



DEVELOPMENT:
MAKING IT HAPPEN
2008
ANNUAL REPORT

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Cover photography:

Top left: **Thomas Omondi/DFID**

Free primary education in Kenya – Stephen is just one out of over 1.8 million children that have been enrolled in Kenya since the introduction of free primary education.

Top right: **Jane Hahn/Panos**

Workers on a Ghana Pineapple farm visited recently by DFID Minister, Gareth Thomas.

Middle left: **Sarah MacGregor/DFID**

Vest worn by election mediators, DR Congo. DFID and the Electoral Institute of Southern Africa (EISA) funded the training and equipping of mediators for the elections (2006).

Middle: **Thomas Omondi/DFID**

Political empowerment in Kenya – A young Kenyan waves a voter's card in the air.

Middle right: **David Pratt/DFID**

Ethiopia Rose Farm Stems on trailer – Enyi Ethio Rose exports flowers direct to Europe.

The state of the art rose farm covers 15 hectares the farm exports 10,000 roses per hectare per year and employs 550 workers.

Bottom left: **DFID Bangladesh Communications Team/DFID**

Education for all in Bangladesh – Bangladeshi schoolchildren hold up their books to show their love of learning.

Bottom right: **Stuart Freedman/Panos**

INDIA New Delhi – A Delhi Jal Board (DJB) worker pumps water into a tank in the Vasant Kunj area.

The area is one of many places in the city that has a frequent loss of mains water and has to rely on such tanker deliveries.

All photographs throughout the report are credited to DFID unless otherwise stated.

This document is part of a series of Departmental Reports which, along with the Main Estimates 2008-09, the document Public Expenditure Statistical Analyses 2008 and the Supplementary Budgetary Information 2008-09, present the Government's expenditure plans for 2008-09, and comparative outturn data for prior years.

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Department for International Development

Annual Report

2008

Presented to Parliament by the
Secretary of State for International Development
pursuant to Section 1 of the International Development
(Reporting and Transparency) Act 2006.

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About this report

DFID's Annual Report is intended to provide Parliament, members of the public, our development partners and others interested in development issues with a comprehensive account of how we have been spending, and plan to spend, public funds. The report focuses primarily on DFID's work and key developments from April 2007 to March 2008. It explains our approach to working as part of a wider international effort to tackle poverty in poor countries, collaborating with many organisations, including other UK government departments, other donors, multilateral development agencies, the governments of developing and transition countries, civil society, business and academia. It does not contain information about policy that is already set out in other DFID publications.

The report is structured around DFID's Public Service Agreement (PSA) for the period 2005–08.

Chapter 1 provides an introduction to DFID's work to reduce poverty in developing countries, outlines the significance of the year 2007 to the international effort to achieve the Millennium Development Goals (MDGs) and describes how and where in the Report we are responding to the requirements of the International Development (Reporting and Transparency) Act 2006.

Chapters 2 to 9 focus on DFID's six PSA objectives: our work to reduce poverty in Africa, in Asia, and in Europe and Central Asia, the Middle East and the Americas (Chapters 2, 3 and 4 respectively); our efforts to make our bilateral aid more effective (Chapter 5) and improve the effectiveness of the multilateral system (including our work with the European Union, the World Bank and United Nations agencies – Chapter 6); how we address debt relief and international trade and our involvement with civil society (Chapter 7); and; what we are doing on conflict prevention, post-conflict reconstruction, humanitarian crises and our focus on Fragile States (Chapter 8); and how we are addressing climate change issues and environmental and natural resource management (Chapter 9). **Chapter 10** explains how DFID is organised and structured to deliver its objectives efficiently.

Annex 1 responds to the statistical reporting requirements of the International Development (Reporting and Transparency) Act 2006. **Annex 2** sets out DFID's current and planned financial allocations. **Annex 3** sets out the Millennium Development Goals, including targets and indicators. **Annex 4** provides details of DFID's achievements against both the 2003–06 and 2005–08 Public Service Agreements (PSAs). **Annex 5** assesses the effectiveness of UK bilateral aid in each of the 25 countries specifically targeted by the PSAs.

Annex 6 explains the limitations of the available data in measuring progress against our PSA and the efforts which DFID is making to address these limitations. **Annex 7** outlines DFID's efficiency programme and shows the progress which has been made to date. **Annex 8** shows the Organisational Chart. **Annex 9** lists the reports, policy papers, country and regional assistance plans and other documents that DFID has published in 2005/06 and **Annex 10** contains some useful websites and sources of information.

A glossary of the most commonly used acronyms, abbreviations and development terms is given in [Annex 11](#). [Annex 12](#) provides a comprehensive index.

The International Development (Reporting and Transparency) Act 2006

In July 2006 the **International Development (Reporting and Transparency) Act 2006** passed into law. The Act requires the Secretary of State for International Development to report annually on various areas, including expenditure on international aid, progress towards the United Nations target for Official Development Assistance (ODA) to make up 0.7% of gross national income (GNI), and the effectiveness and transparency of aid.

To respond to the requirements of the Act, DFID has updated the structure and scope of this report.

Response to the Act

Chapter 1

- Progress towards the 0.7% expenditure target.
- Progress generally towards the achievement of MDGs 1–7.
- Promotion of sustainable development in countries outside the UK.
- Reduction of poverty in such countries.

Chapter 5

- Progress made in promoting untied aid.
- Promotion of transparency in the provision of aid and the use made of aid provided.
- Progress in relation to:
 - specifying future allocations of aid;
 - securing that aid supports clearly identified development objectives agreed between those providing and those receiving aid;
 - promoting the better management of aid, including the prevention of corruption relating to it;
 - securing improvements in monitoring the use of aid.

Chapter 6

- Effectiveness in pursuing MDGs 1–7 of multilateral aid to which the UK contributes.

Chapter 7

- Pursuit of MDG 8, in particular progress towards the development of an open trading system that is rule-based and non-discriminatory and expands trading opportunities for low income countries.
- The development of an open financial system that is rule-based and non-discriminatory.
- The enhancement of debt relief for low income countries.

Annex 1

- The expenditure tables required by the schedule to the Act.

Annex 5

- Effectiveness in pursuing MDGs 1–7 of UK bilateral aid to not fewer than 20 countries.

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Foreword

By the Rt Hon Douglas Alexander MP – Secretary of State for International Development



Just over seven years ago, in September 2000, world leaders came together to pledge that they would ‘spare no effort’ to free men, women and children from extreme poverty.

Now, in 2008, just seven years remain to achieve the Millennium Development Goals – to halve global poverty, get all the world’s children into school, reduce infant and maternal mortality, and halve the proportion of people without access to clean water and sanitation.

Millions of lives have changed for the better since 2000, thanks to aid increases and debt cancellation. Nearly 30 million more African children are in primary school. In India and Pakistan, 45 million more people have access to drinking water. Zambia is now able to provide free health care to five million more citizens.

Yet it is clear that, halfway to the 2015 target date, the world is falling short of meeting the Millennium Development Goals. 72 million children of primary school age are still not in school. Over half a million women still die each year from treatable and preventable complications of pregnancy and childbirth. A child loses their life every three seconds, simply because they are poor.

The UK is leading the way in the fight against poverty. We estimate that the Department for International Development helps to lift three million people out of poverty every year.

The UK’s development aid will continue to increase over the next three years, and by 2010 will have more than trebled in real terms since 1997. This investment will ensure we deliver the promises made by the UK at the G8 summit in Gleneagles in 2005, and help countries to accelerate their progress towards meeting the Millennium Development Goals.

However, if the world is to deliver the Millennium Development Goals, the world must act together. That is why the Prime Minister has joined UN Secretary-General Ban Ki-moon in calling for a ‘global partnership for development’ that stretches beyond governments alone, to harness the talents of NGOs, businesses, faith groups and citizens everywhere.

A number of meetings during the course of 2008 will be critical in galvanising action across all of these groups: the G8 in Japan; European Council in Ljubljana and the UN General Assembly in New York.

Throughout the coming year, the Department for International Development will continue to support countries' efforts to improve basic services and governance to ensure that politics works in the interests of the poor and vulnerable. We will also support developing countries to meet the challenges and opportunities they face at the beginning of the twenty-first century.

Through establishing a new international growth centre – a virtual network of experts on economic growth from investors to academics – we will give developing countries a resource to improve their own prospects for economic growth. Such growth has accounted for 80 per cent of all poverty reduction around the world since 1980 – helping half a billion people to lift themselves out of poverty.

Conflict continues to afflict societies around the world. By 2010, half of the world's poorest people will be in countries at risk of, or recovering from fighting. A new cross-government stabilisation aid fund will bring the Department for International Development, the Foreign Office and the Ministry of Defence together to prevent, manage and resolve conflict.

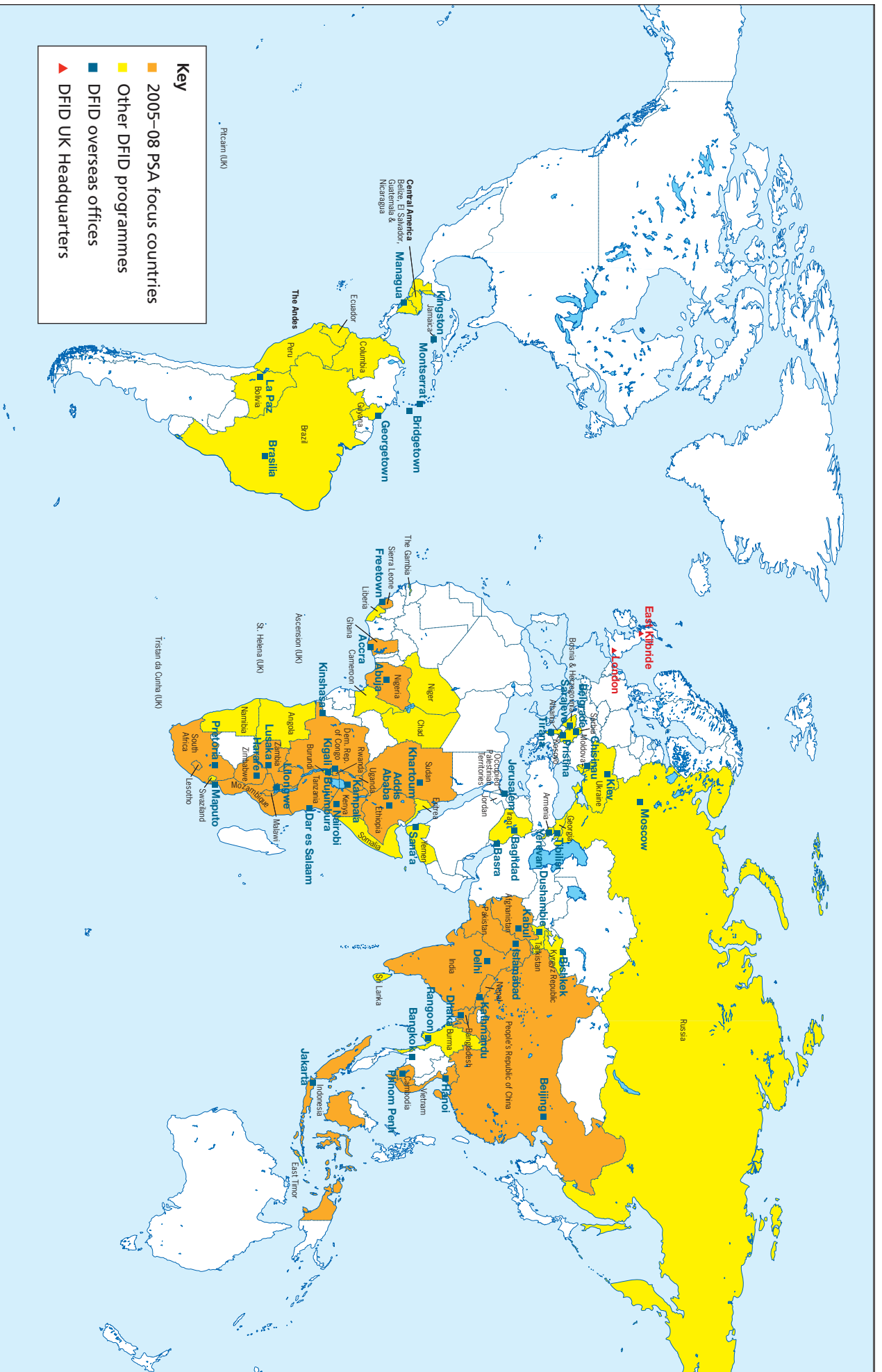
If we do not act in response to climate change, we risk condemning the world's poorest people to generations of worsening poverty. The UK's £800 million International Environmental Transformation fund, launched last year, will form one cornerstone of an international fund to help deliver a low carbon economy and help developing countries adapt to the impact of climate change.

Global action requires effective global institutions, so we will work with the United Nations and World Bank to support them in reforming to meet the challenges of the early twenty-first century.

In a world today that remains too unstable, too unsustainable and too unequal, the challenge of eliminating extreme poverty is indeed great. Yet even greater than the scale of the challenge we face together is the need for us to succeed.

A handwritten signature in black ink, appearing to read "August Hand". The signature is stylized and cursive, with a large initial 'A' and 'H'.

DFID's work around the world (2007/08)



The boundaries shown on this map do not imply official endorsement by DFID

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Mae Sot, Thailand – Vickie Sheriff/DFID



Introduction and key achievements



"I believe the scale of the challenge is such that we cannot now leave it to some other time and some other people but must act now, working together."

Gordon Brown in his speech to the UN in July 2007

"We will not meet our objectives unless we have an acute understanding of the challenges facing development today, at the half-way point towards the MDGs. Beyond my Department's clearly stated commitment to good governance, to improving basic services, we must focus renewed effort therefore on four key policy challenges. Increasing growth. Reducing conflict. Tackling climate change. And reforming the international system."

Douglas Alexander in his speech to the British Overseas NGOs for Development (BOND) Annual General Meeting on 24 October 2007

Key achievements

- UK has become the **largest contributor to the International Development Association (IDA)**, which provides credits and grants to around 80 of the poorest countries in the world, committing £2.134 billion for the three years 2008/9 to 2010/11. Through our previous contributions to IDA from 2001-2007, DFID has provided:¹
 - Over 10,000 new or rehabilitated classrooms, 45,000 teachers trained and 10,000 new teachers
 - 770, 000 insecticide treated nets to prevent malaria
 - 120 new or rehabilitated hospitals
 - Improved water or sanitation facilities for over 1.5 million people.

1 This is based on DFID having an expenditure share of 7.7% of IDA. This share is applied to World Bank estimates of IDA outputs in "Focus on Results: The IDA 14 Results Measurement System and Directions for IDA 15". International Development Association, Operations Policy and Country services, October 2007.

- Secretary of State announced in September 2007 a **commitment of up to £1 billion up to 2015 to the Global Fund to Fight AIDS, Tuberculosis (TB) and Malaria (GFATM)**. As part of this commitment, the UK will provide up to £360 million for 2008-2010, which is a 20% increase on our current funding. From 2001-2006 DFID's contribution funded:²
 - 1.2 million bed nets to prevent malaria and malaria treatment for 1.5 million people
 - Anti-retroviral treatment (ARV) treatment for 51,000 people
 - treatment for TB for 134,0000 people
 - 80,000 orphans provided with basic care.
- Our **aid spending on Africa** is set to **more than double** from £1.3 billion in 2004 to over £3 billion by 2010.
 - In Zimbabwe we have provided improved access to water and sanitation, strengthened household nutrition and essential health care to 1.5 million people
 - In Democratic Republic of the Congo, DFID has funded the rehabilitation of 600 classrooms and distributed school kits to 750,000 children in 2007. A major education programme will help a million extra children into school over the next 5 years
 - In Southern Sudan we have trained over 1200 teachers, built 10 new schools and facilitated the return to school of 2000 children.
- DFID provides **over £100 million every year to United Nations Children's Fund (UNICEF)**. This contributed to the following results:
 - provision of nutritional support to 80,000 acutely undernourished children
 - UNICEF is the world's largest provider of vaccines for developing countries and reaches 40% of the world's children
 - in Somalia – 1.6 million children under five vaccinated against polio
 - produced educational supplies that helped more than 10 million children return to school in 2006.
- The UK government will provide **an additional £100 million** over the next five years to the **United Nations Population Fund** to improve reproductive health and to give women real choices.
- The UK joined together with fellow donors, developing countries, and all the global health agencies to launch the **International Health Partnership (IHP)** in September 2007. This commits donors and health agencies to coordinate our efforts more effectively to deliver the doctors, drugs and clinics that are needed to save millions of lives. It is fast becoming recognised as the organising framework for support to health sectors in developing countries. In Nepal, the IHP gave momentum to a new policy of free health care, with user fees abolished at the beginning of this year.
- **£49 million of assets, the proceeds of corruption**, laundered by political elites, has been restrained in the UK, whilst investigations and legal processes proceed. **£1.5 million has been returned to date** and two money laundering related prosecutions have been achieved.

2 This is based on DFID having an expenditure share of 6.7% of GFATM. This share is applied to GFATM estimates of its outputs in "Partners in Impact, Results report". GFATM 2007.

- In December 2007, the UK contributed £417 million to the **African Development Fund** (AaDF) and became its largest donor. Between 2004 and 2007, DFID's contribution funded:³
 - an estimated 1.5 million provided with improved access to transport
 - 285,000 people with improved access to health services
 - 81,000 with improved access to water and sanitation services
 - almost 237,000 pupils newly enrolled in school
 - training of almost 17,000 farmers, provision of 1.2 million trees, seedlings and other plants with almost 475,000 farmers benefiting from interventions.
- DFID's contribution to the **Afghanistan Reconstruction Trust Fund** has helped ensure that 5.4 million Afghan children are now gaining an education, over a third of them girls. This is up from an estimated 1 million children, almost all boys, in school in 2001.
- In **Pakistan**, support for seven national priority health and population welfare programmes during 2007 has helped save about 60,000 children's lives, and contributed to 4,400 fewer maternal deaths and 300,000 children prevented from becoming malnourished.
- In **India**, DFID's support to the Government of India's universal elementary education programme, Sarva Shiksha Abhiyan (SSA), helped get more than 27 million more children enrolled in school between 2003 and 2006. Millions of girls and socially excluded children have enrolled, bringing enrolment to 96% in 2006.
- DFID's £30 million support over three years to the **United Nations Peacebuilding Fund** helped address threats to peace in Burundi, Sierra Leone, Liberia, Guinea-Conakry, the Central African Republic and Cote d'Ivoire in 2007.
- DFID spent **£200 million on humanitarian response in Africa**: major recipients were Sudan, DRC, Zimbabwe and Uganda. DFID's humanitarian assistance in Africa contributed towards the delivery of emergency nutrition, health, shelter, protection and livelihoods recovery programmes reaching approximately 30 million people.
- The UK is the largest contributor to the **Central Emergency Response Fund** (CERF) which provided nearly \$350 million (£174m)⁴ to meet humanitarian needs in 60 countries in 2007.
 - CERF has provided \$14 million (£7m) to Iraq since its launch in 2006, which has enabled 11 national NGOs to help 13,000 families receive basic services
 - In Nicaragua, CERF allocated \$5 million (£2.5m) for response to Hurricane Felix which affected 160,000 people. This enabled WFP to distribute 3,100 tonnes of food to nearly 100,000 victims
 - In Kenya, in 2008, CERF provided \$13.2 million (£6.6m) to help to victims of post-election violence and support health needs of thousands of people directly affected by the conflict.

3 This is based on DFID having an expenditure share of ADF of 4.9%. This share is applied to African Development Bank estimates of ADF outputs in "Results Reporting for ADF-10 and Results Measurement Framework for ADF-11", ADF-11 Replenishment: Fourth Consultation, December 2007, London, UK

4 All \$ and € conversion to GBP in this report is based on the official OECD-DAC exchange rate for 2007 (\$1 = £0.4997 = €0.7305). Conversion from all other currency to GBP is based on present exchange rates in March 2008.

A brief introduction to DFID

- 1.1** DFID leads the UK government's effort to promote international development. DFID's overall aim is to reduce poverty in poorer countries, in particular through achieving the **Millennium Development Goals** (MDGs). **The Public Service Agreement (PSA)** led by DFID contains objectives and targets by which we measure our progress towards this aim.
- 1.2** DFID operates under the **International Development Act**, which came into force in 2002, and establishes the legal basis for UK development assistance. The Secretary of State for International Development can provide development assistance for sustainable development and welfare, provided that he is satisfied that this assistance is likely to contribute to poverty reduction. Under the terms of the act, British aid cannot be tied to the provision of British goods and services.
- 1.3** This report sets out DFID's activities and achievements in the year from April 2007 to March 2008.
- 1.4** In July 2006, the UK government published a **White Paper** entitled *Making Governance Work for the Poor*. The White Paper argues that whether states are effective or not is the single most important factor that determines whether or not successful development takes place. The White Paper builds on the work done in the earlier White Papers (1997 and 2000) and sets out what the UK government will do to meet the new global challenges that have emerged and in particular to deliver the ambitious commitments made in 2005. Implementation of the White Paper is now well underway. Significant developments to date are highlighted throughout this report.
- 1.5** The main priorities for DFID in achieving the MDGs have been set out by Douglas Alexander. These are:
- **Growth:** Promoting rapid growth by supporting private sector development and employment, investing in infrastructure and agriculture, and working for international trade rules that maximise the opportunities for the poorest countries. Making sure that growth is equitable, and that natural resources are used sustainably.
 - **Peace and Security:** Working to help states promote peace and security. Where states are unable to protect their citizens, we will work with our international partners to prevent, manage and respond to conflict.
 - **Climate change:** Working for international agreements on climate change that stabilise greenhouse gas levels in the atmosphere, enable developing countries to grow, create incentives and generate investment for clean energy, and help poor countries to adapt to the impact. Working with developing countries to make sure that they are fully involved in future international discussions on climate change, and provide international support to help developing countries adapt.
 - **International Reform:** Working with others, and using our resources and influence, to push for change in the international system. This means: reform of the United Nations (UN); a more effective UN-led system to deal with humanitarian crises; more responsive international

financial institutions; supporting the growing roles of regional organisations such as the African Development Bank and the African Union; and a strong focus on merit-based appointments, and greater accountability to developing countries. Working more closely with European partners to promote development. Pushing for the OECD-DAC (Development Assistance Committee of the Organisation for Economic Co-operation and Development) to monitor and hold donors to account on their development commitments, and to develop closer working relationships with new non-OECD donors such as India and China.

Highlights in 2007/08

- DFID's budget will increase to **£7.9 billion by 2010/11 from £5.3 billion this year**. This is an annual average increase of 11% in real terms over the period.
- The 2007 Comprehensive Spending Review finances a new **Environmental Transformation Fund (worth over £1.1 billion in total)**, with an international element which provides £800 million to advance poverty reduction by supporting adaptation to climate change, providing access to clean energy and helping to tackle unsustainable deforestation.
- DFID will lead on a **new cross Governmental Public Service Agreement (PSA)** for 2008 – 2011 on international poverty reduction, working particularly with Her Majesty's Treasury (HMT), Foreign and Commonwealth Office (FCO) and Department for Environment Food and Rural Affairs (Defra).
- **A joint DFID–Department of Business, Enterprise and Regulatory Reform (BERR) Trade Policy Unit** was established reporting to a Minister representing both departments. This will serve to make the UK's aid and trade policies even more coherent, putting developing countries' concerns squarely at the forefront of our trade policies.
- The **average success rate of DFID's projects has increased by 5%** (from 75% to 80%) between 2006/07 and 2007/08.

The International Development (Reporting and Transparency) Act 2006

1.6 In July 2006 the **International Development (Reporting and Transparency) Act 2006** passed into law. The Act requires the Secretary of State for International Development to report annually on various areas, including expenditure on international aid, progress towards the United Nations target for Official Development Assistance (ODA) to make up 0.7% of gross national income (GNI), and the effectiveness and transparency of aid.

1.7 DFID's response to the requirements of the Act is contained within this report.

Progress towards the Millennium Development Goals

- 1.8** DFID's aim is the **reduction of poverty, in particular through the achievement of the MDGs by 2015**. Everything that DFID does, through its country programmes and collaboration with international organisations, is guided by the MDGs.

Box 1.1: What are the Millennium Development Goals (MDGs)?

The eight MDGs represent a world shared vision to reduce world poverty, adopted by 189 nations in September 2000. The central goal is to reduce by half the proportion of people living on less than a dollar a day by 2015. Developed and developing countries have shared responsibility for delivering these goals by 2015. The MDGs are:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV & AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

Further information on the MDGs can be found at www.developmentgoals.org

- 1.9** Progress towards the Millennium Development Goals has been significant since 1990 but unequal across the world. However, progress is lagging in the majority of the goals, and sub-Saharan Africa, in particular, is off track to meet any of the targets by 2015. In addition, climate change is hampering efforts to deliver the MDGs. Roughly 33% of DFID's ODA is exposed to climate risks.⁵ This is because, in climate-sensitive sectors such as infrastructure, agriculture, water management and health, development projects could be damaged by droughts, flooding or changing patterns of rainfall. Our work on climate change is discussed in Chapter 9.
- 1.10** Due to their unequal status in all societies, the great majority of the poor are women and their lack of access to resources, employment opportunities and voice are key factors contributing to their poverty. There is increased recognition that progress is lagging in those MDGs which depend most closely on improvements in the status and rights of women and that gender equality and women's empowerment are essential to the achievement of the MDGs.

5 Based on the UN Human Development Report 2007's assessment that 33% of development assistance is sensitive to climate risks.

Box 1.2: Gender equality and women's rights: gender equality action plan

The importance of promoting gender equality and the rights of women and girls cuts across all of DFID's work. Not only is this consistent with the government's international commitments to human rights, but it is clear that the Millennium Development Goals will not be reached without improving women's access to basic services and opportunities, and ensuring that they are able to play a greater part in decision-making at all levels.

DFID's Gender Equality Action Plan (GEAP), launched in March 2007, set out a 3-year programme aimed at ensuring that our development assistance has the maximum impact on issues of gender equality. Over the past year, work has been going on across DFID to raise the profile of gender equality in our bilateral programmes, in our discussions with partners in developing countries and other members of the international community, and in new policy development, and to strengthen our internal systems and procedures.

A network of senior level Gender Champions (headed by a DFID Director General) has been established to provide greater challenge and accountability for work on gender across the organisation. We have also ensured that these issues are reflected in DFID's corporate performance framework linked to our new PSA Delivery Agreement for 2008-11. We have included an indicator under the objective of promoting good governance, economic growth, trade and basic services which states *"increased access by women and girls to economic opportunities, public services and decision-making"*. This will promote a more coherent and institutionalised focus on gender equality as part of our ongoing work programme, and result in greater impact.

Working with other donors and multilateral agencies is a key part of our increased efforts on gender equality. Improvements in DFID's work alone will not bring about the significant improvement in the lives of women and girls which is required. We continue to work with the World Bank on implementation of their own gender action plan, and with the IFC on a number of country-level Gender and Growth Assessments. We are also working with OECD DAC partners to ensure that discussions at the High Level Forum on Aid Effectiveness in Accra in September includes recommendations, for strengthening work on gender issues as an essential element of aid effectiveness.

In our partner countries, strengthened analysis of the situation and needs of women and girls is influencing development of future DFID country business plans, and this is reflected in the wide range of gender-related activities which we are supporting. Details of work at country level are provided in later Chapters of this report. We are also ensuring that gender equality dimensions are addressed in emerging policy areas. For example, we have undertaken some initial work on the gender aspects of climate change to inform our future work in this area.

The role of Ministers in promoting this work, through keynote speeches and in their overseas visits, is key in underlining the importance of these issues both to DFID staff and externally. Both the Secretary of State and PUSG Gillian Merron (who has responsibility for gender equality issues) contributed to events to mark International Women's Day on 8 March.

Significant progress has been made in the first year of the Action Plan to lay the foundations for better work on gender equality across DFID. The challenge is huge particularly given the sensitivity of this issue. Gender inequality is fundamentally a political issue which cannot be resolved purely by technical means. But DFID remains committed to strengthening the impact which our development assistance has in tackling gender inequality and discrimination.

- 1.11** Box 1.2 gives some examples of global progress towards – and the UK’s contribution to – the eight MDGs. Progress towards each MDG by region is set out Annex 3. It is based on the official progress assessment produced by the United Nations in 2006. A summary of regional progress can be found in each of the regional Chapters: Africa (Chapter 2), South Asia (Chapter 3), and Europe, Central and East Asia, Latin America, the Caribbean and the Middle East (Chapter 4). Annex 5 also provides a summary of the effectiveness of UK aid in making progress towards the MDGs in the PSA countries.

Box 1.3: MDG status and the UK’s contribution to the MDGs

MDG 1: Eradicate extreme poverty and hunger: Since 1990, global levels of poverty and hunger have fallen. However, sub-Saharan Africa is not expected to meet the target as the accelerated economic growth experienced by the region is being cancelled out by population growth.

UK contribution to MDG 1: DFID is working to reduce hunger in Africa by providing long-term and reliable amounts of cash, foods, seeds and fertilisers. We are also collaborating with partners to provide better advice to governments and donor agencies on policies that facilitate the participation of poor people in growth and its impact on reducing poverty. With DFID support to **Malawi’s** seed and fertiliser subsidy, 2007 saw the largest maize surplus ever recorded, **benefiting 2 million households**. The numbers in acute food need fell to zero in 2007 – from 5m in 2005 and 830,000 in 2006.

MDG 2: Achieve universal primary education: Progress towards MDG Target 3 has accelerated since 1999 with the global primary net enrolment ratio increasing from 83% in 1999 to 87% in 2005. However, 72 million primary school age children, whether because they enter school late, never enter, or drop out, remain out of school.

UK contribution to MDG 2: The UK will spend up to £8.5 billion over the next 10 years in support of education in developing countries. This long-term commitment will provide predictable financing to help governments prepare ambitious 10-year education plans to help meet the MDGs by 2015. DFID’s contribution to the **Afghanistan Reconstruction Trust Fund** has helped ensure that **5.4 million Afghan children** are now gaining an education, over a third of them girls: up from an estimated 1 million children (almost all boys) in school in 2001.

MDG 3: Promote gender equality and empower women: The gender gap is closing – albeit slowly – in school enrolment in the developing world. Globally, 95 girls were in school for every 100 boys in 2005 compared with 92 in 1999.

UK contribution to MDG 3: As a precondition for reducing poverty and achieving all the MDGs, the UK seeks to address gender in all its international development activities. DFID has developed a gender strategy as a means of sharing best practice and learning across the organisation. With DFID's assistance, the enrolment gap between girls and boys in basic education in **Yemen** has reduced from 30% in 2002 to 19% in 2006. We are now supporting the government's target to reduce the gap to 11% by 2010.

MDG 4: Reduce child mortality: There has been a decline in child mortality from 20 million deaths a year of children under five in 1960 to an estimated 9.7 million deaths in 2006. Although progress is lagging, the MDG target is achievable by 2015 if action is taken now to implement proven interventions.

UK contribution to MDG 4: DFID promotes child health through its support for health services. DFID funding to seven National Health Programmes in **Pakistan** has helped increase the coverage of primary health care services. Through this programme the proportion of one year olds receiving life saving vaccinations increased from 53% in 2001 to 71% in 2005, which helped save the lives of around 40,000 children under five per year.

MDG 5: Improve maternal health: Some progress has been made in reducing maternal deaths in countries such as Bangladesh, Nepal and in parts of India. However, less progress is being made in Africa. This is because of: the continuing impact of HIV & AIDS, conflict, and weak health systems. Last year (2007) was an exceptional year for political advocacy for MDG 5 as highlighted by the international *Women Deliver* conference and there is now a renewed focus on this target.

UK contribution to MDG 5: DFID makes significant contributions to the maternal health programmes of the EC, the World Bank and international and national civil society groups. We also fund and collaborate with the health and development agencies of the United Nations system and support a number of research programmes. DFID support has also helped the national and state Governments of **India** to recruit and train more than 540,000 community-based health workers. These workers are playing a crucial role in saving lives of millions of women and children by promoting safer delivery. A new safe motherhood scheme (Janani Surakya Yojana) to reduce maternal deaths has reached over 5 million women.

MDG 6: Combat HIV & AIDS, malaria and other diseases: Several countries report success in reducing HIV infection rates and the global percentage of persons infected with HIV has levelled off. However the number of new infections continues to outpace prevention and treatment efforts. On malaria, overall, estimates of prevalence are relatively unreliable – and insufficient to estimate trends – but there is evidence of improvement in the world's malaria-endemic regions. The incidence of TB is stable or falling but Africa and Europe are furthest from targets. Two of the issues that have been slowing progress are the increasing rates of multi-drug resistant TB and the deadly combination of HIV and TB.

UK contribution to MDG 6: The UK provides substantial support to global health partnerships that target major diseases, notably the Global Fund to Fight HIV & AIDS, TB and Malaria and STOP TB, as well as to the World Health Organization (WHO), the Joint United Nations Programme on HIV & AIDS (UNAIDS), the United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF). The UK supports a large programme of investment in research and development of drugs and vaccines. DFID is one of the lead donors in **Zambia** for **HIV & AIDS**. By the end of 2007, Zambia was providing 130,000 people with life-saving anti-retroviral treatment (up from just 3000 in 2003) and 35% of HIV positive expectant mothers were receiving a full course of anti-retroviral treatment. The UK has supported the distribution of over one million bed nets in seven provinces in **DRC**. This has protected an estimated two million people from malaria, especially pregnant women and children under five. The DRC programme will continue to fund the distribution of a further two million nets protecting another four million people. DFID funding has helped the Government of **Pakistan** dramatically improve its treatment of **TB**. Their case detection rate has increased from 51% in 2006 to 67% in 2007 and the treatment success rate is 87%.

MDG 7: Ensure environmental sustainability: The two indicators of forest cover and energy use show that there is still a long way to go to before we reverse the loss of environmental resources. Moreover, climate change is already resulting in significant additional environmental stresses, which makes the need to integrate environmental issues into policies even more urgent. Between 1990 and 2004, 1.2 billion people gained access to drinking water from an improved source and improved sanitation. Overall in developing regions the percentage of urban population living in slums may have decreased slightly. However, urban population has increased rapidly so that, in 2007, the majority of people will live in urban areas for the first time in history.

UK contribution to MDG 7: The UK is working with countries and international organisations to ensure environmental opportunities, as well as risks, are reflected in national poverty plans. DFID has helped over 7 million people in **sub-Saharan Africa** gain access to water and sanitation over the last 4 years. In response to the tsunami in Aceh and Nias (**Indonesia**), DFID funds cleared over 1.1 million cubic metres of debris from agricultural land, helping approximately 1,400 households return to farming, and helped re-establish municipal waste services to 97,000 households.

MDG 8: Develop a global partnership for development: At the end of 2007, 35 African, Caribbean and Pacific (ACP) countries agreed Economic Partnership Agreements (EPAs) with the European Union (EU). The UK believes that EPAs can be good for development as they make it easier for countries to trade their way out of poverty. Total debt relief committed under the enhanced HIPC Initiative for 33 countries is currently over \$63 billion (£31.48 billion) in nominal terms. In addition, the Multilateral Debt Relief Initiative (MDRI), agreed at Gleneagles in 2005, has provided \$42 billion (£20.91 billion) towards 100% cancellation of debts owed to the World Bank, African Development Bank and the International Monetary Fund by 23 countries.

1.12 UN Secretary General Ban ki-Moon has labelled 2008 as the year of the “bottom billion” – a year for critical action on the MDGs. The Call to Action was launched in July 2007 by the Prime Minister Gordon Brown in New York, speaking alongside the UN Secretary General Ban ki-Moon to encourage the international community to accelerate progress on the MDGs. The Call to Action is

about mobilising not just governments but private sector, NGOs, civil society, faith groups and cities to do more to deliver the MDGs; creating a momentum that will help deliver the MDGs through to 2015. The UK government will continue to push forward the need for accelerated action at every possible opportunity in 2008 including through the G8 and EU. A pivotal moment will be a high-level meeting on the MDGs in September 2008, hosted by the UN Secretary General and the President of the General Assembly. The UK government are working to encourage this meeting to deliver a collaborative, international action plan to help put the MDGs back on track; and to agree a process of review that will maintain momentum on the MDGs to 2015.

DFID's Public Service Agreement 2005-08

- 1.13** DFID has a **PSA** which sets out the objectives and targets by which we measure our progress as monitored by HM Treasury. The current Public Service Agreement (PSA) runs for the three-year period from 2005 to 2008. We measure performance through targets that are based on the MDGs.

Box 1.4: DFID's Public Service Agreement 2005-08

Aim: Eliminate poverty in poorer countries in particular through achievement by 2015 of the Millennium Development Goals:

Objective I:	Reduce poverty in sub-Saharan Africa
Target 1:	Tackle poverty in Africa Progress towards the MDGs in 16 key countries in Africa
Objective II:	Reduce poverty in Asia
Target 2:	Address poverty in Asia Progress towards the MDGs in 9 key countries in Asia
Objective III:	Reduce poverty in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa
Objective IV:	Increase the impact of the international system in reducing poverty, preventing conflict and responding effectively to conflict and humanitarian crises
Target 3:	Make multilaterals better at delivering aid Improved effectiveness of the international system
Target 4:	Help poor countries benefit from international trade Ensure that the EU secures significant reductions in EU and world trade barriers by 2008 leading to improved opportunities for developing countries and a more competitive Europe (joint target with BERR (Department of Business, Enterprise and Regulatory Reform))

Target 5:	Conflict prevention and post-conflict reconstruction By 2007/08, improved effectiveness of UK and international support for conflict prevention, through addressing long-term structural causes of conflict, managing regional and national tensions and violence and supporting post-conflict reconstruction where the UK can make a significant contribution, in particular Africa, Asia, the Balkans and the Middle East (joint target with FCO and Ministry of Defence (MOD))
Objective V:	Develop, support and promote policy that assists poverty reduction and the achievement of the MDGs
Objective VI:	Improve the impact and effectiveness of DFID's bilateral programme
Target 6:	The 90:10 target and portfolio quality Ensure that the proportion of DFID's bilateral programme going to low income countries is at least 90% and achieve a sustained increase in the index of DFID's bilateral projects evaluated as successful.

1.14 Table 1.1 provides a summary of DFID's achievements against its PSA. A full report of progress and explanation of the traffic light assessment system is given in Annex 4.

Table 1.1: DFID's Public Service Agreement 2005-08

Target	Assessment
1: Progress towards the Millennium Development Goals in 16 key countries in Africa.	A
2: Progress towards the Millennium Development Goals in 9 key countries in Asia.	A
3: Improved effectiveness of the multilateral system.	A
4: Ensure that the EU secures significant reductions to EU and world trade barriers by 2008, leading to improved opportunities for developing countries and a more competitive Europe [joint target with the DTI].	A
5: Improved effectiveness of UK and international support for conflict prevention, through addressing long-term structural causes of conflict, managing regional and national tension and violence, and supporting post-conflict reconstruction, where the UK can make a significant contribution, in particular Africa, Asia, the Balkans and the Middle East [joint target with FCO and MOD].	A
6: Ensure that the proportion of DFID's bilateral programme going to low income countries is at least 90%, and achieve a sustained increase in the index of DFID's bilateral projects evaluated as successful.	G

PSA targets for April 2008 and beyond

- 1.15** The PSA framework has changed for the coming 2008/9 to 2010/11 Comprehensive Spending Review (CSR) period. Thirty PSAs will reflect a collective Government set of priorities rather than each Department leading on a separate PSA as in the previous 2004/05 to 2007/08 Spending Review period.
- 1.16** Each PSA will have a lead Government Department but delivery will rely on several Departments' contributions (the delivery partners). Successful delivery will therefore depend on cross-Whitehall collaboration.
- 1.17** The new PSAs are outcome-based, measurable and supported by delivery agreements which set out:
- the level of ambition
 - strategy for delivery
 - role of each organisation involved and
 - the role that user engagement will play.
- 1.18** The delivery agreements are intended to be a statement of intent of what the UK government will deliver over the Comprehensive Spending Review period with the available resources rather than policy documents. The delivery agreements are publicly available to ensure greater accountability and policy coherence.

A PSA on international poverty reduction

- 1.19** DFID will lead on the PSA on international poverty reduction to which HMT, FCO and Defra will contribute as delivery partners. The international poverty reduction PSA reflects Millennium Development Goal outcomes and the delivery strategy reflects priority outcomes through the three delivery channels of our bilateral development programme, our multilateral development programme and influencing the international system.

Which other PSAs is DFID involved in delivering?

- 1.20** DFID will contribute to the delivery of the PSAs on climate change (Defra lead) and conflict reduction (FCO lead). Through our work on poverty reduction, we will also indirectly contribute to the delivery of the counter terrorism PSA (Home Office (HO) lead) and the migration PSA (HO lead).

Departmental Strategic Objectives

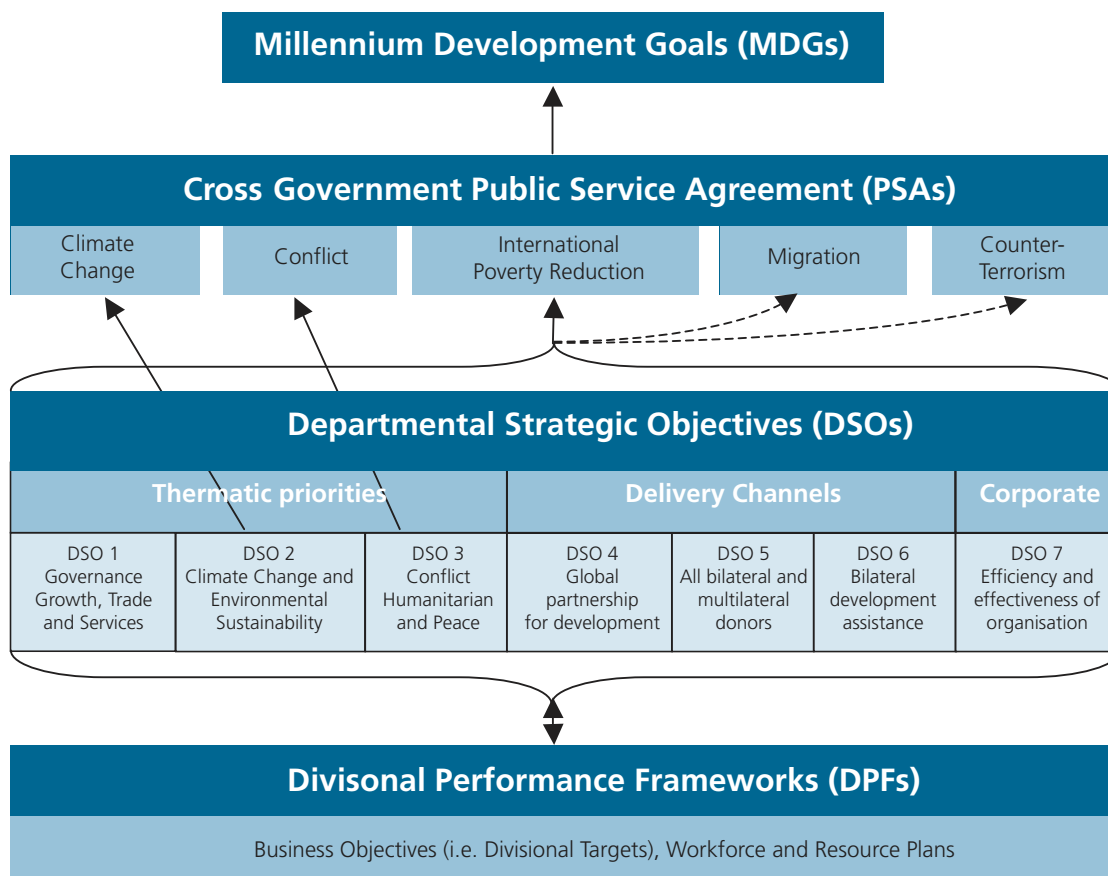
- 1.21** Underneath the government PSA structure, sits the Departmental Strategic Objectives (DSOs) covering the totality of each department's business. DFID's are to:
- promote good governance, economic growth, trade and access to basic services;
 - promote climate change mitigation and adaptation measures and ensure environmental sustainability;
 - respond effectively to conflict and humanitarian crises and support peace in order to reduce poverty;

- develop a global partnership for development (beyond aid);
- make all bilateral and multilateral donors more effective;
- deliver high quality and effective bilateral development assistance; and
- improve the efficiency and effectiveness of the organisation.

1.22 DFID’s Departmental Strategic Objectives have a dual purpose. They set out a picture of what the Department as a whole aims to achieve over the Comprehensive Spending Review period and provide an overarching framework for Ministers and DFID Management Board to hold Divisions accountable for delivery.

1.23 The relationship between the overarching planning framework and DFID’s business planning cascade is illustrated in the diagram below, and confirms that our overall purpose remains the same i.e. poverty reduction measured by progress on MDGs. The diagram also confirms DFID’s explicit contribution to the PSAs on Climate Change and Conflict Reduction, and indirect contributions to the PSAs on Migration and Counter-Terrorism.

Figure 1.1 DFID’s business planning flow chart



1.24 Delivery of the Poverty Reduction PSA will be measured by progress against eight MDG indicators for 22 partner countries. These indicators are internationally understood and monitored.

- 1.25 Department Strategic Objectives** (DSOs) will cover the totality of what the department aims to achieve over the CSR period; performance will be tracked against the 32 DSO indicators. In addition to clear deliverables on thematic priorities and explicit linkages to Climate Change and Conflict Reduction PSAs, the DSO indicators also reflect DFID's role in influencing global change and the need to maximise internal efficiency.

DFID's budget

2007/08

- 1.26** DFID's budget for 2007/08 was £5.3 billion which represents an average annual increase of 9.2% in real terms over the three years of Spending Review 2004. Total net ODA from the UK to developing countries is estimated as £4957 million in 2007, which represents 0.36% of GNI. This included £35 million of debt relief (as opposed to £1.5 billion on 2006/07).

2008/09 and beyond

- 1.27** Resources for the PSAs for the years 2008/09 to 2010/11 were allocated in the **Comprehensive Spending Review 2007** (CSR 07). During this period, **DFID's budget will grow by an average of 11% in real terms**, from £5.3 billion in 2007/08 to £7.9 billion by 2010/11. The CSR settlement builds on annual real growth to DFID's budget of 9.2% in Spending Review 2004 and 8.1% in Spending Review 2002.
- 1.28** UK Official Development Assistance (UK ODA) is projected to rise to **£9.1 billion by 2010/11** – four times the amount in 1997 – and representing 0.56% of Gross National Income (GNI). This is in line with the European Union's commitment for its member states to reach collectively 0.56% ODA/GNI in 2010 and keeps **the UK on track to reach its commitment of 0.7% GNI by 2013** – 2 years ahead of the EU's collective commitment to 0.7% GNI by 2015.
- 1.29** The extra resources secured in the CSR will enable us to increase spending in areas where the impact on international poverty and progress towards the MDGs will be the greatest. Detailed spending plans are set out in Annex 2 to this report. They show that:

- our bilateral programme will increase from £2.2 billion in 2006/7 to £2.9 billion in 2010/11, with the increases concentrated in Africa. By 2010/11, we expect our bilateral programme in Africa to be £1.75 billion, more than double the £868 million we provided in 2004/5.
- our multilateral programme will increase from £2.4 billion in 2006/7 to £3.4 billion in 2010/11. Part of this increase will finance the commitment announced in December 2007 to provide £2.1 billion to the World Bank for the 15th replenishment of the International Development Association, making us the largest global contributor.

These spending plans will enable us to deliver on the Government's promises to:

- help accelerate progress towards the MDGs by providing £8.5 billion for education to 2015 and £1 billion towards the Global Fund for AIDS, tuberculosis and malaria;
- more than double multilateral and bilateral aid to Africa as pledged at Gleneagles, from £1.3 billion in 2004 to more than £3 billion by 2010;

- help more countries increase their rate of growth, by increasing support for aid for trade to £409m (\$750 million) a year in 2010;
- help poor countries tackle climate change. DFID and Defra will provide £800 million to the international element of the Environment Transformation Fund;
- do more on conflict and security, including a new £200 million Stabilisation Aid Fund for immediate stabilisation activities alongside a single Conflict Prevention Pool to focus on longer-term conflict work. This has been set up to provide immediate assistance in the aftermath of conflict. DFID, FCO and MOD will be joint keyholders for this fund.

Box 1.5: DFID works jointly and closely with the FCO

Recognising how much we can add to each others' work and goals, DFID and the FCO work closely together in countries where we both operate. Pooling our knowledge and skills towards common goals can enhance both departments' effectiveness and produce savings.

Working together on peace and security in Iraq and Afghanistan

In **Afghanistan**, the **Stabilisation Unit**, a tri-departmental unit of DFID, FCO and MOD, has worked with all three Departments to ensure delivery of services, such as schooling and health care, across Helmand Province and particularly to the population of Musa Qala following the removal of the Taliban in November 2007.

In **Kabul**, DFID and FCO are co-located and work closely, for example:

- DFID has supplied a Press Officer to the FCO led British Embassy Press Hub to facilitate journalists' requests for stories on reconstruction and development in Afghanistan. The Ambassador regularly communicates DFID and wider UK government achievements publicly to the Afghan people.
- DFID's team on Alternative Livelihoods works closely with the Afghan Drugs Inter Departmental Unit in the FCO and the Counter Narcotics Team in the Embassy, to ensure that DFID projects to support alternative livelihoods also support the UK's Counter Narcotics work.

In **Baghdad** in September 2007, the DFID team moved offices to join FCO colleagues in the Chancery section of the Embassy. Whilst retaining the DFID name and representational function, this has enabled the team to work more closely with the Ambassador and FCO colleagues on cross-cutting issues such as security and justice sector reform, energy sector reform, and supporting political reconciliation.

The Permanent Secretaries of DFID, FCO and MOD carried out **combined visits** to Afghanistan, in April 2007, and Iraq, in December 2007. Following the former visit, recommendations from a Stabilisation Unit case study of the deployment to Helmand have led to improvements in the UK's capability to deploy civilians quickly, for example, a more robust and quickly deployable suite of secure civilian communications equipment. The latter visit laid a foundation for current work on a cross-UK government Iraq strategy.

Overseas collaboration in North and East Asia

In **Vietnam**, **China** and **Cambodia** there are shared DFID and FCO objectives on human rights, fighting corruption, climate change, economic governance and trade, and migration.

- On human rights, DFID and FCO undertook a joint assessment with the Vietnamese Government which has helped open up dialogue on civil and political rights.

- Through joint initiatives in Hanoi and beyond, we have highlighted the threat to Vietnam from climate change. We also encouraged the UN to convene a post-Bali, follow-up meeting with Government. We are now working together on the regional Stern review.
- DFID and FCO also have an excellent working relationship in Beijing and in London on China-Africa issues. Collaboration between FCO and DFID means that the UK can comfortably cover this complex agenda.
- We are encouraging the Cambodian government to sign up to **Extractive Industries Transparency Initiative** (EITI) and we are beginning negotiations to develop a ten year development partnership arrangement following the Cambodian national elections in July 2008.

Co-locating overseas offices and sharing services with the FCO

We are committed to co-locating and sharing services where it makes economic and business sense. To this end, a **Shared Service Delivery Plan** was developed jointly by DFID and FCO officials in November 2006, against which progress is monitored quarterly. The Plan focuses on those activities where better sharing of services will lead to real improvements in efficiency or in the quality of service provided.

The Plan also provides a basis for DFID to ensure we achieve value for money from the services we share with (and often purchase from) the FCO. Significant progress has already been made. For example, half of DFID overseas offices are co-located with the FCO and we agree that co-location should be the default position in all countries with a dual FCO-DFID presence.

Developing policy which will make a difference

- 1.30** Four priority policy areas for DFID work are climate change, international reform, promoting growth and peace and security.

Box 1.6: Tackling climate change

DFID has significantly increased both human and financial resources so it can deliver on Ministerial commitments on climate change. A new Climate and Environment Group has been set up – tripling the number of staff working on this issue – supporting significantly increased engagement across the whole of DFID.

DFID has:

- Worked closely with Defra in setting up the £800 million Environmental Transformation Fund to catalyse a bigger multilateral effort to help meet the challenges of climate change. This major international fund will support clean energy, building climate resilience and forestry.
- Enabled developing countries to engage in the international discussions on climate change and develop their own response by:
 - supporting negotiation training and economic analysis; studies are now underway in Brazil, Mexico, SE Asia and Central America; and

- increasing funding to research and climate information: supporting a £5 million “Climate for Development” Programme in Africa.
- Committed £15 million to the Clean Energy Investment Framework which will accelerate public and private investment in low carbon technologies.
- Launched a major new study with the Dutch and World Bank on prioritizing and assessing the costs to developing countries of adapting to climate change. Conducted climate risk assessments in four countries to help integrate climate change into development planning. We are also helping to identify specific options for enabling countries in Africa to respond to impacts of climate change through a £24 million research programme.

Box 1.7: Reform of international institutions

We live in an increasingly interdependent world in which the major development challenges such as climate change, infectious diseases, migration, conflict, cross frontiers and require a collective international response. The multilateral institutions have the mandate to work on cross-boundary issues and the legitimacy conferred by their international membership, not least by the developing countries. They offer the benefits of collective action for the international community.

We recognise, however, that the multilateral system, designed as it was for the post-World War II world, has significant shortcomings, including irrational aid allocations, fragmented effort, duplication, and insufficient transparency and developing country voice in decision making.

We are therefore committed to pressing for improvements and using our increased resources to provide incentives for reform and reward improved performance. We aim to work together with our partners to agree reforms, such as the current UN reform agenda, that will both increase the effectiveness of institutions and ensure that they work together better.

Our achievements over the past year include:

- the UK’s £2.1bn pledge to the World Bank in December 2007 helped secure significant policy reforms to improve country ownership and the use of policy conditions, more decentralisation, the World Bank’s effectiveness in Fragile States and on issues such as climate change and gender;
- DFID helped secure agreement amongst 11 donors (the Multilateral Organisational Performance Assessment Network – MOPAN) to undertake multilateral effectiveness studies in a harmonised manner. This common approach will be piloted in 2008; and
- DFID support for ‘One UN’ country pilots in 2007 has resulted in more streamlined UN programmes focused on areas of comparative advantage, that support national governments own development priorities.

Box 1.8: Promoting growth

DFID has significantly stepped-up its support to economic growth in developing countries particularly in Africa. Economic growth is the most powerful instrument for reducing poverty and improving the quality of life in developing countries. There is overwhelming evidence that rapid and sustained growth is critical to making faster progress towards the Millennium Development Goals; and that country-specific methods rather than one-size-fits-all approaches hold the best promise for useful analytical work.

DFID has:

- Launched an international tender for the establishment of an International Growth Centre (IGC). The IGC will deliver world-class support, guidance and research knowledge to developing countries on growth.
- Adapted and tested methodology for undertaking growth analytics in support of growth strategies. As part of its programme DFID is supporting the Government of Rwanda to identify the current constraints to growth and develop a prioritised growth programme. A number of other African countries will be supported during the coming year.
- Significantly influenced the international aid system in support of poor countries' economic growth including:
 - Promoting the International Growth Commission on Growth and Development;
 - Regularly bringing African Finance ministers together – with the IMF – to discuss key economic issues;
 - Securing the support of key private sector firms and G8 countries to strong targets and engagement for economic growth and development in poor countries as part of the MDG call for action.

Box 1.9: Peace and security

Violence and insecurity are double killers. They kill and injure thousands of people each year. But they are also among the biggest obstacles to achievement of the Millennium Development Goals because they destroy development. If the UK's development efforts are to succeed, we must get better at preventing conflict, reducing insecurity and building peace.

It is far better to prevent conflict than have to deal with its consequences. DFID is working to ensure that all our development assistance takes account of conflict prevention. In fragile states, DFID is investing more to help governments protect people's rights, provide security and deliver health and education. We are also working closely with the FCO and MOD to deliver long-term conflict prevention, including through the newly-merged Conflict Prevention Pool and the international campaign for an Arms Trade Treaty.

The UK is also committed to helping countries rebuild in the aftermath of conflict. For example, the £30 million we are providing to the UN Peacebuilding Fund is supporting communities in Sierra Leone and Burundi to recover from conflict. The UK's Stabilisation Unit has helped extend basic services, like schools and clinics, in Afghanistan. And a new Stabilisation Aid Fund is providing £269m over three years for countries emerging from violent conflict.

The combined efforts of the international community are needed to help rebuild shattered societies and economies. Improving the effectiveness of our international institutions to deliver genuine peace and prosperity will be a major priority for the UK in 2008.

Research

- 1.31** DFID will spend up to £1 billion on development research over the next five years. DFID has earned a reputation for putting research and analysis at the service of the wider development community.⁶ DFID's aim is to generate new knowledge and technologies that tackle fundamental development challenges and, at the same time, to help ensure that these are used to fight poverty and achieve the MDGs. This requires a renewed effort to strengthen the environment where knowledge from research – both existing and new – is used within DFID, nationally and internationally.
- 1.32** The main highlight is **DFID's new global development Research Strategy**, which was published on 22 April 2008. This strategy was developed following a period of planning, global consultations and analysis.⁷
- 1.33** The new strategy focuses on three priorities:
- creating new policy knowledge;
 - ensuring that existing and new research evidence is used; and
 - creating new technologies and strengthening the capability to do and use research.
- 1.34** Across these priorities we will conduct research in six areas – inclusive growth, sustainable agriculture, climate change, health, challenging environments (governance and social development) and, drivers of the future.
- 1.35** During 2007/08, highlights from our existing **Research Funding Framework** included:
- **Human development – health**

DFID is highly regarded for its health systems research. In 2007/08, DFID invested around £45 million in health research. This is set to double by 2010, making DFID one of the largest donors in international health research. DFID health research covers four broad areas: communicable disease (e.g. TB, malaria, HIV & AIDS); maternal and child health; health systems and non-communicable diseases (tobacco control and mental health).

Nearly half of the budget funds Product Development Public-private partnerships (PDPs) to find a vaccine and microbicide against AIDS, and improved drugs for treating TB and malaria (£20 million a year).
 - **Climate change**

DFID invested around £7.5 million on climate change research (excluding expenditure on agriculture) in 2007/08, equivalent to nearly 6% of the central research budget. A recent study

6 Survey of international research funders on DFID's new research strategy. Da Costa, 2007

7 The consultation process and documents are available at www.research4development.info/ProjectsAndProgrammes.asp?projectID=60558

highlighted that DFID is one of only two international donors to focus explicitly on the impact of climate change on poverty.⁸ DFID's research aims to help partner countries understand and address the challenges of adapting to climate change.

■ Social development and governance

DFID invested around £13 million in 2007/08 in research into social and political change. DFID is one of few research funders to focus explicitly on political change research, hence the strong links between the outputs of the research that DFID has commissioned and the policies.

DFID social research has been significant not only in revealing the social contexts for addressing development challenges but also in framing policy, for example, the **Commission for Africa**, and on Migration, both for DFID and Her Majesty's Government (UK government) more broadly.

■ Sustainable agriculture

DFID invested over £50 million in research on sustainable agriculture in 2007/08. The **Strategy for Research on Sustainable Agriculture** (SRSA 2006–2016) sets out DFID's approach to research on agriculture, fisheries and forestry to get new technologies to poor farmers and to help governments to make better policies. It is part of DFID's overall approach to agriculture.⁹

In June 2007, Ministers from the United Kingdom, South Africa and Sierra Leone jointly launched a £37.5 million **Research into Use** (RiU) programme. RiU aims to put the best agricultural and natural resources research into widespread use. It has identified past research with the potential to make significant impacts on poverty and growth, and is now working in five countries (Malawi, Rwanda, Sierra Leone, Tanzania, Nigeria). An Innovation Challenge Fund was launched in 2007 for Asia. The Fund provides financial support to find innovative ways of getting promising research into use.

Research communication

- 1.36** We continue to ensure that our research is made accessible and useful to our partner countries and globally. Research directly commissioned by DFID requires at least 10% of the budget to be spent on getting research to users. We continue to work with other funders of research to adopt a similar approach. In 2007/08, we supported around £7.5 million research programmes that look at innovative ways of getting research into use (for example, a TV soap drama **Makutano Junction**), capacity building of researchers and science writers (for example, World Federation of Science Journalists) and for improving access to research information (**Programme for the Enhancement of Research Information** (PERI), facilitates southern partners free or low-cost access to academic journals).

8 Situating DFID's research funding policy and practice in an international comparative perspective, ODI April 2007.

9 As described in DFID's policy paper – Growth and Poverty Reduction: the role of agriculture.

1.37 www.research4development.info is DFID’s gateway to information about centrally funded research. This year visitors to Research For Development (R4D) reached an average of 15,000 per month, with the average visit lasting around 22 minutes.

Impacts on poverty reduction and development

1.38 DFID supported research has proven impact at local, national, regional and global levels. Recent research achievements include:

- Life-saving research from Ghana showed that over 25% of newborn deaths could be prevented simply by breastfeeding within the first hour.
- The Government of Bangladesh awarded citizenship rights to a disfranchised ethnic grouping, the ‘**Biharis**’, following a concerted campaign, supported by DFID funded research on migration. Citizenship allows the Biharis access to important rights, including the right to vote, opening a bank account and secure a loan.
- The decision to go ahead with a global roll-out programme to provide micronutrient supplements during pregnancy was changed as a result of DFID funded research which showed that there was not enough evidence to prove that the supplements made a difference. Costs were saved on global programmes, which if they had gone ahead would have produced poor results.
- Certain harvests in Tanzania increased by 20-25% as a result of research on drought tolerant maize.
- Access to research for Southern audiences. Through PERI, 42 publishers provide information at an average 96% discount to participating countries, with no cost to the end users. More than 100,000 full text documents are downloaded each month from the full range of journals.
- DFID supports research on inequality, human security and ethnicity. The concept of horizontal inequalities (HIs), derived from the research, is getting extensive recognition. For example, the **United Nations Development Assistance Framework** for Indonesia commits the organisation to building government capacity in addressing HIs as a cause of conflict. In DFID, the research provided a strong evidence base for DFID’s policy paper on social exclusion, by showing how exclusion, inequality and discrimination can generate conflict and how conflict exacerbates poverty.
- Research on citizenship and participation and dialogue with the UK’s **Department of Communities and Local Government** has contributed to a growing interest in international experience and models, such as the move to make greater use of participatory budgeting.

Sustainable development

Sustainable development“ includes any development that is, in the opinion of the Secretary of State, prudent, having regard to the likelihood of its generating lasting benefits for the population of the country or countries in relation to which it is provided.

International Development Act 2002.

Sustainable development lies at the very core of DFID’s mission, its work and its values. It is central to achieving all of the MDGs and it will be essential to the success of efforts by developing countries to adapt to the impacts of climate change whilst securing lasting economic growth and poverty reduction.

Highlights of DFID’s work in each of the four priority areas of the Sustainable Development Strategy *Securing the Future*:

Priority area	DFID commitment	Progress
Sustainable consumption and production	Develop a sustainable procurement strategy	DFID is updating its Sustainable Procurement Strategy and has developed an Environmental Purchasing Policy. DFID will seek to apply these wherever possible in our overseas offices, and aims to establish relationships with suppliers that motivate both parties towards long-term and stable connections for improved sustainability.
Climate change and energy	Help developing countries adapt to climate change	DFID is increasing its support for climate change adaptation. We have conducted climate risk assessments in four countries (India, Bangladesh, Kenya and China) and we are working in countries to build capacity to integrate climate change into development planning and to effectively engage internationally on climate change issues. In Bangladesh, DFID is also supporting the Chars Livelihoods Programme to improve resilience and reduce poverty on char sand islands. The programme is providing latrines, access to clean water and has already raised 43,500 homesteads above the 1998 flood levels.
Natural resource protection and environmental enhancement	Tackle illegal, unlicensed and unregulated (IUU) fishing	DFID is committed to working with Defra to implement the UK Action Plan on IUU fishing and to take forward the recommendations of the ministerial High Seas Task Force on IUU. Implementation of a programme to support an African policy process for more effective action against illegal fishing began in April and is on track. We have also established a research programme with industry, the Marine Stewardship Council and the Fairtrade Foundation to examine the potential for extending certification for fisheries products.
	Support environment projects in UK Overseas Territories	DFID and the FCO continue to support the jointly-managed Overseas Territories Environment Programme (OTEP) which provides small grants to assist the UK Overseas Territories to improve environmental management. DFID has committed £3 million to the programme for the period 2004-2010 and has funded 45 projects to date, across 6 of the 14 territories.

Priority area	DFID commitment	Progress
Sustainable Communities	Share experiences in sustainable development with other countries through sustainable development dialogues (led by Defra)	The UK-China Sustainable Development Dialogue (SDD) will now be upgraded to a partnership for the three-year period from 2009–2011. The SDD has been a success, for example in establishing new ways of working across government, including sharing of staff, pooling of resources and development of joint workstreams across departments. The long-term partnership has allowed for collaboration on sometimes contentious issues such as illegal logging and unregulated international fishing.
	Increase support to countries implementing the Extractives Industries Transparency Initiative (EITI)	DFID is committed to supporting EITI globally. Through our role as UK representative on the EITI Board we are pursuing two key priorities: encouraging China and other emerging economies to support EITI; and supporting a process of validation of country implementation. We provide financial support to the EITI Multi Donor Trust Fund for implementation in country (just under \$6.5 million to date), and to the EITI Secretariat. DFID and FCO Mission in New York are also directly supporting the UN General Assembly Resolution process on EITI.

DFID’s sustainable development action plan (SDAP)

DFID has published a revised and updated action plan for taking forward the international commitments in the UK Sustainable Development Strategy. This sets out our integrated approach – balancing economic, social and environmental aspects of what we do in developing countries according to the priorities and circumstances of each country. The action plan sets out internal and interdepartmental mechanisms for delivering our sustainable development commitments. We also actively engage in international and regional agreements, as well as in partnership with government and non-government stakeholders in Brazil, China, India and South Africa through our Sustainable Development Dialogues.

DFID’s SDAP Progress Report (2006-07)

During 2007, we published a comprehensive report of progress against our action plan on the DFID website. The Sustainable Development Commission (SDC), in its role as the Government’s watchdog on sustainable development, reviewed our report and commended DFID on the good progress made against the action plan. The SDC also recognised DFID’s achievements in several other areas, including:

- our overall approach to ensure clear alignment of actions with the international commitments in *Securing the Future*
- progress on sustainable procurement
- progress towards embedding sustainable development, for example through joined-up actions with other departments to tackle climate change and illegal fishing.

The UK Strategy sets out **five guiding principles** for sustainable development, to underpin all UK policy making. DFID is contributing to these through its everyday work with developing country partners, other donors and through work with other government departments.

Examples of how DFID is contributing to the guiding principles for sustainable development in *Securing the Future*:

Living within environmental limits

The UK-China Sustainable Development Dialogue, supported by DFID, is piloting the application of practical tools to help farmers optimise their use of nitrogen fertilisers without reducing yields. This has been shown to increase farm profits by 20% whilst reducing contamination of drinking water and agriculture's impact on climate change.

Ensuring a strong, healthy and just society

In Bangladesh, DFID has already spent £36 million to support the Sanitation, Hygiene Education and Water Supply programme delivered jointly by UNICEF and the Government of Bangladesh. This programme has delivered improved sanitation to 7 million people in its first five-year phase.

Achieving a sustainable economy

DFID is working with the World Bank and regional development banks to support the design and implementation of the Clean Energy Investment Framework to accelerate financing for low carbon development. DFID is also helping to ensure that the climate change debate does not neglect the right of developing countries to grow.

Promoting good governance

In Indonesia for example, DFID is supporting work on strengthening forest governance, including with NGOs on investment in timber legality systems, strengthening civil society watchdogs and policy analysis to support legal and judicial reforms.

Using sound science responsibly

DFID is supporting research to help developing countries find out how climate change might affect poverty and economic growth, what it will cost, and the options for reducing the risk and impacts (see box below).

Putting sustainable development at the heart of DFID's research programmes

Sustainable development is embedded right across DFID's current research portfolio. **Climate change** and **sustainable agriculture** are particular focus areas.

Research is vital in order to help developing countries identify climate change risks and support their communities, governments and the private sector to take action and adapt to the impacts. In February 2008, DFID announced a ten-fold increase in funding for research on climate change in poor countries to £100 million over the next five years. DFID will also work with researchers, practitioners and institutions in the field of climate change to help developing countries build their capacity and close their research gaps.

DFID is also supporting research on sustainable agriculture, especially in Africa, with a focus on ensuring agriculture contributes to poverty reduction and economic growth, and importantly on getting this research into use. This means improving agricultural productivity, access to markets, credit and support services, and helping to ensure key natural resources such as land and water are managed sustainably.

Making DFID's operations more sustainable

The government's vision is for the public sector to become a leading exponent of sustainable development. We believe we can contribute to this goal by ensuring our own operations are sustainable. In order to help achieve this, DFID is committed to the long-term **Sustainable Operations on the Government Estate** (SOGE) targets launched in June 2006.

DFID's sustainable operations

The **Sustainable Development in Government** (SDiG) annual report published in March 2008 confirms that DFID continues to improve its environmental performance.

- DFID improved its overall performance rating to 4 stars demonstrating a positive direction for progress towards the targets. DFID was ranked seventh out of 21 departments in the overall performance league table.
- DFID achieved the top rating for using tools and mechanisms to support improvements in performance.
- DFID remains strongly committed to the Sustainable Operations on the Government Estate targets and continues to work closely with the Carbon Trust to examine the viability of renewable technologies on site. See Chapter 10 paragraphs 10.44 to 10.46, for more details on how we are making DFID greener.

DFID's Sustainable Development Action Plan is available at www.dfid.gov.uk/pubs/files/sustainable-development-plan05.pdf

Reducing poverty in Africa

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Chimbrri, near Debre Birhan,
Ethiopia – Chris de Bode/Franos



DFID in sub-Saharan Africa (2007/08)



Reducing poverty in Africa

2

“We need to develop and root in our societies a culture of peace. We need to promote regional integration. We need to encourage public-private partnerships and give a more robust role to our private sector. We must fight corruption and promote integrity and good governance. And we need to establish a sustained process of national dialogue and reconciliation in all the countries emerging from conflict. In short, we need to work towards building capable states in Africa”

**Joachim Chissano, former President of Mozambique, from his acceptance speech for the Ibrahim Prize for Achievement in African Leadership.
Alexandria, 27 November 2007**

Highlights

- Sub-Saharan Africa has maintained its **above average rate of economic growth** for the sixth year in a row, accelerating from 5.7% in 2006 to 6.8% in 2007
- Free **primary education** has brought millions more children into school: in **Zambia** and **Tanzania**, over 95% of children are now enrolled, with equal numbers of girls.
- In **Malawi**, DFID has contributed to a 41% increase in the number of doctors, a 50% increase in clinical officers and a 33% increase in nurses since 2003, enabling poor people to access improved health care.
- Seven million poor people in **Ethiopia** no longer depend on emergency relief as a result of a DFID-supported employment programme.
- Africa and Europe have agreed a joint **Africa EU Strategic Partnership** with commitments on governance, climate change, energy, peace and security, migration and the Millennium Development Goals (Lisbon Summit, December 2007).

2.1 The reduction of poverty in Africa remains one of the UK government’s top international development priorities. Approximately 41% of the population of sub-Saharan Africa lived on less than one dollar a day in 2007¹ – a higher proportion than in any other region of the world.

1 World Bank Africa Development Indicators Report 2007

- 2.2** The UK and its partners have made significant commitments to Africa – notably at G8 Summits including Gleneagles in 2005, and through the European Union. This Chapter reviews progress in Africa and assesses the effectiveness of our bilateral aid. In accordance with commitments made at the G8 and EU Summits in 2005, DFID’s bilateral expenditure in Africa continued to increase in 2007/08 reaching **£1.25 billion**. This has increased from £868 million in 2004/05, **a rise of 44%**. A substantial share of multilateral UK aid also went to Africa.
- 2.3** Real progress is being made. Economic growth is vital to poverty reduction and the increase in average growth in sub-Saharan Africa to 6.8% in 2007 is encouraging.

Box 2.1: Building stronger economies, reaching the poor

A strong and growing economy means more businesses, more money and more jobs. When the economy is growing, more families can afford to send their children to school and get access to the right medicines.

Africa’s economies are now growing faster than before, even in countries such as Malawi that don’t have oil or mineral resources. But sustaining the even higher growth needed to achieve the Millennium Goals remains elusive.

How can this be done? The Government of Rwanda has asked DFID to help it with “Growth Analytics” to prioritise reforms and investments, to get higher growth rates that can help reduce poverty. This promising work has attracted interest from other African countries, which have also sought DFID’s advice.

Progress towards the Millennium Development Goals

“The number of extremely poor people in sub-Saharan Africa has levelled off, and the poverty rate has declined by nearly six percentage points since 2000.”

Extract from United Nations Millennium Development Goals Report 2007.

2.4 Table 2.1 below shows that in sub-Saharan Africa, none of the MDGs are on track to be met by 2015.

Table 2.1: Progress towards the MDGs in Africa

Assessment of progress towards target Dark Green = target met. Light Green = almost met/on target. Orange = some/negligible progress, insufficient to meet target. Red = no change or negative progress. Pink = insufficient data		Northern Africa	Sub-Saharan Africa
MDG 1: Eradicate extreme poverty and hunger	Reducing extreme poverty by half	LG	O
	Reducing hunger by half	LG	O
MDG 2: Achieve universal primary education	Achieving universal primary education	LG	O
MDG 3: Promote gender equality and empower women	Achieving equal girls' enrolment in primary school	LG	O
	Women's share of paid employment	O	O
	Women's equal representation in national parliaments	O	O
MDG 4: Reduce child mortality	Reducing mortality of under-5 year-olds by two-thirds	LG	R
	Measles immunisation	DG	LG
MDG 5: Improve maternal health	Reducing maternal mortality by three quarters	O	R
MDG 6: Combat HIV & AIDS, malaria and other diseases	Halting and reversing the spread of HIV & AIDS	O	R
	Halting and reversing the spread of malaria	LG	R
	Halting and reversing the spread of tuberculosis	LG	R
MDG 7: Ensure environmental sustainability	Reversing the loss of forests	LG	R
	Halving the proportion of people without sustainable access to safe drinking water	LG	R
	Halving the proportion of people without sustainable access to basic sanitation	LG	R
	Improving the lives of slum dwellers	LG	O

DFID is working on these challenges through encouraging pan-African and regional co-operation as well as through country programmes.

Regional and pan-Africa initiatives

- 2.5** Concerted and systematic action by African countries on the emerging threat of climate change is essential.

Box 2.2: The challenge of climate change in Africa

Africa has contributed the least to climate change yet is likely to be the region worst affected and least able to cope with the consequences. Africa also has the greatest need to develop its energy requirements yet it receives the least support from the carbon finance mechanism. Overcoming these challenges needs a shared purpose and collaboration across African and donor partners, recognising that climate change and development are inextricably linked.

Key issues for tackling climate change in Africa include the need to:

- **Mobilise additional resources** – ensuring that Africa benefits appropriately from global initiatives
- Accelerate adoption of **cost effective ways for African countries** to adapt to climate change
- Encourage appropriate **“low carbon” development** and measures to mitigate or reduce climate change
- Develop a better and more accessible **knowledge base of the likely impacts**
- Ensure a much **stronger African voice** in international debates

- 2.6** DFID and other donors have supported the Nile Basin Initiative for several years, giving the programme the capacity to plan and help implement responses to climate change – and other issues.



Floods in the centre of Mozambique

Emídio de Oliveira/DFID

Box 2.3: Nile Basin Initiative

The Nile Basin Initiative (NBI) is supporting action on:

- Better water resource management & development, tackling the implications of current climate variability and increasing resilience
- Using Nile resources to build cooperation and integration between countries, rather than it remaining a source of regional tension
- Poverty reduction, including through regional cooperation on investments that catalyse growth and trade.

£5.7m of DFID funding has helped the riparian states agree arrangements for sharing the use and benefits of the Nile, complemented with advice on institution building. Multi-donor support to NBI has catalyzed substantial investment funds, with about \$700 million (£350 million) in credits already committed to development projects and many more projects in preparation. DFID also supports the Nile Basin Discourse which is enabling civil society to better engage and influence NBI and Nile development issues which affect them.

The Flood Preparedness and Early Warning Project is one example of successful NBI action. This project aims to reduce human suffering and damage from floods. Ethiopia is already sharing flood information with downstream Sudan in a way that has never happened before.

- 2.7** Regional and pan-African co-operation has great potential to encourage the faster rates of **economic growth** essential to achieving the MDGs. Often the international community can help by providing finance and advice to kick-start new approaches and DFID has supported some of the most promising ones.

Improving access to markets is critical in ensuring sustainable incomes in rural areas



Charles Tallier/DFID

- 2.8** DFID played a key role in the establishment and successful launch of the **Investment Climate Facility (ICF)** in 2006 to help strengthen Africa's business environment. Since then, ICF-funded projects have started in **Rwanda, the East African Community, Lesotho, Liberia and Tanzania.**
- 2.9** Better economic infrastructure (energy, transport, communications and water resources) is essential for faster growth. The **Infrastructure Consortium for Africa** is facilitating more effective infrastructure investment and there has been a 20% increase in investment since 2005. DFID increased its support to the Consortium secretariat in 2007. Poor regional infrastructure is often a significant barrier to integration and trade. DFID has committed \$12 million (£6 million) to the multi-donor **Infrastructure Project Preparation Facility** hosted by the African Development Bank. This assistance will help to address this constraint and support projects with a potential investment value of

US \$3.6 billion (£1.8 billion) that are under preparation. DFID has also joined other European partners and contributed €10 million (£6.8 million) to the **EU Africa Infrastructure Trust Fund** which combines loans with grant assistance to secure the financing of infrastructure projects with a cross border or regional impact, such as electricity inter-connectors and sub-marine telecommunications cables. The Fund is making good progress in its first year of operation: it now has 11 donors with financial pledges of more than €146 million (£99.9 million) and in January 2008 agreed support for one telecommunications and four energy projects.

- 2.10** In **Southern Africa** we have a growing programme linking trade facilitation with work on transport corridors and one stop border posts which will reduce delays and hence transportation costs, and promote production and investment.

Box 2.4: New markets for poor farmers and producers

Under its Regional Trade Facilitation programme, DFID is supporting work in Southern Africa with producer associations and small scale farmers, which has contributed to increased trade from the region and more jobs and larger incomes for the poor.

As a result, exports of fair-trade groundnuts to Europe have increased to 360 metric tonnes by 2007, and exports of organic groundnuts, fair-trade cashew nuts and bird food to Europe had gone from zero in 2005 to a total of around 350 metric tonnes by 2007.

DFID support to the regional coffee sector has been provided through a grant to the East African Fine Coffee Association and resulted in a 69% increase in exports since 2005.

- 2.11** The **Emerging Africa Infrastructure Facility** (EAIF), launched in 2002, is another example of a catalytic multi-country initiative that DFID has supported to facilitate and leverage private sector financing.

Box 2.5: The Emerging Africa Infrastructure Facility (EAIF)

This facility of the multi-donor Private Infrastructure Development Group (PIDG) offers long-term, hard currency finance for pro-poor private sector funded infrastructure projects in sub-Saharan Africa in a wide range of sectors including telecoms, transport and water. As of December 2007 the facility had loan commitments totalling \$384.5 million (£192 million) in 15 projects. EAIF projects have led to private sector commitments of more than \$4 billion (£2 billion).

The projects have led to increased access to infrastructure services for a large number of poor people. The development of Celtel international BV's Africa operation has resulted in mobile phone connection for over 2.5 million people in 12 countries. This represents an increase in coverage of about 70% compared to 2002 and has led to the creation of more than 25,000 jobs.

Source: PIDG annual report 2007

- 2.12** The **African Enterprise Challenge Fund** (AECF) is supported by DFID and other donors. This new fund, which is being hosted and implemented by the Alliance for a Green Revolution in Africa (AGRA), will offer grants of up to \$1.5 million (£0.7 million) to businesses with innovative proposals for improving people's opportunities to take part in economic activity, particularly in the areas of finance and agriculture.
- 2.13** DFID is bringing together the big themes of trade, peace and growth in the Great Lakes area.

Box 2.6: Trading for peace

Working with the Common Market for Eastern and Southern Africa (COMESA) and the United States Agency for international Development (USAID), DFID has funded research to provide insights into how trade in natural resources – and other commodities – within the Great Lakes region can be used to underpin growth, reduce poverty and build peace and stability.

Research on the eastern borders of the Democratic Republic of the Congo (DRC) showed that, while **trade is robust and crucial for livelihoods in DRC**, it is highly informal and largely fraudulent. A key consequence is that it is very vulnerable to corruption and abuse, and poor people get a bad deal.

A regional approach to facilitating legitimate trade will help build security in DRC and will also benefit neighbouring countries – for example, Ugandan officials see that more regulated trade with the DRC is good for Ugandan business.

DFID has begun work to tackle some of the challenges identified by this research. This includes work with COMESA to introduce an effective simplified trading regime.

- 2.14** The G8 Summit and the Africa–EU Summit in Lisbon in 2007 reiterated the importance of strengthening Pan African Institutions. DFID has agreements or is finalising agreements with a number of regional and pan African institutions, including the African Union, the UN Economic Commission for Africa and the African Capacity Building Foundation. DFID continues to support the African Peer Review Mechanism (APRM) as an instrument for improving governance on the continent. South Africa completed a peer review in 2007 and has begun to implement recommendations.
- 2.15** DFID is especially keen to work with countries who are taking an increasing interest in development in Africa, particularly China.

Box 2.7: China in Africa

China's economic and political links with Africa are expanding very rapidly. China's trade, investment and aid to Africa have grown dramatically in recent years. Since 2000, two-way trade has increased from \$10.6 billion (£5.3 billion) to \$70 billion (£35 billion). China is now Africa's second largest trading partner after the US. It is likely to become the largest before 2010.

DFID is working closely with China so that both our efforts support the African vision of development. At the UK/China Prime Ministerial Summit in January 2008, China endorsed the Prime Minister's MDG Call for Action. The UK now has high-level formal dialogue with China on Africa every six months. Chinese delegations have visited London and we work closely with Chinese diplomatic missions in Africa.

We are encouraging China to join multilateral initiatives like the Infrastructure Consortium for Africa and the Extractive Industries Transparency Initiative and to participate in donor dialogues with partner governments in African capitals. DFID has offered support and help to China in reviewing their aid management arrangements. We are also working with China through multilateral fora like the World Bank, G8, OECD and the European Union on issues like climate change, growth and debt. In October 2007, the UK provided \$1 million (£0.5 million) to the World Bank so that it can work with China to maximise the development benefits of China's economic relations with Africa.



DFID

DFID is supporting researchers at African institutions like the South African Institute of International Affairs (SAIIA) and the Centre for Chinese Studies (CCS) to provide research on themes identified by African policymakers.

A development official with beneficiaries on a Chinese agricultural project in Africa

- 2.16** DFID works directly to tackle **hunger and poverty**. A recent review of evidence finds that social transfer schemes supported by DFID contribute to better household food security in the short term, and to a reduction in the severity of poverty. For example, three quarters of the participants of **Ethiopia’s Productive Safety Net Programme** (PSNP) consumed more, and better quality, food compared to the previous year, and were less likely to sell assets in order to buy food. Seven million Ethiopians have been taken off emergency relief, enabling people to access better health care and send their children to school.
- 2.17** DFID has worked hard to follow through on the ‘**Abuja Commitment to Action**’ (May 2006) with its focus on accelerating progress towards the achievement of the **education and gender** MDGs. Significant progress has been made in 22 out of the 25 countries which expressed interest in refining or developing such plans. The greatest impact has been in our PSA countries where we support education, with 11 countries developing long term education plans for the first time. Free **primary education** is bringing millions of children into school, including girls: in **Kenya**, free primary schooling has increased enrolment to 86.5%, with nine girls for every 10 boys; and in **Zambia** and **Tanzania** over 95% of children are now enrolled, with equal numbers of girls.



Children receiving compulsory free primary education in Kenya

- 2.18** Tackling **gender inequalities and promoting women’s rights** are central to DFID objectives in sub-Saharan Africa. Making progress towards this off-track MDG will have a beneficial effect on the other MDGs.
- 2.19** The African Union adopted the **Protocol on African Women’s Rights** in 2003, which by 2005 had been ratified by 22 Member States. Following this, the **Africa Gender and Development Index** (AGDI) was established to provide appropriate tools for monitoring implementation. DFID has supported implementation of the AGDI findings in countries such as Ghana.
- 2.20** DFID supports a wide range of projects, programmes and policy discussions to address gender inequalities and improve the human rights and political role of women. In particular there has been a focus on activities that bring about transformational change to women’s lives.

Box 2.8: New domestic violence legislation in Ghana

After 5 years of deliberations, Ghana's parliament finally approved new legislation to protect victims of domestic violence in 2007. Research in Ghana has shown that one in three women will have suffered from physical violence at the hands of a family member and 27% of women have been victims of sexual violence. But this violence against women is often kept secret and hidden.

The new legislation in Ghana will help women and girls to escape from violence in several ways:

- Courts will now provide protection orders.
- Couples wishing to reconcile can get help resolving disputes out of court.
- A new fund – the Victims of Domestic Violence Support Fund – will be set up to provide help to survivors of violence.

The passage of the Domestic Violence Act in Ghana also demonstrates the power of civil society movements in bringing about positive social change. Although Members of Parliament resisted passing legislation on what was seen as 'private, domestic matters' for a long time, DFID supported many Civil Society Organisations (CSOs) and coalitions, such as the National Coalition on Domestic Violence Legislation, which successfully lobbied to change public opinion and get the Bill approved.

DFID will continue to support some of these CSOs to play an active role in monitoring the implementation of the law. At the same time, DFID is working with the Ministry of Women's and Children's Affairs and the Ministry of Finance and Economic Planning to ensure that adequate allocations are made in the national budget for the implementation of the Domestic Violence Act.



DFID

Domestic violence poster in Ghana

2.21 UN 2007 data suggests that none of our PSA countries are on track to meet the **maternal health** MDG and only a small number of PSA countries are likely to meet the **child mortality** MDG in the period 2015–2040. Around one in six children born in Africa has died by the age of five and Africa has the highest maternal mortality ratio in the world at 830 deaths per 100,000 live births. Inadequate health services, unsafe abortion and lack of access to family planning are key factors behind these levels of maternal mortality.

2.22 The consequences of unsafe abortion are thought to account for around 14% of maternal deaths in Africa. This year DFID has approved a £7.5 million contribution to tackling unsafe abortion through two international organisations.

- 2.23** Much of DFID support in addressing these off track MDGs in Africa is directed at helping governments strengthen health systems. In **Mozambique**, for example, DFID’s provision of general budget support is complemented by support to the Health Common Fund; an insecticide-treated bed net programme for pregnant women and children under five which distributed 500,000 bed nets in 2007; and assistance with human resource planning and health financing.



Thomas Orondi/DFID

Child protected by insecticide-treated bed net

- 2.24** In **Malawi**, DFID works with the Government to support the national health plan Programme of Work and the Emergency Human Resources Programme which aims to double the number of nurses and triple the number of doctors working in the health services. Since 2003 there has been a 41% increase in doctors, a 50% increase in clinical officers and a 33% increase in the number of nurses.

Box 2.9: Burundi: better maternal and child health

Women and children in Burundi can now look forward to a brighter future thanks to the President’s 2006 decision to abolish user fees for childbirth and the treatment of children under five.

The results show the difference this has made to the lives of ordinary people, most of whom cannot afford medical care, and in tackling some of the worst maternal mortality indicators in the world.

Nationally, there has been a 42% increase in the number of consultations for children, a 61% increase in the numbers of babies born in health units and an 80% increase in the number of babies born by emergency caesarean section. Increased demand led to a shortage of drugs, so DFID agreed to provide one year’s worth of essential medicines to give the Government time to resume supply in 2008. We also helped to strengthen the Government’s monitoring and distribution capacity to ensure the free medicines initiative would be able to stay in place.



Elle Bard/DFID

- 2.25** The **International Health Partnership** (IHP) has great potential in Africa. Launched in September 2007, it aims to accelerate progress on health by providing better coordination among donors; focusing on improving health systems as a whole; and developing and supporting countries' own health plans.

Box 2.10: The International Health Partnership in Africa

Six African countries: **Ethiopia, Zambia, Mozambique, Kenya, Burundi** and **Mali** have been chosen as "first wave" countries for the International Health Partnership. (See Box 7.10 in Chapter 7).

Countries are developing country specific "compacts" (or roadmaps) to identify short to medium term plans to resolve key bottlenecks to health systems and providing health services. Solutions may include changing the behaviour of international donors and agencies to better support country health plans.

There has already been progress: in **Burundi** the new health sector plan will include five key indicators that donors and the Government have agreed: outpatient attendance, immunisation rates, deliveries in facilities, family planning uptake and PMTCT (Prevention of Mother to Child Transmission of HIV) uptake. **Mozambique** and **Zambia** are focusing on scaling up health workers, with the World Bank helping with financial planning in Mozambique. The **Ethiopian** Minister of Health is keen to rationalise drugs and commodity procurement systems.

- 2.26** DFID spending on **HIV & AIDS** in Africa has **almost doubled from £92.8 million** in 2002/03 to £171.5 million in 2006/07. We continue to support coordinated national responses in line with agreed international policy. Better data on trends is needed, but there is now evidence that **prevalence is declining in Zimbabwe, Zambia, Kenya, Tanzania and Ethiopia**. Monitoring of DFID programmes is showing how effective well-designed programmes can be. In **Lesotho**, education and counselling has reached 30,000 people in the textile industry. In **Zimbabwe**, 85% of men are using condoms outside permanent relationships and in **Kenya** the percentage has grown from 52.2% to 68.7%. Nevertheless, the numbers of people dying from AIDS is still rising overall, and sub-Saharan Africa has 63% of those living with HIV world-wide. Use of anti-retroviral therapy continues to grow: more than 1.3 million people in sub-Saharan Africa were receiving treatment in December 2006, representing coverage of approximately 28% of those in need compared to just 2% in 2003.
- 2.27** The **water and sanitation** MDG targets remain a major challenge for all African countries. The population of sub-Saharan Africa is growing at the rate of between 2.3% and 2.4% a year. This means that an additional nine million people need to get improved access to water each year just to stay at current levels of access (56% in 2004). DFID is on track to reach its commitment to increase spending to £95 million by the end of 2007/08 and is developing a strategy to reach its commitment of £200 million by 2010/11 to accelerate access to water and sanitation in sub-Saharan Africa.
- 2.28** 2007 saw the launch of two major water and sanitation programmes in Africa. With **UNICEF**, we are supporting a programme in **Sierra Leone** to provide **improved water and sanitation services to 1.5 million people**. In **Ethiopia**, DFID is supporting the Government's harmonised water sector programme to deliver **water and sanitation to an extra three million** of Ethiopia's poorest people.



DFID

People washing in river bed, Freetown, Sierra Leone

- 2.29** DFID works regionally to support progress on water and sanitation across Africa. DFID is funding the **Africa Development Bank's Rural Water Supply and Sanitation Initiative** to help achieve 80% water and sanitation coverage in Africa by 2015. We also support the **Africa Water Facility**, an initiative of the African Ministers Council on Water (AMCOW), managed by the Africa Development Bank.
- 2.30** We are working to reform the **EU Water Initiative** (EUWI) and to empower it to meet its objectives on improving the effectiveness of EU development assistance at country level. The UK (through DFID) will co-Chair the EUWI Africa Working Group in 2008, offering us the opportunity to promote the agreed changes to the EUWI.
- 2.31** DFID is increasingly focused on **water resource management** which is essential for people, the environment, and the economy. A new project in **Sudan** with the United Nations Environment Programme (UNEP) is starting to address this for Darfur; we are developing ideas to support river basin management in Southern Africa; and we continue to support the Nile Basin Initiative.

Developing global partnerships

- 2.32** Co-ordinated action beyond governments was an important element of the **Africa-EU Strategic Partnership** agreed by African and European leaders in Lisbon in 2007. Promises were made on governance, climate change, energy, peace and security, migration and the MDGs. The UK was fully involved in discussions on the strategy throughout the year to ensure follow up the EU's 2005 commitments to develop the full partnership.² Baroness Amos represented the UK at the Summit. The challenge now is to ensure implementation of the strategic partnership's Action Plan over the next three years.
- 2.33** The G8 Summit in Heiligendamm in June 2007 included commitments to Africa on peace and security, economic growth, good governance, and health and HIV & AIDs (Box 7.11 in Chapter 7 has more on our work with the G8).
- 2.34** DFID supports the **Africa Partnership Forum** (APF) in monitoring the delivery of G8 commitments to Africa. The APF met in Berlin and Algiers in 2007 and identified areas of progress by both African countries and donors against the G8 commitments. Participants discussed themes including investment, peace and security, gender and climate change, and agreed that infrastructure and climate change were areas needing a greater focus. The UK government also made a parliamentary statement relating to progress against Gleneagles commitments in October 2007.

Progress towards Public Service Agreement Objective 1 – Reduce poverty in sub-Saharan Africa

- 2.35** The Public Service Agreement 2005–08 set out milestones by which DFID could measure how well it is doing, in partnership with African governments and others, to reduce poverty and help achieve the MDGs. In Africa, progress is monitored in 16 focus countries: **DRC, Ethiopia, Ghana, Kenya, Lesotho, Malawi, Mozambique, Sierra Leone, South Africa, Nigeria, Rwanda, Sudan, Tanzania, Uganda, Zambia** and **Zimbabwe**.
- 2.36** The PSA set out specific sub-targets for our focus countries for 2005–08. As we reach the end of the current PSA period, progress remains mixed. A detailed report of progress against all the PSA targets, and an explanation of the traffic light assessment system can be found in Annex 4.
- 2.37** Table 2.2 below presents a summary of the progress made against each of the PSA sub-target for Africa.

2 The EU and Africa: Towards a Strategic Partnership, December 2005

Table 2.2: PSA Progress in Africa (covering the countries listed in paragraph 2.35)

Sub-target	Progress	Current Position	Anticipated Progress by 2008
1. a reduction of four percentage points in the proportion of people living in poverty across the entire region.	Slippage, but the continued stronger economic growth expected should have a positive impact on poverty.	R	A
2. an increase in primary school enrolment by 18 percentage points.	On course, current data suggests that this will be achieved.	G	G
3. an increase in the ratio of girls to boys enrolled in primary school by five percentage points.	Broadly on course, if progress continues at the rate it has since 2000, the target will be met.	R	A
4. a reduction in under-five mortality rates for girls and boys by 8 per 1000 live births.	Ahead, based on the trend since 1990 we expect to see a reduction in mortality rates by 10 per 1000 live births.	G	G
5. an increase in the proportion of births assisted by skilled birth attendants by 11 percentage points.	Off track, modest improvements have been made since 2000 but the rate of progress is very low.	R	R
6. a reduction in the proportion of 15-24 year old pregnant women with HIV.	Some progress, declining trends in some countries are offset by increases in others. On the basis of this limited data it is too early to say that where progress has been made it will be sustained.	A	A
7. enhanced partnership at the country and regional level, especially through the G8, to increase the effectiveness of aid and ensure that international policies support African development.	On course, good progress has been maintained in taking forward the package of commitments to support African development agreed at the G8 Gleneagles Summit in July 2005.	G	G

2.38 In July 2006, the International Development (Reporting and Transparency) Act 2006 passed into law. Among other things, the Act requires DFID to report on “the effectiveness in pursuing Millennium Development Goals 1 to 7 of bilateral aid provided by the United Kingdom”. Paragraphs 2.16–2.28 above set out some of the ways DFID is working to help address off track MDGs in Africa. The following paragraphs show more examples of DFID’s work in African PSA countries in 2007/08. In addition detailed assessments of the effectiveness of UK aid in all of our 24 PSA countries are listed in Annex 5.

