



Development on the Record

DFID Annual Report 2007



Department for International Development

Annual Report

2007

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

May 2007

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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 2006 to March 2007. 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 2006 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); what we are doing on conflict prevention, post-conflict reconstruction, humanitarian crises and our focus on Fragile States (Chapter 7); how we are addressing climate change issues and environmental and natural resource management (Chapter 8); and how we address debt relief and international trade and our involvement with civil society (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** outlines progress on the off track PSA targets and **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 2006/07 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.

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Foreword

by the Rt Hon Hilary Benn MP
Secretary of State for International Development



On 1 May 2007, the Department for International Development celebrated its tenth anniversary. Over the last decade, the fight to eliminate poverty around the world has been right at the heart of government policy. We have increased our official development assistance (ODA) to £6.9 billion in 2006, making the UK the second largest bilateral donor, with ODA at 0.52% of gross national income. We are committed, and on-track, to reach the UN target of 0.7% by 2013. And we have used ideas and politics to reach agreements on debt cancellation, AIDS treatment, financing for vaccinations and aid increases.

This is not just about numbers, however. Our aid has helped to change the lives of millions of people around the world. For example, we have: assisted six million children in Ethiopia and 17 million in Bangladesh to go to primary school; helped provide treatment for people with HIV and AIDS in Africa; protected 170,000 children's lives in Kenya by funding the provision of bednets; brought clean water to nearly two million people in India; and funded the abolition of primary school fees in Tanzania.

I believe that what we are striving for is not only morally right, but the only way to build a safer and more secure world. If governments and civil society work together to make poverty history, we really can ensure that everyone has enough food to eat and water to drink, a roof over their heads, a way of earning a living, a school for their children, and medicine and care when they are sick. We can help give people in the poorest countries the chance to realise their potential which is what development, at its best, is about.

But we have far yet to travel. Over ten million children every year still die before their fifth birthday. Over a billion people still do not have access to safe water and 2.6 billion are without basic sanitation. The world must face up to difficult questions, some new, some old. How can developing countries deal with climate change? How can we reduce conflict around the world and help countries to recover? How can we improve the international system, so that it provides the right help, including by making international trade rules fair? And how can we improve governance in developing countries to ensure that politics works in the interests of poor people? The decisions governments and peoples make on how their countries are run are the single most important factor in determining progress. This is why our White Paper, published in July 2006 was all about governance.

This Annual Report is a record of what DFID did last year, and what has been achieved so far. Although there is much to be done, it illustrates that the effort we put in really can make a difference to people's lives. It also serves as an account of what DFID's incredibly committed and professional staff around the world have achieved. It is a privilege for Gareth Thomas and I to work with them all.

History reminds us that we should not be overwhelmed by the scale of the challenge. Two hundred years ago the Abolition of the Slave Trade Act was passed, something which had seemed impossible just ten or twenty years earlier. For our generation, the challenge is to release a billion people from the slavery of extreme poverty. It can be done – if we show the political will – so let's get on with it.

A handwritten signature in black ink, appearing to read 'H. Benn', with a stylized flourish at the end.

Hilary Benn
May 2007

Summary of DFID's Annual Report 2007

DFID's commitment to reducing poverty

The Department for International Development (DFID) is the UK Government Department with lead responsibility for international development. DFID's aim is to reduce poverty in poorer countries; in particular, through achieving the Millennium Development Goals (MDGs). Our Public Service Agreement (PSA) contains objectives and targets by which we measure our progress towards this aim.

Where DFID works

The world map on the preceding page and the maps at the start of Chapters 2, 3 and 4 show where DFID works around the world. In total, 25 countries – 16 in Africa and 9 in Asia – form part of our PSA. Progress in these 25 countries is at the core of our PSA commitment. Countries and regions marked on the map as “other DFID programmes” are those that receive significant bilateral funding from DFID. We also have an important role in building support for development within the UK. DFID works from two UK headquarters, in London and East Kilbride, and from over 60 offices overseas.

Why 2006 was significant

Last year was a very important year for development. This report sets out DFID's activities and achievements in the year from April 2006 to March 2007. It was the year in which the UK, and the rest of the world, began work to make good on the promises made in 2005 at the G8 Summit in Gleneagles, under the UK's Presidency of the EU and through the Commission for Africa. To do this, the UK published its third White Paper on international development, which sets out how we intend to respond to the big challenges for international development. 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, how we plan to deliver the ambitious commitments made in 2005.

Also 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) by 2013, 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.

Africa

Africa is a vast and ethnically diverse continent, rich in culture and natural resources, yet it still has the highest proportion of people living in extreme poverty in the world. Progress towards every MDG has been insufficient in sub-Saharan Africa. Despite this bleak projection – and the blight of conflict in Darfur and elsewhere – there are grounds for optimism that the next nine years to 2015 will see improved progress. Many countries in Africa show signs of having turned a corner, with increased political stability and economic growth. Better economic management by African governments has contributed to an average sub-Saharan Africa growth rate that has been above the world average for the fifth year in a row. Fourteen Africa countries had growth rates of over 5% in 2005.

- DFID's bilateral country and regional **programmes in Africa exceeded £1 billion** for the first time in 2006/07, with £1.25 billion planned for 2007/08.
- DFID announced **£150 million for education in Mozambique** up to 2015, which should lead to one million more children completing primary education by 2009 alone and train up to 10,000 new teachers per year; and **£105 million** for Ghana over 10 years to help enable all girls and boys to complete a full course of primary education.
- In October 2006, the **Africa Partnership Forum** presented its first progress reports on delivery of the 2005 Gleneagles commitments. The reports, prepared by the DFID-funded Secretariat, focused on HIV/AIDS, infrastructure and agriculture, and highlighted the need for further sustained action.
- DFID played a key role in establishing the **Investment Climate Facility**, which was launched at the 2006 World Economic Forum in Cape Town. DFID has committed \$30 million (£16 million) and helped to secure a further \$180 million (£98 million) in corporate and donor commitments, which will be used to strengthen Africa's business environment.
- DFID led in establishing the **Infrastructure Consortium for Africa**, which is now fully operational. In the first nine months, consortium members agreed funding for 11 regional infrastructure projects totalling \$765 million (£416 million).
- In 2006, DFID was the leading donor for **new UN Common Humanitarian Funds** in Sudan and Democratic Republic of Congo, through which donors' funds are pooled to strengthen the UN and international response to humanitarian crises.

Asia

Asia is the most diverse developing region in the world. Recent years have witnessed rapid – but uneven – economic growth and Asia now makes up one-third of the world's economy. But, typically, growth has gone hand in hand with rising inequality, uneven development and increasing numbers of urban poor and migrants as well as continued isolation for rural communities. Despite regional economic progress, two-thirds of the world's poor live in Asia. Sustainable and significant improvements in the lives of the poor in Asia are therefore key to achieving the MDGs globally.

- **Progress towards the MDGs in Asia is mixed.** Income poverty continues to fall. Progress towards increasing the proportion of people with access to safe drinking water is on target across the region. The MDG target on female primary enrolment will be met in most parts of Asia, yet progress on promoting equality and empowering women is less encouraging.
- DFID announced at the **Asia 2015 Conference** that it expects that **UK bilateral aid to Asia will grow by 25%** between 2005 and 2008.
- DFID signed **ten-year Development Partnership Arrangements** (DPAs) with Afghanistan, Pakistan and Vietnam.
- DFID committed £252 million to India's programme to reduce maternal and infant mortality. **Over one million lives will be saved** each year by the programme, and it is the largest ever contribution by DFID to the health sector.
- In China, a new £27 million DFID programme will help **improve quality and access to education** for over five million disadvantaged children.
- In Pakistan, a DFID-funded programme has provided **clean drinking water for 170,000 people and proper sanitation for 225,000 people.**

Europe, Middle East, North Africa and the Americas

These regions have made good progress in reducing poverty over the last 20 years, but more than 300 million people still live on less than \$2 per day. Most of the countries are likely to miss one or more of the MDGs. Considerable challenges face the region in reducing poverty. Economic growth is fundamental, but many countries still have ineffective public financial management, a high burden of regulation and poor infrastructure that discourages private sector investment. Many countries are small and vulnerable to economic and natural shocks, particularly in the Caribbean and the Overseas Territories. DFID works closely with the rest of the UK Government to support countries at particular risk of instability or emerging from conflict. HIV/AIDS also threatens to undermine progress.

- **Progress towards the MDG target of reducing poverty by half has been slow across these regions**, although Guyana and Jamaica are among the few developing countries to have already achieved the target. For the other MDGs, progress has been mixed.

- DFID will scale up its programme in the poorest states of **Yemen**, the **Kyrgyz Republic** and **Tajikistan**.
- DFID teams have been flexible and innovative in delivering aid in difficult environments like **Iraq** and the **Occupied Palestinian Territories**.
- **Water supply has doubled to 100,000 poor homes in Basra** through DFID support.
- We helped secure a **successful deal on the new EU support for Pre-Accession and European Neighbourhood countries** to support economic and social development and political reform.
- In November 2006, the UK hosted a donor conference to encourage an **increase in aid for Yemen**. Over £2.6 billion was pledged including substantial support from Arab donors.
- DFID graduated from its successful bilateral programme in **Russia** at the end of March 2007. We will maintain our partnership with Russia on global development issues with DFID staff based in the British Embassy.

Making bilateral aid more effective

Aid is more effective when it supports a country's own development strategy and when the partner government and donors are both accountable for the results that it achieves. The Paris Declaration on Aid Effectiveness, signed in 2005, outlined five partnership commitments to improve aid: ownership by partner countries of the development process; alignment by donors to country priorities, institutions and systems; harmonisation of donor support; management for development results to improve decision making and resource management; and mutual accountability of donors and partner governments for development results.

- DFID met or nearly met all targets in the **Paris Declaration on Aid Effectiveness** baseline survey of 21 countries.
- **Long-term partnership arrangements** were signed in four countries, with work progressing on a further seven countries.
- We completed nine **country programme evaluations**, as well as several key thematic evaluations.
- A joint **evaluation of general budget support** shows this leads to better service delivery, strengthened public financial management and reduced costs to partner governments.
- The DAC peer review of DFID was positive and concluded that **DFID is 'a powerful model for development cooperation'**.
- We are looking at ways DFID can further strengthen the **independence of the evaluation** of its impact.

Making the multilateral system more effective

International organisations play a major role in delivering aid. Three institutions – the European Commission (EC), the World Bank and the United Nations (UN) – already account for around 30% of global aid. In 2005/06, the UK channelled 38% of our aid through multilateral organisations. Much of today's multilateral system – including the UN, the World Bank, the International Monetary Fund (IMF) and the European Union (EU) – was created after the Second World War. These institutions have served the world well, but the challenges we face in the 21st century are very different to those of 60 years ago. The UK government's 2006 White Paper on international development set out the need for an international development system that delivers, amongst other things, increasing levels of development assistance effectively and shows results.

- DFID successfully influenced the World Bank to improve its use of **conditionality** in 2006, further strengthening country ownership.
- Eight countries are piloting the '**One UN**' approach at country level in 2007. The success of these pilots is one of our top priorities.
- DFID has assessed how effective our key multilateral partners are. These **Multilateral Effectiveness Summaries** will be published later in 2007.
- In 2006/07, the UK successfully advocated for the major UN agencies and the World Bank to develop plans to improve their support to **gender equality and women's empowerment**.
- **Central Emergency Response Fund** – the first year since its launch in March 2006 has seen a good response, with over \$399 million (£217 million) being provided to the CERF by 73 donors. The UK is currently the largest contributor, providing £40 million in 2006 and £43 million in 2007. We have pledged to give £40 million a year in 2008 and 2009 which will bring the total UK contribution to £163 million.

Fragile states, conflict and crises

Around one-third of the world's poor live in fragile states, and every year over 300 million people are affected by conflict and natural disasters. Women and girls are disproportionately targeted in armed conflict and often experience rape, sexual violence, forced pregnancy, kidnap or abuse. Conflict and humanitarian crises not only have an immediate toll on lives and property, but they destroy progress towards economic and social development.

