



National Audit Office

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**DEPARTMENTAL OVERVIEW**

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The performance of the  
Department for International  
Development 2012-13

**DECEMBER 2013**

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Our vision is to help the nation spend wisely.

Our public audit perspective helps Parliament hold government to account and improve public services.

The National Audit Office scrutinises public spending for Parliament and is independent of government. The Comptroller and Auditor General (C&AG), Amyas Morse, is an Officer of the House of Commons and leads the NAO, which employs some 860 staff. The C&AG certifies the accounts of all government departments and many other public sector bodies. He has statutory authority to examine and report to Parliament on whether departments and the bodies they fund have used their resources efficiently, effectively, and with economy. Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and reports on good practice help government improve public services, and our work led to audited savings of almost £1.2 billion in 2012.

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# Introduction

## Aim and scope of this briefing

- 1** The primary purpose of this report is to provide the International Development Committee with a summary of the Department for International Development's (the Department's) activity and performance since September 2012, based primarily on published sources, including the Department's own accounts and the work of the National Audit Office (NAO).
- 2** Part One of the report focuses on the Department's activity over the past year. Part Two concentrates on NAO analyses of that activity.
- 3** The content of the report has been shared with the Department to ensure that the evidence presented is factually accurate.

# Part One

## About the Department

### The Department's responsibilities

**1.1** The Department for International Development (the Department) leads the UK government's effort to fight global poverty.<sup>1</sup> Its overall aim is to reduce poverty in poorer countries, in particular through achieving the Millennium Development Goals, as agreed by all United Nations member states.<sup>2</sup> The Department's priorities, as set out in its 2013 Business Plan, are to:

- boost economic development by supporting programmes for growth and poverty;
- honour international commitments;
- drive transparency, value for money and open government;
- strengthen governance and security in fragile and conflict-affected countries and make UK humanitarian response more effective;
- lead international action to improve the lives of women and girls; and
- combat climate change.<sup>3</sup>

Its other major responsibilities are to: respond to humanitarian disasters; deliver on obligations to the Overseas Territories;<sup>4</sup> and influence the global development system.

### How the Department is organised

**1.2** The Department employed around 2,770 (full-time equivalent) staff in 2012-13.<sup>5</sup> The Department's workforce is spread across the world, with over half working in developing countries. Its UK staff are located in London and East Kilbride.<sup>6</sup> **Figure 1** overleaf shows the number of staff in each of the Department's directorates.

<sup>1</sup> Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, p. 9.

<sup>2</sup> The Millennium Development Goals are a series of targets for addressing extreme poverty in its many dimensions. The internationally agreed framework of 8 goals and 18 targets (complemented by 48 technical indicators) aims to halve poverty between 1990 and 2015.

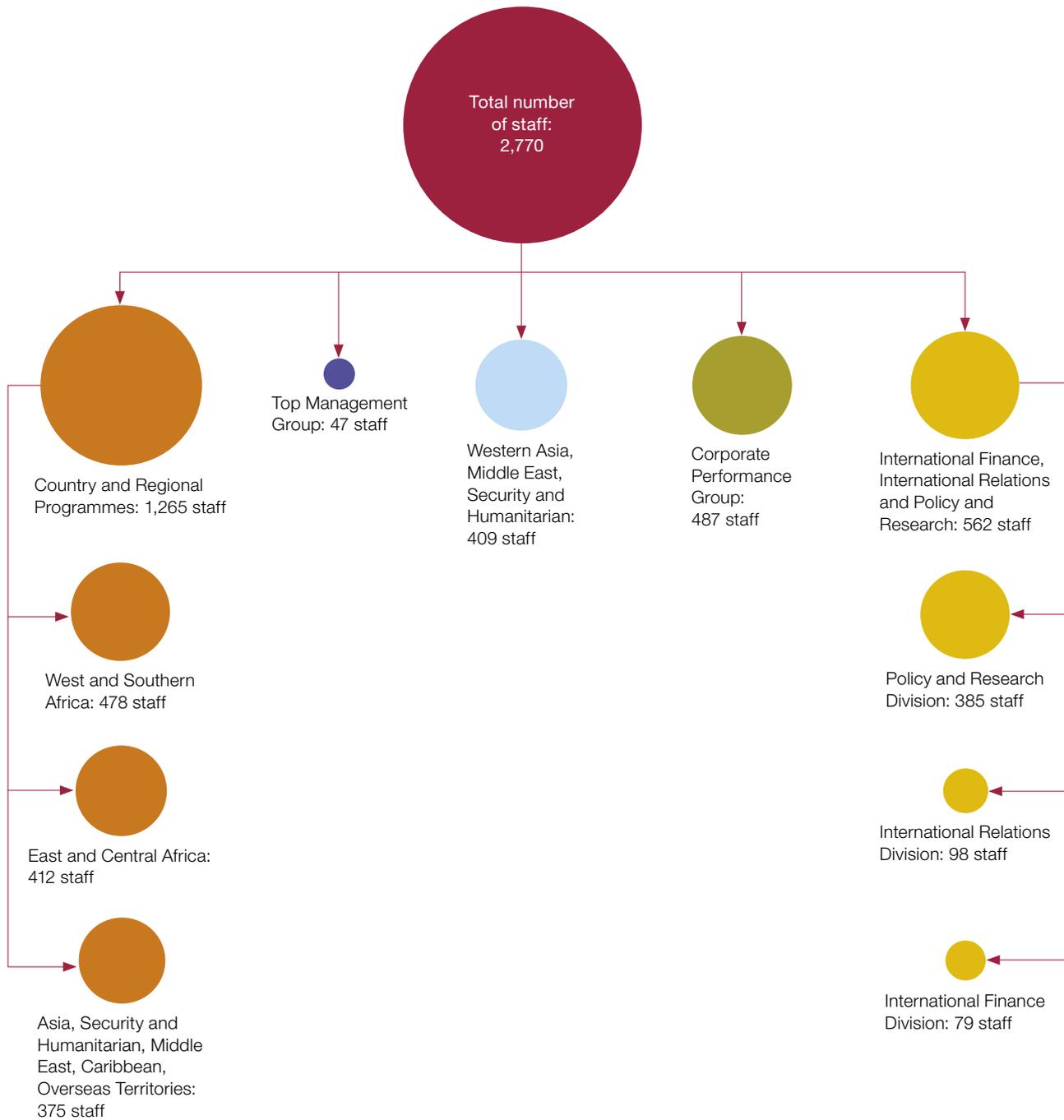
<sup>3</sup> Department for International Development, *Business Plan 2013*, June 2013, p. 2. Available at: [transparency.number10.gov.uk/business-plan-pdf/12](http://transparency.number10.gov.uk/business-plan-pdf/12)

<sup>4</sup> British Overseas Territories are self-governed but are under British jurisdiction and have the Queen as head of state.

<sup>5</sup> Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, p. 177.

<sup>6</sup> Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, pp. 10 and 177.

**Figure 1**  
Number of full-time equivalent staff per directorate in 2012-13



**Notes**

- 1 Some of the Department's country programmes sat within Western Asia, Middle East, Security and Humanitarian.
- 2 The Top Management Group reports directly to the Permanent Secretary and is responsible for supporting ministers and directors-general.
- 3 The Western Asia, Middle East, Security and Humanitarian Directorate and the Asia, Security and Humanitarian, Middle East, Caribbean, Overseas Territories Division were restructured during 2012-13.