Poverty and hunger

- 2.39** DFID's ability to make a 10 year financing commitment to **Mozambique** for a cash transfer scheme for the poorest and most vulnerable gave the Government the confidence to plan for the long-term needs of poor families and increase transfer amounts. In January 2008 the Government was able to double payments to households from \$6 (£3) to \$12 (£6) a month. In **Malawi**, DFID's support to seed and fertiliser subsidies in 2007 saw the largest maize surplus ever recorded, benefiting two million households. The numbers in acute food need fell to zero in 2007 (from five million in 2005 and 830,000 in 2006).

Primary education

- 2.40** Through the UNICEF Go to School campaign, to which DFID contributed, school enrolment in **Southern Sudan** has more than doubled since 2005. The number of girls enrolling for school is increasing: they now constitute a third of new entrants. The Basic Services Fund, supported by DFID, has trained over 1200 teachers, built 10 new schools and facilitated the return to school of 2000 children.
- 2.41** In addition, DFID has supported the **Nigerian** Government to spend debt relief gains on education. This has so far led to the training of 145,000 new teachers, and the re-training of 45,000 existing teachers. DFID support to girls' education in Northern Nigeria has increased overall attendance (of both girls and boys) by 40%.

Ratio of girls in school

- 2.42** In **Zambia**, DFID works through policy dialogue across sectors to promote the rights of women and girls. The enrolment and retention of girls in school has improved by over 19% since 2002 with 79% of girls now completing primary education (2006). Through our support to the education sector in **Mozambique**, 90.9% of girls are now enrolled in primary school and 70% of 6-year old girls have entered the first year of school.

Child mortality

- 2.43** In 2007/08 DFID supported the vaccination of over 3.7 million children against measles through the **DRC** Humanitarian Pooled Fund, increasing the number of children vaccinated to 83% overall. Over 90,000 children were also supported at nutritional centres and almost 35,000 children and pregnant women provided with food assistance. Under the DFID-supported UN Work Plan for **Sudan**, over nine million children were vaccinated in 2007 against polio and over five million children received Vitamin A supplements across the country.

Maternal mortality

- 2.44** The DFID funded Safe Motherhood Initiative in **Nigeria** has achieved a 50% increase in the number of women accessing emergency obstetric care in the areas of Jigawa State where it works. DFID support towards the provision of drugs and healthcare equipment along with training for health workers has increased the standard of primary health care available to women and children in Northern Nigeria.

Combating HIV & AIDS, malaria and other diseases

2.45 DFID is one of the lead donors in **Zambia** for HIV & AIDS. Our programme focuses on support to the National AIDS Council; the provision of public commodities including condoms; strengthening civil society; and providing inputs to HIV workplace programmes, including the private sector. By the end of 2007, Zambia was providing 130,000 people with life-saving anti-retroviral treatment (up from just 3000 in 2003) and 35% of HIV positive expectant mothers were receiving a full course of anti-retroviral treatment.

Box 2.11: TV and radio raising HIV awareness

DFID has been supporting Soul City's innovative "edutainment" (educational + entertainment) programme for the past five years. Soul City, a **South African** based NGO, uses multimedia (radio, print, TV) to raise awareness and change negative behaviour. The programme addresses a range of health and social issues such as HIV prevention, Tuberculosis (TB), and sexual violence.

As the biggest HIV prevention intervention in the country, Soul City has made an important contribution to the significant decline in HIV prevalence rates amongst young women in the under-20's age group: it was 16.1% in 2004; 15.9% in 2005 and had dropped to 13.7% by 2006.

A further £19 million Behaviour Change Communication Programme (BCC) in the **Southern Africa** region has been approved. The programme will support Soul City and others to export behaviour change communications skills, developed in South Africa, to the rest of the SADC region.

Responding to humanitarian crises in Africa

Africa continues to face several protracted humanitarian crises, so DFID set aside around £200 million for emergency response in 2008: some 15-20% of our total bilateral spend in Africa. The crises in Sudan and DRC are still the biggest recipients of DFID support. But we also provide funding in response to rapid onset natural disasters, such as floods. Increasingly, DFID's humanitarian programmes seek not only to meet the immediate needs of the affected population, but also to reduce risk and vulnerability to future shocks.



Flood evacuees arrive at a temporary accommodation centre in Mutarara, Mozambique

Shaun Hughes/DFID

Mid 2007 saw heavy rains and **floods across West and East Africa**. Ethiopia, Sudan, Ghana and Uganda were amongst the worst affected countries. The DFID contribution to the humanitarian response came to £8.3 million. As well as supporting the provision of shelter, food and other relief items, consideration was given to Disaster Risk Reduction. For example, in Ghana, DFID's funding of £250,000 through the International Federation Red Cross (IFRC) helped provide emergency shelter, mats, buckets, soap, blankets, jerry cans, water purification chemicals, health education and hygiene promotion for 60,000 people in flood affected areas. And in northern Ghana, DFID is supporting a livelihoods recovery programme through CARE that aims to build the resilience of communities to cope with future flooding and other shocks.



Children at a temporary accommodation centre in Mutarara, Mozambique

Shaun Hughes/DFID

In early 2008 severe flooding again affected the Southern African countries of **Mozambique**, **Malawi**, **Zambia** and **Zimbabwe**. It is clear that improved early warning systems and the establishment of resettlement sites in Mozambique reduced the number of deaths and potential impact of the floods this year. After last year's flooding, DFID provided £500,000 to the Government of Mozambique's resettlement programme, which supported people wishing to move to higher, more secure locations.



Birds eye view of flooding in the Zambezi valley, Mozambique

Shaun Hughes/DFID

Reducing poverty in South Asia

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Kabul street, Afghanistan – James Hole/DFID

DFID in South Asia (2007/08)



The boundaries shown on this map do not imply official endorsement by DFID

Reducing poverty in South Asia

3

“Asia is clearly a region where development works. People in developing Asia no longer just aspire to development – they expect it.”

Haruhiko Kuroda, President, Asian Development Bank (ADB)

Highlights

- DFID’s contribution to the **Afghanistan Reconstruction Trust Fund** has helped ensure that 5.4 million Afghan children are now gaining an education, over a third of them girls: up from an estimated one million children (almost all boys) in school in 2001.
- When Cyclone Sidr struck southern **Bangladesh** in November 2007, DFID helped to provide clean, safe water to 263,000 families, and food and other essential items such as blankets to 70,000 families.
- In **Nepal** sustained DFID support to the health sector over the past decade has helped reduce under-five mortality by half, cut maternal mortality and achieved the gradual abolition of user fees for basic health care.
- In **Pakistan**, support for national priority health & population welfare programmes during 2007 has helped save about 60,000 children’s lives, contributed to 4,400 fewer maternal deaths and helped prevent 300,000 children from becoming malnourished.
- In **India**, DFID’s support to the Government of India’s universal elementary education programme, helped increase enrolment to 96% in 2006 (27 million more children since 2003), including millions of girls and socially excluded children

3.1 South Asia is growing, generally at high rates and steadily, which has helped to reduce the percentage of people living on less than \$1 per day from 41% to 32%.¹ So the region is on track to halve income poverty by 2015 – although that still means about 273 million people living on less than \$1 per day in 2015.² There are also a number of threats to this positive outlook. Growth has often not benefited the poorest. Social exclusion, buttressed by gender, caste, class, ethnicity and religious divides, has been a very persistent problem in South Asia. Insecurity has increased throughout the region. Climate change is also increasingly affecting the region, and impacting on huge numbers of people.

1 World Development Indicators 2007

2 Global Economic Prospects Report 2007 (World Bank)

- 3.2** South Asia Division was formed in January 2007 and manages our programmes in **Afghanistan**, **Bangladesh**, **India**, **Nepal** and **Pakistan**; with a small team based in the British High Commission in **Sri Lanka**; and the London based South Asia Strategy and Operations team (SASO).
- 3.3** This Chapter reviews progress towards the MDGs in the region and considers how effective UK support has been in contributing to the achievement of the MDGs. In addition, it assesses the progress DFID is making towards the specific targets we set for the period 2005 to 2008 (through our Public Service Agreement), and covers what we are doing to meet the challenge in areas where progress is off track.

Box 3.1: Supporting growth in South Asia

We support sustainable growth in the region and try to ensure that it benefits the poorest.

- The new **Afghanistan Growth Fund** will help to remove key businesses constraints and build Afghan markets by streamlining government regulations and investing in improvements to expand access to key assets like finance and business training.
- In **Bangladesh**, growth is promoted through private sector development, rural infrastructure and extreme poverty programmes with the objective of creating jobs and increasing incomes for poor people. Through these programmes we have allocated about £200m to work on growth and private sector development over the next four years, and a further £250m to work directly with extremely poor people in vulnerable areas.
- DFID microfinance and rural livelihoods programmes in **Pakistan** have helped 300,000 poor women to access microfinance services in the past five years. We plan to scale up and operate at a more strategic level through a proposed sector wide programme which will enable expansion of microfinance services to three million poor households in Pakistan by 2010.
- DFID **Nepal** supports rural roads programmes and large livelihoods programmes that are resilient to civil war and post-conflict environments.
- In **India**, DFID supports rural livelihoods programmes which have lifted more than one million people above the poverty line, and expansion of sustainable microfinance services. Over nine million poor people have benefited from micro-credit through the latter initiative with SIDBI (Small Industries Development Bank of India), which provides support to over 100 microfinance agencies across India.

Progress towards the Millennium Development Goals (MDGs)

- 3.4** The region is on track to reduce **extreme poverty** by half. The World Bank predicts that the reduction in the proportion of people living in poverty will accelerate, down to 16% by 2015.³ There has also been good progress on achieving **universal primary education** (although DFID is not on track to achieve our Public Service Agreement target on education – see paragraph 3.15 below).

3 Global Economic Prospects Report 2007 (World Bank)

- 3.5** The MDG target to achieve equal girls' enrolment in primary school is also on track, although progress on **promoting equality and empowering women** more generally is less strong. There are 646 million women and girls in South Asia (10% of the world's population) and despite much progress, gender inequality remains a serious constraint to sustainable growth and progress towards the MDGs. Promoting gender equality in the region is a key priority for DFID.
- 3.6** Although **child mortality** in the region remains a challenge, all countries have made progress in reducing child mortality rates since 2000, with Nepal and India showing the strongest progress. Some progress has also been made on **combating HIV & AIDS**. DFID is supporting national AIDS programmes in several countries across the region to ensure people in high-risk and vulnerable groups have access to information and services to prevent HIV and care for those with HIV & AIDS.
- 3.7** Improving **maternal health** and **improving environmental sustainability** remain a particular challenge for the region. Although the proportion of births assisted by skilled birth attendants is increasing across the region, still far less than a third of births are attended in Afghanistan, Bangladesh and Nepal. The MDG target to increase the proportion of people with access to safe drinking water has been met and the region is on track to achieve significant improvement in the lives of slum dwellers. Despite this, progress has been poor on other aspects of environmental sustainability; MDG targets on reversing the loss of forests and improving sanitation are unlikely to be met.

Box 3.2: Gender and rural water supply and sanitation

Most of the 17.5 million people living in North West Frontier Province (NWFP), Pakistan, do not have access to clean water and sanitation facilities. A DFID project is providing £7.3 million to the Government of NWFP to improve water supply and sanitation in the rural areas where most people live. So far the project has completed over 6,000 low-cost water and sanitation schemes, benefiting over 1.1 million people living in rural communities in some of the poorest areas of NWFP.

The project has a strong focus on improving the lives of women. It has supported the development and introduction of a province-wide gender policy to ensure greater participation of women. This has led to stronger involvement of women in local decision making, including at least two women councillors sitting on each of the project's 54 local Water and Sanitation Committees. These committees are responsible for approving new water and sanitation schemes and providing oversight to ensure continued access and operation of existing and completed schemes.



Project Technical Assistance team/DFID

Health promotion activities within the project have led to better health and hygiene practices. The project has employed 84 women to work within local communities to advise on health and hygiene within the home and introduce improved water supply and sanitation facilities to households.

3.8 Table 3.1 below shows there has been mixed progress towards the Millennium Development Goals (MDGs) in South Asia.

Table 3.1: Progress towards the MDGs in South Asia

Assessment of progress towards target based on data from UN Statistics Division, World Development Indicator database and local data Dark Green = target met. Light Green = almost met/on target. Orange = some/negligible progress, insufficient to meet target. Red = no change or negative progress.		Southern Asia
MDG 1: Eradicate extreme poverty and hunger	Reduce extreme poverty by half	LG
	Reduce hunger by half	O
MDG 2: Achieve universal primary education	Universal primary schooling	LG
MDG 3: Promote gender equality	Equal girls' enrolment in primary school	LG
	Women's share of paid employment	O
	Women's equal representation in national parliaments	O
MDG 4: Reduce child mortality	Reduce mortality of under-5 year-olds by two thirds	O
	Measles immunisation	O
MDG 5: Improve maternal health	Reduce maternal mortality by three quarters	R
MDG 6: Combat HIV & AIDS, malaria and other diseases	Halt and reverse the spread of HIV & AIDS	O
	Halt and reverse the spread of malaria	O
	Halt and reverse the spread of tuberculosis	O
MDG 7: Ensure environmental sustainability	Reverse the loss of forests	R
	Halve proportion without improved drinking water	DG
	Halve proportion without sanitation	R
	Improve the lives of slum dwellers	LG

Box 3.3: Climate change

Bangladesh is one of the countries most vulnerable to climate change. It is a predominantly low-lying country with a high population density and is already vulnerable to natural disasters such as flood, drought, seasonal storms and cyclones. DFID is helping the Government of Bangladesh (GoB) to



DFID

develop its national climate change strategy and action plan, and to prepare a position paper for the 2007 post Kyoto summit in Bali. DFID support through United Nations Development Programme (UNDP) provides technical assistance to the GoB Climate Change Cell, which builds capacity across government and civil society, and supports research on climate change.

Progress towards Public Service Agreement Objective II: Reduce poverty in Asia

- 3.9** The Public Service Agreement (PSA) sets out milestones by which DFID can measure how well it is doing to reduce poverty and help achieve the MDGs. When the PSA was agreed in 2005, a target for Asia was formulated measuring progress in nine focus PSA countries across the region, selected to give a good representation and coverage of our work. These are **Afghanistan, Bangladesh, Cambodia, China, India, Indonesia, Nepal, Pakistan** and **Vietnam**.
- 3.10** The assessment of progress is measured jointly for the whole of Asia (see Table 3.2 below). However information on individual countries in South Asia is covered in this Chapter while the remaining Asian countries (Cambodia, China, Indonesia and Vietnam) are now the responsibility of Europe, Middle East, Americas, and Central & East Asia Division and therefore covered in Chapter 4.
- 3.11** The overall picture for Asia's nine PSA countries is encouraging, with good progress being made towards seven of the nine sub-targets across the region. We are on track for our income poverty target for South Asia, reflecting improvements in economic and living conditions in the region. We are also ahead on targets for the ratio of girls to boys in primary school and a reduction in under-five mortality rates.
- 3.12** A number of challenges remain: we are currently unlikely to meet our PSA target for increasing primary school enrolment rates by eight percent and progress is also slow on HIV & AIDS. However, we have made a particular effort to aim our resources towards off track and hard to reach targets in South Asia. A detailed report of progress against all the PSA targets, and an explanation of the traffic light assessment system can be found in Annex 4.
- 3.13** Table 3.2 below presents a summary of the progress made against each of the PSA sub-target for Asia.

Table 3.2: PSA progress in Asia (covering the countries listed in paragraph 3.9)

Sub-target	Progress	Current Position	Progress by 2008
1. a reduction in the proportion of people living in poverty of five percentage points in East Asia and the Pacific	Ahead, poverty has fallen five percentage points by the latest available data and it is predicted to fall further	G	G
2. a reduction in the proportion of people living in poverty of eight percentage points in South Asia	On course, the World Bank predicts that that data for 2008 will show a reduction of 10 percentage points	G	G
3. an increase in net primary school enrolment by eight percentage points	Broadly on course, while some countries have made progress, some countries have seen little change and even a decline	A	A
4. an increase in the ratio of girls to boys enrolled in primary school by five percentage points	Ahead, overall the average ratio of girls to boys has increased by 6 percentage points	G	G
5. a reduction in under-5 mortality rates for girls and boys by 24 per 1000 live births	On course, overall the average death rate has fallen by 16 per 1000 live births	G	G
6. an increase of 15 percentage points in the proportion of births assisted by skilled birth attendants	On course, overall on average 53% of births are attended which is an increase of 12% since 2000 and projections indicate further increases	G	G
7. prevalence rates of HIV infection in vulnerable groups being below 5%	Not on course, it is difficult to assess progress due to poor data coverage. Limited data is available suggests figures vary greatly among countries and the target is not on course	R	R
8. a tuberculosis case detection rate above 70%	On course, there has been significant progress in detection rates	G	G
9. a tuberculosis cure treatment rate greater than 85%	Ahead, detection rates have increased dramatically in many countries and the challenge of retaining high rates of cure while covering a wider population continues	G	G

3.14 Good progress has been made in reducing the proportion of people living in **poverty** in the region. In **Bangladesh**, DFID has helped lift nearly 200,000 people out of extreme poverty over the last two years; at least half of them having doubled their income. In addition, we helped over 160,000 people avoid seasonal hunger (*monga*) during September–October 2006, by providing cash-for-work, which ensured they were able to eat two meals a day instead of one. In **Nepal**, DFID’s focus on inclusion is critical to translating economic growth into faster and more equal reduction of poverty. As a result 1.8m of the poorest and excluded (including women) in 39 conflict-affected districts have now been given access to key services and livelihood opportunities.

Box 3.4: Supporting Women Entrepreneurship

Budhi Maya Sunar has broken the cycle of poverty. Her “dhaka” (Nepali hand made cotton cloth) weaving business is flourishing. From a very humble beginning, she is now employing 13 people to weave dhaka.

Most of the cloth is used for making caps, shawls, blouses or skirts, and is sold in local shops or to dealers and wholesalers. Mrs Sunar was identified by a DFID/UNDP funded Micro Enterprise Development Programme for entrepreneurship training. The programme focuses on identifying ways to increase the incomes of very poor and excluded people, and as a Dalit (low caste) woman, she was in a key target group.

Training and support enabled her to begin dhaka weaving. She got the first loan amounting to Rs 5000 (£39) from a bank, and bought a loom and started weaving dhaka cloth. Seven years later she has been able to build her own house as well as buy some additional land. Her daughter is pursuing studies at class two, and with a good education her chances of a promising future are far better than those her mother had.



DFID

- 3.15** Although good progress has been made overall on universal **primary education** we are currently unlikely to meet our PSA target for increasing primary school enrolment rates by eight percent. As high enrolment rates are achieved across the region, the target of improving enrolment becomes increasingly challenging as the remaining children are more difficult to reach. Nonetheless there has been recent progress which, if maintained, may bring the target back on track.
- 3.16** In 2007/08 DFID provided support worth £55 million to the **Afghanistan** Reconstruction Trust Fund (ARTF), which includes an education component. DFID's contribution has helped 5.4 million Afghan children gain an education (see Box 3.5). In **Bangladesh**, DFID is contributing £100 million to a Primary Education Development Programme (2004-09). Our support has meant more classrooms being built and better textbooks and teachers, leading to enrolment at primary level going up by 11% in five years.

Box 3.5: Support to the education sector in Afghanistan

A school has been recently constructed in Daud-Zai village, outside Kabul. The teacher who runs the school has taught for 40 years, first under a tree and then under canvas. His teaching was interrupted time and again, first by the Mujahadeen and then by the Taliban. But thanks to an Afghan reconstruction programme supported by the UK, the National Solidarity Programme (NSP), 700 children – girls as well as boys – are now learning in bright new classrooms, and hoping to become teachers and doctors. These are just a few of the 5.4 million children now getting an education in Afghanistan, almost two million of them girls. In 2001, under the Taliban, just 900,000 boys were in school, and girls were not allowed a formal education.

DFID has committed £42 million to support the Afghan government's National Solidarity Programme (NSP), which has approved over 32,000 small scale projects – including building health clinics and schools, and improving water supplies and electricity generation. Projects are chosen by communities according to their own needs.



DFID

- 3.17** We are ahead on our target to help **more girls into primary school**: the overall ratio of girls to boys enrolled has increased by six percentage points. In **India**, DFID has provided £210 million in support of the Government of India's universal elementary education programme. In 2007/08 the programme distributed free textbooks to almost 100 million girls. In **Nepal**, DFID has supported the Government to make education reforms which have helped provide 314,000 targeted school scholarships for girls in 2007.
- 3.18** We are on track to meet the target on **reducing child mortality**: the average death rate has fallen by 16 per 1000 live births. DFID funding to seven national health programmes in **Pakistan** has helped increase the coverage of primary health care services. Through this programme the proportion of one year olds receiving life saving vaccinations increased from 53% in 2001 to 71% in 2005, which helped save the lives of around 40,000 children under five per year. In **Nepal** we have supported child health interventions through the Ministry of Health and district level partners which have helped raise the immunisation rate to 83% – the highest in the South Asia region.
- 3.19** Progress has been made on **reducing maternal mortality**: the proportion of births assisted by skilled birth attendants has increased by 12 percentage points since 2000. Through DFID's funding to the ARTE, the **Afghan** Government's Basic Package of Healthcare Services has expanded from 9% of districts to cover 82 and increased the provision of antenatal care to women in rural Afghanistan from 5% in 2003 to 30% in 2006. Our support to the Government of **Pakistan's** National Maternal and Child Health (NMCH) Strategy has contributed to over 1,500 women starting a new midwifery training course this year. Initiatives under DFID's Maternal and Newborn Health Programme which support the Government's NMCH strategy are expected to save the lives of around 350,000 children and 30,000 pregnant women over the next five years.

- 3.20** It has been difficult to assess progress towards the **HIV** target due to poor data coverage. Available data suggests the target is not on track; but there has been some progress. In India latest estimates show no increase in prevalence since 1998, partly due to increased provision of prevention, care and support programmes for high-risk groups supported by DFID. We will be supporting the third phase of the National Aids Control Programme (2007–2012) including a £102 million contribution from DFID. Prevalence of HIV & AIDS has remained at a low level in **Bangladesh**. DFID funded HIV prevention work has reduced the high risk behaviours of ‘at-risk’ groups, such as sex workers and injection drug users.

Box 3.6: Supporting AIDS control in Pakistan

DFID supports AIDS control in Pakistan through budget support that helps fund the National AIDS Control Programme and through capacity development of civil society providers of HIV prevention services.

Muhammad comes from a poor family in Hyderabad. He is a registered intravenous drug user with a DFID/EC funded project, ‘Tameer’. After losing his job and being thrown out by his family, Mohammad turned to theft to feed his habit. Tameer workers invited Muhammad and fellow drug users to visit their Drop-in Centre. “Initially, we were afraid but due to their friendly behaviour we openly communicated our problems. They informed us about the bad effects of drug injections. The staff informed me about HIV and its transmission. Since I was at risk, I took a test. Fortunately, I was negative. We are also given unused syringes, treatment for any infections and free condoms. I feel a great change in my life. The staff of Tameer helped get me a job at a barber’s shop and my family accepted me again at home. Now I can earn for myself and my family. I am thankful to the Centre staff that provided me information and rehabilitated me. I am now living a healthy life.”

- 3.21** We are on track to meet the target on tuberculosis (TB) detection and treatment rates. In Pakistan, DFID funding has helped the Government improve its treatment of TB: the case detection rate increased from 51% in 2006 to 67% in 2007 and treatment success is 87%. In India, the national TB programme which DFID supports has treated 6.3 million patients and saved 1.1 million lives since 1997.
- 3.22** In July 2006, the International Development (Reporting and Transparency) Act 2006 passed into law. Among other things, the Act requires DFID to report on “the effectiveness in pursuing Millennium Development Goals one to seven of bilateral aid provided by the United Kingdom”. Detailed assessments of the effectiveness of UK aid in all our 24 PSA countries are listed in Annex 5.

Progress in non-PSA countries in South Asia

- 3.23** DFID's support to **Sri Lanka** is focused upon efforts to secure peace. Since 2002 there has been one shared British government strategy to achieve this, and the activities of the FCO, DFID and MOD have all been jointly developed, coordinated and implemented within this strategy. The three departments work together through a Joint Section in the British High Commission in Sri Lanka, headed by a DFID officer. Finance is provided through DFID bilateral funds and the Global Conflict Prevention Pool (GCPP).
- 3.24** In the summer of 2007 we announced £1 million for humanitarian programming to Sri Lanka: £200,000 through the UN inter agency Common Humanitarian Action Plan (CHAP); and £800,000 for the International Committee of the Red Cross (ICRC mainly in response to mass displacement in the east of the country). The ICRC provided emergency shelter, health, water and sanitation assistance to the displaced population, rapidly followed by reconstruction and livelihoods recovery programmes during their resettlement. In February 2008 we announced a further £250,000 for the ICRC's 2008 Emergency Appeal for Sri Lanka.
- 3.25** Through funding and personnel support to the Global Conflict Prevention Pool for Sri Lanka, DFID has:
- Helped make 87 interventions to mediate ethnic tensions in conflict-stricken areas
 - Enabled the establishment of a human rights body to examine violations, monitored by an independent international watchdog, and also lobbied successfully for legislation so that victims and witnesses better protected, especially marginalised groups.
 - Improved the business environment via public/private partnerships in 14 sites in Sri Lanka.

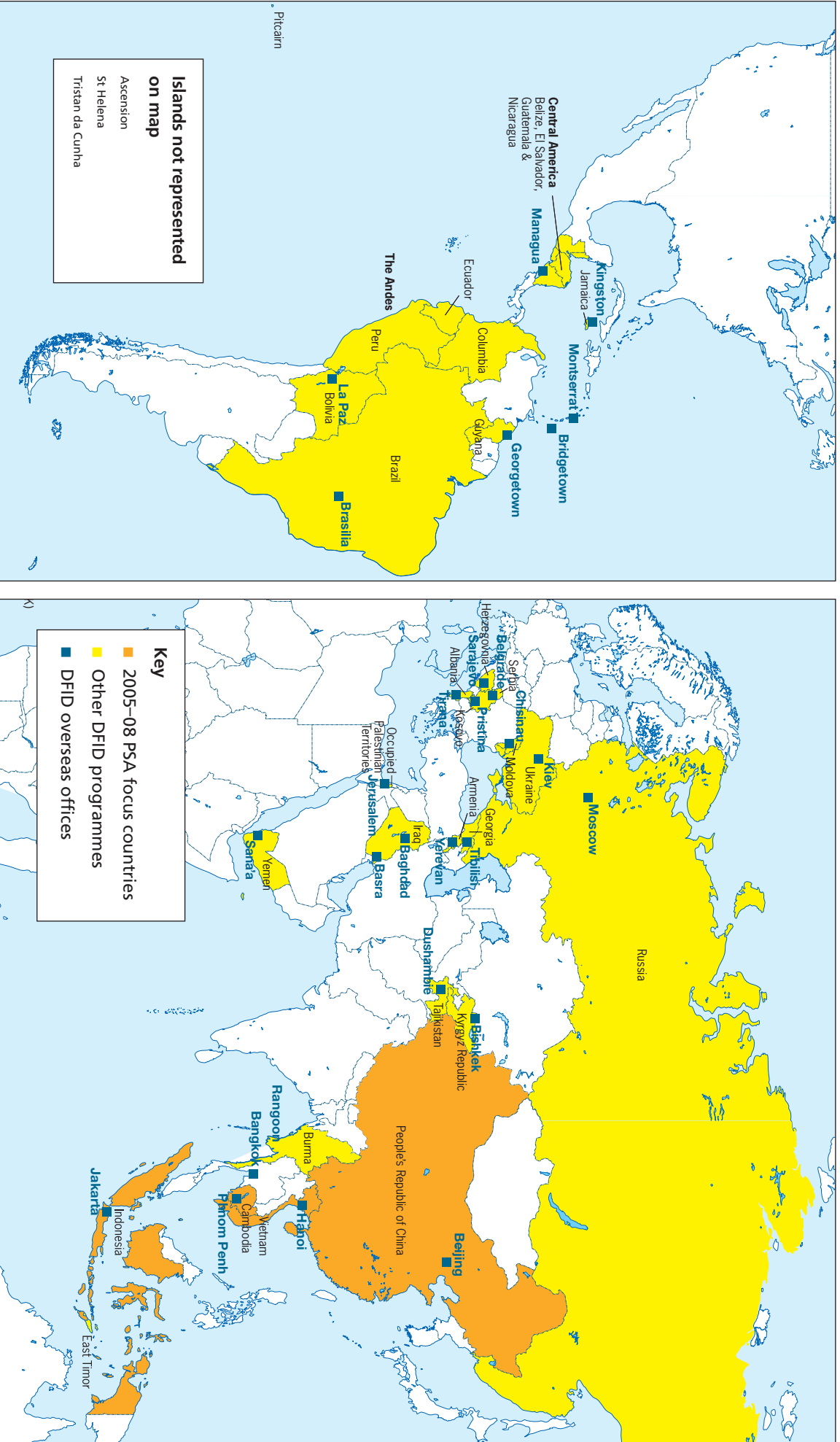
Reducing poverty in Europe, Central and East Asia, Latin America, the Caribbean, and the Middle East

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Fairtrade bananas, St Lucia – Jacob Siloberg/Franos

DFID in Europe, Central & East Asia, Latin America and the Middle East (2007/08)



The boundaries shown on this map do not imply official endorsement by DFID

Reducing poverty in Europe, Central and East Asia, Latin America, the Caribbean, and the Middle East

4

"We look forward to continuing our relationship with DFID as a strategic development partner, a partner which I believe works hard to adhere to best practice in providing aid to the Palestinians."

Samir Abdullah, Palestinian Minister of Planning, March 2008

Highlights

- In **Southern Iraq**, DFID completed infrastructure projects which supply power and water to one million people.
- In the **Palestinian Territories**, DFID helped pay the salaries of 75,000 front-line workers in health and education.
- At the UK-China Summit in January 2008, **China** signed the UN Call to Action on the MDGs and agreed to promote climate security and a low carbon economy.
- After the 2007 earthquake, the DFID-funded Caribbean Catastrophe Risk Insurance Facility paid \$1m (£0.5m) to **Dominica** and **St Lucia** to maintain basic services and re-build key infrastructure.
- DFID support for HIV means that in **Cambodia** 83% of those in need are receiving treatment (one of the first countries in the world to achieve its target), and in **Vietnam** clean needle exchange has jumped from 1.5 million in 2006 to almost seven million in 2007.
- In **Tajikistan**, DFID provided £1.5 million humanitarian assistance to over 300,000 people following severe winter weather.

4.1 Europe, Central and East Asia, Latin America, the Caribbean and the Middle East are diverse regions and DFID works in 23 countries across 18 time zones. They include middle income countries and countries that are young, fragile, or affected by conflict. Although progress on reducing poverty is good – the proportion of people living on less than \$1 a day is 10% in East Asia, 7% in South-east Asia, 9% in Latin America and the Caribbean and remains low in West Asia and Europe – 186 million people still live on less than \$1 a day and 670 million on less than \$2 a day.

- 4.2** Most countries remain off-track on at least one of the Millennium Development Goals (MDGs). This Chapter assesses progress towards the MDGs in these regions, how DFID is doing on its Public Service Agreement (PSA), particularly in the four PSA countries of **Cambodia, China, Indonesia** and **Vietnam**, and the effectiveness of our bilateral aid in our PSA countries in making progress towards the MDGs.
- 4.3** Fast economic growth in North and East Asia continues to reduce poverty, though persistent, hard-to-reach and large pockets remain, and there are environmental costs. Central Asia benefits economically from Russian and Chinese investor interest, but continues to face poverty and governance challenges; a humanitarian response was necessary during the severe winter in **Tajikistan**. Eastern and Central Europe, especially the **Balkans**, are making good progress on poverty reduction, but remain vulnerable to political and economic uncertainties. The Caribbean has good economic growth and the Economic Partnership Agreement with Europe improved prospects further. Latin America had growth of 5% in the past year and reduced absolute poverty. The Overseas Territories are taking steps to improve governance and achieve more economic independence.
- 4.4** DFID's work in these regions contributes to the MDGs, with a particular focus on ensuring:
- growth is sustainable, and takes account of climate change and environmental factors;
 - growth is inclusive and allows poor people, especially women and vulnerable groups, to benefit fairly from it;
 - governance systems are strengthened and tackle corruption;
 - development helps prevent conflict;
 - multilateral organisations are effective development partners.
- 4.5** Our approach is tailored to the circumstances in each region and country, including ending the bilateral development relationship when successful development means countries no longer require our presence, such as Ukraine. Some regional programmes cover several countries and cross-border issues, such as the Caribbean and the Mekong area. We often have to deliver in difficult circumstances, with ever-present security concerns for staff and implementing agencies – notably in Iraq.
- 4.6** Our assistance in this region is often small in financial terms but strategic, aimed at achieving greater impact on poverty reduction. We focus on the off-track MDGs and entrenched poverty. We work with and through other organisations, such as the World Bank and the European Commission, promoting more effective approaches by the whole international community. We provide budget support, such as in Vietnam, supporting the Government's poverty reduction priorities. This also has the benefit of simultaneously strengthening their public financial management system. We join with other UK government departments to address issues having an impact on development, such as the MoD on post-conflict reconstruction and Defra on climate change. We are deepening our dialogue on international development with Brazil, China and Russia; for example, the China-UK summit in January 2008 allowed leaders to discuss the development relationship and China's role in tackling global poverty.

Progress towards the Millenium Development Goals

4.7 Table 4.1 shows the UN summary of progress towards the MDGs across the regions.

Table 4.1: Progress towards the MDGs in Europe, Central and East Asia, Latin America, the Caribbean, and the Middle East.

Assessment of progress towards target based Dark Green = target met. Light Green = almost met/on target. Orange = some/negligible progress, insufficient to meet target. Red = no change or negative progress.		Eastern Asia	South Eastern Asia	Western Asia	Latin America & Caribbean	Commonwealth of Independent States	
						Europe	Asia
MDG 1: Eradicate extreme poverty and hunger	Reducing extreme poverty by half	DG	DG	R	O	O	O
	Reducing hunger by half	LG	LG	R	LG	LG	R
MDG 2: Achieve universal primary education	Achieving universal primary education	R	O	O	DG	LG	O
MDG 3: Promote gender equality and empower women	Achieving equal girls' enrolment in primary school	DG	DG	LG	DG	DG	DG
	Women's share of paid employment	LG	O	O	LG	DG	DG
	Women's equal representation in national parliaments	R	O	O	O	O	O
MDG 4: Reduce child mortality	Reducing mortality of under-5 year-olds by two-thirds	LG	LG	O	LG	LG	O
	Measles immunisation	R	O	DG	DG	DG	DG
MDG 5: Improve maternal health	Reducing maternal mortality by three quarters	LG	O	O	O	LG	LG
MDG 6: Halting and reversing the spread of HIV & AIDS, malaria and other diseases	Halting and reversing the spread of HIV & AIDS	R	O	O	O	O	R
	Halting and reversing the spread of malaria	O	O	LG	O	LG	LG
	Halting and reversing the spread of tuberculosis	O	O	LG	LG	R	R
MDG 7: Ensure environmental sustainability	Reversing the loss of forests	DG	R	O	R	R	DG
	Halving the proportion of people without sustainable access to safe drinking water	LG	LG	DG	DG	DG	R
	Halving the proportion of people without sustainable access to basic sanitation	LG	LG	LG	LG	LG	R
	Improving the lives of slum dwellers	O	LG	O	LG	R	O

- 4.8** DFID works directly to tackle **poverty and hunger**. East and South-East Asia have met the MDG target to reduce poverty by half. Since 1990, the proportion of people living on less than \$1 a day has fallen from 33% to 10% in Eastern Asia and from 21% to 7% in South-East Asia. However within the region, Burma and Cambodia are not on track. Other regions are struggling to reduce poverty further from already low levels so are not expected to meet the MDG target at current rates of progress. If Latin America had a more normal distribution of income there would be half the number of poor people there.
- 4.9** **Primary education** is a focus of many DFID programmes across these regions. Most countries in these regions already have high levels of enrolment. The target could be met if efforts are concentrated on hard-to-reach groups.
- 4.10** DFID is mainstreaming **gender equality** throughout its programmes. Countries in Western Asia have made significant progress in enrolling more girls in primary school, with **Yemen more than doubling its girls' enrolment rate since 1990**. Other MDG three targets remain challenging, particularly for female representation in national parliaments.
- 4.11** Reductions in **child mortality** are on track, except in Central and Western Asia. Child mortality is reducing in all countries where DFID has a bilateral programme. The MDG target on immunisation against measles is already met, apart from in Eastern Asia.
- 4.12** Improvements in **maternal health** are on track in most of the regions, though maternal mortality rates remain high in South-East Asia, including Cambodia and Indonesia, and moderately high in Western Asia and in Latin America and the Caribbean.
- 4.13** Targets on **combating HIV & AIDS, malaria and other diseases** are off-track and DFID has been focusing resources on tackling them, especially on HIV & AIDS prevention and de-stigmatisation of at-risk groups. New HIV & AIDS infection is increasing in East and South-East Asia. DFID is implementing HIV & AIDS programmes there and a new programme in Central Asia, where prevalence rates are increasing alongside rates for TB.
- 4.14** Much DFID support helps governments strengthen their health systems. Launched in September 2007, the International Health Partnership (IHP) aims to accelerate progress on health through better coordination amongst donors, improving health systems as a whole and supporting a country's own health plans. Cambodia's participation in the IHP is supported by DFID.
- 4.15** Rapid economic growth is jeopardising **environmental resources** and risking the sustainability of development. Growth in the regions containing two of the world's three tropical rain forests (South-East Asia and Amazon) has been accompanied by rapid de-forestation and both are off-track on the target to reverse forest loss. DFID has programmes on good forest management to link development with climate change. Central Asia is unlikely to meet either of the MDG targets for improved drinking water and sanitation. Central, Western and Eastern Asia regions need to progress faster if they are to meet the target to improve the lives of slum-dwellers, while Eastern Europe is unlikely to meet this target.

- 4.16** The **youth unemployment target of MDG eight** is off-track in all regions apart from Eastern Asia. DFID is looking closely at how to help countries tackle jobless growth and is supporting a number of small business ventures for job creation, for example in Vietnam, Yemen, Iraq and the Occupied Palestinian Territories.

Progress towards Public Service Agreement Objective II: Target 2: Reduce poverty in Asia

- 4.17** The Public Service Agreement (PSA) for the three-year period 2005–08, agreed between DFID and Her Majesty’s Treasury, included a target on progress towards the MDGs in Asia. We measure performance through eight sub-targets based on the MDGs that focus in on 24 countries. The traffic light assessment differs from the one used in the MDG table. A full explanation of the PSA traffic light assessment system, and a detailed report of progress against all the PSA targets, is given in Annex 4.
- 4.18** Progress against the PSA is monitored in four countries in East Asia: **Cambodia, China, Indonesia and Vietnam**. The overall PSA target covers nine countries across Asia and the full list of countries and a “traffic light” assessment of progress can be found in Chapter 3 (Table 3.2 on page 58).
- 4.19** The PSA sets out milestones to measure how well DFID, in partnership with governments and others, is doing to reduce poverty and help achieve the MDGs. Resources have been targeted on off-track MDGs and hard-to-reach poverty, on education, HIV & AIDS and health, on improving the effectiveness of assistance by the international community and on tsunami reconstruction. DFID has **ten-year Development Partnership Arrangements with Vietnam**, and provides **budget support for poverty reduction in Vietnam and Cambodia**.

A reduction in the proportion of people living in poverty of five percentage points in East Asia and the Pacific. (Baseline 18.6% est. (1999))

- 4.20** Target met. Data for 2003 shows that poverty in East Asia and the Pacific is at 12% – down from 17% in 1999. Assuming the reduction in poverty follows a linear trend predictions for 2006, 2008 and 2015 indicate that numbers will fall from 9% in 2006 to an estimated 3% in 2015.
- 4.21** During 2007/08, DFID Vietnam provided **£20 million through the Poverty Reduction Strategy Credit (PRSC)**. The PRSC has helped finance increased spending on health and education, for example ensuring that 15 million people have health insurance that gives them access to free healthcare. In **Indonesia**, DFID’s £38 million contribution to the Multi-Donor Fund for tsunami-affected Aceh and Nias has enabled the rebuilding of social and economic infrastructure such as the building or repair of over 3,000 houses, with a further 8,000 under construction or repair; 2,200 km of roads; 1,100 bridges; and the transportation of 98,000 metric tonnes of reconstruction materials.

An increase in net primary school enrolment by eight percentage points (Baseline 81% (2000))

- 4.22** Cambodia, China, Indonesia and Vietnam have net primary enrolment rates above 90%. To achieve universal primary education, increases in enrolment need to be matched by increases in attendance and improvements in the quality of teaching.
- 4.23** In **China**, DFID's three basic education projects with a total commitment of £56 million are demonstrating how children from marginalised groups can be reached as well as improving the overall quality of education. Approaches piloted by DFID in Gansu Province are now being rolled out nationwide as government policy.

An increase in the ratio of girls to boys enrolled in primary school by five percentage points. (Baseline 84% (2000))

- 4.24** The figures show that gender equality in primary school has been reached in **China, Indonesia** and **Cambodia**.
- 4.25** In **Vietnam** gender equality in education should be achieved by 2015. Poor people have been exempted from school fees because DFID support has helped finance increased spending on education. DFID also emphasises gender in the PRSC policy dialogue and in our budget support for education for all.

A reduction in under-5 mortality rates for girls and boys by 24 per 1,000 live births (revised baseline: 81.3 deaths per 1,000 (2000))

- 4.26** Target met. The lowest rates of under-five mortality are found in Vietnam, China and Indonesia, where less than one in 20 under-five year olds die. Cambodia has been making rapid progress since 2000.
- 4.27** In 24 districts (with approximately 500,000 deliveries a year) across **Indonesia**, DFID has funded United Nations Children's Fund (UNICEF) to train 526 midwives in resuscitation immediately after birth. Teams of paediatricians, GPs and nurses have been trained in emergency new born care in five district hospitals in Nusa Tenggara Barat (one of the poorest provinces in the country).

An increase of 15 percentage points in the proportion of births assisted by skilled birth attendants (Baseline 41% (2000))

- 4.28** **China, Vietnam** and **Indonesia** have high rates of births assisted by a skilled practitioner. **China** and **Vietnam** have seen the largest rises in births assisted since 2000, while Indonesia has also made significant progress recently.
- 4.29** In 2007, DFID provided technical support to **Cambodia's** Ministry of Health to train 35 health workers in six provinces to provide safe abortion care to Cambodian women. This is the start of a broader plan to increase access to safe abortion care by 2010 in half the provinces of the country, comprising three quarters of the national population.

Prevalence rates of HIV infection in vulnerable groups below 5%

4.30 Target not met, though data are unreliable. Available data indicate particularly high rates in some, but not all vulnerable groups in Indonesia, Vietnam and Cambodia. Rates in China appear lower.

4.31 In **Cambodia**, DFID support to social marketing of condoms contributed to a greater than 20% increase in the distribution of condoms over the past three years. DFID support has accelerated coverage of at-risk populations in **Indonesia**, including a large treatment programme for sexually transmitted infections that has been piloted for over 5,000 women sex workers. In **Vietnam**, DFID funding helped increase the distribution of clean needles and syringes (from 1.5 million in 2006 to almost seven million in 2007), which has helped reduce prevalence among intravenous drug users in provinces receiving DFID funding.

A tuberculosis case detection rate above 70%

4.32 The latest figures from the WHO, which relate to 2005, show that **Vietnam** (84%) and **China** (80%) have a case detection rate above 70%. **Cambodia** and **Indonesia** are very close to the target with detection rates of 66%

A tuberculosis cure treatment rate greater than 85% (Baseline 86% (2000))

4.33 Target met. **China**, **Vietnam**, **Cambodia** have the highest treatment success rates of 94%, 92%, 91% followed by Indonesia at 90%.

Box 4.1: “One UN” in Vietnam

Vietnam is the first country to try a unified UN operation at country level, the so-called “One UN” concept, recommended by the High Level Panel on UN Reform. In September 2007, DFID Vietnam approved an initial £4m to support Government and the UN country team to deliver by 2010:

- One leader in country – with overall authority over all agencies.
- One set of management practices for all agencies.
- One programme – prioritising and integrating the work of 14 UN agencies in country.
- One budget bringing together all resources for one programme.
- One house – co-location of all agencies in one building – Vietnam’s first carbon neutral.

Ten other donors also support the programme. With government leadership and donors speaking with one voice, progress with UN reform in-country has been good. As a non-permanent member of the UN Security Council (2008–2010), Vietnam has the opportunity to show real leadership on UN reform among developing countries.

4.34 In July 2006, the International Development (Reporting and Transparency) Act 2006 passed into law. The Act requires DFID to report on “the effectiveness in pursuing Millennium Development Goals one to seven of bilateral aid provided by the United Kingdom”. Detailed assessments of the effectiveness of UK aid in all 24 of our PSA countries are listed in Annex 5.

Progress towards Public Service Agreement Objective III – Reduce poverty in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa

Iraq, Occupied Palestinian Territories and Yemen

- 4.35** In 2007, Hamas' violent take over of Gaza forced President Abbas to dissolve the National Unity Government in the **Occupied Palestinian Territories** (OPTs). The US-led Annapolis Conference offered some hope for progress in November 2007. At the Paris donor conference for the OPTs the following month, DFID pledged £243 million over three years, linked to political progress. DFID support for the Palestinian Authority shifted from the Temporary International Mechanism, to direct support for the Palestinian Authority led by Salam Fayyad – with DFID playing a leading role in driving new aid instruments in each case. DFID seconded staff to the offices of the Quartet Representative, Tony Blair and General Dayton, the US Security Coordinator. Pushing for more effective multilateral delivery, DFID concluded an innovative five-year agreement with the UN Relief and Works Agency (UNRWA), creating financial incentives for UNRWA to deliver on its own efficiency targets.

Box 4.2: Joint working with other parts of the UK government: occupied Palestinian territories

Closure of crossings in the Gaza Strip has led to cuts in fuel, electricity and humanitarian supplies. We have launched a coordinated response, combining the strengths of DFID, FCO and MOD. DFID has provided technical advice on possible solutions and data on the humanitarian situation. FCO has brought diplomatic and political expertise. MOD has brought high-level contacts with the Israeli and Palestinian military. While we have not yet resolved the situation, by working together effectively, we are able to maximise the impact of the UK contribution.

- 4.36** A ten-year Development Partnership Arrangement (DPA) with the Government of **Yemen** was signed in August, demonstrating the UK's long-term commitment to reducing poverty and promoting reform and stability in Yemen. The arrangement contains commitments on both sides. For 2007/08, the benchmarks emphasise the Government of Yemen's commitment to reduce rural poverty, improve basic and girls' education, strengthen political rights, fight corruption, and strengthen public procurement. In turn, the UK has committed to making its aid more effective in Yemen.
- 4.37** DFID's bilateral programme in Yemen, which is planned to grow from £12 million in 2007/08 to £50 million by 2010/11, is focused on enhancing the capacity of the government of Yemen to deliver its priorities: increasing the delivery of services to local communities; improving justice and policing services; and increasing access to quality basic education. With our assistance, the enrolment gap between girls and boys in basic education has reduced from 30% in 2002 to 19% in 2006. We are now supporting the government's target to reduce the gap to 11% by 2010.

- 4.38** DFID continues to support the Yemen National Agenda for Reform (NAR) and substantial progress has been made on this since June 2007, including: the establishment of the Supreme National Authority for Combating Corruption, a new Public Procurement Law and appointment of a High Tender Board; and the establishment of a National Transparency Council to take forward commitments under the Extractive Industries Transparency Initiative.
- 4.39** In **Iraq**, DFID was instrumental in taking forward the Economic Initiative for Iraq, including the launch of the Basra Development Commission. The Commission is already attracting attention from regional and international investors. It will complement the work of the Basra Investment Promotion Agency and the Basra Development Fund. The completion of the large ‘PS2’ gas compressor unit in Dhi Qar province, adding some 60 megawatts to the grid, demonstrates the practical impact of DFID’s programme in difficult circumstances. Approximately half of this year’s £30m programme was focused on meeting humanitarian needs of vulnerable Iraqis, displaced inside the country and the region.

Box 4.3: Security and development in practice

In April 2005, DFID launched a £42 million programme to deliver major improvements in electricity and water infrastructure in Iraq. So far, six of the seven projects have been delivered; the final water project will be completed later this year.

The water project is the most complex construction project DFID has undertaken in Iraq. Operating in a volatile area has required remote project management with great reliance on local staff, as international staff cannot visit the site. In 2007, we completed the foundations for the water towers and completed training of 15 Iraqi engineers in the process. By the end of the project, more than 80,000 days of employment will have been created in a deprived area in Iraq, where employment opportunities are limited.

Local communities have demonstrated their appreciation for the work, which they see as vital. Once completed, the project will have delivered clean and running water to 250,000 Iraqis who are currently living without it.

By the time all power and water projects are completed, we will have added or secured enough power to supply around one million people with 24-hour electricity, and improved access to water for one million people in Basra (improved water supply to 500,000 people and drinking water for a further 500,000).

Europe and Central Asia

- 4.40** DFID has worked closely with the European Commission to increase understanding of the specific development challenges facing the **Western Balkans** as they move towards EU membership. Across the region our £11.5 million bilateral programme helps partners improve governance, and tackle social exclusion and unemployment. For example, in **South Serbia** our work on helping to make courts accessible to users – whatever language they speak – has been taken up by other donors and replicated more widely. We have analysed **Kosovo's** main economic growth challenges to determine how the UK and wider development community should respond. DFID is supporting – along with other donors – a public administration reform programme in **Bosnia** to help the country meet one of the conditions for progress towards European integration.
- 4.41** In March 2008, DFID closed its bilateral programme in **Ukraine**. Our bilateral programmes in both **Armenia** and **Georgia** will close in December 2008. The three countries were re-classified as Lower Middle Income Countries by the Organisation for Economic Co-operation and Development (OECD) in January 2006 – a sign of their economic success over the last decade, including efforts to reduce poverty. The UK will remain engaged with Ukraine, Armenia and Georgia through its EU membership, and through its support for the World Bank, the European Bank for Reconstruction and Development and the United Nations.

Box 4.4: Signposting the way to private enterprise in Armenia

Although Armenia has made strong development efforts, unemployment remains high, around 20%. The capital, Yerevan, is booming, but social and economic development in the regions is slow. Many villages have poor social services; many men have left to earn money abroad; schools are run down and neglected; and shops have limited stocks. Since 2003 DFID has funded a programme (ARDEP) to support the efforts of regional administrations to develop two relatively poor parts of Armenia.

This provides loans and training in business planning and financial management to local micro, small and medium enterprises. The Khachatryan family from Ijevan in northern Armenia has previously struggled to establish a viable livelihood. Then Anahit Khachatryan, an economics graduate, attended a business plan development training course supported by ARDEP. With a loan guarantee to purchase tools and materials, she has now developed a business plan that draws on the talents of her father, a ceramics craftsman, and her brother, a furniture designer, and addresses a market niche: the design and installation of advertising signs. Now the business is thriving.



DFID

Signposting in Armenia

- 4.42** DFID will continue its bilateral programme in Moldova, currently the only Low Income Country in Europe, until 2010/11. In 2007, DFID helped Moldova to prepare its National Development Strategy for 2008-11, and provides support to four of its priorities: enhancing national economy competitiveness by contributing to the Poverty Reduction Support Credit; promoting social inclusion through a social assistance reform programme; regional development; and conflict resolution in Transnistria through the Conflict Prevention Pool. Working with the European Commission to help deliver an effective programme in the European Neighbourhood countries, including Moldova, is central to DFID's objectives.
- 4.43** DFID closed its bilateral programme in **Russia** in March 2007. An independent evaluation of the programme showed that DFID's work had promoted new approaches to policy design and implementation. They were being successfully applied by administrative regions working with DFID's programmes. The evaluation also highlighted DFID's support to the health sector, including work on HIV & AIDS, as particularly important in promoting change.
- 4.44** Since March 2007, we have shifted our development partnership with Russia to reflect its position as a Middle Income Country and a member of the G8. Russia has a major role to play in global poverty reduction. Its development programme is growing and it has made important commitments to Global Funds on polio eradication and malaria control. Since joining the Heavily Indebted Poor Countries (HIPC) initiative in 1997, Russia has committed to writing off more than \$11 billion (£5.5 billion) in African debt.
- 4.45** Our work in Central Asia focuses on the poorest and most fragile countries: **Tajikistan** and the **Kyrgyz Republic**, where we combine work at national level on key issues, such as growth and governance, with support to regional issues that have most bearing on achievement of the MDGs.
- 4.46** In early 2008, we responded rapidly to two major humanitarian crises in the region. An extremely severe winter in **Tajikistan** meant energy, water and food supplies were brought to near collapse as freezing temperatures stopped electricity production from the main hydropower plant. Hospitals and schools were left without electricity, heating and water. People's food supplies were frozen, livestock killed, seed supplies destroyed, and the country's aging water and sanitation systems ruptured. DFID sent a team of in-house experts to Tajikistan to help assess the situation and deliver a rapid response. Following a UN Appeal we provided £1.5 million humanitarian support, including blankets, baby warmers, generators, water purification tablets and hospital health kits to help more than 300,000 vulnerable people to cope.



Tajikistan - DFID provided humanitarian assistance to over 300,000 people following severe winter weather

DFID

- 4.47** On New Year's Day, a remote area of the **Kyrgyz Republic** suffered a major earthquake. We quickly flew in 4,000 winterized tents to help the 5,000 people made homeless. This helped to ensure that despite the destruction of houses and outside temperatures of minus 20 degrees, there were no fatalities. We also helped Save the Children to provide follow-on counseling and education support to those affected.
- 4.48** DFID has been playing a leading role in both countries in promoting aid effectiveness and donor harmonisation, leading to more joined-up working and better prioritisation of aid resources. The joint Government-donor sector support to health in the Kyrgyz Republic has resulted in increased government spending on health, and is starting to reduce the out-of-pocket payments that poor people have to pay to access health care services. In Tajikistan 9,000 people, including the poor and female-headed households, have benefited from the DFID-supported Third Party Arbitration Courts system through settlements totalling more than £850,000.

Box 4.5: Deforestation and climate change in Indonesia

Indonesia is highly vulnerable to climate change, with an increasing incidence of natural disasters (forest fires, floods, landslides). But it is also one of the world's largest emitters – primarily from the forestry sector. Deforestation accounts for about 18% of global emissions, and Indonesia accounts for some 25% of global deforestation. So Indonesia's contribution is essential to promoting progress globally towards a post-Kyoto deal that includes action to tackle deforestation.

Indonesia assumed the presidency of the UN Framework Convention on Climate Change in December 2007. President Yudhoyono demonstrated particular leadership at the UN climate change conference in Bali in pushing for action to Reduce Emissions from Deforestation and forest Degradation (REDD). The decision to include deforestation within the "Bali Road Map" was of huge significance to future prospects for reducing global carbon emissions.

DFID's successful £25m Multi-Stakeholder Forestry Programme (MFP), implemented over the past five years, delivered legal and policy reforms, giving the poor more secure rights in forest land and resources. It created a unique space for policy dialogue between civil society and the state, in a situation of limited trust and unprecedented action against illegal logging and the illegal timber trade, through support to civil society monitoring and case tracking. We have recently signed an agreement with the Indonesian government for a £5m second phase of MFP that will provide critical support in the follow-up to Bali.

East Timor

- 4.49** DFID's bilateral programme in East Timor ended in March 2008, although East Timor will continue to benefit from **Conflict Prevention Pool**-funded projects.

Burma

4.50 In July 2007, the International Development Committee (IDC) recommended quadrupling DFID assistance to Burma by 2013. In October, the Secretary of State announced a doubling of the programme over the coming CSR period, from £9m in 2007/08 to £18m in 2010/11, which puts us on track to meet the IDC's recommendation. About 20% of our aid to Burma is spent on humanitarian assistance for people living in Burma's conflict afflicted border areas, some of which is channelled across the borders from neighbouring countries to communities which cannot be reached from inside Burma. We allocated an additional £1m to address immediate needs following the crackdown on civil society following last September's monks' protests. The Three Diseases Fund, to which DFID is contributing £20 million over five years, made its first disbursements; early successes include provision of anti-retroviral therapy for 6,000 patients, and delivery of TB drugs for 50,000 patients. A new multi-donor programme to support UNICEF's work on basic education started operations; as a result one in eight primary school-aged children (689,000 out of 5.9 million) received educational materials that will help improve the quality and reduce the costs of schooling. And PYOPIN ("rice shoots" in Burmese) was launched – a DFID-funded programme that will support Burmese organisations to work on local issues in order to improve quality of life. DFID also funded an Office for the Coordination of Humanitarian Affairs (OCHA) Information Management Unit, which will help to improve information on needs and activities whether in-country or cross-border.

Box 4.6: Visit to the Thailand/Burma border

In early January 2008, Douglas Alexander visited Mae La refugee camp on the Thai/Burma border. He heard about the real life experiences of recent arrivals at the camp. He also spent time at a clinic and school providing healthcare and education for Burmese migrants in nearby Mae Sot.

Mae Lae camp is home to over 40,000 refugees. While at the camp, the Secretary of State met some recent arrivals. Their village had been razed to the ground by Government troops. Fearing for their lives, they escaped across the border. Human rights abuses such as forced labour are widespread in Burma, and most frequent in border regions where civilians have suffered during a sixty-year civil war.



Vickie Sheriff/DFID

The Secretary of State met civil society representatives, the UN, and other donors to discuss DFID's programme. He heard about the extremely poor humanitarian situation inside Burma. Over a third of people live on less than 30 cents a day; half of all children fail to finish primary school; and diseases such as TB, malaria, and HIV & AIDS cause much human suffering.

Douglas Alexander with Burmese refugees at Mae La Refugee camp, near Mae Sot, Thailand

Latin America and the Caribbean

- 4.51** The 2007 hurricane season brought floods and crop devastation. DFID provided over £700,000 in disaster relief. In the Caribbean, this included essential healthcare relief items for 35,000 people in the worst-affected areas for a period of six months, as well as funding for replenishment of supplies; repair of roofs and building damage for 14 schools in Jamaica; and assistance to 1,630 farmers (including almost 700 Fairtrade banana farmers) and vulnerable families, especially female-headed households and elderly farmers, who suffered highest losses in **Dominica** and **St Lucia**. DFID also provided core funding (£3.8 million) to the Caribbean Catastrophe Risk Insurance facility (effective 1 July 2007, covering 16 countries). This innovative scheme made its first payout of £500,000 to Dominica and St Lucia after the earthquake in November 2007. DFID is providing further critical support for disaster risk reduction and preparedness through the five-year Caribbean Disaster Management framework (2007-2012), and ensures it links to the emerging Caribbean-wide Strategy on Climate Change.
- 4.52** A significant achievement in the Caribbean in 2007 was the initialling of a full Economic Partnership Agreement (EPA), with unanimous participation of all countries in the region. It marks a transition from preferential **trade** relations with Europe to greater regional integration and access to global markets. DFID funded the Caribbean Regional Negotiating Machinery, which led the EPA negotiations on behalf of the Caribbean states.
- 4.53** In the **Caribbean**, improving **security** is key to boosting growth and reducing poverty. Improving security and security sector reform is a key aspect of both the Jamaica and **Guyana** programmes. In **Jamaica**, we have been supporting the Community Security Initiative, which re-links marginalised communities with basic services and economic opportunities. Since the inception of this programme in 2005, the inner-city communities of Dunkirk and Matthews Lane have both seen a reduction of nearly 90% in their murder rate. Following elections in **Jamaica** in September 2007, DFID has been accelerating work with the Government on security and development. In **Guyana**, a new security sector reform programme is just beginning. Working closely with the FCO and the Inter-American Development Bank (IADB), United Nations Development Programme (UNDP) and Government of **Guyana**, we are developing a programme of police reform and training, as well as strengthening accountability of the police and armed forces to Parliament and the citizens of **Guyana**.
- 4.54** The **Latin America** region experienced GDP growth of around 5.1% in 2007, providing a relatively favourable environment for poverty reduction. DFID has been continuing to implement its strategy of working with the World Bank and Inter-American Development Bank (IADB), to promote better governance and more inclusive growth in the region.
- 4.55** In **Nicaragua**, DFID has helped deliver laws to improve the operating environment for small and medium enterprises, and contributed to the improvement of public financial management and accountability systems at both national and municipal levels. This resulted in an internal audit of the accounts of all 153 municipalities in Nicaragua for the very first time. It also helped bring into effect a new law on access to information. As Nicaragua becomes a Middle Income Country, DFID will maintain its programme at £4 million per year, switching funding, for the Government to provide support through other channels including civil society and closing its office in early 2009.

Box 4.7: Justice for victims of sexual violence in Nicaragua

IXCHEN is a Non-Governmental Organisation that promotes the sexual and reproductive health of women in Nicaragua. Its Centres for Women have achieved outstanding results from the direct attention given to survivors of domestic and sexual violence, and IXCHEN has succeeded in making public policies better for women.

As a result of support by DFID, IXCHEN was able to carry out an investigation into sexual violence against girls and adolescents. This led to development of a campaign and to the publication of 'No more broken lives'.



Poster illustrating a campaign by IXCHEN which is funded by DFID

The campaign generated a great deal of interest in the mass media and stirred a public debate. The research had a strong influence on political and institutional circles, among groups such as the deputies of the National Assembly and justice administrators. A training programme has now been designed for legislators to help them in ensuring the proper application of justice.

'The judges need to be aware and act with a strong hand in cases of family violence to send a message to the aggressors' – Rafael Solís, Vice President of the Nicaraguan Supreme Court of Justice.

- 4.56** In **Brazil**, DFID and FCO are jointly funding a major Brazilian analysis of the Economics of Climate Change, building on the Stern Review – which will show the opportunities (rather than just the cost) for Brazil of responding to climate change. DFID continues to provide direct support to Brazil-Africa south-south learning on social protection, and on HIV & AIDS in Latin America and the Caribbean.
- 4.57** **Brazil** is a powerful regional – and potentially global – force for poverty reduction. DFID's programme has evolved from bilateral aid to a partnership with Brazil, to help strengthen Brazil's ability to share its development experience as a policy leader on climate change, biofuels, HIV & AIDS, inequality analysis, and social protection. The DFID-supported International Centre for Technical Cooperation on HIV & AIDS in Brazil now reaches 20 countries. As a result of a partnership between DFID, GTZ (German Technical Cooperation), UNAIDS and the Government of Brazil, the Centre has strengthened its ability to provide fast-response, high quality support to national AIDS programmes throughout Latin America and the Caribbean. In particular, it will help governments make full use of global funds for HIV & AIDS. DFID supported the Ministry of Social Development in 2007 to help the Ghanaian government design its social protection programme for chronically poor people benefiting from the experience of Brazil's large cash transfer programme to their Ghanaian counterparts.

Overseas territories

- 4.58** In **Montserrat**, the volcano was benign for most of the year. The Development Corporation, a new body to promote private sector development started functioning, and a £4.5 million contract was let for the first phase of building Little Bay, the new capital. Both are crucial for turning the island's economy around. In **St Helena**, DFID launched the 'New Deal' to help the island's government undertake reforms and improve effectiveness. On **Pitcairn**, DFID has helped develop new systems for safeguarding children and the vulnerable. We handled a viral emergency due to an outbreak of influenza on **Tristan da Cunha** and commissioned the Royal Engineers to undertake urgent repairs to its harbour. Our **Cross-Territories** programme has supported the introduction of national climate change adaptation strategies, and the establishment of a regional law revision centre in Anguilla.
- 4.59** Overall, DFID spent **£40 million in the Overseas Territories**. Financial assistance using the government's own budgetary processes is the largest component. The first NAO value-for-money review in ten years endorsed the logic of being more responsive to critical infrastructure needs in the Overseas Territories.

Making bilateral aid more effective

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Adult education, Bangladesh –
DFID Bangladesh Comms team/DFID



Making bilateral aid more effective

5

'DFID demonstrates a high degree of commitment to aid effectiveness... a strong approach to performance management, and an increasing focus on results'

Evaluation of the Paris Declaration, DFID Donor Case Study

Highlights

- **The Independent Advisory Committee on Development Effectiveness (IACDI)** was launched.
- **We have continued to improve the predictability of our bilateral aid.**
 - We have signed new Development Partnership Arrangements in three countries
 - 97% of scheduled poverty reduction budget support in 2007 was actually disbursed
- We are playing a lead role in preparing for the **High Level Forum** on aid effectiveness in Accra, Ghana in 2008, including **supporting partner country leadership** and promoting rigorous monitoring of progress towards the Paris Declaration targets.
- We have developed and published a **Results Action Plan**, setting out how we will embed results into our own and our partner's culture and systems.
- The **average success rate of DFID's projects has increased by 4%** (from 75% to 79%) between 2006/07 and 2007/08.
- **Improving aid effectiveness is a priority in two of our new 2008/11 Departmental Strategic Objectives (DSOs):**
 - Make all bilateral and multilateral donors more effective
 - Deliver high quality and effective bilateral development assistance

5.1 Aid effectiveness is about achieving the most poverty reduction possible for each pound or dollar of aid spent. **The UK government aims to maximise the impact of UK aid on the world’s poor.** DFID provides 12% of total global ODA and helps to lift at least three million people permanently out of poverty every year.¹ **This Chapter discusses what we are doing to make improvements in the effectiveness of DFID’s own bilateral aid programme.**

UK commitments on bilateral aid effectiveness

5.2 The **International Development (Reporting and Transparency) Act** which passed into law in July 2006 made commitments relating to our bilateral aid. The Act requires the Secretary of State for International Development to report on the progress made in the following areas:

- promoting untied aid;
- promoting transparency in (a) the provision of aid and (b) the use made of aid provided;
- specifying future allocations of aid;
- ensuring that aid supports clearly defined development objectives, agreed between those providing and those receiving the aid;
- promoting the better management of aid, including the prevention of corruption in relation to it; and
- securing improvements in the monitoring of the use of aid.

5.3 The **Paris Declaration (PD) on Aid Effectiveness**, agreed in 2005, is an important agreement in promoting the more effective use of aid for poverty reduction. The Declaration outlines a set of five inter-related principles: ownership; alignment; harmonisation; results; and mutual accountability, and commits donors to making changes in each area. The PD also includes a set of **quantified targets, monitored bi-annually**, which is used to assess progress and hold signatories accountable for achieving results. EU donors, including the UK have made commitments to go beyond the PD in some areas. The EU also signed up to a further four targets and the UK a further six commitments (see Box 5.1).

1 Collier-Dollar Model of Impact of Aid used to analyse DFID aid.

Box 5.1 Paris, EU and UK commitments on aid effectiveness made in 2005

Paris Declaration principles and indicators

Principle	Indicators
<i>Ownership</i>	<ul style="list-style-type: none"> ■ Partners have operational development strategies
<i>Alignment</i>	<ul style="list-style-type: none"> ■ Reliability of partner country public financial management and procurement systems ■ Aid flows to government are reported on partner countries' budget ■ Strengthen capacity by co-ordinated support ■ Use of country public financial management and procurement systems ■ Avoiding the use of parallel implementation units ■ Predictability of aid ■ Aid is untied
<i>Harmonisation</i>	<ul style="list-style-type: none"> ■ Use of programme-based approaches ■ Encourage shared analysis through joint missions and joint analysis
<i>Managing for results</i>	<ul style="list-style-type: none"> ■ Partner countries have results-oriented frameworks
<i>Mutual accountability</i>	<ul style="list-style-type: none"> ■ Mechanism for mutual assessment of progress by donors and partner countries

EU commitments:

- 1) Providing all capacity-building assistance through coordinated programmes with an increasing use of multi-donor arrangements
- 2) Channelling 50% of government-government assistance through country systems, including by increasing the percentage of assistance provided through budget support or sector wide programme support
- 3) Avoid the establishment of new project implementation units
- 4) Reduce the number of uncoordinated missions by 50%

Further UK commitments to:

- 1) Implement the UK conditionality policy published in 2005
- 2) Make longer-term aid commitments and give better notice of poverty reduction budget support disbursements
- 3) Provide more than half of country programme support to government as programme-based support
- 4) More joint offices with other donors
- 5) Keep UK aid untied
- 6) Improve the allocation of aid with 90% of UK aid going to low income countries from 2005/06

Progress against the Paris Declaration commitments

- 5.4** The first PD survey was undertaken in 2006 and included 34 partner countries, of which 23 were ones with a DFID programme. Data was collected at country level on eight of the 12 indicators. Data on the other four indicators were collected through desk reviews undertaken by the DAC and the World Bank.
- 5.5** Results from the 2006 baseline survey (see Table 5.1), show that the UK has already met, or is on track to meet, the PD targets at a corporate level. We performed particularly strongly in relation to: alignment, coordinated capacity development, use of country systems (Public Financial Management (PFM) and procurement), joint missions and joint analytical work. We also performed above average compared to other donors across many of the indicators.
- 5.6** Based on country level analysis of the 2006 survey results, DFID is committed to making faster progress in three areas: reporting aid on budget; aid predictability; and the use of programme based approaches, as Box 5.2 shows.

Box 5.2: Development of programme based approaches

Moving to Programme Based Approaches in Moldova

In 2006, only 16% of all aid delivered to Moldova was co-ordinated in support of a nationally owned programme. DFID has helped to improve the situation by bringing together Government and other donors to prepare a 'Sector Wide Approach' in the social assistance sector. We helped to persuade the World Bank, SIDA and the EC to provide funds in a more co-ordinated manner. The Government of Moldova, with DFID support, has initiated a joint government/donor working group to co-ordinate aid to the sector.

Pooled Technical Assistance that is truly country-led in Palestine

Five donors, including DFID, are pooling funds to support a \$5.4m (£2.7m) capacity and institution building plan developed by the Palestinian Authority Office of the President (OoP.) The donors are using the same project documentation, reporting and monitoring and evaluation systems, thereby minimising the time the OoP needs to spend managing the funds. The OoP has full ownership of the project and can focus efforts on delivery of its priority areas. So far, the project has helped the OoP to agree a new organogram, redeploy its staff in the West Bank, develop a delivery and training plan for 2008, and start rolling out new systems and procedures. DFID has played a key role in encouraging donors to work together to support the programme, for example by funding a financial review of the OoP's systems.

5.7 DFID is taking further steps to ensure that the Paris Declaration principles are fully incorporated into our policies, procedures and strategies.

- Improving aid effectiveness is **a corporate priority** at the global, corporate and country level.
- Making progress against PD commitments is in our **Departmental Strategic Objectives** (DSOs).
- We have incorporated **corporate performance measures against PD targets**.
- Our **Country Assistance Plan guidance** will include an assessment of aid effectiveness.
- We are continuing to **participate in the baseline surveys of the Paris Declaration** and promote the need to **report on donor performance**.
- We have also undertaken an **independent Evaluation of DFID's performance as a Donor** as part of the wider global evaluation of PD implementation.
- A new **Results Action Plan** has been developed, setting out how we will embed results into our own and our partners' culture and systems (see paragraphs 5.30-5.32 on page 99 and Box 5.9 on page 100).
- Progress against PD targets is included in our **Institutional Strategy Papers** for key multilateral organisations.

Table 5.1: UK results from the 2006 Paris Declaration Survey, (OECD DAC)²

Indicators		Definitions		2005 Baseline ratio ³	2005 Average country ratio ⁴	2010 Targets
3	Aid flows are aligned on national priorities	Aid for government sector in budget (\$ m)	921	84%	45%	92%
		Aid disbursed for government sector (\$ m)	1 102			
4	Strengthen capacity by co-ordinated support	Coordinated Technical co-operation (\$ m)	153	61%	52%	Target of 50% achieved
		Technical co-operation (\$ m)	250			
5a	Use of country public financial management systems	Use of PFM systems (\$ m)	825	75%	53%	50% (EU Target)
		Aid disbursed for government sector (\$ m)	1 102			
5b	Use of country procurement systems	Use of procurement systems (\$ m)	839	76%	51%	50% (EU Target)
		Aid disbursed for government sector (\$ m)	1 102			
6	Avoid parallel implementation structures (PIUs)	Number of parallel PIUs	41	41	1.8	14.0
		Number of countries	23			
7	Aid is more predictable	Aid recorded as disbursed (\$ m)	988	90%	48%	95%
		Aid scheduled for disbursement (\$ m)	1 094			
8	Aid is untied	Untied aid (\$ m)	2 356	100%	100%	Target achieved
		Total bilateral aid (\$ m)	2 356			
9	Use of common arrangements or procedures	Programme-based approaches (\$ m)	901	59%	50%	66%
		Total aid disbursed (\$ m)	1 523			
10a	Joint missions	Number of joint missions	156	44%	44%	Target of 40% achieved
		Total number of missions	354			
10b	Joint country analytic work	Number of joint analyses	73	69%	69%	Target of 66% achieved
		Total number of country analyses	106			

2 The information in the table covers data reported in 23 countries out of 34 and reflects 50% of country programmed aid in 2005. See <http://www.oecd.org/dataoecd/49/16/39383153.xls> and http://www.oecd.org/document/20/0,3343,en_2649_15577209_38521876_1_1_1_1,00.html for more details.

3 Baseline ratio: is a weighted average, based on each donor's portfolio in the surveyed countries. It is the Paris Declaration survey result for the base year of 2005. It is the aggregate value of the numerator divided by the aggregate value of the denominator; i.e. each country is weighted by the volume of activity

4 Average country ratio: is an unweighted average. It provides a comparative measure of the baseline irrespective of the volume of activity in each country; i.e. it gives equal weight to each country. It provides an indication of the variability of individual country baselines compared to the weighted average.

Box 5.3: Strengthening Development Results and Impacts of the Paris Declaration through work on gender equality, social exclusion and human rights

With the OECD DAC Gender network and Nordic Plus partners, DFID has spearheaded a research project to explore the relationship between social policy issues, such as gender equality and social inclusion, and aid effectiveness. This includes country case studies in Vietnam, Bangladesh, Kenya, Bolivia, Sierra Leone and Uganda and a number of thematic studies. This research will provide more detailed evidence on how improved delivery of aid can help to support gender equality and human rights and lead to better outcomes for poor people. The research will be completed before the next major High Level Forum Meeting (HLF 3) on aid effectiveness in Ghana in 2008. It will also feed into broader events and preparatory discussions, including an OECD-DAC international conference, hosted by DFID on applying the Paris Declaration to broad issues that cut across sectors, like gender or social exclusion in March 2008.

Principles underpinning DFID aid

5.8 The delivery of DFID aid is underpinned by a number of general principles, based on evidence of what works. These principles are outlined below and our commitments on untying, transparency and conditionality are explored in the following sections.

Box 5.4: Principles underpinning DFID aid

- The role of aid is to support transformation to effective and self sustaining states
- An effective aid partnership is based on a shared commitment to three objectives:
 - Reducing poverty and the MDGs
 - Respecting human rights
 - Strengthening financial management
- Aid is more effective if countries can plan for its use – predictability of aid flows is vital.
- We recognise that conditionality is important for accountability, but also know that imposing policy choices does not work.
- Using, and not by-passing, national systems is the best way to strengthen them.
- In the right circumstances, budget support is the most efficient, effective way of delivering aid to governments. However, *decisions to use budget support need to take into account the government's commitment to the three objectives above and the expected impact of budget support on poverty reduction goals.*

Untying aid

- 5.9 DFID aid has been untied since 2001.** Untying our aid means that partner countries and DFID are able to ensure that goods and services are obtained in the most cost-effective way and has given greater opportunities for local providers. During FY 2007/08, **18% of our business was awarded to non-British contractors**, through an open, fair and competitive process. DFID operates no targets or quotas for business awarded to developing country suppliers and in many cases UK firms form part of consortia and multinational teams headed by a developed country consultant. We recognise that untying by itself will not necessarily secure their interest. We are analysing the practical barriers to their effective competition for donor-funded opportunities in a number of African and Asian countries with a field study already underway in Nigeria.
- 5.10** The 2006 Paris Declaration baseline survey showed 75% of aid to the participating countries was untied. We continue to work through the Organisation for Economic Co-operation and Development (OECD)'s Development Assistance Committee (DAC) and with the European Commission (EC) to persuade other donors to untie their aid. The DAC Group is also examining why untying has had limited benefits for developing country suppliers.

Promoting transparency, voice and accountability

- 5.11** We have made progress on **improving transparency** of aid by working with other donors and partner governments in a number of countries, for example Uganda, to implement national systems of performance assessment.
- 5.12** DFID is also pushing the international community to **strengthen mutual accountability mechanisms between donors and partner countries at country and international levels**. A study has been commissioned on behalf of the OECD-DAC on how best to promote more balanced partnerships based on trust, shared responsibilities and commitments for development results.
- 5.13** DFID, with its partners, has also **supported global civil society and government consultations** to ensure partner country priorities on aid effectiveness shape the forward agenda and follow up actions from High Level Forum (HLF) 3. We also have continued our regular dialogue with the UK Aid Network (UKAN) to ensure UK civil society concerns are reflected in our work on aid effectiveness and the preparations for the HLF.
- 5.14** To **strengthen DFID's accountability for its gender equality and women's empowerment commitments**, DFID has worked closely with OECD DAC Gendernet and a number of other donors on a research project on aid effectiveness, gender, rights and exclusion, looking at how best to integrate these cross cutting issues into the Paris Declaration implementation to improve results for poor and excluded men, women and children.

Implementing DFID's conditionality policy

- 5.15** DFID believes that some conditions are important for ensuring accountability to taxpayers. However, conditionality must not be used to impose policy choices onto recipients. DFID's 2005 policy statement on conditionality states that we will only interrupt or stop aid if the partner government breaches the partnership commitments outlined in Box 5.4: commitment to **tackling poverty**, upholding **human rights** and **managing public money** wisely. We may, and do, interrupt or stop aid if a partner government breaches these commitments. All our conditions are drawn from our partner's own plans, not imposed from outside. We also work with other donors on conditionality. See Chapter 6 for how DFID has been working with the World Bank to improve its approach to conditionality.
- 5.16** In 2007/8, DFID suspended, reduced or changed the form of aid because partner governments failed to meet conditions across eight programmes in seven countries (see Table 5.2). Of these, three were caused by problems with progress towards agreed project and poverty reduction objectives, two by problems with human rights or political governance and three by problems with financial management or corruption. Of the eight suspensions, six were of poverty reduction budget support (PRBS).

Table 5.2: Changes to programmes as a result of a breach of conditions during 2007/8

Country	Programme	Issue	Consequence
Bangladesh	Sector Budget Support to Roads and Highways Department (RHD)	Independent internal audits of RHD's periodic maintenance budget found evidence of non-compliance with tendering, contract management and quality control procedures.	DFID suspended this programme in April 2007 and subsequently cancelled it formally in October 2007. £20 million out of an overall commitment of £36 million was disbursed prior to cancellation.
Ghana	Multi-donor Budget Support (MDBS)	One of the targets in the MDBS Progress Assessment Framework agreed between Government and donors, to which a component was attached, was not met.	DFID's pledged contribution for 2008 is £45 million. £692,308 out of the performance component of £9 million will be withheld due to the unmet target.
Kenya	All DFID programmes supporting the Government of Kenya.	Disputed Presidential elections on 27th December 2007 triggered violence. Voting irregularities led to loss of confidence in key democratic institutions.	All direct payments to Government of Kenya were suspended, a total of £7.5 million. £2.2 million of new support to Red Cross and Médecins Sans Frontières has been approved, in response to the crisis. A payment of £6 million was released in mid-March as the beginnings of a political settlement got underway.
Malawi	Health Sector Budget Support	Payment delayed pending receipt of responses to procurement and financial audits from the Government of Malawi.	Payment of £8.04 million was made in April 2008.
Pakistan	PRBS	On 3 November 2007, the Government of Pakistan declared a State of Emergency and issued a Provisional constitutional Order. This included suspending certain Human Rights in Pakistan's Constitution.	A decision on the release of £20 million for PRBS was delayed in November 2007. The tranche could still be released before the end of the Government's fiscal year, provided fundamental rights are reinstated and the State of Emergency is lifted.

Country	Programme	Issue	Consequence
Rwanda	PRBS	Limited progress in completion of Common Performance Assessment Framework and Joint Governance Assessment.	£33 million of PRBS has been disbursed. £2 million of the variable tranche of £4 million was withheld as budget support and re-programmed to Rwanda through other means.
Sierra Leone	PRBS	Lack of published final accounts from 2002 to 2006 and no availability of corresponding audit reports.	£2 million of the variable performance tranche of £5 million was not disbursed. A decision on releasing total PRBS was delayed from April and June until December 2007, when £13 million was disbursed after all accounts up to 2006 had been published and audits for 2002 to 2004 made available.

Specifying future allocations of aid

- 5.17** We are making good progress on **specifying future allocations of aid**. This includes: providing multi-year PRBS commitments, updating internal policy and guidance; development partnership arrangements and delivering aid more predictably.

Providing poverty reduction budget support (PRBS)

- 5.18 Poverty Reduction Budget Support (PRBS) is delivered directly to partner governments to support their poverty reduction programmes.** In 2007/08, we provided PRBS⁵ to 15 countries, including nine countries in Africa and five in Asia. Of the total DFID bilateral programme, an estimated 15% was delivered through PRBS. See Table 5.3 for details. In 2007/08 we also up-dated our PRBS policy and published new guidance (see Box 5.6). The National Audit Office also published a Value for Money study “Providing budget support to developing countries” (Box 5.5 provides more details). The NAO study has provided a positive stimulus to the debate on how to increase the value for money of PRBS. The Public Accounts Committee hearing was held in March and we look forward to their report and recommendations. We have already begun to address many of the issues raised by the NAO and will consider what further steps to take during 2008/09.

5 Poverty Reduction Budget Support (PRBS) can take the form of a general contribution to the overall budget (General Budget Support) or can be earmarked to a discrete sector or sectors (SBS). In both cases the aid is spent using the government’s own financial management and procurement systems and is accounted for using the government’s own accountability systems.

Box 5.5: The National Audit Office's report on poverty reduction budget support

In February 2008 the National Audit Office published a report about DFID's use of budget support. The report is available on the NAO website. The report recognises the many benefits that budget support is providing including contributing to:

- increased expenditure on priority areas for poverty reduction;
- increased services available, particularly in health and education;
- better planning and more effective service delivery;
- stronger financial management systems;
- good economic management; and
- improved domestic accountability.

The report recognised DFID as a leader in managing budget support programmes and identified some areas where our practice can be improved including:

- setting clearer objectives and strengthening performance monitoring;
- more systematically monitoring commitment to human rights;
- further strengthening risk assessments including estimating the level of funds at risk through corruption and leakage; and
- building evidence about the impact of budget support on poverty reduction and growth.

Table 5.3: PRBS allocations and share of country programme provided as PRBS (as at 29th February 2008)

£ millions	2006/07 (ACTUAL)				2007/087 (ESTIMATE)			
	GBS	SBS	Total programme	PRBS as % of total programme	GBS	SBS	Total programme	PRBS as % of total programme
Cambodia					1.5		12.8	12%
Ethiopia		69.9	90.5	77%		111.6	139.5	80%
Ghana	35.8	10.0	68.8	67%	55.3	10.0	91.9	71%
India		16.0	233.9	7%		54.0	272.0	20%
Malawi	20.0	13.3	63.3	53%	22.0	19.3	69.4	60%
Mozambique	36.0		56.3	64%	41.0		67.6	61%
Nepal		5.4	42.8	13%		18.0	54.7	33%
Nicaragua	1.0		5.1	20%	1.5	1.0	4.0	63%
Pakistan	20.0	32.5	101.1	52%	10.0	38.0	87.0	55%
Rwanda		2.6	16.8	15%	33.0	5.0	51.9	73%
Sierra Leone	12.5		37.6	33%	13.0		53.9	24%
Tanzania	90.0		112.2	80%	105.0		122.4	86%
Uganda	40.0		78.0	51%	35.0		68.3	51%
Vietnam	20.0	14.5	52.4	66%	20.0	11.8	51.0	62%
Zambia	23.3		61.4	38%	28.0		41.4	68%
Total DFID programme	298.6	164.2	2,561.8	18%	365.3	268.7	2,662.3	24%

Box 5.6: PRBS policy and guidance updates

In February 2008 we published an **up-dated PRBS policy**, replacing the 2004 policy. The up-dated policy incorporates lessons and evidence from recent evaluations about the impact of budget support; and incorporates policy set out in the third White Paper on International Development. The up-dated policy sets out clearly when we will use PRBS – when governments are committed to reducing poverty, upholding human rights and other international obligations, and to improving public financial management, promoting good governance and transparency, and fighting corruption; and when budget support will achieve a greater impact than other forms of aid. The update ensures that DFID policy is based on the latest evidence and will maximise the impact of our budget support on poverty reduction.

A **new guidance note**, also published in February 2008, provides guidance to country offices to ensure that all the assessments of expected impact are evidence based. These assessments also help offices to identify their priority objectives for budget support programmes and to establish clear monitoring frameworks to monitor progress.

Box 5.7: Using budget support to promote donor co-ordination in Cambodia

DFID's first budget support programme in Cambodia was launched on 13 February 2008. Our contribution of £7.5 million over the next three years allows us to join a group of other innovative donors (EC, Japan and World Bank) to improve the way in which aid is provided to Cambodia. Cambodia has over 430 projects funded by different donors and 90% of aid is currently bypassing government systems. As a result of DFID lobbying, other contributing donors agreed to a set of "partnership principles". This is a kind of "code of conduct" which describes our commitment to improve the way we work together in providing aid to Cambodia. Lower transaction costs, a more co-ordinated policy dialogue between donors and government, and joint monitoring of results are at the core of this commitment. DFID has also helped organise consultation with NGOs and also plans to help build the capacity of civil society and parliament to hold the government accountable to its citizens.

Delivering aid predictably

5.19 Budget support can be even more effective if it is delivered in a predictable way. Where possible, we provide information to governments about how much PRBS we intend to provide over the future three years. Table 5.4 shows the 15 countries to which we have made formal future PRBS commitments.

5.20 We are also committed to confirming to governments how much budget support we expect to provide in their forthcoming financial year when governments are preparing their annual budgets and delivering the budget support to them in the first half of their financial year where governments request that. Table 5.5 shows the actual disbursement of PRBS compared with commitments made to partner governments and explains why there are differences. It shows that of the £570.5m PRBS committed for disbursement in the financial year ending in 2007, £551.9m, or 97%, was delivered in that year. Table 5.5 also shows that we disbursed 53.4% of planned PRBS resources in the first half of governments' financial years.

Table 5.4: Future PRBS commitments⁶ (by recipient government financial year)

PRBS projects, £ millions	FY2008		FY2009		FY2010	
	PRBS committed (core)	PRBS indicative (additional)	PRBS committed (core)	PRBS indicative (additional)	PRBS committed (core)	PRBS indicative (additional)
AFRICA	367.9	34.5	252.0	85.5	238.3	95.5
Cameroon	1.0		1.0	2.0		
Ethiopia	65.0	12.0	5.0	60.0		70.0
Ghana	54.3	8.0	10.0	8.0	10.0	8.0
Malawi	17.1		17.5		9.8	
Mozambique	41.0		42.0		44.0	2.0
Rwanda	34.0	4.0	38.0	4.0	36.0	4.0
Tanzania	94.5	10.5	103.5	11.5	103.5	11.5
Uganda	35.0		35.0		35.0	
Zambia	26.0					
ASIA	124.6	17.0	92.3	20.8	68.9	20.5
Cambodia	1.5			2.5		3.5
India	27.0	7.0	40.3	9.8	22.0	5.5
Nepal	7.0		8.0			
Pakistan	58.0	10.0	18.8		21.5	
Vietnam	31.1		25.2	8.5	25.4	11.5
REST OF WORLD		2.5				
Nicaragua		2.5				
TOTAL	492.5	54.0	344.3	106.3	307.2	116.0

6 Includes commitments communicated formally to partner governments in Project Documents, 10-year development partnership arrangements or public announcements.

Table 5.5: Predictability of PRBS in 2007 (by recipient government financial year (FY))⁷

PRBS projects, £ millions	Planned PRBS disbursements (indicated to government)	Estimated actual disbursements	Reasons for divergence	Amount disbursed in first half of recipient government's fiscal year	Reason
AFRICA	412.0	403.4		293.5	
Cameroon	1.0	0	Delays in ministry of finance. Failure to agree triggers for expenditure among donors.	0	Same reason as opposite
Ethiopia	82.0	78.4	Payment of £5m made in June 06 prior to start of the government's fiscal year and additional PRBS disbursements of £1.4m were made	0	Payment of £15m was approved in December 2006 but it was not disbursed until January 2007, which was just outside the first half of the government's fiscal year.
Ghana	50.0	50.0		40.0	Support to Education Strategic Plan funds were disbursed in Oct 07.
Malawi	38.0	38.0		29.9	£4,020m was withheld pending responses to a procurement and financial audit.
Mozambique	36.0	36.0		36.0	In line with commitment
Rwanda	35.0	33.0	Disbursed £2m of the possible £4m variable tranche based on a 2007 assessment that overall performance against targets set out in the MOU was at the high end of average	33.0	To better align with country processes and help the country's smooth management of cash flows
Sierra Leone	15.0	13.0	Mixed performance against agreed targets led to reduction of £2m in the performance tranche	0	Lack of published final accounts and audits caused a suspension of PRBS until the issue was addressed
Tanzania	95.0	95.0		95.0	In line with commitment
Uganda	35.0	35.0		35.0	In line with commitment
Zambia	25.0	25.0		25.0	In line with commitment
ASIA	156.1	160.6		45.5	
Cambodia	1.5	1.5		0	Budget support arrangements not yet finalised.
India	39.5	54.5	Additional funding allocated as programme milestones were met and there was capacity to absorb more funds available from the aid framework	0	DFID agrees total and yearly disbursement under each PRBS. Month-wise predictability is not an issue for state or national governments in India, currently.
Nepal	18.1	18.1		3.5	In line with commitment
Pakistan	62.5	52.5	£10m GBS performance tranche slipped into the first week of the subsequent Financial Year due to delays in processing the payment after the decision to disburse was made	27.5	In line with commitment
Vietnam	34.5	34.5		14.5	Disbursement of £10m was in line with commitment. Additional £4.5m due to be disbursed in September 06 was delayed until this financial year, pending receipt of key documents
REST OF WORLD	2.5	2.5		0	
Nicaragua	2.5	2.5	Commitment due to be confirmed within three weeks of the Annual Meeting in August 07. This meeting was delayed due to the Government transition. MOU was not signed until December 07 and disbursement made in January 08	0	In line with commitment
TOTAL PRBS	570.6	564.0		339.4	

7 According to the last complete recipient government financial year (f/y 2007). For all countries except India, this refers to the f/y ending in 2007. For India, this refers to f/y ending in March 2008.

Development Partnership Arrangements

- 5.21** DFID continues to demonstrate its long-term commitment to providing more predictable aid, by establishing **Development Partnership Arrangements** (DPAs) with partner countries. In 2007/08 DFID agreed new long-term partnership arrangements with Yemen, Uganda and Zambia, with a further four under consideration for 2008/09.

Promoting better management and monitoring of aid

- 5.22** We are making good progress on **promoting better management and monitoring of DFID aid**. This includes: harmonisation and alignment around Poverty Reduction Strategies (PRS); public financial management, tackling corruption, monitoring aid and results, monitoring performance against objectives, undertaking evaluations and improving the performance of our projects and programmes.

PRS's: harmonisation and alignment

- 5.23** In line with the Paris Declaration on Aid Effectiveness, **DFID believes that donors must harmonise their aid around country priorities and objectives**. Through the Poverty Reduction Strategy (PRS) approach, partner countries should articulate their own poverty reduction priorities based on full consultation with all stakeholders. Donors must then align behind those strategies, rather than setting their own priorities and objectives independently. Even in states where DFID is not able to endorse country policies, it is still important for our aid to be harmonised with other donors, as the example in Box 5.2 demonstrates.

Public Financial Management and fiduciary risk

- 5.24** **DFID is taking stringent steps to ensure UK aid is used for the purposes intended**. We have strong systems and processes to control and monitor the expenditure of UK aid. We employ independent auditing and tracking to check these processes.

Box 5.8: Managing fiduciary risk

We protect UK funds that go through partner government systems in three ways:-

- we thoroughly assess the risks.
- we ensure that governments have a credible reform programme to improve their systems.
- and we use safeguards to prevent and detect the mis-use of funds.

In FY2007/08 we updated our guidance on how to manage fiduciary risk in DFID's bilateral aid programmes. A standardised Fiduciary Risk Assessment evaluating the national public financial management system is now mandatory for all countries where we are considering providing financial aid rather than for individual budget support programmes. This change ensures that assessments of partner country public financial management (PFM) systems better inform our overall choice of instruments and therefore the management of risks to UK funds in our country programmes.

In addition all Fiduciary Risk Assessments are now assessed by a panel of external independent financial management experts.

5.25 DFID continues to use partnership commitments to ensure aid is used for the purposes intended. One of our conditions for support to a government is a commitment to strengthening financial management and accountability. DFID may reduce, suspend or deliver aid in a different way in countries where there are significant doubts about the partner government's commitment to PFM reform and accountability.

5.26 DFID continues to support efforts to strengthen international and national public financial management systems. We recognise that strong public financial management is essential for the delivery of basic services, reducing corruption and ultimately achieving the Millennium Development Goals. Our efforts have included:

- Support to multi donor initiatives on PFM including the Public Expenditure and Financial Accountability initiative (DFID was involved in 17 country assessments in FY2007/08) and efforts to increase the effective use of country systems through the OECD Development Assistance Committee (DAC).
- Better harnessing UK public sector financial management expertise to support developing countries through an ongoing arrangement with the UK National Audit Office and a new arrangement with the UK Chartered Institute for Public Finance and Accountancy.
- Support to public financial management reform programmes in a number partner countries.

Tackling corruption

5.27 We take corruption seriously because it is essential to reducing poverty. Corruption is best addressed through targeted anti-corruption efforts combined with longer term programmes to strengthen governance. Tackling the underlying causes, not just the symptoms, is key. This is a long term challenge and requires the development of capable, accountable and responsive states. It also requires

international cooperation to tackle bribery and money laundering and to address the international causes of corruption.

- 5.28 DFID works with partner countries on preventive measures through a broader effort to strengthen effort to strengthen governance and build effective states.** Strengthening public financial management systems is one of the principal means by which the UK works to combat corruption. The UK works with multiple stakeholders including the state, civil society, and the private sector, developing policy approaches and programmes that reflect the country context and local priorities.
- 5.29** DFID programmes are having an impact. In Zambia DFID support for the abolition of Health User fees has served to increase access to primary health care for the poor and have reduced the opportunities for corruption. DFID support for upgrading of the payroll systems in Ghana resulted in the elimination of 2,800 ghost workers from the payroll, freeing up resources for use in service delivery.

Results action plan

- 5.30** We recognise the need to continually strive to improve the **effectiveness of DFID** as a donor institution by improving results measurement and using these results to improve decision making and the development impact of our spend. In 2007 we developed a **Results Action Plan (RAP)**⁸ which was published in 2008. This seeks to create a step change in the way we use information in our decision making and in our focus on poverty outcomes. It will help us achieve the maximum impact from our development assistance, and ensure that we are able to demonstrate our effectiveness more clearly.
- 5.31** The plan sets out a comprehensive set of actions under three broad themes: within DFID, with partner countries and internationally. These aim to embed results into DFID culture and systems, encourage partner countries to monitor and account for their development policies and programmes, and to establish an international system with a clearer focus on the impact of its interventions on the poor.
- 5.32** The plan is underpinned by detailed action matrices, including ten priority actions which have been identified as being catalytic in speeding up progress. The RAP is included in relevant Divisional Performance Frameworks and progress will be reported quarterly to the Management Board.

