4 for 2013-14.

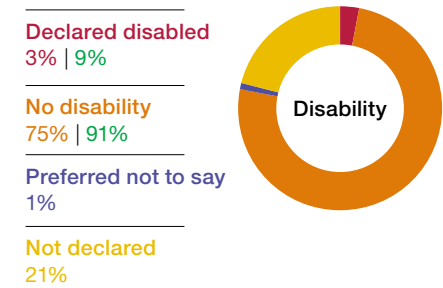
Age

Comparative data not available



Disability status

England and Wales average



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The government has conducted its Civil Service People Survey annually for the past 5 years. The most recent survey was carried out during October 2014.

DFID's results in the 2014 People Survey were all equal to, or in excess of, the averages for the Civil Service as a whole across 9 measures. However, the 2014 figures did show a decline in comparison to previous year's results, notably on the 'Pay and Benefits' and 'Leadership and Managing Change' measures.

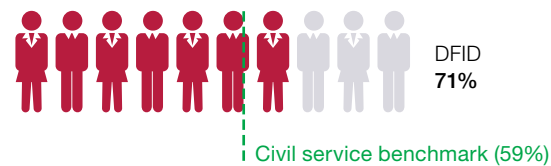
A key measure from the People Survey is the employee engagement index, which measures an employee's emotional response to working for their organisation.

The graphic on the right shows the engagement level for DFID staff is above the civil service average for 2014 by some 12 points. This is a continuing trend for DFID.

**Attitudes of staff in 2014 compared with 2013 – DFID**



**Engagement index 2014**



Sources: Civil Service People Survey 2013 and 2014

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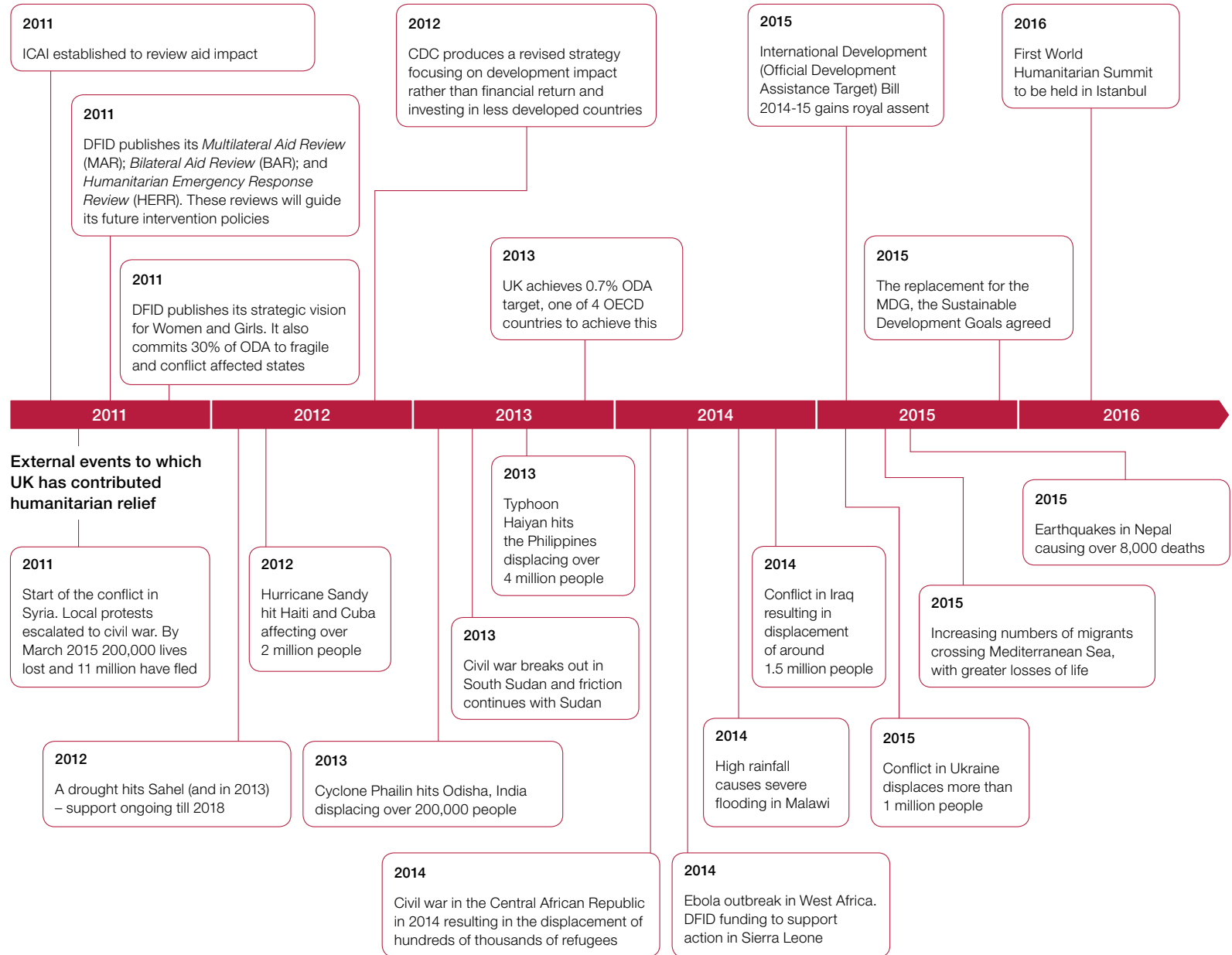
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### **DFID's interventions result in real benefits, influencing other donors' approach to development**