- The new **UN Peacebuilding Fund** was launched in October 2006. The UK committed £30 million over three years to the Fund.
- The UK announced that it will no longer use 'dumb' **cluster munitions** and will support efforts to reach an international agreement which bans them altogether.
- DFID, the Foreign and Commonwealth Office (FCO) and Ministry of Defence (MOD) worked together to secure a **UN General Assembly resolution** leading to negotiations on a legally binding **Arms Trade Treaty**.

- In its first year the **Central Emergency Response Fund** was used to meet humanitarian need through 361 projects in 40 countries in Africa, Asia, the Middle East and Latin America.
- DFID committed over £5 million for the **Indonesian earthquake** in assistance for emergency relief supplies. In **Lebanon**, DFID allocated £9.5 million bilaterally, which contributed to humanitarian relief.
- In **Sudan**, DFID allocated £73 million to the relief effort, £49 million of it through the Common Humanitarian Fund supporting the UN's relief programme for Darfur and the South. We are contributing £47 million over three years to two World Bank managed **Multi Donor Trust Funds**.

Environment, climate change and natural resources

Climate change is increasing the incidence and intensity of natural disasters and people living in the poorest countries are the worst hit and least able to cope. Good environmental and natural resources management is imperative to achieving long-term and sustainable reduction in poverty in developing countries. Poor countries depend on natural resources to a much greater extent than richer countries. Poor people are particularly vulnerable to environmental shocks and stresses affecting their access to resources which they need to shape their livelihoods. DFID's main focus is on how sound environmental management can contribute to a reduction in poverty which is sustainable in the long term, as measured by progress towards the Millennium Development Goals (MDGs), in particular MDG 7 on environmental sustainability.

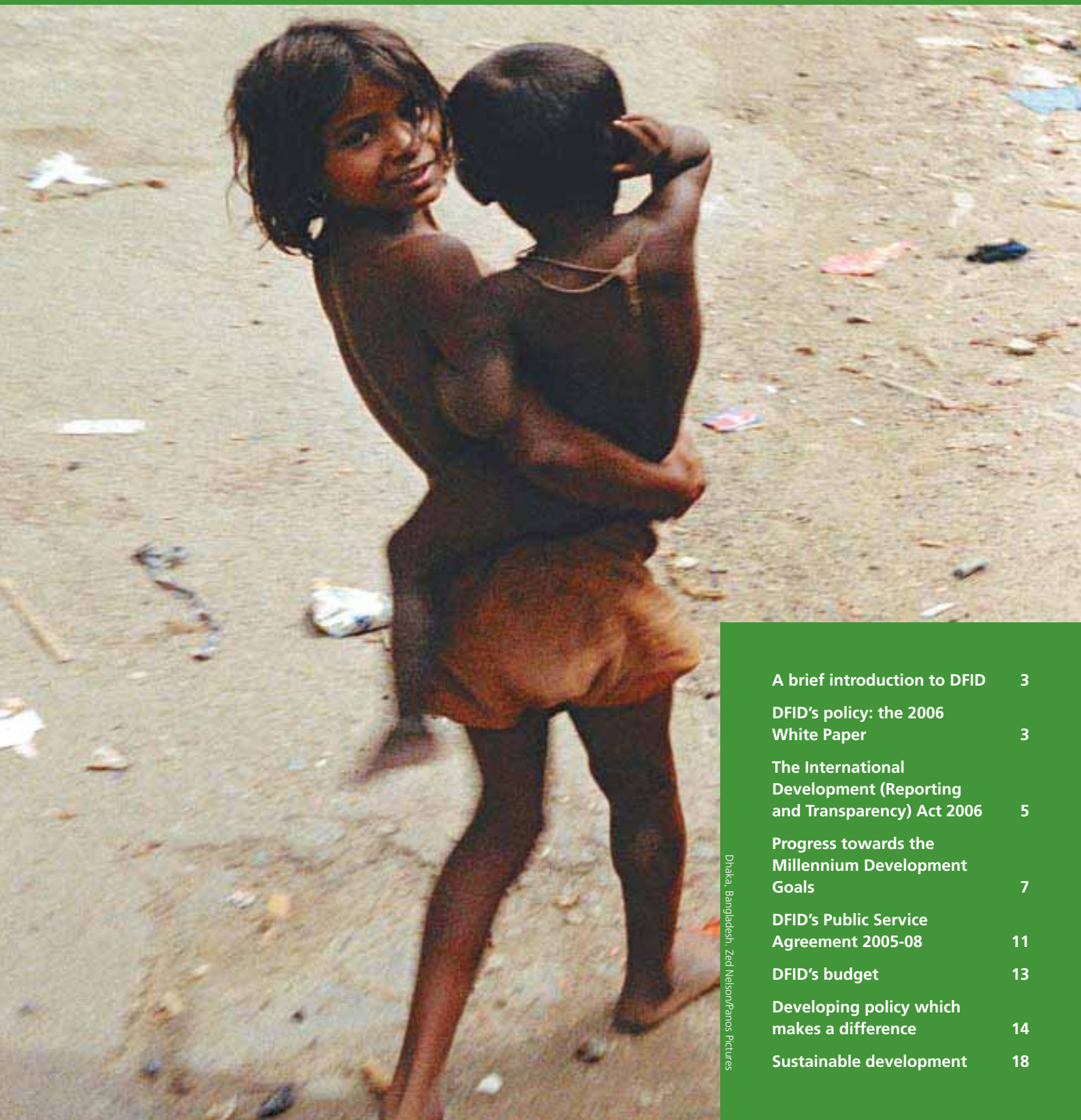
- The UK announced an **£800 million international environment fund** for reducing poverty through environmental management and helping developing countries to respond to climate change. An initial contribution of £50 million will help protect the rainforests of the Congo Basin.
- The UK secured G8 agreement that the World Bank should establish a **Clean Energy Investment Framework** (CEIF), with an increasing focus on stimulating private sector investments.
- DFID contributed to the **Stern Review on the Economics of Climate Change**.
- The **Global Climate Observation System** (GCOS) climate for development initiative in Africa was launched.
- The UK increased financial support for the fourth replenishment of the **Global Environment Facility** (GEF).
- DFID provided support for the **Global Action Plan on Water and Sanitation**.
- **Voluntary Partnership Agreements** (VPAs) between key timber producing countries and the European Union were launched, in collaboration with DEFRA.

Working with others on policies beyond aid

It is important that both the UK government and other developed country governments consider the impact of all policy decisions on developing countries and work in a “joined up” manner to promote international development. The non-aid policies of developed countries can often have a far greater economic and social impact on poor countries and international development than aid. As seen in chapters 7 and 8, climate change, security and conflict policies can have such effects. Trade and migration policies are other examples. International trade rules have a major bearing on the ability of poor countries to earn their way out of poverty, while migration policies have implications both for a country’s workforce and for their income from abroad. The UK government aims to ensure that all of its policies support, or at least do no harm to, sustainable development and poverty reduction in poor countries. DFID works closely with other government departments, including on PSA targets.

- The first bonds for the **International Finance Facility for Immunisation** were issued in 2006. They raised £255 million for immunisation in developing countries by the end of 2006.
- The **International Drug Purchase Facility (UNITAID)**, hosted by the World Health Organization, was launched in 2006 and will fund drugs for Aids, TB and malaria. The UK played an active role in the establishment of the facility and is one of the main contributors to its financing, providing £15 million in 2007.
- In line with the **increased effort to combat corruption** both in the UK and internationally, the UK has recently returned to Nigeria £1.8 million recovered from two former state governors who had embezzled the funds from state finances.
- We secured the support of a number of donors for an **Advance Market Commitment** to facilitate the production and marketing of vaccines vital to public health in developing countries.
- In 2006, DFID worked bilaterally as well as through the **Multilateral Debt Relief Initiative** and the **Debt Sustainability Framework** to ensure that developing countries’ debt remains sustainable.
- The UK is pushing, through the Doha Development Agenda, for a fairer trade system through **ending all forms of export subsidy and substantial reductions in trade-distorting support and agricultural tariffs**.

Introduction



Dhaka, Bangladesh. Zed Nelson/Panos Pictures

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Introduction



“The new White Paper on Eliminating World Poverty sets out how the UK will work with others to deliver on the promises we made last year. This will need an effort right across Government, to put our pledges into practice, to promote better governance across the world, to tackle the threat of climate change, and to create an international development system that is fit for purpose.”

Tony Blair in the foreword to the 2006 White Paper

Highlights

- The UK government’s third **White Paper** on international development, *Making Governance Work for the Poor*, was published. We committed to spending 50% of our bilateral funds on four essential public services – education; health; water and sanitation.
- DFID’s bilateral country and regional **programmes in Africa exceeded £1 billion** for the first time in 2006/07.
- DFID announced at the **Asia 2015 Conference** that it expects that **UK bilateral aid to Asia will grow by 25%** between 2005 and 2008.
- DFID signed **ten-year education plans** and Development Partnership Arrangements with Mozambique, Ghana, Afghanistan, Pakistan and Vietnam. This will help increase our global support to education over the next 10 years to **£8.5 billion**.
- The **International Finance Facility for Immunisation** was launched to help save the lives of five million children over the next decade.
- For **22 countries**, every single penny of World Bank, IMF and African Development Bank **debt has been written off**. With this debt burden lifted, the Zambian government has (with some additional money from DFID) introduced free health care in rural areas.
- A new **Overseas Corruption Unit** was set up in November 2006, bringing together the Metropolitan Police’s Proceeds of Crime Unit and City of London Police. The Proceeds of Crime Unit has so far restrained £34.6 million of corrupt proceeds laundered through the UK’s financial system.

- We are setting up a new £100 million **Governance and Transparency Fund** to support civil society, free media, parliamentarians and trade unions in their efforts to hold governments to account.
- We secured the support of a number of donors for an **Advance Market Commitment** to facilitate the production and marketing of vaccines vital to public health in developing countries.

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). **Our Public Service Agreement** (PSA) 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 2006 to March 2007. It was a year for the UK, and the rest of the world, to begin work to make good on the promises made in 2005 at the G8 Summit in Gleneagles, under the UK's Presidency of the EU and through the Commission for Africa. To do this, the UK published its third White Paper on international development, which sets out how we intend to deliver on our commitments and respond to the big challenges for international development.

DFID's policy: the 2006 White Paper

- 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.
- 1.5** 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. The key commitments of the White Paper are set out in Box 1.1.
- 1.6** Implementation of the White Paper is now well underway. Significant developments to date are highlighted throughout this report.

Box 1.1: White Paper commitments

Over the next five years, the UK will...

...deliver our promises...

1. Fulfil the commitments we made in 2005, and work through the G8, United Nations, and European Union to ensure that our partners do the same.
2. Increase our development budget to 0.7% of gross national income (GNI) by 2013 and, working with others, press ahead with innovative financing mechanisms like the International Finance Facility and an Air Solidarity Levy
3. Concentrate our development assistance on countries with the largest numbers of poor people, particularly in sub-Saharan Africa and South Asia; and on fragile states, especially those vulnerable to conflict.
4. Make sure that our wider policies, as well as aid, support development; and work with the European Union, G8 and others, including large developing countries such as China, India and South Africa, to create an international environment that promotes development.
5. Double our funding for science and technology research, including efforts to find better drugs, and new technologies for water treatment, agriculture and to manage climate change.

...help to build states that work for poor people...

6. Put support for good governance at the centre of what we do, focusing on state capability, responsiveness and accountability, working in particular with citizens, civil society groups, parliamentarians and the media. Adopt a new 'quality of governance' assessment to guide the way in which we give UK aid, and launch a new £100 million Governance and Transparency Fund.
7. Tackle corruption; follow up the Extractive Industries Transparency Initiative with further steps to bring greater transparency into public revenues and procurement; and work internationally to tackle bribery, corruption and money laundering.
8. Decide how to provide UK aid based on partner countries' commitment to reduce poverty, uphold human rights and international obligations, improve financial management, promote good governance and transparency, and fight corruption.

...help people have security, incomes, and public services...