8 Available at <http://www.dfid.gov.uk/pubs/files/results-action-plan08.pdf>

Box 5.9 Ten priority actions in the RAP

Within DFID

- More use of quantitative information to improve decision-making
- Strengthened performance and results frameworks for country programmes
- Improved communication to the UK public on the results of development assistance
- Review of people management systems to encourage a focus on outcomes
- Independent Advisory Committee for Development Impact established to strengthen the independence of the evaluation function

With partner countries

- Investment in statistics through internationally coordinated funding
- Support accountability mechanisms to scrutinise governments' and donor performance

Internationally

- Support an internationally coherent approach to impact evaluation
- Promote new international mechanisms for mutual accountability between donors and partners, and seek agreement at the Ghana High Level Forum in 2008
- Promote new international mechanisms for assessing agency effectiveness, and seek international agreement at the Ghana High Level Forum in 2008

Defining objectives

- 5.33** We are making progress on ensuring that our bilateral aid supports clearly defined development objectives agreed with the recipients of that aid. Wherever possible, our funding supports priority areas identified by partner countries in their poverty reduction plans. During 2006 we updated our policy and prepared guidance on the best ways to follow country-led approaches. We are pushing other donors to improve mutual accountability with partner countries through the DAC *Joint Venture on Management for Development Results*.

Improving the performance of DFID's projects and programmes

- 5.34** **We want to ensure that our projects and programmes have as much impact as possible in improving the lives of the poor people.** All DFID project and programmes identify what problems they will address, what the money will be spent on and who will benefit. In addition, all projects and programmes include a measurement framework against which performance is monitored annually throughout their duration and a final assessment made upon their completion.
- 5.35** We have achieved and will continue to achieve success through:
- **active management by regional divisions** of those parts of their portfolio which are performing poorly. Directors have personally taken action to highlight regions and sectors where performance is low and to focus attention on these areas; and

- **improved dissemination of project information and increased use of PRISM/ARIES.** Project/programme managers are required to complete a ‘lessons learned’ section when compiling an Annual Review or Completion Report which leads to best practice lessons being disseminated across DFID.

- 5.36** The **Portfolio Quality Strategy**, introduced in 2005, continues to be strongly promoted by the Management Board. Our strategy consists of three strands: (a) providing better guidance and training for programme managers; (b) raising the profile of portfolio quality; and (c) supporting improved monitoring and lesson learning in DFID. The Portfolio Quality Strategy is now being taken forward at a divisional level. Central initiatives which will strengthen this include the provision of divisional monitoring sheets on a quarterly basis, improved information sharing across the organisation and each Director taking personal responsibility for their regional portfolio.
- 5.37** We closely monitor trends in the success of our projects and programmes to identify sudden marking changes in regions or sectors that cannot be explained by external factors, and we carry out an evaluation of scoring practices to ensure that marking remains objective and consistent.
- 5.38** Management attention and individual efforts on improving the performance of our projects will continue with a new target for the next three years 2008–11 to further improve our portfolio quality. For this period, we will also change the way we turn our project scores into an overall **Value for Money (VFM)** percentage to paint a sharper picture of our performance. Currently those projects with a score of “1” or “2” have 100% of the commitment counted as VFM but none of the commitment for those projects scoring “3” to “5” is included. This will change in 2008/09 to using a more deft “sliding scale” where a percentage of the commitment of each project is included, i.e. 100% for those scoring “1”, 75% for those scoring “2”, 50% for those scoring “3” etc.

Box 5.10: Improving the performance of our bilateral projects

DFID has achieved a sustained and substantial improvement in the performance of its bilateral projects and programmes since the introduction of PSA and efficiency targets on portfolio quality in April 2005.

The success of our projects and programmes remains a core value for DFID.

By the final quarter of 2007/08, the success rate of DFID's projects and programme had risen to 83%, an improvement of 21% since March 2005.

Examples of results achieved by projects finishing in 2007 are:

1. Western India Rainfed Farming Project II with a commitment £24.9 million enabled families to increase their household income by 50%. This project was scored a "1".
2. Cambodia SEILA Rural Development Programme with a commitment of £16.5 million delivered priority infrastructure and services to all 24 Provinces, 1621 communes, through agreed contracts. This project was scored a "2".
3. Underprivileged Children Education Programme in Bangladesh with a commitment of £7.4 million contributed to the larger UNICEF programme that lifted more than 1.3 million children and their households out of poverty. This project was scored a "1".
4. Tanzania Mosquito Net Project with a commitment of £14.2 million achieved helped increase the number of under-five children sleeping under a bednet from 27% to 57%. This project was scored as a "2".

Evaluation

5.39 The UK government is committed to independent and high quality evaluation of international development assistance. As we spend more on reducing poverty it is vital that we be increasingly rigorous in assessing impact and directing resources to where they can make the most difference to the lives of poor people.

5.40 DFID's major policies and programmes have for many years been subject to regular independent evaluation. These are made available externally and published on DFID's website. High quality and influential evaluation carried out by DFID's Evaluation Department (EvD) allows us to assess the effectiveness of our development programmes, informs policy decisions and improves accountability to parliament, the public and partners in developing countries.

5.41 In May 2007, the International Development Secretary announced the establishment of a new **Independent Advisory Committee on Development Impact (IACDI)** which will further strengthen evaluation of international development in various ways. This will include determining DFID's evaluation work programme, safeguarding the independence and quality of evaluation, and monitoring how DFID is following up on the results of evaluation studies.

- 5.42** Recognising that useful and relevant impact evaluation has a key role to play in the international drive for better evidence on results and development effectiveness, DFID has played a leading role in the establishment of two important networks. The **Network of Networks on Impact Evaluation (NONIE)** is a network of international donors who have a strong interest in the topic and who aim to build a collaborative research effort for more high quality and useful impact evaluations as a means of improving development effectiveness. DFID chairs this network and is also a founder member of **3IE, the International Initiative on Impact Evaluation** with the Gates and Hewlett Foundations.
- 5.43** In 2007/08, **evaluations were focused on strategic priorities for DFID** (see Box 5.11). Five new country programme evaluations (CPEs) were completed by external consultants together with a synthesis of those CPEs which were carried out in the previous year. These provide not only a comprehensive view of whether we are achieving the outcomes we are looking for but also particular opportunities for lesson learning. For example, as a direct result of the Indonesia country study and an enthusiastic interest in its findings, over 20 participants from DFID's South East Asia offices attended a capacity-building training course in monitoring and evaluation. We also conducted policy and thematic studies on a range of topics. For example, a cross-Whitehall evaluation of our work on HIV & AIDS, managed by EvD, is feeding directly into our new AIDS strategy.
- 5.44** **EvD also gives support to evaluation across DFID and works with OECD-DAC and Nordic Plus evaluation networks** to develop and manage a strategic programme of joint donor evaluations with a view to progressing our Paris commitments to harmonisation and alignment of evaluation activities while also responding to DFID's own accountability and efficiency needs. Recent and continuing follow up of the 2006 joint donor evaluation of General Budget Support (managed by EvD) also shows significant lesson learning and changes in donor practice have been made as a result of the study, and the findings of the evaluation have also fed into the National Audit Office's value for money study of budget support.

Box 5.11 Evaluations and reviews completed in 2007/08

Country Programme Evaluations (CPEs)

1. Central Asia, South Caucuses and Moldova (CASCM)
2. Indonesia
3. Nepal
4. Pakistan
5. Zambia
6. Synthesis of 2006/07 CPEs

Thematic Studies

1. Taking Action: the UK strategy for tackling HIV & AIDS in the developing world
2. Private sector investment and infrastructure facility – Phase 1; Phase 2
3. Citizens Voice and Accountability – Literature review, framework and methodology
4. DFID's Agriculture policy – An interim evaluation
5. Evaluation of coherence coordination and complementarity of EU member state strategy papers with national development priorities – Synthesis Report (Joint Study).

The way forward

Scaling up

5.45 At the Gleneagles summit in 2005, G8 countries committed to ODA increases and a substantial debt relief package. The EU 15 have committed to reach at least 0.51% by 2010 and to reach an ODA/GNI ratio of 0.7% by 2015. The DAC estimated that ODA from all donors will increase by \$50 billion (£25 billion) by 2010 if these and other non-EU commitments are met. ODA rose sharply in 2005 to meet the costs of debt relief, and is now falling temporarily as the debt relief package is completed.

5.46 The 2007 Comprehensive Spending Review sets out the UK government's plans to reach 0.56% ODA/GNI by 2010, and we are on track to reach 0.7% by 2013, two years ahead of the EU target. As global ODA increases to deliver the Gleneagles target, DFID is also working to ensure that the funds will be used effectively to achieve the MDGs.

5.47 In particular are giving priority to improving partner country leadership of their development programmes, aid predictability and mutual accountability, and to ensure that fragile states will not be left behind. DFID is also ensuring that its aid to Africa will double as promised, and that we will deliver all the commitments in the 2006 White Paper on basic services (e.g. education, health, water and sanitation, and social protection). Details of DFID's spending plans are set out in Annex 2.

High Level Forum on Aid Effectiveness

5.48 The Third High Level Forum on Aid Effectiveness (HLF3) will take place in September 2008 in Accra, Ghana.

As a mid-point, the HLF3 will review progress towards the 2010 Paris Declaration targets and will identify areas for faster and deeper reforms. DFID's would like to see the HLF mark the transformation of the Paris Declaration into a country led framework for aid relationships and aid effectiveness.

5.49 DFID is playing a lead role on the Steering Committee for the HLF3.

Based on feedback from partner countries, DFID's priorities for the HLF are to secure renewed commitment to the Paris Declaration; gather and communicate evidence on the impacts of development. In particular, we will be seeking to make progress in the following areas: predictability, incentives, mutual accountability and division of labour.

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Juba, Sudan – Sven Torfinn/Paros



Making the multilateral system more effective

6

“The multilateral institutions have been buffeted and battered. They need to combine deliberations with effective results. They must overcome internal weaknesses and build on their strengths. Together, we must show that multilateralism can work much more effectively – not just in conference halls and communiqués – but in villages and teeming cities, for those most in need.”

Robert B. Zoellick, President of the World Bank Group, “An Inclusive and Sustainable Globalization,” October 10, 2007

Highlights

- The UK pledged £2.1bn to the **World Bank’s International Development Association (IDA)** and secured significant policy reforms in Fragile States and on issues such as climate change, gender and the use of policy conditions.
- Good progress is being made in the **One UN** pilot country programmes where there is strong ownership by the partner government and commitment from the UN country team.
- In December 2007, the UK contributed £417 million to the **African Development Fund (AfDF)** and became its largest donor. Donor confidence in the reforms and improved performance of the AfDF was reflected in the record \$8.9 billion (£4.4 billion) of donor pledges.
- DFID published its **Multilateral Development Effectiveness Summaries**, assessing the effectiveness of 15 leading international institutions.
- In December 2007, European Heads of State and Government signed the **EU Reform Treaty in Lisbon**. The Treaty provides important opportunities for enhancing the delivery and impact of EU development assistance and for the first time ensures that tackling poverty is the primary focus of EU development cooperation.

6.1 Multilateral institutions are a significant source of development assistance, channelling over 24% of global aid to the poorest countries.¹ The UK is strongly committed to working through the multilateral system. Channelling aid through a strengthened multilateral system is vital if DFID is to maximise its contribution to the MDGs. In 2006/07, DFID channelled over £2.1 billion directly to multilateral institutions, or 43% of our total aid.

¹ 24% total DAC gross ODA, 2006 (29% exclusive of debt relief).

- 6.2** Multilateral aid achieves results. In 2007, **United Nations Children’s Fund (UNICEF)** provided nutritional support to 80,000 acutely malnourished children. The World Bank improved the access of 20 million people to water and sanitation between 2001 and 2007. The EC, working with more than 80 local and international NGOs, has helped to empower over 1.5 million young people in South and Southeast Asia to make healthy choices regarding their sexual and reproductive health, to reduce the spread of HIV & AIDS.
- 6.3** The international membership of multilateral institutions and their perceived neutrality can give them greater legitimacy in the global arena, and the mandate to work on issues that cut across countries. They are also repositories of experience and wide-ranging expertise. These characteristics are important, because challenges such as climate change, international migration, conflict and financial turbulence cross national boundaries and require a **collective international response**. Multilateral working also plays a vital role in the broader **aid effectiveness agenda**. By contributing funds through the multilateral system, donors can reduce the fragmentation of aid provision and improve harmonisation, reducing transaction costs for donors and recipients.
- 6.4** But the multilateral system also has significant shortcomings. Institutions need to improve performance and work more effectively together to deliver results. DFID will continue to press for improvements and use our increased resources to provide incentives for reform and reward improved performance. We will continue to strengthen the evidence base on the effectiveness of institutions, to promote reform, and ultimately to increase the **effectiveness and impact of multilateral aid** on the ground.

The World Bank and the International Monetary Fund

- 6.5** Our assessments show that the World Bank is one of the most effective multilateral development institutions and plays a critical role in helping accelerate progress towards the MDGs. The World Bank operates in most developing countries, has high quality staff with expertise on many development issues, provides large volumes of finance, plays an important coordinating role and provides a platform upon which many other donors rely.² However it is clear that the World Bank can become more effective, particularly in supporting countries’ efforts to tackle poverty and achieve the MDGs. See Box 6.2 for some reform priorities.

2 World Bank Multilateral Development Effectiveness Summary, DFID 2007.

Box 6.1: How the World Bank is contributing to the MDGs in Afghanistan

After more than 20 years of disengagement, International Development Association (IDA) is playing a key role in supporting the Afghan people through a fragile transition to rebuild their state. IDA's strategy has been to develop a flexible programme to help build state capacity and improve livelihoods through services for rural areas. IDA financial support (about \$1.3 billion (£0.65 billion) since 2002), its support of national priority programmes and its role in helping promote a more coordinated approach have helped deliver impressive results across many different sectors. Key achievements include:

- **Supporting State Building** – The government has made some major gains in the areas of public administration reform and public financial management. Domestic revenues have increased substantially, growing at an average annual rate of 60% per year. Budget execution has also improved, meaning that most civil servants are now being paid.
- **Rural development** – The National Solidarity Programme now helps address the needs of rural communities across Afghanistan, reaching approximately 13 million people in all of the country's 34 provinces. It has become one of the government's most visible and successful national programmes and shored up its credibility across the country.
- **Health and Education** – The share of women receiving prenatal care each year has increased from 5% in 2003 to 71% in 2006. The World Bank's first project in post-Taleban Afghanistan was an emergency education project which has helped over the past four years increase enrolment of children in grades 1-12 across the country from 3.1 million to just over five million (of which 1.75 million are girls).

6.6 The **International Development Association** (IDA) is the arm of the World Bank that works in around 80 of the poorest countries. IDA funding provides millions of people with education, healthcare, clean water, access to energy and economic opportunities. In December 2007, donors pledged a record **£12.6 billion for the fifteenth replenishment of IDA** (IDA 15). The UK pledged £2.134 billion, a 49% increase on our previous contribution. Our pledge followed nine months of negotiations during which time we secured key policy changes to improve the World Bank's effectiveness (see Box 6.2)

6.7 President Zoellick has embarked on a review of the World Bank's strategy and has outlined six possible priority areas for its future strategic direction. These accord well with DFID's priorities for the World Bank and we will work to ensure that it makes the necessary institutional changes to deliver results in these areas. The UK will also work with the World Bank over the coming year to ensure that its overarching objective remains to support poverty reduction and that it makes environmental sustainability and climate change central to its work.

Box 6.2: Outcomes of the IDA 15 Replenishment Negotiations

Donors (and borrower country representatives) meet every three years to replenish IDA funds and review IDA's policies. At the IDA 15 funding negotiations in 2007, the UK helped secure important policy changes, which will help improve IDA's effectiveness and its contribution to accelerating progress towards the MDGs:

- **decentralisation** – more World Bank staff in developing countries, particularly in Africa, with more decision-making authority and working more closely with other donors;
- **policy conditionality** – further measures to improve the World Bank's implementation of its conditionality policy and avoid the imposition of policies;
- **fragile states** – providing more and better assistance to countries emerging from conflict or re-engaging with the international community;
- **climate change** – mainstreaming climate work into IDA's core poverty reduction work, in particular to help developing countries adapt to the impact of climate change;
- **gender** – strengthen implementation and reporting against the Gender Action Plan and strengthen tracking of progress on gender outcomes.

6.8 Further details of our work are provided in DFID's report to Parliament on the UK and the World Bank. This is available from DFID's public enquiry point or from our website. Please see Annex 10 for a list of useful websites.

6.9 The main role of the **International Monetary Fund (IMF)** is to ensure stability in the global economy. Her Majesty's Treasury (HMT) leads on UK policy on the IMF, working closely with DFID on issues that affect poor countries. HMT produces an annual report to Parliament on the UK and IMF which provides details of our work. This is available on HMT's website (www.hm-treasury.gov.uk) or from their public enquiry point: 020 7270 4558 or public.enquiries@hm-treasury.gov.uk.

Building a more effective United Nations (UN)

6.10 The UN's universal membership provides it with the legitimacy to tackle the most pressing global issues. It integrates actions on peace and security, achieving the MDGs and promoting human rights. It sets norms and standards in all these areas and helps countries meet these standards. The UK is committed to working with and through the UN to reach the poorest and meet the MDGs. In 2006/07, DFID spent over £307 million through central contributions to the UN agencies.

6.11 The development work of the UN is not as effective as it could be. Numerous agencies have been created with overlapping mandates, roles and responsibilities, leading to duplication of effort and inefficiency. The UK is actively supporting reform of the UN system to meet these challenges.

6.12 The **UN Secretary General's High Level Panel on System-Wide Coherence** recommended reforms to strengthen the development work of the UN, focused on getting the UN to act 'as one'. A new approach to the UN family operating together is being tested in eight '**One UN**' country pilots. In 2007, progress was seen in these countries, and lessons learned include:

- the UN system focused its efforts more on national priorities;
- duplication of effort was reduced and gaps filled;
- the UN was seen as more strategic and cohesive;
- costs had been reduced; in one case \$42,000 (£21,000) had been saved on travel expenses and used to electrify a village;
- joint programming and delivery increased, leading to better results; and
- progress was best in countries where the host government was committed and led the reforms.

Box 6.3 One UN Country Pilots

The **One UN pilot programme** is a test-bed for reforming the management and funding of the UN system at country level. Pilots operate in five countries where DFID has a bilateral programme: Mozambique, Pakistan, Rwanda, Tanzania and Vietnam. DFID has ensured that all our support to the UN goes to the One UN programme in support of reform efforts. In year one, effective coordination between the UN, national governments and donor partners has resulted in more streamlined UN programmes focused on areas of comparative advantage, that support national governments' own development priorities. DFID is playing a significant role in supporting the transition to a more strategic and coherent programme, better placed to support national capacity. Funding is provided through a consolidated budget, accountable through the Resident Coordinator on behalf of the whole UN system. The success of some of the pilots has led to another 30 governments and UN country teams expressing interest to become part of the next phase of the One UN to improve the coherence and effectiveness of their programmes.

United Nations Development Programme (UNDP)

6.13 **UNDP** is integral to UN Reform, given its role in system-wide coherence, managing the Resident Coordinator system and tracking progress towards the MDGs. A new Strategic Plan for 2008-11 is in place, including plans for improvements to UNDP's management capability at central and country level. It highlights UNDP's central role in supporting the international community to get better at helping countries prevent and recover from crises such as natural disasters and conflict. DFID will support UNDP towards reaching these key targets through a four year Performance and Results Framework, to be agreed in 2008.

Box 6.4: UNDP's role in helping countries recover after crisis

UNDP's work on preventing and recovering from crises is one of its four core practice areas.

In 2006 UNDP initiated a SURGE Capacity Initiative to provide better and quicker support to help countries recover after a crisis. UNDP has a pool of 70 recovery experts that can be deployed within three to five days to support countries in the immediate recovery phase.

UNDP also has an important role in supporting the rest of the UN system in countries recovering from a crisis. It manages the Resident Coordinator system, a number of post-crisis Multi-donor Trust Funds and is the lead for the Global Early Recovery Cluster. The UNDP has deployed Early Recovery coordinators to Indonesia, Lebanon, Liberia, Mozambique, Pakistan, the Philippines, Somalia and Uganda.

United Nations Children's Fund (UNICEF)

- 6.14 UNICEF** leads on children issues, with a focus on the most disadvantaged and marginalised children, children in emergencies, and on the rights of women and girls. UNICEF is a key partner for DFID in working towards all the MDGs, particularly around child and maternal health, education and gender equality. UNICEF has shown commitment to working in coordination with other partners, having signed, for example, the International Health Partnership which is part of the Global Campaign for Health MDGs. UNICEF also has a key role in ensuring the success of the 'cluster' approach to international humanitarian response.

Box 6.5: How UNICEF is contributing to the MDGs and Child Health

In 2006, for the first time in the modern era, the number of children dying before their fifth birthday fell below 10 million. This decline, to 9.7 million, is the outcome of a steady fall over the past 45 years in under-five mortality rates in all the world's regions. UNICEF is the world's largest provider of vaccines for developing countries and reaches 40% of the world's children.

Some examples of progress,

- **Somalia** – In December 2007 UNICEF immunised 100,000 children and women living in camps in the Afgoye-Mogadishu corridor in the south of Somalia.
- **Nepal** – Throughout the most recent armed conflict, child protection remained a high priority, through the "Children as Zones of Peace", and other strategies
- **India** – The National Rural Health Mission, 2005 -2012 seeks to provide effective health care to rural residents, with special focus on 18 states that have weak public health indicators or infrastructure.

United Nations Population Fund (UNFPA)

- 6.15 UNFPA** is responsible for advancing the International Conference on Population and Development (ICPD) Programme of Action (PoA). In 2007 it successfully advocated for a new MDG target of Universal Access to Reproductive Health by 2015. UNFPA has installed corporate incentives for its staff to work more collaboratively across the UN system and will monitor, through its new results frameworks, participation in the reform process.

Box 6.6: How UNFPA is contributing to the Health MDGs

UNFPA has been successful as a global advocate for Sexual and Reproductive Health (SRH). In 2007, the United Nations adopted a new target of universal access to Reproductive Health. This is a major achievement.

In Africa, with UNFPA's help, 48 countries pledged to expand access to SRH throughout the continent with the Maputo Plan of Action. UNFPA and World Health Organization (WHO), with the support of DFID have created the Partnership for Maternal, Newborn and Child Health to reinforce global commitment and action on maternal health.

Joint United Nations Programme on HIV & AIDS (UNAIDS)

- 6.16** **UNAIDS** coordinates the UN's response to the AIDS epidemic. In 2007 UNAIDS reviewed the way the UN works together at country level, and lessons learnt are informing the UN reform process. Joint UN teams working on HIV & AIDS are paving the way for further system wide coherence in the One UN pilot countries. UNAIDS has put in place a framework to help countries to assess and address harmonisation issues with international partners on the AIDS response.

Box 6.7: How UNAIDS is leading the fight against HIV & AIDS

As the lead authority on HIV & AIDS in the world, UNAIDS has been successful in winning political and financial commitment to fight the pandemic. UNAIDS works closely with the World Health Organization to give countries the policy guidance and technical capacity they need to provide HIV & AIDS treatment and prevention. Despite the ongoing growth in the global epidemic, data highlights some positive trends in 2006. Declines in HIV prevalence among young people were reported in several countries, including Botswana, Burundi, Côte d'Ivoire, Haiti, Kenya, Malawi, Rwanda, Tanzania and Zimbabwe. At the end of 2006 there were two million people on Anti-Retroviral Treatment in low and middle income countries: up 54% on the previous year.

World Health Organization (WHO)

- 6.17** The **WHO** is the coordinating authority for health within the UN system. It is responsible for providing leadership on global health matters, shaping the health research agenda, setting and promoting the implementation of global health norms and standards, articulating evidence-based policy options, providing technical support to countries and monitoring and assessing health trends. As such it has a central role to help developing countries identify and respond to obstacles to meet the health MDGs.

Box 6.8: WHO on health systems

We are not on track to achieve the health MDGs. In many countries progress is slowed by health systems that do not have the capacity to deliver services to the poorest people over wide areas. The world's political and international health leaders recognise the urgent need to make a major, sustained commitment to strengthen health systems.

The International Health Partnership was launched to help national governments strengthen their health systems. WHO is working with the World Bank to help implement the new partnership between international health agencies, developing countries and donor partners.

The Global Health Workers Alliance, hosted by WHO, is a response to the global shortage of health workers, which is severely limiting health systems in developing countries. An international taskforce was launched in January 2008 to address how to finance scaling up of the health work force in those countries most in need.

The European Union (EU)

6.18 The **EU** will have a significant impact on progress towards the MDGs because of its global economic and political influence as well as the large volume of aid it delivers. The EU provides 57% of the world's official development assistance, totalling €47 billion (£32 billion) in 2006. 17% of this is managed by the **European Commission**. The remainder is managed by the 27 EU Member States.

6.19 In 2006/07, the UK provided £964 million to the Commission for development assistance. The UK contributes 17.2% of the European Commission's main budget and will provide 14.82% of the 10th European Development Fund which provides assistance to African, Caribbean and Pacific (ACP) countries. DFID's share of these programmes totals some 21% of DFID's overall aid budget. DFID continues to work with other Member States to enable the European Commission to provide better quality aid.

6.20 Achievements include the following:

- in **Bangladesh**, European Commission funding, together with the Government of Bangladesh, has helped recruit over 27,000 new teachers, created 12,000 new classrooms and distributed over 60 million textbooks;
- in **Nicaragua**, the European Commission, together with the Government of the Republic of Nicaragua, has provided 52,000 people with access to clean water and 145,000 people with access to basic sanitation; and
- in the **Democratic Republic of the Congo**, EU funding helped the country stage its first presidential and legislative elections in 40 years, by distributing 1000 tonnes of ballot papers, providing 2000 troops and sending its largest ever election monitoring team.

- 6.21** The Commission has made progress in improving the quality of its aid over the last few years. It has stated its commitment to make eradication of poverty the focus of development policy; it has strengthened the role played by its Delegations in managing its programmes; it has increased the percentage of its assistance spent in the poorest countries (with the UK pushing for even greater progress in this area); and the speed of delivery of some of its programmes has improved significantly.
- 6.22** The Commission has also actively been driving forward its agenda on coordinating all external policies (e.g. trade, migration, climate change) that intertwine with development objectives, to ensure that they support, or at least do not undermine, progress towards development goals. Overall, it is about ensuring a fair and credible international architecture that ensures benefits made in one area are not cancelled out by actions in another. Developing and implementing these policies so they work well together is a complex challenge and one on which the EU is making progress.

Box 6.9: EU's contribution to better policy coherence for development

Policy Coherence for Development (PCD) underlines the interrelation between aid and non-aid policies, and seeks to ensure that non-aid policies do no harm, and if possible support progress towards development goals. Over the last year several EC policies have been influenced by the PCD agenda:

- The Economic Partnership Agreements (EPAs) were negotiated as long-term partnerships based on a comprehensive approach to development;
- On migration, a policy framework and political dialogue was established in 2007, allowing the EU to now turn its focus to implementation;
- The new "Energy Policy for Europe" was designed to integrate energy policy (such as Research and Development (R&D) into alternative energy technologies) with development.

- 6.23** The Commission has now agreed new Country Strategy Papers (CSPs) with the majority of partner countries. The remaining CSPs for ACP partner countries will be approved in the first half of 2008. The CSPs reviewed to date have been consistent with the new policy imperatives and are broadly in line with best practice. (see Box 6.10).

Box 6.10: Breaking new ground in South Africa

South Africa is a country that faces huge challenges in reducing poverty, delivering health and education services to all, and coping with an AIDS epidemic estimated to infect over 20% of adults. In September 2007 the EU approved its innovative Joint Country Strategy Paper for South Africa – 'joint' because it was agreed between the South African Government, the European Commission and the EU Member States most involved with South African development. It sets out a shared vision of development priorities, within which all EU aid to South Africa will take place, and simplifies coordination thereby reducing costs and increasing efficiency.

- 6.24** 2007 saw the signing of the Africa-EU Strategic Partnership which provides an overarching long-term framework for Africa-EU relations. The EU has also been proactive in its engagement with emerging new donors as exemplified by the China-EU dialogue on Africa started in June 2007.

Box 6.11: Reform

The Lisbon Treaty, signed in December 2007, provides important opportunities for enhancing the impact and effective delivery of EU development assistance. It will offer a clear legal basis to ensure that tackling poverty is the primary focus of EU development co-operation. The creation of a European External Action Service is an opportunity to improve the institutional framework to deliver development. The Lisbon Treaty will for the first time provide a clear legal basis for humanitarian aid, which will be based on the principles of 'impartiality', 'non-discrimination' and 'neutrality' for the deployment of EU humanitarian aid.

The African Development Bank

- 6.25** The **African Development Bank's (AfDB)** primary purpose is to help African countries promote growth and reduce poverty. It is majority owned by the African countries and has a key role to play in the region. The African Development Fund (AfDF) provides grants and concessional finance to the poorest African countries to help them fight poverty. In 2007/08, the UK provided £57.2 million to the AfDF.
- 6.26** In December 2007, donors pledged a record \$8.9 billion (£4.4 billion) for the period 2008–2010. This reflects donors' confidence in the Bank's continuing reform process and its ability to help countries achieve the MDGs in Africa. The UK contribution was £417 million, making us the largest donor and showing our commitment to honour the pledges made at the 2005 G8 Summit to double aid to Africa and help build African institutions. The extra money will help the AfDF work over the next three years with 40 African countries to build better infrastructure – including improved water and sanitation, roads and new energy projects. It will also mean that the Fund can help to strengthen economic and regional links between African nations and provide more assistance to fragile states, like the Democratic Republic of the Congo (DRC) and Sierra Leone that have recently come out of conflict.

Box 6.12: How the AfDB has contributed to the MDGs in Africa over the last three years

- AfDB programmes have ensured that almost six million people now have improved access to health services and more than 40,000 jobs have been created.
- In the energy sector, AfDF projects were able to leverage three times its own resources in co-financing. Overall, more than 700,000 households across Africa were provided with new or improved access to electricity.
- In Eritrea an AfDF Livestock Development Project led to farmers' incomes rising by around 65%.
- The Second Electricity Project in Mozambique provided electricity to nearly 5,000 rural families.
- The Uganda Health Sector Strategic Plan Project strengthened health services in rural areas. The project rehabilitated and equipped 32 primary health centres and six mental health units, also providing clean water and latrines and trained village health teams.
- AfDF has supported projects to enhance environmental sustainability, including in Niger where more than 36,000 hectares of land were reforested and 373,660 hectares of natural forests were brought under sustainable use.

The Asian Development Bank

6.27 The **AsDB** works to help countries in Asia and the Pacific to reduce poverty, and foster economic growth. The **Asian Development Fund (AsDF)** provides grants and highly concessional loans to the poorest countries to help them fight poverty. As the second largest donor in Asia and Pacific after the World Bank, it has a key role to play in the region. In 2007/08, the UK provided £25.5 million to the AsDF.

6.28 Despite impressive growth, the region remains home to two thirds of the world's poor. The Bank needs to meet the challenge of adapting to the rapidly changing and diverse circumstances of its Asian countries, while retaining a clear focus on poverty reduction and the MDGs. The UK is pressing for it to be a more effective development organisation by making progress on institutional reforms, such as improving the quality of its staff. The extent to which the Bank makes progress will be a major influence on the level of UK and other donor contributions when we pledge new resources to the AsDF in 2008. The UK is also backing the creation of the Bank's Clean Energy Investment Framework.

Box 6.13: How the AsDB is contributing to the MDGs in Mongolia

AsDB is helping provide thousands of rural poor people with access to improved health services. AsDB, in close partnership with the Government and key stakeholders, has been supporting the health sector in Mongolia since 1997.

In 2003, AsDB approved a \$14 million (£7 million) loan for the Second Health Sector Development Project to improve rural health services, especially for the poor and vulnerable, and to build the capacity of the health sector. The project has helped improve rural health services in five provinces chosen because of their high levels of poverty, infant and maternal mortality, and infectious disease.

More than 422,000 Mongolians, about 17% of the population, are benefiting from the project. It trains doctors and nurses, administrators and economists to help the Ministry of Health build institutional capacity and also supports key reforms in the sector. Twenty-three district health centres, five inter-district hospitals, and four provincial centre hospitals have been built or renovated, and equipped as a result of the project.

Source: Asian Development Bank Annual Report 2006

Global Funds and Partnerships

6.29 Global Funds and Partnerships have a key role to play in fighting critical development challenges. They provide innovative, results-based approaches to support developing countries to tackle major health, education and infrastructure problems.

Global Fund to fight AIDS, Tuberculosis and Malaria

6.30 The **Global Fund to fight AIDS, Tuberculosis and Malaria** (GFATM, or the Global Fund) was created to increase significantly the resources available to fight three of the world's most devastating diseases, and to direct those resources to areas of greatest need. It is a partnership between governments, civil society, the private sector and affected communities, and represents an innovative approach to international health financing.

6.31 The Global Fund is a financing mechanism not an implementing agency, and works closely with partners in country to ensure that high quality programmes are developed and integrated into existing national health or disease strategies. To date the Global Fund has committed over \$10 billion (£5 billion) to 450 programmes in 136 countries. Since its inception in 2002 it has become the single largest source of international finance for both TB and malaria, and one of the biggest providers of assistance for HIV & AIDS.

6.32 **UNITAID, the International Drug Purchase Facility** was established in late 2006 to improve availability and drive down the price of drugs and diagnostics for HIV & AIDS, TB and malaria. Through its partnership with the Clinton Foundation HIV & AIDS Initiative (CHAI), the facility has reported a 40% price reduction on some paediatric Anti Retroviral treatments (ARVs) it has sourced,

and a 23% price reduction for second line ARVs in Low Income Countries, and 49% in Middle Income Countries.

- 6.33** Partner countries are often reluctant to begin long term treatment programmes if they do not have the reassurance that the money will be there to pay for lifelong uninterrupted treatment. To address this, DFID has taken a series of steps to ensure that longer term financing is more secure and predictable. With GFATM, DFID has pledged a long-term commitment of up to £1 billion over eight years (2008-2015), subject to high quality demand, improved performance and sustainable results. For UNITAID, DFID has signed a long-term, 20 year commitment which could see up to £760 million being provided by DFID, again subject to good performance.

Box 6.14: MDG Six: How the Global funds are combating HIV & AIDS, malaria and other major diseases

Since its creation, the Global Fund has made a significant impact on the three diseases and contributed to some impressive results for example:

Malaria

- Burundi – 39% decline in malaria cases between 2000-2005
- Southern Africa – 87-96% decline in malaria incidence through multi country grant

TB

- China – Declining TB prevalence, case detection increased from 20% to 79%, TB treatment success rate increased to 91%
- Laos – Decline TB prevalence from 327 per 100,000 to 306 per 100,000

HIV & AIDS

- Malawi – 44% decline in mortality in workers, community mortality decline in rural district, HIV prevalence decline in youth
- Thailand – Increase in survival rate on ARVs, from 90 to 96.8%

The GAVI Alliance (formerly the Global Alliance for Vaccines and Immunisation)

- 6.34** **The GAVI Alliance** is a global health partnership launched in 2000 and dedicated to save children's lives and protecting people's health through increased access to vaccines and improved health systems.
- 6.35** DFID has committed £30 million over two years (2006-2008) to GAVI and provides additional funding to GAVI through the **International Finance Facility for Immunisation** (IFFIm). By January 2008, WHO projections for 2000 to 2007 show that GAVI support has prevented **2.9 million** future deaths.

Innovative Finance

- 6.36** The international community needs to continue to develop new and innovative ways to fund development in order to achieve the MDGs. Innovative financing facilities offer results-based and

transparent solutions to tackle health, education and environment problems. DFID has played a central role in developing and financing IFFIm. DFID is also a major donor to the pilot **Advance Market Commitment** (AMC) for pneumococcal vaccines, due to be launched in 2008.

- 6.37** IFFIm uses legally binding pledges of future aid by donors to mobilise frontloaded and predictable funding on the international capital markets. IFFIm is accelerating the availability of funds provided through the GAVI Alliance for immunisation and health systems strengthening in over 72 low-income countries.

Box 6.15: MDGs four and five: IFFIm reduces child mortality and improves maternal health

IFFIm aims to raise \$4 billion (£2 billion) for GAVI programmes and to prevent five million child deaths by 2015 and more than five million future adult deaths. The first IFFIm bond launch in November 2006 raised \$1 billion (£0.5 billion). A second IFFIm bond launch took place in March this year on the Japanese market, raising an additional \$223 million (£111 million) for GAVI. Building on this success, further bonds will be issued in coming years. Achievements in 2007 and early 2008, largely financed by IFFIm, include:

- More than 100 million children under the age of five vaccinated against polio.
- 26 million women vaccinated against maternal and neonatal tetanus.
- Yellow fever immunisation activities in 12 West African countries that will strengthen health systems and support vaccine security and affordability to prevent approximately 687,000 deaths between now and 2050.
- 194 million children in 32 countries immunised with life-saving measles vaccine.

- 6.38** In February 2007, donors announced \$1.5 billion (£0.75 billion) financing for the pilot AMC for pneumococcal vaccines. The UK contribution is \$485 million (£242 million). GAVI has estimated that the pilot AMC will result in 70 to 100 million immunised infants over the life of the AMC and prevent 5.4 million deaths by 2030.

Development Finance Institutions

- 6.39** Inclusive growth is the best way to pull people out of poverty and represents an exit strategy for aid. The private sector is a key driver of sustained economic growth in developing countries. DFID is working as a shareholder of Development Finance Institutions (DFIs), such as the International Finance Corporation (IFC) and in partnership with the private sector to stimulate this growth and form a bridge between traditional aid and the future of development.
- 6.40** The **International Finance Corporation** is an arm of the World Bank Group, and a leading DFI which encourages sustainable growth of private companies and contributes to economic growth in emerging markets through providing loans, equity and other financial instruments and technical assistance. Overall the DFI sector – of which the IFC is an important part – invested some \$25 billion (£12.5 billion) in developing country businesses in 2006. This investment has had significant development impact and by 2006 the IFC had contributed to power generation for 18.5 million customers, 10 million telephone connections and water supply to over five million people.

- 6.41** DFID has joined with other shareholders to encourage the IFC to to strengthen their focus on both strategic and operational issues, adopting a more consistent and evidence-based approach. In 2007, 21% of its existing portfolio was in low income countries. The IFC and its shareholders have agreed to transfer \$500 million (£250 million) to the World Bank's International Development Association from the IFC's 2007 net income.
- 6.42** **Private Infrastructure Development Group (PIDG)** was set up in 2002 as a multi-donor organisation to stimulate economic growth and poverty reduction through responsible private sector investment and participation in infrastructure services. To address some of the key constraints that the private sector faces in developing countries, the PIDG has developed; the **Emerging Africa Infrastructure Facility (EAIF)**, **GuarantCo** to provide guarantees that reduce risks of investing in local currency, **DevCo** to help governments develop projects for private sector investment, **Infraco** to assume the high risks and costs of early stage project development and the **Technical Advisory Facility** which builds private and public sector capacity.
- 6.43** The PIDG facilities have been extremely successful in helping to mobilise additional private investment in developing countries. By the end of 2007, PIDG had invested \$235 million (£117 million) (including \$130 million (£65 million) from DFID) through its facilities. This is expected to increase access to services in over 20 countries and to generate fiscal benefits of over \$3 billion (£1.5 billion) for host governments in the water, energy, transport, telecoms, mining, agriculture and industrial sectors in developing countries
- 6.44** The **Global Partnership for Output Based Aid (GPOBA)** promotes targeted subsidies so that the poor can afford access to basic services such as water and electricity. To date DFID and other donors have committed over \$110 million (£55 million) to GPOBA.

Assessing the effectiveness of the multilateral agencies

- 6.45** DFID **assesses the effectiveness of multilateral institutions** as an integral element in our work to reform and strengthen the multilateral system. We use the evidence base created to inform our relationships with the institutions and to feed into resource allocation decisions. This assessment work is important in our accountability to the UK taxpayer and our obligations under The International Development (Reporting and Transparency) Act 2006.

Box 6.16: How DFID is assessing multilateral effectiveness

In 2007 DFID published the first **Multilateral Development Effectiveness Summaries** (MDES), one for each of 15 key multilateral institutions. The MDES distil a range of published information to highlight the strengths and weaknesses of each organisation, assessing how they build for the future, manage their resources, work with others and contribute to results on the ground. There is a focus on pressing organisations to improve their reporting and evaluation systems to demonstrate effective management and concrete results. DFID uses the MDES evidence base to feed into decisions around resource allocation and to identify priorities for reform.

The UK is also one of 11 members of the **Multilateral Organisations Performance Assessment Network** (MOPAN) which assesses multilateral performance at a country level on an annual basis through a perceptions based survey. The UK is heavily involved in the MOPAN development of a Common Approach to assessing multilateral effectiveness. This approach will be refined and piloted during 2008, broadening the current MOPAN survey methodology into a far more comprehensive assessment tool than anything currently available. It will incorporate published data and the views of partners, donors and the institutions themselves. This mechanism will help inform funding decisions and help donors to send shared coherent messages to the multilateral organisations on areas of concern and priorities for reform.

Table 6.1: The key multilateral agencies at a glance

Organisation	Budget (\$ or € and GBP)	Number of staff	Number of countries worked in	Outputs (sample)	DFID's annual contribution ³
The UN					
UNDP	\$5.1 bn (approx £2.8 bn) in 2006	8500	166	Sierra Leone – UNDP managed a \$24m multi-donor basket fund on electoral reform processes.	£163m in 2006 (latest figures available)
UNICEF	\$2.7 bn in 2006 (£1.5 bn)	10,102	190	80,000 acutely malnourished children reached with nutritional support.	\$195 million in 2007 (£97.4m)
UNFPA	\$605.5m – 2006 (calendar year) (£338.2)	1031	154	2006, UNFPA trained 13,300 youth trainers, peer educators and programme staff to ensure young people are part of the AIDS response.	£25m in 2006/7 (latest figures available) ⁴
UNAIDS	\$320.5m in the UNAIDS 2006/07 biennium (£174.1)	336	130	By start of 2007, more than 100 countries had established national programmes to prevent mother-to-child HIV transmission.	£10m in 2006/07 (latest figures available) ⁵
World Health Organization	\$4.2 bn for biennium 2008-2009 (£2.1 bn)	8020	147	Measles mortality reduced beyond original targets with deaths declining from 873,000 in 1999 to 345,000 in 2005 (40%).	£60.2m in 2006 (latest figures available)

3 Total funding, except where otherwise stated

4 Core funding only

5 Core contribution only

Organisation	Budget (\$ or € and GBP)	Number of staff	Number of countries worked in	Outputs (sample)	DFID's annual contribution
The EC					
European Commission	€10.4 billion disbursed in 2006 (£7.76 bn)	3500	160	Burkina Faso – construction of 908 classrooms, 321 primary schools, establishment of canteens in three of the country's poorest regions.	£964 million in 2006/07
Multilateral Development Banks					
World Bank	International Bank for Reconstruction and Development (IBRD): \$12.8 bn in 2007 (£6.4 bn) International Development Association (IDA): \$11.9 bn in 2007 (£5.9 bn)	8575	140	Has helped 65 million additional children attend and complete primary school. 37,500 miles (60,000 km) of rural roads built, rehabilitated or maintained in poor countries in last five years.	£493m in 2007/08 ⁶
AfDB	\$4.7 bn in 2007 (£2.4 bn)	1299	52	AfDB trained almost 350,000 African farmers 2004 – 2007. ADF trained 59,114 Health professionals, 2004-2007.	£57.2 million in 2007/08 ⁷
AsDB	\$7.4 bn in 2006 (£3.7 bn)	2400	41	ADB improved access to transport for almost 32 million people; access to electricity for over 700,000 households; access to water and sanitation for over 1.6 million people; access to health services for almost 6 million people.	£25.5 million in 2007/08 ⁸

6 Core contribution to IDA on a promissory note deposit basis

7 Core contributions on a promissory note encashment basis

8 Core contributions on a promissory note encashment basis

Organisation	Budget (\$ or € and GBP)	Number of staff	Number of countries worked in	Outputs (sample)	DFID's annual contribution
Global Funds and Partnerships					
UNITAID – Drug Purchasing facility	\$383.9m (£191.8m)	15	Targets markets not countries	40% price reduction on some paediatric sourced, and a 23% price reduction for second line ARVs in Low Income Countries, and 49% in Middle Income Countries.	Contribution will rise to €60m (approx £41m) per annum by 2010
GAVI and IFFIm	\$785.6m (Total donor contribution to GAVI in 2007) (£392.6m)	97	72	IFFIm contributed to GAVI – immunisation of 194 million children against measles in 2007 and 100 million against polio.	GAVI – £14.2m in 2007/08 IFFIm – £9m 2007/08 – £1.38 bn over 20 years
GFATM	\$9.7bn pledged for 2008-2010 (£4.85 bn)	341	136	China – increased TB treatment success rate by 91% Thailand – increased Survival Rate on ARVs, from 90 to 96.8%.	£100m in 2007, UK pledged up to £1 billion from 2008-2015
Public Private Infrastructure Advisory Facility⁹	\$25.8m (Total donor contribution, 2007) (£12.9m)	20	36	PPIAF with others is supporting the improvement of community owned piped water systems in Kenya to get access to microfinance. This will serve approximately 60,000 people	£5.2m in 2007/8
Global Partnership for Output Based Aid	Annual 2007, \$964,000 (£482,000), \$110m total commitment to GPOBA (£55m).	7	25	Colombia – 13,498 low income family households have been connected to natural gas.	£6.6m in 2007/8
Private Infrastructure Development Group	£284 million (total)	29	27	Mobilised \$7.7 billion (£3.85 bn) from the private sector, for better infrastructure in developing countries	£13.9 million in 2007/08

The way forward

- 6.46** The UK is working closely with the UN on arrangements for a high-level MDG Call to Action meeting hosted by the UN in September 2008. This will be a landmark event in re-energising global efforts to meet the MDGs (see paras 7.52-7.56).
- 6.47** DFID will continue working with fellow donors through the MOPAN group to develop a common approach to assessing multilateral effectiveness.
- 6.48** In May 2008, eight multilateral health agencies (WHO, World Bank, GFATM, GAVI, UNICEF, UNFPA, UNAIDS and Gates Foundation) will convene a progress meeting on the International Health Partnership. Next steps on the IHP will include pushing for greater harmonisation by multilaterals and donor partners with country compacts in the eight first wave countries, encouraging global fund boards to align further with national health strategies, working to raise resources for and supply of health workers, and steps to harmonise procurement of medical supplies. In September, the anniversary of the IHP launch will be marked at the UN MDG Call to Action event and the Accra High Level Forum on Aid Effectiveness.
- 6.49** DFID will continue to build close relations with French counterparts as France assumes Presidency of the EU Council in July 2008.
- 6.50** In 2008, DFID will launch new Institutional Strategy Papers for the EC and the World Bank setting out our objectives for enhancing both institutions' roles in global development.

Working with others on policies beyond aid

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Sweetcorn on the way to market –
Sam Highton/DfID



Working with others on policies beyond aid



“Aid alone cannot address the needs of the developing world. Policies in areas like agriculture, trade, investment, migration and others have a profound impact on developing countries, yet they often work at cross-purposes.”

OECD statement (2008)

Highlights

- A joint DFID – Department of Business, Enterprise and Regulatory Reform (BERR) **Trade Policy Unit** was established, reporting to a Minister representing both departments.
- The **UK Remittance Task Force** reported in December 2007 that actions by the UK government have contributed towards a fall of 5.6% (over two years) in the costs of remittance services. Estimates suggest this means a direct saving to poor households of more than £128 million per annum.
- After CDC Group Plc (CDC) investments in **Tanzania, Tea Packers** now produces Tanzania’s biggest selling tea brand with around 55% of the market. It has won **Fairtrade accreditation** and supplies Cafédirect’s Teadirect brand. The Fairtrade price premium has helped finance local projects, such as new schools, text books and health centres, including HIV & AIDS programmes for local communities.
- **The UK has strengthened its capacity to fight international corruption.** £49 million of assets, laundered by political elites, have been restrained in the UK, subject to ongoing legal processes. £11 million has been recovered in civil asset recovery cases. **£1.2 million has been returned to date** and two money laundering related prosecutions have been achieved.
- The **Heavily Indebted Poor Countries Initiative** (HIPC) and **Multilateral Debt Relief Initiative** (MDRI), both strongly supported by the UK, have delivered over \$100 billion (£50 billion) of relief since 2000. Examples of the benefits for the poor include:
 - **Ghana’s** use of \$3.5 billion (£1.75 billion) of debt relief to increase the number of 7-13 year olds in school and the construction of 87 new schools
 - **Tanzania** enrolling 50% more children in primary school, building 2500 new schools and employing 28,000 new teachers
 - **Uganda** using multilateral debt relief savings to ease acute energy shortages.

Part One: Policies beyond aid

- 7.1** It is increasingly recognised that the non-aid policies of developed countries can have a far greater economic and social impact on poor countries than aid alone. For example, Official Development Assistance (ODA) is dwarfed by other financial flows to developing countries. In 2007, developing countries received \$104 billion (£52 billion) in ODA, as against \$240 billion (£120 billion) in migrant remittances, and more than \$350 billion (£175 billion) in net foreign direct investment.

Box 7.1: Mapping the impact of Global Drivers of development on developing countries

Whilst the importance of ensuring that non-aid policies do not impede development is increasingly recognised, there is little evidence of what impact changes in policy have on developing countries and measuring the impact is difficult.

DFID and the United Nations Development Programme are working together to design a tool which will focus on the impact of non-aid policies from the perspective of a developing country. This tool will be field tested during 2008. The evidence generated will help policy makers consider how developing countries might respond to the global issues that matter for them.

- 7.2** As a result of globalisation, the development prospects of countries in the south are increasingly influenced by global processes such as climate change, migration and regional conflict, which lie beyond the control of the countries themselves, but are influenced by the policies of developed countries. The UK government and other developed country governments have a responsibility to consider how their domestic policies, as well as their involvement in international processes, impact on international development. The latter include the policies of the European Union (see Box 7.2 below).

Box 7.2: Europe

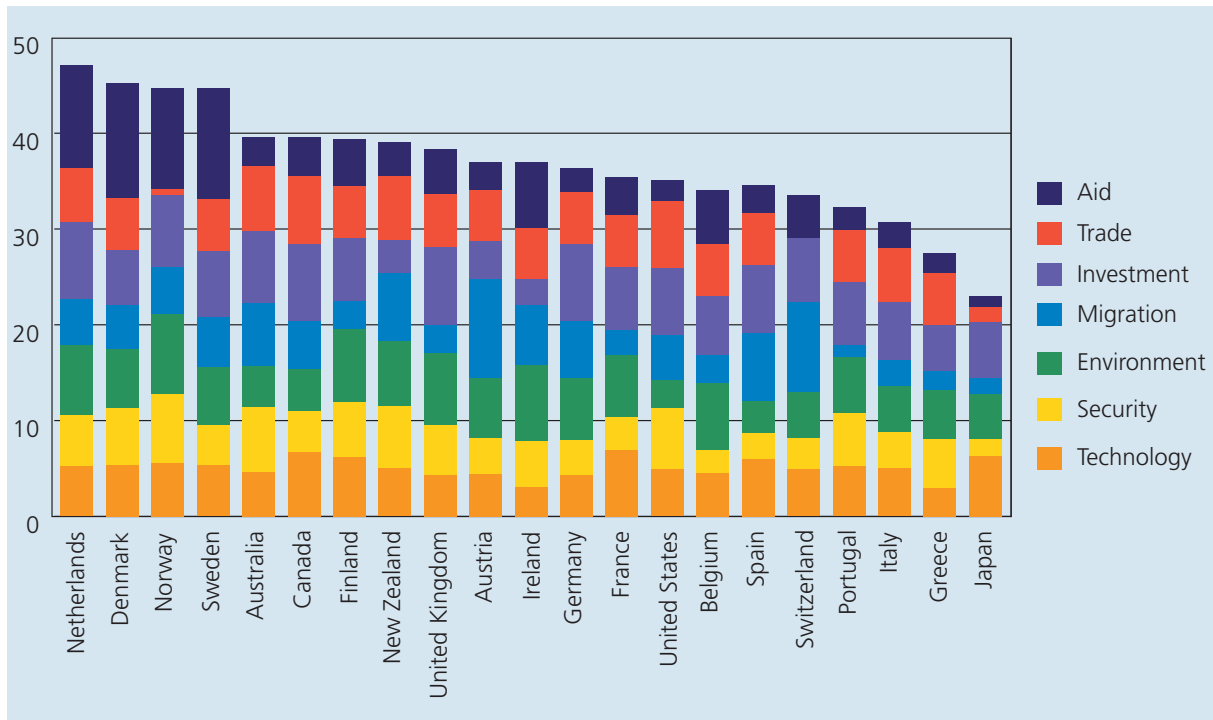
European Union policies have a major impact on development, especially in policy areas such as trade, agriculture and fisheries, for which the EU has primary responsibility. A European Consensus on Development sets out how the EU will work to reduce poverty and meet the MDGs, including through its work on non-aid policies. EU and member state progress is reported every two years. The first progress report was published in October 2007. It highlighted the implementation of processes for more coherent decision making. Last year, the Council agreed to take specific work forward that addresses the impact on development of security, fragile states, climate change and migration agendas.

The UK is actively working within the EU to ensure that development issues are systematically addressed in all institutional processes and across all sectors.

Commitment to development index

7.3 A measure of international progress on Policies Beyond Aid is the **Commitment to Development Index**. Produced annually by the Center for Global Development (and part funded by DFID), it ranks the 21 leading industrialised countries in terms of the extent to which their policies on aid, trade, investment, migration, environment, security and technology favour developing countries. It highlights the need for greater focus on Beyond Aid issues. At the DFID sponsored launch of the 2007 Index, Parliamentary Under Secretary of State, Gareth Thomas emphasised the value of the index in promoting policy coherence.

Figure 7.1: Commitment to development index 2007



7.4 The UK is ranked ninth overall in the 2007 Index with a score of 5.5 which is an improvement of three places from its 2006 ranking.¹ The UK ranks first on the investment component due to policies that promote healthy investment in poor countries, and has a strong record on the environment from the perspective of developing countries.

UK co-ordination mechanisms

7.5 The UK is organising itself better to ensure that the policies across government are more coherent. In response to the Prime Minister’s call for closer **alignment between our aid, trade and debt policies** “to ensure a more strategic input into trade policy and strengthen the UK’s voice in international fora”, trade policy became a shared responsibility of both DFID and BERR.

¹ 2006 ranking based on previous methodology.

- 7.6** A **joint DFID/BERR Trade Policy Unit** was created in November 2007, reporting to the first ever UK Trade and Development Minister, and a new Cabinet Committee on trade was established chaired by Secretary of State Douglas Alexander – to give strategic guidance to UK trade policy and ensure full coherence between our aid and trade agendas.
- 7.7** In May 2007, the UK government's **Justice Assistance Network** was launched by the Attorney General and Ministers from DFID, the FCO and the Ministry of Justice to ensure UK justice sector assistance to developing countries is coherent and effective. This complements the **Africa Capacity Building Initiative**, which is allowing Whitehall departments to share best practice when they provide capacity development support in Africa. These networks are working to ensure that the positive impact of UK government capacity development support overseas is maximised.

Growth – development of an open trading system

- 7.8** Trade is essential to reducing poverty. No country has ever lifted itself out of poverty without also opening its borders and increasing trade. Trade is a powerful engine of growth, creating jobs, generating incomes and stimulating reform, and many call trade “the exit strategy to aid”. However, the benefits of global trade are not equally shared across countries. While certain countries like China and India have become powerful trading partners on the global scene, many poor countries, and Africa as a whole, have seen their share of global trade reduce over the years. Capacity to trade is as vital as a good trading environment and trade reforms must go hand in hand with domestic adjustments and compensatory policies.

Action by the UK government

- 7.9** In 2007 the UK government focused its efforts in two broad areas: promoting trade deals that are beneficial for developing countries, and supporting countries to build capacity necessary to help them reap the benefits of more open markets. The UK is pushing for an ambitious pro-development deal in the ongoing **Doha Development Agenda** (DDA) trade talks. This represents the best opportunity to promote free and fair markets, with the potential of generating billions in wealth and helping to lift millions out of poverty.
- 7.10** Through cross government coordination, involving DFID, BERR and Department for Environment, Food and Rural Affairs (Defra), the UK is pressing hard to achieve a good outcome for developing countries through a DDA deal, both within the EU and with other World Trade Organisation members. Opportunities also exist in 2008 to push for agricultural reform through the EU 2008 Common Agricultural Policy Health Check and the 2009 EU Budget Review. We will call for a less trade distorting and more market based agricultural policy.
- 7.11** The UK has worked hard to lobby the European Union to ensure that any **Economic Partnership Agreements (EPAs)** agreed between the EU and any of the 78 Africa, Caribbean and Pacific (ACP) countries are positive tools for development. 35 countries signed an EPA before the 2007 deadline. A further 32 Least Developed Countries (LDCs) have chosen to trade under the EU's Everything But Arms initiative, benefiting from duty-free and quota-free access into EU markets. The remaining

ten non-LDC ACP countries may still sign an EPA during 2008/09 and the UK continues to urge the European Commission to be flexible in these negotiations.

- 7.12** The UK is committed to promoting **Aid for Trade (A4T)** in order to help developing countries become more competitive traders. The first **Global Review meeting on Aid for Trade** took place at the WTO in Geneva in November 2007. The UK has been at the forefront pressing for more and better A4T and has committed to delivering two spending targets on A4T. The first target is £100m annually by 2010 and covers support for trade policy reform, trade facilitation and private sector development. The second target is £409 million annually by 2010 and includes expenditure on infrastructure and commitments with multilaterals.

Box 7.3: The Enhanced Integrated Framework

The Enhanced Integrated Framework for Trade Related Technical Assistance to Least Developed Countries (LDCs) – EIF – is a \$400 million (£200 million) multilateral programme to assist LDC's to make trade a central part of their growth and development plans and increase their trading capacity. The EIF is an important vehicle for the delivery of A4T to the poorest countries. DFID has made a significant pledge to the EIF and will provide up to £38 million over five years from the start of operations.

The EIF assists LDCs to identify how they can improve their trade in goods and services in regional and international markets. It also provides seed funding for LDCs to carry out priority actions to increase trade. Such actions may range from improving roads to get goods to market to establishing laboratories to test goods meet international standards. The EIF also helps to leverage other Aid For Trade funds for LDCs. The inclusion of trade priorities in LDCs growth and development plans, permits other donors to support these priorities. The EIF is an expanded and reformed version of an existing multilateral programme will become operational in April 2008.

Impact

- 7.13** DFID has provided resources for the Caribbean regional negotiating machinery which has rapidly proven useful, as the Caribbeans have managed to negotiate a comprehensive and favourable EPA for their region drawing on better skills and access to information. Equally, DFID is providing £11 million for a regional trade facilitation programme (RTFP) in Southern Africa. The RTPF is establishing One Stop Border Posts, the first one, at the Zimbabwe and Zambian border, will soon be in operation, and is expected to reduce waiting times from three days to three hours. This will be a major achievement and could become a fundamental part of making trade in Africa cheaper and easier.

Future work

- 7.14** 2008 will be an important year on trade, during which we will continue to seek an ambitious pro-development outcome for the Doha world trade round and support the ongoing negotiations of EPAs between the EU and ACP countries. The start of the EIF will help promote the needs of developing countries and their trade constraints with greater coordinated international support. While our A4T strategy will ensure our own promises are translated into real action on the ground and are able to address the challenges of the 21st century.

Growth – investment and development

7.15 Willingness and capacity to **invest in productive business ventures** is one of the keystones of economic growth and poverty reduction. Excessive or inappropriate taxation all increase the costs and risks of doing business and creating a positive investment climate is one of the most pressing challenges for developing countries. UK government departments can affect the investment climate in developing countries, and standards of corporate social responsibility, both through targeted initiatives and broader policies.

Action by the UK government

7.16 BERR, in consultation with others in Whitehall, has focused on how investment provisions in the European Community's **Regional Trade Agreements** (RTAs) can best reflect development interests, not least in the EPA negotiations. The EPAs concluded with the Caribbean Forum of African Caribbean and Pacific States (CARIFORUM) at the end of 2007 contains substantive provisions on investment issues, provided for substantial market access for CARIFORUM investors investing in EC markets and provided an opportunity for the Caribbean to create a comprehensive framework to attract increased inward investment.

7.17 Her Majesty's Treasury (HMT) and Her Majesty's Revenue and Customs (HMRC) have continued to consult widely across government in 2007 to ensure that the UK negotiating priorities for Double Taxation Treaties reflect development objectives. Similarly, BERR ensures that development interests are incorporated into Investment Promotion and Protection Agreements (IPPAs). BERR, DFID and FCO together form the **UK National Contact Point (NCP) for managing the Organisation for Economic Cooperation and Development's (OECD's) 'Guidelines for Multinational Enterprises'**. In 2007, the NCP agreed to investigate three complaints against multi-nationals accused of breaking the Guidelines through their activities in developing countries. The FCO lead the UK's work on the **UN Global Compact**, which encourages businesses to agree to a set of ten principles linked to human rights, labour standards, the environment and anti-corruption.

Box 7.4: Achievements in the fight against international corruption

In July 2007 John Hutton, the Secretary of State at BERR, took up the Prime Minister's invitation to become the new International Anti-Corruption Champion. He has overseen the publication of a second Annual Action Plan focused on:

- investigating and prosecuting bribery overseas;
- eliminating money laundering and recovering stolen assets;
- promoting responsible business conduct in developing countries; and
- supporting international efforts to fight corruption.

The results of the first Action Plan were very positive. Nine of the twelve targets were fully met and the remainder substantially met. Key achievements included:

- **Strengthened UK police capacity to investigate international corruption.**
£49 million of assets have been restrained in the UK on suspicion of corruption. £11 million has been recovered in civil asset recovery cases, and £1.2 million has been returned to Nigeria. Two money laundering associated prosecutions have been achieved.
- **Progress in implementation of the United Nations Convention Against Corruption (UNCAC).** The UK is supporting the development of a pilot review mechanism, and is promoting the mainstreaming of UNCAC at a country level.
- **Scaling up of Business Transparency Initiatives.**
Building on the success of the Extractive Industries Transparency Initiative, new initiatives are being developed in medicines procurement and in the construction sector. They will be launched in May 2008 and piloted in a number of countries.

7.18 Several government departments engage directly in **capacity development activities with partners** in developing countries, eg HMRC ran a workshop for Commonwealth officials on tax policy and practice, benefiting officials from seven developing nations in 2007. The FCO also provides security information for businesses looking to invest in developing countries and is also committed to improving economic governance in emerging markets.

7.19 DFID continues to work with a wide range of UK government departments in order to develop and implement its own initiatives and broader government policy. DFID worked closely with Her Majesty's Treasury (HMT) to ensure the G8's concrete commitment to the 'Partnership for Making Finance Work for Africa' initiative, they also jointly host a high level Financial Inclusion Conference in June 2007. DFID, FCO and HMT work together on the Extractive Industries Transparency Initiative, which aims to reduce corruption and increase responsible investment in these industries (see Box 7.5 below). DFID has worked with Department for Work and Pensions (DWP) to develop policies positions on 'Decent Work' and labour markets and DFID's development of its 'Competition Assessment Framework' (published January 2008) was informed by advice from the Office of Fair Trading. BERR's Shareholder Executive also provides advice to DFID on its shareholding of the Development Finance Institution, CDC and BERR's Better Regulation Executive are represented on the Advisory Committee of DFID's 'Better Regulation for Growth' programme, launched in May 2007.

Box 7.5: The Nigerian Extractive Industry Transparency Initiative

The Nigeria Extractive Industries Transparency Initiative (NEITI) aims to promote transparency and accountability in the management of Nigeria's oil, gas and mining revenues. It is a major component of the Nigerias anti-corruption efforts in Nigeria and is the national version of the Extractive Industries Transparency Initiative (EITI), a global movement initiated by the UK government. In 2007, the EITI legislation in Nigeria was passed, making it the first country to give legal backing to this initiative.

Major NEITI activities have included:

- **Commissioning audits** of Nigeria's Petroleum Industry. The first ever audit of the oil sector covered the period 1999-2004 and led to the identification and recovery of revenues due to Government by oil companies of approximately \$1 billion (£0.5 billion).
- **Communicating the findings** of audits, and working with key stakeholders to remedy the lapses identified;
- **Building the capacity** of civil society organisations, government officials, parliamentarians and the media to understand and monitor extractive revenue transparency in Nigeria; and
- **Forging a national consensus** on need for extractive revenue transparency.

7.20 CDC is the **UK's fully owned bilateral development finance institution** and one of DFID's main means of supporting poor country private sector businesses to grow and prosper. In 2007 CDC performed very successfully. In investing £412 million of its own capital, it attracted \$653 million² (£325 million) of others' capital, and committed \$2.2 billion (£1.1 billion) to new funds. Since 2004, \$1,498 million (£740 million) of capital has been raised from third party investors.³ By end 2007, net assets stood at £2.7 billion (up £0.7 billion over 2006); and total returns after tax were £672 million.

7.21 CDC plays a leading role in providing capital for investment in key infrastructure initiatives which provide the foundations of sustainable growth. In 2007 CDC sold the majority of the assets of its subsidiary, Globeleq. The funds raised \$1.2 billion (£0.6 billion), of which nearly \$1 billion (£0.5 billion) are being placed in an infrastructure fund for emerging markets. Additional funding will be raised alongside CDC's investment.

Box 7.6: MDG 1 – Supporting private sector businesses in Africa to reduce poverty through economic growth

CDC has invested \$75m with Tanzania Tea Packers (Tatepa). Its Chai Bora tea is now Tanzania's biggest selling brand with around 55% of the country's tea market. It has won Fairtrade accreditation and an agreement with Cafédirect to supply black tea from the estates for their Teadirect brand. The Fairtrade price premium has helped finance local projects, such as new schools, text books and health centres. Tatepa runs an extensive HIV & AIDS education and training programmes throughout local communities.

2 Capital raised by other third parties in the funds of fund managers Actis and Aureos only.

3 As footnote 2

Impact

- 7.22** Attention to improving the investment climate in developing countries has never been higher, as the World Bank's *Doing Business* report shows. The United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2007 shows that flows of Foreign Direct Investment (FDI) to developing countries reached their highest ever level of \$379 billion (£189 billion) in 2006, while Africa's total of \$36 billion (£18 billion) represented double the 2004 figure. Companies are increasingly using the Global Compact or the OECD Guidelines to report on their activities, while EITI has continued to produce results in Nigeria.

Future Work

- 7.23** The FCO, HMT, the Export Credit Guarantee Department (ECGD) and BERR, amongst others, have made explicit commitments to ensure their work reflects the interests of developing countries. Future negotiations on bilateral and multilateral agreements will continue to be shaped by development priorities, and the focus on improved corporate responsibility will be maintained and DFID investment related work will continue to utilise expertise right across UK government.

Development of an open financial system

- 7.24** The current international system was established just after the Second World War. Reforms are needed to adjust it to **the present challenges of globalisation**.

Action by the UK government

- 7.25** DFID works with UK government partners to promote development objectives within the international financial system. In particular DFID works with HMT who lead on policies relating to the International Monetary Fund (IMF).

Reform of the IMF and World Bank

- 7.26** The UK is committed to ensuring that developing countries' voice is heard on the boards of the international finance institutions and that their vital economic and financial interests are taken into account. We support the two central objectives of IMF reform: (1) changing the composition of the voting shares of IMF member countries to better reflect global economic changes and (2) strengthening the voice and participation of low income countries. Our work with the IMF and key partners has taken us towards the broad agreement required to achieve these objectives in 2008. The UK voted for the proposals for Quota and Voice reform agreed by the Executive Board in March 2008 and welcomes the widespread support for these proposals.
- 7.27** In October 2007, the World Bank published an options paper for governance reform to increase the voice of developing and transition countries. We are reviewing these options and will work with the Bank, HMT and other donors to push this agenda forward. The UK has also long called for **open and merit based selection of the IMF's Managing Director and the World Bank's President**. The Chancellor of Exchequer led calls for reform when Rodrigo de Rato announced he would step down last year, making it clear that the conventional arrangement for selecting a European

candidate was out of date. We welcome further reform to embed a transparent and meritocratic selection process for the future heads of both institutions.

Future work

- 7.28** The Prime Minister's Initiative to reform international institutions, set out in his speech in Boston in April, includes reform of international financial institutions to better manage financial and economic stability as a key priority to address the new challenges of globalisation. The Chancellor has called for further governance reform to improve the legitimacy and effectiveness of the international system, and suggested one way in which political legitimacy could be strengthened would be to establish an IMF Council as provided for in the Fund's Articles of Agreement. A Ministerial Council could foster a stronger sense of political ownership and responsibility for the work of the Fund.

Box 7.7: Promoting southern voice in international policy processes

The priorities and views of developing countries often have only a limited influence on international policy processes in the north. The Southern Perspectives project, which has had DFID support, brings together the differing perspectives of governments, civil society and social movements in the southern hemisphere in order to better articulate a southern stance on key international development policy issues.

Eminent southern thinkers have been brought together to analyse how international and future events will impact on southern countries and therefore provide the opportunity for collective action. Research and conference discussions have considered the changing context for international development.

It is intended that the outputs from the Southern Perspectives process will help ensure that Southern views are heard at the High Level Forum on Aid Effectiveness in Accra in September 2008 and in the 2008 Review of the Financing for Development process at Doha, as well as other high level fora.

Enhancement of debt relief

- 7.29** **Debt relief provides long term, predictable resources for poor countries to spend on reducing poverty.** In 2007, the UK government worked to ensure poor, heavily indebted countries, committed to poverty reduction, were able to access debt relief. We also continued work on promoting sustainable lending and borrowing to help ensure that poor countries do not accumulate too much new debt.

Action by the UK government

- 7.30** In 2007, a lot of our work on debt focused on promoting debt sustainability in low-income countries. DFID has worked closely with HMT and ECGD to promote **sustainable lending and borrowing**. New borrowing should be appropriately concessional, well-targeted and used for productive purposes.
- 7.31** In April 2007, the UK, together with other donors, was successful in persuading the Export Credit Agency (ECA) Group of the OECD to extend the scope of their guidelines on ECA lending beyond

just Heavily Indebted Poor Countries (HIPC) to cover all poor countries. These new Principles and Guidelines on sustainable lending to low-income countries came into effect in January 2008.

- 7.32** We have also been working with the World Bank, the IMF and the African Development Bank and other donors to improve the **Debt Sustainability Framework (DSF)**. The multilateral development agencies use the DSF to determine the appropriate terms for their assistance, providing grants if debt levels are high.
- 7.33** There is a risk that benefits of debt relief could be diverted away from poverty reduction by the actions of so-called **Vulture Funds**, a small group of commercial operators that seek to profit from the debt of poor countries. DFID and HMT have worked with the World Bank to help poor countries buy back their commercial debts at a substantial discount through the **Debt Reduction Facility (DRF)**. In 2007, we provided support to assist with the reduction of Nicaragua's commercial debt. We have also secured international agreement on the need to tackle this problem. Over \$9 billion (£4.5 billion) of debts have already been dealt with in this way. In February, G7 Finance Ministers supported improvements to the DRF. We are working with HIPCs to strengthen their **debt management capacity** and their governance and we are working to support the African Development Bank in its efforts to develop a legal support facility.
- 7.34** Since December 2006, Afghanistan and the Central African Republic have qualified for the exceptional debt relief provided under the HIPC Initiative. The Gambia, Sao Tome and Principe and Sierra Leone have completed the HIPC process and received irrevocable debt cancellation under this initiative and the Multilateral Debt Relief Initiative (MDRI). **This brings the total number of countries that have received debt cancellation to 23.** In 2007, we also worked with HMT to promote a solution to Liberia's large arrears to the International Finance Institutions. These discussions resulted in agreement by the World Bank to a new framework that will ensure future arrears cases can be resolved more quickly.

Box 7.8: Liberia Arrears Clearance

Liberia has now successfully cleared its debt arrears owed to the International Financial Institutions. Liberia's arrears accounted for US\$1.5 billion (£0.75 billion), which represented more than ten times total government revenue. The UK has contributed £20 million towards the cost of clearing Liberia's arrears. Liberia has now qualified for debt relief under the HIPC Initiative.

Impact

- 7.35** Since 2000, the HIPC Initiative and MDRI have delivered over \$100 billion (£50 billion) of debt relief, providing long term resources to governments that enable them to spend more on poverty reduction. For example:
- **Ghana** used \$3.5 billion (£1.75 billion) debt relief towards raising the number of 7-13 year olds in school by 8% and built 87 new secondary schools.

- **Tanzania** used debt relief helped get 50% more children in primary school, build 2,500 new schools and employ 28,000 new teachers.
- **Uganda** used multilateral debt relief savings to ease acute energy shortages.

Future work

- 7.36** DFID and HMT will continue to support the full implementation and financing international debt relief initiatives and will work with the African Development Bank to improve its arrears clearance framework.

Migration

- 7.37** When **well-managed, legal migration can benefit poor people, poor communities and developing countries**. Migration can help individuals and their families to increase their income, learn new skills, improve their social status, build up assets and improve their quality of life. The World Bank estimates that by 2025 migration could be putting over \$140 billion (£70 billion) a year into the pockets of people in poor countries⁴. Migration can also carry risks to migrants and to the countries sending and receiving them. Policies need to be designed to minimise negative impacts on development.

Action by the UK government

- 7.38** In April 2007, DFID published a policy statement on migration and development, *‘Moving out of Poverty – making migration work better for poor people’*. It was endorsed by other UK departments and is consistent with the UK’s policy framework on immigration. It was the first statement on migration and development by any bilateral development agency. Amongst other things, the policy paper commits DFID to work across government to raise the development implications of the UK’s migration policies. On the Center for Global Development’s 2007 Commitment to Development Index the UK ranked 14th on policy coherence in migration – an improvement by two places from 2006. This has led to practical cooperation. For example, DFID worked with the UK Border Agency to put in place a system to monitor the impact of the UK’s points based approach to immigration and it helped the government to analyse the impact of increases in visa fees on people coming to the UK from developing countries.

Impact

- 7.39** In terms of impact on the ground, jointly with the Department of Health, DFID carried out a review of the effectiveness of the UK’s Code of Practice for the recruitment of health care professionals. This precludes the active recruitment, or so-called poaching, of health care professionals from developing countries unless there is a government-to-government agreement. In the countries examined in the review, aggressive recruitment was found to have largely stopped.

4 World Bank (2006) Global Economic Prospects, page 34. The statistics are based on economic analysis of global trends over the last thirty years and assumes a continuation at the same rate. In its analysis the World Bank implies no judgement about whether an increase is likely or politically feasible.

- 7.40** DFID continued to work with HMT to support the private sector led **Remittance Task Force** established in 2006 to tackle the challenges facing those migrants who contribute to investment by sending money home from the UK. Measurable changes include the fall in costs of remittance services reported in December 2007 by the Remittance Task Force: an average fall of 5.6% over two years. In practice the reduction of transfer costs means more money going directly to families and communities. If £2.3 billion is sent from the UK to developing countries per year, this cost reduction suggests a direct saving to poor households of more than £128 million.
- 7.41** In response to HMT's Financial Inclusion Strategy, the DFID-supported UK Remittances Task Force has commissioned research on the linkages between remittance services and existing financial service products offered to migrant communities by financial institutions, and whether products can be designed to help bring more people into the banking system. The study is due to report in spring 2008.

Future work

- 7.42** For the future, we will support a number of developing countries in analysing how they can manage migration better so that it is a more effective tool for development.

Research and technology

- 7.43** Research, science and technology are essential in the fight against global poverty. Research has found ways of adapting crops to suit different environments and of managing forests to reduce negative environmental impacts. Knowledge from social and political research has helped make poverty reduction policies more effective. Innovative use of new technologies, for example, for monitoring disease spread and for access to market information, has all helped achieving development goals.

Action by the UK government

- 7.44** The **UK Collaborative for Development Sciences** (UKCDS) brings together major UK funders of development sciences research. The steering board of the UKCDS is chaired by the DFID's Chief Scientific Adviser, and comprises representatives from the Research Councils, DFID, the Department of Health, the Department for Environment, Food and Rural Affairs, the Government Office of Science, the Wellcome Trust. The government's **Global Science and Innovation Forum** (GSIF) facilitates cross-governmental information flows and exchange of ideas to improve coordination of UK engagement in international science and innovation activities. DFID is a member of the GSIF, which is chaired by the Government's Chief Scientific Adviser.
- 7.45** The Research Councils support research in areas that are of specific value and importance to developing countries. DFID works in close partnership with Research Councils through, for example, joint funding schemes. DFID and the UK Natural Environment Research Council and the UK Economic and Social Research Council are jointly funding a programme on ecosystem services and poverty alleviation (ESPA). The Sustainable Agriculture Research for International Development (SARID) Fund is a joint initiative between the Biotechnology and Biological Sciences Research Council (BBSRC) and DFID.

- 7.46** In 2007, DFID was awarded the co-ordinator role of water and sanitation research for developing countries by the European Commission, highlighting the significant leadership potential of UK in this area.
- 7.47** The African Community Access Programme will complement the work of the sub-Saharan Africa Transport Policy Programme (SSATP) and support that of the African Union and the **New Partnership for African Development**, the New Partnership for Africa's Development (NEPAD) transport work. It aims to facilitate the delivery of safe and sustainable access for poor communities in Africa.

Box 7.9: New Rice for Africa – NERICA

West African farmers and their families are benefiting from a project, funded by the African Development Bank, which is promoting the dissemination of New Rice for Africa (NERICA). In Jambur, The Gambia, the farmers' Association, Yirima Kafo, representing 180 women and 20 men farmers who are growing NERICA with the help of this project, made a profit of about \$4000 (£2000) in 2006. "We are now able to send nearly all our children to school," says Oumar Bojang, Secretary of Yirima Kafo.

An impact study conducted in 24 villages in Benin by the Africa Rice Centre (WARDA), to which DFID provides core funding, has demonstrated the benefits to farmers' livelihoods. With the increase in their income generated by growing NERICA, farmers were able to spend US\$20 (£10) more on schooling per child and US\$12 (£6) more on health care per sick child. The school attendance rate rose by 6%. By the fifth year of the project, around 400,000 hectare of land is expected to be under NERICA cultivation in the pilot countries, and it is anticipated that the annual rice import bill in these countries will be reduced by about US\$100 million (£50 million).

Future work

- 7.48** By 2010/11, DFID's research funding will increase to £220 million per annum⁵. By this time, the UK is likely to fund more development research than any other OECD DAC member, including the World Bank. This will require an even greater effort to ensure coherence and coordination in the UK's effort to support development research, science and innovation. The new research strategy sets out how the UK's investment in development research will be spent; climate change, sustainable agriculture and health remain as high priorities. Inclusive growth and drivers of the future are new focus areas. There are renewed efforts on:
- ensuring that research looks further ahead to identify challenges and opportunities beyond the MDGs;
 - more joined up national, regional and global research efforts, which result in real changes in decision-making and action and faster progress in reducing poverty; and
 - supporting research capacity building initiatives, and paying special attention to critical research skills gaps.

5 From £120 million in 2005/06.

- 7.49** Coordination efforts with other funders of development research will be strengthened. DFID, in partnership with Canada's International Development Research Centre (IDRC), will design two large regional programmes with partners in Asia and Latin America to address research and capacity needs to help countries tackle the impacts of climate change on the poor.
- 7.50** Commitments in the **Strategy on Research in Sustainable Agriculture** (2006–2016) will remain. This includes increased support to the Consultative Group on International Agricultural Research (£20 million per year), establishing regional agriculture research programmes in Asia and Africa (£50 million over five years) and maintaining our joint funding schemes with UK research councils (£12 million over four years).
- 7.51** In health, we will target our research investments to accelerate progress towards the health MDGs. New initiatives include a partnership with IDRC and The Wellcome Trust, to launch a new Health Research Capacity Strengthening Initiative in Kenya and Malawi.

Part Two: Building Support to Deliver Progress on Poverty Reduction

“We have thought too much of the Millennium Development Goals as something that governments have got to do between governments.. I think we should see this as a collective endeavour. I think we should summon up all the energies of the private sector, of the NGOs, of faith groups, as well as of governments.”

Gordon Brown at World Economic Forum in Davos, January 2008

- 7.52** The UK government is committed to raising the levels of awareness of global issues both nationally and internationally and to ensuring a sustained collective effort to deliver faster progress on global poverty reduction. This section sets out the main ways in which the UK is working to build support for poverty reduction domestically and internationally.

MDG call to action

- 7.53** Since the Millennium Development Goals (MDGs) were agreed in 2000, significant progress has been made to achieve them. On current projections, however, we are off track to meet many of the MDGs by the target date of 2015. The UN Secretary General Ban Ki-moon has labelled 2008 as a “critical year of action on the MDGs”. A pivotal moment will be a high-level meeting on the MDGs in New York in September. To support this effort and build momentum ahead of this event the UK government is working closely with a wide range of stakeholders to accelerate action by the international community to get the MDGs back on track.

Actions by the UK government

- 7.54** The Call to Action was launched in July 2007 by the Prime Minister in New York, speaking alongside the UN Secretary General (UNSG), to encourage the international community to accelerate progress to reach the MDGs.
- 7.55** The UK government has worked energetically to secure the support of a larger number of countries as part of the Call to Action initiative and will continue these efforts. The UK government is also working to involve a broad range of stakeholders including the private sector, NGOs, faith groups, cities and professional organisations as part of the drive to accelerate progress on the MDGs.

Future work

- 7.56** The UK government will continue to work closely through G8, EU and UN processes to encourage governments to honour their existing commitments towards the MDGs. The UK will also press for further action in order to help ensure the goals are met. This will mean harnessing the efforts of relevant international organisations, governments, national organisations, groups and individuals to utilise their advantages and challenging them to come up with and deliver innovative ways to tackle poverty.

- 7.57** In May 2008, the UK government and the United Development Programme (UNDP) will host a meeting – a Business Call to Action – where private sector representatives will announce new efforts to help achieve the MDGs. In September 2008, the UK government will participate in the UNSG’s meeting alongside other governments, representatives of the private sector and civil society to further galvanise action to achieve the MDGs.

Box 7.10: International Health Partnership

The International Health Partnership (IHP) was launched in September 2007 by Prime Minister Gordon Brown, Prime Minister Jens Stoltenberg of Norway, ministers from developing and donor countries, and leaders from all of the major health agencies and foundations. It will provide better coordination among donors; support countries’ own health plans; and improve the focus on health systems as a whole. It will address specific barriers to strengthening national health systems e.g. disbursement of donor funding, training of health workers and medicines supply chains.

The IHP is now being implemented in eight countries – Burundi, Cambodia, Ethiopia, Kenya, Mali, Mozambique, Nepal and Zambia. The H8 agencies (eight major health agencies) are leading the work to support the implementation of the IHP in these countries which is also supported by eight donor countries and the European Commission.

The IHP will help ensure health services are tailored to meet the needs and circumstances of individual countries. The IHP is a particularly sound example of an initiative pulling together strands of work around health aid, and builds on the international trend towards better co-ordinated and more effective aid delivery. Although global political momentum is crucial to the success of the IHP, the primary focus is on coordinating aid at the country level and ensuring that activities fall within the IHP countries’ own national plans. A further aim, critical to the success of the IHP, is the development of sustainable health systems.

Since its launch last year much progress has already been made, with many of the IHP countries having already completed their country compacts and agreed road plans. Evidence is also being received via DFID country offices of significant improvements in the coordination of those involved with delivering health aid in IHP countries.

Bilateral relations

- 7.58** Vibrant and productive bilateral relationships underpin many of our international successes. Such relationships require a common understanding of priorities and objectives based on mutual trust. Regular dialogue is an essential means of achieving this and DFID is actively participating in many donor groupings. Examples of this bilateral co-operation include DFID and UK government collaboration in the OECD Development Assistance Committee; in the 2007 German G8 Summit preparations (see box below); and in the Nordic Plus Group of donors (Denmark, Finland, Ireland, the Netherlands, Norway, Sweden and UK). To illustrate the results of this dialogue, in March 2008, the Nordic Plus Group agreed the Potomac Statement at a ministerial level between the Nordic Plus donors and USAID. This commits the signatories to improve co-operation at country level with an initial focus on Ghana, Tanzania and Afghanistan.

Box 7.11: Working with the G8

The G8 are US, Japan, Germany, France, Italy, Canada, Russia and the UK. Collectively they represent 60% of world GDP (in 2006); contributed £76 billion of official development assistance (ODA) in 2006, and are committed to increasing ODA by \$50 billion (£25 billion) a year by 2010.

The G8 has helped secure political commitment to action on key development issues ranging from climate change to universal access to health, education, water and sanitation services. DFID is playing an increasingly important role in providing support to take this process forward and to ensure that the G8 commitments are turned into action.

Achievements at G8 2007 Heiligendamm

The 2007 G8 summit took place in Heiligendamm in Germany in June 2007. The main themes were the global economy, Africa and climate change. Achievements included:

- **climate change** – commitment to a comprehensive, global post-2012 framework – to be agreed by 2009, and that all G8 countries will consider halving emissions by 2050;
- **HIV & AIDS** – confirmed commitment to universal access for AIDS prevention, treatment and care by 2010 and committed to provide \$60 billion (£30 billion) over the next few years to support this effort;
- **education** – reaffirmed that no country seriously committed to 'Education for All' will be thwarted because of the lack of resources, endorsing the UK's position
- **health** – emphasised the need for strengthening health systems and improved coordination and human resource capacity in the health sector.

Reaching out to the Emerging Economies

The 2007 G8 Summit also saw the development of a process to involve several key emerging economies in a dialogue about the global challenges we face today including development with particular reference to Africa. The **Heiligendamm Process** is a dialogue between the member states of the G8 and **Brazil, China, India, Mexico and South Africa** (the G5). The Heiligendamm Process is an important first step for more structured engagement between the G8 and the key emerging economies – critical to ensuring we are all able to meet our shared global responsibilities including development and climate change and achieving the MDGs.

Future Plans: G8 2008 in Hokkaido

Japan holds the presidency for the G8 in 2008 and this will be half way to the 2015 target date for achieving the MDGs. The UK is working closely with Japan to ensure the 2008 G8 Summit plays its part in the global effort to get back on track with the MDG targets and that sound progress is made dealing with the challenge of climate change.

Working with civil society

- 7.59** Civil society organisations (CSOs) play a vital part in the fight against poverty. DFID works with hundreds of these around the world – including **non-governmental organisations** (NGOs), **faith based groups** and **trades unions**. Our central funding schemes provide support to more than 200 NGOs, large and small.

7.60 The rich diversity of civil society is reflected in the multiple roles they play. These include:

- giving poor people the voice to demand better from their governments and others in power;
- delivering humanitarian relief or basic services such as clean water and healthcare, in poor countries where the state is too weak or unwilling to help;
- communicating with the British public about global poverty, what is being done by government and civil society – and what more needs to be done;
- organising campaigns which help people in rich countries to encourage their governments and international organisations such as the World Bank to play their full part.

7.61 During 2006/7, DFID provided £274 million through UK-based civil society organisations. On top of this, considerable funding was provided direct to local NGOs in poor countries:

- £13.5 million was spent through the Civil Society Challenge Fund;
- Over £89 million was spent through Partnership Programme Agreements;
- More than £85 million was provided to UK NGOs to respond to humanitarian emergencies (see Chapter 9);
- More than £86 million was spent through DFID country programmes.

7.62 **The Civil Society Challenge Fund** is DFID's main central channel for projects run by UK-based CSOs and local partners which help poor people to realise their rights and influence policies which affect their lives. The fund used **£13.5 million** in 2006/07 to support **over 150 projects** in poor countries. Special efforts are made to ensure that projects promote gender equality and reach groups which are often excluded from decision-making – such as disabled people, youth and children.

7.63 The 2006 White Paper on International Development highlighted the need to help poor people make their voices heard and hold their governments to account. A £100 million **Governance and Transparency Fund** (GTF) was launched to support that effort – in support of projects which would help civil society hold governments to account, strengthen parliaments and promote a free media. Unprecedented interest and high quality applications from around the world has since led the Secretary of State to boost funding up to **£130 million**. Thirty eight projects have been selected for funding over the next five years.

7.64 During 2006/7, we also provided £90 million to 26 CSOs under **Partnership Programme Agreements**. These are strategic agreements with major international partners such as Oxfam, VSO, Islamic Relief and Save the Children. The scheme has been overhauled over the past year, increasing accountability, reinforcing our ability to measure the impact of this funding and getting more out of our partnerships with these organisations.

Promoting development awareness in the UK and internationally

- 7.65** DFID has scaled up its efforts over the past year to build support for development in the UK. We continued to diversify our reach to audiences who we would like to hear more from and engage more with, such as black and minority ethnic groups, faith groups, and young people.
- 7.66** More emphasis has been placed on turning that knowledge into active engagement; creating a society of people that feel compelled and enabled to do something personally to help put an end to global poverty. DFID has therefore developed programmes which increase the opportunities for people in the UK to involve themselves in development – either through influencing others or by taking action.
- 7.67** For example, DFID continues to work actively in schools – the DFID Global School Partnerships Programme grows in reach with over 2400 UK and overseas schools now benefiting from the support offered by DFID. DFID also continues to support teachers and schools to teach effectively about global issues in the classroom, with 12 regionally focused programmes amounting to £2 million a year. DFID works closely with the Department for Children, Schools and Families and with the devolved education administrations on all of its development education programmes for schools. We're also actively engaging with school children through school conferences and events (such as the DFID Global Student Forum).
- 7.68** DFID launched two new volunteering programmes in 2008; a new youth volunteering programme for 18–25 year olds from diverse backgrounds who would not normally have the opportunity to volunteer overseas, and a Diaspora Volunteering programme for people living in Diaspora communities in the UK to share their skills either in their country of family origin or in another developing country.
- 7.69** DFID has continued to maintain a high level of visibility at events, conferences and festivals in order to meet people face-to-face and to listen and respond to the public and civil society's views. Our new Ministers have undertaken regional visits to talk to communities about global issues and their relevance to lives back here in the UK. DFID is acutely aware of its responsibility to ensure that the public know how it spends taxpayers' money and the impact this expenditure has, and to build public confidence in its work.

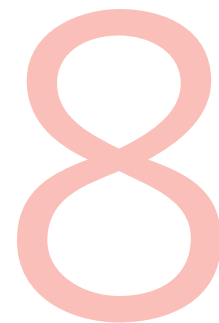
Conflict, Crisis and Fragile States

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Naivasha, Kenya –
Robin Hammond/Praxis



Conflict, Crisis and Fragile States



“The UK government has been among the leaders in promoting effective international engagement in fragile states. Since 2001, it has been actively engaged in gathering and refining good practice in this area as well as joining others in getting this issue recognised”.

DAC Peer Review of the UK 2006: Main Findings and Recommendations

Highlights

- Since 2004/05 some **11,000 African troops** have received peacekeeping training through the **Africa Conflict Prevention Pool**. Some of these troops from five African countries have served with the African Union (AU) in Sudan, Somalia and Burundi and the United Nations the Democratic Republic of the Congo and Cote d'Ivoire.
- All donors committed to Principles for Good International Engagement in fragile states and situations in April 2007. The **World Bank, European Union and the African Development Bank** subsequently agreed new policies on fragile and conflict-affected states.
- DFID is the largest donor to the **DRC Humanitarian Pooled Fund**, contributing 60% of total funding in 2007/8. In 2007, 2.6 million people received food aid, over 3.7m children were vaccinated and 12,000 victims of sexual violence were given medical assistance.
- With the FCO, MOD and the Department for Business, Enterprise and Regulatory Reform, DFID built international support for the **Arms Trade Treaty** to stop arms transfers that hold back development – over 100 countries contributed views, a record response.
- DFID's £30 million support over three years to the **UN Peacebuilding Fund** helped address threats to peace in Burundi, Sierra Leone, Liberia, Guinea-Conakry, the Central African Republic and Cote d'Ivoire in 2007.

- 8.1** Humanitarian crises and conflict affect all areas of life, negating progress towards economic and social development. Women and girls are frequently targeted in armed conflict, and suffer disproportionately from rape, sexual violence, kidnap and abuse. According to the World Bank, fragile states are least likely to achieve the MDGs – extreme poverty and child mortality are three to four times more prevalent in fragile states than other developing countries. They are characterised by political instability and are often unable to ensure the basic security of citizens.
- 8.2** This Chapter covers DFID’s work on fragile states; conflict prevention and peace-building; post-conflict reconstruction; security, access to justice and arms control; humanitarian crises and reform of the international humanitarian system; and disaster risk reduction. In all these areas, the department works in close collaboration with other UK government departments, developing country governments and international partners.

Working effectively in fragile states

- 8.3** Fragile states are defined by DFID as countries where the government cannot or will not deliver its basic functions to the majority of its people. We will not meet the **Millennium Development Goals**, nor ensure regional and global security and the fulfilment of human rights without progress in fragile states. Following our commitment in the 2006 White Paper, fragile states are now part of DFID’s core business.
- 8.4** DFID has led international efforts to improve donor practices in fragile states. In April 2007, following a process led by DFID and the World Bank as co-chairs of the Organisation for Economic Cooperation and Development (OECD): Development Assistance Committee (DAC) **Fragile States Group**, donors endorsed the “**Principles for Good International Engagement in Fragile States and Situations**” (see www.oecd.org/dataoecd/61/45/38368714.pdf for the full text of the Principles). Securing agreement on this international framework was a key commitment in our 2005 Fragile States Policy. DFID has developed an Implementation Plan to take forward the DAC Principles and help put them into practice across our operations. The Principles have already had an important impact on the multilateral institutions (see below).
- 8.5** One of the **DAC Principles** is: “Focus on state-building as the central objective.” A stable, effective state that is capable of delivering and accountable to its citizens is fundamental to a sustainable exit from fragility. DFID is co-leading, with UNDP, an international process to better understand what “state-building” means for donors. A particular focus will be on how donors can support, rather than undermine, national state-building processes in fragile states.
- 8.6** DFID successfully secured key commitments from the **World Bank** on improving their effectiveness in fragile states, linked to the IDA 15 negotiations. The World Bank agreed to report at the IDA 15 mid-term review in 2009 on implementation of the DAC Fragile States Principles, co-operation with the UN and other actors, and adaptation of Country Assistance Strategies to fragile and conflict-affected environments. It also agreed to increase its financing for recovery and its staffing capacity in fragile and conflict-affected countries in 2008-2011.

- 8.7** DFID also secured key commitments from the African Development Bank on enhancing their engagement in fragile states, linked to the African Development Fund (ADF) 11 negotiations. A Fragile States Facility was agreed, with a budget of US \$665 million (£330 million). This will provide countries emerging from conflict and crisis with additional resources, for example to help rebuild infrastructure and re-establish critical services. It will also provide support for capacity building and knowledge management, across the full range of fragile countries. The facility will assist countries to clear their arrears and so open up the possibility of regular development programmes and debt relief.
- 8.8** In November, 2007, following our close work with other Member States, the **EU General Affairs and External Relations Council** adopted Conclusions on a EU Response to Situations of Fragility. These conclusions set out how the EU can achieve a more coherent, flexible and holistic approach to working in fragile states. This includes better analysis and dialogue, and more effective use of financing instruments. All Member States endorsed the DAC Principles and implementation is being taken forward, initially through country pilots.
- 8.9** To continue the international momentum, there will be a Round Table on “Aid effectiveness in situations of fragility and conflict” as part of the **Accra High Level Forum** on Aid Effectiveness in September 2008.
- 8.10** Following the **Capability Review** recommendations, DFID has placed a strong emphasis on improving our approach to risk in fragile states. Over 10 country programmes have now undertaken “scenario and contingency planning”. These processes have been a valuable way of promoting dialogue across Government Departments about the critical challenges affecting countries, and the scope of the UK’s response. We are seeking to build on these approaches in 2008.

Box 8.1: Scaling up, staying engaged and managing risk in Nepal

The Challenge

The challenge for DFID Nepal is to successfully scale up the programme in a fragile and changing context. Since 2006, the conflict ended and democracy was restored; but elections were twice postponed in 2007 and public security declined. In 2008 the process has been re-vitalised but remains fragile.