Our report on DFID's [Multilateral aid review](#) (September 2012) found that its approach to assessing these organisations was innovative and was helpful in informing funding allocations. DFID's approach influenced other donors' approach to assessing multilateral organisations. For example, Australia used a similar approach and Netherlands reported its assessment for the first time.

### **DFID's allocation of resources has improved and is more strategic in achieving its objectives**

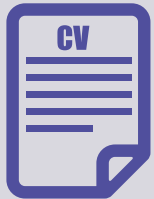
Our report on DFID's [Financial Management](#) (April 2011) found the Bilateral and Multilateral Aid Reviews, carried out in 2011, provided DFID with the opportunity to allocate resources strategically, aligning budgets with objectives and allocating resources based more on the results and value for money to be delivered.

Our report on [Managing the Official Development Assistance target](#) (January 2015) found DFID took positive steps to manage its increased budget, including better allocation of resources, strengthening its approach to measuring resources and managing its workforce.

### **DFID could improve its measurement of costs and consideration of value for money by assessing the cost effectiveness of interventions**

Our report on [Malaria](#) (July 2013) found DFID channelled a greater proportion of funding to combat malaria through multilateral organisations, assessed as good and very good by the Multilateral Aid Review. But that review did not test cost-effectiveness. DFID needed to make more systematic comparisons between different approaches.

Our report on [Managing the Official Development Assistance target](#) (January 2015) found weaknesses in DFID's 2013 spending forecasts, making it difficult to manage delivery of the ODA target. It was not until 2014 that DFID had sufficient project proposals to provide choice, leaving less opportunity for it to consider value for money.



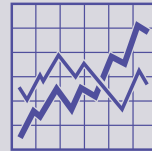
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Boosting economic development and creating jobs



**02**

Improving the lives of girls and women



**03**

Encouraging sustainable economic growth and development



**04**

Responding to humanitarian emergencies



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What to look out for in the future

## DFID's Priorities

# 1 Boosting economic development and creating jobs

**DFID's objective** is to increase economic development and stimulate investment that reduces poverty through jobs, by raising incomes for individuals through employment, and providing tax receipts for governments to fund services such as health, education and social welfare.

It looks to achieve this objective by:



Raising **incomes** and improving job prospects for poor people.



Working with businesses to encourage them to **invest more**, and more responsibly, in developing countries.



Providing **direct support for reforms** to reduce the costs and time taken to register a business, secure title to land, clear goods across borders and enforce contracts in local courts.



Supporting **access to financial markets**, making growth inclusive for poor people.



Supporting the **building of businesses**.