**1.3** In September 2012 the incoming Secretary of State, the Rt Hon Justine Greening MP, reviewed the Department's governance structure and replaced the former Ministerial Board and Management Board with a Departmental Board and an Executive Management Committee. The Departmental Board meets quarterly and is chaired by the Secretary of State. Membership includes the Secretary of State, the Minister of State (the Rt Hon Alan Duncan MP), the Parliamentary Under-Secretary of State (Lynne Featherstone MP), the Lead Spokesperson for the Department in the House of Lords (Baroness Northover), non-executive directors (which increased from two to four from June 2013), the Permanent Secretary and four directors-general. The Departmental Board sets strategic direction and monitors progress, results and risks (including oversight of the Department's business plan).<sup>7</sup>

**1.4** The Department's Executive Management Committee, chaired by the Permanent Secretary (Mark Lowcock), meets every month that the Departmental Board does not meet (see **Figure 2** overleaf for the Committee's membership). The Committee provides strategic direction to the management of the Department's operations, staff and financial resources. The Department has five supporting committees: the Development Policy Committee, Audit Committee, Investment Committee, Security Committee and Senior Leadership Committee.<sup>8</sup>

**1.5** The Department has one executive non-departmental public body, the Commonwealth Scholarship Commission, and one advisory non-departmental public body, the Independent Commission for Aid Impact. Both bodies are included in the Department's accounts. The Department provided the Commonwealth Scholarship Commission with £21 million in 2012-13, to fund scholarships and fellowships to citizens of Commonwealth and developing countries to attend university in the UK and abroad. Other government departments provided the Commission with £0.5 million.<sup>9</sup> The Independent Commission for Aid Impact focuses on maximising the impact and effectiveness of the UK aid budget for intended beneficiaries and the delivery of value for money for the UK taxpayer. It reports to Parliament through the International Development Committee. In 2012-13, the Commission spent £2.9 million of its £3.3 million budget.<sup>10</sup>

**1.6** The Department wholly owns CDC Group plc, formerly the Commonwealth Development Corporation. CDC Group plc is the UK's development finance institution and makes commercial investments in private firms in developing countries. It has not received any new government funding since 1995. It finances its activities by recycling its portfolio of investments.<sup>11</sup>

7 Department for International Development Departmental Board Operating Framework, available on the Department's website at: [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/49555/departmental-board-operating-framework.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/49555/departmental-board-operating-framework.pdf)

8 Information available on the Department's website at: [www.gov.uk/government/organisations/department-for-international-development/about/our-governance](http://www.gov.uk/government/organisations/department-for-international-development/about/our-governance)

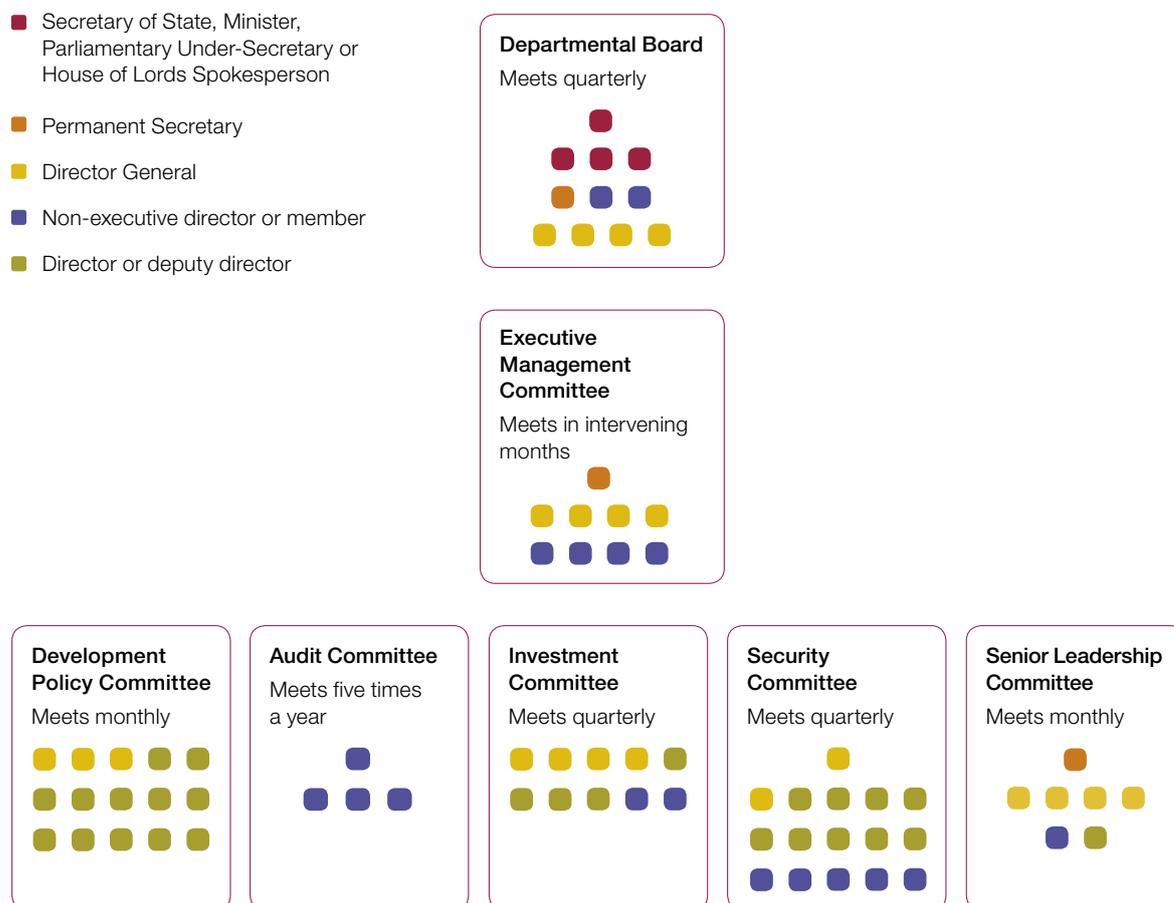
9 Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, pp. 150 and 210.

10 Independent Commission for Aid Impact, *Annual Report to the House of Commons International Development Committee 2012-13*, June 2013, p. 38.

11 Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, pp. 15 and 122.

**Figure 2**

The Department's Ministerial board and its management boards and committees



**Note**

1 The diagram shows the committee structure in place during 2012-13. In summer 2013 the Department established an Operational Excellence Board.

Source: National Audit Office analysis of information on the Department's website. Available at: [www.gov.uk/government/organisations/department-for-international-development/about/our-governance#executive-management-committee](http://www.gov.uk/government/organisations/department-for-international-development/about/our-governance#executive-management-committee)

**Where the Department spends its money**

**1.7** In 2012-13 the Department's total expenditure was £7,921 million, up £48 million (less than 1 per cent) on 2011-12 levels. Programme expenditure totalled £7,655 million in 2012-13, accounting for 97 per cent of the Department's total expenditure.<sup>12</sup>

**Figure 3** shows the composition of the Department's total expenditure in 2012-13. The expenditure included £757 million HM Treasury attributed to the Department to reflect the UK's contribution to the European Union's spending on development activities relevant to the Department.

12 Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, pp. 12 and 156.

**Figure 3**

The composition of the Department's spending in 2012-13



**Notes**

- 1 Annually Managed Expenditure is expenditure which is difficult to predict and cannot always be controlled by the Department.
- 2 The Department's resource programme expenditure comprises funds it directly manages and a sum that is attributed to it by HM Treasury to reflect the UK's contribution to the European Union's spending on relevant development activities. Some £115 million of the programme expenditure the Department directly managed in 2012-13 went to meet the costs of its front-line operations, including the costs of staff based overseas and the costs of overseas offices.
- 3 Programme expenditure is coloured orange.
- 4 The values for individual elements may not sum exactly to the total because of rounding.

Source: National Audit Office analysis of information in the Department's *2012-13 Annual Report and Accounts*, June 2013, pp. 12, 156, 213, 215 and 220

**1.8** Forty-five per cent of the Department's programme expenditure in 2012-13 was spent by its teams managing country and regional programmes (£3,418 million), of which more than half was spent by teams covering Africa (£1,899 million) (**Figure 4**).<sup>13</sup> The large majority of the spending of the Department's International Finance and International Relations Divisions (which together totalled £3,309 million in 2012-13) went as core funding to multilateral organisations.

### **Recent and planned changes to the Department's spending**

**1.9** The Department's budget is set at a level which should enable the UK to achieve government targets for total UK Official Development Assistance. The 2012 target level of UK Official Development Assistance was 0.56 per cent of UK gross national income, rising to 0.7 per cent for 2013 and 2014.