9. Work 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.
10. Promote 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.
11. Commit at least half of all future UK direct support for developing countries to public services, to get children into school, improve healthcare, fight HIV and AIDS, provide more clean water and sanitation, and offer social protection; and agree ten-year commitments with developing countries to do this.
12. Seek to make sure that growth is equitable, and that natural resources are used sustainably.

...work internationally to tackle climate change...

13. Work 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.
14. Work 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.

...and create an international system fit for the 21st century.

15. Work with others, and use our resources and influence, to push for change in the international system. This means: reform of the 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.
16. Work more closely with European partners to promote development.
17. Push for the OECD-DAC to monitor and hold donors to account on their development commitments, and to work more closely with new non-OECD donors such as India and China.

The International Development (Reporting and Transparency) Act 2006

- 1.7** 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) by 2013, and the effectiveness and transparency of aid.
- 1.8** To respond to the requirements of the Act, DFID has updated the structure and scope of this report.

Box 1.2: Response to the 2006 Act

Chapter One

- 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.

Chapters 2 – 4

- Effectiveness in pursuing MDGs 1 – 7 of UK bilateral aid to not fewer than 20 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;
 - ensuring 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 9

- 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.

Progress towards the Millennium Development Goals

- 1.9** DFID's aim is the **elimination 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 1.3: 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 and 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

- 1.10** Progress towards the Millennium Development Goals has been significant since 1990 but unequal across the world. China has made huge strides towards many of the goals, although child mortality and combating HIV and other diseases remain a challenge. India has also made recent progress in combating poverty. However, progress is lagging against 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 a major threat to achieving the MDGs. Roughly \$10–20 billion (£5.4 – 10.9 billion) of annual ODA is exposed to climate risks.¹ 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 8.
- 1.11** 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. DFID's new **Gender Action Plan**, which is covered throughout this report, will directly address this issue.

¹ All \$ and € conversion to GBP in this report is based on the official OECD-DAC exchange rate for 2006 (\$1 = £0.5434 = €0.7967). Conversion from all other currency to GBP is based on present exchange rates in March 2007.

Box 1.4 Gender equality

DFID is committed to promoting gender equality and women's empowerment, a theme which runs through this report. The White Paper commits us to giving greater priority to this in every aspect of our development assistance. We have therefore developed and launched a Gender Equality Action Plan that will ensure that gender is at the heart of everything we do.



Sven Torfinn/Panos Pictures

Masai women queue up to vote in Kajado district, Nairobi, Kenya

The Gender Equality Action Plan builds on our success in promoting gender equality in areas such as education and health, where our work has already made a real difference in improving the health of mothers and getting girls into school. For example, DFID provided £26 million in support to a three-year girls' education programme in Nigeria which increased enrolment by up to a quarter in the six states in which it operates. We also support Panzi hospital in the Democratic Republic of Congo, which is building a special wing to treat women with fistula.

Under the Gender Equality Action Plan, we will take on new challenges by more strongly integrating gender equality into work in other areas such as climate change, governance, migration and economic growth – all areas where gender equality is vitally important but where the issues are sometimes less visible. For example, in Pakistan, DFID is supporting an £18 million programme that will examine the opportunities for women to get involved with local government and to help set local development priorities. We will work closely with partner governments and civil society partners to ensure a stronger focus on gender equality in their programmes and help partner governments to get the information they need to track progress in improving the lives of women and girls.

A key element of DFID's policy work is to provide evidence and guidance on the importance of gender equality to poverty reduction, meeting the MDGs, economic growth and employment. As part of this, we are currently preparing a practice paper on gender and growth and undertaking gender and growth assessments with the International Finance Corporation (IFC) in a number of African and Asian countries, to understand better how poor women can be empowered to participate in and benefit from growth.

We will also be providing clearer guidance, developing innovative training and development for our own staff, and putting a stronger emphasis on sharing good practice. This will help ensure that DFID's country programmes can make a real difference to women's empowerment. We will be more rigorous in measuring our performance on gender equality, and will be encouraging others to follow suit. We will also be working closely with our international colleagues in the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC), with UN colleagues and those from international finance institutions to ensure that their own policy and programmes have greater impact in tackling gender inequality.

1.12 Box 1.5 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), Asia, (chapter 3), and Europe, Central Asia, Latin America, the Caribbean and the Middle East (chapter 4).

Box 1.5: MDG status and the UK’s contribution to the MDGs

MDG 1: Eradicate extreme poverty and hunger: Globally, poverty rates, led by Asia, are falling. However, poverty rates have barely changed in sub-Saharan Africa, where millions more people have sunk deep into poverty and where the poor are getting poorer.

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.

MDG 2: Achieve universal primary education: Whilst progress has been made globally over the past decade, the current pace is too slow to achieve universal primary education (UPE) by 2015.

UK contribution to MDG 2: The UK will spend £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.

MDG 3: Promote gender equality and empower women: The gender gap is closing – albeit slowly – in primary school enrolment in the developing world. There has been substantial progress in South Asia. However, progress towards gender parity in education is not on track, and 94 countries did not meet the 2005 gender parity target.

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.

MDG 4: Reduce child mortality: Death rates in under-5s have decreased but more than 10 million infants die before their fifth birthday, almost 8 million before their first. Reaching MDG 4 will not be achieved without significant improvements in reproductive and maternal health.

UK contribution to MDG 4: DFID promotes child health through its support for health services. For example, a programme in Kenya will provide insecticide-treated bed nets to over 75% of the population by 2007/08, allowing them to sleep safely and free from the threat of malaria. It is estimated that the lives of 167,000 children in Kenya will be saved as a result. DFID is also funding the UK’s share of the International Finance Facility for Immunisation (IFFIm) which aims to disburse \$4 billion (£2.17 billion) over the next 10 years and, it is estimated, will save five million children before 2015.

MDG 5: Improve maternal health: Some progress has been made in reducing maternal deaths in the world's developing regions, particularly in Asia. In some African countries, however, maternal mortality is increasing and more needs to be done.

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. This has helped, in India, to increase the proportion of births attended by a skilled professional from 43% in 2000 to 48% in 2005-06.

MDG 6: Combat HIV/AIDS, malaria and other diseases: There is an incredible challenge ahead to halt and reverse the incidence of HIV/AIDS, malaria, tuberculosis and other diseases. AIDS has become the leading cause of premature death in sub-Saharan Africa. Malaria and tuberculosis together kill nearly as many people each year as AIDS.

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 country programmes provide substantial investment to strengthen health services with specific programmes against these three diseases.

MDG 7: Ensure environmental sustainability: Most countries have committed to the principles of sustainable development. But sufficient progress has not been made to reverse the loss of the world's environmental resources. Access to safe drinking water has increased but half the developing world still lack toilets or other forms of basic sanitation.

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. The UK will double assistance to water and sanitation in Africa to £95 million a year by 2007/08, and more than double funding again to £200 million a year by 2010/11.

MDG 8: Develop a global partnership for development: The government used the UK's G8 Presidency and the Gleneagles summit to broker an agreement on the Multilateral Debt Relief Initiative to write-off all debts owed to the three largest international institutions for the most heavily indebted poor countries. There has been less progress on trade, and in particular on level of access to agricultural market. The UK wants to ensure that countries currently marginalised from world trade have their concerns addressed.

DFID's Public Service Agreement 2005-08

- 1.13** DFID has a **Public Service Agreement** (PSA) which sets out the objectives and targets by which we measure our progress and which we agree with 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. These are set out in box 1.6.

Box 1.6: 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 DTI)
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 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 This report contains the UN’s assessment of progress towards the MDGs as well as DFID’s assessment of progress towards our PSA targets. The PSA targets, while more modest, were set in close alignment with the MDGs. The main differences between the two assessments are the geographical coverage and the methodology used for determining the traffic light colour. The PSA targets in Africa and Asia are based on sets of just 16 and 9 focus countries respectively, where DFID’s bilateral programme is concentrated, and progress is assessed within DFID. The MDG assessment covers all countries of the world (with regional classification as listed in annex 3) and is produced by the UN Statistics Division in consultation with the relevant agencies.

1.15 The UN assessment constitutes the official assessment of progress towards the MDGs at a regional level. The PSA assessment is built to be aligned more closely with DFID’s efforts. PSA countries were selected to give a good representation and coverage of our work. These are:



- Africa: DRC, Ethiopia, Ghana, Kenya, Lesotho, Malawi, Mozambique, Sierra Leone, South Africa, Nigeria, Rwanda, Sudan, Tanzania, Uganda, Zambia and Zimbabwe.
- Asia: Afghanistan, Bangladesh, Cambodia, China, India, Indonesia, Nepal, Pakistan and Vietnam.

1.16 The UN’s MDG traffic light assessment uses four colours to show progress. These are “Dark Green” – target met, “Light Green” – almost met/on target, “Orange” – some/negligible progress, insufficient to meet target and “Red” – no change or negative progress (and also “Pink” when data is insufficient to judge progress). This can be found in Annex 3. DFID’s PSA traffic light assessment is based on three colours. These are “Green” – met/ahead/on course, “Amber” – partly met/broadly on course/minor slippage and “Red” – not met/not on course/major slippage. See Annex 4 for more detail.

1.17 Given these differences in geographical coverage as well as methodology, the traffic light results for the MDGs and PSAs may differ. For example, we judge that we are on course to meet the targets on primary school enrolment and under-5 mortality rates in our PSA countries in Africa, yet progress on these two areas across sub-Saharan Africa as a whole is insufficient to meet the MDGs.

1.18 Table 1.1 provides a summary of DFID’s progress towards its PSA. A full report of progress is given in annex 4. The first box of each assessment 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 with minor slippage, but we estimate that progress is likely in the future, an amber box will be followed by a green one.

Table 1.1: DFID’s Public Service Agreement 2005-08 progress at a glance

Target	Current progress	Likely progress by 2008
1: Progress towards the Millennium Development Goals in 16 key countries in Africa		

<p>2: Progress towards the Millennium Development Goals in 9 key countries in Asia</p>	
<p>3: Improved effectiveness of the multilateral system</p>	
<p>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].</p> <p>There is widely perceived to be a window of opportunity to reach a breakthrough in the Doha negotiations by July 2007. During negotiations, we have built up a high degree of credibility with opposite numbers in the EU and internationally. Progress has been most promising on aid for trade, to help developing countries invest in their capacity to trade and adjust to new international trading conditions (including as a result of reforms to the EU's banana and sugar regimes, which will have a significant impact on many ACP countries). The UK has taken a lead role in helping build political commitment for increased aid for trade, and has helped gain international agreement that the increases should go ahead regardless of progress in Doha negotiations. There are also indications, which are increasingly positive. For example, on Economic Partnership Agreements, the European Commission is being increasingly flexible and technical work is under way in all regions to meet the deadline at the end of the year.</p>	
<p>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]</p>	
<p>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</p>	

DFID's budget

1.19 DFID's **budget for 2006/07 was £5.017 billion.** This total includes both programme and administration costs. Following the outcome of the 2004 government-wide Spending Review, our budget will increase to more than £5.3 billion in 2007/08 compared with £3.8 billion in 2004/05 – an average annual increase of 9.2% in real terms over the three years of the spending review period. This follows the 8.1% real terms increase in DFID's budget announced in the 2002 spending review and the 6.2% increase in the 2000 spending review. DFID's budget for 2008/09 to 2011/12 will be set during the government-wide **Comprehensive Spending Review in 2007.**

1.20 The UK is **on track to meet the timetable for the UN target of spending 0.7% of gross national income (GNI) on official development assistance (ODA) by 2013**. Total net ODA from the UK to developing countries is estimated as £6.9 billion in 2006, which represents 0.52% of GNI. This was a £0.9 billion increase over total ODA expenditure in 2005 of £5.9 billion. A large part of this increase was due to debt relief of £1.89 billion. Debt relief to Nigeria of £1.65 billion accounted for most of this.

Developing policy which makes a difference

1.21 The fifth objective in DFID's Public Service Agreement is to "develop, support and promote policy that assists poverty reduction and the achievement of the Millennium Development Goals".