DFID's Priorities

# 1 Boosting economic development and creating jobs *continued*

## Millennium Development Goal 1

Eradicate extreme poverty and hunger:

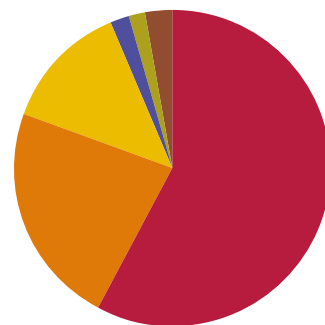
- reduce extreme poverty by half by 2015;
- achieve full and productive employment and decent work for all; and
- reduce hunger by half by 2015.

## Millennium Development Goal 8

Develop a global partnership for development:

- Increasing infrastructure and access to information and communications technology.

DFID country offices delivering results to support access to financial services



DFID's Private Sector Department | 58%

Kenya | 22.8%

Nigeria | 13.0%

India | 2.0%

Pakistan | 1.6%

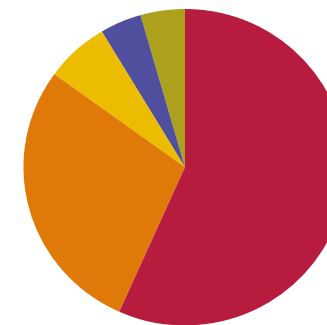
Other<sup>1</sup> | 2.6%

**Note**

<sup>1</sup> Other refers to departments which contribute <4% of results, and includes Tanzania, Bangladesh, Middle East and North Africa Department Regional, multilateral organisations, Burma, Rwanda, Uganda, South Africa, Sudan, Yemen, Zambia, Zimbabwe, Malawi, Central Asia and Nepal.

Source: Department for International Development's *Annual Report and Accounts 2013-14*

Countries where people improved their rights to land and property



India | 56.8%

Nepal | 28.2%

Bangladesh | 6.5%

Mozambique | 4.3%

Occupied Palestinian Territories | 4.2%

Results reported by DFID <sup>1</sup>	Target	Achievements in 2013-14	Achievements to 2013-14
Number of people supported to gain access to financial services	50,000,000	26,700,000	54,400,000
Number of long-term jobs created (through investments by PIDG)	N/A	1,900	188,000
Number of people supported through DFID programmes to improve their rights to land and property	6,000,000	580,000	1,570,000

**Note**

<sup>1</sup> Results show achievements towards the Department for International Development's commitments for 2011–2015. These baselines were set in March 2011 reflecting the data available at that time.



**DFID's Priorities**

## 2 Improving the lives of girls and women

DFID's Strategic Vision for Girls and Women aims to unlock the potential of girls and women, to stop poverty before it starts.

**It empowers girls and women, enabling them to have voice, choice and control.** This requires an enabling environment. Interventions focus on four, interlinked outcomes:

- Girls' completion of primary and secondary education.
- Economic empowerment of girls and women.
- Ability to live free from violence.
- Universal sexual and reproductive health and rights.

### Millennium Development Goal 3

Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.

Targets:

- Ratio of girls to boys in primary, secondary and tertiary education.
- Share of women in wage employment in the non-agricultural sector.
- Proportion of seats held by women in national parliament.

**The standalone gender goal (5)** in the SDGs to be agreed this year: Achieve gender equality and empower all women and girls.

### Girls Summit 2014

In July 2014, the UK Government and UNICEF co-hosted Girl Summit 2014 in London. The aim was to rally a global movement to end Female Genital Mutilation (FGM) and Child, Early and Forced Marriage (CEFM).

Over 700 people from more than 50 countries attended, with over 140 governments, organisations and individuals making commitments to new actions.

Results reported by DFID <sup>1</sup>	Target	Achievements in 2013-14	Cumulative results to 2013-14
Number of births delivered with the help of nurses, midwives or doctors	2,000,000	747,000	3,582,000
Number of additional women using modern methods of family planning	10,000,000	1,405,000	4,966,000
Number of women and girls with improved access to security and justice services	10,000,000	4,950,000	10,778,000
Number of girls in primary and lower secondary education	4,500,000	1,719,000	4,874,000

**Note**

<sup>1</sup> Results show achievements towards the Department for International Development's commitments for 2011–2015. These baselines were set in March 2011, reflecting the data available at that time.