**1.10** The 2010 Spending Review announced the Department's total budget would rise over the four years to 2014-15 to reach £11,147 million, an increase of £3,692 million over 2010-11 outturn (50 per cent in cash terms, or 38 per cent in real terms).<sup>14</sup> **Figure 5** on page 12 shows how HM Treasury have subsequently cut the rate of growth of the Department's budget, as UK economic growth has fallen below levels expected in 2010. As a consequence, the Department's actual 2012-13 budget was £383 million above 2010-11 outturn, but £724 million lower than originally set in the 2010 Spending Review;<sup>15</sup> while the Department's 2014-15 budget, as set in HM Treasury's Budget 2013, is now £10,008 million, which is £2,553 million higher than 2010-11 outturn (34 per cent in cash terms, or 24 per cent in real terms).<sup>16</sup>

### **Policy and delivery: major developments in 2012-13**

**1.11** The Department has reported that since taking up Office in September 2012, the Secretary of State has been active in the Department's commercial strategy. The Secretary of State has met with the Department's largest suppliers and in January 2013 launched a 'Statement of Priorities and Expectations for Suppliers'. In September 2012, the Department put in place tighter spending controls that reduced the threshold for ministerial approval of project business cases from £40 million to £5 million. Ministers also approve all supplier contracts over £1 million.<sup>17</sup>

<sup>13</sup> Department for International Development's *2012-13 Annual Report and Accounts*, June 2013, pp. 223-24

<sup>14</sup> Department for International Development, *2011-2015 Business Plan*, May 2011, p. 20. The increase over the Department's 2010-11 budget is smaller at £3,621 million, 48 per cent in cash terms or 36 per cent in real terms.

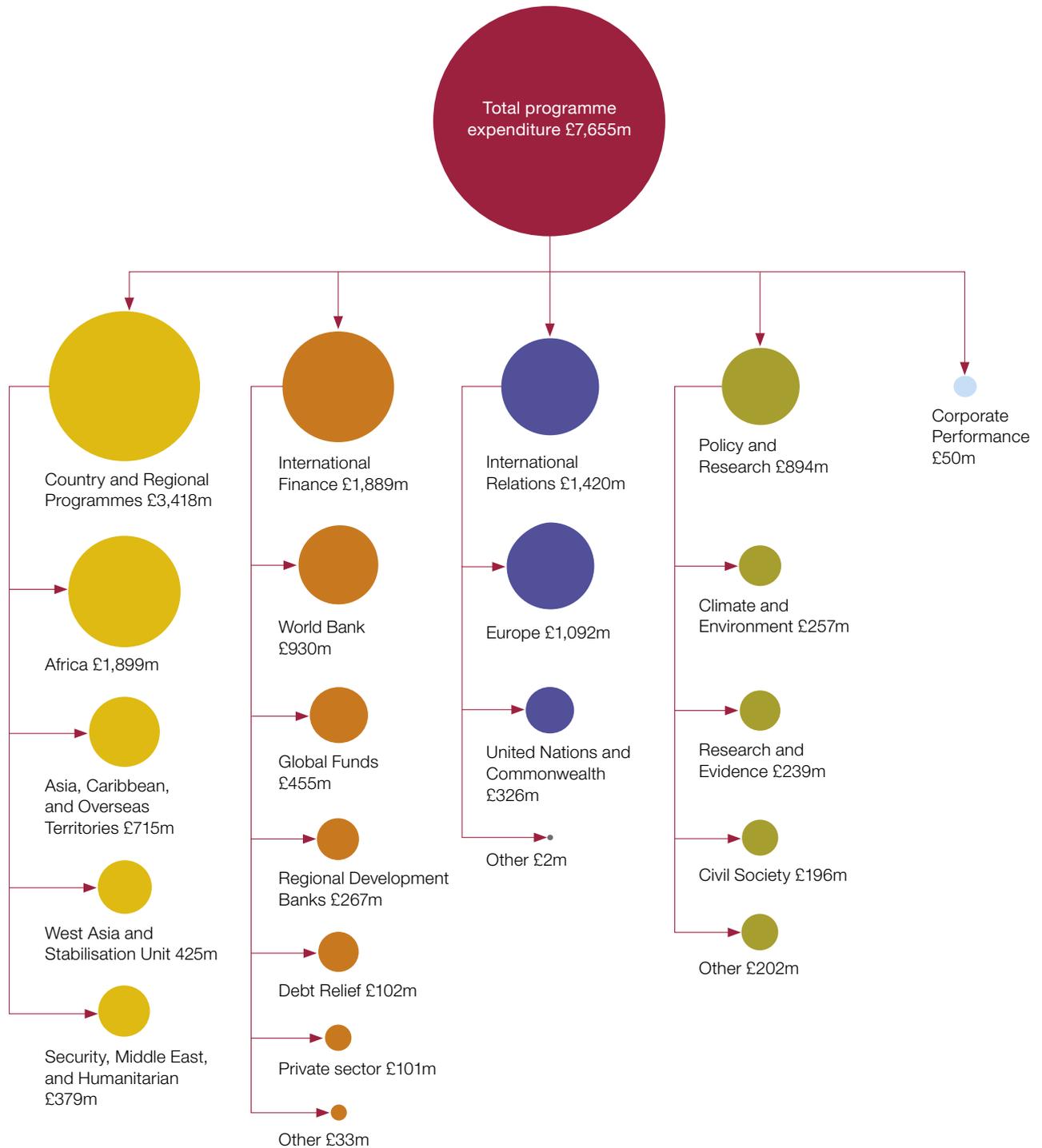
<sup>15</sup> In addition to a reduction in its 2012-13 budget of £624 million for lower growth, HM Treasury also approved a transfer of £100 million from the Department's 2012-13 budget to 2013-14. In total, the Department's final 2012-13 budget was £724 million below that set in Spending Review 2010.

<sup>16</sup> The increase over the Department's 2010-11 budget is smaller at £2,482 million, 33 per cent in cash terms or 23 per cent in real terms.

<sup>17</sup> Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, pp. 41 and 43.

**Figure 4**

The composition of the Department's programme spending in 2012-13, by programme

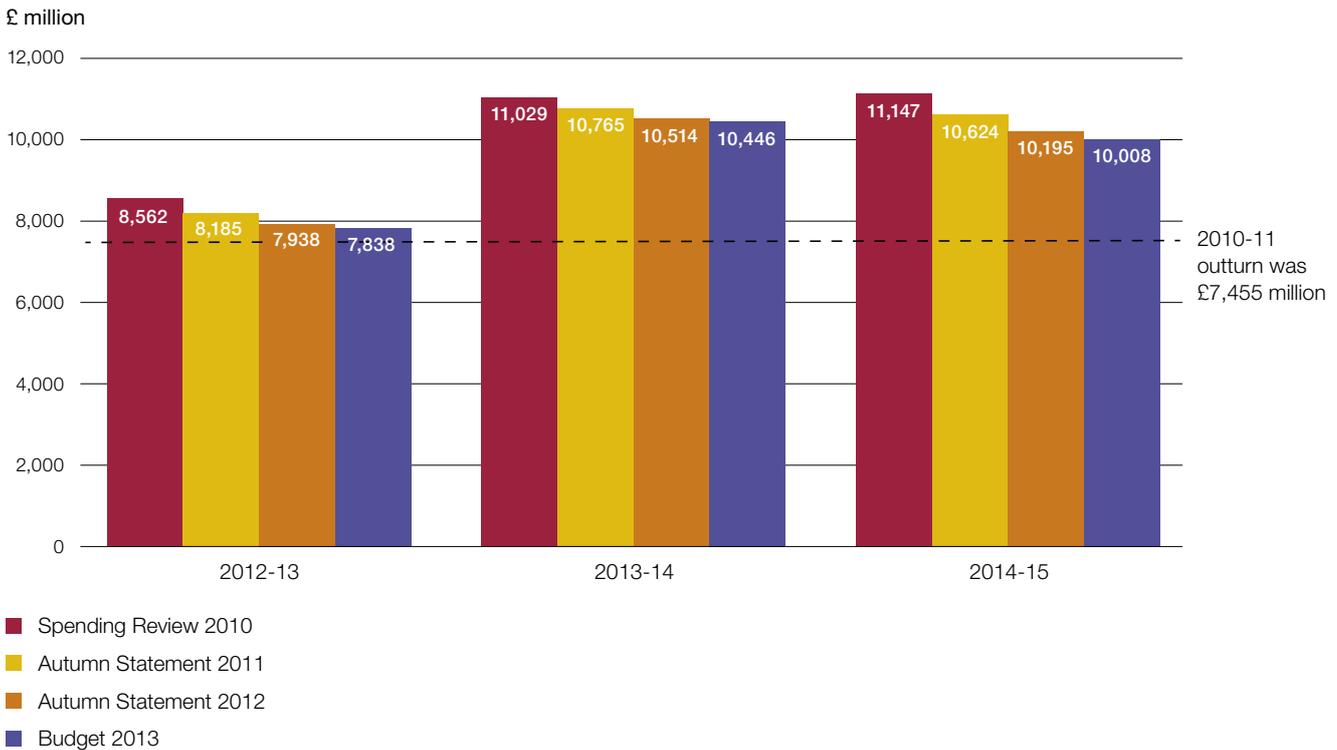


**Note**

1 The total value of the individual components exceeds total programme expenditure by £16 million. The values for components are for gross funding and do not reflect £21 million of unspent funds returned by divisions. Also the components do not reflect £5 million of capital expenditure.