Good policy can help reduce poverty by:

- ensuring that the UK government's international policies are supportive of poverty reduction in developing countries;
- improving the effectiveness of DFID's bilateral aid, delivered through its country programmes; and
- improving the effectiveness of the development agencies which make up the international system.

During 2006/07, we have continued to improve the way in which we develop policy to ensure that our policy work:

- helps us to meet the Millennium Development Goals (MDGs);
- builds on DFID's strengths and areas of specific expertise, and avoids duplicating work done by other donors;
- is informed by the latest research evidence and developed in close consultation both within DFID and with external stakeholders;
- is implemented effectively, based on an implementation plan against which progress is monitored; and
- is a useful basis for communication with developing countries and other development agencies, as well as citizens in the UK and elsewhere who are interested in DFID's work.

1.22 DFID's policy work brings together the experience of country offices around the world with the most up to date research findings and the evolving policies of other development agencies. Internal and external consultation helps to ensure that policy work is informed by a variety of different perspectives. Our policies are set out in speeches and statements by ministers and in publications available on our website.

Policy and research

1.23 DFID's research programme aims to generate new technologies and policies which will help to achieve the Millennium Development Goals. It provides a vital basis for DFID's own policy work, international influencing and country programmes. During 2006/07, we have continued to deliver DFID's Research Strategy for 2004-07. Highlights include:

- **Climate change:** Our Adaptation in Africa programme will bring scientists and governments together to share expertise and develop policies to tackle extreme weather and its effect on Africa's poor. All of the first wave of 16 projects are African-led.
- **Effective states:** We are funding new research on power, politics and the state to support delivery of the White Paper commitments. We have also commissioned two Research Programme Consortia on women's empowerment.
- **Sustainable agriculture:** Our strategy for research on sustainable agriculture was launched by the Secretary of State in March 2006. As part of this, we have commissioned *Research Into Use*, which will promote uptake of existing research and measure its impact. We have also called for research proposals on sustainable agriculture through our joint programme with the Biotechnology and Biological Sciences Research Council (BBSRC).
- **Human development:** We have commissioned 14 Research Programme Consortia, which bring together northern and southern research expertise to produce high quality policy and operations research in health, HIV/AIDS and education.

Areas where research has made a difference:

- New research has developed a low-cost rapid test to detect drug resistant tuberculosis. Detection of resistance to the major anti-tuberculosis drug takes 48 hours instead of 2-4 weeks. This will help to reduce the spread of drug resistant disease and free-up valuable resources previously tied into lengthy tests. It will also be available in countries which do not have access to expensive molecular testing equipment (London School of Hygiene and Tropical Medicine).
- Insecticide-treated bed-nets have been shown by research to reduce maternal malaria, increase average child birth weight and reduce foetal loss (abortions/stillbirth). The findings will help to prioritise the use of treated bed-nets for pregnant women in Africa, reducing abortions and stillbirths (Makerere University, Uganda, University of Liverpool, Liverpool School of Tropical Medicine).
- Treating women infected with both herpes viruses and HIV viruses can reduce the amount of HIV in the blood and in genital secretions. The research provides new ways to help prevent HIV transmission and for the management of patients infected by both viruses (London School of Hygiene and Tropical Medicine).
- Research on maize in sub-Saharan Africa has helped farmers increase their harvest by 20-50%. The research developed maize resistant to drought with the potential to help millions of families in developing countries who grow and eat maize. The research won a major international prize for outstanding contribution to increasing agricultural productivity and reducing hunger: the King Baudouin Prize (The International Maize and Wheat Improvement Centre [CIMMYT]).

- Prize-winning research in India has helped cotton farmers reduce their pesticide use and increase their crop yield and their profits. The research showed that it is better to teach farmers to recognise the different insects on their crops and confine spraying insecticides to critical moments when it will make a real difference. The project was so successful, increasing overall profitability from cotton farming by 75%, that its recommendations are now central to the way the Indian Government advises farmers on cotton insecticide use (Central Institute for Cotton Research, Nagpur, India, Natural Resources Institute, UK).
- New research this year demonstrated that 34% of newborn deaths can be prevented simply by breastfeeding within the first hour of birth. Clear evidence showed that babies fed on breast milk are up to 4 times less likely to suffer from malnutrition and have fewer illnesses than babies who are fed on other foods. Nearly 11 million under-fives are dying every year and over half these children die within their first seven days. This research has the potential to significantly reduce these figures (London School of Hygiene and Tropical Medicine).

1.24 During 2006 we also launched the Research4Development web portal (www.research4development.info/). This makes the findings of DFID's research available to individuals and organisations interested in development. The website is now receiving around 9,600 hits per month.

Growth and infrastructure policy

DFID recognises the need for macroeconomic stability, a better investment climate and investment in infrastructure and agriculture. It also recognises the fundamental importance of trade for reducing poverty. The importance of responsible and sustainable use of natural resources is also a central theme. Chapter 5 of the White Paper sets out DFID's approach.

DFID is very active in each of these areas. We are currently preparing a policy paper which explores how DFID can increase its efforts on growth, with a particular focus on infrastructure and Africa, over the coming years. It seeks to build an overarching strategic approach for growth. It also identifies areas where DFID has an opportunity to contribute to the development of infrastructure. This work will recommend specific measures on how DFID can strengthen our future work on growth and infrastructure at a country level. We are also updating policy on water and sanitation, including a new paper on water resources management. This will focus on how DFID can support governments to improve management to help sustainable and pro-poor growth where benefits are shared by all. This policy work will be complemented by future papers on private sector development and an update on the agriculture policy paper.

**Road building in Mekelet Village,
Central Highlands, Ethiopia**



Crispin Hughes/Panos Pictures

Health policy

In 2000 we produced a strategy paper, *Better Health for Poor People*, which set out how DFID will contribute to achieving the MDGs relating to health. The priorities set in 2000 remain relevant today; these are:

1. to address priority health problems of the poor-access to care;
2. to invest in strong health systems;
3. to provide a more effective international response to AIDS;
4. to create a social political and physical environment to improve health.



Sven Torfin/Panos Pictures

Loading a UN helicopter with vaccines bound for eastern Congo

To achieve this there has been a DFID investment of £2 billion in health systems since 1997 and the AIDS spending target of £1.5 billion is a major investment in fighting the disease. DFID was involved in the development of the Global Fund for Aids, Tuberculosis and Malaria (GFATM) and other global health partnerships. Since 1998, DFID has provided £48.5 million for Roll Back Malaria and a further £9 million for STOP TB since 1993. There has been a major country investment in Africa through sector wide approaches and UK support of \$570m (£310 million) for the global polio eradication effort over the period 1988-2006 has helped reduce the number of cases of polio from 350,000 to 2,000 and the number of endemic countries from 125 to 4. Support to national immunisation programmes, including through support to the Global Alliance for Vaccines and Immunisation (GAVI), UNICEF and WHO has led to a 60% reduction in child deaths since 1999.

We are now updating the strategy to take account of recent research and policy developments.

The new paper will set out the principles and priorities that will guide future UK efforts in helping to improve the health of the poor. It builds upon an analysis of the health challenges facing developing countries and the recognition that they can best be addressed within the context of countries' overall poverty reduction strategies.

The MDGs have provided greater focus on what needs to be done to improve global health. There has been an increase in resource flows to countries as health has become central to discussions in the UN General Assembly and G8. A range of innovative financing instruments are providing the funds to support countries to improve the health of their populations. These include the Global Fund to Fight AIDS, TB and Malaria (GFATM), the GAVI Alliance, UNITAID, advance market commitments (AMCs) and the International Finance Facility for Immunisation (IFFIm). This increased effort has contributed to the near eradication of polio and a reduction of measles deaths by 60% since 1999. There has been large-scale uptake of new and under-used technologies, including vaccines, insecticide-treated bed nets and new drugs to treat malaria and AIDS. The latter has been transformed for many from a death sentence into a chronic treatable condition. Yet as long standing health issues are addressed, new threats emerge including the possibility of pandemic flu, extreme drug-resistant tuberculosis and the increasing burden of non-communicable diseases in poor countries.

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.

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 has developed a Sustainable Procurement Strategy and 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 sustainability.
Climate change and energy	Help developing countries adapt to climate change	DFID is piloting a programme to help countries ‘climate proof’ investments in development. Work in Bangladesh is underway. Similar programmes will start in India and China (where we will work with the World Bank) in early 2007. The goal is to have climate risk assessment procedures in DFID in place by 2008. DFID has also initiated a review of water resources management as a central component of our approach to climate change adaptation. Infrastructure and institutional capacity to deal with climate variability will support risk management in the future.
Natural resource protection and environmental enhancement	Support strengthening of the Global Environment Facility	The Global Environment Facility (GEF) has been successfully replenished in its fourth round to \$3.13 billion (£1.7 billion). The (GEF) provides grants and concessional funds to help developing countries fund projects and programmes relating to the international conventions on biodiversity, climate change, persistent organic pollutants and desertification. GEF also supports projects that protect international waters and the ozone layer. Since 1991, the GEF has provided \$4.5 billion (£2.4 billion) in grants and generated \$14.5 billion (£7.9 billion) in co-financing. The UK committed £140 million over the next four years, representing just over 11% of the total funds. This is an increase from 6.9% of total funds in the third replenishment round.
	Support environment projects in UK Overseas Territories	DFID and the Foreign and Commonwealth Office are supporting the Overseas Territories Environment Programme to support the implementation of the Environment Charters, and environmental management more generally, in the UK Overseas Territories. DFID is funding 25 environment projects in six of the UK’s Overseas Territories and three multi-territory projects.

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 actively engages 12 Chinese and 8 UK ministries or agencies, as well as numerous civil society and academic bodies. DFID China is providing guidance for building the capacity of environmental non-governmental organisations and training for the Party School (the training centre for high-ranking members of the Communist Party) in governance for sustainable development.
	Increase support to countries implementing the Extractives Industries Transparency Initiative	DFID is committed to increasing support for the Extractive Industries Transparency Initiative (EITI). Twenty countries are now implementing EITI and two have completed at least one round of reporting. An International Advisory Group has been established. A mining workstream is underway to develop mining-specific guidance.

The UK Sustainable Development Strategy *Securing the Future* was published in March 2005. This sets out the UK’s objective “to support multilateral and national institutions that can ensure effective integration of social, environmental and economic objectives to deliver sustainable development, especially for the poorest members of society”.

DFID plays a lead role in taking this forward. DFID takes an integrated approach – balancing economic, social and environmental aspects of what we do in developing countries according to the priorities and circumstances of each country. We recognise that these aspects need to be considered together and as early as possible in the planning process.