## DFID's Priorities

# 3 Encouraging sustainable economic growth and development

DFID's objective is to encourage **sustainable economic growth and development** by promoting peace, the rule of law, an absence of corruption, the recognition of property rights and institutions that **serve all the people**, not just a select few.

To achieve this DFID works to promote open societies and open economies enabling states to function for their citizens and for citizens to lead their own development.

DFID describes its approach as **'the golden thread of development'**.

DFID's approach includes providing support to a range of key institutions in countries for them to own and lead their development. These institutions are instrumental in:

- protecting property rights;
- working to eliminate conflict and corruption;
- introducing more transparent tax regimes;
- working towards free elections; and
- supporting the private sector and civil society.

## Examples of outcomes reported by DFID for the period 2011-12 to 2013-14



Helped **85.8 million** people to hold their authorities to account and have a say in their communities' development, exceeding the target of 40 million.



Helped **54.4 million** people to have access to financial services, exceeding the target of 50 million.



Supported elections in **11 countries** to support freer and fairer electoral processes across the developing world, in which 144.7 million people voted.

### Case study

#### Accountability and civil society programmes in Tanzania

As part of its accountability and civil society programmes in Tanzania, DFID supported over 5 million Tanzanian women and men to:

- understand what services they should expect;
- access services including water, education and health; and
- hold authorities to account for poor performance.

Source: Department for International Development *Annual Report 2013-14*, p. 13

DFID's Priorities

## 4 Responding to humanitarian emergencies

**DFID's objective** is to lead the UK government's response to humanitarian emergencies throughout the world, reacting rapidly and decisively to save lives.

The new government requires the UK to take an even stronger leading role in international humanitarian response.

DFID looks to be at the forefront of humanitarian responses – providing funding, supplies, expertise and leadership across a wide range of crises, including natural disasters and conflicts. To meet this, the Government aims to build on its existing capability to make HMG's humanitarian response swifter and to have greater impact. Lord Ashdown's review of DFID's humanitarian response in 2010-11 (Humanitarian Emergency Response Review) was a major milestone, following which Ministers have placed further emphasis on HMG's international humanitarian role.

### Recent examples of DFID's response to humanitarian emergencies

Typhoon Haiyan, 2013-14	The UK's response provided <b>£77 million</b> in support, more than any other donor, and received the highest ever rating from ICAI for a UK aid programme.
Central African Republic, 2013-2016	Provision of emergency healthcare, clean water, food security and logistics is <b>expected to benefit over 100,000 people</b> .
South Sudan, 2014-2016	The UK has allocated <b>£95 million</b> , making it the second largest bilateral donor.
Nepal, 2015	The UK has provided <b>£30 million</b> , and is the largest bilateral donor.

### Case study

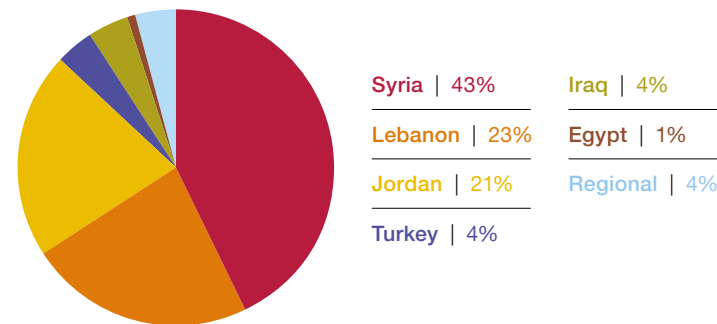
#### UK response to the crisis in Syria

DFID allocated **£295 million** in aid to the Syria crisis in 2013-14 and has committed £800 million to June 2015.