**Figure 5**

How the Department’s budgets for 2012-13, 2013-14 and 2014-15 have changed since the 2010 Spending Review (£ million)



**Note**

1 The changes made during Budget 2013 included a £100 million budget transfer from 2012-13 to 2013-14. Without this transfer, the Department’s 2013-14 budget would have reduced by £134 million to £10,380 million (rather than £34 million to £10,480 million) and the 2012-13 budget would have remained at £7,938 million. After Budget 2013, at main estimates, the Department’s 2013-14 budget was reduced by a further £34 million to £10,446 million. The £34 million was transferred to other government departments to cover planned spending on Official Development Assistance activity, including £31 million to the Foreign & Commonwealth Office.

Source: National Audit Office presentation of departmental data

**1.12** During 2012-13 the Department has increased its focus on economic development. The Department has reported it is making better use of expertise in other government departments. For example, HM Revenue & Customs’ expertise has been made available for tax capacity building projects in developing countries.<sup>18</sup> The Department has also prioritised action to improve the lives of women and girls. In March 2013, it announced a package of support that aims to give women and girls: greater voice in decision-making at all levels; greater choice over childbirth; increased control over their bodies; greater freedom from the threat of violence; and increased control over those resources and assets which allow them to lift themselves and their families out of poverty.<sup>19</sup>

18 Department for International Development, *DFID Improvement Plan*, June 2013, p. 8.

19 Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, p. 15.

**1.13** During 2012-13 the Department set out its intention for a new development relationship with 2 of its 28 priority countries, India and South Africa. All financial grant aid programmes to India are planned to close by 2015. New programmes either provide technical assistance to share skills and expertise, or are investments in private sector projects focused on helping the poor. The Department's bilateral programme in South Africa will also end in 2015. The Department plans to move to a new relationship with South Africa based on sharing skills and knowledge.<sup>20</sup>

**1.14** The proportion of the Department's bilateral programme going on humanitarian spending increased in 2012-13 as it responded to food shortages in East Africa and the Sahel, the effects of Hurricane Sandy in Haiti, and the conflicts in Syria and Somalia. In 2012-13, around £470 million (11 per cent) of the Department's bilateral spending went on humanitarian assistance, up from around £350 million (8 per cent) in 2011-12.<sup>21</sup>

**1.15** The UK has now allocated £500 million for the period 2012-13 to 2014-15 to provide support including food, medical care and relief items for people in Syria and the neighbouring region.<sup>22</sup> Of the £500 million, the Department spent £79 million in 2012-13 and has allocated £400 million for 2013-14 and 2014-15.<sup>23</sup>

## The Department's digital strategy

**1.16** By December 2012, each government department was required to produce a digital strategy, an indication of the central part that digital communications now play in government business. In this section, we consider briefly the main elements of the Department's digital strategy.<sup>24</sup>

**1.17** The Department's strategy states: "by 2015 digital processes and thinking should infuse all aspects of DFID's work." By doing this, the Department intends to drive greater efficiency and transparency, and improve its global influence.

**1.18** In comparison to some other government departments, the Department has few direct transactional services with UK citizens. However, the Department does have electronic tendering procedures, has published contract details on the cross-government contracts finder website, and operates an online recruitment system.

<sup>20</sup> Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, p. 10.

<sup>21</sup> Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, pp. 6 and 50 and Department for International Development, *Annual Report and Accounts 2011-12*, June 2012, p. 44.

<sup>22</sup> Department for International Development, *UK Aid Syria Response*, 5 November 2013. Available at: [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/249872/DFID-Syria-Humanitarian-Programme-Summary.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/249872/DFID-Syria-Humanitarian-Programme-Summary.pdf)

<sup>23</sup> Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, p. 82.

<sup>24</sup> Department for International Development, *Department for International Development Digital Strategy 2012 to 2015*, December 2012, section 2. Available at: [www.gov.uk/government/publications/department-for-international-development-digital-strategy-2012-to-2015/department-for-international-development-digital-strategy-2012-to-2015](http://www.gov.uk/government/publications/department-for-international-development-digital-strategy-2012-to-2015/department-for-international-development-digital-strategy-2012-to-2015)

**1.19** The Department's digital strategy identifies six priorities.

- Providing greater transparency to the Department's activities, by making information easier to access, understand and use and by inviting better feedback.
- Open policy making, including exploring a range of technology-enabled mechanisms to bring in new contributors.
- Improving the digital elements of its aid programmes. In 2013, the Department established a digital advisory panel to provide advice on how it can use technology. The panel includes digital and development experts and is chaired by a non-executive director with experience in the technology sector.<sup>25</sup> Opportunities for making greater use of technology include improving procurement, using digital money transfer and obtaining quicker feedback on its projects.
- Improving the capabilities of the Department's staff, including providing additional training for all staff.
- Getting access to resource and the right tools. The Department will establish a digital operations unit to deliver the digital strategy.
- Improving the quality and consistency of the Department's transactions with partners, beneficiaries and others, through improving interfaces and processes.

## **Assessments of the Department's performance**

**1.20** In Part Two of this report, we look at the NAO's assessment of the Department's performance in 2012-13. A number of other bodies regularly produce analyses of how the Department is performing. In this section, we look at some of the most notable of these reports published in the last year.

**1.21** The Independent Commission for Aid Impact, which was set up by the Department to provide scrutiny of UK aid, produced 12 reports to the International Development Committee in the year to May 2013. These reports use a four-point scale to both provide an overall assessment of effectiveness, and to rate four supporting guiding criteria. For its overall assessments, the Commission gave one 'Green', seven 'Green-Amber', and four 'Amber-Red' ratings showing that it had found few areas which were uniformly good or bad. For the guiding criteria, the highest scores have been for 'impact', followed by 'objectives'. In its 2012-13 Annual Report, the Independent Commission for Aid Impact identified problems it had found but said that the Department, and other departments spending Official Development Assistance, can show real evidence that they are affecting the lives of the poor, in a positive way, across a range of programmes. The Commission's Annual Report set out key themes from its work (see **Figure 6**).<sup>26</sup>

<sup>25</sup> Information available on the Department's website at: [blogs.dfid.gov.uk/2013/10/introducing-dfids-digital-advisory-panel/](https://blogs.dfid.gov.uk/2013/10/introducing-dfids-digital-advisory-panel/)

<sup>26</sup> Independent Commission for Aid Impact, *Annual Report to the House of Commons International Development Committee 2012-13*, June 2013.

**Figure 6**

Ratings given in the 12 reports issued by the Independent Commission for Aid Impact (ICAI) in the year to May 2013

					<b>Examples of key themes identified by ICAI in its 2012-13 Annual Report</b>
Overall score (Note 1)	1	7	4	0	
Objectives	1	6	5	0	<p>On theories of change, DFID and other departments usually establish a clear link between strategic objectives and programmes, but there is variable practice in planning programmes to deliver objectives.</p> <p>DFID works with multilaterals in very different ways, and it needs to be clear about what it wants to achieve in the different scenarios. For example, DFID is a shareholder of the Asian Development Bank, providing it with core funding so that the Bank can pursue its objectives. DFID also provides the Bank with ring-fenced funding to undertake particular activities. ICAI said that as a shareholder, DFID has a positive influence on the Bank. But as a financier of projects, DFID could provide greater support during project implementation.</p>
Delivery	1	5	6	0	<p>In difficult environments, DFID needs to examine carefully its human resource policies, its access to local skills and the balance it strikes between internal and external capacity in a systematic way. Some questions remain over whether DFID has the staff capability it needs in the right areas.</p> <p>DFID faces real challenges and trade-offs in designing delivery channels of appropriate length.</p> <p>One recurring concern arising from both bilateral and multilateral expenditure is the lack of clarity about administrative costs – both how to define them and also understanding the full extent of them.</p>
Impact	1	8	3	0	<p>Three reports highlighted the positive impact of effective beneficiary involvement in the design and implementation of projects.</p> <p>There is a mixed picture on the impact that is delivered by DFID when it works through multilateral organisations.</p>
Learning	2	5	4	1	<p>While there is strong evidence in some programmes of learning from previous experience, there is a general difficulty of sharing lessons and experience between DFID country offices and central teams.</p> <p>Maintaining institutional memory alongside the inevitable staff churn in all teams is a real challenge, particularly in fragile and conflict-affected states where staff postings tend to be shorter.</p>

**Note**

1 Definition of ICAI's overall ratings:

-  The programme performs well against ICAI's criteria for effectiveness and value for money. Some improvements necessary.
-  The programme performs relatively well against ICAI's criteria for effectiveness and value for money. Improvements should be made.
-  The programme performs relatively poorly against ICAI's criteria for effectiveness and value for money. Significant improvements should be made.
-  The programme performs poorly overall against ICAI's criteria for effectiveness and value for money. Immediate and major changes need to be made.