The UK Strategy sets out *five guiding principles* for sustainable development, to underpin all policy making. These are:

- Living within environmental limits
- Ensuring a strong, healthy and just society
- Achieving a sustainable economy
- Promoting good governance
- Using sound science responsibly

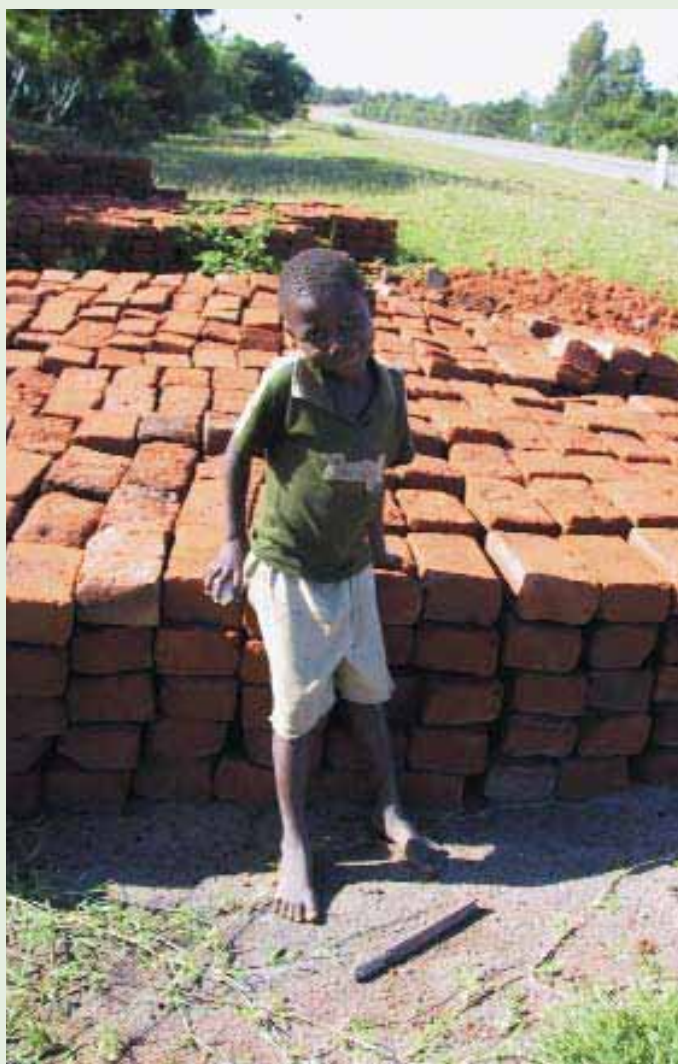
The principles of sustainable development are reflected in the MDGs and in DFID’s policy making. For example, in his foreword to the **2006 White Paper**, the Secretary of State for International Development says that the most important challenge is to manage our world sustainably and fairly. The White Paper recognises that:

- *Reducing poverty sustainably* means ensuring that today’s development successes do not become tomorrow’s environmental failures. Similarly, environmental objectives support progress in other vital areas such as health, education and economic growth. The UK will help developing countries identify and respond to environmental opportunities and risks.

- **Education, health, water and sanitation and social protection** are essential public services for improving progress towards the MDGs. The UK will increase spending on these public services to at least half of the UK's direct support to developing countries.
- **Lasting economic growth** is the most powerful means of reducing poverty. But if the natural resources upon which many poor countries depend are not exploited sustainably and efficiently, it could undermine future growth. Multilateral and bilateral donors can support growth and macro-economic stability by providing advice and financial support to countries, and by co-operating closely with the international and local private sector.
- **Good governance** is essential to reduce poverty. The UK will use its aid to support good governance, and help improve the capability of state institutions and strengthen accountability to the poor.
- **Using science in the fight against poverty.** Every developing country needs to know how climate change might affect poverty and economic growth, what it will cost, and the options for reducing the risk. The UK will significantly increase its support for research on identifying and adapting to the impacts of climate change.

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. We are implementing a comprehensive Environmental Management System in our two UK offices and plan to extend this to our overseas offices.



High quality bricks for low-cost housing using sustainable methods. Mwanza Rural Housing Programme, Tanzania

DFID's sustainable operations

DFID was ranked fourth out of 21 departments in the Sustainable Development in Government (SDiG) report published in March 2007, an improvement from fifth in the previous year. DFID is the only department to be in the top five both years.

- DFID has already met the government-wide targets on water usage, waste reduction and recycling.
- DFID is on track to become carbon-neutral by 2012 in line with the UK central government-wide target. In 2007 we have signed up to the voluntary Government Carbon Offset Fund and we have also committed to reduce total air miles flown by five percent year-on-year.
- DFID is currently pursuing innovative ways to reduce the carbon emissions resulting from our activities and we are working closely with the Carbon Trust.

DFID is also committed to achieving the new long-term sustainable operations (SOG) targets launched by the Prime Minister in June 2006. See chapter 10, paragraphs 10.51 to 10.55, for more on how we are making DFID greener.

DFID's sustainable development action plan

DFID has published an action plan for taking forward the international commitments in *Securing the Future*. This sets out how we integrate economic, social and environmental aspects in our planning and programme activities. For example, DFID uses economic appraisals, poverty and social impact assessments and environmental screening. The action plan also sets out internal and interdepartmental mechanisms for delivering our sustainable development commitments. We will publish a comprehensive report of progress against the action plan on the DFID website in the first half of 2007.

DFID's Policy and Research Division has a Sustainable Development Group, which helps to ensure that the environment and natural resources are used and managed in a way that promotes sustainable poverty reduction. This includes enabling poor people to share the benefits of natural resources, protecting them from the effects of environmental damage, and promoting good environmental management for sustainable economic growth.

DFID works with other government departments on a number of these issues, through bodies such as the Sustainable Development Programme Board and Policy Working Group. We also actively engage in international processes such as the UN Commission on Sustainable Development, which reviews progress against international sustainable development targets and promotes sharing of experiences between countries and major stakeholder groups.

DFID's Sustainable Development Action Plan is available at www.dfid.gov.uk

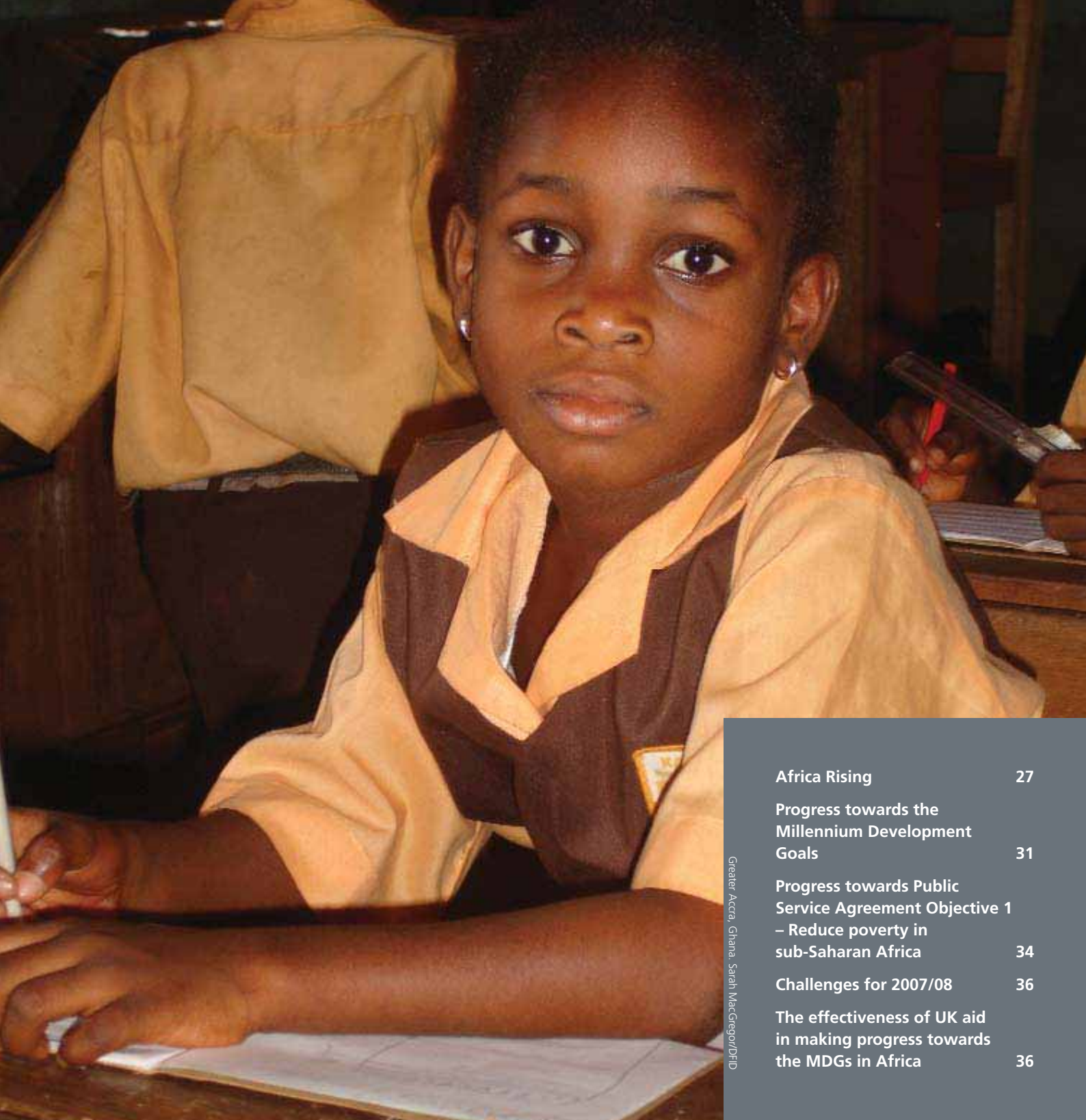


B. Bhagat - UNEP/Still Pictures

Deforestation, India. Felling the last tree at brickworks where wood is burnt to bake the bricks

Reducing poverty in Africa

2



Greater Accra, Ghana. Sarah MacGregor/DfID

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DFID in sub-Saharan Africa (2006/07)



Reducing poverty in Africa

2

“On Africa I have learnt two key lessons.... Firstly, that everything is connected: there is no single solution. There is no point in providing healthcare if there is no clean water. People with an education also want skilled jobs. There is no point in having resources like oil if it only fuels corruption. So we need a comprehensive approach – that is the first thing. And secondly, I have seen that if there is real commitment by African governments to progress, then their people are capable of doing the rest.”

Prime Minister Tony Blair, 26 June 2006

Highlights

- **Economic growth** in sub-Saharan Africa has been above the world average for the fifth year in a row.
- DFID's bilateral country and regional **programmes in Africa exceeded one billion pounds** for the first time in 2006/07, with £1.25 billion planned for 2007/08.
- DFID announced **£150 million for education in Mozambique** up to 2015, which should lead to one million more children completing primary education by 2009 alone and train up to 10,000 new teachers per year; and **£105 million** for Ghana over 10 years to help enable all girls and boys to complete a full course of primary education.
- In October 2006, the **Africa Partnership Forum** presented its first progress reports on delivery of the 2005 Gleneagles commitments. The reports, prepared by the DFID-funded Secretariat, focused on HIV/AIDS, infrastructure and agriculture, and highlighted the need for further sustained action.
- DFID played a key role in establishing the **Investment Climate Facility**, which was launched at the 2006 World Economic Forum in Cape Town. DFID has committed \$30 million (£16.3 million) and helped to secure a further \$180 million (£97.8 million) in corporate and donor commitments, which will be used to strengthen Africa's business environment.

- DFID led in establishing the **Infrastructure Consortium for Africa**, which is now fully operational. In the first nine months, consortium members agreed funding for 11 regional infrastructure projects totalling \$765 million (£416 million).
- In 2006, DFID was the leading donor for **new UN Common Humanitarian Funds** in Sudan and Democratic Republic of Congo, through which donors' funds are pooled to strengthen the UN and international response to humanitarian crises.

2.1 Africa is a vast and ethnically diverse continent, rich in culture and natural resources, yet it still has the highest proportion of people living in extreme poverty in the world.

2.2 This chapter assesses how Africa is progressing towards the Millennium Development Goals (MDGs), how DFID is doing on its Public Service Agreement (PSA) targets in Africa, and, in line with the International Development (Reporting and Transparency) Act 2006, the effectiveness of our bilateral aid in our African PSA countries in making progress towards the MDGs.

Box 2.1: China in Africa

China's global re-emergence is having an increasing impact on prospects for development in Africa. In 2006, two-way trade between China and Africa reached \$55.5 billion (£30.2 billion), up 40% on 2005. In the first nine months of 2006, China committed \$12.7 billion (£6.9 billion) for investment in infrastructure in Africa, far more than the rest of the Organisation for Economic Co-operation and Development (OECD) countries combined. China's profile in Africa was significantly raised by the China-Africa Summit in Beijing in November 2006, attended by 48 African Heads of State. At the Summit, China announced it would double aid by 2009, as well as providing concessional credits, cancelling debt for low income countries and expanding market access for African products. These initiatives have been warmly welcomed by Africa and the UK.

The UK is working closely with China so that both our efforts support the African vision of development, especially as articulated by the New Partnership for Africa's Development (NEPAD) and the African Union. We are encouraging the Chinese to join initiatives and groups that aim to co-ordinate and increase the effectiveness of work to meet Africa's priority needs. This includes joining with the UK and others to support country-led poverty reduction strategies, endorsing the principles of the Extractive Industries Transparency Initiative and joining the Infrastructure Consortium for Africa.