Works with over 30 partners in six countries, facilitating support in various sectors:

- Food for up to **535,000 people** per month.
- Drinking water for **over 600,000 people**.
- Over 100,000 people benefiting from **medical consultations** and **trauma care**.
- Shelter and basic household items for **over 50,000 people**.

#### Where DFID allocated its funds for the Syria crisis



Source: Department for International Development *Annual Report and Accounts 2013-14*, p. 15

DFID's Priorities

# 5 Independent Commission for Aid Impact (ICAI)

## What does it do?

The Independent Commission for Aid Impact (ICAI) was set up as an independent body in 2011, responsible for the scrutiny of UK aid. It focuses on the impact and effectiveness of the aid budget and whether it is delivering value for money for the UK taxpayer. ICAI is funded by DFID and reports to the International Development Select Committee.

The current Commissioner's teams term ended on 30 June 2015 (referred to as Phase 1 of ICAI). The new Commissioner's team started on 1 July 2015, commencing ICAI's Phase 2.

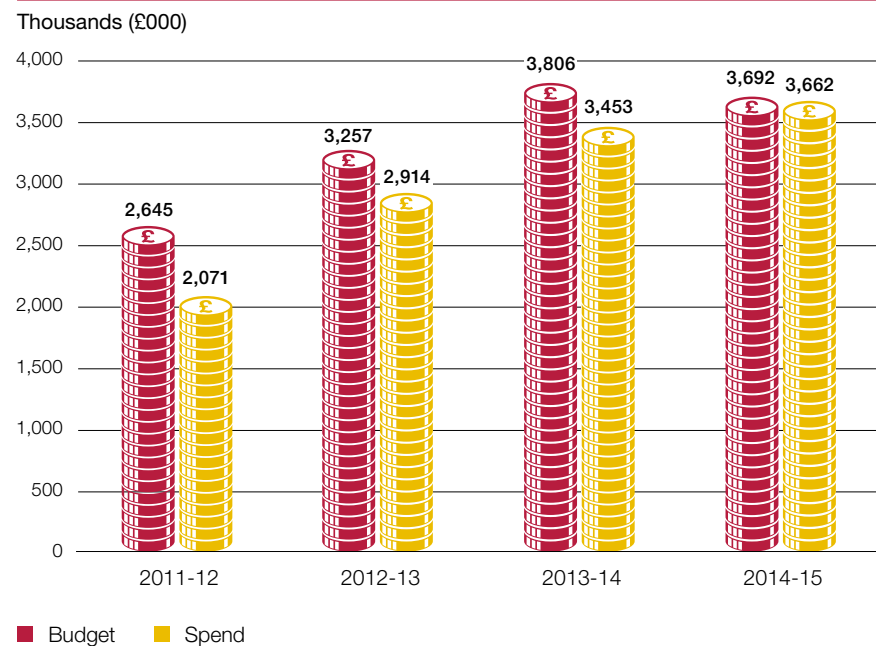
## What was the outcome of Triennial review?

A Triennial Review of ICAI's purpose and function was carried out by a DFID team, overseen by a senior level Challenge Group, chaired by DFID's Policy Director and included a non-Executive member of the DFID Board, the Chair of the IDC sub-Committee on ICAI and representatives from London School of Economics, Cabinet Office and HM Treasury.

In addition to concluding that ICAI's functions were still required, a key recommendation was that ICAI carry out a few in-depth thematic reviews on strategic issues affecting the development programme.

## What does it cost

DFID agreed a four year budget for ICAI of £13.8 million from 2011. ICAI has consistently underspent this budget.



Source: National Audit Office analysis of ICAI Annual Report and Accounts 2012-13 and 2013-14

DFID's Priorities

# 5 Independent Commission for Aid Impact (ICAI) *continued*

## How did ICAI rate programmes

Between November 2011 and June 2015 (Phrase 1) ICAI published 46 reports. It rated 41 of these using one of four ratings – from **Green** (*Meets all or almost all of the criteria for effectiveness and value for money and is performing strongly. Few, if any improvements needed*) to **Red** (*Meets few of the criteria for effectiveness and value for money and is performing poorly. Immediate and major changes needed.*) Programmes were given an overall rating and individual ratings for specific themes – Setting Objectives; Delivery; Achieving Impact; and Learning Lessons.