Source: National Audit Office summary of material in ICAI's Annual Report, June 2013, pp. 11–19

**1.22** Since May 2013, the Independent Commission for Aid Impact has published six further reports. The profile of scores for these reports is somewhat better than for the 12 reports issued in 2012-13. One report gave an overall Green rating, four others Green-Amber and one gave an Amber-Red rating.<sup>27</sup>

<sup>27</sup> The reports are available from the Independent Commission for Aid Impact's website: [icai.independent.gov.uk/publications/](http://icai.independent.gov.uk/publications/)

**1.23** Publish What You Fund, an international campaign for aid transparency, publishes an annual assessment of aid agencies. Its latest report, published in October 2013, said that the UK is “leading the way in aid transparency”. The Department received the third highest score of all 67 donors assessed and was one of only four that scored ‘very good’.<sup>28</sup>

**1.24** The Development Assistance Committee of the Organisation for Economic Co-operation and Development undertakes peer reviews of donors’ development cooperation work. In December 2012, the Development Assistance Committee conducted a mid-term review following the last full review of the UK in 2010. The mid-term review was positive. It said the UK was a “global leader” and “continues to play a key role in the donor community and is actively involved in shaping the development agenda at the global level”. It also highlighted the Department’s focus on reducing poverty, including its increased engagement in fragile states and conflict-affected countries. It pointed to the Department’s stronger focus on supporting private sector development, and said this approach needs to be clarified.<sup>29</sup>

## Capability

**1.25** The Department completed a self-assessment of its capability in April 2012.<sup>30</sup> Its conclusions included that it was a leader among donors with a highly engaged and professional staff. It also recognised that it needed to strengthen leadership and management skills; integrate the new policy areas of private sector and climate change faster; and do better on its ‘Value for Money’ agenda.

**1.26** The Department reviewed its progress in developing its capability in June 2013. It published an improvement plan<sup>31</sup> which identified five priority areas that also form much of its response to the Civil Service Reform Plan:

- **Deliver results through sustained leadership and improved programme management.** Actions the Department was planning to take included reviewing its project management cycle, improving information on the delivery of results, improving the management of underperforming projects and strengthening its cadre of project management staff.
- **Understand and adapt to the future development environment.** The Department said it would consider future challenges, and that the outcomes of the UN High Level Panel (May 2013) and G8 meeting (June 2013) would be central to its thinking. The Department will also contribute to the national security agenda.

28 Publish What You Fund, *Aid Transparency Index 2013*, October 2013.

29 UK mid-term review, OECD DAC, December 2012, Available at: [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/213939/OECD-DAC-mid-term-review.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/213939/OECD-DAC-mid-term-review.pdf)

30 Department for International Development, *Department for International Development: Capability Action Plan 2012*, April 2012.

31 Department for International Development, *DFID Improvement Plan*, June 2013. Available at: [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/249733/DFID-improvement-plan-3.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/249733/DFID-improvement-plan-3.pdf)

- **Build a sustainable staffing model that can flex and adapt to the changing development environment.** The Department said its Executive Management Committee would continue to oversee workforce planning, including gaps in staffing. The Department will develop its talent management procedures and improve finance, commercial and digital capability.
- **Lead management of change by understanding what it had learned and building on what it had achieved.** The Department is committed to delivery of the Civil Service Reform Plan and increasing the focus on economic development, women and girls, and building resilience to climate change into policy making and operations.
- **Drive continuous cost reduction by leading and driving year-on-year efficiencies across the organisation, including through the Operational Excellence programme.** The programme brings together strands of activity which aim to improve the Department's operational processes in areas such as financial management, human resources and the management of aid programmes. It includes the Department's contribution to the One HMG Team Overseas project, which is expected to generate up to £5 million in efficiency savings for government by increasing collaboration and sharing of services across government departments that are based overseas.<sup>32</sup>

## Staff attitudes

**1.27** The government has conducted its Civil Service People Survey annually for the past four years. The detailed results of the survey carried out during October 2012, were made available in February 2013. Continuing our practice in past briefings, we summarise here the views of the Department's staff on a number of key issues, and compare them to benchmarks for the civil service as a whole. Detailed results for all departments are reproduced at Appendix Two.

**1.28** As part of the annual survey each department receives an engagement index, assessing the level of staff engagement determined by: the extent to which staff speak positively of the organisation, are emotionally attached and committed to it, and are motivated to do the best for the organisation. The Department's engagement index in 2012 was 71 per cent (70 per cent in 2011), the highest among government departments and 13 points higher than the civil service average.<sup>33</sup>

**1.29** For 45 of the 71 questions where comparisons could be made, the Department's score was over five percentage points above the civil service average, and for 24 of those questions its score was over ten points above the average. For example, over 92 per cent (civil service average 79 per cent) of staff said they had a clear understanding of the Department's objectives. The Department scored lower than the civil service average in five questions, including a question on work-life balance where the Department's score, of 62 per cent, was six points below the average.

<sup>32</sup> Department for International Development, *DFID Improvement Plan*, June 2013, p. 5 and HM Treasury, *Spending Round 2013*, Cm 8639, June 2013, pp. 44–45.

<sup>33</sup> Civil Service People Survey, *Summary of Findings*, p. 30.

**1.30 Figure 7** shows the results for the Department in two of the nine themes contained within the Civil Service People Survey, 'leadership and managing change' and 'understanding of organisational objectives and purpose'.

### Figure 7

#### 2012 Civil Service People Survey: Department for International Development responses under two themes

Theme and question	Question score (percentage positive) <sup>1</sup>	Difference from the Department's 2011 survey	Difference from civil service average 2012
<b>1 Leadership and managing change</b>			
I feel that the Department as a whole is managed well	63	+3	+20
Senior managers in the Department are sufficiently visible	71	+3	+23
I believe the actions of senior managers are consistent with the Department's values	62	+5	+20
I believe the departmental board has a clear vision for the future of the Department	64	+4	+24
Overall, I have confidence in the decisions made by the Department's senior managers	58	+5	+19
I feel that change is managed well in the Department	44	+4	+15
When changes are made in the Department they are usually for the better	32	+3	+7
The Department keeps me informed about matters that affect me	69	+1	+13
I have the opportunity to contribute my views before decisions are made that affect me	50	+3	+14
I think it is safe to challenge the way things are done in the Department	44	+1	+4
<b>2 Organisational objectives and purpose</b>			
I have a clear understanding of the Department's purpose	94	0	+10
I have a clear understanding of the Department's objectives	92	-1	+13
I understand how my work contributes to the Department's objectives	91	+1	+9

#### Notes

- Percentage positive measures the proportion of respondents who selected either 'agree' or 'strongly agree' for a question.
- The 2012 benchmark is the median per cent positive across all organisations that participated in the 2012 Civil Service People Survey.

Source: Department for International Development Results 2012. Available at: [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/214286/ppl-srvy-dfid-2012.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214286/ppl-srvy-dfid-2012.pdf)

## Major developments for the future

**1.31** As explained in paragraph 1.9, 2013 is the first year that the government's aid spending is due to hit 0.7 per cent of gross national income. The Department is responsible for managing delivery of the target, and thus works with the other government departments that together account for around an eighth of Official Development Assistance.<sup>34</sup> The Department's May 2013 Business Plan includes an action to enshrine in law the 0.7 per cent commitment, as soon as parliamentary time allows. The action has a scheduled end date of March 2015.<sup>35</sup> The 0.7 per cent commitment was not included in the last Queen's Speech in May 2013.