In 2006, the UK and China agreed to hold six-monthly senior level talks on international development issues, particularly focused on Africa.



Xinhua Picture Agency

Chinese President Hu Jintao visits a hospital for women and children in Cameroon

Africa Rising

Supporting more rapid and sustainable economic growth in Africa

Many countries in Africa show signs of having turned a corner, with increases in political stability and economic growth. Better economic management by African governments has contributed to an average **sub-Saharan Africa growth rate that has been above the world average for the fifth year in a row**. Fourteen **African** countries had growth rates of over 5% in 2005.

But this growth rate is still short of the 7% or more necessary to help achieve the MDGs¹. Good economic management needs to continue improving, the cost of doing business needs to reduce, and better economic infrastructure, such as roads, is required. The rural economy needs better access to markets so more productive farms and enterprises can provide jobs and market opportunities.

The 2006 White Paper on international development highlighted the UK government's commitment to promote rapid growth through support for private sector development and employment, and investment in infrastructure and agriculture.

Helping business do better

Opportunities for business are improving in many countries.

Doing business reformers

The **Doing Business** survey of 2007 (an annual survey overseen by the World Bank Group) shows that Africa ranks third in reforms out of seven world regions, whereas in the previous two years it lagged behind all other regions.

Tanzania and **Ghana** rank among the top ten performers in the survey. DFID has supported them to cut red tape.

In **Ghana**, clearance time for exports has been reduced by half.

In **Kenya**, a Single Business Permit System reduced the number of approvals needed to operate a small business from over 20 licences to 1, with benefits estimated to be equivalent to 1% of gross domestic product (GDP).

In **Uganda**, DFID supported streamlining of business licensing in Entebbe. Now it takes Ugandan entrepreneurs just 30 minutes to register a business – instead of two days. Four times as many businesses registered in Entebbe in the year after the pilot.

The **Investment Climate Facility** – launched during the 2006 World Economic Forum in Cape Town – has now attracted over \$180 million (£98 million) in corporate and donor commitments, with \$30 million (£16 million) from DFID. Structured along private sector principles, with significant business involvement, its aim is to help African countries create more attractive business environments for investment. Early initiatives include improving the investment climate in Rwanda; streamlining customs procedures; and legislation to make company assets more secure.

1 *Our Common Interest: Report of Commission for Africa (2005)*

Bridging Africa's infrastructure gap

Infrastructure is a priority for African leaders (see the example from Sudan in the Box below). Transport costs across Africa are unusually high, estimated at twice as much as other regions. At the start of the green revolution India had three times the road density that Africa has now.

Economic infrastructure in post conflict environments

Infrastructure helps countries recover from conflict, allowing people to rebuild their livelihoods and find new opportunities. After more than 20 years of fighting in the region, Southern **Sudan's** very poor roads were an immediate challenge. DFID contributed £10 million over two years to a project to re-open road access. This cleared mines and rehabilitated over 1200 kilometres (746 miles) of roads. Some journey times have been cut from three weeks to five hours.

The **Infrastructure Consortium for Africa** – a Gleneagles G8 commitment – is now fully operational, with a Secretariat hosted by the African Development Bank. Whilst it is too early to see impact on the ground, the level of international support for the Consortium is encouraging. In 2006, Consortium members contributed \$7.7 billion (£4.18 billion) up from \$7 billion (£3.8 billion) in 2005. DFID's work as a consortium member has been instrumental in helping deliver on promises made by the G8 on infrastructure.

Shared growth

In Africa, more productive farmers, fishing communities and small businesses with better access to services and markets will mean more jobs and better incomes for the poor.

Uganda's agriculture sector grew at an average of 3.8% between 1990 and 2004, faster than South Asia. At the same time, the levels of rural poverty almost halved, falling from 58% in 1992 to 31% in 2005/06². This has been backed by better rural services. With DFID support, innovative reforms to privatise delivery of agricultural advisory services have led to greater accountability and cost effectiveness. Households receiving such services have enjoyed 41% higher incomes compared with households not receiving these services.

2 Uganda National Household Survey 2005/2006: Uganda Bureau of Statistics



Mine-cleared road, Juba, Southern Sudan

Andrew Kidd, PASD/DFID

Crop protection in Kenya

With support from DFID's **Crop Protection Programme**, the non-governmental organisation, Farm Input Promotions Africa (FIPS-AFRICA), in collaboration with local mining and fertiliser companies, has helped more than 75,000 Kenyan farmers to triple their yields, reduce production costs and improve food security in the region. Farmers who have adopted the approaches are already reaping the benefits, now harvesting enough maize, beans and vegetables from a small plot to feed their families. Margaret Ndukis, a farmer who has benefited from the project, is delighted with the results: "Before I planted the local variety of bean and harvested one sack, 90 kilos. Now I plant less of KB9 (an improved bean variety) and harvest about two sacks."

Africa still needs a green revolution. African leaders recognise that most countries are under-investing in agriculture. The UK is working with other donors to support the **New Partnership for Africa's Development (NEPAD)** and **regional economic communities** to help them assess whether countries have the right priorities and investments to help boost agricultural growth and address chronic hunger.

Lack of access to resources – such as finance and land – often holds back small businesses from growing and creating more jobs. Four out of five households in some African countries have no bank account. Women face particularly severe barriers in accessing land and productive resources, as well as financial services. The FinMark Trust, with support from DFID, helped develop a new 'Msanzi' basic bank account in **South Africa**. The Trust found out what people needed, and helped banks to see the poor as new, viable customers. Nine other African countries are now also benefiting from the work of FinMark.

Remittances and the poor

Remittances can be a significant source of income for low income families in Africa. In **Ghana** up to half of the income of the poorest households can come from remittances and as much as 10 or 15% of national income. International remittances are an important part of this and www.sendmoneyhome.org, supported by DFID, is helping improve services and reduce transfer costs.

It is difficult for poor people, especially women, to secure land and property. DFID is helping address access to land in a number of countries including **Angola, Ghana, Ethiopia, Kenya, Malawi, Mozambique, Nigeria, Rwanda, South Africa, Tanzania** and **Uganda**.

In **Mozambique**, DFID, along with others, is supporting a Community Land Use Fund to help rural communities register their land rights and negotiate economic benefits from land concessions.

Africa needs a private sector that delivers both commercial and social returns – more jobs and better access to markets and services for the poor. The UK is working with other donors to establish the **African Enterprise Challenge Fund**, to be launched in 2007. This will focus on the financial and

agriculture sectors, helping the private sector to translate improvements in the investment climate into benefits for poor people and small businesses.

Going regional

DFID is increasingly working with regional bodies to help them play an effective role in improving prospects for growth. For example, we are providing support to the Common Market of East and Southern Africa (**COMESA**). This includes trade facilitation – helping set up “One Stop Border Posts” and competition policy to address cartels and other forms of anti-competitive practices that stunt growth and harm consumers, especially poor people and particularly poor women who spend a greater proportion of their incomes on basic household goods.

The **Nile Basin Initiative** is an African-led regional process for sustainable management of the Nile. It is a good example of the importance of taking a regional perspective on water resources management. Good progress is building trust and confidence between basin countries, contributing to regional stability. DFID is one of its main supporters.

Progress towards the Millennium Development Goals

“With 10 years to go to the Millennium Development Goal target date of 2015, current trends will leave most countries in sub-Saharan Africa far short of most targets.”

United Nations Development Programme (UNDP), 2006

2.3 Table 2.1 shows the UN summary of MDG progress. Progress towards every MDG has been insufficient in sub-Saharan Africa. Despite this bleak projection – and the blight of conflict in Darfur and elsewhere – there are grounds for optimism that the next nine years to 2015 will see improved progress. *Africa Rising* (see spread) tells the story – with examples of DFID’s role – of recent successes in achieving faster economic growth. The advance of democracy received a boost with the first fully democratic national elections in the Democratic Republic of Congo (DRC) since independence, for which the UK was the largest bilateral donor, contributing over £35 million since 2004. However, the tragic conflict in Kinshasa during late March 2007 were a disappointing setback.

Table 2.1: Progress towards the MDGs in Africa

Assessment of progress towards target		Northern Africa	Sub-Saharan Africa
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			
MDG 1: Eradicate extreme poverty and hunger	Reducing extreme poverty by half	Light Green	Red
	Reducing hunger by half	Light Green	Orange
MDG 2: Achieve universal primary education	Achieving universal primary education	Light Green	Orange
MDG 3: Promote gender equality and empower women	Achieving equal girls’ enrolment in primary school	Light Green	Orange
	Women’s share of paid employment	Orange	Orange
	Women’s equal representation in national parliaments	Orange	Red
MDG 4: Reduce child mortality	Reducing mortality of under-5 year-olds by two-thirds	Light Green	Orange
	Measles immunisation	Dark Green	Red
MDG 5: Improve maternal health	Reducing maternal mortality by three quarters	Orange	Red
MDG 6: Combat HIV/AIDS, malaria and other diseases	Halting and reversing the spread of HIV/AIDS	Pink	Red
	Halting and reversing the spread of malaria	Light Green	Red
	Halting and reversing the spread of tuberculosis	Light Green	Red
MDG 7: Ensure environmental sustainability	Reversing the loss of forests	Light Green	Red
	Halving the proportion of people without sustainable access to safe drinking water	Light Green	Red
	Halving the proportion of people without sustainable access to basic sanitation	Light Green	Red
	Improving the lives of slum dwellers	Light Green	Red

Note: The UN regional classification of countries is given in annex 3.

Source: UN, The Millennium Development Goals Report 2006 (see annex 3 for details of data sources).

- 2.4** Since 2004, DFID has adopted a more direct approach to **tackling hunger**. We are helping to get long-term and reliable amounts of cash, food, seeds and fertilisers into the hands of the poor and hungry. Recent evaluations in Ethiopia and Malawi by the Institute of Development Studies³ and the Overseas Development Institute⁴ show that this is reducing dependence on emergency food aid, and allows people to spend more on other things like medicines, school fees and farm assets (e.g. goats and cows). It is projected that Ethiopia will not launch an emergency appeal this year for the first time in decades.
- 2.5** There has been a steady improvement in net **primary school enrolment** since 2000 in 14 out of our 16 priority African countries (the exceptions being the DRC and Sudan), and the rate in these 16 countries now stands at 79.2%. In sub-Saharan Africa as a whole, 67% of boys and 63% of girls are enrolled in primary school. To make further progress, the UK announced in April 2006 that it would spend at least £8.5 billion on aid to education over the next 10 years, with Africa receiving the largest share, and that DFID would enter into 10-year agreements with countries in order to support their own 10-year education plans. Of DFID's 16 priority countries (2.16), Ethiopia, Ghana and Rwanda now have 10-year plans, which include getting all girls into school. Seven more of DFID's priority countries (Malawi, Mozambique, Nigeria, Sierra Leone, Tanzania, Uganda and Zambia) should have agreements in place by mid-2007, and overall 20 sub-Saharan African countries should have 10-year plans by that time.
- 2.6** Although **child mortality** in sub-Saharan Africa remains high, progress in DFID priority countries has been twice as rapid in the period since 2000 than during 1990–2000. Between 1999 and 2004, the number of deaths from measles in sub-Saharan Africa decreased by nearly 60%. In just four years (1999–2003), distribution of insecticide-treated mosquito nets increased tenfold.
- 2.7** Over 250,000 African women die because of complications related to pregnancy and childbirth every year. **Reducing maternal mortality** requires the expansion of sexual and reproductive health services within the broader strengthening of health systems.
- 2.8** **Tackling HIV/AIDS** is a top DFID priority. There are now **declining trends in national adult HIV prevalence** in Zimbabwe, Kenya and Uganda. Prevalence appears to be stabilising in most of the region, but at a very high level. **More than one million people in sub-Saharan African were receiving anti-retroviral therapy (ART) by June 2006, a tenfold increase since December 2003**. DFID supports ART alongside other HIV prevention, treatment and care programmes.
- 2.9** Women bear the greatest burden of HIV/AIDS in Africa. They make up two-thirds of the people living with HIV in sub-Saharan Africa and undertake the majority of care for those who are sick. Gender inequality, discrimination and violence against women are key factors that increase women's vulnerability to HIV/AIDS. DFID is supporting programmes to specifically address the links between violence against women and HIV/AIDS, such as the IMAGE project in South Africa that combines microfinance with gender and HIV education.