A sound approach to risk management will help ensure DFID Nepal is able to focus on core objectives of peace, state-building and poverty reduction. This includes:

- Robust **scenario planning**;
- Regular **context monitoring** using a range of indicators to track the peace process, government legitimacy, state delivery, human rights and other areas;
- Maintaining **the right mix of flexible instruments** from sector budget support to projects, enabling DFID to work with or around the state, depending on the scenario;
- Ensuring **appropriate staffing** with the majority of advisory staff having experience in fragile environments; and focusing on **staff safety**.

DFID Nepal’s work on scenario planning shows that with a flexible approach and a mix of instruments, overall resource allocation will remain similar in different scenarios, though the levels of finance that flow through the different instruments will change. For example:

Governance programme (“Enabling State Programme”) – during the King’s takeover, we were able to shift resources fairly quickly from working with government to focusing on civil society. Now the programme is moving back to a government focus following the restoration of democracy.

Rural roads – DFID Nepal intends to allocate resources through two avenues: a DFID-implemented Rural Access Programme, which has a track record of delivery during conflict; and a second programme working through Government by channelling funds to an Asian Development Bank programme.

- 8.11** DFID has encouraged lesson-learning between country teams in fragile states about how they have defined and designed innovative solutions. In October 2007, 20 country team representatives came together with experts, other donors and government departments to learn about different approaches. DFID is also supporting the establishment of international lesson-learning networks on health and education in fragile states – bringing together donors, NGOs and academic institutions to share mutual learning.

Box 8.2: Making aid work, even in the most difficult environments – Zimbabwe

DFID has invested £30 million over three years in a **“Protracted Relief Programme”**. The money is delivered through civil society and currently reaches approximately 1.5 million people. The programme aims to assist the poorest and most vulnerable households in Zimbabwe suffering from the effects of drought, economic decline, and the HIV & AIDS epidemic.

The resources are invested in infrastructure such as water and sanitation, and helping **vulnerable households** with improved and appropriate technologies for food production and income generation. The impact of these interventions has the potential to continue into the future for perhaps 20 to 30 years; long after the relief situation passes. The programme has provided seeds and fertiliser, small livestock and food vouchers to over one million people, and over 600,000 people have gained access to safe drinking water during the first phase of the programme.



Tom Barrett/DFID

Gladys Fombo a grandmother taking care of several orphans in Mashonaland North Province says it this way:

“With our two small plots we got a bigger harvest than those with big fields and oxen for ploughing. Conservation agriculture has kicked hunger out of our home.”

Conflict prevention, recovery and peace building

- 8.12** In 2007/08, DFID continued to make progress on the actions set out in our policy paper *Preventing Violent Conflict*, launched in March 2007. The joint DFID, FCO and MOD **Africa and Global Conflict Prevention Pools** (ACPP and GCPP) continued to lead the UK government's efforts in conflict prevention. In 2007/08, the Pools had a combined budget of £138 million which funded programmes in around 30 countries in Africa and 11 countries or regions over the rest of the world.

Box 8.3: Good news from the Global and Africa Conflict Prevention Pools

Bosnian television programme wins the Erasmus Euromedia Medal 2007

The Global Conflict Prevention Pool (GCPP) funded a TV series called "Otisci, 15 godina poslije" (Fingerprints, Fifteen years later), which highlights towns and villages where war crimes were committed but where people have returned and are trying to overcome the legacy of the past. The programme demonstrates the need for dialogue about the past to help restore positive relationships. It is being screened by all three public broadcasters in Bosnia, reaching a wide audience. The programme is helping to de-politicise the issue of war crimes, and thereby reduce current tensions and facilitate transitional justice – an important element in helping prevent the re-emergence of conflict.

Housing in East Jerusalem

Palestinians find it extremely difficult to get planning permission from the Israeli authorities to build in East Jerusalem. There is a serious housing shortage, Palestinian housing demolition and the phenomenon of illegal housing. A GCPP-funded project is addressing these problems. The Jerusalem-based NGO International Peace and Co-operation Center, through meetings with the Jerusalem city engineer, worked on a plan for the Sur Bahir area of East Jerusalem. As a result, the plan legalises more than 193 buildings while freezing demolition orders on up to 90 Palestinian-owned homes.

Mass communication for non-violent elections in Nigeria



DFID

Three Chiefs: Peaceful Elections in Nigeria

The Africa Conflict Prevention Pool funded a consortium of national and international organisations to run a campaign for the promotion of non-violent elections during the 2007 Presidential campaign in Nigeria. Through radio spots, art and public events the campaign managed to enrol the support of many influential people and decision-makers from various spheres of Nigerian public life and generated strong interest from the population. Although some violence took place during the April elections, there was considerably less violence than in the past two presidential elections.

Regional demobilisation in the Great Lakes



DFID

Congolese ex-combatants queue for reintroduction programme

Regional demobilisation is one of the elements which has contributed to the overall reduction of conflict in the Great Lakes region in the past few years. The ACPP has supported the World Bank led regional demobilisation and reintegration programme, which has demobilised around 300,000 combatants and reintegrated around 200,000 people. By facilitating the return to civilian life and the economic reintegration of these ex-combatants, the programme contributes to security in the region and enhances peace for the population.

- 8.13** Working closely with the FCO and the MOD, DFID has been supporting international institutions to improve their efforts to prevent and respond earlier to conflict and to build peace. Through the GCPP, we have supported the UN's Department of Political Affairs' new Mediation Support Unit (MSU), which has offered expert advice, technical and logistical support to conflict mediation efforts in Northern Uganda, Darfur, Western Sahara and Somalia.
- 8.14** We have continued to play an active role in the **UN Peacebuilding Commission** (PBC), the intergovernmental body set up in 2006 to prevent countries relapsing into conflict. During 2007, the PBC agreed peacebuilding strategies with the Governments of Burundi and Sierra Leone that focused on good governance, security and justice sector reform, community recovery and youth employment. The PBC has added Guinea-Bissau to its agenda. DFID is also providing £30 million over 3 years to the **UN Peacebuilding Fund** to address threats to peace (see Box 8.4 for examples of their work). We also support the **United Nations Development Fund for Women** (UNIFEM) to increase women's engagement in peacebuilding. For example, UNIFEM has supported a Gender Adviser to ensure women's views were represented during the Northern Uganda peace talks.

Box 8.4: The UN Peacebuilding Fund

In 2007, the Fund provided support to peacebuilding in Burundi, Sierra Leone, Liberia, Guinea Conakry, Central African Republic and Cote d'Ivoire. The Fund is helping:

- in Burundi, to establish the Independent National Commission of Human Rights; build new local courts; promote national dialogue around peacebuilding and fight corruption;
- in Sierra Leone, to build the capacity of the Human Rights Commission and support the justice system to prevent delays in trials and to clear the backlog of cases. It is also helping to increase employment opportunities for young people by supporting enterprise creation, micro-finance, skills development and training;
- in Liberia, to support reconciliation between ethnic groups in Nimba County by building local capacity for resolving property disputes and by increasing employment opportunities for disaffected youth;
- in Cote D'Ivoire, to support implementation of the Ouagadougou Peace Agreement by facilitating direct talks between the Government and the armed opposition; and
- in the Central African Republic, to support the organisation of an Inclusive Political Dialogue between the government, political parties, armed opposition groups and representatives of civil society.

8.15 The **European General Affairs and External Relations Council** also adopted Conclusions on security and development. These commit the EU to a greater focus on conflict prevention, through: joint analysis and planning, between the General Secretariat of the Council, the Commission and Member States; conflict-sensitive assessments for EU country and regional strategy papers; and cooperation with civil society, NGOs, local authorities and the private sector.

8.16 The UK remains committed to our **G8 promise to support the African Union in its development of the “African Peace and Security Architecture”** – a comprehensive toolbox to try to prevent, manage and resolve conflict in the continent. Successful developments in 2007 include:

- The launch of the Panel of the Wise: a body of five eminent men and women who are “above politics” and focused on influencing to promote peace; and
- Development of the African Standby Force: work continues to develop five regional peacekeeping brigades by 2010. In 2007, the UK was also involved in training Peace Keeping troops in Kenya, Ghana, Nigeria and South Africa, and in helping plan logistics and rapid deployment.

8.17 DFID also provides financial support to **NGOs working on conflict prevention and peacebuilding**, through the Conflict and Humanitarian Fund (CHF). In 2007 the CHF provided £1.2 million to NGOs (on top of £18.1million granted in 2005 and 2006). This included support for Conciliation Resources (CR), an NGO in Sierra Leone that trains people to become ‘peace monitors’. The group have developed a strong track record in community mediation during conflicts.

Post-conflict reconstruction/stabilisation unit

- 8.18** The Stabilisation Unit is a joint DFID-FCO-MOD unit. It was renamed from the Post Conflict Reconstruction Unit (PCRU) in December 2007 to better reflect the focus of the Unit and its expected contribution to the effective delivery of MOD's £269 million Stabilisation Aid Fund. It provides specialist, targeted assistance in countries emerging from violent conflict where the UK is helping to achieve a stable environment ("stabilisation") that will enable longer term development to take place.
- 8.19** The Unit's main effort has been working alongside UK Armed Forces in support of FCO and DFID in Afghanistan and Iraq. In Helmand Province, Afghanistan, Stabilisation Unit advisors have helped the provincial and district government to plan for the development of the province and extend the provision of services, such as schooling and clinics, beyond the centre of the province. In Musa Qala, a Stabilisation Advisor has been helping the Afghan government to rebuild property, restore education and create jobs.
- 8.20** The Unit has also been making a difference elsewhere. In Somalia, the Unit helped the UK government and the International Contact Group agree a common set of priorities for the international community, which is being used by the United Nations Special Representative of the Secretary General (SRSG). In Nepal, it has assisted in developing a national debate on public security issues, including discussions with people from a wide cross-section of Nepalese society, from the Prime Minister to disadvantaged communities.
- 8.21** The Unit is developing its ability to respond to increasing demand for its support. It has increased the number of experts on its database from less than 450 to more than 900 and has new arrangements with specialist providers which give it access to thousands more. A team from one of these specialist providers is supporting UN/African Union efforts to improve consultation with civil society in Darfur to promote peace.

Security, access to justice and arms control

- 8.22** The 2006 White Paper commits the UK to working with developing country governments and other partners to **improve security and access to justice for the poor**; to secure agreement in the UN General Assembly to start talks on an arms trade treaty; and to ensure, when assessing export licences, that UK arms exports do not undermine development.
- 8.23** Current DFID and Conflict Pool commitments for **security and access to justice programmes and projects total £190 million** in 20 countries, the largest of which are in Nigeria and Sierra Leone. These initiatives have been able to directly improve access to justice for the poorest and most vulnerable.

Box 8.5: Women's access to justice in Sierra Leone



Charliss Okafor/DFID

Women in Mbelebu Sannoh celebrate their victory at the Circuit Court

It is a difficult and costly journey. Instead, the women were able to bring their case to the Circuit Court when it travelled to a nearby town, where the magistrates ruled that the land still belonged to the women. The Circuit Court provided a fairer, speedier and more affordable resolution to the dispute, which helped the women in the village secure their right to land. The women have been able to maintain control over the land and are living on it today.

In Sierra Leone, DFID has committed £25 million to the Justice Sector Development Programme (2005-2010). The programme has supported the introduction of travelling magistrates called "Circuit Courts" to reach remote areas. This is improving women's access to justice. For example, in the remote village of Mbelebu Sannoh, women had taken action in the Local Court, claiming that land had been unlawfully taken by a male relative. They lost their case but were unable to travel to the district capital, Moyamba, to appeal, because

- 8.24** The UK government is also committed to tackling the legacy of mass atrocities and human rights abuses in the aftermath of civil wars and authoritarian regimes. DFID is providing £2 million from 2006 to 2009 to the **International Center for Transitional Justice**, which provides advice in over 30 countries to help uncover the truth, assist victims to obtain compensation and to ensure perpetrators are prosecuted.
- 8.25** DFID has played a significant role in improving the international community's assistance for **Security Sector Reform** (SSR). We led the development of new guidelines by the OECD DAC on SSR, which were launched in April 2007. DFID has used the guidelines as the basis for significant new interventions in the DRC and Sudan and to improve the impact of SSR programmes under the Conflict Prevention Pools.
- 8.26** DFID is part of the cross-Whitehall team that scrutinises applications for licences to export arms from the UK, and ensures that these exports do not seriously undermine sustainable development. While the UK has strict controls, not all countries follow the same high standards. So DFID has worked closely with the FCO, MOD and the Department for Business, Enterprise and Regulatory Reform (BERR) to build international support for a **global Arms Trade Treaty** that would stop arms transfers that hold back development. Thanks in part to our support, over 100 countries contributed written views on a treaty – a record response. We are now working with representatives from 27 countries to examine what a treaty might look like, with the aim of starting formal negotiations in 2010.
- 8.27** DFID spends £10 million a year through NGOs and the UN to support efforts to **de-mine and clear unexploded ordnance** in the worst affected developing countries including Afghanistan, Cambodia and Angola. It has also been working alongside the FCO and MOD in

international negotiations for a ban on the production, use, transfer and stockpiling of those cluster munitions that cause unacceptable harm to civilians.

Box 8.6: Clearing cluster munitions in Lebanon



Courtesy of MAG

After the conflict in Lebanon, in July and August 2006, an estimated 400,000 unexploded cluster munitions remained spread across some 37 million square metres of southern Lebanon. The DFID-funded NGO Mines Advisory Group (MAG) has been present in Lebanon since 2000 and it responded quickly to the emergency.

Throughout 2007, 22 MAG teams used a combination of visual, mechanical and manual techniques to identify and clear unexploded munitions affecting

21 communities. In this time, MAG cleared over 4,500 dangerous items and made 4.5 million square metres of land safe for people to return to their homes and livelihoods. MAG and other de-mining organisations in the country aim to clear the rest of the land by the end of 2008.

Mrs. Sukna Olleik, a community member from the village of Yohmor in South Lebanon, said of the project:

"When I came back after the war, I was very afraid. I had lost my house and everything I had owned. There were unexploded bombs everywhere you looked. Now the land is clear so we grow thyme and okra, which helps us a lot. The ruins of our house have been cleared too and we can start rebuilding. MAG are real humanitarians. They are ready to die to help others. Without them we would be paralysed."

Reform of the international humanitarian system

8.28 The **Central Emergency Response Fund (CERF)**, which enables the UN and its partners to respond quickly to urgent or under-funded crises, continues to make good progress. **The UK is the largest contributor to the CERF: £92.6 million (around \$175 million) to date.** In 2007, CERF provided nearly \$226 million (£112m) to meet humanitarian needs in 49 countries affected by sudden crises, such as flooding or earthquakes, and a further \$124 million (£62m) to under-funded emergencies in 23 countries, including DRC and Sudan. In Sudan, CERF funding helped ensure the protection of 800,000 internally displaced persons and 50,000 Chadian refugees, and strengthened local health systems to detect and contain Rift Valley Fever in humans and livestock.

8.29 Alongside these efforts, a number of donors continued to support country-level pooled funds, which make funding available to allocate to organisations best placed to address priority humanitarian needs – for example in Sudan and DRC. In 2007, the UK provided £70 million to these two funds, making us the largest contributor.

Box 8.7: Common humanitarian funds: what are they supporting?

Buhimba internally displaced persons (IDP) camp, Goma, DRC

are available to respond to priorities. In 2007, a total of over £50 million (£30 million from DFID) was disbursed to projects, including in health, water, sanitation and nutrition. The Fund received a positive evaluation from external consultants in 2007, though work continues to improve systems for monitoring activities and evaluating humanitarian impact.

The Pooled Fund in DRC was created to coordinate management of humanitarian financing in the country. The problem was obvious: lots of need, lots of agencies working on the ground, but only limited resources. How to ensure that the most important needs were covered? The Fund is headed by the UN Humanitarian Coordinator who uses the Cluster approach to ensure that a transparent process is used to determine critical gaps and priorities. It enables donors to pool their resources, thereby reducing administration costs and ensuring funds

- 8.30** In 2007, a unit was established in the UN Office for the Co-ordination of Humanitarian Affairs (OCHA) to improve the recruitment, training and support for **humanitarian co-ordinators** who manage the international response to humanitarian crises in country. Currently, there are 25 humanitarian coordinators in post. We are providing £0.5 million over three years which will set up a system to improve accountability and dialogue between the humanitarian coordinators in country and the Emergency Relief Coordinator (ERC) based in Geneva, and through the ERC to the Inter-Agency Standing Committee. This has already been agreed in Afghanistan and Zimbabwe and will be rolled out to all humanitarian coordinators during 2008.
- 8.31** The ‘**Cluster Approach**’, which designates a particular organisation to lead humanitarian response in each of 11 sectors (including water, shelter and now education and agriculture), had been implemented in 17 humanitarian emergency situations by the end of 2007. **DFID contributed £2 million to the 2007 Global Cluster Appeal** to support activities including the training of camp managers for rapid deployment by the Office of the United Nations High Commissioner for Refugees (UNHCR). An independent evaluation reported progress on the value of the cluster approach since 2005, including better strategic planning and preparedness, capacity to respond, leadership and coordination. The Emergency Relief Co-ordinator has recommended that the approach be introduced in all existing and new emergencies by the end of 2008.
- 8.32** In 2007, the UK was also Chair of the **donor support group for OCHA**. DFID jointly hosted (with OCHA) a field mission to DRC, with senior-level participation from 21 donor countries. The mission increased awareness and support for humanitarian reforms and OCHA’s key role, and resulted in recommendations for improving humanitarian response.

- 8.33** DFID continues to provide significant **core funding to humanitarian agencies** including the International Federation/Committee of the Red Cross (IFRC/ICRC), UNHCR, OCHA, the World Food Programme (WFP), the World Health Organization (WHO) and the United Nations Children’s Fund (UNICEF). For example, our support to ICRC helped them facilitate the safe passage of 100,000 people affected by hostilities in Sri Lanka. In 2007/08, these **partnerships totalled £58 million** in addition to the funds we allocate to specific emergencies and £5 million provided through the Conflict and Humanitarian Fund (CHF).
- 8.34** DFID continues to be strongly engaged in the Good Humanitarian Donorship (GHD) process – an initiative under which donors commit to Principles of good practice in humanitarian aid. In 2007, the UK co-chaired a meeting of GHD donors with the Inter-Agency Standing Committee at which an international debate was initiated on the **future of humanitarian financing**. In Sudan and Chad, the UK leads GHD groups to improve coordination between donors, the UN and NGOs.
- 8.35** DFID also participated in the negotiation of the **EU Consensus on Humanitarian Aid** endorsed in November 2007, which: resulted in a clear European vision and approach to humanitarian aid; reinforced donor commitment to principles of good practice; increased the number of GHD signatories from 24 to 27; and supported the primacy of the UN in coordinating international humanitarian response, which is central to the reform of the international humanitarian system.

Humanitarian crises response

- 8.36** In 2007/08, there were thankfully no natural disasters on the scale of the 2004 tsunami or the 2005 earthquake in Pakistan. There were however enduring, chronic humanitarian needs arising from conflict in Africa and the Middle East. DFID spent approximately **£200 million on humanitarian response in Africa**; this constituted 15-20% of DFID’s total spend in Africa. The major recipients were Sudan, the DRC, Zimbabwe and Uganda. In the Middle East, DFID spent **£15 million on humanitarian needs in Iraq and £11 million in the West Bank and Gaza**.
- 8.37** DFID also provided funds for humanitarian relief across a range of natural disasters, from an earthquake in Peru to cyclones and floods in Mexico, Pakistan, India, Bangladesh (see Box 8.8) and North Korea, and winter shelter for extreme conditions in Kyrgyzstan.

Disaster risk reduction

- 8.38** In 2007/08, DFID continued to make progress in implementing its **Disaster Risk Reduction (DRR) Policy** which was launched in March 2006. In Bangladesh, DFID supported the Chars Livelihoods Programme (CLP) which reduced vulnerability to flooding (see Box 8.8). In the Caribbean, DFID contributed US\$7.5 million (£3.7m) to a World Bank managed insurance fund to provide sixteen Caribbean Governments with fast payouts immediately after natural disasters.

Box 8.8: DFID's response to crises in Bangladesh in 2007

DFID Response to Cyclone Sidr

In November 2007, Cyclone Sidr devastated swathes of Bangladesh. It killed more than 3,300 people, affected nearly 9 million others and caused extensive damage to property and crops. There was an urgent need for water, food, shelter, transport and support to maintain livelihoods. DFID provided £7.7 million for an international, national (Government of Bangladesh) and local response focused on filling gaps in relief provision,



particularly: safe water, sanitation, non-food items including 104,800 blankets and 24,000 jerry cans, transport (particularly boats), communications and assistance with livelihood restoration.

Reducing Vulnerability to flooding in Bangladesh



As well as emergency response in the event of a disaster, reducing risk and vulnerability to disaster is also vital. In Bangladesh, remote and hard to reach river islands (called chars) are home to several million of the poorest people. Chars are highly vulnerable to flooding and erosion on a regular basis. On average char families have to shift their homes five times in a generation. DFID has been helping Bangladesh respond to this challenge through funding for the Chars Livelihood Programme (CLP) which works with poor families in the Northern Jamuna chars in partnership with the Government of Bangladesh. Over the last two years, the CLP has raised the homes of 32,700 families on stabilised earth plinths, in order to reduce the risk of flooding.

The severe floods that affected northern Bangladesh in August 2007 gave the programme its greatest test to date. It was a success: during the 2007 floods (when water levels rose higher than in 1998) only 2% of plinths were washed away. A member of the community, Firoza Begum, said after the 2007 floods that *"In previous floods, there were so many problems with clean water and sanitation. In 2004, there was serious diarrhoea. And we would stand chest deep in water and had to sell chickens to survive. Not this time though. There is no damage to our village this time"*.

Photo: Courtesy of the Chars Livelihoods Project.

- 8.39** There was increasing international recognition during the year of the need to help poor countries and communities adapt to the impact of climate change as evidence shows that extreme disasters are intensifying due to global warming.
- 8.40** DFID supports international efforts to improve preparedness, mitigation and prevention of climate-related and other disasters at the community, national and international levels. We are providing £10 million over three years to the UN, World Bank and ProVention Consortium (a coalition of international organisations on DRR) as well as £16 million over five years to five NGOs and the

IFRC for work on DRR. DFID is also committed to providing up to 10% of our humanitarian response to natural disasters for DRR.

Box 8.9: Disaster risk reduction in Niger



Giacomo Piozzzi/Fanos

Niger: Good harvest

a consortium of five NGOs is supporting communities to do this by attempting to break the cycle of chronic vulnerability.

The programme, worth £2.9 million over three years, will help reduce the unacceptable levels of hunger and vulnerability that persist in Niger. It will bridge the gap between the acute phase (where food aid may be appropriate) and the phase when traditional development programming is possible. In Niger, activities aim to reduce the impact of hazards through mitigation and preparedness, including: an early warning system; support to community-level activities that protect vital assets in the face of climatic and other shocks; and livelihoods support to help move people away from dependence on subsistence farming.

The famine in Niger in 2005 killed hundreds of people. DFID and other agencies supplied thousands of tonnes of food and other supplies to relieve the situation. But is it possible to avoid humanitarian disasters like this in the future?

In parts of Niger, food crises build up slowly and usually occur about every three years. It is therefore vital for communities to be able to prevent or reduce the impact of emergencies and to prepare for them in the future. With DFID support, a

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Yemen - Giacomo Prozzi/Panos



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The environment, climate change and natural resources

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"All our best efforts in peace, development and human rights will be undermined if we do not effectively address the threats posed by climate change."

UN Secretary-General,

Summit of the African Union Addis Ababa, Ethiopia, 31 January 2008

Highlights

- The governance of the Adaptation Fund was agreed at Bali.
- The **Bali Action Plan (BAP)** was agreed setting out the key elements of a new framework to replace the Kyoto Protocol in 2012, and a process for agreeing them, by 2009.
- DFID helped to launch **mini Stern economic studies of climate impacts**¹ in Brazil, Mexico, South East Asia and Central America.
- The UK agreed a contribution of **£15 million for the Forest Carbon Partnership Facility** to support developing countries in piloting incentive payments for avoided deforestation.
- DFID is providing **£6 million to the United Nations Environment Programme** (UNEP) to help to improve environmental conditions for poor people by supporting work on Millennium Development Goal seven.
- The UK agreed an allocation of **£50 million for China from the Environment Transformation Fund International Window (ETF-IW)** to be disbursed through the new Strategic Climate Fund administered by the World Bank.

1 The Stern Review on the Economics of Climate Change was commissioned by UK government in 2005. One of the central messages of the review is that climate change is happening and that help is essential for people to adapt to it.

- 9.1** It is over 20 years since Gro Harlem Brundtland’s Commission published its findings in ‘**Our Common Future**’. Its message was prophetic: “it is difficult to imagine an issue with more global impacts on human society and the natural environment than climate change”; and positive: “we believe that people can build a future that is more prosperous, more just and more secure”. It questioned how much certainty governments should require before starting to take action. “The next few decades are crucial” it challenged.
- 9.2** These words continue to resonate today. The environment is increasingly recognised as central to many of the challenges that our world faces, while global climatic change has emerged as defining issues for the 21st Century. But we now know what is needed to meet many of the challenges: a global emissions limit that will prevent dangerous warming, a global carbon market to support it, and assistance to help developing countries to adopt environmentally sustainable growth paths and adapt to the climate change we know will happen.
- 9.3** Efforts at a global level need to be supported by measures to strengthen environmental institutions and management capacity at a local level. Vulnerable developing countries need help in building institutions that can not only take on climate change, but also address related and long standing environmental issues associated with forests, land, water resources, biodiversity, water supply and sanitation.
- 9.4** DFID is playing its part, providing leadership at an international level on climate change, progressing vital institutional arrangements for delivery of the **Environment Transformation Fund**, and pushing forward on important initiatives covering illegal logging, water, mining and minerals, biodiversity, desertification, and financing for the environment.

Climate change

- 9.5** Last year witnessed key moments in the cause of tackling dangerous Climate Change. The Intergovernmental Panel on Climate Change showed us that the science of climate change is beyond reasonable doubt. The G8 group of countries all agreed that a global deal to prevent dangerous climate change was necessary. The UN Human Development Report described climate change as the defining human development issue of our generation. If we fail to tackle climate change, we won’t just see the rate of progress in tackling hunger, illiteracy and sickness slow down – global poverty will increase and development will go into reverse.

Global agreements

- 9.6** We are working with other government departments (see Box 9.2) to help secure the best possible framework to replace the **Kyoto Protocol**. In December 2007, the Parties to the UNFCCC (**United Nations Framework Convention on Climate Change**) agreed the **Bali Action Plan**. This sets out the key elements of a new framework and a roadmap for agreeing them by 2009. We want to ensure this agreement minimises the impacts of climate change on developing countries by setting a

goal of stabilising greenhouse gases in the atmosphere at a level which avoids dangerous climate change.

- 9.7** We are supporting developing countries to influence and engage with the global agreement process and outcome. We have provided research and analytical capacity building through initiating “mini-Sterns” (see Box 9.1) and worked with think tanks (such as the **Centre for Clean Air Policy**). We have supported workshops and training sessions for developing country negotiators and journalists, including the **Bangladesh Climate Change Cell** which contributed to Bangladesh’s participation at the UNFCCC December 2007 meeting.

Box 9.1: Mini-Sterns – economic analysis of climate change

DFID with other UK government Departments has helped developing countries to launch their own economic analysis of climate change; in Brazil, Mexico, South East Asia (covering Indonesia, Singapore, Malaysia, Thailand, Philippines and Vietnam) and Central America. Results expected in 2008 and 2009. The studies will explore how the impacts of climate change are likely to affect each economy and help to understand what is at stake. They will look at solutions both in terms of adaptation that can reduce vulnerability and mitigation actions that can allow countries to contribute to the global effort to reduce the risks we face as a world. DFID is working towards launching similar analysis in other countries and regions.

- 9.8** We are working to ensure the mechanisms of a new global agreement deliver thorough **reform of the Clean Development Mechanism** (CDM). DFID commissioned a report analysing activities intended to expand access to the Clean Development Mechanism in sub-Saharan Africa. The report was presented at the UNFCCC 3rd Designated National Authorities Forum in Addis Ababa in October 2007 and was very well received. The multilateral agencies that implement the CDM have since announced a new “joint proposal” to increase efficiency and address the outstanding capacity building needs.

Box 9.2: UK government coordination and climate change

The Department for Environment, Food and Rural Affairs (Defra) leads a co-ordinated effort on international climate change that includes Her Majesty’s Treasury, the Foreign and Commonwealth Office (FCO), the Department for Business, Enterprise & Regulatory Reform (DBERR) and the Department for International Development (DFID).

Ministerial oversight is provided by the Economic Development Sub-Committee on Environment and Energy, and by a new Ministerial Working Group on International Climate Change.

The UK’s overarching climate strategy is being taken forward by a new cross-UK government International Campaigns and Strategy Unit (ICSU), supported by fifteen cross-Whitehall working groups.

The Office of Climate Change (OCC) supports Ministers to decide on future UK strategy and policy on domestic and international climate change.

- 9.9** China is one of the most important countries in the world in regard to climate change, in terms of its **greenhouse gas emissions levels**, its stance in international negotiations, and the ramifications of how this vast country might be impacted by climate change. Box 9.3 summarises how the UK and DFID are working together with China on climate change.

Box 9.3: Working with China on climate change

China will overtake the US as the world's largest emitter of **Greenhouse Gases** (GHGs) in 2008, according to the latest estimates from the **International Energy Agency** (IEA). However, there are still some 490 million people living on less than \$2 per day in China, and on a per capita basis China is ranked 101st out of nearly 200 countries in terms of GHG emissions. At 3.9 tonnes of CO₂ equivalent emissions per head, this is one-third the UK figure.

What is China doing to respond?

Whilst China's over-riding domestic priority is economic growth, there is growing recognition that China can, and must, contribute to the global effort on GHG reductions as well as adapt to climate change. China now has a goal to increase energy efficiency by 20% over 5 years to 2010 and an energy conservation plan to meet this goal.

How are the UK and DFID working with China on climate change?

The UK government works closely with China in all aspects of climate change. DFID is a major part of this effort, undertaking a number of initiatives including:

- co-funding, with Defra, a major study from 2005-2008 on "The impacts of climate change on Chinese agriculture", both nationally and in Ningxia (see case study below)
- risk assessment methodology to screen infrastructure projects to assess how their long-term viability might be impacted by climate change;
- supporting policy analysis for low carbon development, what it means, and how it can be achieved;
- co-managing, with Defra, concessional loans for low carbon development, through the Environment Transformation Fund.

Case Study: Vulnerability and adaptation to climate change in Ningxia, NW China

DFID and Defra are supporting Chinese and UK researchers to assess climate change impacts and adaptation strategies in the agricultural sector in Ningxia, North West China, where conditions are extremely dry. Livelihood surveys have highlighted:

- significant effects of recent drought (2004-06) on crop yields and access to drinking water;
- an impressive array of local strategies to conserve water, and particularly soil moisture; and
- migration from marginal areas – in one area survey most residents described themselves as migrants their families having lived, several decades before, in a village named "crying for water".

The project will be completed in June 2008 and will propose ways of integrating climate change adaptation into regional planning.

Low carbon development

- 9.10** We are working with the World Bank and regional development banks to develop a **Clean Energy Investment Framework** (CEIF) to accelerate public and private sector investment in low carbon technologies, climate change adaptation and energy access in developing countries.
- 9.11** DFID has committed £15 million to support the design and implementation of the CEIF across all of the **Multilateral Development Banks** (MDBs). Support began in 2006 and will continue over the next three years. Examples of DFID support include:
- Asia Low-Carbon Transport study and regional workshop (with the Asian Development Bank);
 - European Bank for Reconstruction and Development's climate assessment and other sustainable efficiency work; and
 - World Bank China and India Low Carbon Growth Assessments.
- 9.12** To enable effective implementation of the CEIF, DFID has asked the multilateral development banks to step up efforts to:
- collaborate more effectively with each other;
 - set a realistic level of ambition for investment through the CEIF which aims to get the greatest amount of funding from the private sector and increase the effectiveness of the framework; and
 - set credible and smart targets across key areas such as renewable energy and adaptation based on this level of ambition.
- 9.13** In the 2007 Budget, Gordon Brown announced an **£800 million international window of the Environmental Transformation Fund** (ETF-IW) to reduce poverty through environmental protection, especially climate change. In the 2007 Budget £50 million was allocated to protect the rainforests of the Congo Basin and a further £50 million allocation for China was announced by the Prime Minister during his visit in January. The Fund is jointly managed by DFID and Defra and must meet two conditions; it must be scored as **Official Development Assistance** (ODA) and capital investment.

Box 9.4: The Environment Transformation Fund

The ETF-IW represents a scaling up of UK government expenditure on tackling climate change in developing countries, but we want to make it part of an even bigger multilateral effort. We are working with the World Bank and other donors to design a suite of new multi-donor trust funds, which we will help to capitalise from the ETF-IW. The new funds will support poverty reduction in developing countries through adaptation and mitigation, including by providing clean energy and by helping to tackle deforestation.

Discussions to date on the design of the funds have focused on the US, Japan, Norway, Sweden, Denmark, Netherlands, Spain, France, Germany, Canada, Australia, China, India, Brazil, Mexico, Indonesia, the Regional Development Banks as implementing agencies and UK civil society. We plan to continue and expand these conversations over the next couple of months, with the aim of having the funds running from mid 2008 in time for a launch at the G8.

Adaptation

- 9.14** DFID's support to **climate change adaptation** includes work on building knowledge, information and tools to improve understanding of climate risk; building the capacity of developing countries to integrate climate change into their plans; and providing the finance to support countries to become more climate resilient.

Box 9.5: Growth and climate resilience in Nepal

Climate change will present significant risks to the economy and poverty reduction in Nepal, but there are benefits also. A recent growth review looked at what areas would most benefit from donor support to accelerate growth and make growth inclusive. These areas were then examined in light of factors most likely to enable resilience to climatic shocks. Support for resilience at a household level will be critical, such as one family having a number of sources of income with at least one 'off farm' and split geographically. In a country where more than a third of the population walk a minimum of four hours to a road, investments in infrastructure will facilitate migration and the flow of goods, while support for ICT would improve communication. Improving government capacity in economic reform and growth diagnostics would enable diversification into new opportunities – such as attracting carbon financing to exporting hydropower and improve forestry – as well as limit the impact of climate change in key sectors such as tourism and agriculture.

- 9.15** We are significantly increasing our support for research on climate change adaptation, with a research partnership with the **International Development Research Centre on Climate Change Adaptation** in Africa. This builds on existing support for core research into the development of drought resistant crops to help poor farmers cope better with risk and vulnerability. We have also committed £50 million for research and capacity building in Asia and Latin America. We have committed to support improved climate information in Africa, with £5 million to the '**Climate for Development**' in Africa programme.

- 9.16** We have conducted climate risk assessments in four countries (India, Bangladesh, Kenya and China) and we are working in countries to build capacity to integrate climate change into development planning and to effectively engage internationally on climate change issues. We are also helping countries to manage disaster risk. Box 9.7 shows how some of the actions taken under the DFID funded **Chars Livelihoods Programme** are helping poor communities to adapt to climate change and manage disasters.
- 9.17** We are helping to identify specific options for responding to climate change in African with a £24 million programme through the International Development Research Centre. Box 9.6 provides examples of how this is already helping communities on the ground.

Box 9.6: Climate change adaptation in Africa

- Improving the prediction of malaria epidemics in East Africa by analysing weather information, so that epidemics can be predicted 2-4 months before they occur. The project will train district health care providers across the three countries to use the prediction model.
- Helping to ensure that farmers in Benin can access and share information that will enable them to know when and what to plant.
- Working through radio drama in Nigeria to help educate farmers on how to best safeguard their crops.
- Using global climate modelling techniques to improve water resource management in South Africa, bringing together researchers, local farmers and businesses. The models will demonstrate costs, benefits and risks associated with changes in the climate, and different approaches to land and water use.

- 9.18** We are supporting the UN adaptation funds, with £20 million committed to the **Special Climate Change Fund and Least Developed Countries Fund**, to help developing countries develop and integrate adaptation strategies into national development plans. We are also providing £13 million to help multilateral development banks to move the **Energy Investment Framework** forward, of which adaptation is a key part. We are supporting research on the costs of adaptation in developing countries with the Netherlands and World Bank to improve understanding of the future financing needs for adaptation. We have also committed to develop procedures to manage climate change risks for all our development projects by mid 2008, as part of a wider effort to help developing countries address climate change in their national planning.

Box 9.7: Adaptation through the Chars Livelihoods Programme – Bangladesh

Bangladesh is one of the most densely populated and low-lying countries in the world. Twenty percent (20%) of its total population is extremely poor, spending between 15-30 taka (10-20p) a day on food. DFID is providing £50 million over eight years to help 50,000 extremely poor Chars households with a complementary 'whole community' approach covering a total of one million people. The programme assists by raising homesteads above the 1998 flood level, transferring income generating assets (such as cattle, goats, poultry, chickens and other agricultural inputs), cash stipends and providing opportunities for daily labour through infrastructure works.

Up until January 2008, approximately 21,000 households have received asset transfers to the value of about £100 each; about 43,500 households have had their homesteads raised, over 40,000 households have received training in animal rearing and crop diversification, and 1,100 new clean water tube wells as well as over 31,000 new latrines have been built. In addition, cash for work provided 1,241,000 days of employment in 2005 and 2006, with in excess of 2,500,000 days in late 2007. All occurred during the annual Monga (seasonal hunger) crisis periods.

Environment and natural resources

- 9.19** The environment and natural resources underpin development – especially in poor countries whose economies are heavily reliant on natural resource based sectors such as **agriculture, forestry, fisheries, and minerals**.
- 9.20** The environment and natural resource base is now changing faster than ever before, particularly through the effects of climate change. Recent global assessments, the **Millennium Ecosystem Assessment** (2005) and the **UNEP Global Environment Outlook 4** (2007), all demonstrate how the environment has deteriorated. Climate change is having an increasing effect, for example on water resources and land degradation. This has consequences for ecosystems, food and water supplies and human settlements.
- 9.21** DFID helps partners to better manage the environment and natural resource base, such as forests, water, and biodiversity, to increase their contribution to poverty reduction and development.

Environmental institutions

- 9.22** Without effective institutions, policies and human capacity for **sustainable management of environmental resources** (water, air, land, forests and biodiversity), it is impossible to help poor people to deal with environmental change whether due to freak events, seasonal variations or part of longer term global trends. The environmental management capacity and apparatus that currently exists at country level, which DFID has been helping to strengthen, now need to be directed towards making economies and society more resilient to climate change. This significantly increases the challenge for these traditionally weak institutions and implies a much more decisive shift in culture towards greater policy integration across government and between governments. For example, in the

Caribbean DFID is helping to establish cross-sectoral working groups to better manage environmental resources and environmental change (see Box 9.8).

Box 9.8: Caribbean UK Overseas Territories: linking environmental resources to climate change adaptation

The UK Overseas Territories in the Caribbean (Cayman Islands, Turks and Caicos Islands, Montserrat, British Virgin Islands and Anguilla) are vulnerable to the impacts of climate change on environmental goods and services, including agriculture, fisheries and biodiversity, with significant knock-on effects on their economies. To help them develop national climate change adaptation strategies and integrate these into wider planning processes, DFID is funding a link programme between the five territories and the Caribbean Community Climate Change Centre, based in Belize. The main focus areas include: climate change impact studies and vulnerability assessments, developing national and sectoral adaptation strategies, and support for public education, outreach and national project management. At a workshop hosted in November 2007 by the Cayman Islands, each of the five Caribbean Overseas Territories agreed to have a national strategy in place by the end of 2008.

Forestry

- 9.23** The UK successfully worked for the proposal at the **Bali Conference on Climate Change**, to recognise compensation for **Reduced Emissions from Deforestation and Degradation (REDD)** in developing countries, and DFID helped to reverse the incentives that have led to widespread illegal logging. Now, payments to countries (and individual projects) generated by carbon markets to keep forests intact hold the potential to reverse past trends in forest destruction. Forests play a key role in the fight against climate change and reducing poverty, which is why the UK is also supporting the **Congo Basin Fund** and the **Forest Carbon Partnership Facility** (see Box 9.9).
- 9.24** Action on **Voluntary Partnership Agreements (VPAs)** under the **EU Forest Law Enforcement (FLEGT)** process has progressed across three continents during 2007, with £24 million in support from DFID. The VPAs will help to stamp out illegal logging between the EU and major timber producing countries. Negotiations with Ghana, Indonesia, Malaysia and Cameroon are underway while Central African Republic, Congo Brazzaville, Gabon and Liberia have indicated their intention to start negotiations during 2008. The Democratic Republic of the Congo and Ecuador have also expressed interest in the process.
- 9.25** DFID has approved a grant of £500,000 to the **World Resources Institute (WRI)** to improve forest sector transparency in Cameroon, Gabon, Congo, Democratic Republic of the Congo and Central African Republic. The money will be used to improve the collection and dissemination of accurate and up-to-date forest sector information and to make it available to decision-makers and other stakeholders. DFID also helped to prepare amendments to Liberia's forest reform law through a grant to a leading Liberian NGO, with a focus on clarifying community land tenure arrangements, and has recently signed a new agreement on forest governance with Indonesia.

Box 9.9: Congo Basin Forest Fund (CBF)

The Congo Basin Forest is the second largest tropical forest in the world, providing habitat for a vast array of wildlife, helping to regulate our climate and providing food, shelter, and livelihoods for over 50 million people. However, it is being reduced in size due to unsustainable extraction of timber and population growth – some 1.5 million hectares of forest are lost each year and deforestation is expected to accelerate if action is not taken. **The UK has committed £50 million to the Congo Basin Forest Fund (CBF)**, created to develop the infrastructure and abilities of governments, local communities, and civil society to manage their forests and help find livelihoods that are consistent with the conservation of forests. The new fund will strengthen the work of donors already active in the region, and open a channel for new donors to add their support.

Forest Carbon Partnership Facility

The Forest Carbon Partnership Facility was launched at Bali. DFID has agreed with Defra to pledge **£15 million to the FCPF**. The World Bank has developed and will administer the FCPF to provide support for pilot schemes in large forested developing countries. It will assist developing countries to work out how they can participate in and benefit from incentives for avoided deforestation. It will support technical and institutional capacity building through a 'Readiness Fund' and pilot different approaches for providing financial incentives to reduce deforestation below an agreed level through a 'Carbon Fund'.

- 9.26** DFID has helped to establish the **Rights and Resource Initiative (RRI)** – a coalition of leading NGOs and research organisations operating in the sector – and committed £5 million to harmonise and strengthen international efforts for the creation of a favourable business climate for sustainable and pro-poor forestry, in particular, for the advancement of pro-poor forest policy, tenure and market reforms. Three hundred delegates from around the world attended the **Rio Branco conference in Brazil** (July 2007) in which RRI presented its research findings – once their rights are recognised, forest communities are more effective at protecting the forests on which their livelihoods depend than national parks or any other manager, public or private.

Box 9.10: UK and Indonesia agree new arrangement for forest governance

A new agreement between Indonesia and the UK on implementation of the **Forest Governance and Multi-stakeholder Forestry Programme** was signed in October. This will allow the continuation of the recently-concluded **Multi-stakeholder Forestry Programme**. It includes support for preparation and implementation of Indonesia's Voluntary Partnership Agreement, as well as for activities related to **Reduced Emissions from Deforestation and Degradation (REDD)** in developing countries. Under the programme, an Indonesian civil society organisation will be appointed to administer grants aimed at building capacity for implementation of the VPA. This will include investment in systems to assure timber legality, strengthening civil society watchdogs and policy analysis to support legal and judicial reforms. Support will be provided to community foundations for funding local programmes aimed at improved forest governance and sustainable use of forest resources to tackle poverty.

Biodiversity

9.27 The UN endorsed a **new biodiversity target** for MDG7 (ensure environmental sustainability) in 2007.² This helps strengthen recognition of the critical role that biodiversity and ecosystem integrity plays in achieving other MDGs and in reducing vulnerability to climate change. A set of common objectives for cross government biodiversity cooperation have been agreed. This focuses on:

- links between biodiversity and climate change;
- strengthened natural resource governance for development;
- tackling biodiversity as part of our efforts in other sectors; and
- strengthening the evidence base for biodiversity and development connections.

9.28 We reviewed government wide economic and development policies and obligations and assessed how these might contribute to international biodiversity loss. This concluded that UK work on trade, investment and transport are likely to have impacts on international biodiversity loss and more is required to understand how we could manage the trade offs more effectively.

9.29 DFID participated in a UNEP initiative to ensure that the findings of the **Millennium Ecosystem Assessment** (2006) are effectively taken up by policy and decision makers. This engagement will help governments in developing countries to better integrate biodiversity and ecosystem services into the policy, planning and decision making.

Desertification

9.30 Many of the world's poorest people are those most directly affected by desertification and this is likely to get worse with the onset of climate change. During 2007, DFID played an instrumental role in pushing for reform of the **UN Convention to Combat Desertification** (UNCCD). The strategic plan and other reform measures agreed by the UNCCD **Conference of the Parties** in Madrid in September, aim to give the Convention a better chance of delivering an impact on the ground. For example, the reforms will help to build a stronger understanding of the links between desertification and key economic and sector development policies. These changes come at an opportune time when effective implementation of the convention is becoming ever more urgent.

Minerals and mining

9.31 The **G8 Summit at Heiligendamm** in June highlighted the importance of mineral resources to sustainable growth. DFID supported programmes including the Communities and Small scale mining initiative, Inter governmental Forum on Mining, Minerals and Metals and Sustainable Development and the Diamond Development Initiative, were commended in the final communiqué.

2 'Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss.'

9.32 The **Kimberley Process Certification Scheme** (KPCS) has set up a process to tackle the development needs of alluvial diamond diggers. A greater focus on small scale diggers, many of which are from poor communities, is needed if its recent success in tackling the illegal diamond trade in a way that helps the poor. DFID has been supporting the KPCS working group on alluvial diamond diggers, chaired by Angola.

Strategic environmental assessment

9.33 Following 2006 publication of the Organisation for Economic Cooperation and Development (OECD): Development Assistance Committee (DAC)'s **“Guidance on Applying Strategic Environmental Assessment (SEA) – Good Practice for Development Cooperation”**, the DFID-led Task Team has continued to promote, train and compile case studies of SEA application in practice. For example, the World Bank/DFID lead SEA of the Kenya Forest Act (completed 2007) identified priority areas for reform of the forest sector (accountability, transparency and benefit sharing) and has helped to reshape the World Bank's engagement on natural resources management.

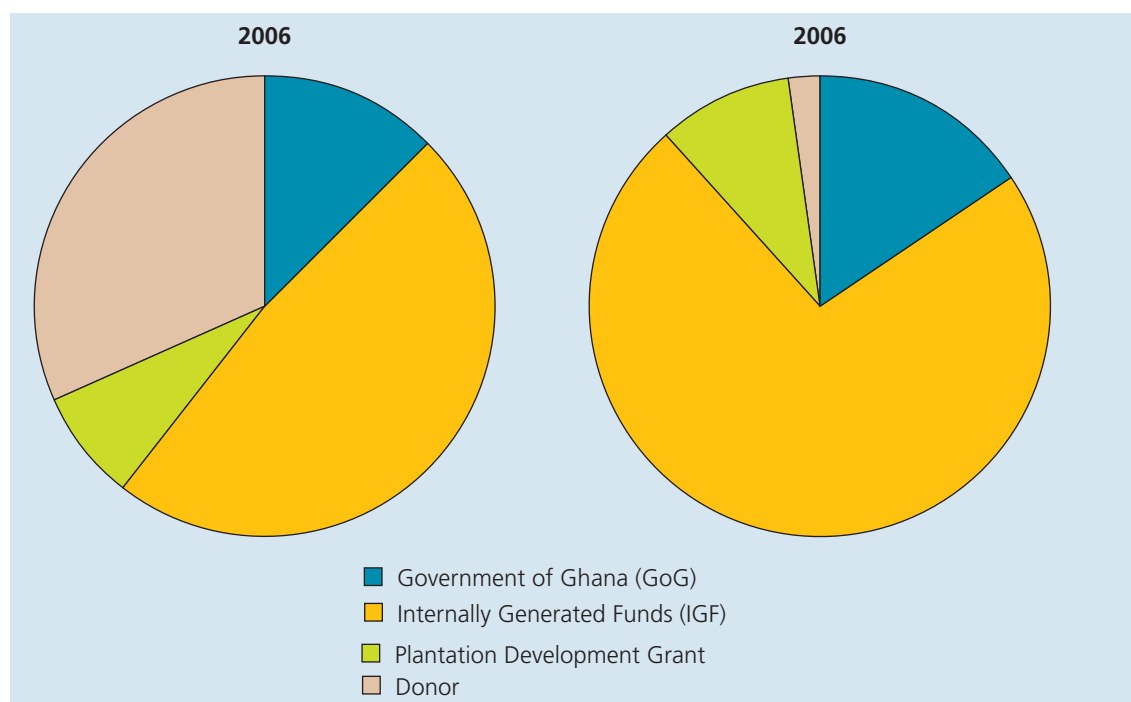
Financing and the environment

9.34 Financing for environment and development is at a cross-road. Globally, new financing mechanisms associated with rising carbon markets are advancing the cause for investing not only in low carbon technology but also in natural resources management including forestry, biodiversity, soil and water resources. The message that growth is linked to the natural resource base and to environmental change is gathering pace.

9.35 By contrast, developing countries continue to under invest in environmental and natural resources, while related dedicated bilateral funding is in decline as a result of the progressive donor shift towards programmatic funding such as budget support. Figure 9.1 shows how donor funding for forestry in Ghana has changed in recent years.

9.36 In a recent DFID, CIDA and UNEP study: **“Environmental Institutions, Public Spending and the Role of Development Partners,”**³ the case is made for national institutional reforms, such as clarifying the multiple mandates of environment agencies and strengthening the quality of their financial reporting to track performance in key policy areas, so as to address the lack of priority shown for environment in national budgets. In securing a more central role for the environment within budget support processes, donors will also need to place a greater emphasis on environmental management as a pathway for adapting to global climate change.

3 Overseas Development Institute (2008). For DFID, CIDA and UNEP.

Figure 9.1: Ghana Forestry Commission income sources⁴

9.37 During 2007, DFID and **Irish Aid** jointly released new guidelines entitled: “**Environmental Review of Budget Support Programmes – Guidance for Non-Specialists**”. The guidance will help country office staff to think through the environmental consequences of a proposed budget support operation, based on the use of simple checklists recommending follow up action where necessary.

Water and sanitation

9.38 DFID launched a new **Water Policy** calling for a broader approach to water focusing on three areas: sanitation, governance and water resources management. It underlines the importance of water resources as a key development challenge, made all the more important by climate change, urbanisation and rising populations. Sanitation also has a very important impact on poor people’s lives, their economic status, dignity, health, education and life chances. Governance reform, both within and outside of the water and sanitation sector, provides a vital conduit for achieving development objectives.

9.39 In order to meet our own commitments to the water sector, DFID is more than doubling its funding in Africa from £95 million per year in 2007 to £200 million per year by 2010. 2007 saw the launch of two major programmes; a £75 million project in support of the Ethiopian government’s water, sanitation and hygiene programme (WASH) and a £32 million initiative for Sierra Leone providing water and sanitation services to 1.5 million. The Ethiopian WASH program will benefit more than 3 million people with improved water supply, improved latrines in homes and schools, local institutional reforms and much needed training for government staff.

4 Ghana Forestry Commission Financial Statements (2003-2006)

- 9.40** Contending with the effects of climate change provides a further focus area. DFID is working to better understand the impacts of climate change on water and to identify options for adaptation. Box 9.11 provides an example of action on the ground in Orissa and Andhra Pradesh through participatory planning at the micro-watershed level.

Box 9.11: Participatory watershed management reduces rural poverty and helps people adapt to climate variability in India

DFID is supporting a livelihoods programme based on participatory planning in micro-watersheds with the State Government of Orissa, and previously in Andhra Pradesh. The programme will help poor people to manage their water, land and forest resources. It will provide people with skills and access to services, such as micro-credit, veterinary, business and agricultural advice.

This combination of sustainable management of natural resources with diversification of activities, enables poor people to respond to current climate variability, and strengthens their ability to withstand the droughts and floods that may result from future climate change. Noting the crucial importance of water as a limiting factor in sustainable development, a water governance system has been pioneered in Andhra Pradesh to help allocate water in a fair way.

An independent evaluation of the Andhra Pradesh programme estimated that more than one million people had been lifted above the poverty line over seven years of implementation. There have also been significant improvements in food security and reduction of distress migration.

- 9.41** DFID continues to deliver water and sanitation services to the poor through both regional and bilateral programmes covering more than 30 countries. Box 9.12 provides several examples of progress made during 2007.

Box 9.12: Snippets from 2007

Democratic Republic of the Congo: DFID is supporting a four year £16 million funding package to a UNICEF led rural, water, sanitation and hygiene programme.

Uganda: DFID's humanitarian support to the north and east, including water supply, has reached 12 districts, serving a population of more than 15 million.

Nile Basin: DFID continues to support the Nile Basin Initiative which is contributing to peace and security, economic growth, poverty reduction and tackling climate change. A new treaty on the Nile is now within reach with final discussions imminent between Heads of State.

Afghanistan: DFID support is channelled through the Helmand Agriculture and Rural Development Programme. Since late 2006, 870 wells have been completed and a further 914 are underway benefiting an estimated 175,000 people.

Bangladesh: DFID, through WaterAid, worked in 23 districts including Dhaka, Chittagong and Khuna, providing improved sanitation to more than a million people, and safe drinking water to 400,000.

Palestine: DFID provided £1.5 million through the Temporary International Mechanism to fund maintenance and repair work to water and sanitation utilities in West Bank and Gaza.

Building an effective organisation

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Northern Darfur – Vickie Sheriff/DFID



Building an effective organisation

10

“The Department has a clear mission, which attracts and inspires passionate and committed people. The mission is owned and shared throughout the Department. The vast majority of DFID staff feel proud about their job.”

DFID’s Capability Review, March 2007

Highlights

- DFID welcomed new and expanded Ministerial Team in July 2007 – doubling the number of Ministers to increase our engagement and capacity.
- Nemat Shafik was appointed as DFID’s new Permanent Secretary in March 2008 following the appointment of Sir Suma Chakrabarti as Permanent Secretary at the Ministry of Justice.
- We achieved **our overall efficiency target** realising gains of £588 million and reduced our UK based staff numbers by 295 since March 2004.
- A new **Investment Committee** was created to advise Ministers and the Management Board on strategic investment choices and ensure that the mix of investments represents good value for money for UK taxpayers.
- DFID successfully achieved accreditation by the Energy Institute to the Energy Efficiency Accreditation Scheme (EEAS). The Scheme is managed by the National Energy Foundation on behalf of the Carbon Trust and is recognised as the national benchmark standard in energy efficiency.
- DFID was successfully re-accredited as an **Investor in People** in June 2007 and also obtained the **disability two ticks award**.

10.1 DFID’s settlement under the 2007 **Comprehensive Spending Review** was announced in October 2007; it gives the Department an average annual increase in programme spending of 11% over the three years 2008/9 to 2010/11. Administrative spending over the same period will fall by 5% per annum in real terms. However, costs relating to DFID staff overseas working directly towards our strategic priorities have been reclassified as programme costs and protected from this decrease. 2008 is the halfway point in the challenge to meet the Millennium Development Goals by 2015. To respond to these opportunities and challenges, we are adapting our organisational structure, managing change in the way we do business, developing our people, improving our performance management and working

towards sustainable operations targets. This Chapter outlines the improvements DFID has made in 2007/08 and looks ahead to how we will work in 2008/09 and beyond.

Getting our structure right

- 10.2** In 2007/08, DFID welcomed a new and expanded ministerial team. This team consists of the **Secretary of State for International Development Douglas Alexander**, and three Parliamentary under Secretaries of State for International Development – **Gareth Thomas MP, Shahid Malik MP and Gillian Merron MP**. Gillian Merron replaced **Baroness Shriti Vadera** who was also appointed as a Parliamentary under Secretary of State for International Development in July 2007 to represent the department in the House of Lords. In January 2008, Baroness Vadera moved on to BERR.
- 10.3** The **Management Board** is collectively responsible to ministers for the delivery of the Public Service Agreement (PSA) on International Poverty reduction. The Board provides strategic direction to the organisation within the policies set by the Secretary of State. The fundamental purpose of the Board is to maintain and enhance DFID's effectiveness. The Board comprises the Permanent Secretary, all Directors General (three seats, four from April 2008), the Finance Director (from April 2008), and two non-executives. Both non-Executive positions have changed hands; Helen Ghosh and Bill Griffiths left the Management Board during 2007/08 at the end of their terms of office; they were replaced by David McLeod and Doreen Langstone (who will also chair the Audit Committee).
- 10.4** Five **Standing Committees** support the Board:
- The **Development Committee** provides oversight of the development and implementation of policy, and approves all new policy papers;
 - The **Audit Committee** helps to ensure a financially sound and efficient organisation and advises the Accounting Officer (the Permanent Secretary) on the adequacy of risk, internal control and governance issues in DFID. The Audit Committee now comprises only non-executive members, in line with best practice corporate governance;
 - The **Investment Committee** ensures that DFID investments represent good value for money for UK taxpayers and that clear systems exist to take strategic financial decisions on the basis of evidence;
 - The **Human Resources Strategy Committee** takes a corporate view of DFID's people management policies and practices to ensure that they are contributing as effectively as possible to DFID achieving its goals;
 - The **Senior Civil Service (SCS) Committee** leads and manages SCS posts, staffing and pay in support of DFID's PSA objectives.

Box 10.1: The new Investment Committee – role and purpose

The **Investment Committee** is a new sub-committee to the Management Board, meeting for the first time in **February 2008**. It contributes to the Capability Review recommendation for stronger strategic leadership on financial management in DFID.

The Committee is part of a broader set of proposals to strengthen strategic financial management in DFID and further to strengthen the use of quantitative data in decision making. By demanding and reviewing a range of financial and portfolio analyses the Investment Committee will be an important vehicle for embedding this shift in DFID practice.

It will do three things:

- advise Ministers and the Board on strategic investment choices and resource allocation priorities, ensuring that DFID's mix of investments is aligned with our strategic vision;
- provide assurance that DFID's programmes represent good value for money; and
- ensure DFID's investment appraisal procedures and practice are fit for purpose; and strengthen the use of evidence and quantification of outputs.

10.5 DFID made some changes in 2007/08 to realign our policy, international and corporate divisions in response to the change in Ministers, creation of the new Trade Policy Unit (joint with BERR), and change agenda ahead. There are now **13 divisions**:

- five regional divisions: (1) West and Southern Africa, (2) Pan-Africa Strategy and Programmes, (3) East and Central Africa, (4) South Asia, and (5) Europe, Middle East, the Americas and East Asia;
- four divisions in the policy and international area: (6) United Nations, Conflict and Humanitarian, (7) International Finance and Development Effectiveness, (8) Europe and Donor Relations, and (9) Policy and Research;
- four divisions providing corporate services and support: (10) Human Resources, (11) Finance and Corporate Performance, (12) Communications and (13) Business Systems. See Annex 8 for DFID's organisational chart.

Box 10.2: Creation of the Joint Trade Policy Unit (TPU)

Responsibility for trade policy is now shared between DFID and BERR (Department of Business, Enterprise and Regulatory Reform). A new Cabinet Committee on trade oversees the Government's work on trade policy and promotion, chaired by our Secretary of State, who will represent the UK in global trade negotiations.

Under the political leadership of the joint Minister for Trade Policy – PUSS Gareth Thomas – and reporting to the Secretaries of State for DFID and BERR, the new joint Trade Policy Unit brings together some 70 staff from DFID and BERR. The chief aim is to make our aid and trade policies coherent, putting developing countries' concerns squarely at the forefront of our trade policies.

More on the work of the TPU can be found in Chapter 7 on "Working with others on policies beyond aid."

10.6 Heads of Profession, along with the Chief Economist and Chief Scientist, provide vision and intellectual leadership on issues relating to their professional disciplines. They help strengthen the knowledge and skills of DFID's ten professional groups (Economics, Education, Private Sector Development, Environment, Governance and Conflict, Health, Infrastructure, Livelihoods, Social Development and Statistics) to ensure we have the right technical skills to deliver the PSA targets.

Managing business change

Responding to the 2007 Capability Review

10.7 DFID is stepping up its capability to handle the challenges of the years ahead, in six areas:

- Clear vision and a routemap;
- Decision-making, accountability and challenge;
- Flexibility of business processes;
- Effective relationships, particularly across Whitehall;
- Communicating powerful arguments for international development;
- Leadership, people management and financial management.

10.8 This is our part of a wider Capability Review programme led by the Cabinet Secretary to improve the way all government departments work. An external assessment team helps hold us accountable for our progress.

10.9 Last autumn, after six months of action, we had already improved contingency planning, agreed development of a leadership and management programme and introduced more independent challenge to the management of the department through appointing the **Independent Advisory Committee on Development Impact** and two new non-executive directors to the Management Board.

10.10 Some more recent highlights are:

- **Financial decision-making.** As well as the new Investment Committee, we have also strengthened our Audit Committee to make it entirely non-executive, with several new members, and we are benchmarking our professional financial capacity using a CIPFA model.
- **Working with other government departments.** With shared PSA's (Chapter 1), we need to work closely with our Whitehall colleagues, as well as other stakeholders to achieve our goals. There are many examples where strong teamwork amongst departments has ensured a strong UK impact. To help build on this we are surveying our main stakeholders so we will understand better how DFID is perceived and what we can do to make our relationships even stronger.
- **Public awareness.** We are proud of what DFID achieves on behalf of the British people and want to make sure our work gets the attention it deserves. We have been driving for greater and

more diverse media coverage, better marketing to improve development awareness, and strengthening our direct outreach work. We are also improving our audience analysis so that we can track the resulting shifts in public awareness and support.

Catalyst update

10.11 Catalyst is our programme of IT-enabled business transformation, which aims to streamline DFID's business operations through the introduction of new corporate systems. In 2007/08, Catalyst focused on 3 major strands of work:

- Preparing DFID for **ARIES**, our new financial, procurement and programme management system; in December 2007, the ARIES pilot went live in 4 divisions across DFID and has been a success in terms of accuracy of migrated data and stability of the system. The pilot will be extended to selected overseas divisions midway through 2008 and rolled out across the rest of the business throughout 2008 and 2009.
- Improving the functionality, stability and response times of **Quest**, our document and record management system;
- Completing the **HR Transformation** project by e-enabling and simplifying our systems for internal and external recruitment, by replacing DFID's Staff Handbook by a new web-based system available to all DFID staff on the Department's intranet, and a new structure and ways of working for HR Division.

Performance in responding to correspondence from the public

10.12 DFID's enquiry and correspondence units received nearly 11,000 letters and e-mails from members of the public and organisations during 2007. Approximately 70% of these were answered within the target turnaround time of 15 working days. DFID also received around 90,000 pieces of correspondence as a result of NGO campaigns during 2007.

Box 10.3: Creation of the strategy unit

In January 2007, a small Strategy Unit was created within DFID's Finance and Corporate Performance Division, to help identify longer term strategic challenges and opportunities for DFID in achieving its poverty reduction goal. It informs the Corporate Risk Register to ensure it remains robust in the face of long term challenges, and is also helping to inform regional and country plans for the 2008-11 period.

The Unit's work on horizon scanning draws on drivers of change identified by the Government Office for Science's Horizon Scanning Centre, analysis of a wide range of government and non-government sources, and findings from examining long term trends in several countries.

The scans identify some important future challenges facing developing countries including:

- the effects of climate change combined with rapid population growth and migration possibly leading to instability;
- commodity price fluctuations (especially prices of food and oil) adversely affecting poorer importing countries;
- lack of capacity in developing countries to take advantage of existing technologies and rapid technological change; and
- how values and beliefs shape public attitudes in the UK and overseas to a wide range of issues affecting development.

The Strategy Unit works closely with its counterparts in the Ministry of Defence and the Foreign and Commonwealth Office on areas of common interest. The three Departments sponsored a conference at Wilton Park in January 2008 on 'Future trends and challenges: Drivers for Change in Africa'. This looked at the potential combined effects of climate change and demography on security and conflict in the continent.

Delivering results

Allocating resources to objectives

10.13 As a result of the Comprehensive Spending Review 2007, **DFID's budget will grow by an average of 11% a year in real terms**, from £5.3 billion in 2007/08 to £7.9 billion by 2010/11. The CSR settlement builds on annual real growth to DFID's budget of 9.2% in Spending Review 2004 and 8.1% in Spending Review 2002. Our future resources from the CSR settlement are discussed in Chapter 1.

10.14 DFID's priorities for spending these resources are shaped by the targets the Department is responsible for delivering. We are fully committed to spending the resources efficiently and achieving full value for money for the resources we are responsible for. As set out in Chapter 1, DFID has worked during 2005-08 to deliver on its PSA targets. We are now working, along with our delivery partners, to deliver on the new **Public Service Agreement (PSA) 29: "Reducing poverty in poorer countries through quicker progress towards the Millennium Development Goals"**, DFID leads on the delivery of PSA 29 but will also directly contribute to the PSAs on Climate Change (Defra lead) and Conflict

Reduction (FCO lead), and indirectly to PSAs on Migration and Counter-Terrorism (both Home Office leads). The new PSA is explained in more detail in Chapter 1 along with how it links to the Department's Strategic Objectives.

- 10.15** Allocations within strategic priorities are shaped by an annual **Resource Allocation Round**, which forms part of its integrated Business Planning Process. This process links resources to delivery plans and PSA objectives. Firm budgets are set at the beginning of the 2008/09 financial year and planning totals are agreed for the remainder of the current CSR period. Planning totals are reviewed annually.
- 10.16** To assist in the process of assigning resources, DFID employs a **'Resource Allocation Model'** (RAM) to determine the impact on poverty of the way resources are allocated. To do this we use countries' per capita incomes and the likely effectiveness of aid in reducing poverty based on the World Bank Country Policy and Institutional Assessment (CPIA), with allowances for vulnerability to economic shocks. Country allocations suggested by the RAM are only a starting point for decisions; these also take account of the availability of finance from non-aid sources and the UK potential contribution to overall aid effectiveness in specific countries. During the current Business Planning Exercise, the RAM was one of the key elements used in determining bilateral country allocations.
- 10.17** Annex 2 provides full details of DFID's actual and planned expenditure from 1999/2000 to 2010/11, and a breakdown of estimated spending by area for the coming year.
- 10.18** The Management Board reviews progress against objectives and resource use on a quarterly basis, with more detailed monitoring undertaken by our Finance and Corporate Performance Division and reported to the Board on an exception basis. Annual resource accounts show outturn by objectives.
- 10.19** DFID's capital spending up to 31 March 2008 is determined by our Departmental Investment Strategy, which was updated in the 2004 Spending Review. The main components of our asset base comprise:
- shareholdings in international financial institutions, valued at £2.15 billion (as at 31 March 2007);
 - 100% ownership of CDC Group plc – DFID's investment was valued at £765 million (as at 31 March 2008);
 - a minority interest in Actis – shareholding was valued at £1.7 million (as at 31 March 2008); and
 - tangible and intangible fixed assets, mostly office buildings and IT systems, with a net book value of £89.90 million (as at 31 March 2007).
- 10.20** In 2007/08, our fixed assets capital expenditure (i.e. not including capital grants) is expected to be approximately £30 million. In the 2004 Spending Review years – 2005/06 to 2007/8 – DFID made significant capital investment in information systems (corporate networks, finance and HR) and also in accommodation in Scotland and overseas. This investment supports business needs and secures long-

term efficiencies, for example by facilitating video conferencing and providing scope for relocation of posts from London to Scotland and overseas.

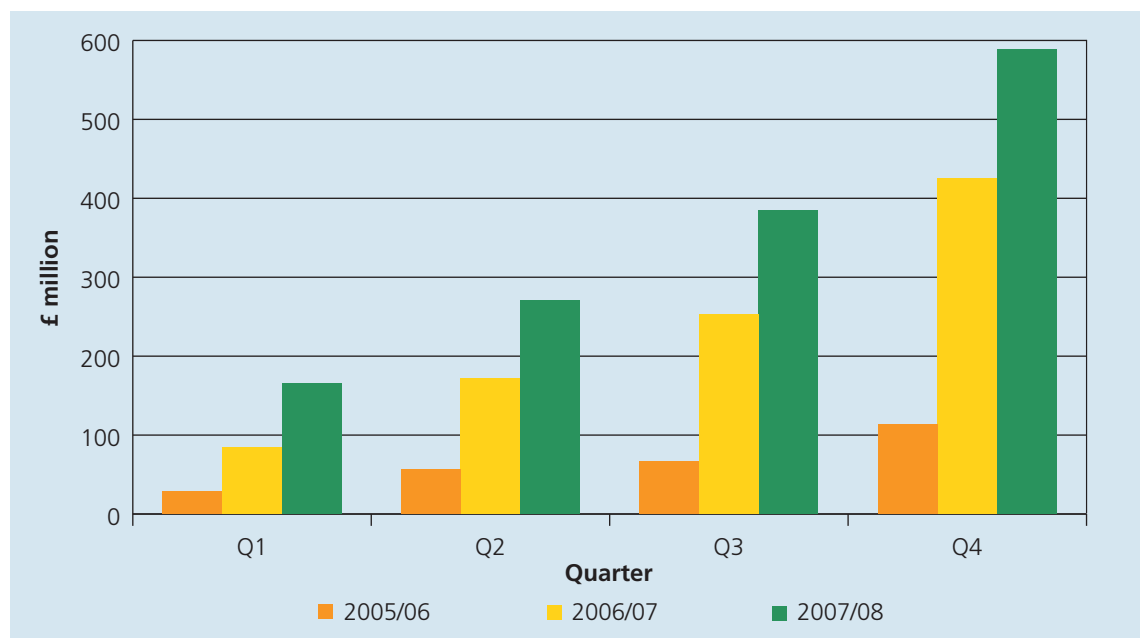
10.21 Current capital investment plans for the CSR period include: investment in communications and core information systems equipment and operating systems; and investment in information systems applications to improve corporate performance and deliver further efficiency savings. We will also continue to look at ways to ensure our overseas accommodation needs are fully met, in particular where it is necessary to improve our security. This involves reviewing options and costs, including sharing premises with FCO where this makes economic sense.

Increasing efficiency

10.22 DFID committed to delivering £420 million of annual sustainable efficiencies by 2007/08 as part of the Spending Review 2004. **We exceeded our commitment, delivering £588 million efficiency gains by March 2008.** Gains were accumulated through:

- more effective spending;
- improvements in the performance of projects and programmes;
- more streamlined processes and systems;
- reducing our headcount; and
- relocating posts from London to East Kilbride.

Figure 10.1: Successful delivery of DFID's efficiency programme from 2005/06 to 2007/08



10.23 DFID reduced the full-time equivalent (FTE) of its UK-based staff numbers by 295 from a revised baseline of 1907 at March 2004. This is a reduction of over 15 % on the baseline, a significant achievement for the department's resource management. Our efficiency programme also included targets on relocating posts from London to our East Kilbride office and on reducing the numbers of Staff Appointed in Country in our overseas network of offices. Both these targets have been achieved. Annex 7 has full details of achievements on our Gershon Efficiency Programme ending in March 2008.

10.24 Increasing the Department's **Value for Money** (VfM) remains at the core of our business management over Comprehensive Spending Review 2007 (CSR07) and beyond. CSR07 requires all Government Departments to deliver at least **3% annual net cash-releasing savings** over the total budget over the three year period. **DFID will deliver £492 million in efficiencies per year by the end of 2010/11.** We expect to achieve this with reforms which will: increase the poverty relieving impact of multilateral and bilateral spending decisions; improve the quality of bilateral projects and programmes to ensure they meet their objectives; and make cashable savings by reducing administration costs. Our new **VfM Delivery Agreement** was published on DFID's website in December 2007.

Risk and control

10.25 The Permanent Secretary is responsible for a **system of internal control** that supports the achievement of DFID's objectives while safeguarding public funds and departmental assets. The system includes measures to identify risks, with rules and procedures to manage these. The mandatory procedures needed to ensure compliance with the system are in the **Blue Book**. Our systems are assessed by the department's internal auditors and Audit Committee, and by the National Audit Office and HM Treasury.

10.26 Divisional Directors provide an annual **statement of assurance**, covering compliance with management and control systems. Directors are informed by regular monitoring of departmental systems on management of performance. Together with the Head of Internal Audit's Annual Report, they contribute to DFID's **statement of internal control** which is signed by the Accounting Officer and submitted to Parliament with the Annual Accounts.

10.27 Internal Audit Department (IAD) provides the Permanent Secretary and DFID managers with an independent and objective opinion on risk management, internal control and governance. During 2007/08, IAD conducted 22 internal audits across DFID headquarters systems and overseas operations. The focus of overseas audits was on reviewing the appropriateness and effective application of systems and controls for managing DFID's programmes, and our approach is risk-focused.

10.28 In addition, IAD is actively promoting donor harmonisation within the internal audit sphere, reducing the auditing burden on the partner countries where DFID works and improving our own efficiency and effectiveness: we are already collaborating informally with several bilateral and multilateral agencies and UK government departments, and are planning a joint overseas audit with another bilateral donor for early 2008/09. IAD is also increasingly consulted by managers within DFID on emerging issues and systems development, and regularly advises managers on handling risks effectively.

10.29 All cases of **suspected fraud and corruption** against DFID’s funds are reported to the Head of Internal Audit; the Fraud Response Unit (FRU) directs investigations. Fraud and corruption seriously damage international development and undermine our efforts towards achieving the Millennium Development Goals, and DFID takes a robust approach in dealing with anyone found to have diverted UK funds away from their intended recipients. This has included disciplinary sanctions, criminal prosecutions and the suspension of aid.

10.30 During 2007/08, the FRU has continued to raise awareness of the fraud risks via proactive counter-fraud training to DFID staff and by leveraging our contacts with external agencies, including DFID’s suppliers, NGO partners and other development agencies. The FRU is expanding its knowledge-sharing with the integrity and counter-fraud functions of other bilateral and multilateral donors. This proactive approach remains a priority for 2008/09.

10.31 The **National Audit Office** (NAO) audits DFID’s accounts and undertakes value for money (VfM) studies which assess the economy, effectiveness and efficiency with which public money is spent. The NAO reports are produced for the **Public Accounts Committee** (PAC) who hold hearings on the reports and make recommendations to DFID on how to improve VfM.

10.32 The following reports were published during the year:

- **“DFID: Tackling Rural Poverty in Developing Countries”** – March 2007;
- **“FCO: Managing Risk in the Overseas Territories”** – November 2007;
- **“DFID: Providing Budget Support to Developing Countries”** – 8 February 2008.

The fieldwork and analysis for the next NAO study, **“DFID: Working in Insecure Environments”** were completed during the year and the report is expected in the summer 2008. NAO reports can be accessed on www.nao.org.uk and the PAC reports on http://www.parliament.uk/parliamentary_committees/committee_of_public_accounts.cfm

Box 10.4: International Development Committee

The House of Commons **International Development Committee** (IDC) scrutinises the expenditure, administration and policy of the Department for International Development.

In 2007/08 IDC reports included:

- DFID and the World Bank
- Afghanistan (Development Assistance in Insecure Environments)
- Maternal Health
- Development and Trade: Cross-departmental Working
- DFID Assistance to Burmese Internally Displaced Persons and Refugees on the Thai-Burma Border
- Fair Trade
- Prospects for Sustainable Peace in Uganda
- DFID's Programme in Vietnam
- EU Development and Trade Policies
- DFID's 2007 Annual Report.

IDC current and forthcoming enquiries are:

- Co-ordination for Aid Effectiveness
- DFID's programme in Nigeria
- African Development Bank
- World Food Programme
- China

For more information on the work of the IDC see www.parliament.uk/indcom.

10.33 Security risks remain a major concern. Security measures are continually reviewed and improvements implemented to our operations both in the UK and overseas. The Security Committee monitors arrangements for staff safety and how risks to our staff and operations are being managed. We have comprehensive business continuity plans for both our UK offices, as well as for all offices in high-risk countries and for most other overseas offices.

Box 10.5: Information assurance

DFID does not manage large volumes of personal or sensitive data, but we take our responsibility for those we do manage very seriously, and have done so for years. In 2007 we established a new governance structure for information security, assessed and monitored our information risks at Board level, and ensured compliance with relevant guidance and instructions from elsewhere in Government. DFID has had a secure remote working system based on encrypted laptop computers for home workers and travelling staff since 2003. **No incidents have been recorded where personal or sensitive data have been lost, or where the Information Commissioner has found against DFID for breach of Data Protection principles.**

In March 2008, DFID achieved accreditation to ISO/IEC 27001:2005, the internationally recognised standard for information security management. This was the result of a sustained effort over past years to improve our information security management.

Deploying and developing our staff

10.34 DFID began a process of workforce planning in 2007/08, to help identify critical workforce issues for the kind of organisation we need to be over the next five years.

10.35 At 31 March 2008, 70 DFID staff were on secondment to other organisations including other government departments, international agencies and non-governmental organisations. 59 were on secondment into DFID from various organisations. We have agreed in principle a framework agreement for interchange with a number of other Government departments.

Table 10.1: DFID staff numbers

	(Actuals)					Targets
	March 2004	March 2005	March 2006	March 2007	March 2008	March 2008
HCS	1907	1883	1801	1719	1612	1610
SAIC	918	989	932	865	834	950
Total	2825	2872	2733	2584	2446	2560

Nb: These staff numbers represent full time equivalent figures.

Table 10.2: Number of staff-in-post by location

	East Kilbride	London	UK-Based Overseas	SAIC	TOTAL
All Staff – note 1	517	877	434	843	2671
HCS Staff-in-Post – note 2	500	737	421	-	1658

Nb: This table represents the number of people working in DFID.

Note 1 – All DFID staff, excluding temporary (agency) staff.

Note 2 – All staff on HCS P&P or fixed-term conditions of service, and secondees on DFID's payroll. Does not include consultants or agency staff, and staff currently not on pay

Box 10.6: DFID re-accredited as an Investor in People employer

DFID was successfully re-accredited as an **Investor in People** (IiP) in June 2007, tested against the more stringent IiP Standards introduced since our last review in 2004. We are proud to have retained the IiP accreditation which we have now held continuously since 2000.

IiP sets the industry standard for **good practice in people management** which DFID aims to follow. It also provides a measure of whether we are achieving our commitment to lead, manage, develop and support our people – attributes which we value.

Our review highlighted several strengths. These include having self motivated staff with a good understanding of our mission. Our corporate commitment to supporting learning and development was also highlighted as was the standard of tools and processes used to support our managers. We will build upon these strengths to deliver further improvements. The review also identified some development needs, which we are addressing.

Delivery of DFID's mission depends on the quality of our leadership and management. To support this, we remain committed to IiP and will set ourselves new targets further to improve the effectiveness of our people management.

People management

10.36 In November 2005 DFID published its 3 year People Strategy. The Strategy ended in March 2008. It set out four high-level goals:

Goal 1: Demonstrating excellence in the leadership and management of people

- In 2007/08 we achieved reaccreditation of Investors in People (IiP).
- Sickness rate of approximately 4.4 working days lost per staff year in 2007, one of the best records in Whitehall. We have seen a continual decline in sickness absence rates.
- Our Management Survey asks staff what they think about their managers and about how DFID is run; 81 per cent of staff responded. Divisions set corporate targets to improve as part of their business and workforce plans.

Goal 2: Supporting all DFID staff in their continual professional development and performance improvement

- Over 2007/08 Corporate Services developed a comprehensive learning and development programme, to be launched over the first half of 2008. It focuses on enhancing DFID's capability in the three areas of leadership, people management and financial and business management.
- We extended Crossing Thresholds – a successful mentoring programme – to black and minority ethnic (BME) staff and to our middle managers.
- We continued delivering a range of learning programmes including management for first-time managers (internationally accredited by the Institute of Leadership and Management); influencing skills; and leadership for middle managers. We also piloted a 360 degree feedback programme.

Goal 3: Providing all DFID staff with a healthy, safe workplace, in which diversity is recognised

- Launched a Better Balance programme and 'toolkit' for staff to help them deal with all aspects of managing pressure at work, stress and work/life balance.
- Obtained the disability two ticks award.
- Put in place e-learning modules to help staff understand their responsibilities for equality and diversity.
- Carried out a comprehensive staff security review, and appointed the FCO Director of Security as a non-executive on the Security Committee.

Box 10.7: Diversity

At the end of March 2008, women comprised 37.5% of the SCS, increasing from 36.7% at the end of March 2007 and against a target of 37% by 2008. Black and ethnic minority staff (where ethnicity is known) made up 11.7% of the SCS, increasing from 9.9% at the end of March 2007 and against a target of 12.4%. Of the SCS, 2.1% has declared a disability, against a target for 2008 of 3.5%.

DFID published its Gender Equality Scheme in April 2007.

DFID is committed to ensuring our recruitment and promotion procedures are free from bias or discrimination, and that all selection is undertaken purely on merit as stipulated in our equal opportunities policy. We monitor and analyse the diversity outcomes of these selection processes by gender, ethnicity, disability, age and working pattern.

We continue to support the development of under-represented groups. For example, we support the Windsor Fellowship (a scheme for Black and Asian graduates), the Summer Development Scheme (for potential ethnic minority Fast Stream candidates) and the Summer Placement Scheme (for disabled Fast Stream candidates). Internally, we offer an Ethnic Minority Bursary Scheme, a mentoring programme and as well as supporting staff on the Cabinet Office Disability Bursary Scheme.

Table 10.3: SCS Diversity Data

	March 2007	March 2008	Target for March 08
Women in the SCS	36.7%	37.5%	37%
Women at Director level and above	41.2%	35%	35%
BME in the SCS (where ethnicity is known)	9.9%	11.7%	12.4%
Disabled in the SCS	2%	2.1%	3.5%

Goal 4: Use efficient and effective people processes to support DFID business delivery

- A new operating model for core HR functions began at end March 2008 including:
 - better web-based guidance
 - a team to answer queries from staff
 - personal Case Managers
 - an increased team of HR Business Partners aligned to Divisions
 - specialist teams including Resourcing (internal and external recruitment), Employment Policy, Pay and Reward, Learning and Development, Diversity, and Talent Management
 - a Welfare and counselling service to provide confidential information, advice, support and counselling service for all DFID staff in the UK and overseas
 - an e-enabled internal and external recruitment system
- achieved accreditation by the Energy Institute to the Energy Efficiency Accreditation Scheme (EEAS).

Table 10.4: Staff salaries for DFID HCS staff in the UK and overseas (as at 31st March 2008)

GRADE	Salary Range	Female	Male	Total
Senior Civil Service	£108,000±	2	4	6
	£56,100 – £107,999	34	58	92
Band A1	£50,850 – £64,925	85	153	238
Band A2	£39,842 – £53,583	206	227	433
Band A2(L)	£35,000 – £42,342	73	55	128
Band B1 (D)	£29,000 – £34,925	44	29	73
Band B1	£24,069 – £31,815	113	132	245
Band B2	£19,093 – £25,775	142	96	238
Band C1	£14,713 – £21,285	122	60	182
Band C2	£13,137 – £17,923	12	13	25
TOTAL		833	827	1660

Annual Public Appointment Plan

DFID is responsible for 17 appointments to the Commonwealth Scholarship Commission in the UK and to the Crown Agents Holding and Realisation Board.

Only the Commonwealth Scholarship Commission is currently active. We are closing the Crown Agents board in 2008. Information on the public appointments can be found on the DFID website.

Ensuring effective procurement

- 10.37** DFID uses external consultants with technical expertise to deliver development projects and programmes around the world. These experts undertake humanitarian relief operations, respond to requests from partner governments for advice on complex economic and administrative reforms, and help improve health and education services, all with the objective of reducing poverty and improving the lives of people in developing countries. DFID issued **498** contracts centrally in 2007/08 at a total value of £98 million. Total expenditure on contracts is £246 million, with £1.4 million identified under the HMRC category of Steady State staff substitution/Interim Management (however, expenditure under the HMRC categories can only be identified for contracts awarded from April 2007 onwards). Our procurement agents also purchased goods worth £31 million on behalf of DFID. We continue to seek ways to increase efficiency in our procurement procedures, and achieved negotiated savings of £5 million on new contracts in 2007/08.
- 10.38** All DFID consultancy services are fully untied, with open and fair procurement practices being applied. Contracts worth more than £90,000 are subject to strict international competition rules. We ensure value for money from procurement through effective competitive processes, clear terms of reference with tangible outputs, and contracts which are tailored to manage risk in the challenging environments of development projects. Regular and structured monitoring of progress allows meaningful liaison with consultants to ensure successful delivery.
- 10.39** We are moving away from traditional consultancy, with fewer contracts being let for discrete pieces of work. The larger consultancies involve cross sectoral inputs, with substantial elements of fund disbursement. We are also making increased use of Framework arrangements within DFID, in order that we can draw down consultancy services in a cost effective, timely manner. A recent example involved three related Frameworks, for a period of up to four years on Governance and Social Development services in conflict affected environments. Each Framework has a ceiling of £20 million and can be used by other UK government departments such as the FCO and MoD.
- 10.40** DFID has made reasonable progress with involving developing country suppliers and many lower value contracts are awarded within the country or region where the work is taking place. However, as developing country companies seldom bid directly for higher value business with DFID, we are working better to understand the barriers that still exist in our competitive processes and the market place. Consultation with the business community in Bangladesh, India, and South Africa indicate that

more flexible contract terms and conditions may help to open up our business to wider interest. We will be taking this forward next year.

- 10.41** We are working more closely with other Whitehall departments, particularly the FCO, to share procurement skills and resources to achieve better value for money. In 2007 we purchased more goods and services with other government departments to increase leverage and secure better value. We bought IT equipment and sourced agency staff through government-wide frameworks led by the OGC. We are also helping OGC to set up a travel service contract for government and other public bodies.
- 10.42** Our contract management processes aim to demonstrate our wish to work with suppliers of goods and services that show DFID's commitment to Corporate Social Responsibility (eg. sustainable development, core labour standards and workplace practices free of any discrimination, anticorruption, and fair and ethical trade.) This requires analysis of supply chains, explaining, influencing, and networking, rather than reactive monitoring.
- 10.43** Management information on procurement has been progressively improving, with contract detail now being broken down into the specific categories requested by HMRC. We have also introduced additional compliance checks on key areas of information to ensure that reporting is made more secure from the front end. DFID is open to new ideas on how to improve on procurement strategy and supporting processes. In June 2008, the OGC will publish the report of a **Procurement Capability Review** of DFID. We will implement its Action Plan during the next two years.

Making DFID Greener

- 10.44** DFID remains strongly committed to the Sustainable Operations on the Government Estate targets launched in June 2006. We have established Environment Management Systems (EMS) in both our UK offices and during 2007 we rolled out the principles of an EMS based on ISO 14001 to three of our main overseas offices.
- 10.45** We also continued to work with the Carbon Trust to finalise the best options for renewable technology on site at both our UK offices. DFID has also achieved accreditation to the Energy Efficiency Accreditation Scheme (EEAS), successfully demonstrating:
- management commitment to energy efficiency
 - investment, both actual and planned, in energy efficiency measures
 - a record of progressive improvement in energy efficiency
- 10.46** The Sustainable Development Commission reported during 2007 that DFID has shown excellent progress towards embedding sustainability into its procurement activities and polices. DFID uses the flexible framework to assess its performance as well as a planning tool to guide implementation of key sustainable procurement actions.

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Annex 1

Annual reporting statistical information

The International Development (Reporting and Transparency) Act 2006 passed into law in July 2006 and requires the Secretary of State for International Development to report to Parliament on an annual basis. The schedule to the Act sets out the statistical reporting that is required.

This information is published each autumn for the preceding financial year in DFID's publication *Statistics on International Development*. However, as the Act calls for an annual report which reports on all the Act's requirements, DFID will also include the information in the Annual Report each May.

The statistical reporting requirements of the Act are specified below with the tables within this Annex where the corresponding information can be located. Information is included for the most relevant period and each of the four periods before.

Act schedule	Table number
Total UK bilateral aid broken down by:	Table A.1
Debt relief, in turn split by cancelled export credits	Table A.1
Region	Table A.2
Country including humanitarian assistance breakdown	Tables A.3.1-5
Sector	Table A.4
Country as a percentage of UK bilateral aid	Table A.3.1-5
Percentage and amount to low income countries	Table A.2
UK multilateral aid broken down by:	Table A.1
Debt relief	Table A.1
European Community	Table A.1
World Bank	Table A.1
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Other multilateral organisations	Table A.1
UK bilateral official development assistance (ODA) broken down by:	Table A.5.1
Percentage of GNI	Table A.5.1
Country	Table A.5.2-6
Percentage and amount to low income countries	Table A.5.1
Country as a percentage of UK bilateral ODA	Table A.5.2-6

UK multilateral ODA broken down by:	Table A.5.1
Percentage of GNI	Table A.5.1
UK imputed share¹ of the aggregate amount of multilateral ODA provided by the bodies to which the UK contributed such assistance broken down by:	Table A.6
Country	Table A.6
Percentage and amount to low income countries	Table A.6

1 UK imputed multilateral share is the share of all the multilaterals' contributions to each recipient country which can be attributed to the UK. It is estimated by using the proportion which the UK contributes to each multilateral organisation by recipient and then summing these to get an overall figure.

Table A.1 Total gross public expenditure on development

£ thousand

	2002/03	2003/04	2004/05	2005/06	2006/07
TOTAL BILATERAL GPEX	2 462 546	2 559 753	3 120 103	4 416 746	4 903 300
<i>Of which Bilateral Debt Relief</i>	<i>449 396</i>	<i>196 639</i>	<i>654 865</i>	<i>1 629 847</i>	<i>1 958 763</i>
<i>Of which Cancelled Export Credits</i>	<i>395 578</i>	<i>163 059</i>	<i>583 187</i>	<i>1 570 193</i>	<i>1 776 468</i>
TOTAL MULTILATERAL GPEX	1 543 307	1 909 439	1 904 671	2 005 608	2 337 590
<i>Of which Total Multilateral European Commission</i>	<i>901 059</i>	<i>1 085 594</i>	<i>1 224 065</i>	<i>1 193 806</i>	<i>1 125 390</i>
<i>Total Multilateral World Bank</i>	<i>222 228</i>	<i>382 740</i>	<i>206 561</i>	<i>273 339</i>	<i>592 304</i>
<i>Total Multilateral UN Agencies</i>	<i>206 659</i>	<i>225 657</i>	<i>235 008</i>	<i>336 350</i>	<i>356 527</i>
<i>Total Multilateral Other Organisations</i>	<i>213 361</i>	<i>215 448</i>	<i>239 037</i>	<i>202 113</i>	<i>263 369</i>
<i>Of which Total Multilateral Debt Relief</i>	<i>17 855</i>	<i>22 910</i>	<i>42 123</i>	<i>24 821</i>	<i>52 656</i>
TOTAL ADMIN	154 127	248 698	227 769	256 451	245 893
TOTAL GPEX ON DEVELOPMENT	4 159 979	4 717 890	5 252 544	6 678 804	7 486 783
<i>Of which DFID Programme</i>					
<i>DFID Bilateral Programme</i>	<i>1 745 919</i>	<i>1 935 141</i>	<i>2 110 858</i>	<i>2 501 988</i>	<i>2 561 800</i>
<i>DFID Multilateral Programme</i>	<i>1 490 315</i>	<i>1 832 079</i>	<i>1 610 988</i>	<i>1 724 670</i>	<i>2 126 401</i>
<i>DFID Admin</i>	<i>115 499</i>	<i>189 158</i>	<i>192 864</i>	<i>237 008</i>	<i>234 468</i>
TOTAL DFID PROGRAMME	3 351 732	3 956 378	3 914 711	4 463 666	4 922 669

Table A.2 Total DFID and GPEX bilateral aid by region

£ thousand

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
TOTAL ALL COUNTRIES	2002/03	1 745 919	294 981	2 462 546	100.00
	2003/04	1 935 141	310 602	2 559 753	100.00
	2004/05	2 110 858	332 318	3 120 103	100.00
	2005/06	2 501 988	405 978	4 416 746	100.00
	2006/07	2 561 800	336 473	4 903 300	100.00
Africa	2002/03	740 725	152 564	891 954	36.22
	2003/04	711 780	125 602	1 051 958	41.10
	2004/05	867 969	165 572	1 280 003	41.02
	2005/06	1 139 822	263 991	2 423 279	54.87
	2006/07	1 135 002	226 475	2 991 871	61.02
of which: South of Sahara	2002/03	703 059	151 820	848 492	34.46
	2003/04	671 895	123 843	975 662	38.12
	2004/05	825 145	163 640	1 181 753	37.88
	2005/06	1 097 274	263 252	2 360 929	53.45
	2006/07	1 106 661	225 341	2 925 728	59.67
Americas	2002/03	94 522	2 940	221 526	9.00
	2003/04	83 070	2 129	103 358	4.04
	2004/05	72 652	4 650	126 063	4.04
	2005/06	58 173	4 113	85 265	1.93
	2006/07	62 072	1 515	109 631	2.24
Asia	2002/03	541 917	83 087	609 138	24.74
	2003/04	782 973	128 964	967 820	37.81
	2004/05	805 017	113 241	1 241 408	39.79
	2005/06	942 570	87 976	1 355 615	30.69
	2006/07	880 876	64 409	1 072 286	21.87
Europe	2002/03	84 502	4 138	384 240	15.60
	2003/04	70 440	4 130	74 871	2.92
	2004/05	59 809	3 346	62 294	2.00
	2005/06	41 946	1 970	90 086	2.04
	2006/07	41 425	3 101	135 305	2.76
Pacific	2002/03	4 572	183	5 362	0.22
	2003/04	4 484	276	4 484	0.18
	2004/05	3 272	–	3 272	0.10
	2005/06	3 823	–	3 823	0.09
	2006/07	2 424	–	2 670	0.05
Non Region Specific ¹	2002/03	279 682	52 069	350 327	14.23
	2003/04	282 394	49 501	357 262	13.96
	2004/05	302 140	45 509	407 063	13.05
	2005/06	315 654	47 928	458 678	10.38
	2006/07	440 001	40 972	591 537	12.06
Total Developing Countries	2002/03	1 697 825	291 880	2 414 038	98.03
	2003/04	1 900 969	307 453	2 521 281	98.50
	2004/05	2 086 346	330 890	3 093 094	99.13
	2005/06	2 490 600	405 546	4 394 848	99.50
	2006/07	2 549 855	335 147	4 890 525	99.74
Low income countries (GNI per capita below \$825 in 2004) ²	2002/03	1 024 013	170 448	1 187 261	48.21
	2003/04	1 076 143	129 944	1 496 115	58.45
	2004/05	1 372 075	202 556	1 789 834	57.36
	2005/06	1 741 988	309 206	3 006 715	68.08
	2006/07	1 725 289	247 534	3 643 453	74.31

1. This includes grants to VSO, CSOs, Research Institutions and Commonwealth Organisations based in the UK.

2. Income groups are classified using 2004 GNI per capita thresholds. Low income countries are based on those with a GNI per capita in 2004 of \$825 or less. Pacific country expenditure is not included in these totals as income groups are not specified for some Pacific countries.