**1.32** The Department is also tasked with securing an ambitious and updated set of global development goals beyond 2015.<sup>36</sup> International negotiations over the replacements for the existing Millennium Development Goals will continue over the next two years following the May 2013 report of the UN's High Level Panel. The Panel, co-chaired by the Prime Minister, identified the need for:

- Leaving no one behind. The report proposes ending poverty by 2030.
- Putting sustainable development at the core of the development agenda.
- Transforming economies for jobs and inclusive growth.
- Building peace and effective, open and accountable institutions for all.
- Forging a new global partnership encompassing national governments, businesses, community groups, donors and local governments.<sup>37</sup>

**1.33** The Department is reviewing its medium-term business model to reflect changes in developing countries and to ensure the UK's aid budget remains aligned with UK objectives.<sup>38</sup> The Department's analysis shows that many developing countries have experienced fast growth in recent years, and in most parts of the world poverty has been decreasing, although at vastly different rates across countries and regions. Poverty is increasingly concentrated in states which are fragile, affected by climate change or suffer resource scarcity. Capital markets, emerging powers, private sector investors, remittances and large-scale private philanthropy have become increasingly important as funding sources for developing countries.<sup>39</sup> The new business model could lead to changes to the Department's approach to resource allocation and changes to the range of aid instruments its uses. It could also lead to internal changes to the Department so that it can deliver in the new post-Millennium Development Goal framework.<sup>40</sup>

34 The definition and detailed criteria for reporting aid as Official Development Assistance are set by the Development Assistance Committee of the Organisation for Economic Co-operation and Development.

35 Department for International Development, *Business Plan May 2013 Update*, available at: [transparency.number10.gov.uk/](http://transparency.number10.gov.uk/)

36 See footnote 35.

37 United Nations, *A New Global Partnership: Eradicate Poverty And Transform Economies Through Sustainable Development—The Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda*, May 2013.

38 Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, p. 143.

39 The Department's submission into the International Development Committee's 2013 Inquiry into The Future of UK Development Cooperation Phase 1: Development Finance, p. 36, available at: [www.publications.parliament.uk/pa/cm201314/cmselect/cmintdev/writev/334/contents.htm](http://www.publications.parliament.uk/pa/cm201314/cmselect/cmintdev/writev/334/contents.htm)

40 Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, p. 143.

## Part Two

### Recent NAO work on the Department

#### **Our audit of the Department's accounts**

**2.1** The NAO's financial audits of government departments and associated bodies are primarily conducted to allow the Comptroller and Auditor General (C&AG) to form an opinion on the truth and fairness of the public accounts. In the course of these audits, the NAO learns a great deal about government bodies' financial management and sometimes this leads to further targeted pieces of work which examine particular issues.

**2.2** In this section, we look at the outcome of our financial audit of the Department for International Development's (the Department's) accounts.

**2.3** The C&AG signed the Department's 2012-13 accounts on 20 June 2013, before parliamentary recess, and issued an unqualified audit opinion.<sup>41</sup>

**2.4** The Department reported 55 losses with a total value of £1,200,000 in 2012-13. There were two large losses. The first was for £480,000 following a theft of Department funded humanitarian materials and supplies from the offices and warehouses of partner organisations. While the theft by the terrorist organisation Al Shabaab in southern Somalia took place between November 2011 and February 2012, the associated investigation did not conclude until 2012-13 and thus the write-off was reported in 2012-13. The second case involved a loss of £260,000, following the Department's decision to terminate a poor performing project. The write-off covered costs incurred in the period 2006 to 2012 for a wind power project on Pitcairn Island.<sup>42</sup>

**2.5** The Department's accounts include a governance statement which brings together all disclosures about matters relating to governance, risk and control. It outlines the mechanisms through which key risks are managed and discusses the work of internal audit during the year.<sup>43</sup>

<sup>41</sup> Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, p. 155.

<sup>42</sup> Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, p. 208.

<sup>43</sup> Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, pp. 143-150.

**2.6** Internal audit assessed the adequacy of the Department's frameworks for governance, risk management and control in 2012-13 as adequate and effective. Internal audit reported that it had seen some very positive changes, including the following three improvements which tackle weaknesses internal audit had identified in 2011-12.

- *Stronger management focus at country and headquarter level on addressing fraud and corruption risk both in programme and administration spend.* During 2012-13, the Department reviewed its whistleblowing policy and strengthened its Counter Fraud and Whistleblowing Unit by recruiting staff with specialist skills. It also prepared country-specific anti-corruption strategies setting out how it plans to safeguard UK taxpayers' money and reduce corruption and its impact on development.<sup>44</sup>
- *Progress on developing due diligence of partner organisations and spend.* In January 2013, the Department introduced a new mandatory framework for assessing the capacity and capability of its partners. It is too early to assess the impact of this new framework.
- *Stronger management focus on addressing the risk of systemic use of payments in advance of need.* Internal audit reported that there was some evidence of payments in advance of need in 2012-13, but these were not material.

**2.7** Internal audit also identified weaknesses in control in 2012-13. It identified some weaknesses in programme management and the need for the Department to strengthen its process for conducting annual reviews of its projects. It also said improvements could be made to budget planning and forecasting, and that risk management could be more joined-up and systematic.<sup>45</sup>

## **Our audits of the Department's effectiveness and value for money**

**2.8** The NAO's work to test the effectiveness and value for money of government spending has included a number of recently published reports which have covered the Department. The principal findings of these are summarised below.

<sup>44</sup> Summaries of these strategies are publically available on the Department's website.

<sup>45</sup> Department for International Development, *Annual Report and Accounts 2012-13*, June 2013, p. 148.

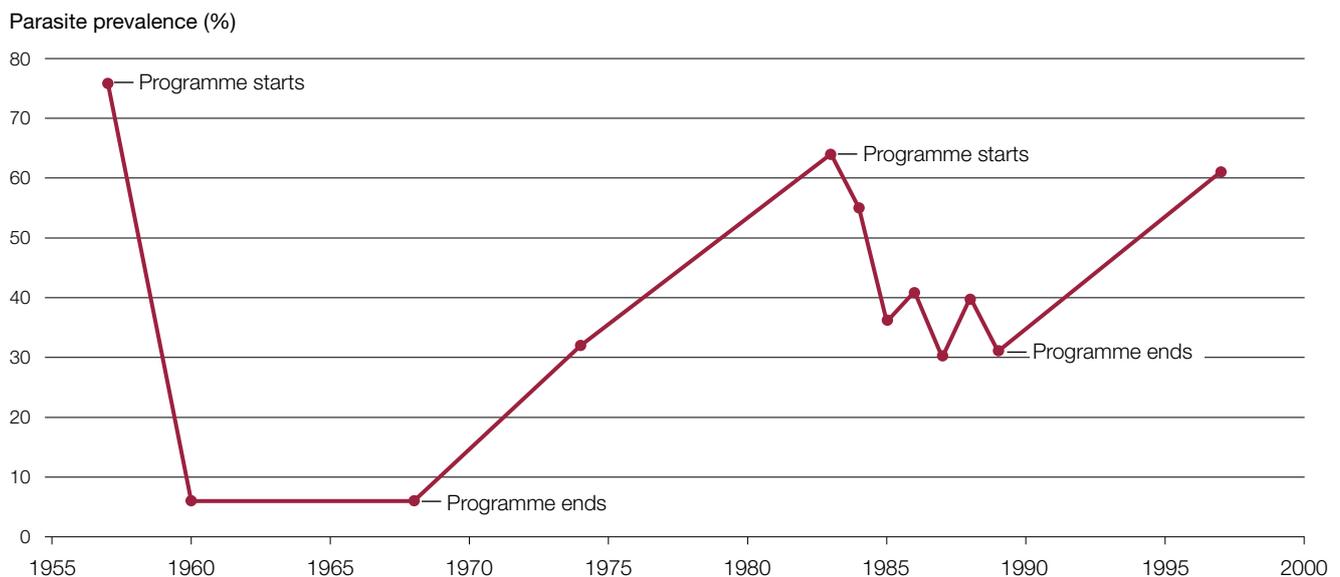
## Malaria

**2.9** In July 2013 we reported on the Department’s support for programmes to prevent, detect and treat malaria. We found the Department gives high priority to tackling the disease and uses proven interventions. However, global coverage of malaria prevention and treatment is incomplete. Progress requires the Department to encourage countries receiving UK aid to strengthen their own health systems so that spending by the Department has a more sustained impact.<sup>46</sup> Past experience shows that delays or gaps in malaria control can lead to a rapid resurgence of the disease (**Figure 8**).