3 *Productive Ethiopia Safety Net: Trends in transfers*. IDS, July 2006

4 Paul Harvey and Kevin Savage – Humanitarian Policy Group, ODI, UK (January 2007)

Box 2.2: Promoting gender equality and women's rights in Africa

Tackling gender inequalities is central to DFID's objectives in sub-Saharan Africa. The region is currently off track to meet its gender equality MDG. But making progress towards it is important – not only in its own right, but because improving gender equality and empowering women is vital in helping sub-Saharan Africa achieve the other MDGs.

The UK has been engaged in a wide range of projects, programmes and policy discussions to address gender inequalities and improve the human rights and political role of women. Improving the access of girls and women to education and health facilities – especially for reproductive health and child-birth – is a priority for DFID. It brings benefits for women individually and for their communities. Our work in sub-Saharan Africa has a strong focus on strengthening economic growth and recognises that increasing women's access to property and other assets and their participation in the economy is vital for growth.

Many women and girls in Africa experience high levels of discrimination and violence, particularly in conflict and post conflict environments. Working to end these abuses and support women to claim their rights, as well as ensuring women's full political participation, is crucial for strengthening good governance across Africa. In Zimbabwe, contributions to the Africa Conflict Prevention Pool (£2 million for 2006/07) have provided grants to women's groups to campaign against gender-based violence and successfully lobby for a Domestic Violence Bill (recently passed into law), as well as providing legal support to women who could not otherwise access it.

- 2.10** DFID significantly increased its investment in **water supply and sanitation** in Africa in 2006. We are on track to meet the Secretary of State for International Development's 2005 commitment that "DFID will double over the next three years its funding (both bilateral and multilateral) for improvements in water and sanitation in Africa". We spent around £69 million in 2006/07, and expect to exceed the £200 million annual target for 2010/11 that was announced in the 2006 White Paper – sufficient to provide access to safe drinking water for seven million people annually.

Developing a Global Partnership for Development: Millennium Development Goal 8

- 2.11** The challenges faced by sub-Saharan Africa and the need for urgent, coordinated action have remained high profile issues during 2006. Reviews by both the G8⁵ and EU⁶ during 2006 concluded that good progress had been made against 2005 commitments on Africa and recognised where further action needed to take place.
- 2.12** The UK has taken a key role in helping to put in place effective ways to monitor progress against commitments made. In June 2006, the Prime Minister announced the creation of the **Africa Progress Panel**, chaired by Kofi Annan, to keep Africa high on the international agenda. DFID has helped strengthen the **Africa Partnership Forum** (APF), which was tasked at the 2005 G8 Summit in Gleneagles to monitor the delivery of the commitments to Africa. The APF presented its first

5 G8 Update on Africa: G8/2006 website: [http:// en.g8russia.ru/docs/13-print.html](http://en.g8russia.ru/docs/13-print.html)

6 *The EU and Africa: Towards a Strategic Partnership – The Way Forward and Key Achievements in 2006*. European Council. December 2006.

progress reports in October 2006, focusing on HIV/AIDS, infrastructure and agriculture. These show that further sustained action is needed, whilst offering encouragement that progress is being made. Within the UK, the government continues to track progress through the *Gleneagles Implementation Plan*, with monthly updates provided to parliament.

- 2.13** DFID continues to support the **African Peer Review Mechanism** (APRM) as an instrument for improving governance on the continent. Ghana, Rwanda and Kenya completed their peer reviews in 2006, and have begun to implement recommendations.
- 2.14** The G8 Gleneagles Summit and Commission for Africa highlighted the importance of strengthening African institutions. The **African Capacity Building Initiative** (ACBI) is a new UK government-funded scheme to enable those in the UK public sector to use their skills to contribute to building the capacity of government departments in African countries. ACBI has supported the Ministry of Health in Zambia, and assistance to the governments of South Africa (through the UK Office of Government Commerce) and Mozambique (involving the UK Treasury and Prime Minister's Delivery Unit) is being planned. DFID also supports a number of pan-African institutions. These include the African Capacity Building Foundation, the African Union Commission and the UN Economic Commission for Africa. New multi-year partnerships with all three are under discussion and should be finalised during the first half of 2007.







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

- 2.15** DFID's work in Africa contributes to the Millennium Development Goals. The current Public Service Agreement (PSA) for the three-year period 2005–08, agreed between DFID and HM Treasury, includes a target dealing with progress towards the MDGs in Africa. We measure performance through seven sub-targets that are based on the MDGs (for example, there is a sub-target on reducing child mortality), as shown in the table below. The countries and targets we use for the PSA are different from those used for the MDGs, and the traffic light assessments therefore differ as well (for a full explanation of the relationship between MDGs and PSAs, see chapter 1, paragraphs 1.13 to 1.15).
- 2.16** We look at progress in the 16 sub-Saharan countries receiving most of the UK's bilateral aid in Africa. These countries are **DRC, Ethiopia, Ghana, Kenya, Lesotho, Malawi, Mozambique, Sierra Leone, South Africa, Nigeria, Rwanda, Sudan, Tanzania, Uganda, Zambia** and **Zimbabwe**.
- 2.17** In 2006/07, we spent an estimated £1.05 billion of bilateral aid on poverty reduction in Africa, of which over 90% was spent in our 16 priority countries. Our preferred method is to provide long-term predictable support to countries' own development plans. This strengthens governance and builds capacity to deliver services. In the region, DFID provides a form of poverty reducing budget support when governments demonstrate commitment to reduce poverty, uphold human rights and improve public financial management (this is discussed further in chapter 5).

2.18 In Africa, DFID employs 720 people working on development programmes both in the UK and in 16 overseas offices. Many of our staff based outside the UK are nationals of countries in the region, which enriches DFID’s understanding of the development challenges.

2.19 The PSA sets out specific sub-targets for our focus countries for 2005–2008. Progress is mixed:

Table 2.2: PSA progress in Africa (covering the countries listed in paragraph 2.16)

Sub-target	Progress	Current Position	Progress by 2008
1. a reduction of four percentage points in the proportion of people living in poverty across the entire region	Slippage, but much improved growth performance between 2001 and 2005 should have a positive impact on poverty.		
2. an increase in primary school enrolment by 18 percentage points	Steady improvement in enrolment rates overall, with rapid progress in some countries after school fees were abolished.		
3. an increase in the ratio of girls to boys enrolled in primary school by five percentage points	The rate of increase in girls’ enrolment has been slow but is accelerating and if this continues, the sub-target should be achieved.		
4. a reduction in under-5 mortality rates for girls and boys by 8 per 1,000 live births	Current data suggests that this will be achieved.		
5. an increase in the proportion of births assisted by skilled birth attendants by 11 percentage points	Rates of progress are slow and the target is off track.		
6. a reduction in the proportion of 15-24 year old pregnant women with HIV	The data is too incomplete to assess progress with confidence. Declining trends in some countries have been countered by increases in others. It is too early to be confident that where progress has been made, it will be sustained.		
7. stronger partnership at country and regional level, especially through the G8	Good progress has been made in most areas of implementing the package of commitments to support African development agreed at the G8 Gleneagles Summit in July 2005.		

Key: Traffic light assessment

Green: Means that progress on the target/sub-target/indicator is either exceeding or on line with plans and expectations.

Amber: 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.

Red: Means that progress on the target/sub-target/indicator is not on course and there has been major slippage.

The first box of each assessment 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 with minor slippage, but we estimate that progress is likely in the future, an amber box will be followed by a green one.

Challenges for 2007/08

- 2.20** The **Gleneagles commitments** and the **EU's Strategic Partnership for Africa**⁷ were designed to improve Africa's prospects, building on the priorities identified in the New Partnership for Africa's Development⁸ and subsequent discussions with African leaders and civil society such as the Commission for Africa. Many relate to future years, but the world must prove that these promises were for real, not for show. This is a long-term task and, to encourage delivery, international systems have been put in place to monitor progress against commitments (see 2.14). Germany has identified Africa as a top priority for its G8 and EU presidencies during 2007. We will be working hard to ensure that there is further progress towards the objectives agreed in 2005.
- 2.21** A second pressing challenge is to make further progress in bringing **peace and stability** to all of Africa. The situation in Darfur continues to shock world opinion and an early comprehensive peace is essential. The political and economic crisis in Zimbabwe has deepened, with ordinary people suffering increasing hardship. In all these cases DFID will continue to help alleviate suffering whilst preparing to invest in reconstruction and restoring essential services at the right time.
- 2.22** With sub-Saharan Africa off track against all the MDGs, the UK will intensify its efforts to help accelerate progress with an increased DFID budget for the region of £1.25 billion in 2007/08 – more than 3.5 times the amount spent 10 years ago.

The effectiveness of UK aid in making progress towards the MDGs in Africa

- 2.23** 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”. This section assesses the effectiveness of UK aid in our 16 PSA countries.

Democratic Republic Of Congo (DRC)

- 2.24** After a devastating war and decades of misrule, the DRC's health and education indicators are believed to be among the worst in the world and at least 75% of its 60 million people live in abject poverty. The UN has called the humanitarian situation the most neglected in the world.
- 2.25** But 2006 was a year of hope. In the first democratic elections in 40 years, more than 18 million people voted for a president, parliament and provincial assemblies. This was an incredible achievement – 55,000 polling stations were needed in this vast country the size of western Europe that has only 300 kilometres (186 miles) of paved roads. It is to be hoped that the serious fighting in Kinshasa in March 2007 proves to be only a temporary setback.

7 The EU and Africa: Towards a Strategic Partnership (December 2005)

8 New Partnership for Africa's Development, October 2001

- 2.26** In 2006/07, DFID focused on supporting the elections and humanitarian programmes, as well as planning a longer-term development programme to achieve the MDGs. We led joint donor planning to ensure effective and co-ordinated aid in the future.

MDG 1: Eradicate extreme poverty and hunger

- 2.27** Over 1.6 million people received food and non-food items to stop them going hungry, under the Humanitarian Action Plan (HAP), which DFID helped to fund. DRC



Judith Whiteley/DFID DRC

People queuing to vote in Kisangani and Badile, Province Orientale, DRC

finalised its Poverty Reduction Strategy in 2006. DFID's support ensured that this included a Participatory Poverty Analysis, which gave poor people the chance to tell their leaders about the causes of poverty and what needs to be done.

MDG 2: Achieve universal primary education

- 2.28** Five thousand vulnerable children in crisis areas received education through the HAP. In Sankuru in the Kasai Orientale province, teachers are now better trained and schools have better equipment and facilities, through the work of the Catholic Relief Service funded by DFID. We began work with the World Bank and other partners to determine how best to get more children into school.

MDG 3: Promote gender equality and empower women

- 2.29** We funded international NGOs to support women's groups and to increase awareness of women's rights and the new law on sexual violence. The United Nations Development Fund for Women (UNIFEM)'s electoral programme, supported by DFID, helped women participate in the elections as candidates, witnesses and voters. We did a strategic review of how we work on gender equality to inform our future programming.

MDG 4: Reduce child mortality

- 2.30** One million six hundred thousand children were vaccinated against disease and 82,100 children treated at nutrition centres through the HAP. At least a further 500,000 children were included in DFID-funded health and nutrition programmes.

MDG 5: Improve maternal health

- 2.31** DFID-supported health programmes gave access to reproductive health services for at least 500,000 women. Our support to Panzi hospital has focused on developing its facilities and training staff to treat women with fistula caused by complications during pregnancy or sexual violence. An outreach programme is raising awareness of the condition and its causes among midwives in surrounding health facilities. Pregnant women were the main target of a national project, funded by DFID, selling low-cost, insecticide-treated bed nets.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 2.32** A DFID-funded behaviour change programme persuaded thousands of people, especially vulnerable groups like sex workers and truck drivers, to use condoms. Our bed net project distributed over 333,000 low-cost bed nets, protecting an estimated one million people from malaria.