Table A.3.1 Total DFID and GPEX bilateral aid by recipient country (Africa)

£ thousand

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Africa: North of Sahara					
Algeria	2002/03	–	–	–	0.00
	2003/04	324	324	34 932	1.36
	2004/05	6	6	127	0.00
	2005/06	–	–	585	0.01
	2006/07	–	–	–	0.00
Egypt	2002/03	2 619	–	8 415	0.34
	2003/04	3 163	–	3 193	0.12
	2004/05	3 206	–	42 725	1.37
	2005/06	484	–	3 116	0.07
	2006/07	519	–	10 727	0.22
Morocco	2002/03	–	–	–	0.00
	2003/04	–	–	–	0.00
	2004/05	71	72	71	0.00
	2005/06	1	1	1	0.00
	2006/07	–	–	–	0.00
Tunisia	2002/03	–	–	–	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	11 679	0.26
	2006/07	–	–	8 957	0.18
Total North of Sahara	2002/03	2 619	–	8 415	0.34
	2003/04	3 487	324	38 125	1.49
	2004/05	3 283	77	42 923	1.38
	2005/06	485	1	15 381	0.35
	2006/07	519	–	19 684	0.40
Africa: South of Sahara					
Angola	2002/03	9 887	6 974	9 887	0.40
	2003/04	7 806	4 452	7 806	0.30
	2004/05	5 874	2 187	5 874	0.19
	2005/06	7 848	4 105	7 848	0.18
	2006/07	7 713	1 442	7 713	0.16
Benin ¹	2002/03	39	–	2 739	0.11
	2003/04	1 836	–	10 247	0.40
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	1 242	–	1 242	0.03
Botswana	2002/03	1 094	–	1 094	0.04
	2003/04	504	–	504	0.02
	2004/05	228	–	228	0.01
	2005/06	81	–	81	0.00
	2006/07	65	–	65	0.00
Burkina Faso ¹	2002/03	179	105	179	0.01
	2003/04	79	–	79	0.00
	2004/05	56	–	3 518	0.11
	2005/06	–	–	1 424	0.03
	2006/07	1 391	105	1 507	0.03
Burundi ¹	2002/03	1 934	1 119	1 934	0.08
	2003/04	3 407	3 189	3 407	0.13
	2004/05	5 612	5 395	5 612	0.18
	2005/06	11 959	6 312	11 959	0.27
	2006/07	9 672	8 476	9 672	0.20
Cameroon ¹	2002/03	3 289	–	28 971	1.18
	2003/04	1 511	–	7 764	0.30
	2004/05	1 988	–	16 547	0.53
	2005/06	3 170	–	3 170	0.07
	2006/07	25 542	–	115 408	2.35
Cape Verde	2002/03	–	–	–	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	422	–	422	0.01
Central African Republic ¹	2002/03	–	–	294	0.01
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	2 197	1 000	2 197	0.04
Chad ¹	2002/03	–	–	–	0.00
	2003/04	3 000	3 000	3 000	0.12
	2004/05	2 000	2 000	2 000	0.06
	2005/06	–	–	–	0.00
	2006/07	1 310	1 310	1 310	0.03

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Congo ¹	2002/03	580	580	580	0.02
	2003/04	50	50	2 071	0.08
	2004/05	500	500	2 928	0.09
	2005/06	106	–	106	0.00
	2006/07	466	–	466	0.01
Congo (Dem Rep) ¹	2002/03	12 859	11 899	15 574	0.63
	2003/04	17 173	15 133	148 695	5.81
	2004/05	29 284	16 372	36 585	1.17
	2005/06	58 832	44 171	58 832	1.33
	2006/07	75 251	52 116	79 283	1.62
Cote d'Ivoire ¹	2002/03	1 206	700	8 823	0.36
	2003/04	601	200	951	0.04
	2004/05	703	–	3 413	0.11
	2005/06	1 420	966	1 690	0.04
	2006/07	2 498	1 080	2 738	0.06
Djibouti	2002/03	14	–	14	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Eritrea ¹	2002/03	2 746	2 600	2 746	0.11
	2003/04	2 369	2 220	2 369	0.09
	2004/05	1 310	1 065	1 310	0.04
	2005/06	2 308	2 276	2 308	0.05
	2006/07	3 490	3 490	3 490	0.07
Ethiopia ¹	2002/03	42 710	26 824	44 224	1.80
	2003/04	43 302	18 512	43 665	1.71
	2004/05	62 364	6 719	73 044	2.34
	2005/06	62 558	9 175	62 562	1.42
	2006/07	90 497	1 968	90 507	1.85
Gambia ¹	2002/03	894	–	894	0.04
	2003/04	429	–	429	0.02
	2004/05	406	–	406	0.01
	2005/06	1 144	–	1 145	0.03
	2006/07	2 479	–	2 530	0.05
Ghana ¹	2002/03	55 571	–	86 294	3.50
	2003/04	68 052	–	73 448	2.87
	2004/05	71 872	–	145 336	4.66
	2005/06	94 893	–	96 249	2.18
	2006/07	68 831	400	80 001	1.63
Guinea ¹	2002/03	1 325	1 250	2 780	0.11
	2003/04	1 585	1 500	1 757	0.07
	2004/05	22	–	239	0.01
	2005/06	799	750	809	0.02
	2006/07	868	550	878	0.02
Guinea-Bissau ¹	2002/03	–	–	–	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	32	32	32	0.00
Kenya ¹	2002/03	43 998	1 474	63 404	2.57
	2003/04	25 761	229	28 647	1.12
	2004/05	35 188	5 517	37 824	1.21
	2005/06	62 673	16 577	65 086	1.47
	2006/07	65 288	13 240	67 053	1.37
Lesotho ¹	2002/03	2 848	–	2 848	0.12
	2003/04	3 318	–	3 318	0.13
	2004/05	3 522	–	3 522	0.11
	2005/06	4 319	–	4 319	0.10
	2006/07	4 399	–	4 399	0.09
Liberia ¹	2002/03	1 738	1 700	1 738	0.07
	2003/04	7 238	4 588	7 238	0.28
	2004/05	8 455	6 249	8 455	0.27
	2005/06	6 081	4 918	6 081	0.14
	2006/07	8 364	5 943	8 364	0.17
Madagascar ¹	2002/03	192	–	451	0.02
	2003/04	549	55	3 232	0.13
	2004/05	7 712	200	22 016	0.71
	2005/06	1 753	–	1 753	0.04
	2006/07	1 211	–	1 211	0.02

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Malawi ¹	2002/03	49 065	7 036	49 266	2.00
	2003/04	54 437	581	54 437	2.13
	2004/05	56 282	4 573	56 429	1.81
	2005/06	68 588	2 220	68 653	1.55
	2006/07	63 309	2 735	88 686	1.81
Mali ¹	2002/03	141	–	4 486	0.18
	2003/04	252	–	252	0.01
	2004/05	93	–	93	0.00
	2005/06	724	550	724	0.02
	2006/07	2 152	–	2 152	0.04
Mauritania ¹	2002/03	604	600	13 508	0.55
	2003/04	681	681	681	0.03
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	250	250	534	0.01
Mauritius	2002/03	167	–	675	0.03
	2003/04	169	–	169	0.01
	2004/05	112	–	112	0.00
	2005/06	78	–	78	0.00
	2006/07	18	–	453	0.01
Mozambique ¹	2002/03	37 878	779	39 101	1.59
	2003/04	36 312	464	36 713	1.43
	2004/05	47 941	16	47 941	1.54
	2005/06	56 540	326	56 540	1.28
	2006/07	56 273	642	56 273	1.15
Namibia	2002/03	2 206	–	2 206	0.09
	2003/04	1 366	–	1 366	0.05
	2004/05	1 201	–	1 201	0.04
	2005/06	909	–	909	0.02
	2006/07	508	–	508	0.01
Niger ¹	2002/03	184	–	366	0.01
	2003/04	119	–	263	0.01
	2004/05	3 068	–	7 581	0.24
	2005/06	3 278	3 199	3 278	0.07
	2006/07	2 241	1 488	2 241	0.05
Nigeria ¹	2002/03	29 059	288	29 287	1.19
	2003/04	31 132	15	32 630	1.27
	2004/05	46 800	393	73 076	2.34
	2005/06	78 038	940	1 227 717	27.80
	2006/07	81 553	924	1 750 694	35.70
Rwanda ¹	2002/03	34 986	–	34 986	1.42
	2003/04	26 910	19	26 910	1.05
	2004/05	42 507	13	45 053	1.44
	2005/06	70 422	–	70 427	1.59
	2006/07	16 759	93	16 800	0.34
Senegal ¹	2002/03	298	–	434	0.02
	2003/04	293	–	400	0.02
	2004/05	54	–	4 907	0.16
	2005/06	1 532	–	3 802	0.09
	2006/07	1 913	–	6 380	0.13
Seychelles	2002/03	43	–	43	0.00
	2003/04	12	–	12	0.00
	2004/05	10	–	10	0.00
	2005/06	9	–	9	0.00
	2006/07	9	–	9	0.00
Sierra Leone ¹	2002/03	31 791	3 591	32 190	1.31
	2003/04	34 176	1 528	34 280	1.34
	2004/05	27 279	800	27 431	0.88
	2005/06	34 138	–	34 208	0.77
	2006/07	37 636	–	37 696	0.77
Somalia ¹	2002/03	3 124	2 920	3 124	0.13
	2003/04	3 973	3 172	3 973	0.16
	2004/05	5 820	3 543	5 820	0.19
	2005/06	18 753	15 589	18 753	0.42
	2006/07	16 643	7 975	16 643	0.34
South Africa	2002/03	36 435	95	57 186	2.32
	2003/04	42 376	–	93 332	3.65
	2004/05	30 514	–	48 932	1.57
	2005/06	28 978	–	79 366	1.80
	2006/07	25 031	–	30 286	0.62

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
St Helena & Dependencies	2002/03	9 555	–	9 555	0.39
	2003/04	10 525	75	10 525	0.41
	2004/05	14 481	40	14 481	0.46
	2005/06	13 563	59	13 563	0.31
	2006/07	15 692	–9	15 692	0.32
Sudan ¹	2002/03	19 222	16 338	19 222	0.78
	2003/04	24 663	21 872	24 663	0.96
	2004/05	83 964	77 904	83 964	2.69
	2005/06	117 114	97 792	117 114	2.65
	2006/07	109 862	83 614	109 917	2.24
Swaziland	2002/03	770	–	1 343	0.05
	2003/04	907	389	907	0.04
	2004/05	665	9	665	0.02
	2005/06	556	300	556	0.01
	2006/07	136	–	136	0.00
Tanzania ¹	2002/03	95 384	260	102 614	4.17
	2003/04	80 303	1 500	162 372	6.34
	2004/05	96 546	2 817	130 009	4.17
	2005/06	112 566	500	114 134	2.58
	2006/07	112 220	700	115 023	2.35
Togo ¹	2002/03	220	–	353	0.01
	2003/04	197	–	288	0.01
	2004/05	60	–	114	0.00
	2005/06	449	300	491	0.01
	2006/07	336	250	366	0.01
Uganda ¹	2002/03	54 041	3 361	54 041	2.19
	2003/04	56 101	7 768	59 694	2.33
	2004/05	61 454	11 783	62 928	2.02
	2005/06	72 064	20 831	72 064	1.63
	2006/07	77 981	18 108	79 035	1.61
Zambia ¹	2002/03	40 884	6 408	45 140	1.83
	2003/04	27 557	1 279	32 304	1.26
	2004/05	30 585	398	163 537	5.24
	2005/06	47 619	4 552	101 707	2.30
	2006/07	61 369	677	63 412	1.29
Zimbabwe ¹	2002/03	29 926	23 260	29 926	1.22
	2003/04	34 167	25 285	34 167	1.33
	2004/05	25 854	14 426	25 854	0.83
	2005/06	34 121	26 029	34 121	0.77
	2006/07	32 935	15 991	32 960	0.67
East African Community	2002/03	666	–	666	0.03
	2003/04	636	–	636	0.02
	2004/05	602	–	602	0.02
	2005/06	578	–	578	0.01
	2006/07	545	–	545	0.01
Southern Africa Development Community (SADC)	2002/03	5 261	38	5 261	0.21
	2003/04	3 940	193	3 940	0.15
	2004/05	6 618	113	6 618	0.21
	2005/06	8 601	129	8 601	0.19
	2006/07	10 485	128	10 485	0.21
South of Sahara regional	2002/03	38 047	31 622	38 047	1.55
	2003/04	12 122	5 894	12 122	0.47
	2004/05	5 541	608	5 541	0.18
	2005/06	8 112	687	8 112	0.18
	2006/07	7 582	623	8 317	0.17
Total South of Sahara	2002/03	703 059	151 820	848 492	34.46
	2003/04	671 895	123 843	975 662	38.12
	2004/05	825 145	163 640	1 181 753	37.88
	2005/06	1 097 274	263 252	2 360 929	53.45
	2006/07	1 106 661	225 341	2 925 728	59.67
Africa regional	2002/03	35 046	744	35 046	1.42
	2003/04	36 398	1 435	38 171	1.49
	2004/05	39 540	1 854	55 326	1.77
	2005/06	42 063	738	46 969	1.06
	2006/07	27 822	1 134	46 459	0.95
Total Africa	2002/03	740 725	152 564	891 954	36.22
	2003/04	711 780	125 602	1 051 958	41.10
	2004/05	867 969	165 572	1 280 003	41.02
	2005/06	1 139 822	263 991	2 423 279	54.87
	2006/07	1 135 002	226 475	2 991 871	61.02

1. Income groups are classified using 2004 GNI per capita thresholds. Low income countries are based on those with a GNI per capita in 2004 of \$825 or less.

Table A.3.2 Total DFID and GPEX bilateral aid by recipient country (Americas) £ thousand

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
North and Central America					
Costa Rica	2002/03	70	–	10 355	0.42
	2003/04	122	–	7 925	0.31
	2004/05	17	–	1 926	0.06
	2005/06	6	–	1 840	0.04
	2006/07	–	–	–	0.00
Cuba	2002/03	485	200	490	0.02
	2003/04	154	–	2 041	0.08
	2004/05	184	–	3 594	0.12
	2005/06	–10	–	2 740	0.06
	2006/07	–	–	–	0.00
El Salvador	2002/03	338	27	10 484	0.43
	2003/04	107	–	1 352	0.05
	2004/05	75	–	75	0.00
	2005/06	5	–	5	0.00
	2006/07	–	–	10 941	0.22
Guatemala	2002/03	289	–	289	0.01
	2003/04	237	–	237	0.01
	2004/05	196	–	196	0.01
	2005/06	85	–	85	0.00
	2006/07	119	–	193	0.00
Haiti ¹	2002/03	125	–	125	0.01
	2003/04	130	–	130	0.01
	2004/05	2 027	1 913	2 027	0.06
	2005/06	1 283	1 271	1 283	0.03
	2006/07	–	–	446	0.01
Honduras	2002/03	1 181	434	1 181	0.05
	2003/04	910	–	910	0.04
	2004/05	960	–	960	0.03
	2005/06	1 302	–	16 673	0.38
	2006/07	867	–	867	0.02
Mexico	2002/03	561	–	4 504	0.18
	2003/04	71	–	71	0.00
	2004/05	97	–	97	0.00
	2005/06	12	–	12	0.00
	2006/07	–	–	–	0.00
Nicaragua ¹	2002/03	1 386	567	2 740	0.11
	2003/04	1 293	–	2 663	0.10
	2004/05	2 593	–	7 582	0.24
	2005/06	4 160	–	4 160	0.09
	2006/07	5 098	–	5 098	0.10
Panama	2002/03	35	–	71	0.00
	2003/04	–	–	38	0.00
	2004/05	–	–	16	0.00
	2005/06	–	–	31	0.00
	2006/07	–	–	15 190	0.31
Central America regional	2002/03	4 361	–	4 361	0.18
	2003/04	4 144	–	4 144	0.16
	2004/05	2 041	–	2 041	0.07
	2005/06	807	93	807	0.02
	2006/07	687	159	687	0.01
Total North and Central America	2002/03	8 830	1 228	34 600	1.41
	2003/04	7 166	–	19 510	0.76
	2004/05	8 190	1 913	18 514	0.59
	2005/06	7 650	1 365	27 636	0.63
	2006/07	6 771	159	33 422	0.68
Caribbean					
Anguilla	2002/03	1 044	–	1 044	0.04
	2003/04	954	–	954	0.04
	2004/05	1 216	–	1 216	0.04
	2005/06	895	–	895	0.02
	2006/07	127	–	127	0.00
Antigua & Barbuda	2002/03	233	–	1 495	0.06
	2003/04	4	–	95	0.00
	2004/05	3	–	42	0.00
	2005/06	3	–	3	0.00
	2006/07	2	–	2	0.00

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Bahamas	2002/03	20	–	20	0.00
	2003/04	1	–	1	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Barbados	2002/03	190	–	857	0.03
	2003/04	41	–	2 625	0.10
	2004/05	8	–	177	0.01
	2005/06	7	–	1 334	0.03
	2006/07	7	–	18	0.00
Belize	2002/03	2 775	–	11 081	0.45
	2003/04	1 670	–	1 670	0.07
	2004/05	1 642	–	1 642	0.05
	2005/06	1 198	–	1 199	0.03
	2006/07	991	–	991	0.02
British Virgin Islands	2002/03	90	–	90	0.00
	2003/04	11	–	38	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Cayman Islands	2002/03	–	–	26	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	3	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Dominica	2002/03	1 473	2	1 833	0.07
	2003/04	1 287	–	1 287	0.05
	2004/05	1 087	–	1 087	0.03
	2005/06	1 078	–	1 101	0.02
	2006/07	543	–	543	0.01
Dominican Republic	2002/03	75	–	17 362	0.71
	2003/04	72	–	72	0.00
	2004/05	279	26	279	0.01
	2005/06	75	–	75	0.00
	2006/07	–	–	5 131	0.10
Grenada	2002/03	495	–	502	0.02
	2003/04	566	–	566	0.02
	2004/05	5 997	–	6 021	0.19
	2005/06	330	–	330	0.01
	2006/07	534	–	534	0.01
Guyana	2002/03	11 986	–	14 858	0.60
	2003/04	17 098	–	17 858	0.70
	2004/05	8 717	497	8 732	0.28
	2005/06	8 715	33	8 748	0.20
	2006/07	10 536	4	10 536	0.21
Jamaica	2002/03	8 223	–	8 614	0.35
	2003/04	5 133	–	5 367	0.21
	2004/05	6 421	–	9 677	0.31
	2005/06	6 323	343	9 521	0.22
	2006/07	5 778	–	8 530	0.17
Montserrat	2002/03	23 350	830	23 350	0.95
	2003/04	24 757	477	24 757	0.97
	2004/05	14 151	144	14 151	0.45
	2005/06	12 617	–	12 617	0.29
	2006/07	15 556	–	15 556	0.32
St Kitts – Nevis	2002/03	18	–	18	0.00
	2003/04	35	–	35	0.00
	2004/05	1	–	1	0.00
	2005/06	1	–	1	0.00
	2006/07	1	–	1	0.00
St. Lucia	2002/03	682	–	682	0.03
	2003/04	441	–	441	0.02
	2004/05	362	–	362	0.01
	2005/06	422	–	422	0.01
	2006/07	169	–	249	0.01
St. Vincent & Grenadines	2002/03	2 686	–	2 686	0.11
	2003/04	9	–	9	0.00
	2004/05	12	–	12	0.00
	2005/06	341	–	354	0.01
	2006/07	265	–	265	0.01

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Trinidad and Tobago	2002/03	145	–	181	0.01
	2003/04	91	–	91	0.00
	2004/05	59	–	186	0.01
	2005/06	55	–	55	0.00
	2006/07	46	–	46	0.00
Turks and Caicos Islands	2002/03	1 532	–	1 532	0.06
	2003/04	741	–	782	0.03
	2004/05	1 187	–	1 187	0.04
	2005/06	357	–	362	0.01
	2006/07	149	–	170	0.00
Windward Islands	2002/03	289	–	289	0.01
	2003/04	870	–	870	0.03
	2004/05	1 455	–	1 455	0.05
	2005/06	836	–	836	0.02
	2006/07	928	–	928	0.02
Caribbean regional	2002/03	4 631	32	5 791	0.24
	2003/04	2 277	24	3 772	0.15
	2004/05	3 641	876	5 041	0.16
	2005/06	4 411	719	4 547	0.10
	2006/07	3 148	6	3 148	0.06
Total Caribbean	2002/03	59 937	864	92 309	3.75
	2003/04	56 058	500	61 290	2.39
	2004/05	46 236	1 542	51 270	1.64
	2005/06	37 661	1 095	42 397	0.96
	2006/07	38 780	10	46 775	0.95
South America					
Bolivia	2002/03	9 268	–	12 788	0.52
	2003/04	7 057	–	7 261	0.28
	2004/05	5 402	–	32 079	1.03
	2005/06	3 103	–	3 242	0.07
	2006/07	3 610	98	3 610	0.07
Brazil	2002/03	9 917	–	9 991	0.41
	2003/04	6 910	–	6 935	0.27
	2004/05	4 989	–	5 070	0.16
	2005/06	2 387	–	2 509	0.06
	2006/07	733	–	733	0.01
Chile	2002/03	145	145	145	0.01
	2003/04	351	351	351	0.01
	2004/05	437	437	437	0.01
	2005/06	790	790	793	0.02
	2006/07	500	500	500	0.01
Colombia	2002/03	583	3	1 811	0.07
	2003/04	351	–	1 658	0.06
	2004/05	541	–	1 156	0.04
	2005/06	382	110	731	0.02
	2006/07	284	–	309	0.01
Ecuador	2002/03	363	–	441	0.02
	2003/04	193	–	207	0.01
	2004/05	159	–	8 229	0.26
	2005/06	217	–	288	0.01
	2006/07	62	–	62	0.00
Paraguay	2002/03	66	–	66	0.00
	2003/04	–	–	–	0.00
	2004/05	5	5	77	0.00
	2005/06	3	3	3	0.00
	2006/07	–	–	–	0.00
Peru	2002/03	3 225	311	51 929	2.11
	2003/04	2 807	–	2 893	0.11
	2004/05	3 990	–1	4 635	0.15
	2005/06	1 604	–	1 874	0.04
	2006/07	4 962	–	15 883	0.32
Uruguay	2002/03	–	–	15	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	5	0.00
	2006/07	–	–	–	0.00
Venezuela	2002/03	–	–	72	0.00
	2003/04	–	–	76	0.00
	2004/05	–	–	229	0.01
	2005/06	–	–	83	0.00
	2006/07	–	–	–	0.00

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Latin America Regional	2002/03	1 450	68	8 859	0.36
	2003/04	1 369	500	1 369	0.05
	2004/05	1 929	–	2 201	0.07
	2005/06	3 625	–	4 065	0.09
	2006/07	5 623	–	6 659	0.14
Total South America	2002/03	25 017	528	86 116	3.50
	2003/04	19 038	851	20 751	0.81
	2004/05	17 451	441	54 114	1.73
	2005/06	12 111	903	13 592	0.31
	2006/07	15 774	598	27 756	0.57
Americas regional	2002/03	738	320	8 501	0.35
	2003/04	808	777	1 808	0.07
	2004/05	774	754	2 164	0.07
	2005/06	750	750	1 640	0.04
	2006/07	748	748	1 678	0.03
Total Americas	2002/03	94 522	2 940	221 526	9.00
	2003/04	83 070	2 129	103 358	4.04
	2004/05	72 652	4 650	126 063	4.04
	2005/06	58 173	4 113	85 265	1.93
	2006/07	62 072	1 515	109 631	2.24

1. Income groups are classified using 2004 GNI per capita thresholds. Low income countries are based on those with a GNI per capita in 2004 of \$825 or less.

Table A.3.3 Total DFID and GPEX bilateral aid by recipient country (Asia)

£ thousand

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Asia: Middle East					
Iran	2002/03	953	953	1 596	0.06
	2003/04	1 553	1 553	1 606	0.06
	2004/05	1 202	1 202	1 419	0.05
	2005/06	250	250	392	0.01
	2006/07	–	–	–	0.00
Iraq ²	2002/03	18 853	18 853	18 853	0.77
	2003/04	209 313	110 052	214 313	8.37
	2004/05	49 107	21 383	391 507	12.55
	2005/06	86 869	4 770	426 249	9.65
	2006/07	49 569	10 085	71 829	1.46
Jordan	2002/03	4 837	9	4 837	0.20
	2003/04	4 197	–	4 197	0.16
	2004/05	5 305	–	5 305	0.17
	2005/06	3 448	–	3 448	0.08
	2006/07	8 832	300	8 832	0.18
Lebanon	2002/03	232	–	232	0.01
	2003/04	102	–	102	0.00
	2004/05	297	–	297	0.01
	2005/06	150	–	150	0.00
	2006/07	6 402	6 263	6 402	0.13
Oman	2002/03	–	–	3	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Syria	2002/03	89	–	89	0.00
	2003/04	51	–	51	0.00
	2004/05	126	–	126	0.00
	2005/06	–	–	–	0.00
	2006/07	–9	–	–9	0.00
United Arab Emirates	2002/03	–	–	92	0.00
	2003/04	–	–	69	0.00
	2004/05	–	–	53	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
West Bank & Gaza ³	2002/03	15 165	4 534	15 165	0.62
	2003/04	16 841	–	16 841	0.66
	2004/05	17 565	1 800	17 565	0.56
	2005/06	15 058	–	15 058	0.34
	2006/07	15 196	223	15 196	0.31
Yemen ¹	2002/03	5 442	–	5 442	0.22
	2003/04	3 875	–	3 875	0.15
	2004/05	5 312	7	5 312	0.17
	2005/06	11 500	4	11 500	0.26
	2006/07	8 399	–	8 399	0.17
Middle East Regional	2002/03	104	–	104	0.00
	2003/04	122	–	122	0.00
	2004/05	322	–	2 022	0.06
	2005/06	335	–	1 355	0.03
	2006/07	2 575	2 468	3 685	0.08
Total Middle East	2002/03	45 676	24 350	46 414	1.88
	2003/04	236 054	111 605	241 176	9.42
	2004/05	79 235	24 392	423 604	13.58
	2005/06	117 610	5 025	458 151	10.37
	2006/07	90 964	19 339	114 334	2.33
Asia: South					
Afghanistan ¹	2002/03	74 546	44 253	76 018	3.09
	2003/04	79 683	10 457	99 595	3.89
	2004/05	79 589	7 067	98 959	3.17
	2005/06	98 430	3 390	126 949	2.87
	2006/07	98 831	1 613	123 011	2.51
Bangladesh ¹	2002/03	73 224	226	73 246	2.97
	2003/04	55 383	13	155 364	6.07
	2004/05	127 904	25 038	149 152	4.78
	2005/06	123 368	55	128 258	2.90
	2006/07	109 313	–	109 313	2.23

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Bhutan ¹	2002/03	–	–	–	0.00
	2003/04	–7	–	–7	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Burma ¹	2002/03	7 020	3 163	7 020	0.29
	2003/04	3 720	578	3 720	0.15
	2004/05	6 008	1 005	6 008	0.19
	2005/06	6 483	1 221	6 483	0.15
	2006/07	7 610	1 110	7 610	0.16
India ¹	2002/03	154 742	5 217	182 708	7.42
	2003/04	196 897	1 399	242 736	9.48
	2004/05	257 649	442	267 510	8.57
	2005/06	252 759	3 757	270 065	6.11
	2006/07	233 857	1 398	293 706	5.99
Maldives	2002/03	195	–	195	0.01
	2003/04	199	–	199	0.01
	2004/05	808	605	808	0.03
	2005/06	405	405	405	0.01
	2006/07	–	–	–	0.00
Nepal ¹	2002/03	27 162	2 038	27 162	1.10
	2003/04	32 047	3 305	32 047	1.25
	2004/05	35 085	5 230	35 285	1.13
	2005/06	34 188	1 865	34 548	0.78
	2006/07	42 833	3 189	46 543	0.95
Pakistan ¹	2002/03	38 314	226	46 852	1.90
	2003/04	66 240	308	66 299	2.59
	2004/05	31 377	140	55 277	1.77
	2005/06	97 413	38 849	97 688	2.21
	2006/07	101 118	15 699	118 150	2.41
Sri Lanka	2002/03	5 731	–	8 302	0.34
	2003/04	8 099	117	9 544	0.37
	2004/05	6 558	250	7 217	0.23
	2005/06	10 780	5 055	11 450	0.26
	2006/07	5 910	1 334	8 672	0.18
Total South Asia	2002/03	380 934	55 123	421 502	17.12
	2003/04	442 261	16 176	609 497	23.81
	2004/05	544 977	39 777	620 216	19.88
	2005/06	623 825	54 598	675 846	15.30
	2006/07	599 472	24 343	707 005	14.42
Asia: Far East					
Brunei	2002/03	21	–	21	0.00
	2003/04	4	–	4	0.00
	2004/05	3	–	3	0.00
	2005/06	3	–	3	0.00
	2006/07	3	–	3	0.00
Cambodia ¹	2002/03	9 393	928	9 393	0.38
	2003/04	8 508	176	8 508	0.33
	2004/05	9 954	–	9 954	0.32
	2005/06	13 095	433	13 196	0.30
	2006/07	12 433	541	12 468	0.25
China	2002/03	41 546	320	44 386	1.80
	2003/04	32 255	–	42 406	1.66
	2004/05	35 876	–	42 476	1.36
	2005/06	34 744	200	36 854	0.83
	2006/07	38 589	–	60 086	1.23
East Timor ¹	2002/03	6 547	–	6 547	0.27
	2003/04	4 490	–	4 490	0.18
	2004/05	4 512	–	4 512	0.14
	2005/06	1 641	–	1 641	0.04
	2006/07	2 044	106	2 044	0.04
Indonesia	2002/03	19 868	1 500	42 613	1.73
	2003/04	17 449	–	17 449	0.68
	2004/05	33 979	11 123	34 526	1.11
	2005/06	58 077	20 791	58 553	1.33
	2006/07	60 634	18 640	62 290	1.27
Korea Democratic Republic	2002/03	–	–	–	0.00
	2003/04	712	712	712	0.03
	2004/05	712	712	712	0.02
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Laos ¹	2002/03	639	295	639	0.03
	2003/04	231	–	231	0.01
	2004/05	313	215	313	0.01
	2005/06	153	102	153	0.00
	2006/07	588	456	588	0.01
Malaysia	2002/03	409	–	409	0.02
	2003/04	256	–	256	0.01
	2004/05	230	–	4 199	0.13
	2005/06	209	–	896	0.02
	2006/07	192	–	5 643	0.12
Mongolia ¹	2002/03	395	100	395	0.02
	2003/04	267	–	267	0.01
	2004/05	231	–	231	0.01
	2005/06	235	–	235	0.01
	2006/07	217	–	224	0.00
Philippines	2002/03	1 177	–	1 177	0.05
	2003/04	2 043	–	2 043	0.08
	2004/05	1 621	309	1 621	0.05
	2005/06	2 185	91	2 457	0.06
	2006/07	624	300	3 781	0.08
Singapore	2002/03	87	–	87	0.00
	2003/04	73	–	73	0.00
	2004/05	42	–	42	0.00
	2005/06	37	–	8 548	0.19
	2006/07	34	–	34	0.00
Thailand	2002/03	333	–	341	0.01
	2003/04	279	–	284	0.01
	2004/05	223	–	223	0.01
	2005/06	77	–	77	0.00
	2006/07	–	–	1 294	0.03
Vietnam ¹	2002/03	18 508	–	18 508	0.75
	2003/04	23 264	–	23 264	0.91
	2004/05	40 425	–	40 425	1.30
	2005/06	57 502	50	57 510	1.30
	2006/07	52 401	–	52 666	1.07
Total Far East Asia	2002/03	98 923	3 143	124 517	5.06
	2003/04	89 830	888	99 987	3.91
	2004/05	128 119	12 358	139 236	4.46
	2005/06	167 957	21 668	180 122	4.08
	2006/07	167 759	20 043	201 120	4.10
Asia: Central Asian Republics					
Kazakhstan	2002/03	716	–	716	0.03
	2003/04	1 230	–	1 230	0.05
	2004/05	672	–	672	0.02
	2005/06	802	–	802	0.02
	2006/07	37	–	37	0.00
Kyrgyzstan ¹	2002/03	3 456	151	3 456	0.14
	2003/04	4 200	–	4 200	0.16
	2004/05	4 537	–	4 537	0.15
	2005/06	7 271	–	7 271	0.16
	2006/07	5 455	–	5 455	0.11
Tajikistan ¹	2002/03	358	162	358	0.01
	2003/04	688	147	688	0.03
	2004/05	1 359	24	1 359	0.04
	2005/06	2 766	79	2 768	0.06
	2006/07	3 288	100	3 288	0.07
Turkmenistan	2002/03	161	–	188	0.01
	2003/04	36	–	356	0.01
	2004/05	28	–	45	0.00
	2005/06	20	–	22	0.00
	2006/07	–	–	–	0.00
Uzbekistan ¹	2002/03	490	–	785	0.03
	2003/04	559	–	559	0.02
	2004/05	613	–	613	0.02
	2005/06	277	–	277	0.01
	2006/07	11	–	11	0.00

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Total Central Asian Republics	2002/03	5 182	313	5 504	0.22
	2003/04	6 713	147	7 033	0.27
	2004/05	7 210	24	7 227	0.23
	2005/06	11 136	79	11 139	0.25
	2006/07	8 790	100	8 790	0.18
Asia Regional	2002/03	11 202	158	11 202	0.45
	2003/04	8 115	148	10 127	0.40
	2004/05	45 475	36 690	51 125	1.64
	2005/06	22 042	6 607	30 357	0.69
	2006/07	13 892	584	41 036	0.84
Total Asia	2002/03	541 917	83 087	609 138	24.74
	2003/04	782 973	128 964	967 820	37.81
	2004/05	805 017	113 241	1 241 408	39.79
	2005/06	942 570	87 976	1 355 615	30.69
	2006/07	880 876	64 409	1 072 286	21.87

1. Income groups are classified using 2004 GNI per capita thresholds. Low income countries are based on those with a GNI per capita in 2004 of \$825 or less.
2. Recorded flows to Iraq before 2003/04 are humanitarian assistance provided through UN agencies and CSOs for Iraqi citizens. No aid was provided to the government of Iraq during that period.
3. DFID also contributes around £15m – £20m annually to UNRWA whose work supports Palestinian refugees in the Middle East.

Table A.3.4 Total DFID and GPEX bilateral aid by recipient country (Europe)

£ thousand

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Europe					
Albania	2002/03	2 582	65	2 582	0.10
	2003/04	2 321	200	2 321	0.09
	2004/05	2 183	204	2 195	0.07
	2005/06	1 795	45	1 927	0.04
	2006/07	2 537	–	2 537	0.05
Armenia	2002/03	1 178	43	1 178	0.05
	2003/04	2 746	387	2 746	0.11
	2004/05	3 453	840	3 453	0.11
	2005/06	3 887	714	3 887	0.09
	2006/07	4 089	892	4 089	0.08
Azerbaijan	2002/03	259	–	259	0.01
	2003/04	159	–	159	0.01
	2004/05	49	7	49	0.00
	2005/06	14	–	14	0.00
	2006/07	–	–	–	0.00
Belarus	2002/03	57	–	57	0.00
	2003/04	49	–	49	0.00
	2004/05	128	–	128	0.00
	2005/06	29	–	29	0.00
	2006/07	–	–	–	0.00
Bosnia-Herzegovina	2002/03	6 647	–	6 647	0.27
	2003/04	6 754	–	6 754	0.26
	2004/05	5 224	–	5 224	0.17
	2005/06	3 282	–	3 282	0.07
	2006/07	3 975	–	3 975	0.08
Bulgaria	2002/03	3 548	1	3 731	0.15
	2003/04	1 868	–	1 931	0.08
	2004/05	1 175	–	1 457	0.05
	2005/06	168	50	168	0.00
	2006/07	–	–	–	0.00
Croatia	2002/03	1 605	321	1 605	0.07
	2003/04	1 222	–	1 222	0.05
	2004/05	984	–	988	0.03
	2005/06	674	–	674	0.02
	2006/07	71	–	71	0.00
Cyprus	2002/03	59	–	59	0.00
	2003/04	9	–	9	0.00
	2004/05	7	–	16	0.00
	2005/06	6	–	6	0.00
	2006/07	4	–	4	0.00
Czech Republic	2002/03	680	–	697	0.03
	2003/04	176	–	202	0.01
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Estonia	2002/03	144	–	144	0.01
	2003/04	3	–	3	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Georgia	2002/03	2 349	477	2 349	0.10
	2003/04	2 087	438	2 087	0.08
	2004/05	1 741	64	1 741	0.06
	2005/06	2 438	30	2 438	0.06
	2006/07	3 883	321	3 883	0.08
Gibraltar	2002/03	6	–	6	0.00
	2003/04	5	–	5	0.00
	2004/05	1	–	1	0.00
	2005/06	2	–	2	0.00
	2006/07	1	–	1	0.00
Hungary	2002/03	1 306	–	1 376	0.06
	2003/04	81	–	84	0.00
	2004/05	–3	–	–3	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Latvia	2002/03	83	–	83	0.00
	2003/04	12	–	12	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Lithuania	2002/03	78	–	78	0.00
	2003/04	27	–	29	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Macedonia (FYR of)	2002/03	1 791	94	1 837	0.07
	2003/04	1 440	80	1 447	0.06
	2004/05	1 529	2	1 529	0.05
	2005/06	1 325	–	1 325	0.03
	2006/07	65	–	65	0.00
Malta	2002/03	119	–	119	0.00
	2003/04	13	–	13	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Moldova ¹	2002/03	3 354	30	3 354	0.14
	2003/04	2 433	11	2 433	0.10
	2004/05	2 576	81	2 576	0.08
	2005/06	1 505	156	1 505	0.03
	2006/07	3 336	165	3 336	0.07
Poland	2002/03	1 487	–	1 487	0.06
	2003/04	63	–	63	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Romania	2002/03	6 137	50	6 157	0.25
	2003/04	4 470	–	4 513	0.18
	2004/05	4 240	–	4 240	0.14
	2005/06	826	75	826	0.02
	2006/07	–	–	–	0.00
Russian Federation	2002/03	26 773	2 751	26 773	1.09
	2003/04	24 455	3 139	24 455	0.96
	2004/05	15 133	1 374	15 133	0.49
	2005/06	5 684	299	5 684	0.13
	2006/07	5 945	1 306	5 945	0.12
Serbia ⁴ (including Kosovo)	2002/03	5 872	–2	305 036	12.39
	2003/04	7 542	–	7 552	0.30
	2004/05	6 431	–	6 431	0.21
	2005/06	6 069	–	51 890	1.17
	2006/07	5 842	–	98 892	2.02
Montenegro ⁴	2002/03	224	–	224	0.01
	2003/04	415	–	415	0.02
	2004/05	222	–	222	0.01
	2005/06	21	–	21	0.00
	2006/07	–	–	–	0.00
Slovak Republic	2002/03	3 051	–	3 051	0.12
	2003/04	234	–	234	0.01
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Slovenia	2002/03	119	–	125	0.01
	2003/04	35	–	38	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
States of ex-Yugoslavia	2002/03	870	9	870	0.04
	2003/04	–77	–269	–77	0.00
	2004/05	445	320	445	0.01
	2005/06	76	–	76	0.00
	2006/07	–	–	–	0.00
Turkey	2002/03	2 069	–	2 300	0.09
	2003/04	1 866	–	2 076	0.08
	2004/05	1 458	–	1 486	0.05
	2005/06	1 114	–	1 411	0.03
	2006/07	740	–	740	0.02

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Ukraine	2002/03	7 713	2	7 715	0.31
	2003/04	6 430	–	6 430	0.25
	2004/05	6 113	400	6 113	0.20
	2005/06	5 935	–	5 935	0.13
	2006/07	5 686	–	5 686	0.12
Balkan Regional	2002/03	53	–	53	0.00
	2003/04	1 034	135	1 034	0.04
	2004/05	3 004	–	3 004	0.10
	2005/06	2 587	600	2 587	0.06
	2006/07	2 438	400	2 438	0.05
Europe regional	2002/03	4 289	298	4 289	0.17
	2003/04	2 568	9	6 632	0.26
	2004/05	3 716	54	5 866	0.19
	2005/06	4 508	–	6 398	0.14
	2006/07	2 813	16	3 643	0.07
Total Europe	2002/03	84 502	4 138	384 240	15.60
	2003/04	70 440	4 130	74 871	2.92
	2004/05	59 809	3 346	62 294	2.00
	2005/06	41 946	1 970	90 086	2.04
	2006/07	41 425	3 101	135 305	2.76

- Income groups are classified using 2004 GNI per capita thresholds. Low income countries are based on those with a GNI per capita in 2004 of \$825 or less.
- In 2006 Montenegro formally declared independence from Serbia. Expenditure by Serbia and Montenegro has been attributed between the two countries where possible. Thus, any spend identified as only benefiting Montenegro is reported under Montenegro, all other spend as Serbia.

Table A.3.5 Total DFID and GPEX bilateral aid by recipient country (Pacific) **£ thousand**

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Solomon Islands ¹	2002/03	498	82	567	0.02
	2003/04	462	78	462	0.02
	2004/05	376	–	376	0.01
	2005/06	273	–	273	0.01
	2006/07	91	–	91	0.00
Fiji	2002/03	378	10	378	0.02
	2003/04	320	–	320	0.01
	2004/05	296	–	296	0.01
	2005/06	283	–	283	0.01
	2006/07	268	–	268	0.01
Kiribati	2002/03	42	–	42	0.00
	2003/04	53	–	53	0.00
	2004/05	75	–	75	0.00
	2005/06	53	–	53	0.00
	2006/07	41	–	41	0.00
Vanuatu	2002/03	65	41	65	0.00
	2003/04	222	199	222	0.01
	2004/05	23	–	23	0.00
	2005/06	21	–	21	0.00
	2006/07	20	–	20	0.00
Papua New Guinea ¹	2002/03	77	–	798	0.03
	2003/04	1	–	1	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	155	–	401	0.01
Tonga	2002/03	37	–	37	0.00
	2003/04	1	–	1	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Tuvalu	2002/03	28	–	28	0.00
	2003/04	12	–	12	0.00
	2004/05	1	–	1	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
Pitcairn Islands	2002/03	53	–	53	0.00
	2003/04	64	–	64	0.00
	2004/05	1 314	–	1 314	0.04
	2005/06	2 582	–	2 582	0.06
	2006/07	1 837	–	1 837	0.04
Nauru	2002/03	32	–	32	0.00
	2003/04	2	–	2	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
	2006/07	–	–	–	0.00
South Pacific Regional	2002/03	3 221	50	3 221	0.13
	2003/04	3 317	–	3 317	0.13
	2004/05	1 149	–	1 149	0.04
	2005/06	594	–	594	0.01
	2006/07	12	–	12	0.00
Oceania Regional	2002/03	141	–	141	0.01
	2003/04	31	–	31	0.00
	2004/05	38	–	38	0.00
	2005/06	18	–	18	0.00
	2006/07	–	–	–	0.00
Total Pacific	2002/03	4 572	183	5 362	0.22
	2003/04	4 484	276	4 484	0.18
	2004/05	3 272	–	3 272	0.10
	2005/06	3 823	–	3 823	0.09
	2006/07	2 424	–	2 670	0.05

1. Income groups are classified using 2004 GNI per capita thresholds. Low income countries are based on those with a GNI per capita in 2004 of \$825 or less. Some Pacific countries do not have any income group classification.

Table A.4 DFID and GPEX Bilateral expenditure by broad sector¹

£ thousand

		Total DFID Bilateral Programme	Total Bilateral Gross Public Expenditure
Education	2002/03	183 085	183 085
	2003/04	224 267	224 267
	2004/05	287 176	287 176
	2005/06	317 071	317 071
	2006/07	371 891	371 891
Health	2002/03	268 293	286 176
	2003/04	310 750	310 897
	2004/05	368 084	368 145
	2005/06	440 439	440 439
	2006/07	489 643	489 643
Social ²	2002/03	169 107	169 107
	2003/04	173 111	173 111
	2004/05	199 855	203 824
	2005/06	306 205	306 205
	2006/07	294 149	294 149
Economic ³	2002/03	305 599	450 281
	2003/04	400 429	590 486
	2004/05	393 650	581 193
	2005/06	417 619	430 153
	2006/07	393 915	398 936
Livelihoods	2002/03	152 928	193 611
	2003/04	132 739	150 443
	2004/05	141 030	163 123
	2005/06	126 990	131 532
	2006/07	157 701	159 115
Governance	2002/03	184 307	193 893
	2003/04	250 809	260 138
	2004/05	256 572	261 550
	2005/06	341 913	354 255
	2006/07	322 553	329 563
Environment	2002/03	42 129	42 129
	2003/04	39 728	39 728
	2004/05	47 993	47 993
	2005/06	44 472	44 472
	2006/07	38 766	38 766
Humanitarian Assistance	2002/03	294 981	294 981
	2003/04	310 602	338 602
	2004/05	332 318	366 988
	2005/06	405 978	436 028
	2006/07	336 473	387 763
Total Allocable	2002/03	1 600 429	1 813 263
	2003/04	1 842 434	2 087 671
	2004/05	2 026 678	2 279 992
	2005/06	2 400 687	2 460 154
	2006/07	2 405 091	2 469 825
Unallocated	2002/03	145 490	649 283
	2003/04	92 706	472 081
	2004/05	84 180	840 112
	2005/06	101 302	1 956 592
	2006/07	156 709	2 433 474
Total	2002/03	1 745 919	2 462 546
	2003/04	1 935 140	2 559 752
	2004/05	2 110 858	3 120 103
	2005/06	2 501 989	4 416 746
	2006/07	2 561 800	4 903 300

1. Since October 2002 projects can be classified by up to 6 sectors.

2. The social total includes DFID's Programme Partnership Agreements (PPA) with CSOs. Expenditure delivered through PPA's may also benefit sectors outside of the social sector

3. The economic total includes DFID contributions to the Afghanistan Reconstruction Trust Fund

Table A.5.1 UK net bilateral ODA by region

£ thousand

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹	Percentage of Gross National Income
TOTAL UK NET BILATERAL ODA	2002	2 434 656	100	0.23
	2003	2 364 698	100	0.21
	2004	2 913 356	100	0.24
	2005	4 491 045	100	0.36
	2006	4 737 140	100	0.36
Unspecified Region	2002	516 398	21.21	0.05
	2003	581 811	24.60	0.05
	2004	629 618	21.61	0.05
	2005	670 737	14.93	0.05
	2006	724 320	15.27	0.05
Total Africa	2002	698 192	28.68	0.07
	2003	923 585	39.06	0.08
	2004	1 327 317	45.56	0.11
	2005	2 087 993	46.49	0.17
	2006	2 968 240	62.68	0.23
Total Americas	2002	188 300	7.73	0.02
	2003	83 195	3.52	0.01
	2004	67 536	2.32	0.01
	2005	72 702	1.62	0.01
	2006	19 450	0.40	0.00
Total Asia	2002	600 583	24.67	0.06
	2003	747 796	31.62	0.07
	2004	865 977	29.72	0.07
	2005	1 578 320	35.14	0.13
	2006	902 600	19.06	0.07
Total Europe	2002	426 065	17.5	0.04
	2003	28 232	1.19	0.00
	2004	25 168	0.86	0.00
	2005	77 134	1.72	0.01
	2006	120 460	2.54	0.01
Pacific	2002	5 119	0.21	0.00
	2003	80	0.00	0.00
	2004	-2 259	n/a	0.00
	2005	4 159	0.09	0.00
	2006	2 070	0.04	0.00
Low Income countries²	2002	1 066 127	43.79	0.10
	2003	1 338 021	56.58	0.12
	2004	1 783 861	61.23	0.15
	2005	2 725 360	60.68	0.22
	2006	3 535 800	74.64	0.27

1. Percentages are not appropriate when Net ODA is negative so n/a is shown.

2. Income groups are classified using 2004 GNI per capita thresholds. Low income countries are based on those with a GNI per capita in 2004 of \$825 or less.

		UK Net Multilateral ODA	Percentage of Gross National Income
TOTAL UK NET MULTILATERAL ODA	2002	945 564	0.09
	2003	1 482 473	0.13
	2004	1 388 244	0.12
	2005	1 432 020	0.11
	2006	2 033 088	0.15

Table A.5.2 UK net bilateral ODA by recipient country (Africa)

£ thousand

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹
Africa: North of Sahara			
Algeria	2002	–	–
	2003	478	0.02
	2004	11	0.00
	2005	–	–
	2006	–	–
Egypt	2002	8 118	0.33
	2003	2 168	0.09
	2004	41 882	1.44
	2005	3 400	0.08
	2006	10 200	0.22
Libya	2002	n/a	n/a
	2003	n/a	n/a
	2004	n/a	n/a
	2005	–	–
	2006	–	–
Morocco	2002	–	–
	2003	–	–
	2004	71	0.00
	2005	–	–
	2006	–	–
Tunisia	2002	–	–
	2003	–	–
	2004	–	–
	2005	11 679	0.26
	2006	8 960	0.19
North Africa Regional	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Total North of Sahara			
	2002	8 118	0.33
	2003	2 646	0.11
	2004	41 964	1.44
	2005	15 079	0.34
	2006	19 160	0.40
Africa: South of Sahara			
Angola	2002	6 818	0.28
	2003	8 439	0.36
	2004	8 229	0.28
	2005	7 729	0.17
	2006	6 860	0.14
Benin ²	2002	40	0.00
	2003	12 940	0.55
	2004	–	–
	2005	–	–
	2006	1 240	0.03
Botswana	2002	1 440	0.06
	2003	698	0.03
	2004	251	0.01
	2005	138	0.00
	2006	30	0.00
Burkina Faso ²	2002	200	0.01
	2003	67	0.00
	2004	3 531	0.12
	2005	1 419	0.03
	2006	1 510	0.03
Burundi ²	2002	793	0.03
	2003	2 150	0.09
	2004	5 162	0.18
	2005	8 130	0.18
	2006	14 620	0.31
Cameroon ²	2002	28 999	1.19
	2003	10 993	0.46
	2004	16 387	0.56
	2005	2 541	0.06
	2006	92 160	1.95

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Cape Verde	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	290	0.01
Central African Republic ²	2002	293	0.01
	2003	–	–
	2004	–	–
	2005	–	–
	2006	500	0.01
Chad ²	2002	–	–
	2003	998	0.04
	2004	4 398	0.15
	2005	–402	n/a
	2006	1 310	0.03
Comoros ²	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Congo (Rep.) ²	2002	213	0.01
	2003	2 431	0.10
	2004	2 658	0.09
	2005	319	0.01
	2006	350	0.01
Congo (Dem Rep) ²	2002	9 951	0.41
	2003	13 877	0.59
	2004	164 239	5.64
	2005	42 671	0.95
	2006	76 040	1.61
Cote d'Ivoire ²	2002	7 811	0.32
	2003	1 311	0.06
	2004	3 209	0.11
	2005	1 689	0.04
	2006	1 010	0.02
Djibouti	2002	13	0.00
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Equatorial Guinea	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Eritrea ²	2002	800	0.03
	2003	2 670	0.11
	2004	2 750	0.09
	2005	1 689	0.04
	2006	3 010	0.06
Ethiopia ²	2002	29 099	1.20
	2003	38 532	1.63
	2004	80 289	2.76
	2005	41 522	0.92
	2006	89 450	1.89
Gabon	2002	153	0.01
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Gambia ²	2002	1 153	0.05
	2003	570	0.02
	2004	267	0.01
	2005	831	0.02
	2006	2 230	0.05
Ghana ²	2002	82 439	3.39
	2003	80 378	3.40
	2004	143 808	4.94
	2005	65 869	1.47
	2006	90 840	1.92

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹
Guinea ²	2002	1 773	0.07
	2003	1 292	0.05
	2004	1 730	0.06
	2005	809	0.02
	2006	520	0.01
Guinea-Bissau ²	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	10	0.00
Kenya ²	2002	36 251	1.49
	2003	48 631	2.06
	2004	24 999	0.86
	2005	47 463	1.06
	2006	58 580	1.24
Lesotho ²	2002	1 153	0.05
	2003	3 142	0.13
	2004	3 951	0.14
	2005	4 197	0.09
	2006	4 120	0.09
Liberia ²	2002	1 900	0.08
	2003	4 673	0.20
	2004	8 982	0.31
	2005	4 148	0.09
	2006	8 300	0.18
Madagascar ²	2002	473	0.02
	2003	3 099	0.13
	2004	14 990	0.51
	2005	7 399	0.16
	2006	2 780	0.06
Malawi ²	2002	33 452	1.37
	2003	68 019	2.88
	2004	65 211	2.24
	2005	56 088	1.25
	2006	92 890	1.96
Mali ²	2002	4 559	0.19
	2003	129	0.01
	2004	202	0.01
	2005	721	0.02
	2006	2 240	0.05
Mauritania ²	2002	12 910	0.53
	2003	998	0.04
	2004	278	0.01
	2005	–	–
	2006	530	0.01
Mauritius	2002	160	0.01
	2003	–741	n/a
	2004	87	0.00
	2005	–440	n/a
	2006	–60	n/a
Mayotte	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Mozambique ²	2002	31 979	1.31
	2003	38 808	1.64
	2004	35 973	1.23
	2005	44 470	0.99
	2006	53 990	1.14
Namibia	2002	2 000	0.08
	2003	1 782	0.08
	2004	1 490	0.05
	2005	710	0.02
	2006	810	0.02
Niger ²	2002	393	0.02
	2003	269	0.01
	2004	4 568	0.16
	2005	4 379	0.10
	2006	3 320	0.07

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹
Nigeria ²	2002	27 800	1.14
	2003	26 082	1.10
	2004	68 807	2.36
	2005	1 210 710	26.96
	2006	1 731 130	36.56
Rwanda ²	2002	35 078	1.44
	2003	26 260	1.11
	2004	31 749	1.09
	2005	45 081	1.00
	2006	51 840	1.09
Sao Tome & Principe ²	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Senegal ²	2002	380	0.02
	2003	410	0.02
	2004	4 960	0.17
	2005	3 801	0.08
	2006	5 490	0.12
Seychelles	2002	20	0.00
	2003	31	0.00
	2004	11	0.00
	2005	11	0.00
	2006	10	0.00
Sierra Leone ²	2002	36 198	1.49
	2003	33 639	1.42
	2004	33 250	1.14
	2005	33 331	0.74
	2006	35 630	0.75
Somalia ²	2002	2 039	0.08
	2003	2 168	0.09
	2004	6 417	0.22
	2005	5 870	0.13
	2006	28 880	0.61
South Africa	2002	31 292	1.29
	2003	75 270	3.18
	2004	47 509	1.63
	2005	38 650	0.86
	2006	810	0.02
St Helena & Dependencies	2002	8 918	0.37
	2003	10 772	0.46
	2004	14 221	0.49
	2005	12 350	0.27
	2006	12 560	0.27
Sudan ²	2002	8 998	0.37
	2003	20 221	0.86
	2004	63 612	2.18
	2005	108 073	2.41
	2006	117 130	2.47
Swaziland	2002	–933	n/a
	2003	851	0.04
	2004	780	0.03
	2005	–5 132	n/a
	2006	130	0.00
Tanzania ²	2002	68 803	2.83
	2003	174 822	7.39
	2004	117 669	4.04
	2005	118 772	2.64
	2006	118 930	2.51
Togo ²	2002	320	0.01
	2003	257	0.01
	2004	158	0.01
	2005	468	0.01
	2006	380	0.01
Uganda ²	2002	55 973	2.30
	2003	64 088	2.71
	2004	58 739	2.02
	2005	30 602	0.68
	2006	116 510	2.46

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹
Zambia ²	2002	18 749	0.77
	2003	40 351	1.71
	2004	154 188	5.29
	2005	91 168	2.03
	2006	47 150	1.00
Zimbabwe ²	2002	19 142	0.79
	2003	36 070	1.53
	2004	27 099	0.93
	2005	25 019	0.56
	2006	37 970	0.80
South of Sahara regional	2002	33 278	1.37
	2003	27 889	1.18
	2004	9 151	0.31
	2005	8 472	0.19
	2006	18 600	0.39
Total South of Sahara	2002	643 272	26.42
	2003	885 334	37.44
	2004	1 235 961	42.42
	2005	2 071 335	46.12
	2006	2 932 630	61.93
Africa regional	2002	46 802	1.92
	2003	35 605	1.51
	2004	49 391	1.70
	2005	1 579	0.04
	2006	16 450	0.35
TOTAL AFRICA	2002	698 192	28.68
	2003	923 585	39.06
	2004	1 327 317	45.56
	2005	2 087 993	46.49
	2006	2 968 240	62.68

1. Percentages are not appropriate when Net ODA is negative so n/a is shown.

2. Income groups are classified using 2004 GNI per capita thresholds. Low income countries are based on those with a GNI per capita in 2004 of \$825 or less.

Table A.5.3 UK net bilateral ODA by country (Americas)

£ thousand

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹
North and Central America			
Costa Rica	2002	-73	n/a
	2003	11 832	0.50
	2004	-8 698	n/a
	2005	3 251	0.07
	2006	-250	n/a
Cuba	2002	400	0.02
	2003	-1 488	n/a
	2004	1 812	0.06
	2005	4 967	0.11
	2006	-1 590	n/a
El Salvador	2002	7 371	0.30
	2003	1 439	0.06
	2004	98	0.00
	2005	11	0.00
	2006	6 130	0.13
Guatemala	2002	380	0.02
	2003	92	0.00
	2004	-169	n/a
	2005	39	0.00
	2006	-2 530	n/a
Haiti ²	2002	120	0.00
	2003	190	0.01
	2004	1 921	0.07
	2005	748	0.02
	2006	1 090	0.02
Honduras	2002	1 260	0.05
	2003	3 191	0.13
	2004	671	0.02
	2005	16 630	0.37
	2006	590	0.01
Mexico	2002	1 733	0.07
	2003	-2 229	n/a
	2004	82	0.00
	2005	-5 319	n/a
	2006	-	-
Nicaragua ²	2002	240	0.01
	2003	1 672	0.07
	2004	7 312	0.25
	2005	3 378	0.08
	2006	5 030	0.11
Panama	2002	120	0.00
	2003	31	0.00
	2004	22	0.00
	2005	28	0.00
	2006	-5 820	n/a
North & Central America Regional	2002	-	-
	2003	-	-
	2004	-	-
	2005	-	-
	2006	-	-
Total North and Central America	2002	11 550	0.47
	2003	14 728	0.62
	2004	3 050	0.10
	2005	23 733	0.53
	2006	2 650	0.06
Caribbean			
Anguilla	2002	1 200	0.05
	2003	1 102	0.05
	2004	742	0.03
	2005	1 502	0.03
	2006	150	0.00
Antigua & Barbuda	2002	1 553	0.06
	2003	147	0.01
	2004	38	0.00
	2005	-	-
	2006	-	-

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹
Barbados	2002	800	0.03
	2003	129	0.01
	2004	180	0.01
	2005	1 342	0.03
	2006	20	0.00
Belize	2002	7 778	0.32
	2003	410	0.02
	2004	229	0.01
	2005	1 095	n/a
	2006	190	0.00
Dominica	2002	1 313	0.05
	2003	631	0.03
	2004	-1 981	n/a
	2005	490	0.01
	2006	100	0.00
Dominican Republic	2002	17 289	0.71
	2003	122	0.01
	2004	87	0.00
	2005	281	0.01
	2006	-39 080	n/a
Grenada	2002	520	0.02
	2003	447	0.02
	2004	409	0.01
	2005	5 941	0.13
	2006	440	0.01
Guyana	2002	9 911	0.41
	2003	5 769	0.24
	2004	11 072	0.38
	2005	6 651	0.15
	2006	3 440	0.07
Jamaica	2002	4 912	0.20
	2003	5 199	0.22
	2004	4 082	0.14
	2005	12 729	0.28
	2006	7 870	0.17
Montserrat	2002	30 132	1.24
	2003	22 132	0.94
	2004	20 322	0.70
	2005	13 841	0.31
	2006	13 510	0.29
St Kitts-Nevis	2002	-	-
	2003	49	0.00
	2004	-	-
	2005	-	-
	2006	-	-
St. Lucia	2002	-440	n/a
	2003	122	0.01
	2004	-15 050	n/a
	2005	88	0.00
	2006	-	-
St. Vincent & Grenadines	2002	60	0.00
	2003	61	0.00
	2004	11	0.00
	2005	88	0.00
	2006	-	-
Surinam	2002	-	-
	2003	-	-
	2004	-	-
	2005	-	-
	2006	-	-
Trinidad and Tobago	2002	133	0.01
	2003	159	0.01
	2004	191	0.01
	2005	61	0.00
	2006	50	0.00
Turks and Caicos Islands	2002	1 653	0.07
	2003	680	0.03
	2004	600	0.02
	2005	1 040	0.02
	2006	30	0.00

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Caribbean regional	2002	6 198	0.25
	2003	4 820	0.20
	2004	6 052	0.21
	2005	5 061	0.11
	2006	5 150	0.11
Total Caribbean	2002	83 013	3.41
	2003	41 980	1.78
	2004	26 985	0.93
	2005	50 210	1.12
	2006	-8 130	n/a
South America			
Argentine Republic	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Bolivia	2002	9 458	0.39
	2003	8 022	0.34
	2004	27 738	0.95
	2005	-13 362	n/a
	2006	4 720	0.10
Brazil	2002	11 077	0.45
	2003	8 267	0.35
	2004	6 030	0.21
	2005	3 598	0.08
	2006	860	0.02
Chile	2002	193	0.01
	2003	257	0.01
	2004	578	0.02
	2005	578	0.01
	2006	470	0.01
Colombia	2002	2 099	0.09
	2003	1 721	0.07
	2004	1 102	0.04
	2005	688	0.02
	2006	350	0.01
Ecuador	2002	413	0.02
	2003	251	0.01
	2004	-8 060	n/a
	2005	171	0.00
	2006	-1 070	n/a
Paraguay	2002	-153	n/a
	2003	-220	n/a
	2004	-278	n/a
	2005	-121	n/a
	2006	-230	n/a
Peru	2002	56 273	2.31
	2003	1 641	0.07
	2004	2 870	0.10
	2005	1 832	0.04
	2006	12 030	0.25
Uruguay	2002	13	0.00
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Venezuela	2002	73	0.00
	2003	80	0.00
	2004	229	0.01
	2005	83	0.00
	2006	–	–
South America Regional	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Total South America	2002	79 447	3.26
	2003	20 019	0.85
	2004	30 210	1.04
	2005	-6 533	n/a
	2006	17 130	0.36

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Americas Regional	2002	14 290	0.59
	2003	6 467	0.27
	2004	7 291	0.25
	2005	5 292	0.12
	2006	7 800	0.16
TOTAL AMERICAS	2002	188 300	7.73
	2003	83 195	3.52
	2004	67 536	2.32
	2005	72 702	1.62
	2006	19 450	0.40

1. Percentages are not appropriate when Net ODA is negative so n/a is shown.

2. Income groups are classified using 2004 GNI per capita thresholds. Low income countries are based on those with a GNI per capita in 2004 of \$825 or less.

Table A.5.4 UK net bilateral ODA by country (Asia)

£ thousand

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹
Asia: Middle East			
Iran	2002	1 880	0.08
	2003	680	0.03
	2004	2 619	0.09
	2005	391	0.01
	2006	–	–
Iraq	2002	9 158	0.38
	2003	110 220	4.66
	2004	150 122	5.15
	2005	724 768	16.14
	2006	110 310	2.33
Jordan	2002	3 313	0.14
	2003	2 358	0.10
	2004	2 538	0.09
	2005	3 328	0.07
	2006	460	0.01
Lebanon	2002	140	0.01
	2003	178	0.01
	2004	158	0.01
	2005	303	0.01
	2006	3 760	0.08
Oman	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Saudi Arabia	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Syria	2002	80	0.00
	2003	18	0.00
	2004	71	0.00
	2005	83	0.00
	2006	–	–
West Bank & Gaza	2002	15 843	0.65
	2003	19 052	0.81
	2004	16 071	0.55
	2005	12 938	0.29
	2006	19 070	0.40
Yemen ²	2002	5 179	0.21
	2003	1 758	0.07
	2004	6 909	0.24
	2005	11 162	0.25
	2006	8 170	0.17
Middle East Regional	2002	93	0.00
	2003	178	0.01
	2004	1 970	0.07
	2005	1 381	0.03
	2006	4 560	0.10
Total Middle East	2002	35 684	1.47
	2003	134 440	5.69
	2004	180 458	6.19
	2005	754 354	16.80
	2006	146 330	3.09
Asia: South			
Afghanistan ²	2002	87 178	3.58
	2003	60 389	2.55
	2004	122 242	4.20
	2005	120 978	2.69
	2006	133 940	2.83
Bangladesh ²	2002	67 863	2.79
	2003	159 512	6.75
	2004	137 909	4.73
	2005	111 819	2.49
	2006	75 570	1.60

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹
Bhutan ²	2002	–	–
	2003	–12	n/a
	2004	–	–
	2005	–	–
	2006	–	–
Burma ²	2002	4 299	0.18
	2003	6 792	0.29
	2004	6 537	0.22
	2005	5 820	0.13
	2006	7 320	0.15
India ²	2002	229 089	9.41
	2003	202 019	8.54
	2004	201 991	6.93
	2005	318 640	7.10
	2006	189 810	4.01
Maldives	2002	260	0.01
	2003	208	0.01
	2004	202	0.01
	2005	1 012	0.02
	2006	–	–
Nepal ²	2002	24 607	1.01
	2003	32 518	1.38
	2004	35 902	1.23
	2005	33 903	0.75
	2006	40 650	0.86
Pakistan ²	2002	44 589	1.83
	2003	68 662	2.90
	2004	49 571	1.70
	2005	34 722	0.77
	2006	110 400	2.33
Sri Lanka	2002	5 119	0.21
	2003	5 677	0.24
	2004	9 179	0.32
	2005	7 547	0.17
	2006	3 730	0.08
Total South Asia	2002	463 004	19.02
	2003	535 764	22.66
	2004	563 533	19.34
	2005	634 441	14.13
	2006	561 420	11.86
Asia: Far East			
Cambodia ²	2002	8 798	0.36
	2003	9 192	0.39
	2004	9 610	0.33
	2005	11 811	0.26
	2006	12 120	0.26
China	2002	24 081	0.99
	2003	29 022	1.23
	2004	39 372	1.35
	2005	30 520	0.68
	2006	28 410	0.60
East Timor ²	2002	7 052	0.29
	2003	4 520	0.19
	2004	4 611	0.16
	2005	600	0.01
	2006	2 290	0.05
Indonesia	2002	21 141	0.87
	2003	22 763	0.96
	2004	20 387	0.70
	2005	13 252	0.30
	2006	55 190	1.17
Korea, Dem. Rep	2002	2 000	0.08
	2003	202	0.01
	2004	1 222	0.04
	2005	–	–
	2006	–	–
Laos ²	2002	693	0.03
	2003	331	0.01
	2004	289	0.01
	2005	132	0.00
	2006	150	0.00

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹
Malaysia	2002	-73	n/a
	2003	-202	n/a
	2004	4 022	0.14
	2005	721	0.02
	2006	5 400	0.11
Mongolia ²	2002	380	0.02
	2003	343	0.01
	2004	191	0.01
	2005	149	0.00
	2006	240	0.01
Philippines	2002	853	0.04
	2003	-17 049	n/a
	2004	-10 728	n/a
	2005	3 510	0.08
	2006	480	0.01
Thailand	2002	193	0.01
	2003	-7 771	n/a
	2004	218	0.01
	2005	160	0.00
	2006	-1 250	n/a
Vietnam ²	2002	17 642	0.72
	2003	21 183	0.90
	2004	36 928	1.27
	2005	53 151	1.18
	2006	44 640	0.94
Total Far East Asia	2002	82 759	3.40
	2003	62 532	2.64
	2004	106 122	3.64
	2005	114 006	2.54
	2006	147 670	3.12
Asia: Central Asian Republics			
Kazakhstan	2002	753	0.03
	2003	1 151	0.05
	2004	960	0.03
	2005	908	0.02
	2006	90	0.00
Kyrgyzstan ²	2002	2 979	0.12
	2003	4 330	0.18
	2004	3 432	0.12
	2005	5 149	0.11
	2006	6 080	0.13
Tajikistan ²	2002	2 179	0.09
	2003	668	0.03
	2004	829	0.03
	2005	2 420	0.05
	2006	3 780	0.08
Turkmenistan	2002	160	0.01
	2003	410	0.02
	2004	60	0.00
	2005	28	0.00
	2006	-	-
Uzbekistan ²	2002	913	0.04
	2003	361	0.02
	2004	791	0.03
	2005	303	0.01
	2006	70	0.00
Total Central Asian Republics	2002	6 985	0.29
	2003	6 920	0.29
	2004	6 074	0.21
	2005	8 808	0.20
	2006	10 020	0.21
Asia Regional	2002	12 150	0.50
	2003	8 139	0.34
	2004	9 790	0.34
	2005	66 711	1.49
	2006	37 160	0.78
TOTAL ASIA	2002	600 583	24.67
	2003	747 796	31.62
	2004	865 977	29.72
	2005	1 578 320	35.14
	2006	902 600	19.06

1. Percentages are not appropriate when Net ODA is negative so n/a is shown

2. Income groups are classified using 2004 GNI per capita thresholds. Low income countries are based on those with a GNI per capita in 2004 of \$825 or less.

Table A.5.5 UK net bilateral ODA by country (Europe)

£ thousand

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹
Europe			
Albania	2002	3 233	0.13
	2003	2 762	0.12
	2004	2 199	0.08
	2005	2 079	0.05
	2006	1 960	0.04
Armenia	2002	1 113	0.05
	2003	1 929	0.08
	2004	3 580	0.12
	2005	3 422	0.08
	2006	4 560	0.10
Azerbaijan	2002	313	0.01
	2003	178	0.01
	2004	87	0.00
	2005	22	0.00
	2006	–	–
Belarus	2002	n/a	n/a
	2003	n/a	n/a
	2004	n/a	n/a
	2005	61	0.00
	2006	–	–
Bosnia & Herzegovina	2002	4 852	0.20
	2003	7 728	0.33
	2004	5 992	0.21
	2005	3 609	0.08
	2006	3 190	0.07
Croatia	2002	1 400	0.06
	2003	1 010	0.04
	2004	1 261	0.04
	2005	1 001	0.02
	2006	170	0.00
Georgia	2002	2 579	0.11
	2003	2 088	0.09
	2004	1 703	0.06
	2005	1 837	0.04
	2006	2 650	0.06
Macedonia (FYR of)	2002	5 092	0.21
	2003	1 329	0.06
	2004	1 632	0.06
	2005	1 529	0.03
	2006	340	0.01
Malta	2002	60	0.00
	2003	n/a	n/a
	2004	n/a	n/a
	2005	n/a	n/a
	2006	n/a	n/a
Moldova ²	2002	2 213	0.09
	2003	3 252	0.14
	2004	2 652	0.09
	2005	1 628	0.04
	2006	1 860	0.04
Serbia & Montenegro ³ (including Kosovo)	2002	306 417	12.59
	2003	8 378	0.35
	2004	5 261	0.18
	2005	51 159	1.14
Serbia (including Kosovo) ³	2006	98 080	2.07
Montenegro ³	2006	–	–
Slovenia	2002	140	0.01
	2003	n/a	n/a
	2004	n/a	n/a
	2005	n/a	n/a
	2006	n/a	n/a

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹
States of ex Yugoslavia	2002	1 013	0.04
	2003	110	0.00
	2004	939	0.03
	2005	2 167	0.05
	2006	–	–
Turkey	2002	–473	n/a
	2003	–1 133	n/a
	2004	–2 019	n/a
	2005	–589	n/a
	2006	–770	n/a
Ukraine	2002	n/a	n/a
	2003	n/a	n/a
	2004	n/a	n/a
	2005	5 919	0.13
	2006	6 520	0.14
Europe regional	2002	33	0.00
	2003	600	0.03
	2004	1 883	0.06
	2005	3 290	0.07
	2006	1 900	0.04
TOTAL EUROPE	2002	426 065	17.50
	2003	28 232	1.19
	2004	25 168	0.86
	2005	77 134	1.72
	2006	120 460	2.54

1. Percentages are not appropriate when Net ODA is negative so n/a is shown.

2. Income groups are classified using 2004 GNI per capita thresholds. Low income countries are based on those with a GNI per capita in 2004 of \$825 or less.

3. In 2006 Montenegro formally declared independence from Serbia.

**Table A.5.6 UK net bilateral Official Development Assistance (ODA)
by recipient country (Pacific)**

£ thousand

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹
Pacific			
Cook Islands	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Fiji	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	270	0.01
Kiribati	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	50	0.00
Marshall Islands	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Micronesia	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Nauru	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Niue	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Palau	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Papua New Guinea	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–230	n/a
Samoa	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Solomon Islands	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	90	0.00
Tokelau	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ¹
Tonga	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Tuvalu	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Vanuatu	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	20	0.00
Wallis & Futuna	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
	2006	–	–
Oceania Regional	2002	5 119	0.21
	2003	80	0.00
	2004	–2 259	n/a
	2005	4 159	0.09
	2006	1 870	0.04
TOTAL PACIFIC	2002	5 119	0.21
	2003	80	0.00
	2004	–2 259	n/a
	2005	4 159	0.09
	2006	2 070	0.04

1. Percentages are not appropriate when Net ODA is negative so n/a is shown

Table A.6 Imputed UK share of multilateral net ODA by country^{1, 2, 3, 4, 5}

£ thousand

Country	2002/03	2003/04	2004/05	2005/06	2006/07
Afghanistan	26 878	36 427	32 317	30 123	41 685
Albania	8 034	6 150	10 100	6 671	6 269
Algeria	7 805	6 193	7 805	4 734	6 855
Angola	7 504	14 498	5 152	8 786	4 484
Anguilla	233	–	–	–	734
Antigua & Barbuda	28	504	45	212	–
Argentina	197	1 194	1 083	3 184	1 360
Armenia	3 786	1 320	3 465	3 700	6 450
Azerbaijan	7 401	1 168	2 668	2 645	8 274
Bangladesh	17 630	27 990	20 207	38 795	42 483
Barbados	4	150	1 374	6	206
Belarus	–	–	–	1 591	1 442
Belize	374	376	475	984	814
Benin	3 980	15 467	5 470	8 848	12 915
Bhutan	493	712	645	1 290	2 562
Bolivia	4 897	7 959	7 966	3 615	5 081
Bosnia-Herzegovina	14 361	10 262	11 181	6 919	8 499
Botswana	2 988	1 175	251	4 673	843
Brazil	721	1 346	139	2 904	1 872
Burkina Faso	19 717	20 593	6 139	20 293	20 059
Burundi	9 083	3 049	14 238	3 334	22 445
Cambodia	6 887	5 767	6 752	2 841	7 940
Cameroon	5 642	5 570	5 650	4 120	23 923
Cape Verde	3 700	1 556	1 353	3 201	3 660
Central African Rep.	2 008	7 566	962	1 383	12 340
Chad	3 579	14 028	3 899	13 802	5 586
Chile	153	3 395	1 470	175	204
China	3 277	2 960	15 068	3 854	15 148
Colombia	1 825	5 805	3 717	3 472	7 610
Comoros	77	301	522	2 803	621
Congo Dem. Rep. (Zaire)	55 258	30 563	27 030	39 274	27 840
Congo Rep.	4 106	621	3 411	7 854	5 021
Cook Islands	–	210	–	45	–
Costa Rica	146	1 284	29	1 013	768
Cote d'Ivoire	17 169	5 077	4 976	4 395	11 640
Croatia	12 758	6 749	9 375	9 341	11 461
Cuba	860	727	164	53	28
Djibouti	2 208	455	1 585	1 109	1 482
Dominica	1 031	663	682	503	378
Dominican Republic	1 159	687	9 149	1 967	10 352
Ecuador	564	2 502	5 133	543	619
Egypt	9 550	11 873	18 882	10 156	11 537
El Salvador	1 593	487	42	4 585	842
Equatorial Guinea	64	99	343	389	290
Eritrea	4 849	5 961	4 003	6 873	3 118
Ethiopia	35 463	21 090	31 658	18 419	73 760
Fiji	480	351	2 991	120	645
Gabon	5 594	261	2 538	449	2 502
Gambia	1 312	170	1 285	4 574	2 048
Georgia	3 744	1 282	5 387	3 529	10 887
Ghana	17 100	9 970	20 182	19 900	27 905
Grenada	288	292	473	1 489	638
Guatemala	1 948	3 340	1 552	882	3 225
Guinea	3 933	3 543	1 819	1 881	5 400
Guinea-Bissau	4 612	784	1 480	1 532	2 597
Guyana	1 489	132	4 003	771	1 190
Haiti	33 877	4 990	6 582	17 136	6 383
Honduras	5 508	6 481	6 383	8 486	4 258
India	57 771	16 548	21 043	37 173	81 713
Indonesia	12 482	9 608	8 799	21 895	37 341
Iran	251	891	1 121	355	1 837
Iraq	2 361	11 352	10 653	5 946	13 648
Jamaica	6 470	626	6 222	583	2 476
Jordan	8 627	4 929	4 257	5 441	6 140
Kazakhstan	105	457	1 130	1 278	1 129
Kenya	1 023	11 262	26 395	13 262	23 977
Kiribati	–	10	1 003	9	108
Korea, Dem. Rep.	6 715	2 878	2 573	1 932	998
Kyrgyz Rep.	3 227	1 000	1 699	2 929	5 967
Laos	2 590	2 879	1 832	3 041	1 933
Lebanon	1 871	5 136	3 306	2 732	13 035
Lesotho	1 169	3 239	1 079	3 786	5 848
Liberia	1 012	6 241	3 350	4 090	7 449
Libya	–	–	–	91	133
Macedonia, FYROM	4 702	4 688	7 231	3 738	5 171
Madagascar	12 604	18 423	22 560	25 419	23 341
Malawi	8 616	5 279	8 795	21 635	31 155
Malaysia	15	401	22	217	18
Maldives	384	22	315	2 096	425
Mali	5 867	16 736	18 258	22 768	8 572
Malta	233	–	–	–	–
Marshall Islands	–	85	–	208	44
Mauritania	5 656	7 788	6 430	3 310	10 742
Mauritius	602	3 902	79	1 711	2 910
Mayotte	–	–	10	–	321
Mexico	816	3 296	1 396	108	7 112
Micronesia Federal States	268	–	–	370	–
Moldova	3 023	4 159	1 875	6 091	3 908

Country	2001	2002	2003	2004	2005
Mongolia	2 643	775	346	999	4 068
Montenegro	–	–	–	–	2 502
Montserrat	360	775	–	–	974
Morocco	11 540	15 900	18 045	13 296	14 944
Mozambique	28 762	21 473	15 430	27 105	25 713
Myanmar	2 440	1 313	2 278	2 177	1 241
Namibia	655	2 399	8 746	95	460
Nauru	–	–	–	139	–
Nepal	3 252	5 268	5 065	3 671	8 087
Nicaragua	2 929	6 167	6 233	2 123	14 803
Niger	7 721	16 547	5 889	22 773	15 520
Nigeria	19 687	9 155	40 991	26 224	40 467
Niue	–	–	23	218	–
Oman	13	30	19	24	17
Pakistan	39 605	14 324	13 783	56 655	20 812
Palau	–	–	–	154	–
Palestinian Adm. Areas	26 593	42 214	26 113	28 250	39 181
Panama	21	1 627	26	182	483
Papua New Guinea	5 308	194	1 381	5 127	1 042
Paraguay	200	141	1 546	306	2 160
Peru	1 135	3 177	2 089	1 151	4 184
Philippines	824	1 765	1 774	3 908	2 126
Rwanda	9 377	13 516	6 744	10 212	15 050
Samoa	690	675	475	1 740	437
Sao Tome & Principe	139	81	1 281	191	589
Senegal	4 748	4 420	14 893	16 491	15 656
Serbia	49 776	41 257	45 735	34 770	31 036
Seychelles	153	142	195	204	486
Sierra Leone	4 115	16 712	4 257	11 378	1 944
Slovenia	3 167	–	–	–	–
Solomon Islands	–	141	721	168	455
Somalia	6 195	12 293	2 479	1 723	9 520
South Africa	11 079	14 396	15 939	14 577	11 138
Sri Lanka	12 668	9 674	9 183	12 072	10 091
St. Helena	7	16	–	–	1 380
St. Kitts-Nevis	2	334	56	–	252
St. Lucia	1 199	937	1 001	2 739	514
St. Vincent & Grenadines	887	1 329	784	418	351
Sudan	3 250	4 522	14 222	39 243	33 906
Suriname	311	3 724	508	570	431
Swaziland	1 166	2 731	517	3 097	2 748
Syria	3 427	567	6 318	2 070	2 002
Tajikistan	3 732	3 954	4 312	5 872	7 170
Tanzania	12 652	34 901	20 925	36 416	56 475
Thailand	1 630	3 352	1 513	1 243	9 909
Timor-Leste	2 317	3 274	1 654	1 709	1 897
Togo	1 704	1 647	427	1 157	430
Tonga	216	608	0	42	45
Trinidad & Tobago	624	454	939	2 460	2 416
Tunisia	22 351	5 574	2 907	10 935	6 334
Turkey	28 190	16 494	29 150	26 273	42 108
Turkmenistan	27	143	298	559	354
Turks & Caicos Islands	–	2	–	–	941
Tuvalu	–	416	142	45	–
Uganda	21 302	9 451	17 335	26 598	28 301
Ukraine	–	–	–	11 874	14 541
Uruguay	149	983	361	1 066	424
Uzbekistan	842	553	2 007	1 302	3 257
Vanuatu	244	1 145	256	84	206
Venezuela	1 954	137	286	358	223
Vietnam	27 440	16 447	24 865	36 513	33 654
Wallis & Futuna	178	–	76	–	–
Yemen	7 628	2 342	4 526	5 026	6 771
Yugoslavia, Sts Ex-Yugo. Unspec.	13 707	–	–	16	–
Zambia	8 499	24 356	12 943	14 567	23 353
Zimbabwe	4 496	1 929	3 552	5 106	6 145
North Africa Regional	778	5 048	7 490	6 990	8 506
South of Sahara Regional	7 093	27 211	15 158	27 943	29 127
Africa Regional	1 704	11 054	11 002	4 506	95 623
North and Central America Regional	7 711	9 765	1 596	4 206	2 034
West Indies unallocated	63	65	–	317	7 248
South America Regional	1 360	–	854	6 580	1 783
America Regional	20 254	8 373	12 010	5 967	11 288
Middle East Regional	1 013	6 078	7 635	12 298	8 506
Far East Regional	1 206	654	1 986	1 680	620
Central Asia Regional	–	–	–	1 048	5 558
South Asia Regional	–	–	–	85	107
South and Central Asia Regional	4 174	6 014	3 372	4 879	1 435
Asia Regional	9 238	6 198	6 041	13 635	8 695
Europe Regional	19 429	21 807	19 088	14 997	21 400
Oceania Regional	494	2 927	446	1 287	2 575
Low Income Countries	628 502	561 303	554 285	772 892	951 294
Low Income Countries (Per Cent)	65.2%	64.9%	61.2%	71.3%	69.0%

1. UK funding to multilateral organisations cannot be directly attributed to any country; the estimates above are imputed shares based on each multilaterals distribution of Official Development Assistance and the UK's total core funding for each organisation.
2. ODA is defined as flows administered with the promotion of economic development and welfare of developing countries as their main objective, that are concessional in character and convey a grant element of at least 25 per cent. Aid to countries on the DAC list of ODA Recipients is eligible to be recorded as ODA.
3. The list of organisations used to produce this table is not exhaustive; only multilaterals who provide the DAC with detailed information about their distribution of funds and to whom the UK provided funds were analysed in the production of this table.
4. Negatives represent accounting adjustments, not a net flow to the UK. Zero figures are indicated with a dash.
5. Countries are defined as low income based on their Gross National Income (GNI) per head. In the table above countries are defined as low income if they have a GNI per capita of less than US\$825 in 2004

Annex 2

Analysis of departmental expenditure

1. This Annex provides information on outturn and plans for public expenditure managed by DFID for the years 2002/03 to 2010/11. Figures on public expenditure (tables 1, 2, 3 and 6) are from Treasury data systems based on DFID returns; past years' figures may be revised from those published previously to ensure consistent treatment of classification changes. Detailed expenditure, balance sheet and staff numbers data (tables 4, 5 and 7) are DFID data. The tables do not include an analysis of spending by UK country and region; for this analysis the benefit of DFID's programmes, and the associated administration and capital expenditure, is assumed to fall outside the UK.
2. **Table 1** shows all public expenditure managed by DFID analysed by spending in Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME); by resource and capital, and by main purpose of the spending (eliminating poverty in poorer countries, conflict prevention and overseas superannuation). Most DFID spending is resource DEL for elimination of poverty in poorer countries.
3. **Tables 2** and **3** provide a more detailed breakdown of the resource and capital totals in Table 1 by main programme activities. These activities reflect the main objectives in DFID's Public Service Agreement. The resource figures for each activity in Table 2 include programme costs and any administration costs directly associated with the management of the activity. Administration costs attributed to each objective are in Table 6. Capital spending includes acquisition of fixed assets such as office buildings, houses, IT infrastructure, furniture and vehicles; financial investments in regional development banks and other international financial institutions; debt relief payments; capital grants; and capital receipts from repayment of bilateral and multilateral loans made in earlier years.
4. **Table 4** gives a breakdown of DFID's programme resources by budget lines. The figures for 2007/08 show the estimated resource outturn for that year; figures for 2008/09 are indicative and may change depending on the progress of programmes during the year. Allocations include capital payments to international financial institutions but not spending on fixed assets purchases and other items accounted for on DFID's balance sheet. Because of differences in data sources, these figures are not comparable with those for aid spending in Annex 1.
5. **Table 5** shows the total capital employed within the Department. **Table 6** shows administration budgets by main activity. **Table 7** shows numbers of staff employed by DFID.

Table 1 Total departmental spending

£ thousand

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
Resource budget									
<i>Resource DEL</i>									
Eliminating Poverty in Poorer Countries (note 1)	2 966 388	3 402 054	3 601 376	4 074 264	4 173 341	4 512 620	4 803 000	5 390 000	6 277 000
Conflict Prevention	34 893	44 929	43 939	32 973	32 989	50 814	65 828	112 000	109 000
Total resource budget DEL	3 001 281	3 446 983	3 645 315	4 107 237	4 206 330	4 563 434	4 868 828	5 502 000	6 386 000
<i>of which: Near-cash</i>	2 842 712	3 422 815	3 540 717	4 040 945	4 097 988	4 515 298	4 779 828	5 407 000	6 288 000
<i>Resource AME</i>									
Eliminating Poverty in Poorer Countries	50 415	51 440	55 695	71 434	403 578	101 874	288 970	97 790	97 790
Overseas Superannuation	51 499	77 169	76 737	68 121	65 783	57 643	61 122	58 525	55 918
Total resource budget AME	101 914	128 609	132 432	139 555	469 361	159 517	350 092	156 315	153 708
<i>of which: Near-cash</i>	115 948	118 690	117 198	103 758	113 000	114 503	110 996	109 000	106 000
Total resource budget	3 103 195	3 575 592	3 777 747	4 246 792	4 675 691	4 722 951	5 218 920	5 658 315	6 539 708
<i>of which: depreciation</i>	16 080	30 492	24 928	22 085	16 202	18 010	22 000	25 000	25 000
Capital budget									
<i>Capital DEL</i>									
Eliminating Poverty in Poorer Countries (note 1)	448 325	301 682	303 589	446 493	764 934	731 239	891 000	1 366 000	1 556 000
Conflict Prevention	–	–	282	354	40	–	–	–	–
Total capital budget DEL	448 325	301 682	303 871	446 847	764 974	731 239	891 000	1 366 000	1 556 000
<i>Capital AME</i>									
Eliminating Poverty in Poorer Countries	–	–	–	–	–	–	–	–	–
Total capital budget AME	–	–	–	–	–	–	–	–	–
Total capital budget	448 325	301 682	303 871	446 847	764 974	731 239	891 000	1 366 000	1 556 000
Total departmental spending†									
Eliminating Poverty in Poorer Countries	3 449 048	3 724 684	3 935 739	4 570 129	5 325 651	5 327 733	5 960 970	6 828 790	7 905 790
Conflict Prevention	34 893	44 929	44 214	33 304	33 029	50 804	65 828	112 000	109 000
Overseas Superannuation	51 499	77 169	76 737	68 121	65 783	57 643	61 122	58 525	55 918
Total departmental spending†	3 535 440	3 846 782	4 056 690	4 671 554	5 424 463	5 436 180	6 087 920	6 999 315	8 070 708
<i>of which:</i>									
Total DEL	3 433 526	3 718 173	3 924 258	4 531 999	4 955 102	5 276 663	5 737 828	6 843 000	7 917 000
Total AME	101 914	128 609	132 432	139 555	469 361	159 517	350 092	156 315	153 708

† Total departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL, and total AME is the sum of resource budget AME and capital budget AME less depreciation in AME.

1. To align budgeting more closely with the National Accounts treatment which scores investments in International Financial Institutions (IFIs), debt relief payments and capital grants as Capital, payments in respect of these items are classified to capital DEL. These payments continue to be shown within the totals for resource grants in Supply Estimates and Resource Accounts.

Table 2 Resource budget DEL and AME

£ thousand

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
Resource DEL									
Eliminating Poverty in Poorer Countries	2 966 388	3 402 054	3 601 376	4 074 264	4 173 341	4 512 620	4 803 000	5 387 000	6 274 000
<i>of which:</i>									
Reducing Poverty in sub-Saharan Africa	654 439	678 166	858 458	1 094 656	1 096 605	1 279 550	1 312 244	1 443 209	1 694 833
Reducing Poverty in Asia	463 267	624 005	688 040	748 426	780 416	799 500	698 285	678 288	753 748
Reducing Poverty in the Rest of the World	245 953	442 367	266 850	282 332	210 069	213 400	379 014	362 445	359 965
Improve Effectiveness of Multilateral Aid	341 835	471 572	602 365	822 003	1 018 383	1 063 072	1 019 908	1 084 060	1 399 253
Developing Innovative Approaches to Development	293 612	249 966	190 811	130 840	69 505	194 278	297 461	369 569	395 723
Programmes Contributing to Multiple Objectives (note 6)	148 280	91 131	217 046	218 801	228 678	161 000	–	–	–
Central Departments	97 260	51 311	89 559	79 595	111 281	91 000	247 088	276 429	295 478
EC Development Programmes (note 1)	733 504	796 057	694 359	700 237	665 000	701 400	751 000	878 000	920 000
Other (unallocated CFER)	-11 762	-2 521	-6 112	-2 626	-6 596	–	–	–	–
Unallocated Provision	–	–	–	–	–	–	80 000	269 000	421 000
International Finance Facility for Immunisation	–	–	–	–	–	9 420	18 000	26 000	34 000
Conflict Prevention	34 893	44 929	43 939	32 973	32 989	50 814	65 828	115 000	112 000
<i>of which:</i>									
Sub-Saharan Africa	21 846	19 312	19 990	13 631	13 765	24 357	–	–	–
Global	13 047	25 617	22 355	15 294	14 018	18 180	–	–	–
Conflict prevention pool (note 5)	–	–	–	–	–	–	33 207	109 000	106 000
Stabilisation Unit (previously Post Conflict Reconstruction Unit)	–	–	1 594	4 048	5 206	8 277	6 000	6 000	6 000
Conflict Prevention DUP	–	–	–	–	–	–	26 621	–	–
Total resource budget DEL	3 001 281	3 446 983	3 645 315	4 107 237	4 206 330	4 563 434	4 868 828	5 502 000	6 386 000
<i>of which:</i>									
Near-cash	2 842 712	3 422 815	3 540 717	4 040 945	4 097 988	4 515 298	4 779 828	5 407 000	6 288 000
<i>of which:</i>									
Pay	49 991	84 302	92 362	100 711	101 826	113 049	113 000	113 000	113 000
Procurement	51 499	113 301	132 080	605 265	703 721	226 276	180 000	188 000	209 000
Current grants and subsidies to the private sector and abroad	2 752 984	3 227 567	3 321 524	3 333 659	3 293 203	4 179 973	3 581 187	4 638 000	5 347 000
Current grants to local authorities	–	–	–	–	–	–	–	–	–
Depreciation	16 080	30 492	24 928	22 085	16 202	18 010	22 000	25 000	25 000
Resource AME									
Eliminating Poverty in Poorer Countries	50 415	51 440	55 695	71 434	403 578	101 874	288 970	97 790	97 790
<i>of which:</i>									
Programmes Contributing to Multiple Objectives (note 2)	50 415	51 440	55 695	71 434	91 459	101 294	97 790	97 790	97 790
International Finance Facility for Immunisation (note 3)	–	–	–	–	312 119	580	191 180	–	–
Overseas Superannuation	51 499	77 169	76 737	68 121	65 783	57 643	61 122	58 525	55 918
<i>of which:</i>									
Overseas Superannuation (note 4)	51 499	77 169	76 737	68 121	65 783	57 643	61 122	58 525	55 918
Total resource budget AME	101 914	128 609	132 432	139 555	469 361	159 517	350 092	156 315	153 708
<i>of which:</i>									
Near-cash	115 948	118 690	117 198	103 758	113 000	114 503	110 996	109 000	106 000
<i>of which:</i>									
Pay	–	–	–	–	–	–	–	–	–
Procurement	–	–	–	–	–	–	–	–	–
Current grants and subsidies to the private sector and abroad	–	–	–	–	–	–	–	–	–
Current grants to local authorities	–	–	–	–	–	–	–	–	–
Depreciation	–	–	–	–	–	–	–	–	–
Total resource budget	3 103 195	3 575 592	3 777 747	4 246 792	4 675 691	4 722 951	5 218 920	5 658 315	6 539 708

† The breakdown of near-cash in Resource DEL by economic category may exceed the total near-cash Resource DEL reported above because of other income and receipts that score in near-cash Resource DEL but aren't included as pay, procurement, or current grants and subsidies to the private sector, abroad and local authorities.

1. European Union spending on overseas aid from the Community budget; this is paid from the Consolidated Fund but for public expenditure purposes is treated as part of DFID's budget.

2. Cost of capital charge for DFID's investment in CDC Group plc

3. Accounting provision for future cost of payments to IFFIm (cash payments show as negative AME and positive DEL)

4. Resource cost under FRS17 for the interest costs from unwinding of the discounted provision for superannuation payments to former colonial civil servants and others.

5. From 2008-09, the Africa Conflict Prevention Pool and the Global Conflict Prevention Pool have been merged into a single pool. Plans for 2008-09 reflect the remaining budget within DFID's baseline after transferring £52.2m to the Ministry of Defence and the Foreign & Commonwealth Office. Plans for 2009-10 and 2010-11 reflect the total budget for the Conflict Prevention Pool, some of which will be allocated to the Ministry of Defence and the Foreign & Commonwealth Office as the other participants in the conflict prevention pool.

6. Expenditure shown under this heading until 2007-08 is included within Central Departments Resource DEL expenditure from 2008-09.