**Figure 8**

Time series of malaria prevalence in Zanzibar

**Malaria resurged rapidly when historical control programmes ended**



Source: Cohen et al., 'Malaria resurgence: a systematic review and assessment of its causes', *Malaria Journal*, 2012 – included on page 39 of the National Audit Office's, July 2013 Malaria report

**2.10** We also found that the Department's bilateral programmes to tackle malaria used interventions and treatments which compare favourably with global benchmarks for cost-effectiveness in health. Deeper analysis of cost-effectiveness at country level would help improve value for money further by directing resources to where they should have most benefit. Our recommendations to the Department included:

- Ensure that bed net supply is more consistently supported by timely information campaigns, to increase net usage.
- Specify milestones and targets to reduce unnecessary treatment of people by focusing drug consumption on positively diagnosed malaria cases, in public and private sectors.
- When supporting free net distributions, ensure that plans are also in place to sustain local commercial markets. Large-scale free distributions of imported nets produce quick progress, but can also reduce capacity for future net replacement.
- Obtain more frequent data to reveal trends on malaria prevalence as the Department's programmes progress.
- Ensure that more operational research is completed, in sufficient time and volumes to identify and address the key local barriers to commodity use.
- Ensure that the cost-effectiveness of alternative ways of delivering interventions that protect and treat people are compared.<sup>47</sup>

### **Reliability of performance data**

**2.11** The Department faces some unique challenges in collecting reliable data on its outputs and outcomes due to the nature of its activities and the challenging conditions in which it operates. It works in countries that do not have well developed systems and governance structures; and works with a wide variety of different partners.

**2.12** In October 2013 we published our review of the Department's data systems for eight of its business plan indicators, and for three of its operational indicators. **Figure 9** overleaf sets out our results.<sup>48</sup> The systems for six indicators were fit for purpose but there were weaknesses in the systems for the other five, with the Department taking action to improve four of those systems. We identified the following common areas for improvement: the Department could improve the documentation of its procedures; it could improve its reporting of performance; its indicators are not always capable of showing its achievements; and the Department could publish methodologies for all its indicators.

<sup>47</sup> Comptroller and Auditor General, *Malaria*, Session 2013-14, HC 534, July 2013, pp. 9–11.

<sup>48</sup> National Audit Office, *Department for International Development: Data Assurance Summary Reports*, September 2013.

**Figure 9**

A summary of the results of our 2013 data assurance exercise

Score	Meaning	Indicators we reviewed
4	The indicator's data system is fit for purpose	Performance against structural reform plan
3	The indicator's data system is fit for purpose but some improvements could be made	<p>Elections Impact: Number of people who vote in elections supported by DFID (including share of people in fragile and conflict-affected states)</p> <p>Education Impact: Number of children supported by DFID in primary education (per annum)</p> <p>Financial Services Impact: Number of people with access to financial services as a result of DFID support</p> <p>Pipeline delivery</p> <p>Monitoring and evaluation</p>
2	The indicator's data system has some weaknesses which the Department is addressing	<p>Bed Nets Impact: Number of insecticide-treated bed nets distributed with DFID support</p> <p>Bed Nets Input: Average unit price of long-lasting insecticide-treated bed nets procured</p> <p>Financial Services Input: DFID programme spend on improving access to financial services</p> <p>Education Input: Cost per child supported in primary education</p>
1	The indicator's data system has weaknesses which the Department must address	Elections Input: DFID spend on elections (including share in fragile and conflict affected states)
0	No system has been established to measure performance against the indicator	

Source: National Audit Office

**2.13** We also assessed the completeness of the Department's reporting against its business plan indicators. We noted improvements since our last review in 2012 in the coverage of two of its priorities – transparency in aid and governance in fragile and conflicted states. However, gaps in coverage remain for the priority to improve the lives of women and girls, and for the results delivered by the multilateral organisations the Department funds.

## The Department in a cross-government context

**2.14** In addition to our work on individual departments, the NAO increasingly looks at performance across government, in order to understand how different departments measure up on important issues. Of the cross-government reports we published in the last year, one report, *Managing budgeting in government*, included substantial coverage of the Department.<sup>49</sup>

**2.15** The managing budgeting report examined HM Treasury's design and implementation of the budgetary process, focusing on the 2010 Spending Review. It also examined how five departments responded to central guidance, and the information and processes they used to develop their budgets. The Department was one of the five case studies.

**2.16** The Department's approach to allocating the resources it had been given under the 2010 Spending Review is summarised in **Figure 10** overleaf. As part of its approach, the Department reviewed its multilateral aid programme and its bilateral aid programme.

**2.17** We examined the Department's bilateral aid review. The review informed the allocations the Department made to the teams in each of its priority countries, with allocations linked to the delivery of promised results. We found strengths in the bilateral aid review. For example, the Department assessed the quality of evidence supporting country teams' bids for resources. It also used anonymous technical reviewers and scrutiny panels to assess bids.<sup>50</sup> The Department's current review of its business model could lead to a change in its approach to resource allocation (paragraph 1.33).

## NAO work in progress

**2.18** The NAO has one major study in progress on the Department. We plan to report by the 2014 parliamentary summer recess on the adequacy of the Department's oversight of the Private Infrastructure Development Group; a multilateral organisation which aims to mobilise private sector investment in infrastructure projects in developing countries, to boost their economic growth. The Department is already the major donor to the Private Infrastructure Development Group, and it plans to substantially increase its funding over the coming years.

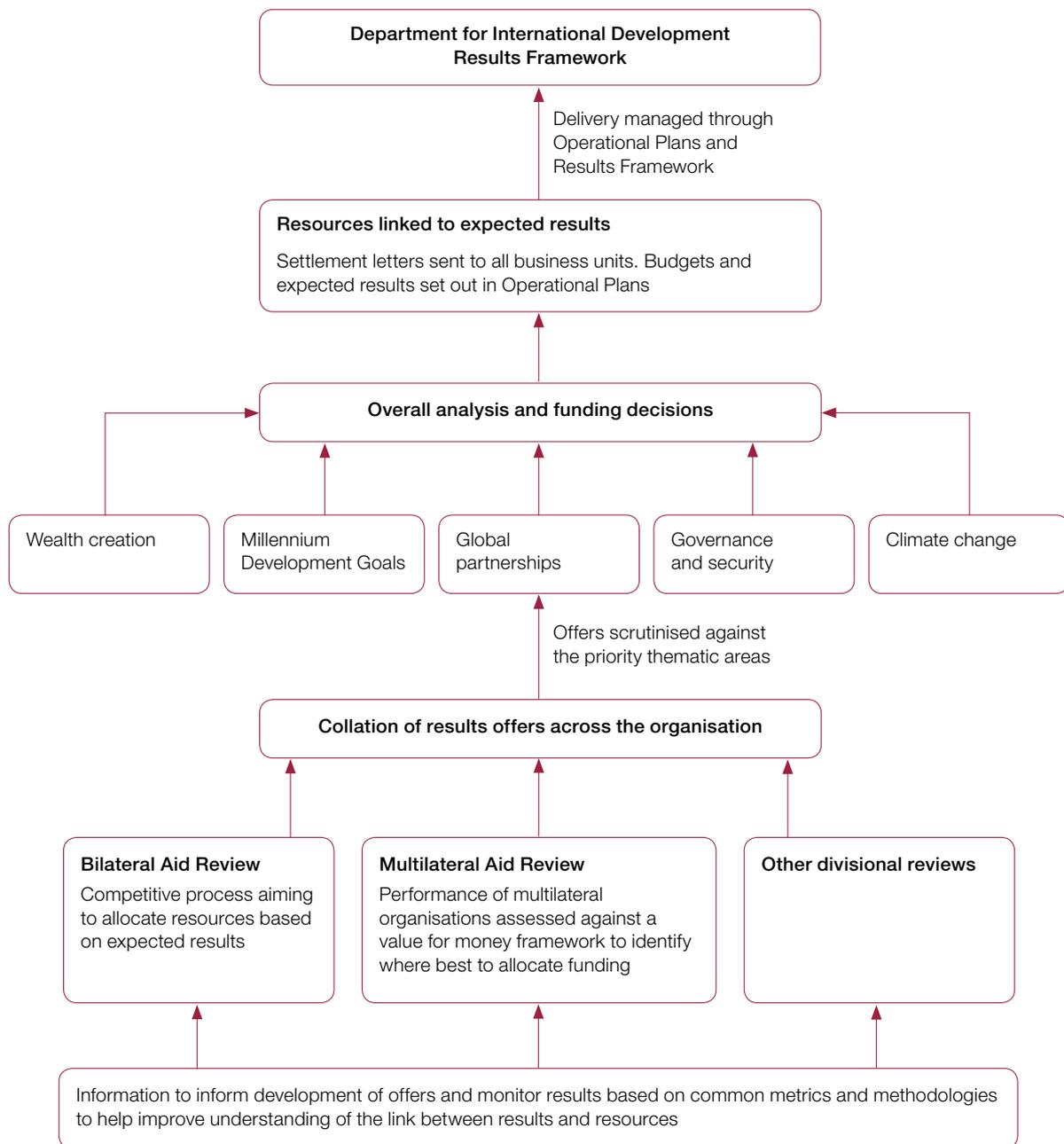
49 Comptroller and Auditor General, *Managing budgeting in government*, Session 2012-13, HC 597, National Audit Office, October 2012.