This figure summarises ICAI's assessments and shows DFID was rated most effective on achieving impact (63% Green and Green-Amber) and least effective on delivery (51% Amber-Red and Red).

ICAI is currently reviewing its approach for Phase 2.

Ratings given by Independent Commission for Aid Impact (ICAI) reports on DFID for the period November 2011 to March 2015

	Green	Green-Amber	Amber-Red	Red
Overall score	3	21	16	1
Objectives	6	18	17	0
Delivery	3	18	19	1
Impact	3	23	15	0
Learning	6	19	13	3

Source: National Audit Office analysis of ICAI reports

DFID's Priorities

6 CDC

What does it do?

CDC – formerly known as the Commonwealth Development Corporation – is a wholly owned government investment company. CDC invests money in funds and projects with the aim of stimulating further investment by the private sector, thereby encouraging investment in developing nations.

Pre 2011, CDC's investments were focussed on generating wealth broadly in emerging markets worldwide. From 2012 CDC's mission was to support the building of businesses throughout Africa and South Asia and was focussed on development.

Where does it invest?

CDC takes DFID's direction on where to prioritise investment. Due to the long-time scales inherent in many investments it still retains investments in a wide range of locations which now fall outside of DFID's priority focus.

CDC original commitment (US \$m)

990  
Regions outside of focus

1,330  
Mixed investment

1,702  
South Asia

3,537  
Africa



Source National Audit Office analysis of CDC data

What does it cost?

CDC has not received new funds from DFID since 1995. Instead, it manages its returns from investments and reinvests them over a five to ten year cycle.

How does CDC spend its money?

2013 Split between Direct investment and Fund of Funds

5.01%  
CDC direct investment

94.99%  
Funding via third-party funds



2013 Data	CDC Original Commitment (\$m)
Funding via third-party funds	7,559
CDC direct investment	399
<b>Total</b>	<b>7,958</b>

Source National Audit Office analysis of CDC data

## DFID's Priorities

# 7 What to look out for in the future

## **For 2014 and beyond, will DFID meet the Official Development Assistance target of spending 0.7% of Gross National Income on overseas aid?**

The Department met its target for ODA in 2013. At the end of 2014, the Department was expecting it would meet the 2014 target although a number of uncertainties remained. Final figures are expected towards the end of 2015.

## **Will DFID achieve its target of spending £1.8 billion on economic development in 2015-16?**

DFID's target depends, in part, on whether the Private Infrastructure Development Group is able to scale up its investment.

## **What impact will the Girl Summit have on DFID's programmes?**

The Girl Summit 2014, hosted by UK Government and UNICEF, raised awareness of Female Genital Mutation and Child, Early and Forced Marriage.

During 2015, DFID will consider how to tackle the issues raised at the Summit in its programmes.

## **How will DFID respond to future crises?**

DFID's spending on its humanitarian emergencies is increasing – £1.4 billion in 2014-15, more than double that of 2012-13, and almost a one sixth of its budget. DFID and other commentators expect the number of humanitarian crises to increase in the coming years.

## **Where will ICAI focus Phase 2 of its work?**

A new team headed by a new Commissioner was appointed in July 2015.

## **Will CDC's new strategy have an impact?**

CDC's revised strategic plan, introduced in 2013, targeted its investments in Africa and South Asia with a focus on development. CDC's effectiveness in delivering its policy will become more apparent in 2015-16.



# Appendix One

## DFID sponsored bodies as at 1 April 2015

### Commonwealth Scholarship Commission (CSC)

An executive non-departmental public body sponsored by DFID. It awards scholarships and fellowships for postgraduate study and professional development to Commonwealth citizens. Some 900 scholarships and fellowships are awarded each year. The CSC is funded by DFID, the Department for Business, Innovation & Skills and the Scottish Government.

### Independent Commission for Aid Impact (ICAI)

Established in 2011 as an advisory non-departmental public body to undertake independent scrutiny of UK aid, ICAI is wholly funded by DFID.