Table 3 Capital budget DEL and AME

£ thousand

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
Capital DEL									
Eliminating Poverty in Poorer Countries	448 325	301 682	303 589	446 493	764 934	731 239	891 000	1 366 000	1 556 000
<i>of which:</i>									
Reducing Poverty in sub-Saharan Africa	683	4 100	4 518	4 919	4 496	11 262	–	110 000	110 000
Reducing Poverty in Asia	222	1 250	1 432	2 327	1 331	4 530	–	52 000	52 000
Reducing Poverty in the Rest of the World	16 707	28 648	19 512	13 234	–1 709	10 262	21 000	38 000	27 000
Improve Effectiveness of Multilateral Aid	417 098	259 249	270 909	423 314	751 529	687 000	802 000	1 048 000	1 096 000
Developing Innovative Approaches to Development	110	200	82	9	1	–	–	–	–
Environmental Transformation Fund	–	–	–	–	–	–	50 000	100 000	250 000
Programmes Contributing to Multiple Objectives	3	–	1 965	44	411	–	–	–	–
Central Departments (note 1)	13 502	20 412	7 569	9 801	17 630	18 185	8 000	8 000	14 000
Other (unallocated CFER)	–	–12 177	–2 398	–7 155	–8 755	–	–	–	–
Unallocated Capital	–	–	–	–	–	–	10 000	10 000	7 000
Conflict Prevention	–	–	282	354	40	–	–	–	–
<i>of which:</i>									
Post Conflict Reconstruction	–	–	282	354	40	–	–	–	–
Total capital budget DEL	448 325	301 682	303 871	446 847	764 974	731 239	891 000	1 366 000	1 556 000
<i>of which:</i>									
Capital expenditure on fixed assets net of sales†	22 680	47 535	30 804	29 920	25 229	75 265	28 000	28 000	34 000
Capital grants to the private sector and abroad	47 000	41 000	54 700	49 500	65 800	80 250	71 000	300 000	439 000
Net lending to private sector	362 063	196 048	199 625	350 965	673 102	575 724	782 000	1 028 000	1 076 000
Capital support to public corporations	16 582	17 099	18 742	16 462	843	–	–	–	–
Capital AME									
Eliminating Poverty in Poorer Countries	–	–	–	–	–	–	–	–	–
Total capital budget AME	–	–	–	–	–	–	–	–	–
Total capital budget	448 325	301 682	303 871	446 847	764 974	731 239	891 000	1 366 000	1 556 000
<i>Of which:</i>									
Capital expenditure on fixed assets net of sales†	22 680	47 535	30 804	29 920	25 229	75 265	28 000	28 000	34 000
Less depreciation††	16 080	30 492	24 928	22 085	16 202	18 010	22 000	25 000	25 000
Net capital expenditure on tangible fixed assets	6 600	17 043	5 876	7 835	9 027	57 255	6 000	3 000	9 000

† Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporations' capital expenditure.

†† Included in Resource Budget.

1. From 2008-09, all fixed assets expenditure is shown within Central Departments. All capital receipts are shown within this line for all years.

Table 4: DFID: allocation by programme**£ thousand**

DFID's available programme resources are allocated to country or regional specific aid programmes, international bilateral aid programmes, or other programmes in the annual resource allocation round. This establishes an aid framework allocation, approved by the Secretary of State, which provides divisions within DFID with a firm budget for the current year and planning figures for the subsequent two financial years.

In Table 4, the figures up to and including 2002/03 represent cash spending, while from 2003/04 onwards, expenditure and plans are set in resource budget terms.

The figures for 2007/08 show the estimated resource outturn for that year, and for 2008-09 and after, indicative planning figures are presented.

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
AFRICA¹									
East and Central Africa									
Ethiopia	40 341	40 395	66 246	62 018	88 656	140 200	130 000	150 000	175 000
Tanzania	75 497	79 819	94 666	109 199	109 752	120 550	130 000	150 000	150 000
Sudan	19 050	14 655	88 241	130 835	108 704	115 776	110 000	115 000	120 000
Democratic Republic of the Congo	12 933	13 157	38 758	51 892	88 149	77 851	70 000	100 000	130 000
Uganda	53 206	54 493	60 591	67 337	73 993	71 610	70 000	75 000	85 000
AED Other	31 100	33 713	42 920	44 314	39 663	15 997	7 000	7 000	7 000
Kenya	42 390	26 001	39 451	64 219	61 268	50 900	50 000	55 000	70 000
Somalia ²	–	–	–	–	–	27 500	21 000	21 000	21 000
Rwanda	35 263	28 134	44 337	68 128	16 942	46 313	46 000	50 000	55 000
Burundi ²	–	–	–	12 262	10 021	10 000	10 000	10 000	10 000
Total	309 780	290 367	475 210	610 204	597 148	676 697	644 000	733 000	823 000
West and Southern Africa									
Nigeria	29 237	31 876	45 101	80 952	81 482	101 200	100 000	120 000	140 000
Ghana	52 871	58 022	71 387	85 387	68 665	75 411	83 000	83 000	85 000
Malawi	51 728	53 107	62 559	70 014	60 936	70 000	70 000	75 000	80 000
Mozambique	30 563	36 608	48 291	56 237	54 131	65 000	60 000	65 000	70 000
Sierra Leone	33 004	35 160	35 439	32 093	36 189	40 700	40 000	45 000	50 000
Zambia	37 710	24 664	26 793	47 128	39 948	42 200	40 000	45 000	50 000
Zimbabwe	30 776	33 148	23 717	37 336	32 048	45 245	40 000	40 000	40 000
Southern Africa Regional (inc Lesotho, Angola) ³	81 014	58 637	32 924	17 484	28 796	43 817	35 000	34 000	35 000
South Africa ²	–	–	23 074	35 343	21 940	20 000	20 000	20 000	20 000
Liberia	–	–	–	–	–	9 300	10 000	10 000	10 000
Lesotho	2 759	3 311	–	–	–	–	–	–	–
Total	349 662	334 533	369 285	461 974	424 135	512 873	498 000	537 000	580 000
Pan-Africa Strategy and Programmes									
Africa – ATP	1 103	–	–2 644	–	–	–	–	–	–
Africa Reserve	–	–	–	–	–	–	29 000	130 000	227 000
Africa Regional Budget	–	–	–	5 658	–	28 210	37 900	57 600	78 100
Humanitarian Assistance	–	3 815	1 712	3 597	2 719	9 325	37 000	40 000	40 000
Other	–	3 245	–	–	–	–	–	–	–
Africa Policy Fund	2 671	7 014	10 816	10 718	15 604	14 000	13 100	2 400	1 900
Total	3 774	14 074	9 884	19 973	18 323	51 535	117 000	230 000	347 000
Africa Total	663 216	638 974	854 379	1 092 151	1 039 606	1 241 105	1 259 000	1 500 000	1 750 000
SOUTH ASIA									
South Asia									
India	155 997	214 425	244 983	249 938	240 755	266 033	270 000	275 000	280 000
Bangladesh	75 580	57 300	125 341	117 573	112 416	116 700	114 000	125 000	150 000
Afghanistan ⁴	34 661	68 604	81 943	98 506	98 709	107 000	123 000	115 000	115 000
Pakistan	37 970	66 221	24 983	71 651	89 333	91 000	120 000	140 000	175 000
Nepal	26 812	27 778	32 178	33 535	34 364	43 000	42 000	46 000	56 000
Asia Regional Policy and Programmes	9 404	22 552	3 081	3 625	3 985	4 000	4 000	4 000	4 000
Sri Lanka	–	–	–	–	2 323	500	–	–	–
Asia Reserve (inc Post Tsunami Rehab)	–	–	–	–	–	–	–	–	–
Asia – ATP	19 504	–	–	10 628	7 791	10 850	–	–	–
SOUTH ASIA Total	359 928	456 880	512 509	585 456	589 676	639 083	673 000	705 000	780 000

£ thousand

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
EUROPE, MIDDLE EAST AMERICAS CENTRAL AND EAST ASIA									
Europe/Central Asia									
EUAcession/Pre Accession Countries ⁵	17 544	7 756	6 735	649	–	–	–	–	–
Central Asia, South Caucasus, Moldova ⁶	14 938	15 269	18 230	20 114	18 372	19 500	22 000	17 000	18 000
Balkans ⁷	18 426	18 197	12 813	13 449	13 650	11 500	14 000	13 000	7 000
ECAD Regional	–	–	–	–	–	5 500	6 000	8 000	8 000
Ukraine	7 888	6 745	5 444	5 874	5 954	3 000	–	–	–
Russia	24 152	21 498	12 543	6 471	4 894	–	–	–	–
Total	82 948	69 465	55 765	46 557	42 870	39 500	42 000	38 000	33 000
Americas/Overseas Territories									
Latin America ⁸	30 592	23 529	20 632	11 265	11 166	11 500	10 000	11 000	7 000
Caribbean ⁹	18 780	12 246	19 196	11 151	8 481	10 100	11 000	12 000	13 000
Overseas Territories ¹⁰	37 712	38 341	36 153	30 835	35 135	42 900	68 000	83 000	70 000
Latin America –ATP	217	–	–	–	–	–	–	–	–
Total	87 301	74 116	75 981	53 251	54 782	64 500	89 000	106 000	90 000
Middle East/North Africa									
Yemen	2 143	2 425	5 651	12 336	8 341	12 000	20 000	35 000	50 000
Palestinian Authority	15 004	16 868	16 606	14 757	14 964	44 748	17 000	25 000	25 000
Middle East Regional	5 369	4 713	7 420	3 258	2 107	2 400	4,000	4,000	4,000
UN Relief & Works Agency for Palestinian Refugees	18 807	23 646	17 148	14 985	15 015	15 600	19 000	20 000	22 000
Iraq	–	211 656	64 296	65 974	43 071	36 800	25 000	20 000	10 000
Total	41 323	259 308	111 121	111 310	83 498	111 548	81 000	100 000	107 000
EMAD Regional Programmes									
Research Consultancy	140	278	–249	62	7391	7 900	–	–	–
Asia Regional Poverty Fund	–	–	–	–	–	–	6,000	1,000	3,000
EBRD subscription (Capital)	15 082	16 778	16 469	16 295	–	–	–	–	–
Other ² ⁸	–	25 990	–	–	–	–	–	–	–
Total	15 222	43 046	16 220	16 357	7 391	7 900	10 000	5 000	7 000
South East Asia									
China	33 804	21 652	42 409	33 036	38 416	33 160	35 000	30 000	20 000
Vietnam ²	–	–	–	55 330	49 500	50 000	50 000	50 000	50 000
South East Asia ¹¹	57 007	59 938	84 348	69 103	61 759	59 850	65 000	53 000	50 000
Total	90 811	81 590	126 757	157 469	149 675	143 010	150 000	133 000	120 000
TOTAL EUROPE, MIDDLE EAST, AMERICAS, CENTRAL AND EAST ASIA	317 605	527 525	385 844	384 944	338 216	366 458	372 000	382 000	357 000
TOTAL – COUNTRY/REGIONAL PROGRAMMES	1 340 749	1 623 379	1 752 732	2 062 551	1 967 498	2 246 646	2 304 000	2 587 000	2 887 000
UN, CONFLICT AND HUMANITARIAN									
Conflict, Humanitarian and Security									
Security and Justice	5 617	3 120	3 749	4 883	9 209	12 834	14 000	13 000	14 000
Humanitarian Response	74 264	15 845	58 967	63 662	27 101	19 660	20 000	26 000	29 000
Humanitarian Policy	46 942	48 072	54 797	72 800	54 520	73 602	66 000	65 000	64 000
Conflict	3 696	–	2 430	1 426	4491	4 554	4 000	5 000	5 000
UN Peacebuilding	–	–	–	–	6 421	20 530	20 000	12 000	17 000
Disaster Risk Reduction	–	–	–	–	7 580	10 530	8 000	7 000	7 000
Central Emergency Response Fund	–	–	–	40 000	43 770	36 083	30 000	40 000	40 000
Global Conflict Prevention Pool	13 816	25 617	22 345	15 294	12 944	18 180	–	–	–
Total	144 335	92 654	142 288	198 065	166 036	195 973	162 000	168 000	176 000

£ thousand

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
United Nations and Commonwealth									
UN Development Programme	37 000	37 000	30 250	54 750	50 000	55 000	–	–	–
UNICEF	17 000	17 000	19 000	20 350	20 142	22 700	–	–	–
UNFPA Core Grant	9 000	18 100	28 001	30 000	20 422	24 578	–	–	–
UNAIDS	–	–	–	16 000	10 000	19 000	–	–	–
WHO Core Grant	12 000	12 500	23 854	3 125	19 457	17 417	–	–	–
Core funding to UN Funds Programmes and Agencies ¹⁶	–	–	–	–	–	–	119 000	119 000	119 000
Commonwealth Programmes	8 353	7 751	24 930	19 163	25 688	24 955	26 000	28 000	28 000
Other central funding to UN funds and programmes	–	–	–	–	–	–	10 000	32 000	42 000
Other UN Institutions	10 301	14 000	15 872	13 562	14 264	18 350	17 000	16 000	13 000
Technical Cooperation for UN	7 041	5 500	21 156	9 289	16 982	7 449	4 000	7 000	4 000
IFAD	3 000	3 610	4 600	12 131	1 386	250	15 000	14 000	18 000
FAO (Subscription)	11 702	11 000	13 000	8 950	13 700	13 800	16 000	16 000	16 000
UNESCO (Subscription)	12 019	12 500	10 076	11 767	11 111	12 000	12 000	12 000	12 000
Other UN & Commonwealth	–	–	–	1 321	–1 321	–	–	–	–
Policy Partnerships	–	–	–	3 900	3 909	3 500	–	–	–
Unallocated Multilateral Contributions	–	–	–	–	–	–	3 000	13 000	53 000
Total	127 416	138 961	190 739	204 308	205 740	218 999	222 000	257 000	305 000
Conflict Prevention									
Conflict Prevention Pool ¹	–	–	–	–	–	–	112 000	109 000	106 000
Stabilisation Unit ¹³	–	–	1 215	1 432	2 695	4 273	4 000	4 000	4 000
Total	0	0	1 215	1 432	2 695	4 273	116 000	113 000	110 000
TOTAL UN, CONFLICT AND HUMANITARIAN	271 751	231 615	334 242	403 805	374 471	419 245	500 000	538 000	591 000
EUROPE & DONOR RELATIONS									
European Development Fund (Resource)	132 545	230 883	257 982	234 431	237 957	280 041	321 500	321 000	332 200
Other EU Programmes	3 756	5 339	4 327	4 153	3 924	3 915	6 100	5 000	55 100
EU Attribution ¹²	733 504	796 057	694 359	700 237	707 000	725 000	786 000	878 000	920 000
Donor effectiveness	–	–	–	–	–	–	2 000	2 000	2 000
Global Statistics Partnership	–	–	–	–	–	2 700	5 000	21 000	23 000
Trade-related technical cooperation	2 617	3 064	6 989	9 263	6 749	14 500	18 000	22 000	24 000
TOTAL EUROPE & DONOR RELATIONS	872 422	1 035 343	963 657	948 084	955 630	1 026 156	1 138 600	1 249 000	1 356 300
INTERNATIONAL FINANCE AND DEVELOPMENT EFFECTIVENESS									
International Financial Institutions									
IDA	220 920	149 500	150 000	364 800	493 333	493 333	443 000	701 000	721 000
African Development Fund	33 198	40 598	40 597	–	146 627	59 564	82 000	165 000	170 000
Asian Development Fund ¹⁴	26 103	26 154	21 179	–	57 068	28 534	28 000	29 000	29 000
Caribbean Dev Bank Special Dev Fund	5 319	4 374	4 374	–	5 873	5 873	6 000	13 300	7 000
Other IFI Programmes ¹⁵	21 274	1 535	2 979	1 396	36 695	70 000	39 100	54 800	119 600
Debt relief	47 167	44 731	54 812	61 657	96 499	100 160	192 000	99 000	121 000
Reg Dev Banks (Cap Sub)	2 400	841	1 530	854	843	794	–	–	–
Total	356 381	267 733	275 471	428 707	836 938	758 258	790 100	1 062 100	1 167 600
Global Funds/DFIs									
Private Sector Infrastructure	24 002	17 183	15 687	33 649	30 582	32 500	27 000	47 000	58 000
Making Aid more Effective	–	–	–	419	2 532	5 450	–	–	–
IFF for Immunisation	–	–	–	–	312 119	9 420	18 000	26 000	34 000
Global Funds, AIDS, TB and Malaria	–	–	–	–	100 000	100 000	70 000	140 000	240 000
Fast Track Initiative, innovative finance mechanisms, and other global funds	–	–	–	–	69 939	7 367	70 542	58 390	147 865
Total	24 002	17 183	15 687	34 068	515 172	154 737	185 542	271 390	479 865
TOTAL INTERNATIONAL FINANCE AND DEVELOPMENT EFFECTIVENESS	380 383	284 916	291 158	462 775	1 352 110	912 995	975 642	1 333 490	1 647 465

£ thousand

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
POLICY & RESEARCH									
Policy Programmes									
Global Environment Funds	–	61 928	37 929	46 987	35 106	43 629	94 000	144 000	294 000
Global Health Partnerships	–	60 190	63 438	92 465	37 452	24 201	36 000	36 000	36 000
Health, AIDS and Education	–	17 331	11 323	15 738	15 487	23 519	12 000	12 000	12 000
Growth and investment	–	45 610	30 232	21 946	20 112	17 236	19 000	37 000	43 000
Sustainable Development	–	–	–	9 904	10 452	12 612	19 000	20 000	20 000
Governance and social development	–	11 704	7 679	823	1 770	2 500	18 000	23 000	3 000
Total	281 577	196 763	150 601	187 863	120 379	123 697	198 000	272 000	408 000
Research									
Human Development Research	–	27 843	28 757	41 348	43 129	48 000	49 000	75 000	103 000
Growth and Livelihoods Research	–	27 946	37 073	41 838	39 697	45 000	49 000	65 000	72 000
Social, Political and Environmental Change Research	–	10 847	15 355	13 958	15 411	27 500	25 000	33 000	35 000
Communications Research	–	12 727	4 099	6 309	6 974	8 000	11 000	9 000	11 000
Total	–	79 363	85 284	103 453	105 211	128 500	134 000	182 000	221 000
COMMUNICATIONS									
Partnership Programme Agreements	61 898	56 764	66 054	82 149	89 141	90 491	95 000	103 000	113 000
Civil Society Challenge Fund	9 683	7 000	11 959	7 113	14 594	14 280	15 000	17 000	20 000
Global Transparency Fund	–	–	–	–	–	5 000	20 000	33 000	34 000
Development Awareness	5 431	2 681	6 626	7 113	10 025	14 400	19 000	24 000	29 000
Strategic Grants	14	470	847	1 244	732	–	–	–	–
Volunteering initiatives	–	–	–	–	–	–	–	–	–
Information & Communications for Development	3 371	4 013	7 027	5 037	5 677	3 524	–	–	–
Media & Marketing	–	667	1 552	1 101	1 348	2 105	7 600	9 600	11 600
Other	460	3 806	–	–	–	–	–	–	–
Total	80 857	75 401	94 065	103 757	121 517	129 800	156 600	186 600	207 600
TOTAL – POLICY PROGRAMMES	362 434	351 527	329 950	395 073	347 107	381 997	488 600	640 600	836 600
FINANCE & CORPORATE PERFORMANCE									
Evaluation	1 465	558	897	338	607	1 050	2 000	3 000	3 000
FPCPD Other Programmes	2 162	626	759	911	825	1 600	1 000	1 000	1 000
TOTAL – OTHER PROGRAMMES	3 627	1 184	1 656	1 249	1 432	2 650	3 000	4 000	4 000
GRAND TOTAL	2 358 944	2 492 621	2 709 738	3 325 453	4 998 248	4 989 689	5 409 842	6 352 090	7 322 365

1. The Africa Conflict Prevention Pool (ACPP) and the Global Conflict Prevention Pool (GCPP) have been merged into a single Conflict Prevention Pool (CPP) from 2008-09. The CPP will be operated jointly with the Foreign & Commonwealth Office (FCO) and the Ministry of Defence (MoD). The plans shown for the CPP are the total budget; £52.2m of the amount shown for 2008-09 has already been allocated to the FCO and MoD. Previous years' outturn for the ACPP are included in country outturn figures within Africa division.
2. Earlier years are included in regional allocations.
3. Includes South Africa until 2003/04. Includes Angola from 2005/06.
4. Most expenditure in Afghanistan until 2003/04 is in Conflict and Humanitarian spending.
5. In later years only Romania and Bulgaria.
6. Includes Kyrgyz Republic, Tajikistan, Uzbekistan, Armenia, Georgia, and Moldova.
7. Includes country programmes for former Yugoslavia and Albania.
8. Includes current programmes in Nicaragua, Bolivia, Brazil, and regional programmes, and those countries which have graduated – Peru, Mexico and Honduras.
9. Caribbean Community (CARICOM) countries in the independent Caribbean, including Guyana, Jamaica, Belize and the Windward Islands. There are current programmes in Guyana, Jamaica and Caribbean region.
10. Includes St Helena, Anguilla, Monserrat, Turks and Caicos, and Caribbean Dependencies programme. We have graduated from Anguilla and Turks and Caicos, but are providing budget support for Pitcairn.
11. Includes country programmes for Indonesia, Cambodia, Burma, East Timor and Vietnam (until 2004/05).
12. Share of EU spending on development programmes attributed to the UK.
13. Formerly Post Conflict Reconstruction Unit
14. Replenishment negotiations have still to be concluded, final plans may differ from those shown.
15. Includes IMF Funds.
16. Plans for the allocation of funds to specific UN agencies have not yet been finalised.

Table 5: Department for International Development capital employed

£ thousand

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
Assets and liabilities on the balance sheet at end of year:									
Fixed assets									
Intangible	833	550	350	162	1 588	1 000	800	600	400
Tangible	70 820	70 290	75 411	82 997	88 313	109 165	116 248	119 892	127 684
<i>of which:</i>									
Land and buildings (including leasehold improvements)	40 324	40 976	39 618	41 233	42 673	49 934	54 929	62 603	69 816
Vehicles	2 964	2 840	3 647	3 072	3 090	3 364	3 013	3 768	4 311
Office and domestic furniture and equipment	7 398	8 209	9 231	9 406	9 819	13 009	15 909	18 349	24 161
IT equipment & systems	17 067	15 927	17 372	15 857	8 930	10 557	34 556	27 331	21 555
Assets in the course of construction	3 067	2 338	5 543	13 429	23 801	32 301	7 841	7 841	7 841
Investments	1 751 350	1 751 249	2 521 400	2 978 750	2 920 358	2 920 358	2 920 358	2 920 358	2 920 358
Current assets									
Long term loans (due after more than one year)	1 116 146	1 094 206	307 300	278 736	224 178	199 178	174 178	149 178	124 178
Debtors, prepayments & cash	219 549	185 247	217 126	146 790	156 525	160 000	160 000	160 000	160 000
Liabilities									
Creditors (due within 1 year)	-514 579	-584 915	-528 169	-455 747	-580 052	-423 276	-482 461	-455 417	-418 015
Creditors (due after 1 year)	-528 462	-216 408	-258 118	-375 747	-375 490	-254 853	-304 234	-287 187	-277 272
Provisions for liabilities and charges	-179 761	-127 127	-109 523	-98 790	-437 515	-430 616	-413 646	-387 868	-353 176
Capital employed within main department	1 716 347	1 987 845	2 008 651	2 410 361	1 841 380	2 120 956	2 011 243	2 059 555	2 124 157
NDPB net assets	-	-	-	-	-	-	-	-	-
Total capital employed in dept'l group	1 716 347	1 987 845	2 008 651	2 410 361	1 841 380	2 120 956	2 011 243	2 059 555	2 124 157

Table 6: Administration costs**£ thousand**

	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Outturn	2007-08 Estimated Outturn	2008-09 Plans	2009-10 Plans	2010-11 Plans
Administration Expenditure (note 1)									
Paybill	39 079	20 718	26 125	34 394	29 172	44 013	40 000	40 000	40 000
Other	50 649	129 587	136 355	132 923	164 279	128 058	128 000	124 000	120 000
Total administration expenditure	89 728	150 305	162 480	167 317	193 451	172 071	168 000	164 000	160 000
Administration income	-4 600	-4 600	-4 950	-5 099	-2 998	-5 061	-5 000	-5 000	-5 000
Total administration budget	85 128	145 705	157 530	162 218	190 453	167 010	163 000	159 000	155 000
Analysis by activity									
Eliminating Poverty in Poorer Countries	85 128	145 705	157 151	159 525	187 504	163 310	160 000	156 000	152 000
Conflict Prevention	-	-	379	2 693	2 949	3 700	3 000	3 000	3 000
Total administration budget	85 128	145 705	157 530	162 218	190 453	167 010	163 000	159 000	155 000

1. Administration costs have been restated from previously published figures for all years up to 2007-08 to reflect costs of overseas front-line programme staff now included in programme costs. The increase in administration costs between 2002-03 and 2003-04 follows an earlier redefinition of administration costs by DFID in 2003-04 to include expenditure on staff travel and allowances, consultants, contractors, research and other items previously paid from the programme budget within administration costs.

Table 7: DFID staff numbers

	Mar-00 Actual	Mar-01 Actual	Mar-02 Actual	Mar-03 Actual	Mar-04 Actual	Mar-05 Actual	Mar-06 Actual	Dec-06 Actual	Mar-07 Actual	Mar-08 Actual
Civil Servants Full Time Equivalents	1 325	1 263	1 447	1 620	1 907	1 883	1 801	1 754	1 719	1 612

Table 7 shows the number of full-time equivalent civil service staff employed by DFID in the UK and overseas, including those working overseas on aid projects. Part-time staff are counted according to percentage of time worked. In accordance with Cabinet Office requirements, numbers prior to 2002 and 2003 respectively include casual staff and a notional figure to represent the amount of overtime worked by our permanent staff.

Annex 3

Progress towards the Millennium Development Goals

This Annex provides assessments of progress towards each of the Millennium Development Goals (MDGs), grouped by the regions listed below.

Data are sourced from the United Nations based on data and estimates provided by:

- Food and Agriculture Organization (FAO)
- Inter-Parliamentary Union; International Labour Organization (ILO)
- International Telecommunication Union
- United Nations Educational, Scientific and Cultural Organization (UNESCO)
- United Nations Children's Fund (UNICEF)
- World Health Organization (WHO)
- Joint United Nations Programme on HIV & AIDS (UNAIDS)
- United Nations Human Settlements Programme (UN-HABITAT)
- World Bank

All data is based on the latest statistics available.

Regions in the MDG assessments include the following countries:

Northern Africa

Algeria, Egypt, Libyan Arab Jamahiriya, Morocco, Tunisia, Western Sahara.

Sub-Saharan Africa

Angola, Benin, Botswana, Burkino Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Cote d'Ivoire, Democratic Republic of the Congo, Djibouti, Equatorial Africa, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Matyotte, Mozambique, Namibia, Niger, Nigeria, Réunion, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Togo, Uganda, United Republic of Tanzania, Zambia, Zimbabwe.

Eastern Asia

China, Democratic People's Republic of Korea, Hong Kong SAR, Japan, Macao SAR, Mongolia, Republic of Korea.

South-Eastern Asia

Brunei-Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste.

Southern Asia

Afghanistan, Bangladesh, Bhutan, India, Iran (Islamic Republic of), Iraq, Maldives, Nepal, Pakistan, Sri Lanka.

Western Asia

Jordan, Lebanon, Occupied Palestinian Territories, Oman, Saudi Arabia, Syria, Turkey, Yemen

Latin America

Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Falklands Islands, French Guiana, Guatemala, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Uruguay, Venezuela.

The Caribbean

Anguilla, Antigua & Barbuda, Aruba, Bahamas, Barbados, British Virgin Islands, Cayman Islands, Cuba, Dominica, Dominican Republic, Grenada, Guadeloupe, Haiti, Jamaica, Martinique, Montserrat, Netherlands Antilles, Puerto Rico, Saint Kitts & Nevis, Saint Lucia, St Vincent & the Grenadines, Trinidad & Tobago, Turks and Caicos Islands, US Virgin Islands.

CIS (Europe)

Belarus, Republic of Moldova, Russian Federation, Ukraine.

CIS (Asia)

Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan.

Goal 1: Eradicate extreme poverty and hunger

Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

Progress: On Target. The proportion of people living on less than a dollar a day in 2015 is expected to be less than half that in 1990. The share of people living in extreme poverty in developing countries has fallen from 29% of the population in 1990 to about 18% in 2004 and it is estimated to fall to 12% by 2015 assuming strong per capita income growth. In terms of number of poor people living on less than a dollar a day, it is a fall from about 1.2 billion in 1990 to 0.7 billion poor people by 2015. At a regional level, East Asia has made impressive progress driven by strong growth in China. South Asia is on track as a result of sustained high growth in India. Sub-Saharan Africa is not expected to meet the target. In recent years sub-Saharan Africa experienced accelerated growth with the result that the share of population living in extreme poverty fell by 5 percentage points between 1999 and 2004. However, because of population growth the absolute number of poor is projected to increase from 240 million in 1990 to 326 million in 2015. By 2015, about 90% of the poor are estimated to live in either South Asia or Africa.

Target 2: Halve the proportion of people who suffer from hunger by 2015

Progress: Lagging. Since 1990, global levels of hunger have reduced (as measured by the UN Food & Agriculture Organisation's under nourishment indicator). However, this reduction has been due, primarily, to decreases in countries in Eastern and South Eastern Asia. These regions, along with Latin America and the Caribbean are expected, on current trends, to meet the target. In sub-Saharan Africa, Southern Asia and Western Asia, the absolute number of under nourished people has increased.

Assessment of progress towards target

Dark Green = target met. **Light Green** = almost met/on target.

Orange = some/negligible progress, insufficient to meet target. **Red** = no change or negative progress.

	Africa		Asia				Latin America & Caribbean	Commonwealth of Independent States	
	Northern	Sub-Saharan	East	South-East	South	West		Europe	Asia
Progress toward reducing extreme poverty by half	LG	O	DG	DG	LG	R	O	O	O
Progress towards reducing hunger by half	LG	O	LG	LG	O	R	LG	LG	R

Goal 2: Achieve universal primary education

Target 3: Ensure that by 2015 children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Progress: Lagging. Progress towards MDG Target 3 has accelerated since 1999 with the global primary net enrolment ratio (NER) increasing from 83% in 1999 to 87% in 2005. However, 72 million primary school age children, whether because they enter school late, never enter, or drop out, remain out of school. Seven out of ten of these children live in sub-Saharan Africa or South and West Asia. The quality of schooling and levels of learning achievement remain major issues everywhere.

Assessment of progress towards target

Dark Green = target met. **Light Green** = almost met/on target.

Orange = some/negligible progress, insufficient to meet target. **Red** = no change or negative progress.

	Africa		Asia				Latin America & Caribbean	Commonwealth of Independent States	
	Northern	Sub-Saharan	East	South-East	South	West		Europe	Asia
Progress towards achieving universal primary education	LG	O	R	O	LG	O	DG	LG	O

Goal 3: Promote gender equality and empower women

Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015

Progress: Lagging. The gender gap is closing – albeit slowly – in school enrolment in the developing world. Globally, 95 girls were in school for every 100 boys in 2005 compared with 92 in 1999. Despite the overall positive trends, significant gender disparities remain. Such gaps are now concentrated in the Arab States, South and West Asia, and sub-Saharan Africa, where respectively 91, 93 and 89 girls are enrolled in primary school for every 100 boys. The higher the level of education, the greater the gender disparities. In addition, a number of factors contribute to lower completion rates among girls. Progress in eliminating gender disparities in non agricultural employment and seats in Parliament is also lagging, although notable improvements have occurred in some countries.

Assessment of progress towards target

Dark Green = target met. **Light Green** = almost met/on target.

Orange = some/negligible progress, insufficient to meet target. **Red** = no change or negative progress.

	Africa		Asia				Latin America & Caribbean	Commonwealth of Independent States	
	Northern	Sub-Saharan	East	South-East	South	West		Europe	Asia
Progress towards achieving equal girls' enrolment in primary school	LG	O	DG	DG	LG	LG	DG	DG	DG
Progress towards women's share of paid employment	O	O	LG	O	O	O	LG	DG	DG
Progress towards women's equal representation in national parliaments	O	O	R	O	O	O	O	O	O

Goal 4: Reduce child mortality

Target 5: Between 1990 and 2015, reduce the under-5 mortality rate by two-thirds

Progress: On track. Although MDG 4 is off track it is achievable by 2015 if action is taken now to implement proven interventions. There has been a decline in child mortality from 20 million deaths a year of children under five in 1960 to an estimated 9.7 million deaths in 2006. But this still equates to one child dying every three seconds. 99% of all child deaths continue to occur in developing countries and around half of all deaths of children under five are taking place in fragile states. Sub-Saharan Africa has only 11% of the world's population but nearly half (4.8 million) of the world's child deaths. Further progress on MDG 4 requires progress on improving maternal health (MDG 5). This is because around 40% of all child deaths occur during the first four weeks of life, mostly within the first week after being born.

Assessment of progress towards target

Dark Green = target met. **Light Green** = almost met/on target.

Orange = some/negligible progress, insufficient to meet target. **Red** = no change or negative progress.

	Africa		Asia				Latin America & Caribbean	Commonwealth of Independent States	
	Northern	Sub-Saharan	East	South-East	South	West		Europe	Asia
Progress on reducing child mortality	LG	R	LG	LG	O	O	LG	LG	O
Progress on measles immunisation	DG	LG	R	O	O	DG	DG	DG	DG

Goal 5: Improving maternal health

Target 6: Between 1990 and 2015, reduce the maternal mortality ratio by three-quarters

Progress: Lagging. Although most maternal deaths are preventable, MDG 5 is proving hard to reach – despite maternal health being on the international agenda for more than two decades. More than half a million women continue to die each year from complications of pregnancy and childbirth, almost all in sub-Saharan Africa and Asia. Some progress has been made in reducing maternal deaths in countries such as Bangladesh, Nepal and in parts of India. This is likely to be the result of a multi-sectoral approach that includes increasing access to family planning and preventing unsafe abortion, as well as increased female education and reduced poverty. Less progress is being made in Africa. This is because of: the continuing impact of HIV & AIDS, conflict, and weak health systems. 2007 was an exceptional year for political advocacy for MDG 5 as highlighted by the international Women Deliver conference. There is now a renewed focus on: ensuring that every woman is attended by a skilled birth attendant (midwife, obstetrician); providing universal access to family planning, and ensuring that emergency obstetric care (including Caesarean section) is available to the 10-15% of all pregnant women who need it to survive childbirth.

Assessment of progress towards target

Dark Green = target met. **Light Green** = almost met/on target.

Orange = some/negligible progress, insufficient to meet target. **Red** = no change or negative progress.

	Africa		Asia				Latin America & Caribbean	Commonwealth of Independent States	
	Northern	Sub-Saharan	East	South-East	South	West		Europe	Asia
Progress on reducing maternal mortality by three-quarters	O	R	LG	O	R	O	O	LG	LG

Goal 6: To combat HIV & AIDS, malaria and other diseases

Target 7: By 2015 to have halted and begun to reverse the spread of HIV & AIDS

Progress: Lagging. Several countries report success in reducing HIV infection rates and the global prevalence of HIV infections (percentage of persons infected with HIV) has levelled off. However the number of new infections continues to outpace prevention and treatment efforts. The number of people living with HIV is increasing due to ongoing accumulation of new infections and longer survival times. There are now over 33 million people living with HIV. Every day, nearly 7,000 people become infected with HIV. 40% of them are young people aged 15-25. Each day nearly 6,000 people die from AIDS. 15.2 million children are estimated to have been orphaned as a result of AIDS.

More than two thirds of all people living with HIV and nearly 90% of all HIV infected children live in sub-Saharan Africa, where three-quarters of all AIDS related deaths occurred in 2007. Southern Africa is hardest hit, accounting for almost a third of all new global HIV infections. In most Southern African countries over 1 in 5 of the adult population is already infected and the region is struggling to cope with the impact this is having on individuals, families and communities.

Target 8: By 2015 to have halted and begun to reverse the incidence of malaria and other major diseases

Progress: Lagging. Overall, estimates of malaria prevalence are relatively unreliable – and insufficient to estimate trends – but there is evidence of improvement in the world's malaria-endemic regions. In selected areas of Senegal, household ownership of Insecticide-Treated Mosquito Nets (ITNs) increased from 11% in 2000 to 41% in 2004. There has also been a rapid increase in the use of Artemisinin Combination Therapy from less than 5 million doses in 2004 to 100 million in 2006. There has also been a fall in mortality and morbidity recorded in several countries in sub-Saharan Africa.

Tuberculosis: Incidence of TB is stable or falling but Africa and Europe are furthest from targets. Two of the issues that have been slowing progress are the increasing rates of multi-drug resistant TB and the deadly combination of HIV and TB. Drug resistance levels have reached the highest levels ever recorded with about 500,000 cases of multi-drug resistant TB. Almost 700,000 TB patients were tested for HIV in 2006, up from 22,000 in 2002, which is good progress but still far short of the target.

Assessment of progress towards target

Dark Green = target met. **Light Green** = almost met/on target.

Orange = some/negligible progress, insufficient to meet target. **Red** = no change or negative progress.

Pink = insufficient data

	Africa		Asia				Latin America & Caribbean	Commonwealth of Independent States	
	Northern	Sub-Saharan	East	South-East	South	West		Europe	Asia
Progress on halting and reversing the spread of HIV & AIDS	O	R	R	O	O	O	O	O	R
Progress on halting and reversing the spread of malaria	LG	R	O	O	O	LG	O	LG	LG
Progress on halting and reversing the spread of tuberculosis	LG	R	O	O	O	LG	LG	R	R

Goal 7: Ensure environmental sustainability

Target 9: Include the principles of sustainable development in policies and reverse the loss of environmental resources

Progress: Lagging. The international community has found it difficult to identify useful, measurable indicators to monitor environmental sustainability. The two indicators of forest cover and energy use show that there is still a long way to go to before we reverse the loss of environmental resources. Moreover, climate change is already resulting in significant additional environmental stresses, which makes the need to integrate environmental issues into policies even more urgent. One way of improving environmental sustainability is to build good environmental management into developing countries' national planning processes. There is some evidence that this is happening with environmental resources management included in Poverty Reduction Strategies and Assistance Plans. But, there is still a long way to go and there is an urgent need for more concerted action to reduce degradation and better manage the environment.

Target 10: By 2015 halve the proportion of people without sustainable access to safe drinking water and basic sanitation

Progress: Water – On track. Between 1990 and 2004, 1.2 billion people gained access to drinking water from an improved source. The world is on track to meet this target. The share of people using drinking water from improved sources has continued to rise in the world, reaching 83% in 2004 up from 78% in 1990. However, on current trends, sub-Saharan Africa will not meet the target until 2040. Sub-Saharan Africa is also the only region with a large population where the number of people un-served is forecast to increase between 2005 and 2015 – by 47 million if current trends continue. This is due to factors such as high population growth rates, low government expenditure, particularly on operation and maintenance, conflict and political instability.

Progress: Sanitation – Lagging. 1.2 billion people gained access to improved sanitation between 1990 and 2004. However, it is estimated that a further 1.6 billion people will need access to improved sanitation over the period 2005 – 2015 to meet the MDG target. This would still leave 1.9 billion people without access. Yet, if trends since 1990 continue, the world is likely to miss the target by almost 600 million people. The largest gaps are in sub-Saharan Africa and South Asia.

Target 11: By 2020 achieve significant improvement in the lives of at least 100 million slum dwellers

Progress: Lagging. Overall in developing regions the percentage of urban population living in slums may have decreased slightly. However, urban population have increased rapidly so that, in 2007, the majority of people will live in urban areas for the first time in history. This urban growth has resulted in a larger number of people living in slums. This is particularly the case for sub-Saharan Africa, where cities have grown most rapidly, and with almost equal growth in their slums (4.5 per cent annual growth between 1990 and 2001). This means that about three quarters of the urban growth is in slums. In South Asia, there also remains a very high proportion of slum dwellers, despite a small decrease.

Assessment of progress towards target

Dark Green = target met. **Light Green** = almost met/on target.

Orange = some/negligible progress, insufficient to meet target. **Red** = no change or negative progress.

	Africa		Asia				Latin America & Caribbean	Commonwealth of Independent States	
	Northern	Sub-Saharan	East	South-East	South	West		Europe	Asia
Progress towards reversing the loss of forests	LG	R	DG	R	R	O	R	R	DG
Progress towards halving the proportion of people without sustainable access to safe drinking water	LG	R	LG	LG	DG	DG	DG	DG	R
Progress towards halving the proportion of people without sustainable access to basic sanitation	LG	R	LG	LG	R	LG	LG	LG	R
Improve the lives of slum dwellers	LG	O	O	LG	LG	O	LG	R	O

Goal 8: To develop a global partnership for development

The 8th MDG asks developed countries to make progress on aid volumes, trade barriers and debt relief. Since the target is not explicitly quantified, it is difficult to measure. In general, the UK is making good progress on the aid indicators and on debt relief, while progress on trade has been slower.

AID

A longstanding UN target and key international measure of aid effort included under MDG 8 states that each donor should give **0.7% of its gross national income (GNI) as official development assistance (ODA)**. The UK's total net ODA was estimated at £4,957 million in 2007, representing **0.36%** of GNI for that year. This was higher than the OECD-DAC donors' average figure of 0.28%. The ODA figures in 2005 and 2006 both reflect increases in DFID's budget plus the debt relief given to Nigeria which was agreed by the Paris Club group of creditors. Under the OECD Development Assistance Committee's scoring of ODA, debt relief accrues as ODA in the year it is given. There were much lower levels of debt relief given in 2007. Excluding debt relief, UK ODA in 2007 is estimated at £4,922 million, which also represents **0.36%** of GNI. The fall in ODA in 2007 does not however affect the UK government commitment to reach 0.7% ODA/GNI by 2013 and the clear timetable which has been set in place to reach this.

The MDG 8 indicator on the **percentage of GNI spent as ODA in the group of least developed countries (LDCs)** shows that in 2007 the UK spent a higher percentage of its GNI in these countries than the group of DAC donors as a whole (0.08% compared with 0.05%). There are currently 49 LDCs, classified on the basis of economic diversity and quality of life. Under the UN's 2001 *Brussels Programme of Action for the LDCs*, a target was set that donors should spend 0.15-0.20% of their GNI in these countries by 2010. The UK has a stronger focus on a group of countries classified as low income countries (LICs) and DFID has a target to spend at least 90% of its bilateral assistance (excluding humanitarian aid) in such countries. Most LDCs are also LICs. However, around 20 low income countries, including India, Pakistan, Nigeria, Ghana, Kenya and Vietnam, are not classified as LDCs.

A voluntary international target to devote 20% of aid to **basic social services** was established by the World Summit on Social Development in Copenhagen in 1995. The UK exceeds this target, with over 30% of expenditure spent on basic social services over the two-year average 2005 to 2006. Among DAC donors as a whole, the corresponding figure is 19% and thus the target is not yet met by all donors.

Untying aid allows procurement to occur through international competitive bidding and helps to ensure value for money. The UK's International Development Act of 2002 states that aid cannot be tied to the purchase of British goods or services. Across the group of DAC donors as a whole, about 95% of aid is currently untied, while the UK has had a figure of 100% since 2002.

The UN believes that **landlocked countries** face special developmental challenges and should receive additional aid. The UK disbursed 17.7% of ODA to such nations in 2006. The corresponding figure for the group of DAC donors as a whole is slightly lower at 16.6%. **Small island developing states (SIDS)** also face developmental challenges that might merit additional volumes of aid. However many of the 51 countries classified as SIDS are middle income countries and there are even some high income countries such as Bahrain included in the group. The proportion of ODA allocated to such countries has fallen both for the UK and Europe as a whole since 1990. In 1990, 3.9% of UK ODA went to such countries compared with just 0.6% in 2006; DAC members as a whole directed 2.4% of ODA to SIDS.

TRADE

Improving trading opportunities for developing countries has the potential to greatly assist in poverty reduction. MDG 8 requires the development of an open, rule-based, predictable, non-discriminatory trading and financial system. Progress with trade reform and a successful conclusion to the Doha Development Agenda were key objectives of the UK's Presidencies of both the EU and the G8 during 2005.

Following a period of formal suspension in 2006, Doha negotiations were resumed in early 2007. Negotiations are still ongoing and revised draft texts of an agreement were published in January 2008. The UK continues to work with the European Commission, other EU Member states and key World Trade Organisation (WTO) members to achieve an ambitious, pro-development outcome. We also provide support to the LDC members of the WTO, to help them analyse and articulate their needs and views.

At the end of 2007, 35 African, Caribbean and Pacific (ACP) countries agreed Economic Partnership Agreements (EPAs) with the European Union (EU). The UK believes that EPAs can be good for development as they make it easier for countries to trade their way out of poverty. Throughout these negotiations we have been pressing for EPAs which will make it easier for ACP countries to export goods, increase trading opportunities for ACP businesses, and through this promote their integration into the global economy.

During 2008, we will continue to discuss how to improve the ACPs trading relationships with the EU, whether they have signed an agreement or not. These agreements will only work if they are in the development interests of the ACP countries negotiating them.

MDG 8 seeks a reduction in the level of **domestic support for agriculture** – although it should be recognised that the indicator used includes not only subsidies to farmers, which could have a potential impact on international trade and developing countries markets, but also wider public expenditure for the agricultural sector including research, vocational training, veterinary and phytosanitary measures. In total, 1.1% of the UK's GDP in 2006 went towards agricultural support, notably less than in 1990 (2.1%). This is mirrored in the position across DAC donors as a whole, where 1.0% of GDP was spent on domestic agricultural support.

Poor countries find it hard to benefit from existing trading opportunities. For instance, many African countries are crippled by poor transport links due to lack of investment over the last century. The small under-developed economies of poor countries can be hard to grow in the face of competition from more able countries and lack of capacity at home. Economic shocks can be hard to absorb. The **Aid for Trade (A4T)** initiative was launched in the World Trade Organisation in 2006. It is not part of the trade negotiations rather it is an important recognition by the international community that poor countries need more focused assistance if they are to become more competitive and enabled to grow and benefit from trade. That means more and better aid – to develop strategic trade policies, adjust the economy so that it works more effectively and productively and is facilitated by reliable communications, transport and energy supplies. It is for countries to determine their own priorities as part of their national development planning. There is no 'blue print' for aid for trade.

In December 2005, G8 Finance Ministers promised to increase aid for trade to \$4 billion by 2010, and, to increase support for trade related infrastructure. In September 2006, Gordon Brown announced that the UK expected its aid for trade expenditure to increase to \$750 million per year by 2010. Due to the Dollar rate fluctuations in 2007 we have fixed this at £409m. The sum includes our multi-lateral and bi-lateral expenditure in areas such as trade policy, private sector development, transport, communications and energy. It includes our initial 2005 pledge to increase our bi-lateral expenditure to £100m by 2010. We believe that in 2006 we made good progress and that this will be included, together with the progress of other G8 donors, in the OECD's next annual Aid for Trade report.

Much of our aid for trade is delivered through the important multi-lateral donors especially the EC and the World Bank. The EU published its own Aid for Trade Strategy in October 2007 and will report regularly on progress to its General Council which sits at Ministerial level. The OECD hosted the first Global Aid for Trade Review which was held at the WTO, Geneva in November 2007. The World Bank announced there that it would provide increased, more effective aid for trade. During 2007 the UK provided special support to all these institutions to ensure that the aid for trade initiative was credibly mobilised and focused on delivering positive results for least developed countries.

DEBT

MDG 8 calls on creditor countries to deal comprehensively with the debt problems of developing countries in order to make debt sustainable in the long term. The Heavily Indebted Poor Countries (HIPC) Initiative was agreed by donors, the World Bank and the International Monetary Fund (IMF) in 1996 as a co-ordinated approach to reduce poor countries' external debt to a sustainable level. The most recent assessment of progress shows that 33 HIPC countries have now reached 'decision point', at which they start to receive debt relief, while 23 of these have reached 'completion point', at which they receive irrevocable debt cancellation. 27 of the 33 countries receiving debt relief are African. Of these, **19 African countries have received debt cancellation**. Total debt relief committed under the enhanced HIPC Initiative for the 33 countries that qualify for debt relief is currently over **\$63 billion (£31.48 billion)** in nominal terms. If debt relief given on traditional (Paris Club) terms is included, this figure rises considerably. In addition, the **Multilateral Debt Relief Initiative (MDRI)**, agreed at Gleneagles in 2005, has provided \$42 billion (£20.98 billion) towards 100% cancellation of debts owed to the World Bank, African Development Bank and the International Monetary Fund by 23 countries. Up to 18 other countries will benefit from 100% debt cancellation under MDRI when they complete the HIPC Initiative.

Debt relief is reported as an identifiable item within ODA flows. Depending on particular debt relief deals in individual years, the element of **debt relief within ODA flows** can vary significantly as it is dependent on countries' need for debt relief and their progress through international processes. As such, no target is set.

Table 1: Progress against MDG8 indicators

Progress against MDG 8 Indicators	UK								Latest DAC Average	Target
	1990	1995	2000	2003	2004	2005	2006	2007		
Aid										
Total net ODA as % GNI	0.27	0.29	0.32	0.34	0.36	0.47	0.51	0.36	0.28	0.7
Total net ODA to LDCs as % GNI	0.09	0.07	0.10	0.12	0.14	0.12	0.16	–	0.08	0.05
% total bilateral sector-allocable ODA to basic social services (basic education, primary health care, nutrition, safe water and sanitation) ¹	–	24.4	24.7	–	32.2	–	30.9	–	18.9	20
% bilateral aid untied	–	86.2	91.5	100	100	100	100	–	94.5	100
% of ODA to land locked countries	15.3	19.0	18.6	18.2	20.4	12.5	17.7	–	16.6	–
% of ODA to small island developing states	3.9	2.5	2.6	1.2	1.3	1.2	0.6		2.4	–
Trade										
Agricultural support for the EU as % of GDP	2.1	1.6	1.3	1.3	1.3	1.1	1.1	–	1.0	–
% of ODA provided to help build trade capacity	–	–	4.8	2.9	1.4	2.2	2.4	–	3.2	–
Debt										
Total number of countries that have reached their HIPC decision/completion points			22/1		27/15	28/18	28/21	32/23		–
Debt relief committed under HIPC and MDRI									\$105 billion (£52.5 billion)	
Debt forgiveness as a % of ODA	1.8	4.1	2.5	2.6	11	32.8		–	18.8	
HIPC debt relief as a percentage of net ODA			8.5	1.7	10.0	1.4	2.4	–	2.4	

1. Calculated on a two-year average basis.

Annex 4

Progress towards the Public Service Agreement

1. DFID's Public Service Agreements (PSAs) set out the targets that have been agreed with HM Treasury for the Department's performance. Progress towards each target is tracked continuously, and formally reported twice a year (in the Autumn Performance Report and the Annual Report). The PSA is used as a tool to manage and improve performance, providing a high-level framework against which policy decisions and financial commitments can be assessed, and successes and underperformance measured. DFID's management processes are set up so that at each level – from divisions to departments, teams and individuals – targets can be set and measured that relate directly to the achievement of the PSA objectives – and ultimately of the MDGs.
2. This Annex details final assessment of performance against targets 3, 4, 5 and 6 of against DFID's 2005–08 PSA and the most recent progress against targets 1 and 2 of the same PSA. It also details progress against two outstanding targets 1 and 2 from the 2003–06 PSA.

Guide to 'traffic light' assessment

	<p>Green: Met/Ahead/On course</p> <p>Means that progress on the target/sub-target/indicator is either exceeding or in line with plans and expectations.</p> <p>OR</p> <p>Means that the target/sub-target/indicator has been achieved by the target date if we are providing the final assessment.</p>
	<p>Amber: Partly met/Broadly on course – minor slippage</p> <p>Means that progress on the target/sub-target/indicator is broadly on course but there has been minor slippage. Alternatively progress may have been made in some areas but not in others.</p> <p>OR</p> <p>Means that the target/sub-target/indicator has been partly met, i.e. some, but not all, elements have been achieved by the target date, or we were very close to achieving the target.</p>
	<p>Red: Not met/Not on course – major slippage</p> <p>Means that progress on the target/sub-target/indicator is not on course and there has been major slippage.</p> <p>OR</p> <p>Means that the target/sub-target/indicator was not met, or was met late.</p>

2005-08 PSA

In line with HM Treasury guidance on Spring 2008 Departmental Reports, a final assessment on DFID's PSA 2005-08 targets is provided wherever possible. Where we make the final assessment of the Department's performance on a target/sub-target/indicator, only one traffic light is shown for the final outcome (Met, partly met, not met).



We are still collecting relevant data on PSA targets 1 and 2 of our 2005-08 PSA. On these progress assessments, the first box of each gives an indication of current progress, while the second shows likely or anticipated progress against the target. So, for example, if we consider that progress on a particular target is currently broadly on course but with some slippage, but we estimate that progress is likely in the future, an amber box will be followed by a green one.



2003-06 PSA

Due to time lags in data available, we are also still collecting relevant data on PSA targets 1 and 2 of our 2003-06 PSA. On these progress assessments, the first box of each gives an indication of current progress, while the second shows likely or anticipated progress against the target. So, for example, if we consider that progress on a particular target is currently broadly on course but with some slippage, but we estimate that progress is likely in the future, an amber box will be followed by a green one.



2005-08 PUBLIC SERVICE AGREEMENT



Target 1

Progress towards the Millennium Development Goals in 16 key countries in Africa



Progress

Broadly on course – minor slippage

Sub-Saharan Africa has continued to demonstrate strong growth rates over the past six years, and we expect this to have a positive impact on poverty, albeit with a time lag. It is not clear whether the turning point will occur within the 2005-08 PSA period. Rates of primary school enrolment and under-five mortality are improving, leading us to predict that these targets will be reached. The target for the ratio of girls to boys attending primary school is unlikely to be met, despite the fact that some countries already exceed the target ratio. The target for the number of births assisted by skilled attendants remains off track and, at national and international level, DFID will continue to push for increased priority to be given to maternal health outcomes. The data for HIV & AIDS are incomplete, meaning that it is difficult to assess progress across the region. It appears, however, that the epidemic is levelling off at very high levels of prevalence in most of sub-Saharan Africa. Good progress continues to be made in implementing the commitments made at the 2005 Gleneagles meeting of the G8. For example, in November 2006, the Global Fund for AIDS, TB and Malaria approved a sixth round of grants benefiting sixty-three countries and totalling \$846 million (£423 million). There has also been good progress towards meeting the Aid for Trade commitment, with the UK committing to increase support to £409 million per year by 2010 (up 50% since 2003), and playing a pivotal role in developing and attracting support for the concept.



Sub-target	Progress	
<p>1: a reduction of four percentage points in the proportion of people living in poverty across the entire region. <i>Revised baseline 44.9% (1999)¹</i></p>	<p>Slippage</p> <p>Data for 2003 show that the poverty rate in sub-Saharan Africa was then 45.0%, up slightly from the revised baseline of 44.9% in 1999. Stronger economic growth, averaging 5.8% annually from 2004 to 2006, should have led to a reduction in poverty after 2003, albeit with a lag, and this strong growth is expected to continue. But it is too early to say whether the rate of poverty reduction will allow the target to be met by 2008.</p>	
<p>2: an increase in primary school enrolment by 18 percentage points. <i>Baseline 67.6% (2000)</i></p>	<p>On course</p> <p>The latest figure on primary school enrolment rates is 83.6%, and we expect to see an average of 87.5% enrolment by 2008. Against a slightly increased baseline of 69.8% for 2000, this means that this target is virtually on track (we are projected to achieve an increase of 17.7 percentage points by 2008, which is only 0.3 points below the target). The latest figures show that enrolment rates are highest in South Africa, Malawi and Tanzania (all over 90%) and lowest in Ethiopia (61.4%) and Ghana (65%).</p> <p>However, it should be noted that these figures only include 14 of our 16 PSA countries in Africa. Both DRC and Sudan are excluded due to a lack of data. As these countries are likely to have lower rates of enrolment (especially for girls), they are likely to bring down the average when we obtain data for them in future years.</p>	

1. This baseline was incorrectly reported in DFID's Autumn Performance Report 2006 as 46.1% for 2000. The 1999 baseline should in fact have been used, as our PSA target is based on this.

Sub-target	Progress	
<p>3: an increase in the ratio of girls to boys enrolled in primary school by five percentage points.</p> <p><i>Baseline 88% (2000)</i></p>	<p>Broadly on course – minor slippage</p> <p>Taking into account trends since 1990, the projection to 2008 is a 91% ratio of girls to boys enrolled in primary education. However, rates of progress on this indicator have been greater between 2000 and 2005 than they were between 1990 and 2000. If progress continues to increase at the rate it has since 2000, the target will be met. Lesotho, Rwanda, Uganda, Ghana, Kenya, Tanzania, S. Africa, Zambia and Malawi have all already exceeded the target. Strong progress has also been made since 2000 in Ethiopia, Sierra Leone and Mozambique.</p>	
<p>4: a reduction in under-5 mortality rates for girls and boys by 8 per 1,000 live births.</p> <p><i>Baseline 157.6 deaths/1,000 (2000)</i></p>	<p>Ahead</p> <p>Data are available for 15 of our PSA countries in Africa (not Sudan), and show a current rate of 149.2 deaths per 1000 live births, which is an improvement over the 2000 figure of 157.6. Projections for 2008, which are based on the trend since 1990, indicate that we expect to see a further reduction to 147.2.</p> <p>In 2005, the best performing countries were South Africa, with an under five mortality rate below 100 deaths per 1000 live births, and Kenya and Ghana, with 110-120 deaths per 1000. In terms of progress in since 2000, Rwanda, Mozambique, Malawi and Ethiopia have made the greatest strides followed by Nigeria, Tanzania and Uganda. However, mortality rates are still high in Sierra Leone (286 per 1000), DRC and Nigeria (both around 200 per 1000), and in Lesotho and Zimbabwe under-five mortality rates have increased.</p> <p>It should be noted that the actual MDG target looks for a two thirds reduction in child mortality and that the UN 2007 MDG report rates child mortality in sub-Saharan Africa as red, i.e. 'no progress or a deterioration or reversal'. There would, therefore, need to be significantly greater improvement than currently seen to achieve the actual MDG by 2015. In terms of PSA targets, we were looking for a reduction of 19 child deaths per 1000 live births in the 2003–06 period and, subsequently, 8 deaths per 1000 in the 2005–08 period. DFID's PSA target is significantly below what is required to meet the global MDG target because of the degree of challenge in reducing child mortality in sub-Saharan Africa. Whilst progress has not been rapid enough to reach the more ambitious 2003–06 target, we are on track to meet that for 2005–08.</p>	

Sub-target**Progress**

5: an increase in the proportion of births assisted by skilled birth attendants by 11 percentage points.

Baseline 44.4% (2000)

Not on course – major slippage

The available data covers 12 of our 16 PSA countries. The latest estimate is that 46% of births were assisted by skilled birth attendants, and this is projected to increase to 47.5% by 2008 (against a revised baseline for 2000 of 44.4%). Rates of progress on this indicator are very low and the target is clearly off track.

In Lesotho and Malawi, more than half of births are assisted, and Ghana, Tanzania and South Africa have all seen modest improvements since 2000. Of the PSA countries with available data, the lowest levels of skilled birth attendance are found in Ethiopia, Nigeria and Rwanda.



6: a reduction in the proportion of 15-24 year-old pregnant women with HIV.


Some progress

There has been no updated statistical information on progress from last year for this target.

HIV figures are available for nine of our PSA countries covering 2000/01 and for seven countries from 2003 to 2005. For five of the countries figures are available at both time points. Of these, in three countries the situation has improved and in the other two countries it has become worse. On the basis of this limited evidence it is too early to say that where progress has been made it will be sustained.

Recent declines in national HIV prevalence have been seen in Kenya and Zimbabwe. In the rest of sub-Saharan Africa the epidemic appears to be levelling off – but at very high levels of prevalence. The number of people receiving treatment increased more than eightfold between 2003 and 2005 and more than doubled in 2005 alone. Most of that trend is due to increases in a few countries. Amongst PSA countries these include Kenya, South Africa, Uganda and Zambia.



Sub-target	Progress	
<p>7: enhanced partnership at the country and regional level, especially through the G8, to increase the effectiveness of aid and ensure that international policies support African development.</p>	<p>On course</p> <p>Good progress has been maintained in implementing the unprecedented package of commitments to support African development agreed at the G8 Gleneagles Summit in July 2005 and in the EU in December 2005. The 2007 G8 summit in Heiligendamm was valuable in maintaining momentum. It included a reaffirmation of the commitment to provide \$4 billion (£2 billion) in Aid for Trade. It also demonstrated renewed support for Gleneagles commitments on helping developing countries adapt to climate change. This is important for Africa: as the continent least responsible for climate change it is nevertheless particularly vulnerable to its effects. Commitments were also made on universal access to AIDS treatment, free basic education and on malaria.</p> <p>In 2007 the European Union worked with the African Union to develop a Joint Strategy to guide the EU-Africa relationship in the future. This built on the 2005 EU Strategy for Africa which was reviewed in December 2006. The strategy was approved at the Africa EU Summit in Lisbon in 2007 covering commitments on peace and security, good governance, human development, trade and regional integration and migration and employment. The Africa Strategy also announced greater EU support for the capacity of institutions such as the African Union.</p> <p>At the country level we have been working hard to improve partnerships with other donors. In Sierra Leone, DFID and the EC have launched a Joint Country Strategy for 2007-2012, setting out how both will support the Government's Poverty Reduction efforts. In South Africa, DFID worked with the EC on developing the EU Country Strategy Paper (CSP) for 2007-2013. DFID is a leader in many of the African countries we work in, in bringing donors together to support government plans for poverty reduction.</p> <p>DFID also supports monitoring efforts, notably the Africa Progress Panel (launched by the UK Prime Minister in 2006, and chaired by Kofi Annan), and the Africa Partnership Forum Support Unit. The composition and independence of the Panel gives it credibility with leaders in Africa and among its partners. There is clear potential for its work to complement other monitoring mechanisms, and help ensure that a global partnership for development accelerates progress on important commitments made by the international community, including the G8, EU, UN, African Union and African States.</p>	

Target 2
Progress towards the Millennium Development Goals in nine key countries in Asia



The boundaries shown on this map do not imply official endorsement by DFID

Progress

Broadly on course – minor slippage

The overall picture for Asia's nine PSA countries is encouraging, with good progress being made towards seven of the nine sub-targets across the region. This includes an assessment that across the region we are ahead on our targets for the ratio of girls to boys in primary school and a reduction in under-5 mortality rates. We are also ahead on our income poverty target for East Asia and the Pacific and on track for our income poverty target for South Asia, reflecting ongoing improvements in economic and living conditions in the region.

Primary school enrolment rates and HIV infection rates in vulnerable groups are the only targets currently assessed as demonstrating slippage. For primary school enrolment, we are forecasting forward progress by the end of the PSA period and if the recent increase in progress is maintained there is an opportunity to bring this target back on track. It is difficult to assess progress on HIV infection rates in vulnerable groups due to poor coverage of available data, although existing data indicates that the target is not on course. Several countries have low overall prevalence rates of HIV among the general population, but rates among vulnerable groups are often significantly higher. Countries are focusing their work on scaling up their projects designed to assist these groups.



Sub-target	Progress	
<p>1: a reduction in the proportion of people living in poverty of five percentage points in East Asia and the Pacific. <i>Baseline 17% est. (1999)</i></p>	<p>Ahead Data for 2003 shows that poverty in East Asia and the Pacific is at 12% – down from 17% in 1999. Assuming the reduction in poverty follows a linear trend predictions for 2006, 2008 and 2015 indicate that numbers will fall from 9% in 2006 to an estimated 3% in 2015. Based on current progress, the sub-target for 2005-08 is ahead.</p>	
<p>2: a reduction in the proportion of people living in poverty of eight percentage points in South Asia. <i>Baseline 35.7% est. (1999)</i></p>	<p>On course In the year 2003, the World Bank estimate that poverty in South Asia was 33%, down from 36% in 1999. The World Bank predict the reduction in the proportion of people living in poverty will accelerate, and estimate that it will be 16% by 2015. Assuming a linear decrease from 2003, this would mean the proportion of people living in poverty is 26% by 2008, a reduction of 10 percentage points from the 1999 baseline.</p>	

Sub-target**Progress**

3: an increase in net primary school enrolment by eight percentage points.

Baseline 81% (2000)

Broadly on course – minor slippage

Data are available for eight of our nine PSA countries in Asia (not Afghanistan).

While Nepal, Pakistan, India and Cambodia have made moderate progress on this measure since 2000, while Bangladesh, Indonesia and Vietnam have seen a slight increase in enrolment rates over the period.

Recent data shows that China has almost met 100% primary net enrolment.¹

The long-term trend (based on progress since 1990) suggests an increase of 6% over the target period; however, if the recent increase in progress is maintained there is an opportunity to bring this target back on track. The latest outturn data for 2002 to 2004 shows an enrolment rate of 86%, compared to a baseline of 81% in 2000.

To achieve universal primary education, increases in enrolment also need to be matched by increases in attendance and improvements in the quality of teaching. For instance in India at the current rates of participation in school, 30% of those children who enrol in grade 1 do not reach grade 5. Overall, the UN estimates that in South Asia 28% of 15-24 year old are not literate.



4: an increase in the ratio of girls to boys enrolled in primary school by five percentage points.

Baseline 84% (2000)



Ahead

Data have been included for all countries for this indicator, with locally available data used for Afghanistan and Pakistan.

The figures show that gender equality in primary school has been reached in China, Bangladesh and very nearly in Indonesia (98%) and Vietnam (94%). Gender parity is furthest from being met in Afghanistan (just 5 girls to every 10 boys in primary school in 2004). The figures for India, Nepal and Pakistan and Afghanistan have improved markedly since 2000. Overall, the average ratio of girls to boys has increased from 84% in 2000 to 90% in 2005, and the target is assessed as “ahead”.



1. The State of the World's Children 2008, Child Survival, UNICEF

Sub-target	Progress	
<p>5: a reduction in under-5 mortality rates for girls and boys by 24 per 1,000 live births.</p> <p><i>Revised baseline: 78 deaths/1,000 (2000)</i></p>	<p>On course</p> <p>These figures are from a modelled series produced by UNICEF and include 8 countries for the 2005-08 PSA assessment. Afghanistan has been excluded because there are no data. UNICEF have revised their estimates, which has changed both the baseline and the latest outturn since the last assessment in 2006. The average death rate across the 8 countries is 62 per 1000 live births in 2005, down from 78 per 1000 live births in 2000; this reduction of 16 is on track to meet the target.</p> <p>The lowest rates of under-five mortality are found in Vietnam, China and Indonesia; it is estimated that in these countries the proportion of children who die before their fifth birthday is less than 1 in 20. Pakistan and Cambodia have the highest under-five mortality rates. However, all countries have made progress since 2000, with Nepal, Bangladesh and India showing the strongest progress.</p>	
<p>6: an increase of 15 percentage points in the proportion of births assisted by skilled birth attendants.</p> <p><i>Baseline 41% (2000)</i></p>	<p>Ahead</p> <p>The assessment is based on 8 of the 9 PSA countries with Afghanistan excluded due to insufficient data at the beginning of the period.</p> <p>Overall, on average 53% of births are attended across the 8 countries, based on data from the period 2004-2006. This is an increase of 12% since 2000. The projected figure for 2008 is 59%, an increase of 18 percentage points. This means we are on track to meet the target of 15% by the end of the reporting period.</p> <p>China, Vietnam and Indonesia have the highest rates of births assisted by a skilled practitioner, while less than a third of births are attended in Afghanistan, Bangladesh and Nepal. China and Vietnam have seen the largest rises in births assisted since 2000, while Cambodia and Indonesia have also made significant progress recently. Pakistan is introducing a new cadre of community midwives, in order to accelerate progress.</p>	

Sub-target	Progress	
<p>7: prevalence rates of HIV infection in vulnerable groups being below 5%.</p>	<p>Not on course – major slippage</p> <p>It is difficult to assess progress on this target. The available data has poor coverage and is unlikely to represent vulnerable groups accurately. However, available evidence suggests this target is not on course. Data for the most at risk groups in certain selected cities (from 2000 to 2005) show prevalence often above 5%, and rates as high as 65% at some measurement sites. Figures vary significantly between sites, but available data indicate particularly high rates in some, but not all vulnerable groups in Indonesia, Nepal, Vietnam, Cambodia and Pakistan. Rates in Bangladesh, China and India appear lower. No data is available for Afghanistan.</p>	
<p>8: a tuberculosis case detection rate above 70%. <i>Baseline 32% (2000)</i></p>	<p>On course</p> <p>Data are available for all 9 PSA countries for this indicator. The latest figures from the WHO, which relate to 2005, show that Vietnam (84%) and China (80%) have case detection rates above 70%. Cambodia, Indonesia and Nepal are very close to the target with detection rates of 66%, 66% and 67% respectively. The lowest rates are found in Pakistan and Afghanistan. Both countries have shown big improvement in detection rates over recent years from low bases, and are among the 6 Asian PSA countries that have increased their case detection rate by over 30 percentage points. If current strong progress is continued, this target will be reached by 2008.</p>	
<p>9: a tuberculosis cure treatment rate greater than 85%. <i>Baseline 86% (2000)</i></p>	<p>Ahead</p> <p>China, Vietnam, and Cambodia have the highest treatment success rates of 94%, 93%, and 91% respectively, followed by Bangladesh and Indonesia with rates both at 90% with Pakistan at 87%.</p> <p>Since 2000 there have been small increases in the proportion of cases which have been detected under the WHO's Directly Observed Treatment, Short-Course (DOTS) in some countries, while a few have slipped a little. This is not surprising as over the same period, coverage of DOTS has increased dramatically in many countries and the challenge of retaining high rates of cure while covering a wider population will remain throughout the present PSA period.</p>	



Target 3

Improved effectiveness of the multilateral system

Progress

Broadly on course – minor slippage



UK government has made good progress towards achieving the PSA target for improving the effectiveness of the multilateral system. Of the four sub-targets, one has been met, one is on course, one partly met, and one was not met.

Sub-target three, to improve the way international partners are supporting poor countries to reach the MDGs, has been met. Good progress has been made on implementing reform initiatives in the International Financial Institutions (IFIs) and in improving the effectiveness of EC development assistance. The Poverty Reduction Strategy (PRS) approach has been widely adopted by countries accessing International Development Association (IDA) resources. Of the countries reviewed, 80% had strategies assessed as either largely developed (13%) or with actions that had been taken (67%).

Sub-target two, to ensure that 90% of eligible Heavily Indebted Poor Countries (HIPC) will receive debt relief by the end of 2008, is on course at 82%.

Sub-target four, to improve the effectiveness of UN agencies and the humanitarian aid system, was partly met. DFID increased its share of un-earmarked humanitarian financing and more countries used the UN Needs Assessment Methodology, but the financing for and quality of UN appeals continues to be off-target. Progress was made in improving the institutional effectiveness of four of the nine institutions selected, but the target of six was missed.

Despite strong lobbying from the UK, insufficient support from other member states meant that sub-target one, to increase the proportion of EC ODA to Low Income Countries (LICs) was missed, although the European Development Fund (EDF) will retain its Low Income Country focus.

Sub-target	Progress	
<p>1: a greater impact of EC external programmes on poverty reduction and working for agreement to increase the proportion of EC Official Development Assistance (ODA) to Low Income Countries (LICs) from its 2000 baseline figure of 38% to 70%.</p> <p><i>The EC revised its ODA reporting in 2002, so direct comparisons with figures for 2000 and 2001 cannot be made.</i></p>	<p>Not met</p> <p>The European Consensus on Development, agreed in 2005, made clear that the primary objective of European aid was eradicating poverty and that the poorest countries should be given priority. These sentiments have been included in the development section of the proposed EU Constitutional Treaty. However, the outcome of negotiations on the current European seven-year budget (2007-13) means that the specific target of increasing the proportion of EC ODA to Low Income Countries (LICs) will not be achieved in this period, as the LIC spend will average 56% over this time.² It was, however, an important goal for the UK negotiators to ensure that the EC poverty focus for Africa was maintained. They were successful in ensuring that the European Development Fund (EDF), which finances EC assistance to African, Caribbean and Pacific countries and of which 90% is allocated to LICs, remained off-budget. The EDF is relatively well managed by the Commission and the UK will work with other Member States to press that it remains off-budget until the Commission improves its overall aid efficiency. DFID strategy for continuing to address the level of the EC's ODA to LICs is set out in the Institutional Strategy for the EU, 2008-2010.</p> <p>This is the final assessment of this sub-target.</p>	
<p>2: ensuring that 90% of all eligible Heavily Indebted Poor Countries (HIPC) countries committed to poverty reduction that have reached Decision Point by end 2005, receive irrevocable debt relief by end 2008 [joint target with HMT].</p> <p><i>The baseline is set by the 28 countries that had reached Decision Point by the end of 2005. The 90% target applied to this baseline requires that at least 25 countries complete HIPC before the end of 2008.</i></p>	<p>On course</p> <p>By the end of 2005, 28 HIPC Countries had reached HIPC Decision Point (thereby demonstrating their commitment to poverty reduction) and qualified for interim debt relief. This group of countries forms the baseline for the 90% target. Although not included in the target, four further countries (Republic of Congo, Haiti, Afghanistan and the Central African Republic) have reached Decision Point since the beginning of 2006.</p> <p>Of the 28 countries that had reached Decision Point by the end of 2005, 23 (or 82%) have now completed the HIPC process (Sao Tome & Principe and The Gambia in March and December 2007 respectively being the most recent). Of the five other countries that have yet to reach Completion Point, Guinea-Bissau and Chad are not expected to achieve Completion Point by the end of 2008. Two of three remaining countries – Burundi and Guinea – are currently on track and should reach Completion Point in 2008 if they make progress in achieving all their HIPC conditions. The Democratic Republic of the Congo may reach Completion Point by the end of 2008 but, in order to do so, it must get back on track with its IMF programme and make progress in attaining HIPC conditions.</p>	

² While the EC's overall LIC spend is likely to average 56% on the current LIC definition, this definition will be updated in the new PSA period; a number of former LICs will graduate to Middle Income status and on paper, therefore, the average percentage is expected to be adjusted to around 52%. The EDF, however, will retain its high LIC status.

Sub-target	Progress	
<p>3: international partners are working effectively with poor countries to make progress towards the United Nations 2015 Millennium Development Goals <i>[joint target with HMT]</i>.</p>	<p>Met</p> <p>Significant progress was made against this sub-target, with good progress on implementing reform initiatives in the International Financial Institutions (IFIs) and in improving the effectiveness of EC development assistance. The Poverty Reduction Strategy (PRS) approach has been widely adopted by countries accessing International Development Association (IDA) resources; 55 countries have Poverty Reduction Strategy Papers (PRSPs) and 10 have interim PRSPs. Of the countries reviewed, 80% had strategies assessed as either largely developed (13%) or with actions that had been taken (67%). Total global net ODA in 2006 was \$104.4 billion (£56.7 million), nearly double the baseline level.</p>	
<p><i>Indicator (i):</i> poor countries and development partners are committed to and supporting effective and sustainable Poverty Reduction Strategies (75% of all countries implementing Poverty Reduction Strategies (PRS's) to present satisfactory reports to the Boards).</p>	<p>Met</p> <p>The PRS approach has been widely adopted in countries accessing International Development Association (IDA) resources. The latest figures indicate that 55 countries have Poverty Reduction Strategy Papers (PRSPs) and 10 have interim PRSPs.</p> <p>The World Bank and IMF no longer approve PRSs or PRS Progress Reports, and therefore no longer produce aggregate reports of progress in preparing PRSs which were the previous source of data on this indicator.</p> <p>The assessment has therefore been made using the World Bank's Aid Effectiveness Review (AER) 'Results Based National Development Strategies: Assessment and Challenges Ahead', which is the data source for measuring ownership in the 2008 Monitoring Survey under the Paris Declaration on Aid Effectiveness³.</p> <p>The AER uses 3 criteria to assess whether a country has an operational development strategy: a unified strategic framework; prioritisation within that framework; and a strategic link to the budget.</p> <p>According to the latest AER, in 2007 80% of the 62 countries covered by the review had strategies assessed as either largely developed (13%) or with actions that had been taken (67%). This was an increase from 64% in 2005 (with 8% assessed as largely developed, and 56% as having actions taken⁴). It also exceeds the 75% threshold required by this indicator.</p>	

3 This does not provide a strict measurement of progress towards the indicator, because (a) the AER measures all national development strategies, not just PRSs; (b) the AER measures strategies rather than progress reports, and (c) the AER measures progress in developing operational strategies, rather than providing a one-off assessment of quality. However, it is the best available and is consistent with the monitoring of the Paris Declaration on Aid Effectiveness.

4 Note that the baseline figure has changed since the previous Quarterly Management Report and Autumn Performance Report because the World Bank has slightly revised the methodology for assessing the quality of national development strategies.

Indicator (ii): a sustained increase over time in the total net Official Development Assistance (ODA) from Development Assistance Committee (DAC) member countries and multilateral agencies to aid recipients.
Baseline \$58.3 billion (2002)

Met

Total global net ODA in 2006 was \$104.4 billion – nearly double the baseline level – mainly as a result of agreements reached at the European and G8 Summits to increase ODA, including debt relief. While the 2006 and 2007 ODA levels represent a fall of 4.5% from the level in 2005 caused by exceptionally high debt relief in 2005, it is still a significant increase over the baseline and includes a non-debt increase. The challenge remains to ensure that ODA continues to rise to deliver on the aid volume commitments agreed in 2005 (to reach \$130 billion (£65 million) of ODA by 2010) and this is addressed by the new DSO Indicator 17⁵.

Indicator (iii): improved effectiveness of EC Development Assistance (as demonstrated by two out of three of the following being achieved):

- a clear policy framework that puts poverty reduction as its central aim for development cooperation and promotes coherence among EU's policies that affect developing countries;
- agreement in Council, Commission and European Parliament to implement these objectives, including by increasing the share of EC ODA going to LICs;
- continued reforms and adoption of best development practices during the 2005-2009 Commission.

On course

Eight years into its reform programme, EC aid is more effective in terms of speedier delivery and improved portfolio performance. The first two sub-indicators have been achieved. We are on course to achieving the third sub-indicator which will be fully assessed at the end of 2009.

The European Consensus on Development (ECD), which was signed by all the Member States, the EC and the European Parliament, states that the eradication of poverty is the primary objective of EU development policy. It also reaffirms the commitment to promoting policy coherence for development. These agreements have been taken forward and given a basis in law in the Lisbon Treaty.

The Council, Commission and European Parliament agreed in 2007 on a complete and coherent set of policy instruments for the different regions of the world, based on the poverty reduction and aid effectiveness objectives of the European Consensus. This will help translate policies into more focused and effective activities on the ground.

The EU has committed to deliver more effective aid, aiming to achieve commitments made in the Paris Declaration on Aid Effectiveness, as well as four additional commitments. Once ratified, the Lisbon Treaty will offer scope to further improve the coherence of the different external policy strands of the Union. This should increase the impact of EC development aid with its overarching objective of poverty eradication.

⁵ Five commitments delivered (including increased aid volumes)

Sub-target	Progress
<p><i>Indicator (iv):</i> improved institutional effectiveness of four international financial institutions (IFIs) (EBRD, WB, AsDB, AfDB). Effectiveness will be measured against three criteria identified through DFID's multilateral effectiveness assessment and institutional strategies. The target is for three out of four of the agencies to be achieving progress in all three indicators⁶.</p>	<p>Met</p> <p>Good progress has been made within all four International Financial Institutions (IFIs) on the implementation of reform initiatives. WB, AfDB and AsDB have met the three criteria therefore the target is judged to have been met. DFID has developed a new tool, the Multilateral Development Effectiveness Summaries (MDES)⁷, to assess organisational performance of the agencies concerned. The MDES have been shared with the agencies concerned and are being actively used to inform our policy dialogue and address areas of weakness.</p> <p>Highlights for the four IFIs over 2007 are as follows:</p> <ul style="list-style-type: none"> • Donors secured significant policy reforms including during the IDA 15 replenishment negotiations to improve the way the World Bank works with others in Fragile States and other poor countries on issues such as climate change, gender, aid effectiveness and the use of policy conditions. Donors pledged a record £12.6bn over three years for the World Bank. The UK's contribution to IDA 15 is £2.13bn, a 49% increase over IDA 14. In 2007 the UK also secured changes to ensure the World Bank plays a key role in climate change including through the Clean Energy Investment Framework to help countries access clean energy and assist them in dealing with the effects of climate change. • At the African Development Bank, President Kaberuka has shown a strong commitment to the internal reform programme and the Bank continues to make steady progress. An increase in the number of field offices, more staff and a new structure which enables a clearer country focus are amongst the most important reforms. In December 2007, donors committed US\$ 8.9 billion (£4.4 million) over the next 3 years (2008-10) for the African Development Fund (AfDF), an increase of 52% over the 2005-2007 period. The UK will provide £417 million to AfDF 11, making us the largest AfDF donor. In 2007, the UK also secured increased contribution to critical cross-cutting objectives, promoting gender equity, environmental sustainability, climate change adaptation and private sector development. • The Asian Development Bank has agreed a number of initiatives on human resources and through its Management for Development Results programme. Progress has been slower than expected and many of the tougher reforms remain to be tackled. The UK is working to influence the Bank further through the current replenishment round of the Asian Development Fund, which concludes in May.

6 The 3 indicators are: "internal performance", "country-level results" and "partnerships"
7 <http://www.dfid.gov.uk/aboutdfid/dfidwork/mef.asp#Summaries>

Sub-target

Progress

Indicator (iv): continued

- The European Bank for Reconstruction and Development** continues to deliver well on its transition mandate with 89% of operations in 2007 rated as "excellent – good". Commitments are rising to record levels in the Early Transition Countries – the poorest and least reformed. EBRD is on track to exceed investment targets under its Sustainable Energy Initiative by nearly 50%. The Bank has an independent and well respected Evaluation Department which produces credible reports and lessons. The Office of the Chief Economist has a programme of rigorous impact assessments on various operations in the poorer countries of the region, but there is scope for more work on EBRD's impact on outcomes. EBRD continues to manage its partnerships well. The number of joint projects with the European Investment Bank has increased since the signing of an MOU at the end of 2006.



4: improved effectiveness of

United Nations agencies and the humanitarian aid system.

Partly met

Some significant progress was made against this sub-target, with improvements in the effectiveness of the humanitarian system and solid performance gains across the priority agencies. We judge the sub-target to be partly met as financing of humanitarian appeals and consistent performance gains across all 9 agencies did not meet our full ambitions. As such, improving the effectiveness of the UN agencies and humanitarian aid system will remain part of DFID core business and will be carried over to the next DSO under Indicators 11 and 20.⁸



This is the final assessment of this sub-target.

⁸ Indicator 11: Improved international system for humanitarian assistance Indicator 20: Improved effectiveness of the UN system

Sub-target	Progress
<p><i>Indicator (i):</i> progress on two of three indicators in relation to the GHD principles:</p> <p>(a) Flexible financing to agencies (% of un-earmarked DFID humanitarian financing greater than previous year). <i>Baseline 25% (2002/03)</i></p> <p>(b) More equitable and complete financing appeals (% of un-financed UN consolidated appeals less than previous year). <i>Baseline 25% (2003)</i> and % gap between five most funded and least funded appeals less than previous year). <i>Baseline 52% (2004)</i></p> <p>(c) Improved Needs Assessment and Evaluation (greater number of countries using the new UN Needs assessment methodology than in previous year and 100% evaluation coverage (either by DFID or a partner) of all major humanitarian crises). <i>Baseline zero (2003)</i></p>	<p>On course</p> <p>Progress has exceeded expectations in two of three Good Humanitarian Donorship targets: increasing DFID's un-earmarked humanitarian financing, and improved needs assessment and evaluation. However, more equitable and complete financing of UN appeals continues to be off-target. Challenges remain to improve the quality of UN appeals, for example, to ensure they are not over inflated, are prioritised and are underpinned by strong evidence. We will continue to engage with donors and the UN to ensure recommendations agreed at a joint donor/Inter-Agency Standing Committee (UN, NGOs and Red Cross) in February 2008 are implemented.</p> <p>On (a), DFID has exceeded the 45% target of un-earmarked humanitarian funding. In 2006/07, 55% of DFID humanitarian funding was un-earmarked compared to 37% in 2005/06. In February 2008, the UN and donors agreed to replicate Common Humanitarian Funds in Central African Republic and Ethiopia, which will result in further progress towards this target in 2008/09.</p> <p>On (b), the targets on financing of UN appeals have not been met. In 2007, the percentage of un-financed UN appeals was 37% against the 15% target. There was also some slippage from 2006 when 31% UN appeals were un-financed. The percentage gap between the five most funded and the five least funded UN appeals in 2007 was 55% against a target of 35%. Again, there was some slippage over 2006, when the gap was 52%.</p> <p>On (c), the target of 10 countries using the UN Needs Assessment Methodology in 2007 has been exceeded. 11 countries used the methodology for 2007 work plans⁹. Since 2005, the Inter-Agency Standing Committee has evaluated all major humanitarian crises, including: the response to the floods and cyclones in Mozambique (May 2007), Pakistan (October 2007), the drought response in the Horn of Africa (December 2006), the humanitarian crises in Darfur (March 2006), and the Pakistan Earthquake (February 2006). The Tsunami Evaluations Coalition reported in July 2006 on the response to the Indian Ocean Tsunami. In December 2006, the UN Office for the Coordination of Humanitarian Affairs reviewed the UN's response to the Lebanon crisis.</p>



Sub-target

Progress

Indicator (ii): improved

institutional effectiveness of 9 UN and humanitarian agencies (ICRC, UNDP, UNAIDS, UNICEF, UNFPA, WHO, FAO, UNHCR, UNESCO). The target is for 6 out of the 9 agencies to be achieving progress in all 3 indicators¹⁰.

Partly met

4 out of 9 agencies (UNDP, UNAIDS, UNHCR and ICRC) have made robust progress across all three indicators, according to 2008 Multilateral Development Effectiveness Summaries (MDES)¹¹.

Furthermore, UNICEF, UNFPA and WHO achieved progress on 2 out of 3 targets, aided by the adoption of stronger corporate performance frameworks. UNESCO and FAO, according to the MDES assessments had the weakest evidence of improved performance against the 3 criteria although remedial actions are being put in place in 2008 by the Executive Boards.

During the PSA period, most UN agencies have made good progress with introducing results-based management (RBM), according to the 2004 and 2006 reviews by the UN's Joint Inspection Unit¹². The DAC Evaluation Review of Evaluation Functions as well as the Denmark-led studies of results-based management confirm improvements in the management information and results-reporting systems of the agencies^{13,14,15,16,17}.

The ExCom agencies agreed a standardised cost recovery rate of 7%, eliminating the previous wide variations in rate (Joint Executive Board) and 5 out of 9 agencies (UNHCR, ICRC, UNICEF, UNDP, WHO) reduced their proportionate spend on admin related expenditures. In 2004, for example, UNICEF admin rate was 19.7% of spend and had fallen to 14.3% in 2006 (with a target of 12.2% for 2009). The commitment and practice of setting efficiency targets began in 2006 (with UNICEF), and with UNDP, UNHCR, UNFPA agreeing to introduce them from 2008 onwards.

The new Strategic Plans for ICRC, UNICEF, UNDP, UNFPA and WHO demonstrate clearer definition of roles, comparative advantages and expected results. All UN Development and Specialised agencies began participating in 'One UN' initiatives in 2007 in 8 countries. Vietnam and Cape Verde are already demonstrating efficiency savings. Agencies are also taking forward the recommendation of the High-Level on System Wide Coherence, with 16 countries identified for country-level coherence and effectiveness efforts in 2008.

¹⁰ The 3 indicators are: "internal performance", "country-level results" and "partnerships"

¹¹ <http://www.dfid.gov.uk/aboutdfid/dfidwork/mef.asp#Summaries>

¹² http://www.unju.org/data/reports/2004/en2004_6.pdf http://www.unju.org/data/reports/2006/en2006_06.PDF

¹³ Results-based Management in UNICEF, Dahlberg Global Development Advisers, commissioned by the Danish Ministry of Foreign Affairs in association with CIDA, DFID, Dutch Foreign Ministry and SIDA, 2007

¹⁴ Peer Review of Evaluation Functions in UNICEF, Evaluation Network, Development Assistance Committee, Paris 2007

¹⁵ Results-based Management in UNDP, Dahlberg Global Development Advisers, commissioned by the Danish Ministry of Foreign Affairs, 2006

¹⁶ Results-based Management in UNFPA, Dahlberg Global Development Advisers, commissioned by the Danish Ministry of Foreign Affairs in association with CIDA, DFID, Dutch Foreign Ministry and SIDA, 2006

¹⁷ Peer Review of Evaluation Functions in UNDP, Evaluation Network, Development Assistance Committee, Paris, 2006

Target 4

Ensure that the EU secures significant reductions to EU and world trade barriers by 2008, leading to improved opportunities for developing countries and a more competitive Europe [joint target with BERR]

Progress

The main lever for meeting this target is the Doha Development agenda (DDA), although there are other non-Doha processes that can contribute.

Following a period of formal suspension in 2006, Doha negotiations were resumed in early 2007. Negotiations are now ongoing and revised draft texts of an agreement were published in January 2008. The UK continues to work with the European Commission, other EU Member states and key WTO members to achieve an ambitious, pro-development outcome. We also provide support to the LDC members of the WTO, to help them analyse and articulate their needs and views. Negotiations on a global trade deal – the Doha Development Agenda – have reached crunchtime. The coming weeks offer a real opportunity for a breakthrough, which could result in completion of a Doha agreement by the end of this year. But it is yet too early to tell.

In other areas, we have been working with the European Commission to ensure that the EU's Economic Partnership Agreements (EPAs) with the 35 African, Caribbean and Pacific countries that initialled an agreement shortly before end of 2007 have delivered duty and quota free access into the EU. This is an important improvement on the previous Cotonou regime.

We have also been working towards more simple, transparent and development-friendly Rules of Origin (RoO) and a review of the Generalised System of Preferences (GSP) to further improve developing countries' market access to Europe. Countries signing an EPA now have access to more preferential RoOs, which will make it easier for ACP producers and traders to sell their goods in Europe.

2007 was also an active year on aid for trade, resulting in more political and financial support. A joint EU aid for trade strategy was adopted, to help deliver EU's aid for trade target of €2 billion (£1 billion) per year by 2010 alongside more high quality and better coordinated European trade related aid. We helped organise a pledging conference for the Enhanced Integrated Framework (providing LDCs with trade-related assistance), resulting in donor pledges well exceeding expectations ensuring an EIF launch in 2008. An important indicator of the increased interest in trade related assistance is the increase of support for infrastructure in Africa. 2007 saw an increase from \$7.7 million (£3.8 million) in 2006 to over \$10 billion (£5 million) in 2007. This support will help boost trade as well as help provide greater access to basic services for African countries.

Following the Prime Minister's decision to better align UK trade and aid policies, trade policy became a joint DFID/BERR responsibility in the summer of 2007. This resulted in several changes: a joint DFID/BERR Trade Policy Unit was created, a first ever Trade and Development Minister nominated, and a Cabinet sub-Committee on trade, chaired by the Secretary of State for International Development, was established.

This is the final assessment of this target.



Target 5

Improved effectiveness of UK and international support for conflict prevention, through addressing long-term structural causes of conflict, managing regional and national tension and violence, and supporting post-conflict reconstruction, where the UK can make a significant contribution, in particular Africa, Asia, the Balkans and the Middle East [joint target with FCO and MOD]

Progress

Partly met

Overall the conflict PSA was partly met, with two of twelve sub-targets achieved, nine partly achieved and one not met.

The UK government met the sub-targets on Sierra Leone and increasing the number of effective peacekeepers. Sierra Leone now has a democratically elected, stable government; professional, accountable security services with which we continue to work to ensure sustainability; and an effective National Electoral Commission. The target on peacekeepers was met during 2006/07 and peacekeeping personnel deployed to UN-led missions have seen a further 5% increase during 2007/08.

Eight of the remaining sub-targets were partly met. Iraq has made encouraging progress over the last year, with improved security; some political progress including new legislation; and improvements in Iraq's relations with neighbouring states. The Afghan National Army (ANA) led a successful operation to clear Taliban from Musa Qala, allowing the Afghan Government to begin to provide stabilisation and governance. British Forces continued to train and provide specialist advice to the ANA, which is making good progress; 50,000 of a total projected strength of 80,000 are now deployed. In Sudan, progress against the Comprehensive Peace Agreement is on course for national elections by July 2009. The Democratic Republic of the Congo (DRC) government is making credible efforts to resolve conflict politically and the UK has contributed to a successful disarmament, demobilisation, repatriation, reinstallation and reinsertion programme. Recent successes in Nigeria include anti-money laundering investigations and projects to foster inter-religious understanding in the north. The countries of the Balkans remain at peace. And Nepal has continued to make progress towards the restoration of democracy with elections set to take place in April 2008.

The target on the Middle East Peace Process was not met. Israel continued military operations in Hamas-controlled Gaza. Rocket and mortar attacks from Gaza continue and the first suicide bombing for a year took place on 4 February 2007. However, the UK government continues to work to improve the Palestinian economy, support the Palestinian Authority, develop the Palestinian security services and work with the international community and NGOs.

The Sudan indicator was partly met, although Darfur was not covered by the indicator when it was set. If it had been, the indicator would not have been met since progress to resolve the Darfur conflict is still limited.

In the UK government's 2008–11 PSA we will build on our work over 2005–08 to reduce the impact of conflict in Afghanistan, Iraq, the Balkans, the Middle East, Sierra Leone, DRC, Nigeria and Sudan and to build more effective international institutions, including the UN and AU.

This is the final assessment of this target.

Sub-target	Progress	
1: Progress towards durable peace in areas of priority.	<p>Overall progress</p> <p>Partly met</p> <p>This is the final assessment of this sub-target</p>	
	<p>Afghanistan</p> <p>Partly met</p> <p>Good progress was made overall in 2007/08, building on activities in the previous two years.</p> <p>The UK government focused on building effective state institutions and better governance, through funding of over £100 million. Progress on these in the south has been limited by ongoing insurgency and limited Government of Afghanistan capacity.</p> <p>The Afghan National Army (ANA) led a successful operation to clear Taliban from Musa Qala, allowing the Afghan government to begin to provide stabilisation and governance. British Forces continued to train and provide specialist advice to the ANA, which is making good progress; 50,000 of a total projected strength of 80,000 are now deployed. Efforts to address the under-performance of the Afghan National Police continue and the UK contributes to the European Union Police Mission.</p> <p>UK government-funded activities aimed at further strengthening the rule of law, including counter-narcotics, and building public confidence have focused on mentoring and training.</p>	

Sub-target**Progress****Balkans****Partly met**

The countries of the Balkans remain at peace, though inter-ethnic tensions persist.

Kosovo declared independence on 17 February 2008. While the overall situation is stable, there have been violent incidents in the (Serb-majority) north. Serbia's improved co-operation with the Tribunal for the Former Yugoslavia had led to the initialling of its EU Stabilisation and Association Agreement (SAA), though recent attacks against Embassies in Belgrade and statements condoning violence are concerning.

Macedonia made renewed reform progress while Montenegro concluded its EU SAA.

Bosnia inched towards police reform, allowing initialling of its EU SAA, though underlying inter-ethnic tensions continue to block further movement on police reform.

The UK government has continued to support the Western Balkans' Euro-Atlantic integration, and has been particularly active on resolving Kosovo's final status. UK government programmes focus on government capacity and accountability; on security and justice sector reform; on refugee and internally displaced person returns; and on assisting minority communities and inclusive economic growth.

DRC**Partly met**

With support from the UK government, the DRC government is making credible efforts to resolve conflict politically. DRC and Rwanda are co-operating to dismantle the Democratic Forces for the Liberation of Rwanda militia. However, fighting has occurred in eastern DRC between the armed forces, rebel soldiers and other illegal militias, resulting in extensive civilian displacement.

The UK government is contributing substantially to work to stabilise the Kivus and a successful disarmament, demobilisation, repatriation, reinstallation and reinsertion programme has largely pacified Ituri district.

The UK government has called for action on impunity and justice for victims of abuses by the armed forces.

Sub-target**Progress****Iraq****Partly met**

Overall, security improved in Iraq in 2007/08. The US 'surge', combined with the tribal awakening and the growing capabilities and confidence of the Iraqi Security Forces, saw real gains. These were reflected in the transfer of security responsibility in six provinces, including Maysan and Basra. All four provinces in the south-east have now transferred. Serious challenges remain in Basra, but the authorities have shown they are able to maintain security and initiate key reforms.

Although there were setbacks in 2007, including the withdrawal of Sunni parties from government, there has been some political progress in late 2007 and early 2008. The Council of Representatives has passed legislation on amnesty for detainees, provincial powers and de-ba'athification. The Executive Council, a small group of senior politicians representing the key political groups, provides a forum for reaching agreement on key decisions.

Iraq's relations with neighbouring states are improving from a low base, with regular meetings of the Neighbours Group. Both the EU and the UN have shown signs over the last year of engaging more positively with Iraq.