50 Comptroller and Auditor General, *Managing budgeting in government*, Session 2012-13, HC 597, National Audit Office, October 2012, pp. 24–25 and 34.

**Figure 10**

The Department for International Development’s allocation decisions and delivery approach

For Spending Review 2010, the Department sought to link resources to delivery and assessed initial offers to deliver results within five priority thematic areas (or ‘pillars’). The Department has managed delivery of results through local operational plans and its results framework.



Source: Department for International Development – diagram included on page 46 of the National Audit Office’s October 2012 *Managing budgeting in government* report

# Appendix One

## The Department's sponsored bodies at 1 April 2013

Name	Other sponsoring bodies	Description	Funding received from the Department in 2012-13
Independent Commission for Aid Impact	None	The Independent Commission for Aid Impact focuses on maximising the impact and effectiveness of the UK aid budget for intended beneficiaries and the delivery of value for money for the UK taxpayer.	£2.9 million
Commonwealth Scholarship Commission	The Foreign & Commonwealth Office and the Department for Business, Innovation & Skills provide a small amount of funding.	The Commonwealth Scholarship Commission funds scholarships and fellowships to citizens of Commonwealth and developing countries to attend university in the UK and abroad.	£21 million
CDC Group plc	None	The Department wholly owns CDC Group plc, formerly the Commonwealth Development Corporation. CDC Group plc is the UK's development finance institution and makes commercial investments in private firms in developing countries.	CDC Group plc has not received any new government funding since 1995.

# Appendix Two

## Results of the Civil Service People Survey 2012

	Civil service overall	Department for Business, Innovation & Skills (excluding agencies)
<b>Question scores (% strongly agree or agree)</b>		
<b>Leadership and managing change</b>		
I feel that the Department as a whole is managed well	43	39
Senior civil servants in the Department are sufficiently visible	48	51
I believe the actions of senior civil servants are consistent with the Department's values	42	40
I believe that the departmental board has a clear vision for the future of the Department	40	41
Overall, I have confidence in the decisions made by the Department's senior civil servants	39	37
I feel that change is managed well in the Department	29	26
When changes are made in the Department they are usually for the better	25	19
The Department keeps me informed about matters that affect me	56	59
I have the opportunity to contribute my views before decisions are made that affect me	36	31
I think it is safe to challenge the way things are done in the Department	40	37
<b>Organisational objectives and purpose</b>		
I have a clear understanding of the Department's purpose	84	81
I have a clear understanding of the Department's objectives	79	74
I understand how my work contributes to the Department's objectives	82	79

### Note

1 The score for a question is the percentage of respondents who strongly agree or agree to that question.

Cabinet Office (excluding agencies)	Department for Communities and Local Government (excluding agencies)	Department for Culture, Media & Sport (excluding agencies)	Ministry of Defence (excluding agencies)	Department for Education	Department of Energy & Climate Change	Department for Environment, Food & Rural Affairs (excluding agencies)	Foreign & Commonwealth Office (excluding agencies)	Department of Health (excluding agencies)	HM Revenue & Customs (excluding agencies)	HM Treasury	Home Office (excluding agencies)	Department for International Development	Ministry of Justice (excluding agencies)	Department for Transport (excluding agencies)	Department for Work & Pensions (excluding agencies)
38	31	23	19	39	39	29	56	31	21	62	39	63	48	43	29
47	45	37	26	46	64	42	59	47	33	71	48	71	56	59	30
40	33	23	24	39	47	34	55	39	27	59	40	62	47	47	29
29	31	29	22	31	27	22	54	24	24	47	28	64	37	35	30
40	30	18	16	35	42	29	50	33	19	57	35	58	43	39	23
28	22	19	11	27	27	19	42	18	17	49	23	44	34	27	24
22	14	12	9	17	25	14	36	14	14	35	18	32	29	19	20
57	54	56	41	55	67	56	62	49	40	72	60	69	61	63	46
34	32	32	20	37	39	31	42	30	20	48	33	50	37	35	23
41	29	32	30	36	43	37	45	31	29	54	38	44	41	43	33
73	67	64	80	83	87	74	83	68	75	86	84	94	79	80	79
63	63	62	72	77	84	70	80	62	72	80	80	92	73	74	77
73	72	70	76	80	86	75	84	69	75	82	81	91	77	79	78

## Appendix Three

### Publications by the NAO on the Department since April 2012

Publication date	Report title	HC number	Parliamentary Session
September 2013	2012-13 review of the data systems for the Department for International Development	<a href="http://www.nao.org.uk/report/2012-13-review-of-the-data-systems-for-the-department-for-international-development/">www.nao.org.uk/report/2012-13-review-of-the-data-systems-for-the-department-for-international-development/</a>	
July 2013	Malaria	HC 534	2013-14
June 2013	Briefing to support the International Development Committee's inquiry into the Multilateral Aid Review	<a href="http://www.nao.org.uk/report/briefing-to-support-the-international-development-committees-inquiry-into-the-multilateral-aid-review/">www.nao.org.uk/report/briefing-to-support-the-international-development-committees-inquiry-into-the-multilateral-aid-review/</a>	
December 2012	Briefing to support the International Development Committee's inquiry into DFID's Annual Report and Accounts 2011-12	<a href="http://www.nao.org.uk/report/briefing-to-support-the-international-development-committees-inquiry-into-dfid-s-annual-report-and-accounts-2011-12/">www.nao.org.uk/report/briefing-to-support-the-international-development-committees-inquiry-into-dfid-s-annual-report-and-accounts-2011-12/</a>	
November 2012	Departmental Overview: A summary of the NAO's work on the Department for International Development 2011-12	<a href="http://www.nao.org.uk/report/departmental-overview-a-summary-of-the-naos-work-on-the-department-for-international-development-2011-12/">www.nao.org.uk/report/departmental-overview-a-summary-of-the-naos-work-on-the-department-for-international-development-2011-12/</a>	
September 2012	Multilateral aid review	HC 594	2012-13
August 2012	Review of the data systems for the Department for International Development	<a href="http://www.nao.org.uk/report/review-of-the-data-systems-for-the-department-for-international-development/">www.nao.org.uk/report/review-of-the-data-systems-for-the-department-for-international-development/</a>	

## Appendix Four

### Cross-government reports of relevance to the Department since April 2012

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<b>Publication date</b>	<b>Report title</b>	<b>HC number</b>	<b>Parliamentary Session</b>
September 2013	Managing the risks of legacy ICT to public service delivery	HC 539	2013-14
June 2013	Building capability in the Senior Civil Service to meet today's challenges	HC 129	2013-14
February 2013	Improving government procurement	HC 996	2012-13
October 2012	Managing budgeting in government	HC 597	2012-13
April 2012	Implementing transparency	HC 1833	2010-2012

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# Where to find out more

The National Audit Office website is  
[www.nao.org.uk](http://www.nao.org.uk)

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If you are interested in the NAO's work and  
support for Parliament more widely, please contact:

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