Sub-target

Progress

MEPP**Not met**

Under the guidance of the United States (US), following the Annapolis meeting, the two sides have started bilateral talks. But challenges on the ground threaten to disrupt the political process. Israel continued military operations in Hamas-controlled Gaza and incursions into area A in the West Bank. Rocket and mortar attacks from Gaza continue and the first suicide bombing for a year took place on 4 February 2007.

The UK has tried to ensure that the international community's approach is balanced and positive, maintaining a focus on improving the Palestinian economy and supporting the Palestinian Authority (PA). The UK continues to encourage the political process, supporting leadership by the US.

In June 2007 the UK government resumed direct support to the PA, providing £31 million bilaterally to the Palestinians in 2007/08 and contributing to the Palestinian treasury through a European Union mechanism.

Project work with Israeli and Palestinian civil society continues to focus on peace promotion through encouraging policy change. The UK government is also providing funding for: an NGO-managed project which has moved the route of the separation barrier closer to the green line; a project which aims to tackle planning problems for Palestinian villages in Israeli-controlled areas; and a project that ensures due process in the Israeli military court system.

The UK government continues to encourage sustainable security sector reform in the West Bank through providing technical expertise to the US Security Coordinator's team. This includes the deployment of a British Support Team based in Ramallah that can liaise directly with the PA.



Sub-target	Progress
	<p data-bbox="568 230 638 264">Nepal</p> <p data-bbox="568 275 686 309">Partly met</p> <p data-bbox="568 320 1241 510">Nepal has continued to make progress towards the restoration of democracy though elections to a Constituent Assembly have twice been postponed. Following a recent agreement between the government and groups representing the Madhes, elections are set to take place in April 2008.</p> <p data-bbox="568 544 1241 779">Working with the government, political parties, the UN and international partners, the UK has helped to co-ordinate efforts to move the peace process forward towards a lasting peace including through a significant development assistance programme. Through the UN, we were able to secure an extension to the United Nations Mission in Nepal's mandate to July 2008.</p>
	<p data-bbox="568 813 651 846">Nigeria</p> <p data-bbox="568 857 686 891">Partly met</p> <p data-bbox="568 902 1254 1014">Politically-motivated crime levels have not increased, though political tensions continue over the outcome of the April 2007 presidential election.</p> <p data-bbox="568 1048 1225 1238">Anti-corruption and the Delta remain UK government priorities in Nigeria. Recent successes include anti-money laundering investigations and engagement with communities in the Delta on governance and stakeholder participation. Also successful have been projects to foster inter-religious understanding in the north.</p> <p data-bbox="568 1272 1241 1462">However, the Delta continues to be unstable with bouts of urban violence in Port Harcourt, though the Joint Task Force recently intervened to stop an outbreak of gang violence. Inter-communal fighting between Christian and Muslim communities in the north is becoming more regular.</p>

Sub-target

Progress

Sierra Leone**Met**

Sierra Leone has a democratically elected, stable government following elections in August/September 2007. The elections were judged free and fair, although 7% of polling stations were disqualified due to greater than 100% voter turnout. The security services performed well and the elections were largely peaceful despite some evidence of the use of former combatants to intimidate opposing parties.

The UK government's intense political lobbying and substantial assistance helped to ensure the professionalism and accountability of the security services and the effective performance of the National Electoral Commission. It also made effective voter education and a nation-wide local electoral observer network possible. The UK government continues to provide a large amount of technical assistance to help increase the sustainability of the security sector.



Sudan**Partly met**



Progress against the Comprehensive Peace Agreement (CPA) is on course for national elections by July 2009. Most regular army units have redeployed in line with CPA; some irregular groups have not. Progress on Joint Integrated Units of northern and southern Sudanese forces remains slow but the UK is leading work to improve their operational effectiveness.

The National Congress Party and the Sudanese People's Liberation Movement have not agreed an administration in the disputed area of Abyei, nor demarcation of the north-south border.

Commissions in the north and south have adopted a national strategy for disarmament, demobilisation and reintegration but they have not agreed how to co-operate in the transitional areas or when to start demobilisation.



A draft white paper sets out a framework for transformation of the Sudanese People's Liberation Army. Community security is limited in the south and more effort is needed on reconciliation processes.

Sub-target	Progress	
	<p>Darfur Not met</p> <p>When the PSA indicator was agreed, it did not cover Darfur, but we have recorded a separate assessment.</p> <p>Progress to resolve the conflict is still limited: a UN-AU peacekeeping force (UNAMID) has been agreed but will not deploy fully until the end of 2008.</p> <p>The UK led efforts to establish the Darfur Community Peace and Stability Fund designed to promote peace at the local level. The increase in needs in Darfur have been compounded by a breakdown of law and order and pervasive banditry, which have forced many humanitarian agencies to scale back operations. Malnutrition is worsening in internally displaced persons' camps. Fighting between regular forces and irregular militia has flared up in West Darfur in the first quarter of 2008 and across the border in Chad since the end of November 2007.</p> <p>The political process is still stalled because of divisions between groups in Darfur.</p>	
<p>2: Increased capacity and effectiveness of peace-keeping, conflict prevention and peace support work in the UN and Africa.</p>	<p>Overall progress Partly met This is the final assessment of this sub-target.</p>	
<p><i>Indicator (ia):</i> UN Peacekeeping. By end 2007-08: All potential UN peacekeeping missions should follow the principles of integrated and comprehensive planning set out in the Brahimi Report of 2000 incorporating these from the onset of the planning process and carrying them forward into mission deployment with appropriate training of personnel and systematic processes for learning lessons and applying best practice.</p>	<p>Partly met</p> <p>The UK government has worked to maintain momentum on implementation of the Integrated Mission Planning Process (IMPP) through lobbying in New York, the Special Committee on Peacekeeping Operations (C34), and by providing financial support to the Department of Peacekeeping Operations (DPKO).</p> <p>The application of the IMPP has not been systematic. DPKO used IMPP to guide efforts during the initial planning phase for the United Nations-African Union Mission in Darfur, and set up an Integrated Operating Team to ensure IMPP principles were applied. However, the mission did not fully apply IMPP, citing a lack of user-friendly manuals as a key obstacle. UK government officials continue to use the C34 to push for proper utilisation of IMPP.</p>	

Sub-target	Progress	
<p><i>Indicator (ib): UN Peacekeeping.</i></p> <p>By end 2007-08: A 5% increase in the number of effective peacekeepers in regional and international Peace Support Operations (PSOs) under a UN mandate, with adjustments where necessary for changes in the demand for peacekeepers.</p>	<p>Met</p> <p>Field-based peacekeeping personnel deployed to UN-led missions have seen a 5% increase during 2007/08. 119 different countries now contribute troops. The UK government, with other donors, provided a range of training to build capacity of existing and potential troop contributing countries and senior mission leaders, which contributed to the overall increase in the number of effective peacekeepers in UN-mandated peace support operations.</p>	
<p><i>Indicator (ii): African Peacekeeping.</i></p>	<p>Partly met</p> <p>UK support has been instrumental in assisting the African Standby Force (ASF) to develop. Training, logistics and rapid deployment are moving forward. However, progress on the ASF remains limited by weak capacity at the African Union and in African regions.</p> <p>Progress on five regional brigades remains uneven. There is new momentum in the Eastern Africa Standby Brigade, with the UK as lead partner, and the Southern African Development Community launched its brigade in August 2007. Much UK effort focuses on the Economic Community of West African States, which remains the most advanced region.</p> <p>The UK government continues to make a major contribution to increasing the number of trained African peacekeeping personnel (over 11,000 trained since 2004) including through UK training teams in Africa.</p>	

Target 6

Ensure that the proportion of DFID's bilateral programme going to low income countries is at least 90%, and achieve a sustained increase in the index of DFID's bilateral projects evaluated as successful

Sub-target	Progress	
<p>1: ensure that the proportion of DFID's bilateral programme going to low income countries is at least 90%.</p>	<p>On course</p> <p>Budgets and current forecasts are in line with the target.</p> <p>The figure reported here for the proportion of DFID's bilateral aid that goes to low income countries differs from that in Statistics on International Development (SID). As set out in DFID's PSA Technical Note (www.dfid.gov.uk/pubs/files/PSA/technicalnotes.pdf) the income group classification used for reporting against the PSA is those countries with a GNI per capita in 2001 of less than US\$746. This list is not being changed during the PSA reporting period. In SID, we use more recent World Bank income group classifications. Following changes in these in 2004 some countries (in particular Indonesia) have moved from low income to lower middle income.</p> <p>This is the final assessment of this sub-target.</p>	
<p>2: increase in the index of DFID's bilateral projects evaluated as successful.</p>	<p>Overall progress</p> <p>On course</p> <p>In total, 984 DFID projects and programmes were included in the measure as of end March 2008, with a commitment value of £10,148 million. Of these, 762, or 77% by number and 83% by value, were scored as successful.</p> <p>This is the final assessment of this sub-target.</p>	

Sub-target**Progress**

Indicator (i): increase in the index of DFID's **high-risk** bilateral projects evaluated as successful.

Baseline 53% (quarter 4 2004/05)

On course

The outturn for the fourth quarter of 2007/08 is 64% (for projects scored over the preceding 24 months) and is considerably above the baseline. This is a small fall from the previous quarter, but a rise from the position two quarters ago.

The underlying trend since December 2005 has been upwards. In DFID's 2007 Autumn Performance Report we assessed progress on this target as green and since then the indicator has continued on a positive trend. At March 2008, the outturn is higher than at September 2007, when we made the last assessment, and is well above the baseline. The final green assessment reflects the overall positive trend across the monitoring period. It should be noted that the high-risk portfolio contains notably fewer projects/ programmes than the other risk categories, which means the data will be subject to greater fluctuations than that for the other risk categories.

193 projects and programmes, with a commitment value of £2,256 million, are currently in the high-risk portfolio and have been scored. This represents 20% of the total number of projects scored, and 22% of total commitment value.

Quarter	VfM outturn by commitment value	VfM outturn by percentage of high risk projects
Q4 2007/08 (latest outturn)	64%	55%
Q3 2007/08	65%	57%
Q2 2007/08	62%	57%
Q1 2007/08	61%	59%
Q4 2006/07	64%	60%
Q3 2006/07	63%	59%
Q2 2006/07	56%	56%
Q1 2006/07	49%	51%
Q4 2005/06	41%	43%
Q3 2005/06	33%	35%
Q2 2005/06	40%	37%
Q1 2005/06	52%	37%
Q4 2004/05	53%	42%

Sub-target	Progress																																										
<p><i>Indicator (ii):</i> increase in the index of DFID's medium-risk bilateral projects evaluated as successful.</p> <p><i>Baseline 57%</i> (quarter 4 2005/06)</p>	<p>On course</p> <p>The outturn for the fourth quarter 2007/08 is 87% (for projects scored over the preceding 24 months), based on steady quarter on quarter increases since December 2005/06. The overall trend over the monitoring period is positive, and has continued to accelerate upwards recently. This trend results in a final assessment of green.</p> <p>589 projects and programmes, with a commitment value of £6,464 million, are currently in the medium-risk portfolio and have been scored. This represents 60% of the total number of projects scored, and 64% of total commitment value. This category is therefore most critical in representing the greatest amount of DFID expenditure.</p>																																										
	<table border="1"> <thead> <tr> <th data-bbox="564 761 655 792">Quarter</th> <th data-bbox="815 761 995 853">VfM outturn by commitment value</th> <th data-bbox="1034 761 1211 887">VfM outturn by percentage of medium risk projects</th> </tr> </thead> <tbody> <tr> <td data-bbox="564 904 691 965">Q4 2007/08 (outturn)</td> <td data-bbox="815 936 874 965">87%</td> <td data-bbox="1034 936 1086 965">80%</td> </tr> <tr> <td data-bbox="564 983 691 1012">Q3 2007/08</td> <td data-bbox="815 983 874 1012">83%</td> <td data-bbox="1034 983 1086 1012">77%</td> </tr> <tr> <td data-bbox="564 1030 691 1059">Q2 2007/08</td> <td data-bbox="815 1030 874 1059">79%</td> <td data-bbox="1034 1030 1086 1059">77%</td> </tr> <tr> <td data-bbox="564 1077 691 1106">Q1 2007/08</td> <td data-bbox="815 1077 874 1106">78%</td> <td data-bbox="1034 1077 1086 1106">74%</td> </tr> <tr> <td data-bbox="564 1124 691 1153">Q4 2006/07</td> <td data-bbox="815 1124 874 1153">77%</td> <td data-bbox="1034 1124 1086 1153">73%</td> </tr> <tr> <td data-bbox="564 1171 691 1200">Q3 2006/07</td> <td data-bbox="815 1171 874 1200">76%</td> <td data-bbox="1034 1171 1086 1200">72%</td> </tr> <tr> <td data-bbox="564 1218 691 1247">Q2 2006/07</td> <td data-bbox="815 1218 874 1247">75%</td> <td data-bbox="1034 1218 1086 1247">71%</td> </tr> <tr> <td data-bbox="564 1265 691 1294">Q1 2006/07</td> <td data-bbox="815 1265 874 1294">73%</td> <td data-bbox="1034 1265 1086 1294">70%</td> </tr> <tr> <td data-bbox="564 1312 691 1341">Q4 2005/06</td> <td data-bbox="815 1312 874 1341">68%</td> <td data-bbox="1034 1312 1086 1341">66%</td> </tr> <tr> <td data-bbox="564 1359 691 1388">Q3 2005/06</td> <td data-bbox="815 1359 874 1388">65%</td> <td data-bbox="1034 1359 1086 1388">63%</td> </tr> <tr> <td data-bbox="564 1406 691 1435">Q2 2005/06</td> <td data-bbox="815 1406 874 1435">67%</td> <td data-bbox="1034 1406 1086 1435">63%</td> </tr> <tr> <td data-bbox="564 1453 691 1482">Q1 2005/06</td> <td data-bbox="815 1453 874 1482">63%</td> <td data-bbox="1034 1453 1086 1482">62%</td> </tr> <tr> <td data-bbox="564 1500 691 1561">Q4 2004/05 (baseline)</td> <td data-bbox="815 1532 874 1561">57%</td> <td data-bbox="1034 1532 1086 1561">65%</td> </tr> </tbody> </table>	Quarter	VfM outturn by commitment value	VfM outturn by percentage of medium risk projects	Q4 2007/08 (outturn)	87%	80%	Q3 2007/08	83%	77%	Q2 2007/08	79%	77%	Q1 2007/08	78%	74%	Q4 2006/07	77%	73%	Q3 2006/07	76%	72%	Q2 2006/07	75%	71%	Q1 2006/07	73%	70%	Q4 2005/06	68%	66%	Q3 2005/06	65%	63%	Q2 2005/06	67%	63%	Q1 2005/06	63%	62%	Q4 2004/05 (baseline)	57%	65%
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Sub-target**Progress**

Indicator (iii): increase in the index of DFID's **low-risk** bilateral projects evaluated as successful. *Baseline 86% (quarter 4 2005/06)*

On course

The outturn for the fourth quarter of 2007/08 is 94% (for projects scored over the preceding 24 months), 7 percentage points above the baseline.

There has been a positive trend over the monitoring period, which has flattened off recently. In Q2 2007/08 the indicator peaked at 96% and since then it has fallen back to 94% in Q4 2007/08.

We judge that we have met this target, on the basis of the high percentage of low risk projects that are evaluated as successful and the positive trend over the baseline position.

199 projects and programmes, with a commitment value of £1,429 million, are currently in the low-risk portfolio and have been scored. This represents 20% of the total number of projects scored, and 14% of total commitment value.

Quarter	VfM outturn by commitment value	VfM outturn by percentage of low-risk projects
Q4 2007/08	94%	92%
Q3 2007/08	94%	92%
Q2 2007/08	96%	92%
Q1 2007/08	93%	91%
Q4 2006/07	94%	90%
Q3 2006/07	93%	90%
Q2 2006/07	92%	89%
Q1 2006/07	93%	88%
Q4 2005/06	83%	86%
Q3 2005/06	80%	85%
Q2 2005/06	79%	84%
Q1 2005/06	79%	82%
Q4 2004/05 (baseline)	86%	84%

2003-06 PUBLIC SERVICE AGREEMENT



Target 1

Progress towards the Millennium Development Goals in 16 key countries in Africa

Progress

Broadly on course – minor slippage

Time lags in data availability and revisions to baselines mean we are not yet able to make a final assessment against the Africa target, but the overall picture is mixed. We have reached our target on primary school enrolment, but are unlikely to meet the target for the ratio of girls to boys attending primary school. The target for under-5 mortality rates will not be met, although notable success has been made in a few countries. The evidence for HIV & AIDS remain incomplete but the overall UN 2007 assessment is that this target is off track.



Sub-target

Progress

1: a sustainable reduction in the proportion of people living in poverty from 48% across the entire region.

Revised baseline 44.8% (1998)

Not on course – major slippage

Data for 2003 show that the poverty rate in sub-Saharan Africa was then 45.0%, up slightly from the revised baseline of 44.8% in 1998. However, stronger economic growth in recent years should have led to a reduction in poverty after 2003, which we expect to see when 2006 data becomes available.



2: an increase in primary school enrolment from 58% to 72%.

Revised baseline 66.3% (1998)

On course

The latest figure on primary school enrolment rates is 83.6%, and we anticipate seeing this rise to 85% by 2006. We do not, however, have valid data for DRC or Sudan, countries in which there has been war and conflict, and for which enrolment rates are likely to be lower than in other countries. Their inclusion would reduce the average.







3: an increase in the ratio of girls to boys enrolled in primary school from 89% to 96%.

Revised baseline 90% (1998)

Not on course – major slippage

Data are available for 14 PSA countries, and show that the current ratio of girls to boys enrolled in primary education is 92%, against a revised 1998 baseline of 89%. The projected ratio in 2006 is slightly lower than this, at 91%. However, this is based on trends since 1990, and rates of progress on this indicator have been greater between 2000 and 2005 than they were between 1990 and 2000. Lesotho, Rwanda, Uganda and Malawi have all already exceeded the target, having reached gender parity rates of at least 98%. Strong progress has also been made since 2000 in Ethiopia, Sierra Leone and Mozambique.



Sub-target	Progress	
<p>4: a reduction in under-5 mortality rates for girls and boys from 158 per 1,000 live births to 139 per 1,000.</p> <p><i>Revised baseline 159.3 deaths/1,000 (1998)</i></p>	<p>Not on course – major slippage</p> <p>Data are available for 15 of our PSA countries in Africa (not Sudan), and show a current rate of 149.2 deaths per 1000 live births, which is an improvement over the revised 1998 baseline of 159.3.</p> <p>However, current projections indicate that this sub-target will be missed.</p>	
<p>5: an increase in the proportion of births assisted by skilled birth attendants from 49% to 67%.</p> <p><i>Revised baseline 43.6% (1998)</i></p>	<p>Not on course – major slippage</p> <p>The data available cover 12 PSA countries. 46% of births are currently assisted by skilled attendants, and this is projected to increase slightly to 46.7% by 2006 (against a revised 1998 baseline of 43.6%). Rates of progress on this indicator are very low and the target will not be met.</p>	
<p>6: a reduction in the proportion of 15-24 year old pregnant women with HIV from 16%.</p>	<p>Some progress</p> <p>There has been no updated statistical information on progress from last year for this target.</p> <p>HIV figures are available for nine of our PSA countries covering 2000/01 and for seven countries in 2003-05. For five of the countries figures are available for both of these periods in time. Of these, in three countries the situation has improved and in the other two countries it has become worse. On the basis of this limited evidence it is too early to be confident that where progress has been made it will be sustained.</p>	
<p>7: Improved effectiveness of the UK contribution to conflict prevention and management as demonstrated by a reduction in the number of people whose lives are affected by violent conflict and a reduction in potential sources of future conflict where the UK can make a significant contribution <i>[joint target with FCO and MoD]</i>.</p>	<p>Partly met</p> <p>Medium- to longer-term trends in Africa continue to show an overall reduction in violent conflict. However, areas of instability persist, most notably in Darfur. The UK is a major donor to the African Union (AU) Mission in Sudan set up for peacekeeping in Darfur.</p> <p>The UK continues to play an important role in supporting the AU Peace and Security agenda. It has responded to AU conflict prevention priorities, through the Africa Conflict Prevention Pool (ACPP), by supporting the development of a detailed roadmap for a Continental Early Warning System, the setting up of the Panel of the Wise, and the design and planning of the Africa Standby Force.</p> <p>Work is ongoing at regional and country levels to support demilitarisation and peacebuilding and also to build the capacity of African countries to undertake Peace Support Operations.</p>	
	<p>This final assessment of the sub-target appeared in DFID's Annual Report 2007. It is reproduced here to explicate our judgement on our overall progress towards Target 1.</p>	

Sub-target	Progress
<p>8: effective implementation of the G8 Action Plan for Africa in support of enhanced partnership at the regional and country level.</p>	<p>Met</p> <p>This target has been met. The Update Statement on Africa issued by G8 Leaders at their 2006 Summit confirmed that good progress has been made and set out priorities for continuing work. The main exception is trade, where progress has been disappointing. Further progress will be reported under the 2005–08 PSA.</p> <p>This final assessment of the sub-target appeared in DFID's Annual Report 2007. It is reproduced here to explicate our judgement on our overall progress towards Target 1.</p>

Target 2

Progress towards the Millennium Development Goals in four key countries in Asia

Progress

Broadly on course – minor slippage

The overall picture for Asia at the end of the PSA period is encouraging. Six of the nine sub-targets are on course to be met, with progress assessed as being ahead across the region on targets for primary school enrolment and the ratio of girls to boys in primary school. We are also ahead on our target for income poverty in East Asia and the Pacific and on track to meet our target for income poverty in South Asia, reflecting the ongoing improvements in economic and living conditions in the region.

Three targets have been assessed as demonstrating slippage. Since the baseline for the target for births assisted by skilled birth attendants was set, there has been a marked reduction in the baseline position which makes achieving this target more challenging. Nonetheless it is estimated that when they become available 2006 figures will demonstrate substantial progress (an improvement of 15 percentage points on the 1998 revised position compared to a change of 18 percentage points sought by the original target). It is difficult to assess progress on the target for HIV infection rates in vulnerable groups due to poor coverage of existing data, but available evidence suggests that this target is not on course. Nonetheless, in some areas high prevalence rates have been reduced or low prevalence rates maintained. While it seems unlikely that the PSA target for TB detection rates will be achieved for 2003-2006, if the current rate of progress is continued it is possible that the target will be achieved by 2008.

Sub-target

Progress

1: a sustainable reduction in the proportion of people living in poverty from 15% to 10% in **East Asia** and the **Pacific** (includes China and South East Asia).
Revised baseline 19.8% est. (1998)

Ahead

Based on estimates by the World Bank, the region has made excellent progress since 1999 with the proportion of the population living in poverty in East Asia and the Pacific falling from 17% in 1999 to a predicted 9% in 2006. Despite the movement in the baseline from 19% to 17% in 1999 and assuming that the reduction in poverty follows a linear trend, this target is expected to be met.

2: a sustainable reduction in the proportion of people living in poverty from 40% to 32% in **South Asia**.
Revised baseline 36.3% est. (1998)

On course

In the year 2003, the World Bank estimate that the proportion of the population in poverty in South Asia is 33%, down from 36% in 1998. The World Bank predict that proportion of people who live in poverty in South Asia will have reduced to 16% in 2015. Assuming a linear decrease from 2003, this suggests that the target will be met. However the target has become less challenging as the baseline in 1998 has been revised downwards from 40% to 36%.

Sub-target	Progress		
<p>3: an increase in gross primary school enrolment from 95% to 100%.</p> <p><i>Revised baseline 101% (1998)</i></p>	<p>Ahead</p> <p>The assessment includes all four 2003-06 PSA countries in Asia (Bangladesh, China, India and Pakistan). The gross primary enrolment rate includes all children in primary school, including those who are older than primary school age, and expresses these enrolments as a percentage of the primary school age population. Therefore the figures often exceed 100%.</p> <p>The average gross enrolment rate across the 4 countries in Asia for the 1998 baseline year is now calculated as 101%, due to China (120%) and Bangladesh (109%). Since 1998, there has been a steady fall in gross enrolment rates in China and Bangladesh which may reflect an improving education system where fewer children above primary age are included in primary classes. In India and Pakistan, where the enrolment rates began below 100%, there has been good progress in recent years. The estimate for 2004 stands at 106%, so the target is assessed as “ahead”.</p>		
<p>4: an increase in the ratio of girls to boys enrolled in primary school from 87% to 94%.</p> <p><i>Revised baseline 89% (1998)</i></p>	<p>On course</p> <p>Data have been included for all countries for this indicator, with locally available data used for Afghanistan and Pakistan.</p> <p>The figures show that gender equality in primary school has been reached in China and Bangladesh. The rates for India and Pakistan have improved markedly since 2000. Overall, the average ratio of girls to boys has increased from the revised baseline of 89% in 1998 to 95% in 2005, and the target is assessed as “ahead”.</p>		
<p>5: a reduction in under-5 mortality rates for girls and boys from 92 per 1,000 live births to 68 per 1,000.</p> <p><i>Revised baseline 89 deaths/1,000 (1998)</i></p>	<p>On course</p> <p>These figures are from a modelled series produced by UNICEF. They have revised their estimates, which has changed both the baseline and the latest outturn since the last assessment in 2006. The latest estimate of the average death rate across the 4 countries is 68 per 1000 live births in 2005, down from 89 per 1000 live births in 1998; this reduction suggest that we are on track to meet the target.</p> <p>The lowest rate of under-five mortality is found in China, where less than 1 in 20 under-five year olds die. Pakistan has the highest under-five mortality rates. All countries have made progress since 2000, with India showing the strongest progress.</p>		

Sub-target**Progress**

6: an increase in the proportion of births assisted by skilled birth attendants from 39% to 57%.
Revised baseline 34% (1998)

Not on course – major slippage

Since the baseline for the 2003-06 PSA was set there has been a marked reduction in the baseline position which makes the target more challenging. The target figure therefore may not be reached. The current estimate of births assisted is 49%, which is based on data for the period 2004 to 2006, compared to a revised baseline of 34%. If the long term trend continues, it is estimated that by 2006 there will have been an improvement of 15 percentage points in this indicator on the 1998 (revised) position. Comparing this to the percentage point change of 18 sought by the original target suggests that there has been substantial progress.



7: prevalence rates of HIV infection in vulnerable groups being below 5%.

Not on course – major slippage

It is difficult to assess progress on this target, as the available data has poor coverage and is unlikely to represent vulnerable groups accurately. However available evidence suggests that this target is not on course. The existing data from the time period 2000 to 2006 shows rates in one or more of the most high risk groups to be above 5% in China, India and Pakistan. This is counterbalanced by success in some areas, where high prevalence rates have been reduced or low prevalence rates maintained.




8: a tuberculosis case detection rate above 70%.
Revised baseline 15.5% (1998)

Not on course – major slippage

Data are available for all four PSA countries for this indicator. The latest figures from the WHO, which relate to 2005, show an average rate of 59% although China, at 80%, has a case detection rate significantly above the target of 70%. The lowest rate is found in Pakistan. All countries have shown substantial increases from 2000 to 2005. These increases vary between 33 to 49 percentage points.



While it seems unlikely that we will meet the PSA target for 2003-2006, if the current rate of progress is continued it is possible that the target will be achieved by 2008.

Sub-target	Progress	
<p>9: a tuberculosis cure treatment rate greater than 85%. <i>Revised baseline 82% (1998)</i></p>	<p>On course</p> <p>Data are available from the World Health Organization for all countries on this indicator. The current rate for the tuberculosis cure rate under the WHO's Directly Observed Treatment Short-Course (DOTS) scheme is above the target rate in 3 of the 4 countries, and Pakistan was near at 84% in 2006.. Since 2000, for those countries that were already above the target, there has at best been little improvement, while China rate has fallen by 1%. This is not surprising as over the same period, coverage of DOTS has increased dramatically in many countries and the challenge of retaining high rates of cure while covering a wider, and more difficult to reach population will remain throughout the present PSA period.</p>	

Annex 5

Effectiveness of UK aid in pursuing the MDGs in the PSA countries

Progress towards Public Service Agreement Objective One – Reduce poverty in sub-Saharan Africa

Democratic Republic of the Congo (DRC)

- 1.1** 2007 saw the formation of DRC's new Government, elected in the first democratic elections for forty years in late 2006. The Government faces enormous challenges to rebuild the country and reduce widespread poverty. In 2007 donors, including DFID, worked closely with the Government to help set out its early priorities in a Priority Action Plan. At the start of 2008 a major peace conference bringing together the Government and armed groups in North and South Kivu offered a real chance to end ongoing conflict in eastern DRC. It will be crucial to build on this commitment to peace in the coming year.
- 1.2** DFID agreed a new Business Plan for DRC setting out our strategy for the next three years. We have designed several major programmes, including support to reopen roads, free healthcare services and strengthen democracy and the accountability of the state to the Congolese people. These programmes will begin in 2008/09.

MDG 1: Eradicate extreme poverty and hunger

- 1.3** Over 2.6 million people received food aid to stop them going hungry thanks to the DRC Humanitarian Pooled Fund, to which DFID is the largest donor, contributing £35 million in 2007/08 (60% of the total funding). Our funding has also opened over 800km of rural roads with villagers reporting real improvements in terms of reduced price of food. In 2007/08 DFID started a major community driven reconstruction programme to reduce poverty in 1,400 villages in conflict-affected areas.

MDG 2: Achieve universal primary education

- 1.4** Primary school enrolment is estimated at 64% in DRC but is probably significantly lower. Through the Humanitarian Pooled Fund DFID supported the rehabilitation of over 600 classrooms in 2007/8 and the distribution of education kits to almost 750,000 children containing school essentials such as books and pencils. We also began work on a major education programme that will help one million extra children go to school over the next five years.

MDG 3: Promote gender equality and empower women

- 1.5** There are shocking levels of sexual violence in DRC. In 2007/08 DFID supported an emergency justice programme with a specific target of increasing prosecutions for sexual violence offences. For the medical care of victims, we supported the construction of a specialist ward in Panzi hospital in eastern DRC. More than 12,000 victims of sexual violence were also helped through the Humanitarian Pooled Fund, using mobile clinics to reach victims within 72 hours.

MDGs 4: Reduce child mortality

- 1.6** One in five Congolese children die before their fifth birthday. Measles is a major killer, so in 2007/8 DFID supported the vaccination of over 3.7 million children through the Humanitarian Pooled Fund, increasing the number of children vaccinated to 83% overall. Over 90,000 children were also supported at nutritional centres and almost 35,000 children and pregnant women provided with food assistance. DFID-funded programmes have provided over 500,000 children with access to health and nutrition services.

MDG 5: Improve maternal health

- 1.7** Each year 36,000 Congolese women die giving birth. DFID funding has allowed over 500,000 women to have access to reproductive health care. Our funding to Panzi hospital helped train staff to treat women with fistula, caused by complications during pregnancy or sexual violence, and included an outreach programme to raise awareness of the condition among midwives. In 2007/08 almost 400 fistula operations were conducted at the hospital.

MDG 6: Combat HIV & AIDS, malaria and other diseases

- 1.8** In 2007/08 DFID funded a behaviour change programme to encourage condom use. This reached an estimated 274,000 people and targeted vulnerable groups, like sex workers and truck drivers. So far we have supported the distribution of over one million bed nets in seven provinces in DRC. This has protected an estimated two million people from malaria, especially pregnant women and children under-five. Our programme will continue to fund the distribution of a further two million nets protecting another four million people.

MDG 7: Ensure environmental sustainability

- 1.9** Water and sanitation programmes supported by the Humanitarian Pooled Fund have benefited 1.4 million Congolese. On forestry we brought together the World Bank, NGOs, the Government of DRC, civil society and the private sector to identify alternatives to industrial-scale logging. Environmental impact issues are also a key part of our road rehabilitation programme which will begin implementation in 2008/09.

Ethiopia

- 1.10** Ethiopia's success in fighting poverty is vital for Africa's attainment of the Millennium Development Goals: it is desperately poor and has the second highest population in the continent. Progress is being made, but not fast enough to ensure that Ethiopia will meet any MDG targets.
- 1.11** DFID is Ethiopia's second largest bilateral donor, and in 2007/08 the Ethiopia programme was the largest DFID bilateral programme in Africa (at around £140 million). DFID's support to Ethiopia, concentrating on governance, basic services, health, education and growth, is designed to support the Government in implementing its own poverty reduction strategy.

MDG 1: Eradicate extreme poverty and hunger

1.12 The Productive Safety Net programme provides cash and food for people who had previously depended on emergency relief for their survival, by employing them in public works. As a result of this programme, seven million people received cash and/or food worth about £60 per household; enabling 75% of recipients to eat more or better quality food; 50% of recipients to gain better access to health and education facilities; and has led to the construction of classrooms, roads, wells and clinics.

MDG 2: Achieve universal primary education

1.13 DFID's contribution of £85 million in 2007/8 to the Protection of Basic Services programme helped more children to go to school: 14 million were in primary school in 2006/7 compared with 13 million in 2005/6. DFID provided a further £5 million for the Government's Teacher Development Fund which has helped increase the number of qualified teachers: all teachers in lower primary schools are now qualified to at least certificate level, and 50% of teachers in upper primary school have a diploma. We also support research into issues such as enrolment and financing, to help the Government refine its plans to expand education nationwide.

MDG 3: Promote gender equality and empower women

1.14 Our £75 million water, sanitation and hygiene programme, launched in 2007, will reduce the amount of time women and girls spend collecting household water. Having water closer to home will save households two hours a day in rural areas and one hour a day in urban areas, which will lead to more productive, income-earning opportunities. Improving sanitation facilities in schools, will encourage older girls to go to school. DFID is taking a leading role in the design of a new \$600 million (£300 million) programme for improving education quality, which will address gender and equality issues.

MDGs 4 and 5 and 6 – Reduce child mortality and improve maternal health, and combat HIV & AIDS, malaria and other diseases

1.15 DFID support for the Protection of Basic Services programme has helped Ethiopia to increase the number of health extension workers from 8,901 in 2005/6 to 24,543 in 2007/8, improving access to health services for the poor in remote rural areas and increasing the availability of basic health commodities such as drugs and contraceptives. The decline in malaria cases during the past two years is expected to continue as the distribution of insecticide-treated nets to households in high risk areas is now approaching 100%. A 33% increase in contraceptive availability is expected in 2007/08 now that contraceptives, bought through this programme, have begun to arrive in country.

MDG 7: Ensure environmental sustainability

1.16 With support from DFID and other donors, access to water and sanitation facilities has increased to 52% in 2007/8. The first instalment of £9 million made under DFID's £75 million water and sanitation project is helping to pay for around 1000 rural water supply schemes, benefiting almost half a million people.

Ghana

1.17 There was a feeling of confidence and evidence of real development as Ghana celebrated its 50th anniversary of independence in 2007. The economy continued to grow by 7%. With less than a third of its population living below the poverty line and recent oil discoveries there is a real sense that with the right support and decisions, Ghana's economy can grow further. In 2007 more than half of UK aid money was provided direct to the Government budget in support of its poverty reduction strategy.

MDG 1: Eradicate Extreme Poverty and Hunger

1.18 Ghana is likely to be one of the first African countries to reach MDG 1. But despite the overall fall in the numbers of people living in poverty (reduced from 52% to 28% from 1999 to 2006) certain parts of the country particularly the North are very poor. In 2007, DFID supported several initiatives that protect these poor people. These included a social protection scheme supported by DFID through the Government budget that will provide cash transfers to 9,000 families from the poorest parts of the country. A rural feeder roads programme constructed 375 km of roads in nine districts in the Northern and Upper Volta Regions in 2007. Early evidence suggests that this is helping poor farmers trying to get their agriculture products to markets. Following the floods in 2007, DFID provided funding to CARE, Ghana Red Cross and UN system to support immediate needs and long term recovery. This support provided shelter kits, water, and sanitation for 10,000 affected families.

MDG 2: Achieve Universal Primary Education

1.19 Almost eight out of 10 children are now in school; with girls and boys enrolling in equal numbers. In 2007, DFID's contribution to the education sector totalled £10 million in the form of sector budget support aimed primarily at school building programmes and improving the quality of education. The construction of 420 classrooms began in 2007, which will provide facilities for more than 16,000 additional children. Under a Government managed Education Capitation Grant Scheme, the equivalent of £1.57 per child was given to schools to cover school levies previously paid by parents. In 2007, a total of £7.47 million was provided nationwide under the scheme. DFID's general budget and education sector support is also supporting this scheme.

MDG 3: Promote Gender Equality and Empower Women

1.20 In Ghana around 27% of women have been victims of sexual violence (rape, child abuse and female genital mutilation). In 2007, after five years of debate, Ghana passed laws to further protect the rights of women: to stop violence against them and female genital mutilation practices. DFID's funding to civil society organisations enabled women's groups to put pressure on the Government to make this happen.

MDGs 4 and 5 Reduce Child Mortality and Improve Maternal health

1.21 In 2007, DFID provided over £2 million to support distribution of insecticide treated bed nets (ITNs) to all children under-one and pregnant women. A total of about 1.4 million ITNs, including 630,000 nets procured with DFID funds, were distributed to all districts in Ghana. About 1.1 million infants and 350,000 pregnant women were recorded to have received the bed nets at the end of the campaign. With malaria accounting for 25% of deaths among children under-five, the distribution of bed nets is expected to have a significant positive impact on child mortality. Some estimates indicate that up to 10,000 lives a year may be saved.

MDG 6: Combat HIV & AIDS, malaria and other diseases

1.22 HIV & AIDS infection rate in Ghana is one of the lowest in sub-Saharan Africa. The average prevalence rate (among pregnant women) decreased from 3.2% to 2.6% from 2006 to 2007. However infections within the 15-24 age groups are higher. DFID continues to support efforts at reducing the prevalence among this age group by providing funds to train about 134,000 (90%) teachers in the public sector. This has facilitated the integration of HIV & AIDS messages into classroom teaching and learning.

MDG 7: Ensure Environmental Sustainability

1.23 In a move to protect Ghanaian forests, DFID supported discussions to put in place a voluntary partnership agreement between Ghana and the EU. This means that timber from Ghana sold to the EU will only be sourced from sustainable forests. In 2007, DFID along with Government and other development partners, held policy discussions to design a new Natural Resources and Environmental Governance (NREG) Programme which aims to improve the management of forestry, mining and environmental protection sectors.

Kenya

1.24 Four years of economic growth provided encouraging signs of development after 30 years of economic mismanagement and weak governance. But there are still almost 17 million people living below the poverty line (46% of the population) and still Kenya remains a very unequal country. Tallying irregularities in a close general election race in December 2007 led to a contested presidential result, widespread violence, ethnic division, property damage and has seen an estimated 600,000 people displaced from their homes. This will have a significant impact on the economy; growth in 2008, previously projected at up to 7%, is now only predicted to be 4%; inflation rose to 19.1% in February 2008 and to 21.8% in March; unemployment is likely to increase due to the downturn in tourist numbers.

1.25 DFID provided around £50 million to Kenya in 2007/08, focusing on improved health, tackling HIV & AIDS, improving education and social protection, alongside efforts to improve governance and promote economic growth for poor people. In September 2007, 17 of Kenya's development partners launched a Joint Assistance Strategy for Kenya (KJAS). This provides a clear framework for the international community to work together in support of the Government and ensure greater coherence in the delivery of aid programmes.

1.26 However, as a result of the political crisis in Kenya, DFID is reviewing its programme. The size, content and mode of delivery of the future programme will reflect the extent to which the power sharing deal is implemented and the underlying causes of the conflict addressed. Kenya's progress on all the MDGs is likely to be disrupted. Progress prior to the crisis is described below.

MDG 1: Eradicate extreme poverty and hunger

1.27 Poverty declined from an estimated 56% in 2003 to 46% in 2006 but it still affects 17 million people. DFID supports efforts to make agricultural and financial services work better for the poor. One million Kenyans now bank by phone through M-pesa (mobile money), a joint initiative of Vodafone and DFID.

- 1.28** DFID has provided over £30 million in humanitarian support since 2004. In August 2007 DFID approved a new a 10-year Social Protection Programme (£122.6 million) to help address chronic hunger which still persists in large parts of the country. The programme will initially target 30,000 Orphans and Vulnerable Children (OVCs) and 300,000 chronically food insecure people.

MDG 2: Achieve Universal primary education

- 1.29** Net enrolment has increased to 86.5% in 2006 since the introduction of free primary education in 2003. DFID will provide £55 million between 2005 and 2010 to the Kenya Education Sector Support Programme (KESSP): providing teaching and learning materials, enhancing teachers' skills, providing 4,500 schools infrastructure grants for new and rehabilitated primary school classrooms and enhancing water and sanitation facilities, the integration of a successful HIV & AIDS prevention programme in 18,500 primary schools, school assistance grants to 200,000 OVCs and grants to 4,000 Early Childhood Development Centre.

MDG 3: Promote Gender equality and empower women

- 1.30** DFID works with other donors to support a Gender and Governance Programme, to ensure long term support towards women's attainment of human rights and participation in democratic governance. The 2007 elections saw an increase in the number of female MPs from 10 in 2002 to 15.

MDGs 4 and 5: Reduce Child Mortality and Improve Maternal Health

- 1.31** More than one in ten children die before their fifth birthday. By March 2009 DFID will have supported the delivery of 12.8 million new insecticide treated bed nets. Evidence has shown a 44% reduction in child mortality among those who use bed nets. 985,995 infants (74%) were fully immunized in 2007 with DFID support.
- 1.32** Maternal mortality is high and difficult to measure, estimates range from 400 to 1,000 in every 100,000 live births. With other donors, DFID supports the Government in providing essential supplies, equipment and infrastructure to prevent maternal deaths, as well as strengthening health systems more generally. As a result delivery fees for pregnant women were recently removed and a national poll indicates increasing satisfaction with health services, significantly influenced by improved availability of drugs. 828,396 women accessed antenatal care from July 06 – June 06.

MDG 6: Combat HIV & AIDS, malaria and other diseases

- 1.33** HIV prevalence has halved in the last 10 years to 5.1%. DFID provided £45 million between 1997 and 2008 towards the fight against HIV & AIDS, including supporting the implementation of a National HIV & AIDS Strategy which seeks to deliver universal access to prevention, treatment and care. With DFID support 161,000 people have been provided with ARVs by March 2008. DFID funds the social marketing of condoms as part of our support to the prevention of new infections, aiming to sell 172 million condoms between 2003 and 2009, which should avert some 85,000 cases of HIV.
- 1.34** As well as supporting the distribution of 12.8 million new bed nets by March 2009, we are supporting the roll out of combination treatment for malaria, improving the response to epidemics, and funding a net re-treatment and a communication programme. Annual malaria hospital admissions have reduced by 57% in the last seven years.

MDG 7: Ensure Environmental stability

- 1.35** DFID has supported civil society organisations in Kenya to make major interventions in the formulation of Parliamentary Acts on Forestry, Energy and Mining while informing and contributing towards policies on the environment. We are currently climate screening our programme to mitigate future risks from climate change, and developing screening tools to assist in Kenya's adaptation to climate change.

Lesotho

- 1.36** Lesotho remains a poor country with minimal progress being made towards the MDGs. 56% of the population of 1.88 million live below the poverty line. HIV & AIDS rates remain very high and life expectancy has reduced from 45 in 2000 to 36 today. In 2007 Lesotho suffered the worst drought in 30 years with up to 60% crop failure. Over 500,000 people needed food aid. The Government and donors responded rapidly to the crisis, averting a humanitarian disaster.
- 1.37** In the February 2007 general election, a significant opposition was elected for the first time. This can be regarded as a relative success as the situation has remained stable, although tense at times due to a number of irregularities and challenges raised by opposition parties being unresolved. The Southern Africa Development Community (SADC) was asked to mediate. All parties are being strongly urged by the international community to resolve differences peacefully.

MDG 1: Eradicate extreme poverty and hunger

- 1.38** DFID supports the Lesotho Vulnerability Assessment Committee which has increased the capacity of the Government's Disaster Management Authority and is a major reason that Government and donors responded effectively to the crop failures of 2007.
- 1.39** DFID has focused on job creation and trade: the DFID funded ComMark Trust helped Lesotho make preferential trade agreements on garments. Jobs in the garment sector have increased from 38,000 in 2005 to 47,000 in 2008. In September 2007 the Ministry of Trade, with DFID's support, launched a One Stop Shop (OSS) for exports. The OSS has cut the time it takes to process export permits from up to seven days to 15 minutes.

MDG 2: Achieve Universal Primary Education

- 1.40** DFID contributes to the Education Fast Track Initiative, which is helping improve the quality of education in Lesotho. There is free primary education and enrolment rates are high.

MDG 3: Promote gender equality and empower women

- 1.41** DFID provides core funding to the Apparel Lesotho Alliance to Fight AIDS (ALAFA) programme through the ComMark Trust. ALAFA implements HIV workplace programmes covering policy, prevention, treatment and care for 48,000 factory workers, 80% of whom are women, protecting the livelihoods of the roughly 200,000 people dependent on these workers.

MDGs 4 and 5: Reduce child mortality and improve maternal health

- 1.42** Both maternal mortality and that of children under-five is increasing alarmingly, often linked to HIV and TB. Through the ALAFA programme, female workers in the textile industry have direct access to health clinics in the workplace that provide advice from medical practitioners, free condoms and anti-retroviral therapy. This improves maternal health and impacts directly on reducing child mortality.

MDG 6: Combat HIV & AIDS, malaria and other diseases

- 1.43** Lesotho has the third highest HIV & AIDS rate in the world. The ALAFA programme mitigates the impact of HIV & AIDS workers in the garment sector by providing access to care and treatment. At the end of 2007, prevention programmes were available to more than 30,000 workers. DFID supports the Government's 'Know Your Status' campaign which has provided Voluntary Counselling and Testing to 290,000 people.

MDG 7: Ensure environmental sustainability

- 1.44** Through our support to Lesotho's Poverty Reduction Strategy, DFID is funding NGOs which are promoting better standards of conservation farming to develop sustainable food production systems.

Malawi

- 1.45** For the second year running, Malawi saw growth of over 7% in 2007 and good prospects for continued high growth in 2008. DFID's continued budget support (£22 million in 2007) helped bring inflation below 8% by the end of 2007 and domestic debt interest payments by the Government of Malawi down to 2.4% of GDP.

MDG 1: Eradicate extreme poverty and hunger

- 1.46** With DFID support to Malawi's seed and fertiliser subsidy (benefiting two million households), 2007 saw the largest maize harvest ever recorded – 3.4 million tons, of which 670,000 tons can be attributed to the subsidy. As a result, the numbers in acute food need fell to zero in 2007 (from five million in 2005 and 830,000 in 2006). Overall poverty levels fell by five percentage points (600,000 people) in 2006 and are expected to fall even further in 2007 as a result of the harvest, but nevertheless remain high (45%) with 2.1 million people (17%) failing to meet their daily food requirement. DFID is supporting the Government to develop a new national social protection policy to tackle chronic poverty and vulnerability.

MDG 2: Achieve universal primary education

- 1.47** DFID's support to the education sector included building 600 classrooms in 2007, benefiting up to 50,000 children, 157 teachers' houses and providing 8.3 million textbooks benefiting 900,000 children. We are also helping the Government refine its 10-year education sector plan and to develop open and distance training for teachers.

MDG 3: Promote gender equality and empower women

- 1.48** Only 24% of girls against 38% of boys pass the Primary Leaving Exam. DFID, through the national monitoring system and the Budget Support group of donors, is working with Government to use gender sensitive indicators to measure impact of services. This evidence is now encouraging Government to address girls' access to quality primary education; women's access to basic emergency obstetric care (36% coverage in 2007 from 2% in 2005); and the percentage of health facilities providing prevention-of-mother to child transmission of HIV (55% in 2007 from 7% in 2005).

MDGs 4 and 5: Reduce child mortality and improve maternal health

- 1.49** Malawi is on track to reach the child mortality MDG. Under five mortality in Malawi fell by over 40% in 12 years, to 133 per 1000 live births in 2004, with an interim assessment in 2006 suggesting this figure has fallen further to 118 per 1000 live births. With one of the worst maternal mortality ratios in the world (last assessed at 984/100,000), 55 new Ministry of Health "Service Level Agreements" with non-state providers now provide free maternal and neonatal services, increasing the proportion of births attended by skilled health personnel to 54% in 2007 from 38% in 2005. DFID's £100 million, six year, programme to the health sector is helping fund the delivery of basic services and address the human resource crisis in health services. There has been an increase in the number of doctors from one doctor to 62,000 population in 2005 to one doctor per 44,000 in 2007. In 2007, 30 nurses left Malawi to work overseas – a 71% decrease from 2003.

MDG 6: Combat HIV & AIDS, malaria and other disease

- 1.50** DFID is funding a £14 million 4-year programme to support the national response to HIV & AIDS which emphasises prevention as well as treatment. Nationally, prevalence has stabilised at 14%, and the numbers of those started on ART increased from 3,000 in 2003 to over 130,000 in 2007.

MDG 7: Ensure environmental sustainability

- 1.51** DFID is coordinating with UNDP and the Government on climate change adaptation and disaster risk reduction. The DFID-funded Africa Catalytic Growth Fund grant of \$25 million (£12.5 million) approved in 2007 will enable Malawi's national water development programme to focus on rural water and sanitation. DFID's support to WaterAid will help the Government plan for equitable access to water. In 2007, a further 38,000 people were able to access clean water as a result of DFID support through Concern Universal.

Mozambique

- 1.52** Despite recent high rates of growth, Mozambique is still very poor, ranking 172 out of 177 countries in the UN Human Development Index. DFID is one of the largest bilateral donors in Mozambique. Our focus is working to improve the quality and coverage of basic services for the poor and improving the way in which poor people can have a voice in the governance of their country.

MDG 1: Eradicate extreme poverty and hunger

- 1.53** In 2007, DFID supported the Government to plan an increase in its cash transfer programme for the poorest and most vulnerable. In January 2008 the Government was able to double payments to households from \$6 (£3) to \$12 (£6) a month. DFID's ability to make a 10 year financing commitment to the programme gave the Government the confidence to plan for the long-term needs of poor families.

1.54 We also supported the planning and preparation of a new policy and major new investment plan for roads which set ambitious targets for improving the access of the poorest to roads. In 2007 our support helped build and maintain 17,000 kilometres of unpaved roads, which ensured that the Government met its target of 12% of the rural population living within two kilometres of an all-season road.

MDG 2: Achieve universal primary education

1.55 As a major funder of the education sector, our support, with other donors, allowed the Government to employ an extra 11,660 teachers in 2007 and provide free textbooks. This meant that an extra 270,000 children could go to primary school and helped Government to exceed its target for the number of children in school. 94% of primary school age children were enrolled in school in 2007 compared with 87.1% in 2006.

MDG 3: Promote gender equality and empower women

1.56 Through our support to the education sector, 90.9% of girls are now enrolled in primary school and 70% of six year old girls have entered grade 1. In 2007 DFID worked with three provinces to set up a new process to help communities register their land rights and improve land use. This programme has a specific focus on women, making sure that they understand and are helped to apply the rights which the law gives them.

MDGs 4 and 5: Reduce child mortality and improve maternal health

1.57 In 2007 we supported a programme that distributed 500,000 bed nets for pregnant women and children under-five in three provinces, ensuring for example that 94% of targeted children and 80% of pregnant women in one province were protected from malaria at night. And we supported the Ministry of Health to improve its health services for children and women. Our finance and policy support helped the Government meet its objective for an extra 35,000 women to give birth in a clinic in 2007, and make sure that 64% of children under-one were fully immunised against five priority vaccine preventable diseases.

MDG 6: Combat HIV & AIDS, malaria and other diseases

1.58 In 2007 we continued to support Mozambique to tackle HIV & AIDS. Working with other donors we contributed to the Government's target to reach 6,320 children with paediatric treatment and 79,680 adults with anti-retroviral treatment.

MDG 7: Ensure environmental sustainability

1.59 DFID played a central role in coordinating support to the rural and urban water and sanitation sector. In the rural sector our work has led to better planning for targeted interventions that will bring Mozambique on track for meeting the MDG target. Mozambique built 1529 new rural water points in 2007 (up from 1050 in 2006) and DFID is working with Government and others to increase construction to 2000 per year until 2015. In the urban sector DFID's financial support through the Africa Catalytic Growth Fund meant that Mozambique now has plans to extend water to 10,000 new urban households.

Nigeria

1.60 DFID works to increase Nigerian Federal and State Governments' capacity to spend their resources more effectively to meet the MDGs. DFID's work on improved governance – both the strengthening of public financial management and budgeting systems, and the mechanisms by which poor people can make demands of Governments, and hold them to account – underpins progress towards all the MDGs in Nigeria. Human development indicators are much worse in Northern Nigeria than in other regions, so our work on the education and health MDGs is focused there.

MDG 1: Eradicate extreme poverty and hunger

1.61 70 million Nigerians (around half the population) live on less than a dollar a day. To halve income poverty, sustained strong growth outside the oil sector is needed, with the benefits shared with the poorest. Nigeria achieved non-oil growth of 8% in 2007, due in large part to improved macro-economic management by the Federal Debt Management Office, supported by DFID technical assistance.

MDG 2: Achieve Universal Primary Education

1.62 DFID has supported the Nigerian Government to spend debt relief gains on education. This has so far led to the training of 145,000 new teachers and the re-training of 45,000 existing teachers. DFID support to girls' education in Northern Nigeria has increased overall attendance (of both girls and boys) by 40%. DFID funded technical assistance is helping the Federal and State Governments to design and implement 10-year education plans, by strengthening the Education Information Management Systems and reforming inspection services.

MDG 3: Promote Gender Equality and Empower Women

1.63 DFID support to girls' education in six States in Northern Nigeria has led to an increase of up to 83% in girls' attendance in the schools directly supported by DFID from late 2005 to late 2007. Our support to the 2007 elections included work to encourage women to vote and stand for office, and DFID is encouraging the formation of coalitions in support of social change on issues of importance to Nigerians such as women's rights.

MDGs 4 and 5: Reduce Child Mortality and Improve Maternal Health

1.64 In the areas of Jigawa State supported by the DFID funded Safe Motherhood Initiative, the percentage of obstetric complications that led to a maternal death reduced from 12% in 2006 to 8% in 2007. The percentage of obstetric complications that resulted in a newborn death also dropped significantly from 49% to 23 % during the same period. DFID support towards the provision of drugs and healthcare equipment along with training for health workers has increased the standard of primary health care available to women and children in Northern Nigeria.

MDG 6: Combat HIV & AIDS, Malaria and Other Diseases

1.65 About six million Nigerians are HIV positive, and many more are affected by malaria and other diseases. DFID provides 60% of condoms in Nigeria through a contraceptive social marketing programme. DFID-funded technical assistance has supported the State Action Committees on HIV & AIDS in five States with high HIV prevalence to develop costed strategic plans to reduce HIV & AIDS. In Jigawa State, DFID support has contributed to a sevenfold increase in the number of TB patients receiving treatment.

MDG 7: Ensure environmental sustainability

- 1.66** Working with UNICEF, DFID is helping 500,000 people get access to water in eight States, and piloting innovative, low-cost sanitation initiatives. DFID technical assistance is also supporting the Government to develop a strategy for reform of the power sector.

Rwanda

- 1.67** Despite extraordinary progress since the devastating genocide in 1994 and average economic growth of 7% over the last 10 years, half of the population still lives below the poverty line. The UK remains Rwanda's largest bilateral donor, with more than two-thirds of DFID's programme provided through budget support, representing around 8% of the Government's annual budget.

MDG 1: Eradicate extreme poverty and hunger

- 1.68** DFID's programme has helped to reduce poverty in Rwanda from 70% in 1994 to 57% in 2006 but Rwanda is unlikely to meet the MDG target, particularly given the high population growth rate. DFID is helping the Government to find ways to accelerate and sustain growth to drive poverty down further. The private sector must lead this through investment and job creation, so we are working on reforms to the banking sector and the business environment.

MDG 2: Achieve universal primary education

- 1.69** Primary school enrolment is high at 94%, with equal numbers of girls and boys. DFID has contributed to the construction of over 900 primary classrooms, the recruitment of 1,000 extra primary teachers, procurement of well over three million textbooks and the purchase of other school materials. DFID has leveraged more money into the education sector through partnerships with the Swedish and Dutch Governments.

MDG 3: Promote gender equality and empower women

- 1.70** DFID's gender audit in Rwanda is considered as a model to follow in strengthening focus on gender in development programmes. For example, we will now work with United Nations Development Fund for Women to help the Rwanda Defence Force to address gender-based violence during its peacekeeping role in Darfur.

MDGs 4 and 5: Reduce child mortality and improve maternal health

- 1.71** Using budget support as a lever, DFID has successfully lobbied for a substantial increase in the health budget over the last five years, up from 4.4% in 2003 to 9.8% in 2007, and health indicators have now returned to pre-genocide levels. Immunisation coverage at 95% is now among the highest in the region, and around 95% of pregnant women are using insecticide-treated bed nets. The under-5 and maternal mortality MDGs remain off-track and DFID is working with the Government to identify and deliver effective interventions.

MDG 6: Combat HIV & AIDS, malaria and other diseases

- 1.72** In 2006, approximately 3% of the population were HIV positive. We are spending £4.25 million over five years for the care and treatment of around 2,500 genocide survivors – mainly widows – living with HIV & AIDS. Rwanda receives significant funding for HIV & AIDS initiatives from a range of donors – but co-ordination is a problem. DFID is helping to develop a Health Sector Wide Approach (SWAp) to get more money behind the Government's plan and showing on the Government's budget.

MDG 7: Ensure environmental sustainability

1.73 With nine million people living in an area the size of Wales, the environment in Rwanda is under tremendous pressure. DFID support has prepared the Government to issue an estimated 7.9 million land titles, giving farmers the confidence to invest in new seeds and technologies, and maintain the productivity of their plots for the long term. With other partners, DFID is helping introduce and spread better ways of managing the land. This has led to rice yields increasing by half in the valley bottoms in the period 2006–2007; terraces being built to stop the slopes eroding; and the introduction of new breeds of cattle with high productivity.

Sierra Leone

1.74 There has been significant progress in Sierra Leone since the end of conflict in 2002. There is security throughout the country and successful, peaceful elections were held in the summer resulting in a transfer of power to an opposition party. Nevertheless, this recovery remains fragile, and poverty persists: It is ranked at the bottom of the UN Human Development Index, 70% of the population live below the poverty line and the maternal mortality ratio and child mortality rates are the worst in the world.

MDG 1: Eradicate extreme poverty and hunger

1.75 DFID has been supporting the Government to implement and monitor the Sierra Leone's first Poverty Reduction Strategy. We are helping poor people to make Government accountable to their basic needs: through voter education, media development, and training for issues-based campaigning, in elections; and through enabling a more constructive and responsive dialogue between Government and civil society. Our programme to reduce the barriers to private sector investment and develop a better, more business-friendly environment has already helped poor people generate incomes and increase employment by making it easier to set up and run small businesses in the country, and increased the country's ranking on the World Bank's Ease of Doing Business Survey. We will be supporting the statistics service to improve their data collection so that it will be possible to track progress in reducing poverty.

MDG 2: Universal Primary Education

1.76 Budget support has contributed roughly £2.5 million to the education sector, in particular to support the delivery of free primary education. DFID has also been supporting the Government in developing a Ten Year Education Sector Plan. This plan was endorsed by the Education for All Fast Track Initiative (May 2007), resulting in the allocation of \$13.9 million for its implementation (2007–2009), with a particular focus on improving the quality of education. DFID is specifically funding a census of an estimated 40,000 primary and secondary teachers in order to help identify 'ghost workers' and clean up the payroll. Our support for the reintroduction of local councils in Sierra Leone is facilitating decentralisation of the delivery of education services in response to local needs.

MDG 3: Promote gender equality and empower women

1.77 We are supporting the dissemination and implementation of new laws giving women greater rights in relation to customary marriage, inheritance and domestic violence. Our major civil society programme includes strengthening the gender division of the Ministry of Social Welfare, Gender and Children's Affairs and ensuring that the priorities of women are reflected in district development plans, in local Government policy, and in the national poverty reduction strategy. We fund Oxfam to work with national women's groups to increase women's participation in politics: in last year's general election 48% of women registered to vote, although the number of female candidates went down, due mainly to the change to constituency-based systems. Following DFID funded training on gender based violence and sexual exploitation in Pujehun District, teenage pregnancy rates in the only female secondary school in the district fell by more than 30% between 2004 and 2006.

MDGs 4 and 5: Reduce child mortality and improve maternal health

1.78 Our budget support has helped to underpin provision of basic health services by the public sector. Technical assistance from DFID has helped the Ministry of Health to draw up its first ever Reproductive and Child Health Strategic Plan for tackling the high rates of maternal and child mortality. It aims to reduce mortality rates by 30% over three years by providing comprehensive quality reproductive and child health services.

MDG 6: Combat HIV & AIDS, malaria and other diseases

1.79 We support a youth empowerment programme which raises awareness on HIV & AIDS through work with networks of youth and their communities around the country. We are also supporting a malaria initiative which distributes mosquito nets around the country (6,000 to date). In addition, 46 Community Health Clubs, 58 Pregnant Woman Support groups and 160 Village Development Committees have been set up to disseminate and embed messages on prevention of malaria, reaching over 6000 people.

MDG 7: Ensure environmental sustainability

1.80 DFID and UNICEF have recently launched a Community-Led Total Sanitation programme to inspire and empower communities to end defecation in the open. It has already improved health in about 30 villages, and the programme will eventually provide clean water supply and sanitation to an additional 1.5 million people in Sierra Leone.

1.81 Water supply in Freetown remains vulnerable particularly if the rainy season arrives late; DFID is supporting Freetown's Water Company to assess their water resources, rehabilitate the network and develop immediate and longer term plans.

South Africa

1.82 The UK is investing more in programmes that benefit the whole of Southern Africa. The Southern Africa Regional Assistance Plan was launched early in 2006. The plan, worth over £100 million over five years, builds on G8 commitments and responds to the common priorities of the countries of the region. Support for issues that require international co-operation (e.g. trade, infrastructure and international rivers) are complemented by programmes that provide knowledge and encourage common investment in areas such as climate change, hunger and health.

1.83 South Africa has made huge progress since the end of apartheid, but still faces big challenges in meeting the MDGs, especially in reducing unemployment, poverty and inequality. The Accelerated Shared Growth Initiative of South Africa (AsgiSA), launched in 2006, will help address these themes. DFID's support for growth and poverty reduction ranges from tackling HIV & AIDS to supporting programmes that provide work for unemployed youths. In 2008/09 DFID's support for AsgiSA is expected to increase and will help to meet South Africa's skills shortages and expand its capacity for supplying cleaner energy.

MDG 1: Eradicate extreme poverty and hunger

1.84 Despite reasonable economic growth, a high proportion of South Africa's population remains unemployed or underemployed. The lack of jobs in the midst of plenty is the key driver of poverty. DFID's Employment Promotion Programme addresses regulatory blockages that limit job creation, and has assisted the Government's Expanded Public Works Programme and the Right to Work Programme, which target the very poor. DFID's ComMark and FinMark programmes seek to improve the workings of financial and commercial markets for the benefit of poor people. ComMark is supporting job creation and the promotion of growth in key sectors; for example, improved marketing arrangements for 10,000 small-scale wool producers in the Eastern Cape raised total annual incomes by £500,000. FinMark is helping poor people gain access to modern banking and insurance facilities which expand opportunities for saving and building assets.

MDG 2: Achieve universal primary education

1.85 During the apartheid years the black majority were excluded from decent education. The situation was particularly bad in the old apartheid 'homelands' – for example, areas that make up much of the Eastern Cape. The Imbewu programme, supported by DFID between 1994 and its close in 2007, has transformed and improved the quality of education in around 6,300 schools in the Eastern Cape. Important lessons have been picked up by education authorities in other South African provinces, as well as elsewhere in Africa (Namibia, Swaziland and Kenya) and Asia (Pakistan, Nepal and Bangladesh).

MDG 3: Promote gender equality and empower women

1.86 Gender equality is enshrined in the South African constitution – but practical ways of putting these aspirations into practice have proved difficult to find. The DFID funded Multisectoral Support Programme (MSP) is addressing gender issues. Training is given to social service providers so that they can deal with sexual violence and abuse; it is researching ways to help HIV positive women have babies safely; and is helping the Government deliver its prevention of mother-to-child transmission programme. DFID, with the Ministry of Defence, are also helping very senior gender champions in the South African Defence Force to improve gender awareness within the Force.

MDGs 4 and 5: Reduce child mortality and improve maternal health

1.87 HIV & AIDS remains a major reason why child and maternal mortality rates remain high in South Africa. DFID is working with UNICEF to help the Government and community groups assist orphans and vulnerable children, including improving paediatric treatment. Through the HIV & AIDS Multisectoral Support Programme we support research on paediatrics and maternal and child health.

MDG 6: Combat HIV & AIDS, malaria and other diseases

- 1.88** South Africa is at the epicentre of the HIV & AIDS pandemic. There is renewed optimism that South Africa is beginning to scale up efforts to tackle HIV & AIDS. The new National Strategic Plan for AIDS has interim targets to put South Africa on track to achieve universal access by 2011. The plan is overseen by a newly revitalised SANAC (South African National AIDS Council), which brings together all Government departments and civil society representatives: DFID provided technical assistance, through UNAIDS, for this revitalisation.
- 1.89** With help from DFID, over 800 health care workers have been trained on tuberculosis related issues, ranging from detection to treatment and drug management. In KwaZulu Natal and Limpopo province, the DFID-supported Soul City Education and Entertainment Programme reaches 70% of South Africa's population.

MDG 7: Ensure environmental sustainability

- 1.90** South Africa is a dry country and there is tremendous competition for water resources. The DFID funded Water and Forestry Support Programme ended in 2007. It has helped the Government get ready to reallocate access to water for agriculture. It has also helped improve coverage of water and sanitation services to communities who were poorly served under apartheid.

Sudan

- 1.91** Sudan continues to suffer from the legacy of failed governance and civil conflict for most of the last 50 years. Most of the population live with some of the worst socio-economic indicators in the world and in many rural areas nine out of ten people live on less than \$1 a day. The Darfur conflict continues to present massive humanitarian challenges. Sudan is unlikely to meet any of the MDGs by 2015.
- 1.92** The Comprehensive Peace Agreement (CPA) to end two decades of civil war was signed by parties from the north and south three years ago. While there has been progress on some aspects of the CPA, such as the oil revenue sharing arrangement, implementation is behind schedule and there are still a number of outstanding politically contentious issues to be resolved.
- 1.93** The UK is the second largest bilateral donor in Sudan (after the US) with an estimated expenditure of £122 million in 2007/08. DFID's focus has been on humanitarian relief, but there is an increasing shift towards recovery, governance, peace building and capacity building activities. The challenge ahead is how to manage the transition from a humanitarian response to longer term development, where Government takes responsibility for delivery.
- 1.94** We are contributing £49.6 million over three years to two World Bank-managed Multi Donor Trust Funds (MDTF-National and MDTF-South); and £40 million a year to the UN managed Common Humanitarian Fund (CHF). We have continued our bilateral support to the Basic Services Fund programme in Southern Sudan. DFID is also a member of the innovative Joint Donor Team (JDT) in the South alongside the Netherlands, Norway, Sweden, Denmark and Canada.

MDG 1: Eradicate extreme poverty and hunger

1.95 Conflict, displacement and poor infrastructure combine in Sudan to generate widespread food insecurity, particularly in Darfur. In 2007, we spent approximately £6.25 million on food aid and livelihood support through the Common Humanitarian Fund as well as funding research on livelihoods, markets and environmental resources in Darfur. Our support has helped our partners respond to emergency nutrition needs as well as stimulating action on supporting livelihoods in Darfur, to reduce dependence on food aid.

MDG 2: Achieve universal primary education

1.96 Through the UNICEF Go to School campaign, to which DFID contributed, school enrolment in Southern Sudan has more than doubled since 2005. The number of girls enrolling for school is increasing: they now constitute a third of new enrolments. The Basic Services Fund, supported by DFID, has trained over 1200 teachers, built 10 new schools and facilitated the return to school of 2000 children in Southern Sudan.

1.97 Our £2 million contribution to the UNICEF schools programme in Abeyi will increase access and improve the quality of education of 25,000 children in the area.

MDG 3: Promote gender equality and empower women

1.98 Gender disparities in Sudan are particularly pronounced in the South, especially in terms of literacy. DFID is working to address the issue through our education and civil society programming in the MDTF-South, the DFID Basic Services Fund and our partnership with UNICEF. In Darfur, women and other vulnerable groups are a key focus for our protection and human rights programme partners. Women's role in village, water and health committees is actively promoted by all our bilateral humanitarian projects.

MDGs 4 and 5: Reduce child mortality and Improve maternal health

1.99 Under the DFID-supported UN Work Plan, over nine million children were vaccinated in 2007 against polio and over five million children received Vitamin A supplements across the country.

1.100 Southern Sudan has the highest maternal mortality rate in the world – estimated at over 2,000 per 100,000 births. This is due to a range of factors including limited qualified assistance at birth and a lack of access to health facilities. The provision of maternal and child care services continues to be a major priority for the international community and a focus for humanitarian response both in the North and South. Both MDTFs are funding the implementation of decentralised health programmes, providing essential services to poor people. The provision of primary health care is a key component of DFID Sudan's approach in the South and Darfur, accounting for around one-third of the Basic Services Fund and a similar proportion of our humanitarian funding.

MDG 6: Combat HIV & AIDS, malaria and other diseases

1.101 In 2007 we contributed £500,000 towards the national HIV survey to improve the national data on HIV & AIDS prevalence. DFID funds two of the key players in the field of malaria – Population Services International, who are distributing 300,000 subsidised bed nets (70% targeted for pregnant women and children under the age of five), and the Malaria Consortium, who are helping with the development of national strategies. Further DFID resources for AIDS, tuberculosis and malaria are channelled to Sudan through the Global Fund for AIDS, Tuberculosis and Malaria (GFATM).

MDG 7: Ensure environmental sustainability

1.102 Access to water is a high priority. Currently we spend approximately £11.5 million a year on water and sanitation in Sudan, primarily through our humanitarian programmes. DFID has also launched a pioneering programme with UN Environment Programme, the UN Resident Coordinator's Office and UN Habitat to place environmental sustainability at the heart of humanitarian and recovery work. Under the DFID supported UN Work Plan two million people had access to safe drinking water in 2007. The World Bank-managed MDTF-South is implementing a major water and sanitation programme to support activities throughout the region at national, state, county and community level.

Tanzania

1.103 Tanzania continues to make progress against the MDGs thanks to political and social stability, good rates of economic growth and support from development partners. Budget support now amounts to 40% of all international aid to Tanzania. In 2007/8 the UK disbursed £105 million in budget support out of a total bilateral programme of approximately £120 million. In 2007, the UK chaired the Budget Support donor group and remains well-placed to lead the engagement with Government to shape policy discussions and ensure that all funds are fully accounted for and allocated according to agreed targets.

MDG 1: Eradicate extreme poverty and hunger

1.104 A key pillar of the Government of Tanzania's national poverty reduction strategy (Mkukuta) is to promote economic growth, which has been between 5% and 7% each year since 2000. Our budget support contributes directly to this strategy. We also provide financial support to growth-enhancing programmes to strengthen the business environment and increase tax revenue where our support has helped the tax take increase to 17% of GDP in 2007 – impressively high by regional standards.

MDG 2: Achieve universal primary education

1.105 Government spending on education has quadrupled since the start of the decade to around £440 million in 2007-08, helped by donor support including from the UK. This increase in support has enabled Government to increase the proportion of primary leavers selected for secondary school to 68% against its own 2010 target of 50%. In addition the number of secondary schools has doubled since 2005; and primary enrolment has increased to 97% since fees were removed in 2001.

MDG 3: Promote gender equality and empower women

1.106 We co-funded a gender and growth assessment in 2007 aimed at reducing the barriers for Tanzanian women to participate in economic development. We are now working with development partners to ensure the recommendations are implemented. We also support efforts by Government, civil society groups, multilateral agencies such as UNFPA and bilateral donors to increase gender equality in areas such as civil service reform and land rights.

MDGs 4 and 5: Reduce child mortality and improve maternal health

1.107 The Government's health budget has increased by 44% in the last year to £265 million, with DFID budget support contributing to this increase. Improvements in vaccination rates, child nutrition and malaria prevention and treatment have led to falling child mortality rates. Immunisation rates already exceed the 2010 target of 85%. Maternal mortality remains high, but the proportion of pregnant women having access to a skilled health worker has improved in recent years which is a positive outcome flowing from increased resources in the health sector.

MDG 6: Combat HIV & AIDS, malaria and other diseases

1.108 Around 7% of adults and children, approximately one million people, are living with HIV & AIDS. Latest data suggest that prevalence rates have now stabilised. Most spending on HIV & AIDS in Tanzania is outside the Government budget, so beyond the scope of our budget support. But we make substantial contributions through multilateral channels such as WHO, UNAIDS and the Global Fund for AIDS, TB and malaria. Last year we contributed £1.4 million to provide and distribute subsidised insecticide-treated bed nets to reduce the incidence of malaria. The proportion of under-fives using a treated net doubled in a year to reach 55% in 2006.

MDG 7: Ensure environmental sustainability

1.109 We support the water sector through our budget support as well as by providing funding to WaterAid. Access to water is increasing slowly but progress needs to accelerate to meet the MDG targets. Rural coverage rose from 43% in 1990 to 54% in 2005, while urban coverage is now 78% compared to 67% in 1990.

Uganda

1.110 Uganda continues to make progress against the MDG targets, particularly in reducing income poverty and promoting gender equality. However, in some areas progress has been disappointing. In particular, most of the health targets are unlikely to be met and, despite a huge increase in the number of children enrolling in primary education during the 1990s, recent data shows that primary net enrolment is no longer improving. High population growth is a serious challenge.

1.111 The UK is one of the largest bilateral donors in Uganda, with half of DFID's programme provided as budget support. The humanitarian crisis resulting from the 20-year war in the north of Uganda persists. Current peace negotiations, supported by DFID, offer hope for change, and conditions for people in the north are improving.

MDG 1: Eradicate extreme poverty and hunger

1.112 DFID's programme, closely coordinated with other donors, has helped to reduce poverty in Uganda. There has been a large fall in income poverty over the last three years: from 39% in 2002/03 to 31% in 2005/6; although the percentage of the population living in poverty in the northern region remains high at 61%.

MDG 2: Achieve universal primary education

1.113 DFID's general budget support is helping increase investment in the education sector and supports the Government and other development partners in their efforts to pursue the reforms needed to ensure greater coverage and better quality education.

MDG 3: Promote gender equality and empower women

1.114 Uganda's constitution promotes gender equality. DFID has helped to promote a strong gender focus in Uganda's national poverty eradication action plan. In 2005/06 there were equal numbers of girls to boys in primary education.

MDGs 4 and 5: Reduce child mortality and improve maternal health

1.115 Through budget support and policy dialogue, closely coordinated with other donors, DFID supports improvements in health service delivery which is helping address Uganda's poor child mortality and maternal health numbers. In recent years, better access to basic health services coupled with improved service quality has led to increased use of these services and contributed to a reduction in infant mortality. Infant mortality has reduced from 88 deaths per 1000 live births in 2000/01 to 68 deaths per 1000 live births in 2006 (Uganda's 2006 Demographic Health Survey 2006).

MDG 6: Combat HIV & AIDS, malaria and other diseases

1.116 DFID's programme and policy support has helped Uganda develop a new national strategic plan to tackle HIV & AIDS and facilitated greater donor harmonisation and alignment. The number of new infections is however increasing, demonstrating the huge and ongoing challenge of tackling the epidemic. DFID support has ensured prevention is now part of the new national plan. Malaria is the leading cause of illness and death in Uganda. DFID has worked with Government of Uganda to improve the access to effective anti-malarial drugs. More than 70% of children with malaria receive an effective drug within 24 hours.

MDG 7: Ensure environmental sustainability

1.117 DFID's budget support, funding for civil society, and joint work with other donors has helped the Government improve basic services across the country. 15.3 million rural Ugandans now have better access to water – an increase from 58.5% in June 2006 to 60.2% by June 2007. 89% of households had access to a toilet facility in 2005/06. Our humanitarian water and sanitation interventions in northern Uganda benefited approximately 500,000 people and 350 latrines were provided to schools.

Zambia

1.118 After decades of decline, recent years have seen Zambia make steady progress in economic growth and stability, although many of the MDGs remain well off track. A joint donor assistance strategy for Zambia was agreed in April 2007 setting out how donors will collectively support the Government of Zambia's Fifth National Development Plan (2006–10). The UK is Zambia's largest bilateral donor. Almost two-thirds of DFID's programme in 2007 was disbursed as Poverty Reduction Budget Support (PRBS).

MDG 1: Eradicate extreme hunger and poverty

1.119 DFID is working with the Zambian Government to support to the poorest households. More than 10,000 households are now receiving small regular cash transfers which help them buy food, send their children to school and travel to health clinics.

MDG 2: Achieve universal primary education

1.120 DFID is providing budget support to improve basic service delivery in education. Free basic education was introduced in 2002 and primary enrolment rates are now 97.3%. But while access has increased, quality remains a concern.

MDG 3: Promote gender equality and empower women

1.121 DFID works through policy dialogue across sectors to promote the rights of women and girls. The enrolment and retention of girls in school has improved by over 19% since 2002 with 79% of girls completing primary education (2006). Part of DFID's £20 million multi-sectoral HIV & AIDS programme is focused on protecting the rights of women and girls, and two-thirds of beneficiaries in the DFID funded pilot cash transfer programme are female headed households.

MDGs 4 and 5: Reduce child mortality and improve maternal health

1.122 DFID supported the Government of Zambia in removing health user fees in rural areas where more than two-thirds of poor people live. Initial research has found a significant increase in the use of health services. DFID has committed £12.7 million over five years to assist in expanding services to cope with increased use. We have also helped the Zambian Government strengthen its procurement capacity resulting in a higher budget for essential drugs and more efficient purchasing. Available data shows reduced under-five mortality in recent years, as well as increased immunisation rates and access to family planning.

MDG 6: Combat HIV & AIDS, malaria and other diseases

1.123 DFID is one of the lead donors in Zambia for HIV & AIDS. Our programme focuses on support to the National AIDS Council; the provision of commodities including condoms; strengthening civil society; and providing inputs to HIV workplace programmes, including in the private sector. By the end of 2007, Zambia was providing 130,000 people with life-saving anti-retroviral treatment (up from just 3000 in 2003) and 35% of HIV positive expectant mothers were receiving a full course of anti-retroviral treatment.

MDG 7: Ensure environmental sustainability

1.124 DFID contributes to the policy dialogue in the environment and water sectors through the Joint Assistance Strategy process, and the Performance Assessment Framework for PRBS. DFID has supported an environmental appraisal of PRBS to help identify priorities for the Government's draft National Policy on Environment.

Zimbabwe

1.125 Despite a dramatically worsening economic and political crisis, DFID's programme in Zimbabwe continues to make a significant contribution to protecting lives and livelihoods, filling critical gaps in vital services provision and preparing for recovery in the future. The UK is one of the three largest donors in Zimbabwe and delivers a programme through the UN and NGOs that provides direct benefits to millions of people including the displaced, orphans, those affected by HIV and the very poorest.

MDG 1: Eradicate extreme poverty and hunger

- 1.126** DFID has been supporting the delivery of alternatives to food aid to some of the poorest and most vulnerable households in Zimbabwe and has continued to help protect livelihoods through gardens, farming and livestock management in the last year. The Protracted Relief Programme spends £9 million each year and includes work to improve access to water and sanitation in rural areas, to strengthen household nutrition and to provide essential care to the chronically ill. This year, the programme reached over 1.5 million people.
- 1.127** During 2007 Zimbabwe has been in the grip of a major food crisis. DFID made an extra contribution of £10 million to respond to this humanitarian crisis, £9 million of which was used by the World Food Programme to help feed four million people.

MDG 2: Achieve universal primary education

- 1.128** At 85%, primary school enrolment in Zimbabwe remains high for sub-Saharan Africa. However, completion and retention rates are falling as a result of rising user-fees and falling numbers of available teachers. Under the multi-donor Programme of Support for Orphans and Vulnerable Children, DFID is contributing £22 million over four years through UNICEF and NGO partners to reach over 350,000 vulnerable children. This support includes enhancing access to primary and secondary education through school fee assistance, support for additional needs like uniforms and books, block grants to schools and non-formal education.

MDG 3: Promote gender equality and empower women

- 1.129** Gender inequality is widespread in Zimbabwe. Coverage and implementation of gender equality legislation and policy is patchy and inconsistent. In 2007, DFID led a multi-donor Gender Scoping Study which has reinvigorated debate and established a model of donor harmonisation around gender and women's empowerment. DFID is now supporting the development of a strategic plan for women's empowerment that will set out joint partners' plans to take forward priorities identified through a process of countrywide consultation.

MDGs 4 and 5: Reduce Child Mortality and Improve Maternal Health

- 1.130** This year DFID has started to implement its maternal and newborn health programme which will invest £25 million over five years to reduce maternal and newborn mortality and promote child health. The programme supports the strengthening of emergency obstetric and neonatal care, and through programme partners, will reach thousands of HIV positive mothers with medicines and interventions to prevent HIV transmission to their babies. DFID also supports the continued promotion of contraception use, where currently over 60% of married women in Zimbabwe are using contraception, one of the highest rates in Africa.

MDG 6: Combat HIV & AIDS, malaria and other diseases

- 1.131** The current HIV prevalence rate of 15.6% represents a significant decline from the 2006 rate of 18.1%. The reduction is partly due to high availability of male and female condoms (one of the highest in the world), a reduction in sexual partners and high mortality rates. DFID continues to ensure availability of quality condoms and behaviour change programming through support to public and private sector programmes. DFID is also a lead donor in the Expanded Support Programme for HIV & AIDS which supports access to anti-retroviral (ARV) treatment for more than 25,000 people as well as supporting national safe blood services, prevention of mother to child transition and home based care.
- 1.132** Many of the 350,000 orphans and other vulnerable children reached by the Programme of Support for Orphans and Vulnerable Children, for which we are the lead donor, have been orphaned by HIV. DFID also supported the distribution of 450,000 bed nets and national vaccination programmes for children. Early in 2008, DFID provided £5 million in emergency assistance to ensure that Zimbabwe would not run out of essential drugs and medical equipment.

Progress towards Public Service Agreement Objective two – Reduce poverty in South Asia Afghanistan

- 2.1** We have seen real progress in Afghanistan since the fall of the Taliban in 2001. The UK has played a major role in supporting this, as Afghanistan's second largest bilateral donor. 80% of our funding is channelled through the Government, which has been shown to have over four times the impact on the local economy compared to money spent directly by donors. However, following three decades of turmoil and conflict, Afghanistan remains one of the poorest countries in the world and is off track on all of the MDGs. Recognising this, the UN and the Afghan Government have agreed to extend the deadline for achieving the MDGs in Afghanistan to 2020.

MDG 1: Eradicate extreme poverty and hunger

- 2.2** DFID's programme aims to reduce poverty, build an effective state, improve economic growth and support rural livelihoods in Afghanistan. Much of our funding is channelled through the Afghanistan Reconstruction Trust Fund (ARTF), which supports the Government's recurrent budget and funds national programmes to provide basic services and reduce poverty.
- 2.3** In 2007/08, DFID's £10 million funding for the Government's microfinance programme helped to provide more than 80,000 Afghans with small loans to establish or expand small businesses. In Bamiyan province, DFID assisted more than 4000 families through agricultural and rural enterprise activities, helping to raise average household income by at least \$100 (£50) in 2007/08.

MDG 2: Achieve universal primary education

- 2.4** Gross enrolment in primary school is on track to reach 100% by 2009/10, from a baseline of 61% in 2005/06. In 2007/08, DFID supported this progress by providing £55 million to the Afghanistan Reconstruction Trust Fund (ARTF), which pays 90% of the Ministry of Education's wage bill. These resources have contributed to the increase of pupils in school from two million in 2002 to around 5.4 million in 2007.

MDG 3: Promote gender equality and empower women

2.5 Gender equality remains a major challenge in Afghanistan. DFID is helping to promote a strong gender focus in the Government's national development strategy, and is also funding work which benefits women directly. Around 70% of the 80,000 Afghans provided with small loans through the Government's microfinance programme this year were women. In 2007/08 DFID-funded projects trained around 4000 women in basic numeracy and literacy skills, and over 1400 women in rights awareness.

MDGs 4 and 5: Reduce child mortality and improve maternal health

2.6 Whilst both child and maternal mortality rates remain unacceptably high in Afghanistan, since 2000 the under-five mortality rate has dropped from around one in four to one in five. Afghanistan still has one of the highest rates of maternal mortality in the world, at around 1,800 deaths per 100,000 live births.

2.7 However recent figures show that there have been improvements in the delivery of services. The provision of antenatal care to women in rural Afghanistan has increased from 5% in 2003 to 30% in 2006, and skilled attendance at births has increased from 6% to 19%. Since 2002 the Government's Basic Package of Healthcare Services has expanded from 9% of districts to cover 82%. DFID supports this progress through our funding to the ARTF (£55 million in 2007/08), which funds the Ministry of Public Health to deliver healthcare services in Afghanistan.

MDG 6: Combat HIV & AIDS, malaria and other diseases

2.8 The World Health Organization estimate that between 1,000 and 2,000 people in Afghanistan are living with HIV & AIDS, a comparatively low rate. Reported cases of malaria halved between 2002 and 2006 (although there is likely to be under-reporting). Between 1990 and 2005 the estimated prevalence of TB also halved. DFID supports work to combat these and other diseases through our funding to the ARTF (£55 million in 2007/08), which funds the Ministry of Public Health to deliver healthcare services in Afghanistan.

MDG 7: Ensure environmental sustainability

2.9 DFID is helping to ensure that environmental issues are addressed as part of the Government's new national development strategy, and we plan to undertake our own climate change assessment for Afghanistan this year. Environmental sustainability will be integrated into our Country Assistance Plan for Afghanistan in 2008.

Bangladesh

2.10 Bangladesh has sustained good growth rates, and seen poverty reduced significantly over the past decade. However, nearly half of the population still lives on less than \$1 a day. Over 7% of them are the extreme poor, living on less than 20 Bangladesh Taka (approximately £0.15) a day. The UK is a long standing partner of Bangladesh and we are the largest bilateral grant donor, with a £128.7 million spend for 2007/8. DFID's focus is on growth and employment, climate change adaptation, improved governance with better public services and livelihood opportunities for extreme poor.

MDG 1: Eradicate extreme poverty and hunger

2.11 Over the last two years, DFID Bangladesh has lifted nearly 200,000 people out of extreme poverty, with at least half of them having doubled their income. In addition, we helped over 160,000 people avoid seasonal hunger (monga) during September–October 2006, by providing cash-for-work, which ensured they were able to eat two meals a day instead of 1. The UK's assistance, combined with timely disaster relief, has saved the lives and sustained the livelihoods of one million poor people in remote areas vulnerable to weather and climate in Bangladesh.

MDG 2: Achieve universal primary education

2.12 DFID is assisting Bangladesh in providing meaningful schooling to all children by working with Government and non-Government organisations. Our support has meant more classrooms being built, better textbooks being used and produced, and better teachers, for primary schools in Bangladesh. This has led to enrolment at primary level going up by 11% in five years. DFID has also provided technical and vocational skills training to out of school children in Bangladesh, and our success has encouraged other donors to invest in this sector in 2007.

MDG 3: Promote gender equality and empower women

2.13 In 2007, DFID supported the production and airing of a series of public service announcements by the Bangladesh Ministry of Women and Children's Affairs (MoWCA) to raise awareness of key gender equality issues in Bangladesh, such as domestic violence, sexual harassment, dowry and early marriage. Our support to MoWCA has helped them look at how national policy can better reflect Bangladesh's international commitments on gender equality; and has led to the development of a new and progressive National Policy on Women's Advancement.

MDG 4 and 5: Reduce child mortality, improve maternal health, and Combat HIV & AIDS, malaria and other diseases

2.14 We have been supporting the Government-led health sector programme in Bangladesh for the last 10 years, which has made some significant progress in improving the health and nutritional status of people in Bangladesh. Maternal mortality has been steadily declining and life expectancy has increased from 48 years to 65 years. However, many challenges still remain in this sector; around half of children under-five years are underweight, with those in poorest households being severely malnourished. In 2007, DFID expanded its support to this sector through NGOs and multilaterals to ensure there is improvement in access to health services for poor people, particularly women and children, in Bangladesh.

MDG 6: Combat HIV & AIDS, malaria and other diseases

2.15 Through the Government-led health sector programme in Bangladesh, to which DFID contributes the largest share as a bilateral donor, immunisation coverage was at 81% in 2007 for the five vaccine-preventable diseases. With DFID support, National Polio Immunisation days achieved more than 95% coverage as well in 2006. Prevalence of HIV & AIDS has remained at a low level in Bangladesh – less than 1% overall in most 'at-risk' groups. DFID funded HIV prevention work has reduced the high risk behaviours of 'at-risk' groups, such as sex workers and injection drug users.

MDG 7: Ensure environmental sustainability

- 2.16** DFID is helping the Government of Bangladesh develop its national climate change strategy and action plan to ensure issues of environmental sustainability are integrated into development planning. We are providing support to their Climate Change Cell in the Ministry of Environment and Forests, which is facilitating capacity building across Government and civil society, and research on climate change.

India

- 2.17** India is achieving 8-9% annual growth in GDP but almost 400 million people still live below the international \$1 a day poverty line and a further 500 million live between the \$1 and \$2 a day measures. Child and maternal mortality, nutrition and infectious diseases remain major challenges. India accounts for a fifth of the global child and maternal deaths and TB burden. Global MDGs are highly unlikely to be met if India fails to meet them. The UK is the largest bilateral donor to India. India is expected to achieve middle income status by 2012 and the emphasis of DFID's work will switch increasingly to technical inputs and to partnering India to help achieve the MDGs globally.

MDG 1: Eradicate extreme poverty and hunger

- 2.18** India is assessed as being just on track to halve income poverty by 2015 but hunger is a particular concern, with 46% of under-3 year olds under-nourished. DFID livelihood programmes are estimated to have lifted 2.3 million people above the poverty threshold and microfinance programmes are reaching millions more, increasingly in the last two years in areas with the lowest levels of access to financial services for poor people. New DFID health sector support in Andhra Pradesh, Madhya Pradesh and Orissa begun in 2007/8 includes nutrition interventions and encouraging health, nutrition and water and sanitation departments to work better together. DFID provided technical inputs in 2007/8 to improve the design of the national Integrated Child Development Scheme, the Government's main programme to address under-nutrition.

MDG 2: Achieve universal primary education

- 2.19** Primary school enrolment is estimated at 95% in India but attendance is significantly lower. Through support to the Government of India's national flagship programme for universalising elementary education, Sarva Shiksha Abhiyan (SSA), in 2007/8 DFID supported the construction of over 100,000 additional classrooms, the recruitment and training of more than 100,000 additional teachers and the distribution of free textbooks to almost 100 million girls. We also began work on supporting the development of the Government of India's new major secondary education programme that will help 20 million extra children go to secondary school over the next five years.

MDG 3: Promote gender equality and empower women

2.20 Women are disadvantaged in India. Their rights, opportunities and ability to participate in public life are more limited than for men. In some states there are shocking levels of violence against women. India ranks 98 (out of 140 countries) on the gender-related development index. In 2007/8 DFID commenced support for the Government of India's programme of education for women's equality, Mahila Samakhya. This programme promotes gender equality and women's empowerment by supporting women to organise into collectives, called Mahila Sanghas. These help women to resist violence against them; to gain better access to education and health services; to open up economic options such as microfinance; and to enhance women's role in local Government. Our support to the Mahila Samakhya programme aims to reach 25 million poor women and girls across 11 states by 2014.

MDGs 4 and 5: Reduce child mortality and improve maternal health

2.21 DFID contributes to the effectiveness of key national health programmes on Reproductive and Child Health, under the National Rural Health Mission and through state health sector work in West Bengal, Orissa, Madhya Pradesh and Andhra Pradesh. In the last two years, DFID's support has helped in developing nearly 2000 health facilities that provide specialist services. It has also helped ensure that over 90,000 primary health centres are functional round the clock (24X7 facilities). DFID support has also helped the national and state Governments to recruit and train more than 540,000 community-based health workers. These workers are playing a crucial role in saving lives of millions of women and children by promoting safer delivery, child immunisation, and scientifically-proven nutrition and care practices. A new safe motherhood scheme (Janani Surakya Yojana) to reduce maternal deaths has reached over five million women.

MDG 6: Combat HIV & AIDS, malaria and other diseases

2.22 DFID's support to the national TB control, AIDS Control and Polio Immunisation programmes has improved the design and outreach of each. The national TB programme has treated 6.3 million patients and saved 1.1 million lives since 1997. Latest HIV estimates indicate no increase in prevalence across India since 1998. Primarily because of improved data, but also due to increased provision of prevention, care and support programmes for high-risk groups supported by DFID, India has revised down the HIV prevalence estimates from 5.2 million to 2.47 million in 2007.

MDG 7: Ensure environmental sustainability

2.23 Through DFID support in Andhra Pradesh, water and sanitation services have now been extended to a million urban slum dwellers. During 2007/8, designs were prepared for the extension of similar services to 400,000 slum dwellers in West Bengal. Preparatory planning is also underway for service provision to a slum population of approximately 500,000 in four of the major towns of Madhya Pradesh. Working with UNICEF, DFID is helping the Government of India to improve rural water and sanitation provision and hygiene practices in 14 of the poorest states across India, with a rural population of 213 million people. DFID has worked in Himachal Pradesh and Orissa to develop strategies for the sustainable management of forests. DFID India is also starting to work with national and state Governments to help poor people adapt to climate change and to benefit from access to carbon markets.

Nepal

2.24 Since the signing of the comprehensive peace agreement and the establishment of the Interim Parliament in April 2007, Nepal has been preparing for the Constituent Assembly (CA) Elections, held on 10 April 2008. The CA will rewrite Nepal's constitution & is expected to contribute towards building a more equitable and inclusive society. Despite a decline in the poverty rate Nepal still remains the poorest country in Asia and the 12th poorest country in the world. The UK is the largest bilateral donor, with 30% of DFID Nepal's programme provided as sector budget support. DFID Nepal launched its Interim Country Assistance Plan (CAP) in November 2007 with the objective of helping establish peace in Nepal and laying the foundation for development that reaches everyone.

MDG 1: Eradicate extreme poverty and hunger

2.25 This MDG target is on track in Nepal. However, whilst poverty has declined from 42% to 31% in the last decade, inequality has increased to the highest in Asia, because opportunities are unequally distributed, including access to migration opportunities which have been a key driver of poverty reduction. DFID Nepal's focus on inclusion is critical to translating economic growth into faster and more equal reduction of poverty. Strong emphasis on providing access to opportunities and jobs through infrastructure, livelihoods, and inclusive growth programmes are showing results: 1.8 million of the poorest and excluded in 39 conflict-affected districts have been given access to key services and livelihood opportunities through DFID supported programmes.

MDG 2: Achieve universal primary education

2.26 DFID's technical support and financial contribution to the sector budget has leveraged new bilateral and multilateral aid to the education sector, and strengthened the effectiveness of aid. In 2007, DFID's assistance to the Ministry of Education successfully led Nepal's preparation to join the Fast Track Initiative for education. DFID's policy dialogue on promoting inclusive education and improving the quality of education, has enabled Nepal to push through education reforms that target equitable access for marginalised children. DFID's financial contribution has helped the construction of over 4,338 new primary classrooms, the recruitment of 4,500 new primary teachers, rehabilitation of 1150 schools affected by conflict, and the distribution of free textbooks. DFID's contribution has also helped Government to make progress on its inclusion targets – for example, targeted scholarships for girls, Dalit and disabled children are showing progress levels above 90% : scholarships were distributed to 712,000 Dalit children; 314,000 to girls, and nearly 11,000 to children with disabilities.

MDG 3: Promote gender equality and empower women

2.27 Social inclusion, including gender, is the key focus of our agenda. New policies, plans, and programmes directly funded or informed by DFID Nepal's support, including the Nepal Three Year Plan and sector programmes, are seriously addressing gender disparity. Legal provisions have been made to increase women's representation in the civil service and in political positions. In education affirmative action has succeeded in equalising the number of boys and girls in primary school. Through a joint donor fund (the Rights, Democracy and Inclusion Fund) DFID is supporting empowerment programmes for women belonging to poor and excluded groups, and as a consequence, women's voice in political debates is increasing. For example representation of women in district committees of five different political parties increased from nine to 26 (189 per cent) and the number of women in 11 district party committees of eight parties increased from 152 to 264. This has not only improved representation but also increased influence of women in political parties.

MDGs 4 and 5: Reduce child mortality and improve maternal health

2.28 We are encouraging other development partners to support the Government's health programme, increasingly building the confidence of other partners to use national plans and budgets. DFID is supporting the Government of Nepal to implement its new free health policy, increasingly focusing on the poor. In particular we are energising Government to develop the International Health Partnership which will enhance aid effectiveness and advance Government's push on free health care policy. DFID's support to health has helped to bring about large reductions in under-5 mortality, this means that only one in sixteen children dies before their fifth birthday compared to one in eleven in 2001. We have also effectively supported child health interventions in Nepal through our work with the Ministry of Health and district level partners – for example the immunisation rate is now 83% – topping the South Asia league. DFID has also contributed to significant improvements in other areas in health, e.g. reduced fertility levels, and improved the status of women and the provision of safe abortion, National data has reported that now about one in five births are assisted compared with one in ten births in 2006.

MDG 6: Combat HIV & AIDS, malaria and other diseases

2.29 DFID is financially and technically supporting a multi-sector approach to HIV & AIDS in Nepal through the National HIV & AIDS Strategy. HIV & AIDS is a cross cutting issue in the Government's Tenth development plan, where the goal is to minimise future HIV & AIDS related mortality and morbidity in Nepal. DFID's support through the UN for the National HIV & AIDS programme implemented HIV & AIDS prevention and care activities primarily to mobile populations and their families; injecting drug users; men having sex with men and People living with HIV & AIDS. DFID funds approximately 70% of services for injecting drug users (IDUs). HIV prevalence amongst IDUs has reduced by 50% from 2001 to 2007. DFID provides all the funding for Men having Sex with Men (MSMs) – with a resulting HIV prevalence reduction of 0.6% and funds all activities for Male Sex Workers (MSWs) – with a resulting HIV prevalence reduction of 1.9%. Another major accomplishment in 2007 was the creation of livelihood opportunities for women living with HIV & AIDS. This is a completely new programme implemented in Nepal where the HIV & AIDS prevention and care program has expanded to address additional essential needs of infected people. 25 infected women mostly from far west districts and mostly widows were included in the training on entrepreneurship. In the next training phase they will receive seed money to run small businesses. This will be replicated for other vulnerable groups in 2008.

MDG 7: Ensure environmental sustainability

2.30 Nepal suffers disproportionately from climate change because of its altitude, but there is poor evidence on the specific impact in terms of temperature and changed weather. With DFID support, donors have started to coordinate and increase their activities on climate change. The priority is to help the Government fill the evidence gap impact, and to help the Government design interventions that will help Nepal to adapt. DFID also has a ten year programme in forestry to improve forest management and reduce carbon emissions, which by the programme end will reach 10% of the population through community forest user groups. DFID's programme in forestry is benefiting 45,000 poor and excluded individuals through various memberships such as women's, dalits, poor-only, single women, and income generating activity groups. Of these individuals, 48% are women, 18% are Dalits, 38% disadvantaged Janajati's and 5% Muslims.

Pakistan

2.31 Pakistan's economy has grown at an average of 7% per year over the last five years, helping to lift at least eight million people out of poverty over this period. This has been accompanied by steady progress towards most social outcomes, although overall levels remain poor. Nearly 50% of adults are illiterate, and one in ten babies die before their fifth birthday, and there are large inequalities between men and women. Pakistan has seen increasing political crises and violence over the last year, which if continued could threaten these gains.

MDG 1: Eradicate extreme poverty and hunger

2.32 DFID's direct funding to the Government of Pakistan helped it increase poverty related expenditure by over a third between 2004/5 and 2005/6. DFID also has a range of targeted programmes to improve livelihoods, focused on the poor and vulnerable. For example, we support the NGO Kashf which is providing over 200,000 women with microfinance. We are also contributing funds and technical assistance to the Government's response to the 2005 earthquake, which so far has enabled over 400,000 homeless households to complete or start to rebuild their homes (70% of the number of homes destroyed).

MDG 2: Achieve universal primary education

2.33 DFID's Pakistan's support to education includes setting up a National Education Assessment System which has provided valuable new data on the quality of education, and a project which is promoting girls' education through establishing and strengthening gender units in National and Provincial Education Ministries. DFID is also currently assessing a case for a major new investment in education in Pakistan focused on increasing access to education, skills and livelihood opportunities, with a particular focus on gender equality.

MDG 3: Promote gender equality and empower women

2.34 The promotion of gender equality and the empowerment of women are central to the whole DFID Pakistan programme. DFID ensures that gender is an important issue in dialogue with the Government, for example through the Development Partnership Agreement and support to the second Poverty Reduction Strategy Paper. The DFID National Health and Population Welfare Facility (£68.5 million between 2003-07) has improved gender outcomes in a number of areas: female Health Worker numbers increased to 95,000 in 2007 from 38,000 in 2001 and 62% of pregnant women received a tetanus toxoid vaccination compared with 46% in 2001-02. In addition DFID provides funds to a UN Gender Support Programme specifically focused on promoting gender equality. Last year 12,000 local political leaders were trained on gender issues, and 2,900 local disputes were resolved through Alternative Dispute Resolution committees across Pakistan. These committees provide women with a new way to voice concerns about any unfair treatment.

MDGs 4 & 5: Reduce child mortality and improve maternal health

2.35 DFID funding to seven National Health Programmes (£83.5 million over the last five years) has helped increase the coverage of primary health care services. For example, the Expanded Immunisation Programme has helped increase the proportion of one year olds receiving life saving vaccinations from 53% in 2001 to 76% in 2006/7, which contributed to saving the lives of around 40,000 children under-five per year. Our support to the Government's National Maternal and Child Health (NMCH) Strategy has contributed to over 1,500 women starting a new midwifery training course this year. Initiatives under DFID's Maternal and Newborn Health Programme which support the Government's NMCH strategy are expected to save the lives of around 350,000 children and 30,000 pregnant women over the next five years.

MDG 6: Combat HIV & AIDS, malaria and other diseases

2.36 Pakistan has the sixth highest burden of TB in the world. DFID budget support to seven National Health Programmes has also helped the Government dramatically improve its treatment of TB, exceeding the progress required to meet the WHO global 2010 targets. The case detection rate increased from 51% in 2006 to 69% in 2007 (compared with 13% in 2002) and treatment success is 87%. DFID's technical assistance helped draft the recently approved National HIV & AIDS Strategic Plan and Monitoring and Evaluation (M&E) Framework. Although overall prevalence of HIV & AIDS is low, this Framework aims to reverse the rising prevalence of HIV in some high risk groups. DFID also provides funding towards the campaign to eradicate polio (£16.3 million over the last three years) and 32 million children are vaccinated against polio every round. Thirty-two polio cases were confirmed in 2007, down from 40 in 2006 despite increased security challenges.

MDG 7: Ensure environmental sustainability

2.37 Pakistan is on track to achieve MDG7. In 2005/6, 66% of the population of Pakistan had access to a tap or hand water pump and 60% to a flush toilet. An ongoing DFID- programme in North West Frontier Province (NWFP) has completed over 6,000 water, sanitation and street pavement schemes benefiting over one million people over four years. In addition the project provided emergency water, sanitation and hygiene education to 67,000 people affected by the 2005 earthquake.

Progress towards Public Service Agreement Objective two – Reduce poverty in East Asia

Cambodia

3.1 The first Cambodian-led Development Cooperation Forum, in June 2007, highlighted Cambodia's achievements in reducing poverty by 10% since 1990, maintaining high growth rates at an average of 9.5% a year since the start of the decade, reducing HIV rates to below 1%, and reducing child and infant mortality by 30% since 2000. Tackling corruption, reducing very high maternal death rates, and improving poor people's access to water and sanitation services remain significant challenges.

3.2 DFID provides assistance to increase access to health services, improve rural livelihoods, and support more accountable and effective local Government. In 2007 we held our first official UK partnership talks with the Government. We agreed shared commitments to reducing poverty rates, tackling corruption and respecting human rights, underpinning a new £7.5 million general budget support programme to support the national plan in 2008. An independent evaluation of past DFID support to Cambodia is planned for 2008.

MDG 1: Eradicate extreme poverty and hunger

3.3 90% of poor people in Cambodia live in rural areas. DFID provides £13.6 million through the Danish development agency Danida, to the poorest and most remote provinces to help people better manage the natural resources they depend on. Since 2006, over 820 civil society groups have been supported, including 751 micro-groups. This has raised the incomes of the 25,752 members, over half of whom are female and helped them better manage their scarce natural resources.

MDG 2: Achieve universal primary education

3.4 This is not an area of focus for DFID in Cambodia as the sector is well resourced by other donors (Asian Development Bank and the European Commission and significant funding through the education fast track initiative).

MDG 3: Promote gender equality and empower women

3.5 In 2007 through a World Bank trust fund we helped the Ministry of Women's Affairs produce a national Gender Assessment, which informs all development support in Cambodia. In late 2007, with DFID support the Fisheries Administration produced a Gender Integration Policy and Action Plan. This sets firm targets for increasing the number of women in the Fisheries Administration (particularly in senior management positions), and for ensuring households headed by women can access credit and are given support for new activities beyond fishing to increase their incomes.

MDGs 4 and 5: Reduce child mortality and improve maternal health

3.6 In 2007 Cambodia joined the International Health Partnership. Maternal mortality is amongst the worst in Asia (472 deaths per 100,000 live births). Unsafe abortions are a cause of many maternal deaths, though abortion is legal. In 2007, DFID provided technical support to the Ministry of Health, to train 35 health workers in six provinces to provide safe abortion care to Cambodian women. This is the start of a broader plan to increase access to safe abortion care by 2010 in half the provinces of the country comprising three quarters of the national population.

MDG 6: Combat HIV & AIDS, malaria and other diseases

3.7 HIV prevalence rates among the 15–49 age group dropped from 2.6% in 1996 to 0.9% in 2006 – a significant achievement. Towards the end of 2007 there were 190 voluntary testing centres, up from only 12 sites in 2000. Condom use in Cambodia is extremely high by global standards (estimated at 2.2 per capita) and DFID support to social marketing of condoms contributed to more than a 20% increase in distribution of condoms over the past three years. In 2007, we launched a £7.5 million third phase of our condom social marketing programme with the United States Agency for International Development, to help maintain the availability of cheap condoms and develop strategies to reach groups at risk of HIV & AIDS infection.

MDG 7: Ensure environmental sustainability

3.8 Unsustainable management of natural resources remains a concern. Through our £13.6 million contribution to a rural livelihoods programme (supported by DFID, Danish and New Zealand) we are helping communities gain secure legal title to the land, forest and fisheries assets they depend on for a living. For the first time in Cambodia, ten Community Forestry Agreements were legalized in 2007, and an additional 270 community forestry, 500 community fisheries and over 70 community protected area agreements are being supported to secure formal legal recognition in Cambodia. Forest demarcation has begun in four provinces with the aim of developing national guidelines by the end of 2008. Recent data shows that such support is beginning to make a difference. The estimated annual rates of deforestation have declined to 0.5% during the period 2002–2005/6.

3.9 The sanitation MDG in Cambodia is off-track with 80% of Cambodians without access to adequate sanitation services. After DFID funded a review, a Cambodian cross-Government group was established in 2007 to champion faster progress. DFID has designed a new £1.2 million programme through UNICEF that will start in 2008 to raise awareness; pilot innovative approaches, and help Government increase sanitation coverage.

China

3.10 DFID's Country Assistance Plan for 2006–11 contains two priorities: to continue to support China's efforts to achieve the MDGs on basic education, health, HIV & AIDS and water supply and sanitation; and to support MDG 8 – the development of a global partnership for development.

MDG 1: Eradicate extreme poverty and hunger

3.11 In 2004 an estimated 135 million people lived on less than a dollar a day and 500 million on less than two dollars a day. We provide £22 million for a project to improve income generation opportunities and basic public services for 1.4 million poor people, and help the Government to develop participatory and multi-sectoral approaches to poverty reduction in remote areas. The project is proceeding on schedule with one-third of poor farmers reached.

MDG 2: Achieve universal primary education

3.12 There are still significant numbers of children out of school in some remoter western areas, especially from ethnic minorities, and there is still a drop-out problem at secondary level. DFID's three basic education projects with a total commitment of £56 million are demonstrating how such children can be reached as well as improving the overall quality of education. Approaches piloted by DFID in Gansu Province are now being rolled out nationwide as Government policy. DFID's joint project with UNDP on improving teachers' quality via distance education came to an end in 2007. More than 45,400 primary school teachers have benefited from it. The approaches piloted in this project have been adopted by the national programme launched in 2007.

MDG 3: Promote gender equality and empower women

3.13 Gender is mainstreamed in all projects and programmes. DFID works closely with the UN theme group on gender and is a core supporter of the joint UN Gender Facility which supports advocacy for policy and legislative change that promotes gender equality in China. An independent evaluation of the gender facility found that projects are surpassing expectations; building partnerships with key Chinese institutions and linking to relevant Government policies. This has resulted in advocacy events and legislative proposals on key gender equality issues for migrant women, discriminatory practices in local governance, and domestic violence.

MDG 4: Reduce child mortality

3.14 Infant mortality is low in China relative to other countries in the region, and is steadily declining. DFID China has chosen to focus its resources on other MDG targets.

MDG 5: Improve maternal health

3.15 Maternal mortality rates have been falling rapidly in China. DFID's rural health project has accelerated and sustained the declines in maternal mortality in 97 counties. The reduction over eight years in counties supported by it was 42.4% compared to 13.5% in counties with similar level of poverty. The project innovation on demand side financing on access to maternal health has been incorporated into national policies and programmes.

MDG 6: Combat HIV & AIDS, malaria and other diseases

3.16 HIV prevalence in China is still low but rising. Prevalence among some high-risk groups is 5-6%. The DFID HIV & AIDS programme has focused on the high-risk groups of injecting drug users, commercial sex workers and men who have sex with men. Condom use among men who have sex with men in Yunnan Province increased from 34% to 80% over three years with DFID as the most significant source of funding. A new £30 million programme with the Global Fund will scale up these successful approaches across seven provinces. Approaches piloted by DFID projects have now been incorporated into national policy notably by demonstrating the effectiveness of harm reduction among injecting drug users. This approach is being rolled out throughout China through domestic and external funding.

MDG 7: Ensure environmental sustainability

3.17 A DFID project has established almost 470 water user associations in 10 provinces, targeting around 1.5 million farmers. The project demonstrated that community participation in irrigation management can deliver real benefits, such as the reduction of conflict, more efficient and equitable water delivery, and increased transparency and empowerment of women. For example, the participation of women in executive positions of WUAs is around 25%, water fee collection rates have increased up to 60%, water use per acre has decreased, while productivity has increased. The development of water user associations is now a major pillar of Government policy for rural water reform. On water supply and sanitation China is on-track for MDG 7. However, over 300 million people in rural areas do not have access to clean drinking water, while around 670 million people do not have access to safe sanitation. In 2007, a comprehensive \$75 million programme in partnership with WB and UNICEF is targeting around 800,000 people and 440 schools in poor villages in western China. It also advocates sanitation and hygiene knowledge at the national policy level through collecting evidence and sharing lessons from the provincial pilot.

MDG 8: Working with China on international development issues

3.18 China's potential impact on poverty reduction in other developing countries can be enormous. In April 2007, DFID approved a £4 million, 4-year project to fund activities for working with China on international development issues. In co-operation with other relevant Government departments, DFID has concentrated on China in Africa, climate change, sustainable development and learning lessons from China. In June 2007, we held the first joint FCO/DFID policy discussions with China on Africa. The UK China Sustainable Development Dialogue (SDD), in which DFID plays a key role, was upgraded to a partnership during the 2nd SDD Ministerial in 2007, and a second three-year phase (2009-11) was agreed. To date, more than 40 small projects have been completed or are ongoing under the SDD, with more than 20 UK and Chinese Government departments, and civil society and business organisations involved. We also have a formal twice yearly discussion with China on international development. Climate change featured prominently in the UK/China Prime Ministerial Summit in January 2008. It included a commitment by the UK to allocate at least £50 million from the Environment Transformation Fund to China.

Indonesia

3.19 Poverty remains a serious problem in Indonesia, with about 40 million people living below the national poverty line and almost 120 million below \$2 a day. DFID contributes to the Decentralisation Support Facility, which strengthens local Government capacity to deliver services, and over the past year has worked with the Indonesian Finance Ministry on civil service reform. We provide humanitarian and reconstruction assistance in response to natural disasters and support implementation of the Government's Disaster Risk Reduction policy, helping to reduce the vulnerability of marginalised and poor people to disasters.

MDG 1: Eradicate extreme poverty and hunger

3.20 The DFID-funded six-year, £25 million Multi-stakeholder Forestry Programme (MFP) has improved livelihoods and given a voice in environment management to marginalised citizens who make their living from forest resources... DFID funded analysis helped the Government proceed with two major programmes, worth two to three billion pounds per year: a nationwide community empowerment programme (PNPM) which will reach 35 million poor people by 2009; and a pilot Conditional Cash Transfer programme for the poor linked to better health and education. The £38 million DFID contribution to the Multi-Donor Fund for tsunami-affected Aceh and Nias has quickly enabled the rebuilding of vital social and economic infrastructure. Results so far include the building or repair of over 3,000 houses, with a further 8,000 under construction or repair; 2,200 km of roads; 1,100 bridges; and the transportation of 98,000 metric tonnes of reconstruction materials.

MDG 2: Achieve Universal Primary Education

3.21 Primary school enrolment and the literacy rate are close to 100%, but those figures mask challenges, including low quality of service and low educational attainment, plus difficulties of access in remote areas. The education sector is well covered by other donors, so DFID has decided to focus on more severely off track MDGs.

MDG 3: Promote gender equality and empower women

3.22 DFID supported programmes help poor women participate in local Government, demand better health and education services, and access livelihood opportunities. During 2007 DFID supported work on mainstreaming gender into the new Nationwide Community Empowerment Programme (PNPM) just launched by the Indonesian Government. This is expected to make an impact on gender empowerment on a large scale from 2008 onwards, as the PNPM is implemented.

MDG 4: Reduce child mortality

3.23 Indonesia remains on track to meet this MDG, with a reported child mortality rate of 36 per thousand in 2005. DFID is supporting the training of village midwives and nurses to improve new born care, further reducing infant mortality rates. In 24 districts (with approximately 500,000 deliveries a year) DFID has funded UNICEF to train 526 midwives in resuscitation immediately after birth. Teams of paediatricians, GPs and nurses have been trained in emergency new born care in five district hospitals in Nusa Tenggara Barat (one of the poorest provinces in the country).

MDG 5: Improve maternal health

3.24 Indonesia is off track to meet this target. Through UNICEF and GTZ, DFID supports the Indonesian “Making Pregnancy Safer” strategy, which is showing increased levels of skilled attendance at delivery, particularly amongst poorer women. More than 2000 midwives have been trained in safe delivery by UNICEF so far, and in many districts 60 per cent or more of all midwives have been trained. Skilled birth attendance has increased in 80% of DFID-supported districts, by an average of 15% in less than two years.

MDG 6: Combat HIV & AIDS, malaria and other diseases

3.25 DFID support has accelerated coverage of at-risk populations so as to reduce HIV incidence in key geographic areas, and enabled the National AIDS Commission secretariat to be fully operational. A large sexually transmitted infections treatment programme has been piloted for over 5,000 women sex workers. This reduces the risk of infection with HIV. There has also been a rapid increase in drug substitution treatment for injecting drug users with almost one thousand users begun on therapy (this reduces the number of drug injections and hence the transmission of HIV infection). National scale up of both these interventions with DFID support is now underway.

MDG 7: Ensure environmental sustainability

3.26 In 2007, DFID agreed a further £5 million programme to reduce illegal logging, reduce carbon emissions from deforestation, and reduce poverty through more equitable and sustainable forest management. DFID-supported technical work with the Indonesian Ministry of Forestry (on estimating carbon emissions from deforestation, strategies for emissions reductions, carbon markets and payments distribution) provided a critical input to the development of national guidelines for piloting schemes for Reduced Emissions from Deforestation. We funded a study on climate change in Indonesia, and worked closely with the Indonesian Government and other partners to help secure a positive outcome on deforestation at the Bali Climate Change Conference in December 2007. In response to the tsunami in Aceh and Nias, DFID funds cleared over 1.1 million cubic metres of debris from agricultural land, helping approximately 1,400 households return to farming, and helped re-establish municipal waste services to 97,000 households.

Vietnam

3.27 Vietnam is a development success story. 2007 was the year Vietnam joined the World Trade Organisation with DFID providing technical support for implementation. WTO accession has created a huge opportunity for Vietnam's economic development but also brought along big challenges. Vietnam is facing increased competition, negative impacts on environment and is more vulnerable to economic shocks than previously. Economic growth was 8.5% in 2007, delivering a further substantial reduction in poverty. The in-country "one UN" reform made progress in 2007 with production of the "one plan" for UN agencies and approval of UK funding for the first phase. Other highlights included a successful joint first annual review of the 10-year Development Partnership Arrangement and completion of the first independent monitoring report of Vietnam's Paris Declaration targets on aid effectiveness.

3.28 The new DFID Country Assistance Plan in Vietnam (2008-2011) puts greater focus on governance. This reflects the country's urgent need to address corruption, increase accountability, and promote change in state society relations. We are working with the Government to address corruption through design of the Construction Sector Transparency Initiative and strengthening capacity of the Steering Anti-Corruption agency. Working through the UN, we continue to build capacity of the National Assembly's deputies to promote accountability and increase people's participation.

MDG 1: Eradicate extreme poverty and hunger

3.29 Poverty has already been reduced from 58% 1993 to 16% in 2006. A further three million people were lifted out of poverty in 2005 and 2006. During 2007/08, DFID provided £20 million through the Poverty Reduction Support Credit (PRSC) to support Government poverty plans and accelerate necessary reforms. DFID's support over the last few years to the national programme for helping the poorest communities has contributed to lifting of 500,000 people out of poverty, increasing school enrolment rates to 90%, building 4000 new primary schools and providing access to drinking water for 600,000 people.

MDG 2: Achieve universal primary education

3.30 Universal primary education is on track, with net enrolment at 94.6% and rising. DFID focuses on improving the quality of, and access to, basic education, so contributing to better teacher quality, better schools and learning materials in disadvantaged areas. It is starting to make a difference to learning outcomes as evidenced by a 2007 assessment which showed, for example, that Vietnamese reading skills among primary school children improved significantly in 52 out of Vietnam's 64 provinces between 2001 and 2007.

MDG 3: Promote gender equality and empower women

3.31 The goal of gender equality in education should be achieved by 2015. Together with other donors, DFID continues to embed gender concerns through the PRSC policy dialogue with the Government. The PRSC has helped improve land rights for women – 30% of land titles are now in the name of both husband and wife. Targeted budget support for education for all and reducing poverty in poorest areas have incorporated gender disaggregated indicators to track access to assets and services for women. The poor, including girls have been exempted from fees. At primary level, the ratio of girls to boys has been maintained declining only very slightly from 0.94 to 0.93 between 2000 and 2005 while in secondary education the ratio has improved from 0.91 to 0.95 between 2000 and 2005.

MDG 4: Reduce child mortality

3.32 Vietnam is well on track to achieve this MDG. Between 1990 and 2004 (the latest year for which official data is available) under-five mortality fell from 58 to 31 per 1,000 live births, and during the same period under-1 mortality dropped from 44 to 18 per 1,000 live births. DFID's direct involvement is not required as many international agencies are active in this area.

MDG 5: Improve maternal health

3.33 Vietnam is well on track to achieve this MDG. The maternal mortality rate declined from 0.12% of live births in the 1989-1994 period to 0.085% in 2004. As with MDG 4, many international agencies are active in this area, so DFID's direct involvement is not required.

MDG 6: Combat HIV & AIDS, malaria and other diseases

3.34 The HIV & AIDS target is off track in Vietnam. DFID is one of the biggest donors in prevention and harm reduction. DFID support has contributed to reduced prevalence rates among intravenous drug users in programme provinces (from 29.5% in 2004 to 23.3% in 2006) and increased coverage of needle and syringes from 1.5 million clean needles in 2006 to over seven million in 2007. DFID has been encouraging better donors' coordination and Government leadership on preventing HIV & AIDS.

MDG 7: Ensure environmental sustainability

3.35 Sanitation stands out as the most off track MDG target in Vietnam. A lack of institutional co-ordination across the many Government agencies involved has resulted in poorly funded policies that lack co-ordination and will not achieve the MDG. We continue to raise the profile of the issue through the PRSC and policy discussions with Government. DFID is considering how best to provide further support to put the MDG target back on track.

Annex 6

Explanatory note: Measuring progress towards the PSA targets in Africa and Asia and assessing 'value for money' – methodological and data quality issues

Measuring progress towards the PSA targets in Africa and Asia

1. International data showing progress towards MDG indicators are used in monitoring DFID's PSA targets. These are obtained from the World Bank and agencies of the United Nations, who in turn have obtained data from the countries in question, evaluated its quality, and in some cases made adjustments to try and ensure international consistency.

Methodology for assessing progress over time

2. The baseline for the 2005–08 PSA was set as 2000 for most instances, since at the time the PSA was established this was the most recently available information for some indicators. 1998 is the baseline year for the 2003–06 PSA. The substantial lag in the availability of data means that it might be as late as 2010 or 2011 before we are able to establish the full picture in 2008 (and 2008 or 2009 before we are able to establish the full picture in 2006). Thus, although each PSA ostensibly covers a three-year period, measurement of the targets will extend over a longer time frame, from 1998 to 2008 and from 2000 to 2010.
3. Our 2003–06 and 2005–08 PSA targets for Africa are based on progress in 16 countries and our targets for Asia are based on progress in four countries in 2003–06 and nine countries in 2005–08. The figures shown for the African and Asian PSA targets reflect a simple average of the data for each PSA country in the region. This does not take account of the different population sizes of countries. However it does ensure that the indicator is sensitive to progress in smaller countries, rather than being dominated by one or two very large countries. This reflects the way in which DFID works in practice – i.e. a country-based, rather than regional, approach. The one exception to this is the poverty indicator where we have not averaged across our selected countries, but rather taken an internationally produced estimate of poverty in the region concerned. In this case, the estimate is weighted by population and so shows the proportion of people in the region experiencing change.
4. There are some limitations to the data available from international sources and the methodologies employed to deal with these are summarised below.

Data gaps

- **Data are unavailable for some of our PSA countries for certain of the selected indicators.** In such cases we have to base our regional estimates on those countries for which data are available. Examples include 'net primary enrolment' and 'births attended by a skilled practitioner' where in the most recent assessment respectively two and four of our 16 PSA countries in Africa are excluded from the baseline and outturn figures. We have also had to exclude India from the Asia data on 'births attended by a skilled practitioner', as data have not become available since the baseline year.

- **It has not been possible to undertake statistical analysis to produce average regional estimates for the HIV & AIDS targets** due to the lack of robust trend data. It must be recognised that the kind of information we are seeking, particularly for the Asia target, is very difficult to gather. Although figures are available for a growing number of countries in Africa and Asia, one figure in isolation does not lend itself to an examination of change over time. We have provided an assessment of progress against the HIV & AIDS targets that highlights the position in relevant countries where we do have good data. We are also undertaking work to establish when data will be available for these sub-targets.
- **Where data are available, new figures will generally not be produced each year.** To get around this problem, we can impute data for missing years. Where figures are missing at the start or end of the time series we assume that progress remained unchanged from the nearest known year and simply project the last known value forward or backwards (however we do not generally project data in this way for more than two years from any data point). For data missing *within* a time period, we assume that progress between the years where we do have data followed a straight line and use this to derive estimates for missing years. If we have data gaps that cannot be filled in this way, a country will be excluded. This approach can mean that a country that was included in the assessment of progress against a sub-target in one Annual or Autumn Performance Report is excluded the following year. If new data become available for countries where there is no baseline then a baseline is imputed – normally assuming that progress has taken place at the same rate as in those countries where we do have a baseline (although occasionally, if more appropriate, using an alternative such as the rate of change of a country following a closer trajectory to the country in question than the average of all other countries). This can mean that a country that was excluded in the assessment of progress against a sub-target in one APR is included the following year.

Assessing change over time

5. When we review progress towards the PSA targets, we often find that new data have become available, and this results in a revision of the figures for previous years. This means that many of the baselines set out at the time our PSA was originally drafted have now altered. This is particularly apparent in series which are modelled by the international agencies, such as the under-five mortality rate. The altered baselines have been presented in this report along with the assessment of progress. For the 2005–08 PSA we have set our targets in terms of ‘percentage point improvements’ to counter this problem.
6. In assessing progress against the PSA targets we should not read too much into individual year-on-year changes as these could be the result of statistical variability. A more reliable indicator of real change is persistent shifts year after year.
7. In choosing the appropriate traffic light assessment, note is taken not only of the difference between the 1998 or 2000 figure and the most recently available data, but also of trends over a longer time frame. Data from 1990 onwards are modelled to show the trend and this allows us to project what the figure might be in 2006 or 2008, based on progress to date. Staff working in DFID’s regional divisions, then make a judgement of progress based on the statistical trend and their wider information on what is currently happening in the region that will not yet be reflected in the statistics.

DFID's work on improving data quality

8. DFID is working in a number of ways to improve both the availability of data and the way that we deal with the available data. We have discussed data issues with the Methodological Committee of the Office for National Statistics, who have agreed that our methods were acceptable given the limitations in our data. We are now following up some of their suggestions for improving data quality, including work to establish indicators of data quality, which would alert readers to the reliability of particular indicators. We are pursuing this in the international arena given the origins of the data we are using.
9. We are in regular contact with the international agencies that provide the statistics we use, and in compiling our estimates we always check the figures with DFID statisticians where they have detailed knowledge of particular countries. Sometimes they identify anomalies, which we can then pursue with the data providers. Statisticians working at country or regional level may also be aware of more up to date figures than those available through the international system, since there is an inevitable lag between data being collected and reported nationally, and it being checked and available through the international databases.
10. In our partner countries, we are increasing resources towards building policy-relevant statistical systems, with an emphasis on poverty monitoring. Internationally, we are working with the PARIS 21 (Partnerships in Statistics for Development for the 21st Century) consortium of donors, partner countries and multilateral agencies to raise awareness of the problems linked to inadequate statistics as well as through the Marrakech Action Plan for Statistics (MAPS) Advisory Board and the International Household Survey Network (IHSN). We also provide targeted support to help countries assess their priority statistical requirements. We are working with the International Financial Institutions and United Nations system to increase the resources devoted to building statistical capacity in partner countries. Such activities do appear to be producing results – it is clear that more data are currently available on the PSA targets than at the start of the PSA period but it is still below the desired level.
11. As examples, in Uganda DFID has helped the Government to monitor its Poverty Eradication Plan and in Kenya DFID support has helped the planning for a National Statistical System and the preparation of a new Statistics Act. It is hoped that these will help deliver the information needed to implement and monitor MDG progress.
12. Working with multilateral partners is also crucial to helping countries to access the resources and technical expertise they need to improve the quality, availability and use of statistics for national policy-making. DFID has established a Trust Fund with the World Bank for supporting statistical work in developing countries, and helped to develop a global action plan to improve national and international statistical systems. DFID has also worked with the United Nations Development Programme to develop an international statistical literacy programme. This aims to educate government, civil society organisations, academia and the media in developing countries in using statistical information to highlight development needs and hold policy makers to account.

Measuring progress on the proportion of DFID’s bilateral projects evaluated as successful

13. DFID’s ‘value for money’ PSA target seeks improvement in an index which assesses the performance of projects and programmes of £1 million or more in DFID’s portfolio. Data used to produce this index come from our performance management system. Operational projects are scored annually to assess the likelihood of achieving their intended objectives. Projects are then scored on completion according to whether they achieved their intended objectives. In each case a five-point scale is used and, for the purposes of measurement, those scoring 1 or 2 are considered to be successful – i.e. the purpose of the project is likely to be completely or largely achieved. The total commitment value of successful projects is shown as a proportion of the total commitment value of all eligible projects in producing DFID’s ‘value for money’ score.
14. Analysis over time has shown that the success or failure of very high-value projects can have a substantial impact on the outturn – particularly when the data are disaggregated by risk. Some fluctuation in outturn over time is also inevitable, as substantial commitments move in and out of the portfolio (for example, the completion of one high-value project can result in a noticeable rise or drop in the outturn). The method of calculating the index was changed between the 2003-06 and 2005-08 PSA periods in an attempt to reduce the volatility. The changes were:
 - a. In 2005/08 we include Project Completion Reports as well as Annual Reviews in the calculation
 - b. In 2005/08 we include scores from the last 24 months rather than the last 12 months (although only the latest score for any individual project is included)
 - c. In 2006 we moved to reviewing and scoring projects after they have been operational for 12 months rather than 24 months
15. As well as looking at ways of making the index better able to show trends in underlying portfolio quality, DFID has put in place a portfolio quality strategy intended to improve the quality of our projects and programmes. Work streams include completion of new guidance on development cycle procedures, reviewing lessons emerging from annual project/programme performance reviews to identify requirements for new or revised procedural guidance or training needs; regularly monitoring performance trends and highlighting areas requiring management attention; quality assurance audits in a sample of countries; and highlighting good practice in conducting project/programme reviews. New procedures designed to increase the level of audit checking on performance reviews put into the system will be implemented in the coming year.

Response to the National Audit Office’s recommendations

16. The main conclusions and suggestions, from the NAO’s 2007 Report, were that the Department has made significant progress in implementing the recommendations which emerged from the NAO’s review of the 2003-06 targets, for example, by providing additional information in the technical note. The Department should continue to seek ways to improve its data systems and to reduce the risk that the data are not robust. The main point of action was to clarify the wording of its PSA Targets to reduce the risk of misinterpretation, paying particular attention to Target 3a on the impact of European Community (EC) programmes on poverty reduction.

- 17 In response to the NAO's observations, DFID has introduced several improvements including clarifying the wording of Target 3a, enhancing the work done by its Internal Auditors, involving the DFID Evaluation Department in the evaluation of projects, commissioning consultants to assess the quality, consistency and accuracy of project assessment documentation. In addition, the Department is currently in the process of creating an Investment Committee which will have a major role in improving quality assurance across the organisation.

- 18 As a result the NAO considered that DFID has satisfactorily demonstrated the improvements to the system in place during the previous PSA period and has introduced a robust system of checks to counter the weakness previously posed by the absence of independent assessments.

Annex 7

DFID’s efficiency programme



Efficiency programme

Final assessment

Headline efficiency target

Strong progress has been made in some areas of our efficiency programme over previous quarters. By the end of March 2008, efficiency gains continue to accumulate. We have exceeded our target for 2007/08 of **£420 million sustainable efficiencies, making gains of £588 million in 2007/08**.

Workforce reductions

By the end of March 2008, DFID had reduced its headcount to **1612 UK-based Full Time Equivalents** (FTEs), a reduction of **295** posts since 2004. The reasons for just missing out on the target of 1610 FTE is explained further on in this section.

Relocation of posts out of London and the South East

By the end of March 2006, **88 posts had been relocated** from DFID’s London office to the office in East Kilbride. We have therefore **achieved the target** to relocate 85 posts.

This Annex provides a final assessment on all sub-targets of DFID’s commitments under the Spending Review 2004 Efficiency Programme.

Sub-target	Final assessment
<p>1: To increase the proportion of country programmes channelled in the form of programme based approaches from 39% in 2004/05 to 53% in 2007/08. <i>Baseline £680 million (DFID funds given as programme based approaches 2004/05)</i></p>	<p>Not met</p> <p>The proportion of funding provided through programme based approaches (PBAs) by end 2007/08 was 44%. While this gives an efficiency gain of £24 million (through the last four quarters), we failed to achieve the target of 53% in 2007/08. We investigated the reasons for this shortfall throughout the year and regional divisions followed up with country offices. It is intended that a higher proportion of our funding will go through PBAs in the future. Savings are not cashable.</p> <p>A comprehensive assessment of fiduciary risk is made before a decision to support a programme based approach is made. This is complemented by support to increase financial management capacity of the developing country governments with which we work. Public financial management is now assessed annually in conjunction with the World Bank and IMF.</p>



Sub-target	Final assessment	
<p>2: To increase DFID's contributions to low income countries through EC aid funding from £445 million in 2004/05 to £508 million.</p> <p><i>Revised baseline £445 million (2004/05)</i></p>	<p>Met</p> <p>Due to an increased European Development Fund forecast for 2007/08, we are forecasting that we will spend £543 million in low income countries in 2007/08 which will generate efficiencies of £49 million as at March 2008 thus exceeding our target. Savings will not be cashable.</p> <p>This target is predicated on the increased impact of development expenditure in low income countries. DFID is monitoring closely the performance of EC regional programmes and in particular the impact of the introduction of Results Orientated Monitoring. The quality of Public Financial Management within recipient countries is also subject to close monitoring. Final 2007/08 figures will not be available until April 2009 as the EC budget outturns are not available until the year after the budget.</p>	
<p>3: To save 1% pa in value for money (VfM) savings on procurement over and above current savings of 4% pa.</p> <p><i>Baseline 0% (2004/05)</i></p>	<p>Partly met</p> <p>At the end of 2007/08 we had achieved £5 million of cashable savings. This represents 5% of total procurement spend, and is above the target. Although we are ahead on our percentage based target, as our procurement spend is lower than forecast, the overall efficiency savings that this produces are less than the anticipated March 2008 cash savings.</p> <p>This target is based on the money saved by post-contract negotiations. We ensure that cost savings do not lead to lower quality services by agreeing quality standards with contractors.</p>	
<p>4: Increase by 2% pa of projects in DFID's portfolio rated as wholly or largely meeting their objectives.</p> <p><i>Revised baseline 62% (2004/05)</i></p>	<p>Met</p> <p>Our performance remains very strong. Throughout 2007/08 we had an average rate of 80%, 18% above the baseline. This is ahead of our target trajectory and results in efficiency gains to date in 2007/08 of £402 million. These are not cashable. We have exceeded our efficiency target.</p> <p>DFID's overall portfolio is categorised according to risk and the composition of the portfolio has been closely monitored to ensure that we achieve success while maintaining our risk appetite.</p>	

Sub-target	Final assessment
<p>5: Increased support to the International Development Association (IDA) by £130 million in 2005/06, £300 million in 2006/07 and £300 million in 2007/08 over the last three year agreement. <i>Revised baseline £322 million per year (IDA 13 replenishment)</i></p>	<p>Partly met</p> <p>IDA is the arm of the World Bank that provides concessional loans and grants to the world's poorest countries. The conclusion of negotiations for IDA 14 resulted in a 48% increase in the basic contribution (core plus incentive) over IDA 13 (the increase is 86% when our support for scaling up Bank development assistance and for debt relief is included). Efficiency gains are declared as promissory notes are deposited and when payments to ACGF, Education FTI and IDA MDRI are made. As at the end of quarter 4 (FY 07/08), £599 million has been deposited for FY 07/08 (this includes a contribution to the ACGF) resulting in gains of £69 million. This is slightly under target for the duration of the programme. To reach the target we needed to deposit £622 million in FY 07/08 which would result in £75 million efficiency savings. We therefore judge this target to have minor slippage. Savings on this target are not cashable.</p> <p>IDA expenditure is subject to a range of quality measures. Country allocations are directly linked to performance, funds are specifically channelled to LICs and all expenditure is subject to cross-donor initiatives to monitor and improve public financial management.</p>
<p>6: To reduce administration costs to £232 million in 2007/08. <i>Baseline £239 million (2005/6)</i></p>	<p>Met</p> <p>By the end of March 2008, we had spent £213 million against our annual (FY07/08) admin budget of £232 million. This has resulted in efficiency gains of £38million (savings are calculated as the difference between spend at end March 07/08 and what spend would have been if our budget had not been reduced but increased at the rate of inflation since 2005/06). Efficiency gains for this target are cashable.</p> <p>Costs were reduced through addressing the two sub-targets below (in addition to a sub-target on relocations that we achieved in March 2006 and gave the final assessment of in the Annual Report 2007).</p>
<p>a. To reduce support service costs by 4% in 2006/07 and 10% in 2007/08. <i>Baseline £46.9 million (2005/06)</i></p>	<p>Met</p> <p>We achieved a saving of 14% over the 05/06 baseline thus exceeding the 10% reduction target by the end of the financial year, which generated £7 million efficiency savings.</p> <p>Savings were primarily achieved through new business practices and other efficiency measures encompassed in our Catalyst programme. Support services budgets were capped within the target. The maintenance of system and service quality standards is built into overall system development.</p>

Sub-target

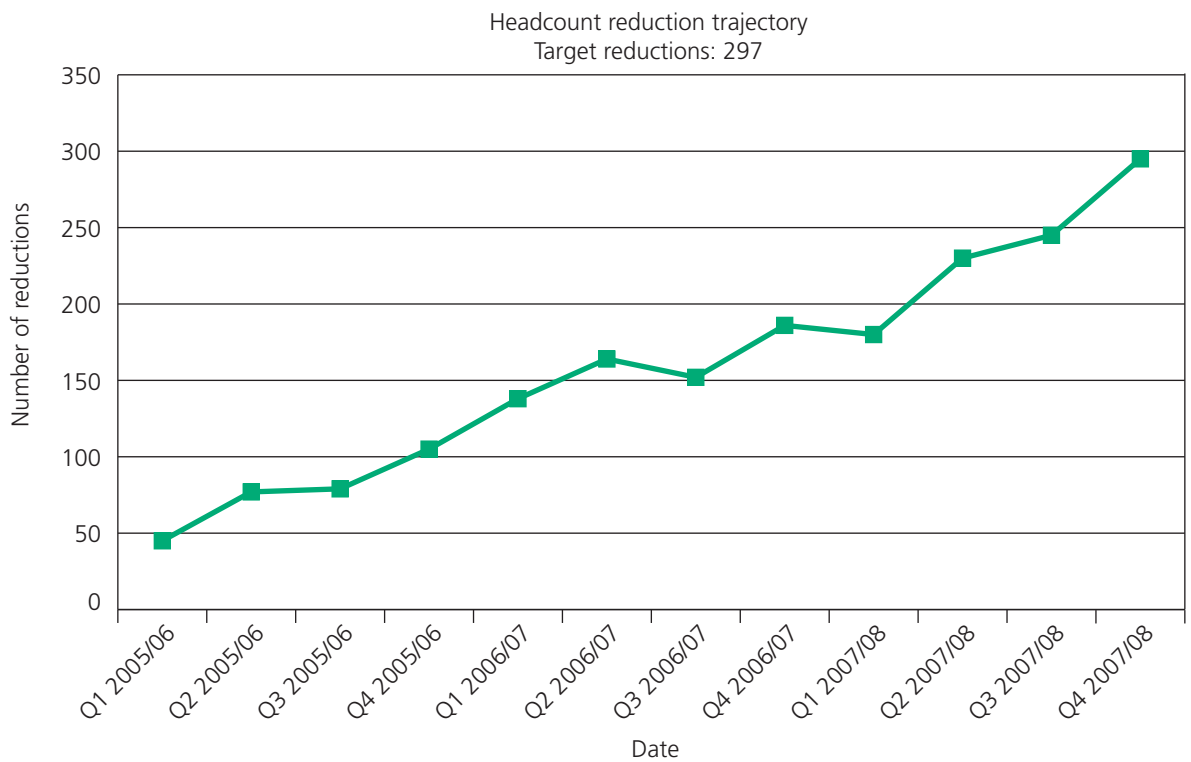
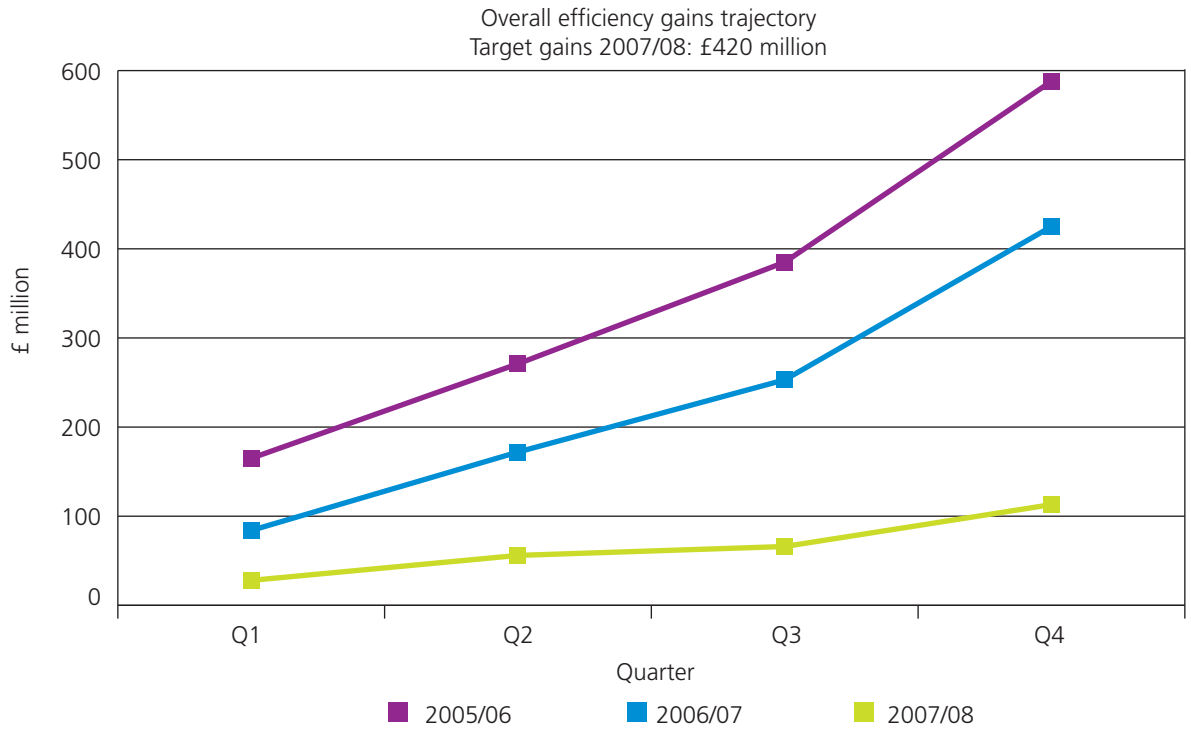
b. To reduce staff from a revised March 2004 baseline of 1907 Full Time Equivalent (FTEs) to **1610 FTEs** – a reduction of 297 posts. To reduce Staff Appointed In Country (SAIC) from a March 2004 baseline of **1162** to **950** posts – a reduction of 212 posts.

Final assessment**Partly met**

By the end of March 2008, DFID had reduced its headcount to **1612 UK-based Full Time Equivalent (FTEs)**, a reduction of **295 posts (15.5%)** against the 2004 baseline of 1907. The **Staff Appointed In Country (SAIC)** target of 950 posts was met by September 2005, and by end March 2008 had reduced further to **843**. These figures are illustrated in the table below.

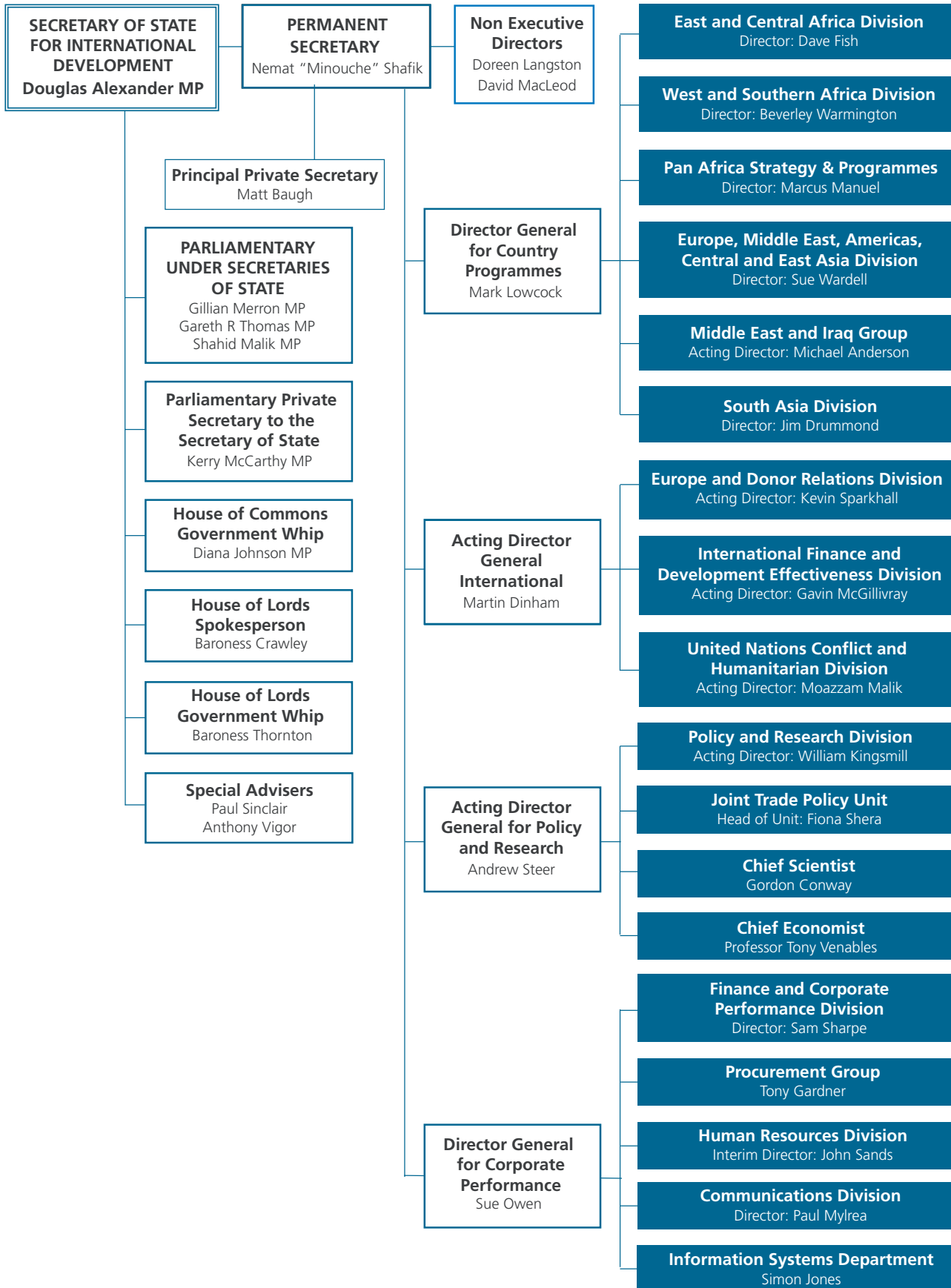
	March 2004 baseline	March 2008	Reduction
UK-based FTEs	1907	1612	295
SAIC	1162	843	319

Although we have surpassed our original target to reduce by 170 posts, due to the revised baseline that changed the number of reductions needed to 297 posts, we have found the 1610 target challenging. This was due to unforeseeable business needs: (1) the retention of 25 short term posts to deliver a key business change programme (ARIES); and (2) the expansion of posts in Private Office earlier this year to accommodate a larger Ministerial team. This target was actively managed by both the Management Board and by Divisions with support from HR.



Annex 8

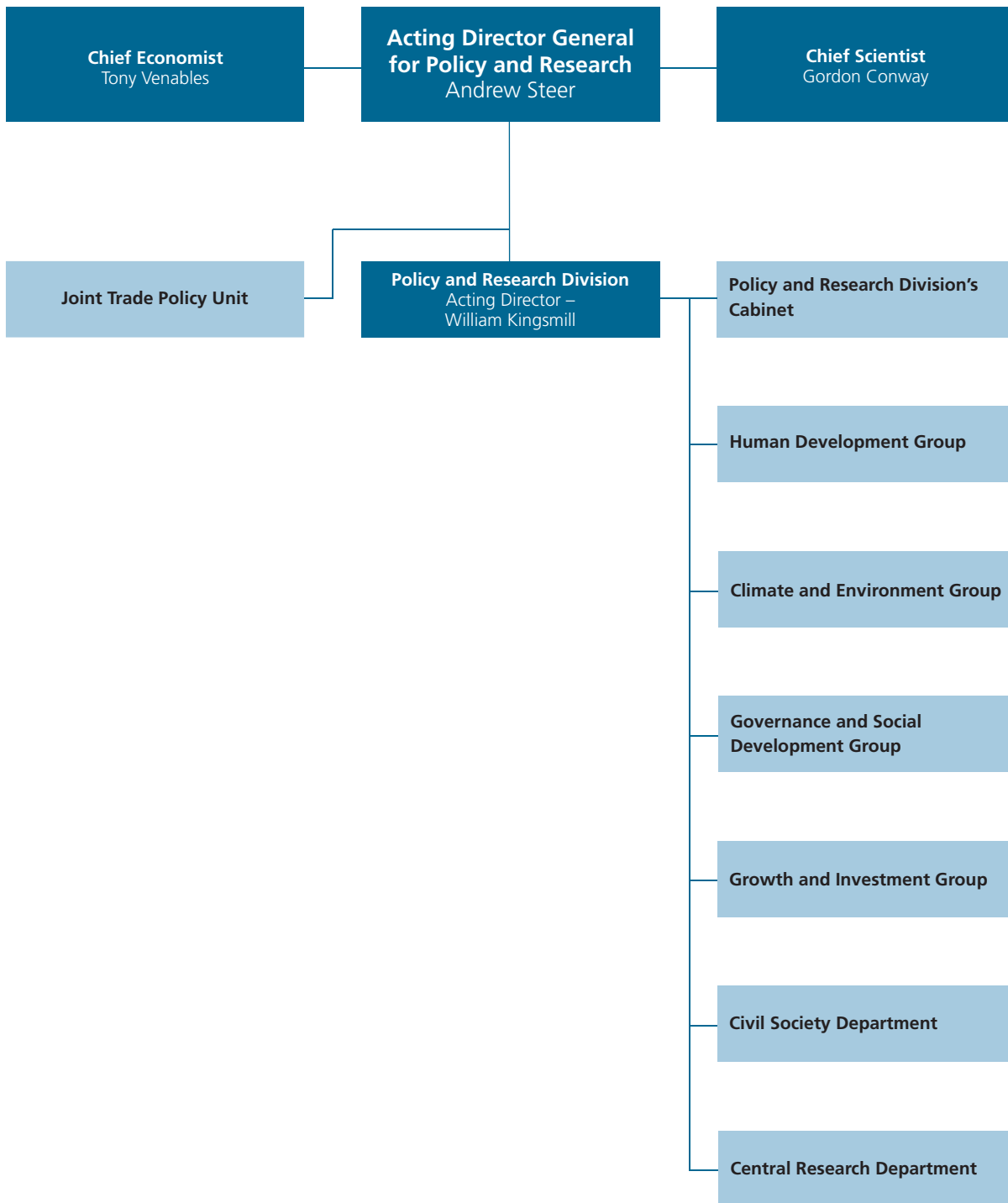
Organisation chart



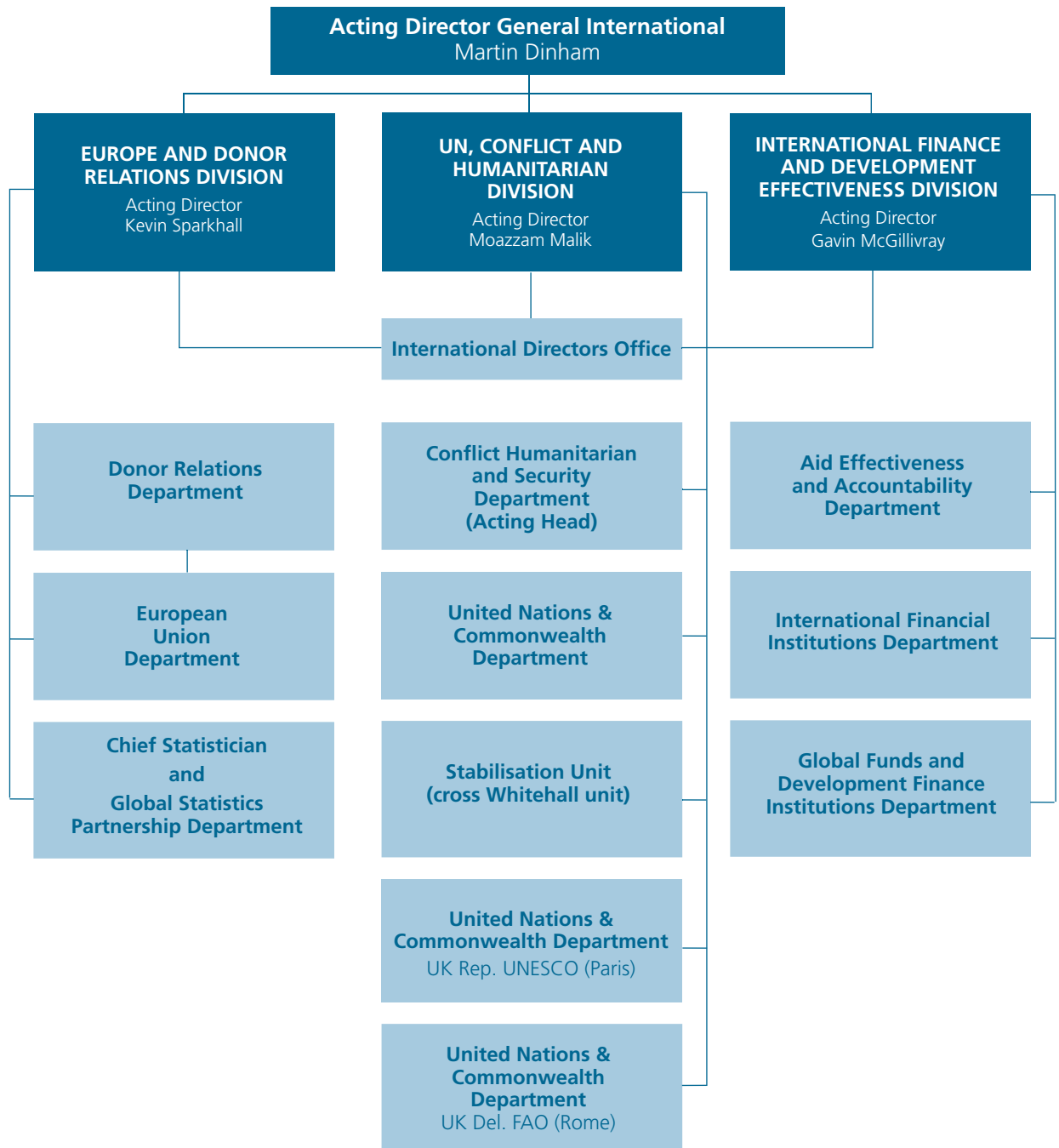
Regional Programmes Directorate



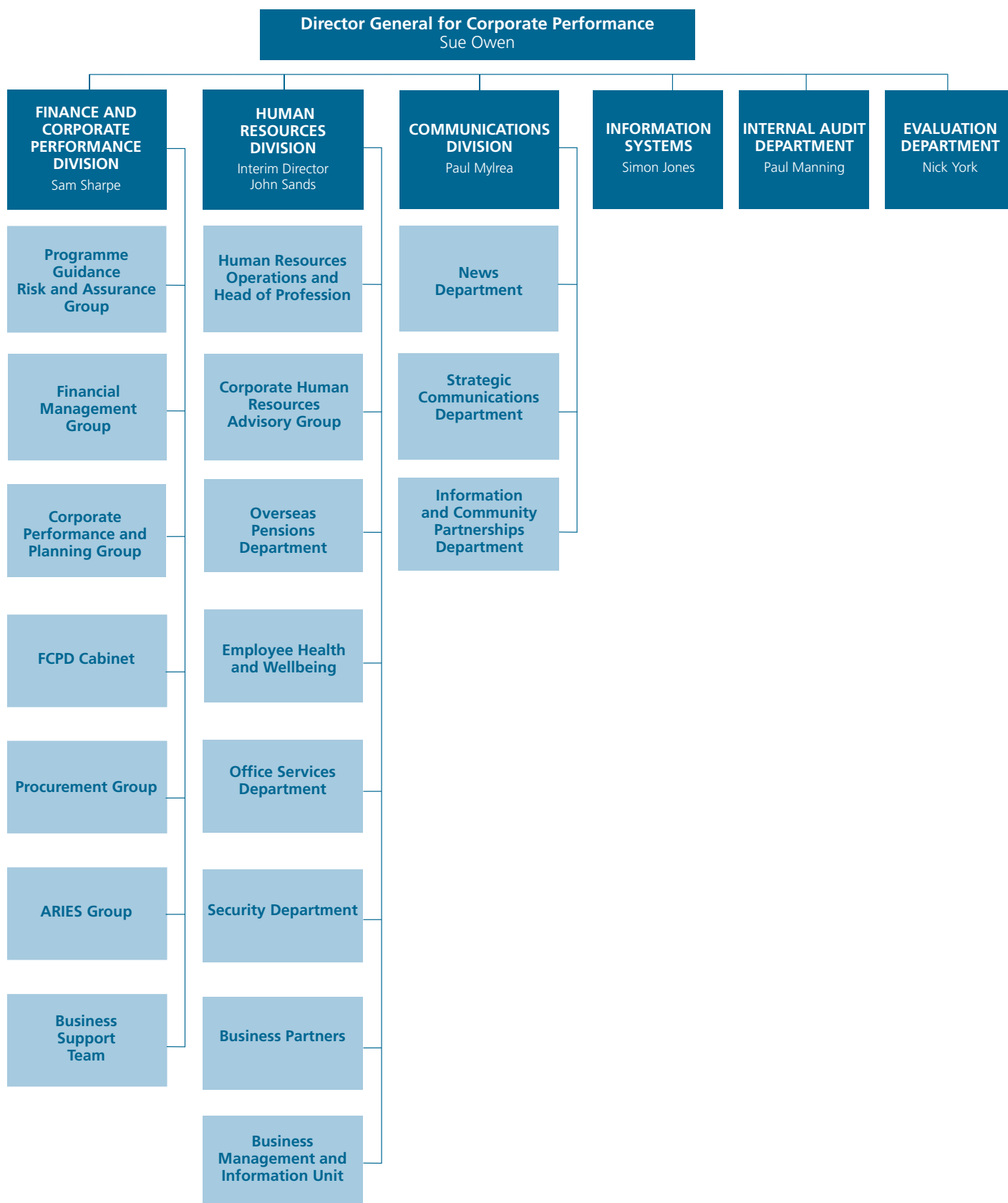
Policy and Research Directorate



International Directorate



Corporate Performance Directorate



Annex 9

DFID publications April 2007 – March 2008

Annual Reports

'DFID Annual Report: Development on the Record'

ISBN 978-0-10-294519-5, £40, May 2007

'Statistics on International Development 2002/03 – 2006/07'

ISBN 1 86192 909 9, ISSN 0068-1210, October 2007

'DFID's 2007 Autumn Performance Report. An outline of progress against the 2003-06 and 2005-08 Public Service Agreements and the Efficiency Programme'

ISBN 978-0-10-172742-6, £13.90, December 2007

Country Assistance Plans

'Vietnam Country Assistance Plan'

February 2008

Other DFID publications

'DFID's Humanitarian Funding Guidelines'

October 2007

'Trading for Peace: Achieving security and poverty reduction through trade in natural resources in the Great Lakes area.'

October 2007

'Le commerce au service de la paix' (Trading for Peace – French language version)

October 2007

'Crime and Persuasion: Tackling illegal logging, improving forest governance' (full report)

October 2007

'Illegal logging: Tackling crime, improving livelihoods' (summary)

October 2007

'The UK and the World Bank 2006/2007'

November 2007

Developments magazine

'Developments issue 38: Time for revision'

June 2007

'Developments issue 39: India emerges'

October 2007

'Developments issue 40: The run-up to 2015'

February 2008

Policy papers

'Moving out of poverty – making migration work better for poor people'

April 2007

'Updating Taking Action – the UK's strategy for tackling AIDS in the developing world: a consultation document'

May 2007

'Governance, development and democratic politics: DFID's work in building more effective states'

May 2007

'Working together for better health' and 'Evidence for action'

June 2007

'Land: better access and secure rights for poor people'

July 2007

'Competition Assessment Framework'

January 2008

'Gender equality and growth – evidence and action'

February 2008

Evaluation Reports

'Interim evaluation of taking action: the UK government's strategy for tackling HIV & AIDS in the developing world (An analysis of trends in the UK government funding and activities)'

April 2007

'Security and Justice Sector Reform programme in Africa'

April 2007

'Country Programme Review – Country Study: Vietnam'

May 2007

'DFID's 2005 Agriculture Policy: An interim report'

May 2007

'DFID's 2005 Agriculture Policy: An interim report' (summary)

May 2007

'Caribbean Regional Programme Evaluation'

May 2007

'Caribbean Regional Programme Evaluation' (summary)

May 2007

'Evaluation of DFID country programmes: Country Study Russia 2001-2005'

June 2007

'Evaluation of DFID country programmes: Country Study Russia 2001-2005' (summary)

June 2007

'Evaluation of Citizens' Voice and Accountability – Working Paper: Literature Review, Framework and Methodology'

November 2007

'Literature review on Private Sector Infrastructure Investment'

November 2007

'Evaluation of DFID country programmes: Indonesia'

November 2007

'Evaluation of DFID country programmes: Indonesia' (summary)

November 2007

'Evaluation of DFID country programmes: Nepal Country Office 2001-2006'

November 2007

'Evaluation of DFID country programmes: Nepal 2001-2006 (summary)

November 2007

'Evaluation of DFID country programmes: West Bengal'

November 2007

'Evaluation of DFID country programmes: West Bengal 2000-2006' (summary)

November 2007

'Evaluation of DFID country programmes: synthesis of 2006/2007 evaluations'

January 2008

'Country Programme Evaluation: synthesis of 2006/2007 evaluations' (summary)

January 2008

'Desk review of DFID's private sector infrastructure investment facilities (EV 684)'

March 2008

'Desk review of DFID's private sector infrastructure investment facilities: strategic environmental impact assessment (EV 685)'

March 2008

Annex 10

Useful websites and sources of information

www.dfid.gov.uk

DFID's website gives information on all aspects of DFID's work. The section on 'who DFID works with' at www.dfid.gov.uk/aboutdfid/dfidwork contains web links to the World Bank, International Monetary Fund, European Commission, United Nations, regional development banks, the Commonwealth, other bilateral donors, civil society, G8, private sector, co-operatives and trade unions.

www.dfid.gov.uk/aboutdfid/organisation/intertradedept.asp

The joint DFID/BERR (Department for Business, Enterprise and Regulatory Reform) Trade Policy Unit was set up in 2007 to bring the development and trade agendas even closer together.

www.bond.org.uk

BOND (British Overseas non-governmental organisations (NGOs) for Development) is the UK's broadest network of voluntary organisations working in international development.

www.dec.org.uk

The Disasters Emergency Committee (DEC) is an umbrella organisation which represents 13 leading UK aid agencies.

www.oecd.org/dac

The DAC (Development Assistance Committee) is the principal body through which the Organisation for Economic Co-operation and Development (OECD) deals with issues related to co-operation with developing countries. Their website includes statistics on aid flows and peer reviews of DAC member development programmes.

www.wto.org

The World Trade Organisation deals with the rules of trade between nations.

www.dfid.gov.uk/pubs/files/involvement-wbank.pdf

This report provides an overview of developments at the World Bank between October 2005 and June 2007 and outlines the Government's positions on major issues. The Bank's International Development Association (IDA) supports anti-poverty programmes in the poorest developing countries with long-term, no interest loans – www.worldbank.org/ida

www.thecommonwealth.org

The Commonwealth Secretariat is the main intergovernmental agency of the Commonwealth, facilitating consultation and co-operation among member governments and countries.

www.cdccgroup.com

CDC Group plc is wholly owned by DFID, and is part of DFID's portfolio of interventions in private sector development. It was formerly known as the Commonwealth Development Corporation.

www.stabilization.gov.uk

The Stabilisation Unit is a joint DFID-FCO-MOD unit. It was renamed from the Post Conflict Reconstruction Unit (PCRU) in December 2007.

www.parliament.uk/indcom

The International Development Committee (IDC) is appointed by the House of Commons to examine the expenditure, administration and policy of DFID.

www.reliefweb.int

Reliefweb is a UN site providing humanitarian information on complex emergencies and natural disasters. Their website includes links to the Central Emergency Response Fund (CERF).

www.goodhumanitarianandonorship.org

The Good Humanitarian Donorship initiative seeks to define the principles that should inform donor practice.

www.research4development.info

R4D is an online database containing information about research programmes supported by DFID. It provides the latest information about research funded by DFID, including news, case studies and details of current and past research.

www.developments.org.uk

Developments is a free quarterly magazine produced by DFID to increase awareness of development issues.

www.globaldimension.org.uk

Global Dimension is a website for teachers, and gives information about books, videos, posters and websites which bring a global dimension to teaching.

www.britishcouncil.org/globalschools

DFID's Global School Partnerships promote partnerships between schools in the UK and schools in Africa, Asia, Latin America and the Caribbean.

www.britishcouncil.org/learning-delphe.htm

Development Partnerships in Higher Education (DeLPHE) supports partnerships between higher education institutions in the UK and overseas to find new ways to fight global poverty.

www.eitransparency.org/

The Extractive Industries Transparency Initiative (EITI) aims to ensure that the revenues from oil, gas and mining contribute to sustainable development and poverty reduction.

www.sendmoneyhome.org

The DFID-supported Send Money Home website gives advice about sending remittances to various countries, money transfer products and services.

www.gvep.org

Global Village Energy Partnership (GVEP) aims to promote social and economic development in developing countries through increased access to appropriate modern energy services.

www.cgiar.org

The Consultative Group on International Agricultural Research (CGIAR) is a strategic alliance of members, partners and international agricultural centres that mobilises science to benefit the poor.

www.sustainable-development.gov.uk

The UK government website providing guidance on how to promote a more sustainable future, including the 2005 Sustainable Development Strategy, 'Securing the future'.

www.theglobalfund.org/en/

The Global Fund to Fight AIDS, TB and Malaria (GFATM) was created to increase the resources available to fund the prevention and cure of these diseases.

www.iff-immunisation.org/

The International Finance Facility for Immunisation (IFFIm) has been designed to accelerate the availability of funds to be used for health and immunisation programmes through the GAVI Alliance (formerly the Global Alliance for Vaccines and Immunisation) in 70 of the poorest countries around the world – see also www.gavialliance.org

www.ppiaf.org

The Public-Private Infrastructure Advisory Facility (PPIAF) is a multi-donor technical assistance facility aimed at helping developing countries improve the quality of their infrastructure through private sector involvement.

www.pidg.org

The PIDG is a donor group seeking to address the shortfall in infrastructure provision in developing countries through encouraging private sector participation in the sector.

www.cgdev.org

The Center for Global Development is an independent research institute. Their site includes the Commitment to Development Index which ranks OECD countries according to how well their non-aid policies support development.

www.eldis.org

The Eldis Gateway to Development Information contains 22,000 online documents on development issues.

www.id21.org/

id21 is a knowledge service from the Institute of Development Studies at the University of Sussex. It communicates UK-sourced international development research to policymakers and practitioners worldwide.

Annex 11

Glossary and abbreviations

Accession countries

Countries in the process of joining the European Union.

Administrative costs

DFID administrative costs include the running costs of DFID Headquarters, overseas costs of staff in agreed diplomatic posts concerned with full time aid administration, including Staff Appointed in Country employed by DFID; expenditure in respect of residual rent liability on the Chatham Maritime site arising from the terms agreed for the privatisation of DFID's former next steps agency, the Natural Resources Institute; and those elements of Foreign and Commonwealth Office and CDC Capital Partners, formerly known as Commonwealth Development Corporation, administration costs which are related to aid delivery.

Aid effectiveness

A measure of the quality of aid delivery and maximising the impact of aid on poverty reduction and development.

Aid untying

Aid that is given where donors do not insist that it is spent on goods and services from the donor country in favour of giving unrestricted access to those who can compete best on price, quality and service.

Alignment

When donors base their overall support on partner countries' national development strategies, institutions and procedures.

Bali Action Plan

This is the outcome of the Bali Summit (December 2007) where after two weeks of intense negotiations, governments of more than 190 countries reached agreement on a roadmap for achieving a global climate change deal by the end of 2009.

Bilateral aid

Bilateral aid is provided to developing countries and countries in transition of the Development Assistance Committee List on a country to country basis, and to institutions, normally in Britain, working in fields related to these countries.

BRICS

A group of 5 countries, Brazil, Russia, India, China and South Africa, with a growing influence and impact on regional and global issues. The UK works in areas where our BRICS partners want UK involvement as they develop their approaches; the BRICS strategy is very much a cross government strategy, and in some cases our work will take place through and with other UK government departments.

Budgetary assistance or budgetary support

See *Direct budget support* or *General budget support*.

Civil society organisations

All civic organisations, associations and networks, which occupy the 'social space' between the family and the state who come together to advocate their common interests through collective action. It includes volunteer and charity groups, parents' and teachers' associations, senior citizens' groups, sports clubs, arts and culture groups, faith-based groups, workers' clubs and trade unions, non-profit think-tanks and 'issue-based' activist groups.

Concessional resources

A loan, the terms of which are more favourable to the borrower than those currently attached to commercial market terms, is described as concessional (or a soft loan) and the degree of concessionality is expressed as its grant element.

Conditionality

When donors require their developing country partners to do something in order to receive aid. If the condition is not fulfilled it will generally lead to aid being interrupted or suspended. The UK policy on conditionality is that our aid is based on three shared commitments with partner governments: poverty reduction and meeting the MDGs; respecting human rights and other international obligations; and strengthening financial management and accountability and reducing the risk of funds being misused through weak administration or corruption. If partner governments move away from these conditions, we can suspend, interrupt, delay or change how we deliver our aid. We do not use conditions to impose specific policy choices on countries.

Countries in transition

Term used to describe former Soviet countries in Eastern Europe and the former Soviet Union, and China, Mongolia and Vietnam.

Country Assistance Plans

DFID has produced or is producing Country Assistance Plans for all countries where we provide development assistance programmes of more than £20 million. These papers, produced in consultation with governments, business, civil society and others within the country concerned and within the UK, set out how we aim to contribute to achieving the international development targets in the country in question. Country Assistance Plans are normally intended to cover a three- to four-year period. For some groups of countries a Regional Assistance Plan is produced.

Country-led approaches

Where donors allow partner countries to take the lead in the design and delivery of development and provide support to partner countries (see *ownership and alignment*).

Debt relief

Debt relief may take the form of cancellation, rescheduling, refinancing or re-organisation. Interest and principal foregone from debt cancellation forms part of DFID programme expenditure whilst other debt relief is funded from other official sources.

- a. Debt cancellation (or Retrospective Terms Adjustment) is relief from the burden of repaying both the principal and interest on past loans.
- b. Debt rescheduling is a form of relief by which the dates on which principal or interest payments are due, delayed or rearranged.
- c. Official bilateral debts are re-organised in the Paris Club of official bilateral creditors, in which the UK plays its full part. The Paris Club has devised increasing generous arrangements for reducing and rescheduling the debt of the poorest countries, most recently agreeing new terms for the enhanced Heavily Indebted Poor Countries Initiative.

Developing countries

See *Development Assistance Committee: List of aid recipients*.

Development Assistance Committee

The Development Assistance Committee of the Organisation for Economic Co-operation and Development is a forum for consultation among 22 donor countries and the European Commission on how to increase the level and effectiveness of aid flows to all aid recipient countries. The member countries are Australia, Austria, Belgium, Canada, Denmark, European Commission, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the UK and the United States.

Development Assistance Committee: List of aid recipients

This list used to be in two parts (Part I for countries and territories eligible to receive official development assistance (ODA) and Part II for countries and territories eligible to receive official aid (OA)). From December 2005 there is only one list. Those countries eligible for ODA and details of these countries are shown in Annex 1 of *Statistics on International Development*. The list is designed for statistical purposes and not as guidance for aid or other preferential treatment. In particular, geographical aid allocations are national policy decisions and responsibilities.

Direct budget support

Direct budget support is a form of programmatic aid in which:

- a. Funds are provided in support of a government programme that focuses on growth and poverty reduction, and transforming institutions, especially budgetary.
- b. The funds are provided to a partner government to spend using its own financial management and accountability systems.

Donor

See *Development Assistance Committee*.

European Community

The 27 member states and the common institutions, notably the European Commission, co-operating on a range of economic and other issues in supra-national integration.

European Development Fund

The European Development Fund is the main route through which funds committed under the EC's Cotonou Convention are channelled.

European Union

Created by the Treaty of Maastricht 1992, which enhanced the integration of the European Community but also enabled the member states to co-operate together in an inter-governmental, not supra-national, way in the areas of Common Foreign and Security Policy Justice and Home Affairs.

Financial aid

Financial aid in the wider sense is defined as a grant or loan of money which is the subject of a formal agreement with the recipient government or institution. In practice it is all bilateral aid except technical co-operation and administrative costs.

Fragile states

Those states where the government cannot or will not deliver core functions to the majority of its people, including the poor.

General budget support

See *Direct budget support and Poverty reduction budget support*.

Globalisation

The growing independence and interconnectedness of the modern world through increased flows of goods, services, capital, people and information. The process is driven by technological advances and reductions in the costs of integrated transactions, which spread technology and ideas, raise the share of trade in world production and increase the mobility of capital.

Gross domestic product

The total value of goods and services produced within a country.

Gross national income

Previously known as gross national product, gross national income (GNI) comprises the total value of goods and services produced within a country (i.e. its gross domestic product), together with its income received from other countries (notably interest and dividends), less similar payments made to other countries.

Gross national product

Gross national product comprises the total value of goods and services produced within a country (i.e. its gross domestic product), together with income received from other countries (notably interest and dividends), less similar payments made to other countries.

G7/G8 Group

The G7 Group of major industrialised democracies comprises Canada, France, Germany, Italy, Japan, the UK and the United States. The Group of Eight (G8) includes Russia. Their heads of government meet annually at the G7/G8 Summit to discuss areas of global concern.

Harmonisation

Where donors co-ordinate their aid and use common procedures to ensure they are not duplicating work or placing unnecessary demands on their developing country partners.

Heavily Indebted Poor Countries Initiative

An initiative launched by the International Monetary Fund and the World Bank in 1996 to provide debt relief to the poorest countries. Revised in 1999 to deliver twice as much debt relief as the original initiative.

Humanitarian assistance

Humanitarian assistance comprises disaster relief, food aid, refugee relief and disaster preparedness. It generally involves the provision of material aid (including food, medical care and personnel) and finance and advice to save and preserve lives during emergency situations and in the immediate post-emergency rehabilitation phase; and to cope with short- and longer-term population displacements arising out of emergencies.

Income groups

The classification of aid recipient countries by income groups is based on GNI per capita figures in 2001 according to the thresholds set out below. These are updated regularly but the 2001 income groups are used for reporting against the 2005-08 PSA. These thresholds are identical to those used by the World Bank as follows:

Low income group: countries with a GNI per capita in 2001 of below \$746.

Lower middle income group: countries with a GNI per capita in 2001 of \$746 or above but not exceeding \$2975.

Upper middle income group: countries with a GNI per capita in 2001 of \$2976 or above but not exceeding \$9205.

High income group: countries with a GNP per capita in 2001 of \$9206 or above.

Institutional Strategy Papers

Institutional Strategy Papers are designed to set our partnerships with multilateral development institutions in a strategic framework. The papers are prepared in consultation with that institution and other interested parties and set out the objectives for our partnership with that institution. Institutional Strategy Papers have been or are being prepared for our main partner institutions and will normally be produced every three to four years.

Internally Displaced Persons

Persons who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalised violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally recognised state border.

Intellectual property rights

National and international systems provide for the protection and enforcement of intellectual property rights. Intellectual property constitutes private property rights over ideas and inventions. The principal intellectual property rights are copyrights (material which can be reproduced only with permission of the owner, who can charge for it), patents (product designs or processes which can be used only with permission of the owner, who can charge for it), trademarks (registered marks that exclusively identify a product or economic entity, which cannot be used by others), and industrial designs.

International Development Association

Part of the World Bank Group that makes loans to countries at concessional rates (i.e. below market rates) of interest.

Least developed country

Least developed countries are those assessed as having particularly severe long-term constraints to development. Inclusion on the list of least developed countries is now assessed on two main criteria: economic diversity and quality of life.

Low income countries

Countries in the low income group, as defined in Income groups.

Managing for results

Management strategies that focus on performance and improvements in country outcomes and provide a framework in which performance information is used for improved decision making.

Middle income countries

Countries in the lower middle and upper middle income groups (see *Income groups*).

Millennium Development Goals

A set of eight international development goals for 2015, adopted by the international community in the UN Millennium Declaration in September 2000, and endorsed by IMF, World Bank and OECD. These are set out in full in Annex three.

Multilateral aid

Aid channelled through international bodies for use in or on behalf of aid recipient countries. Aid channelled through multilateral agencies is regarded as bilateral where DFID specifies the use and destination of the funds.

Non-governmental organisations

Private non-profit making bodies, which are active in development work. To qualify for official support, UK non-governmental organisations must be registered charities.

Official aid

This refers to countries on the DAC Part II list of countries which ceased to exist from 2005. To qualify as official aid, resource flows should have had the same concessional and qualitative features as ODA.

Official development assistance

Official development assistance is defined as those flows to developing countries and multilateral institutions provided by official agencies or by their executive agencies, which meet the following tests:

- a. It is administered with the promotion of the economic development and welfare of developing countries as its main objective.
- b. It is concessional in character and conveys a grant element of at least 25%.

From 2005 only aid to countries on the DAC List of Recipients of Official Development Assistance is eligible to be recorded as ODA.

Organisation for Economic Co-operation and Development (OECD)

A group of major industrial countries promoting growth and high employment among its members, fostering international trade and contributing to global economic development.

Ownership

Partner countries exercise effective leadership over their development policies and strategies and co-ordinate development actions.

Paris Declaration

The Paris Declaration is an international agreement in which over one hundred countries and organisations committed to continue to increase efforts in harmonisation, alignment and managing aid for results with a set of monitorable actions and indicators.

Source: www.oecd.org.

Paris Declaration baseline survey

The Paris Declaration is an ambitious set of 56 commitments group under 5 principles of ownership, alignment, harmonisation, management for development results and mutual accountability. The Declaration includes 12 indicators with targets to monitor progress, these were assessed in a baseline survey in 2006 and 2008.

Poverty reduction budget support

Poverty reduction budget support is a form of financial aid in which funds are provided directly to a partner government's central exchequer to support that government's programmes. This can be in the form of general budget support (not directed at particular sectors) or sector budget support.

Poverty Reduction Strategies (PRSs)

PRSs are prepared by partner country governments, often in collaboration with development partners. They describe the country's macroeconomic, structural and social policies and programmes to promote growth and reduce poverty.

Predictability

A measure of how predictable flows of aid to developing partner countries are. This includes the extent to which aid promised within a given year is delivered and how many years in the future donors provide information about aid to be provided.

Programme aid

Programme aid is financial assistance specifically to fund (i) a range of general imports, or (ii) an integrated programme of support for a particular sector, or (iii) discrete elements of a recipient's budgetary expenditure. In most cases, support is provided as part of a World Bank/International Monetary Fund co-ordinated structural adjustment programme.

Programme-based approaches

Programme-based approaches are funds provided to a sector to deliver a single programme, led by the partner country, with a single budget and a formal process for donor co-ordination, and that make efforts to increase the use of developing partner countries' systems.

Public financial management

A PFM system has three key objectives: to maintain fiscal discipline (*securing stewardship*), keeping spending within limits created by the ability to raise revenue and keeping debt within levels that are not prohibitively expensive to service; to promote strategic priorities (*enabling transformation*) – allocating and spending resources in those areas that make the greatest contribution to the government's objectives; and to deliver value for money (*supporting performance*) – efficient and effective use of resources in the implementation of strategic priorities.

Public/private partnership

A public/private partnership brings public and private sectors together in partnership for mutual benefit. The term public/private partnership covers a wide range of different partnerships, including the introduction of private sector ownership into businesses that are currently state-owned, the Private Finance Initiative, and selling government services into wider markets.

Public Service Agreement

A set of measurable targets for DFID's work, as required by the White Paper *Public Services for the Future: Modernisation, Reform, Accountability* (CM4181). See Annex four for DFID's Public Service Agreement 2005–08.

Regional development banks

International development banks, which serve particular regions, for example the African Development Bank or the European Bank for Reconstruction and Development.

Remittances

Remittances are monies sent from one individual or household to another. International remittances are those sent by migrant workers who left their home country. Domestic remittances are those sent by migrant workers who left their home village or town to work elsewhere in their home country (e.g. rural-urban migration; sometimes also referred to as national remittances). Communal or collective remittances are monies sent by migrant associations or church groups to their home communities. Typically remittances are in cash rather than goods. Imports or goods purchased on location are, however, also common.

Scaling up

Identifying the most effective ways to channel additional resources in order to maximise impact on the MDGs.

Sector

One of the areas of recipient countries' economic or social structures that aid is intended to support. DFID categorises its aid into eight broad sectors: Economic, Education, Health, Governance, Social, Rural Livelihoods, Environment and Humanitarian Assistance.

Sector wide approaches or sector investment programmes

A sector wide approach is a process that entails all significant donor funding for a sector supporting a single, comprehensive sector policy and expenditure programme, consistent with a sound macro-economic framework, under government leadership. Donor support for a sector wide approach can take any form – project aid, technical assistance or budgetary support – although there should be a commitment to progressive reliance on government procedures to disburse and account for all funds as these procedures are strengthened.

Security sector

The security sector is defined as those who are, or should be, responsible for protecting the state and communities within the state. This includes military, paramilitary, intelligence and police services as well as those civilian structures responsible for oversight and control of the security forces and for the administration of justice.

Spending review

A fundamental re-evaluation of priorities, objectives and targets by the UK government, which establishes a three-year planning cycle including spending plans, for all Departments. The 2007 Comprehensive Spending Review runs from 2008/09 to 2010/11.

Technical co-operation/technical assistance

Technical co-operation is the provision of advice and/or skills, in the form of specialist personnel, training and scholarship, grants for research and associated costs.

Untied aid

See *Aid untying*.

World Bank

The term World Bank is commonly used to refer to the International Bank for Reconstruction and Development and the International Development Association. Three other agencies are also part of the World Bank, the International Finance Corporation, the Multilateral Investment Guarantee Agency and the International Centre for Settlement of Investment Disputes. Together these organisations are referred to as the World Bank Group.

World Trade Organisation

The World Trade Organisation exists to ensure that trade between nations flows as smoothly, predictably and freely as possible. To achieve this, the World Trade Organisation provides and regulates the legal framework that governs world trade. Decisions in the World Trade Organisation are typically taken by consensus among the 146 member countries and are ratified by members' parliaments.

Abbreviations

3EI	International Initiative on Impact Evaluation
A4T	Aid for Trade
ACP	Africa, Caribbean and the Pacific
ACPP	Africa Conflict Prevention Pool
ADB	Asian Development Bank
AECF	Africa Enterprise Development Fund
AfDB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
AMC	Advance Market Commitments
APF	African Partnership Forum
APRM	African Peer Review Mechanism
ART	Anti-retroviral treatment
ARTF	Afghanistan Reconstruction Trust Fund
AsDB	Asian Development Bank
AsDF	Asian Development Fund
ATP	Aid and trade provision
AU	African Union
BAP	Bali Action Plan
BBSRC	Biotechnology and Biological Sciences Research Council
BRICS	Brazil, Russia, India, China and South Africa
CAP	Country Assistance Plan
CASCM	Central Asia, South Caucasus and Moldova
CBF	Congo Basin Forest Fund
CDB	Caribbean Development Bank
CDC	CDC Group plc formerly Commonwealth Development Corporation
CDM	Clean Development Mechanism
CEIF	Clean Energy Investment Framework
CERF	Central Emergency Response Fund
CHAP	Common Humanitarian Action Plan
CHF	Common Humanitarian Fund
CHOGM	Commonwealth Heads of Government Meeting

CfA	Commission for Africa
CHAI	Clinton Foundation for HIV & AIDS Initiative
CIPFA	Chartered Institute of Public Finance and Accountancy
CIS	Commonwealth Independent States
COMESA	Common market for Eastern and Southern Africa
CPEs	Country Programme Evaluations
CR	Conciliation Resources
CSCF	Civil Society Challenge Fund
CSOs	Civil Society Organisations
CSR	Comprehensive Spending Review
DAC	Development Assistance Committee of the Organisation for Economic Co-operation and Development
DANIDA	Danish International Development Agency
DBERR	Department for Business, Enterprise and Regulatory Reform (formerly know as the Department of Trade and Industry)
DEFRA	Department for Environment, Food and Rural Affairs
DDA	Doha Development Agenda
DFI	Development Finance Institutions
DFID	Department for International Development
DoC	Drivers of change
DOTS	Directly Observed Treatment Short-course for tuberculosis
DPA	Development Partnership Agreement
DPF	Divisional Performance Frameworks
DRF	Debt Reduction Facility
DRR	Disaster Risk Reduction Policy
DSF	Debt Sustainability Framework
DSOs	Departmental Strategic Objectives
EAIF	Emerging Africa Infrastructure Facility
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECA	Export Credit Agency
ECDG	Export Credit Guarantees Department
ECOWAS	Economic Community for West African States
EDF	European Development Fund
EEAS	Energy Efficiency Accreditation Scheme
EIB	European Investment Bank
EIF	Enhanced Integrated Framework for Trade Related Technical Assistance
EITI	Extractive Industries Transparency Initiative
EMAAD	Europe, Middle East, Americas, Central and East Asia Division
EMS	Environment management system
ENLACE	Social Inclusion Fund Programme
ENPI	European Neighbourhood and Partnership Initiative
EPAs	Economic Partnership Agreements
ESPA	Ecosystem Services and Poverty Alleviation
ETCI	Early Transition Countries Initiative
ETF-IW	The international window of the Environmental Transformation Fund
EU	European Union
EvD	Evaluation Department
FAO	Food and Agriculture Organisation of the United Nations
FCO	Foreign and Commonwealth Office
FCPD	Finance and Corporate Performance Division
FCPF	Forest Carbon Partnership Facility
FLEGT	EU Forest Law Enforcement

FRA	Fiduciary Risk Assessment
FTI	Fast Track Initiative
G7/8	Group of seven/eight leading industrialised nations
G20	Group of twenty leading industrialised nations
G90	Group of ninety nations
G110	Group of one hundred and ten nations
GAVI	Global Alliance for Vaccines and Immunisation
GBS	General Budget Support
GCPF	Global Conflict Prevention Pool
GDP	Gross domestic product
GEF	Global Environment Facility
GFATM	Global Fund to Fight AIDS, TB and Malaria
GFP	Global Funds and Partnerships
GHD	Good Humanitarian Donorship
GHGs	Greenhouse Gases
GNI	Gross national income
GPOBA	Global Partnership for Output Based Aid
GSIF	Global Science and Innovation Forum
GTF	Governance and Transparency Fund
GTZ	Gesellschaft für Technische Zusammenarbeit (international cooperation enterprise mainly engaged on German Technical Co-operation).
HIPC	Heavily Indebted Poor Countries
HIV	Human Immunodeficiency Virus
HLF	High Level Forum Meeting
HMT	Her Majesty's Treasury
HRD	Human Resources Division
IACDI	Independent Advisory Committee on Development Effectiveness
IADB	Inter-American Development Bank
ICF	Investment Climate Facility for Africa
ICPD	International Conference on Population and Development
ICRD	Canada's International Development Research Centre
ICSU	International Campaigns and Strategy Unit
IDA	International Development Assistance
IDC	International Development Committee
IDP	Internally displaced person
IEA	International Energy Agency
IFAP	International Federation of Agricultural Producers
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFF	International Finance Facility
IFFIm	International Finance Facility for Immunisation
IFI	International financial institution
IFRC	International Federation of Red Cross and Red Crescent Societies
IHP	International Health Partnerships
IiP	Investors in People
IMF	International Monetary Fund
ILO	International Labour Organization
IS	Institutional Strategy
JAS	Joint Assistance Strategy
KPCS	Kimberley Process Certification Scheme
LDC	Least developed countries
LIC	Low income country

MDB	Multilateral Development Banks
MDES	Multilateral Development Effectiveness Summaries
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
MENA	Middle East and North Africa
MIC	Middle income country
MOD	Ministry of Defence
MOPAN	Multilateral Organisations Performance Assessment Network
MSU	Mediation Support Unit
NAO	National Audit Office
NATO	North Atlantic Treaty Organisation
NCP	National Contact Point for OECD's Multinational Enterprise Guidelines
NDPB	Non-departmental public body
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental organisation
NONIE	Network of Networks on Impact Evaluation
OCC	Office of Climate Change
OCHA	United Nations Office for the Co-ordination of Humanitarian Affairs
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OFT	Office of Fair Trading
OGC	Office of Government Commerce
OPD	Overseas Pensions Department
PBC	United Nation's Peace Building Commission
PCD	Policy Coherence for Development
PCRU	Post Conflict and Reconstruction Unit
PD	Paris Declaration
PDPs	Product Development Public-Private Partnerships
PEFA	Public expenditure and financial accountability
PERT	Programme for the Enhancement of Research Information
PIAF	Public Infrastructure Advisory Facility
PIDG	Private Infrastructure Development Group
PPA	Partnership Programme Agreements
PRBS	Poverty Reduction Budget Support
PRISM	Portfolio reporting and information system for management
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSA	Public Service Agreement
RAM	Resource Allocation Model
RAP	Results Action Plan
RBM	Roll back malaria
REDD	Reduced Emissions from Deforestation in Developing Countries
RRI	Rights and Resource Initiative
RTA	Regional Trade Agreements
SADC	South African Development Community
SAIC	Staff appointed in country
SARID	Sustainable Agriculture Research for International Development
SBS	Sector Budget Support
SCS	Senior Civil Service
SDAP	Sustainable Development Action Plan
SDC	Sustainable Development Commission
SDD	Sustainable Development Dialogue

SDIG	Sustainable Development in Government
SEE	South East Europe
SIDA	Swedish International Development Agency
SME	Small to Medium Enterprises
SOGE	Sustainable Operations on the Government Estate
SPA	Strategic Partnership for Africa
SRH	Sexual and reproductive health
SRSA	Strategy for Research on Sustainable Agriculture
SSATP	Sub-Saharan Africa Transport Policy Programme
SSR	Security Sector Reform
TACIS	Technical Assistance for Commonwealth of Independent States
TB	Tuberculosis
TPU	Joint Trade Policy Unit
UK	United Kingdom of Great Britain and Northern Ireland
UKCDS	UK Collaborative for Development Sciences
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV & AIDS
UNCAC	United Nations Convention Against Corruption
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNITAID	United Nations International Drug Purchasing Facility
UNGEI	United Nations Girls' Education Initiative
USAID	United States of America Agency for International Development
UNSG	United Nations Secretary General
VFM	Value for Money
VPA	Voluntary Partnership Agreements
VSO	Voluntary Service Overseas
WASH	Water, Sanitation and Hygiene Programme
WFP	World Food Programme
WHO	World Health Organization
WRI	World Resources Institute
WTO	World Trade Organisation

Annex 12

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