MDG 7: Ensure environmental sustainability

- 2.33** The HAP provided water and sanitation to over 500,000 people and approximately 350,000 gained permanent access to safe drinking water. DFID funded several other initiatives on water and so far a further 72,000 people have increased access to safe water, while 1.5 million more people will be assisted in the future. In forestry, we supported a review, involving communities, to ensure that poor people benefit from DRC's valuable forest resources. Environmental impact issues have been a key part of our planning for a major post-elections road rehabilitation programme.

Ethiopia

- 2.34** Ethiopia remains desperately poor and has the second highest population in the continent. With other donors, the UK stopped providing general budget support in 2005 in response to human rights concerns. Instead, the Protection of Basic Services (PBS) programme, which started in 2006, provides funding through local government. It was developed to increase local government spending on critical public services like education, health, agriculture, water and sanitation. PBS also provides innovative support to civil society to help develop ways of holding local government to account for the delivery of basic services.
- 2.35** DFID's total commitment to PBS is £109 million, of which we contributed £52 million in 2006/07. This will ensure that the progress made on improving health and education for all, and in other areas, was not undermined by the suspension of general budget support. Our support to the Government of Ethiopia's Public Sector Capacity Building Programme, £25 million over five years, will help to build capacity to achieve all MDGs.

MDG 1: Eradicate extreme poverty and hunger

- 2.36** We contributed £17 million towards the **Productive Safety Net Programme**. This gives cash and food to over seven million people who had previously depended on emergency relief for their survival and who participate in public works. The safety net is making a real difference and reaching the poorest, helping to reduce the number of people who rely on humanitarian appeals, providing people with more to eat and allowing for investment in small livestock and farming equipment. A recent review indicated that 75% of the people included in the programme consumed more or better quality food. Other benefits included fewer assets sold; less reliance on savings to buy food; more use of healthcare; and more children sent to school. We contributed £2 million in 2006/07 to the **Humanitarian Response Fund**, thereby enabling the lead UN Office for the Co-ordination of Humanitarian Affairs (UNOCHA) to respond quickly to flooding and outbreaks of cholera.

MDG 2: Achieve universal primary education

- 2.37** Our contribution through the PBS programme helped increase spending and access to education. Of total local government spending on basic services, approximately 35% is spent on education.

We also contributed £1.5 million to improve the quality of education through support for teacher training and small-scale civil society projects, significantly improving pupils' learning.

MDG 3: Promote gender equality and empower women

- 2.38** DFID's support for education through PBS, the Education Pooled Fund and the Teacher Development Programme helped strengthen the focus on girls' education within the government's overall strategy. The **Education Pooled Fund** finances activities that particularly benefit girls, including awareness-raising for teachers on the importance of girls' education. The **Teacher Development Programme** is increasing teachers' awareness of gender issues and is promoting the recruitment of and support for female teachers.

MDGs 4, 5 and 6: Reduce child mortality and improve maternal health, and combat HIV/AIDS, malaria and other diseases

- 2.39** DFID support under the PBS programme will improve access to drugs and other basic health supplies. Supplies start to arrive in 2007. By protecting the delivery of basic services, PBS also helps to improve the effectiveness of other funds for HIV/AIDS.
- 2.40** In addition, we gave one million pounds through a joint initiative with Ireland and the Netherlands to improve access to contraceptives through support to DKT, a civil society organisation focused on family planning. This will help improve reproductive health and reduce new HIV infections.

MDG 7: Ensure environmental sustainability

- 2.41** DFID's support to the EU Water Initiative has helped to improve the efficiency of donor support for the Ethiopian water and sanitation sector. In 2006, DFID began preparations for a large £100 million programme to finance improved water supply, sanitation and hygiene facilities for around six million Ethiopians.
- 2.42** Adapting to climate change is increasingly important in Ethiopia. In 2006 a review of the Productive Safety Net Programme started to assess the effects of climate change and weather. This will inform the next phase of the programme.

Ghana

- 2.43** Ghana has one of the fastest rates of poverty reduction in Africa. Its economy grew at 6.2% in 2006 and poverty continues to fall rapidly (from 51.7% in 1991/92 to 28.5% in 2005/06). It is one of eight African countries currently on track to reach the income poverty MDG target. If Ghana is to achieve its medium term goal of middle income status by 2015, it will need to sustain and increase current growth levels. Ghana is considered an island of peace in the West African sub-region and plays a key leadership role in the continent. It has an excellent overall governance record and is one of only two African countries to complete a review under the African Peer Review Mechanism (see 2.15).
- 2.44** The UK is Ghana's largest bilateral donor. Over two-thirds of DFID's programme in 2006 was disbursed as Poverty Reduction Budget Support with large sectoral programmes in health and education. A new Country Assistance Plan is being developed, which will draw heavily on a Joint Assistance Strategy agreed by 17 of Ghana's development partners.

Box 2.3: Rights and voice in Ghana

DFID started the Rights and Voice Initiative (RAVI) two years ago. RAVI provides funds and training to civil society organisations to enable them to hold their government to account. Victor Ayambre, a 45-year-old man, is blind and a member of the Belim Wusa Development Agency (BEWDA). "We asked for support so that we can be exposed to power bearers and opportunities because we are 'tarrims' (vulnerable). We used to be afraid of big people in the District Assembly over a long period. We were like outcasts and no one wanted to get near us. Due to DFID's support we have been able to meet those we used to be afraid of. We sit with them and discuss and we feel accepted when we ask them about our rights. This has brought dignity and respect to blind people".

MDG 1: Eradicate extreme poverty and hunger

- 2.45** Extreme poverty is concentrated in Ghana's three northern regions. In these regions more than 80% of the population are poor. DFID support has helped the Ghanaian government tackle hunger through action on child health, including nutrition, and through the national food security plan. We are also helping the government to develop agricultural growth and social protection policies for the region that will further contribute to reducing livelihood vulnerability and improving food security.

MDG 2: Achieve universal primary education

- 2.46** DFID support to Ghana's **10-year plan for the education sector** (£105 million) is helping to deliver marked improvements in primary school enrolment. With DFID support, all user fees at the primary school level have been abolished. As a result, about 616,440 new pupils enrolled in basic public schools across the country in the 2005/6 academic year alone.

MDG 3: Promote gender equality and empower women

- 2.47** Our support to the **Education Strategic Plan** has helped get more girls into school – for every 100 boys there are now 94 girls in primary school. DFID funded work in the Ghanaian Ministry for Women and Children has supported the inclusion of gender targets in government programmes.

MDGs 4 and 5: Reduce child mortality and improve maternal health

- 2.48** Malaria remains one of the major causes of under-5 death in Ghana and about one in ten children will die before their fifth birthday. In response to faltering progress in reducing Ghana's under-5 mortality rate, DFID contributed six million pounds in 2006/07 towards the procurement and free nationwide distribution of two million long-lasting, family-sized, insecticide-treated bed nets to all Ghanaian children under the age of two. A survey carried out after the campaign revealed that 96.4% of all under-2-year-olds received a bed net and 72% are now sleeping under them. UNICEF estimates that if usage at this level is maintained, 52,000 lives might be saved over the next three years.



Dorothy Kozga/DFID

Bed nets being transported to rural Ghana as part of the Integrated Child Health Campaign

2.49 Ghana's maternal mortality ratio has remained largely unchanged at 214 per 100,000 live births. Access to skilled attendance at birth is higher than most sub-Saharan countries, but wide disparities exist. DFID support to the health sector includes funding exemptions from charges for maternal care, improving access to emergency essential obstetric care and increasing coverage of family planning services. In 2005, more than half of all births in Ghana were attended by a skilled health worker, representing a 7% increase since 2003.

MDG 6: Combat HIV/AIDS, malaria and other diseases

2.50 UK support to the **Ghana AIDS Commission** includes the subsidised sale of condoms, the training of teachers to incorporate HIV/AIDS in the education curriculum and the scaling up of treatment and care including access to anti-retroviral treatment. The number of people living with HIV and AIDS in Ghana (decreasing from 3.1% in 2004 to 2.7% in 2005) is proportionately one of the lowest in sub-Saharan Africa.

MDG 7: Ensure environmental sustainability

2.51 In 2006, DFID provided funding to improve access to clean water in rural areas in six remote communities where guinea worm is endemic, and piped water to around 210,000 households in rapidly expanding towns in Greater Accra, Volta region and Eastern region.

Kenya

2.52 Of Kenya's 33 million people, 46% live below the poverty line. Three years of positive economic growth provide some encouraging signals of development following thirty years of economic mismanagement and weak governance. But Kenya remains a very unequal society.

2.53 DFID provided £50m to Kenya in 2006/07. A Kenya Joint Assistance Strategy is being developed by 17 of Kenya's development partners. DFID's main areas of focus will be improved governance through support to public sector reform, public financial management, statistical information and political empowerment of non-state actors; economic growth for poor people through social protection and private sector development; better health and tackling HIV/AIDS; and improved education.

MDG 1: Eradicate extreme poverty and hunger

2.54 New poverty figures published, in March 2007; show that poverty is beginning to decline – down from an estimated 56% in 2003 to 46% in 2006. Agricultural growth, secure land tenure, improved infrastructure and financial services are all crucial to further reductions in poverty. Tackling poor infrastructure, insecurity, over-regulation and corruption will all help Kenya to promote growth in the region. DFID supports efforts to make agricultural and financial markets work better for poor people and has helped strengthen government capacity to negotiate on trade. DFID has provided over £30 million of humanitarian support to the victims of drought, flood and disease.

Box 2.4: Education in Kenya

Stephen Omondi is one of the top pupils at Olympic Primary School located in Kibera, Nairobi's largest slum. Three years ago, he often missed school as his parents could not always afford school fees, uniforms or textbooks. But now he and his siblings can attend school consistently. "The free primary education has helped my family a lot because the money which would have been used to pay school fees is being used for other basic needs," Stephen said. "Our lives have improved a lot."

DFID has agreed to spend over £55 million over the next five years on education in Kenya. One area in which it supports the Free Primary Education (FPE) programme is through the provision of textbooks. A notice board at Olympic Primary School's administration block indicates the books bought and the amount spent per class, to ensure accountability. Stephen is just one out of over 1.8 million children who have been enrolled in school in Kenya since the introduction of FPE. He wants to excel in class and be an engineer.

- 2.55** In the longer term, DFID is helping to develop better systems of social protection to deal with chronic hunger in large parts of the country. We are finalising a 10-year, £120 million social protection and safety net programme. Around two-thirds will finance the proposed *Hunger Safety Net Programme* which will give cash transfers for a fixed three-year period to 300,000 people in the drought prone northern areas.

MDG 2: Achieve universal primary education

- 2.56** Eighty-six percent of children are currently enrolled in primary schools and gender equality in primary school is now at 98%. DFID has committed £55 million to the education sector over the next five years to support the Kenya Education Sector Support Programme which will provide textbooks, train teachers and provide 11,880 new and rehabilitated primary school classrooms and water and sanitation facilities.

MDG 3: Promote gender equality and empower women

- 2.57** With only 18 of 224 seats in parliament occupied by women, DFID is working with other donors to provide political training to women candidates in the 2007 elections. Internally, DFID ensures that its high spending programmes on education, healthcare, social protection and humanitarian assistance all empower and support women and girls.

MDG 4: Reduce child mortality

- 2.58** More than one in ten children die before their fifth birthday. DFID's support to tackling malaria (£54 million over six years) will deliver 11 million insecticide-treated bed nets, provide support for the roll-out of new therapies, improve the response to epidemics and support an information, communication and education programme. The programme should save 167,000 children's lives, and reduce under-5 mortality in Kenya by at least 15%.

MDG 5: Improve maternal health

- 2.59** For every 100,000 births, more than 400 women die in childbirth. Alongside others, DFID is supporting the government to provide essential supplies, equipment and infrastructure, as well as strengthening health systems, all of which are necessary for reducing maternal mortality. Early work on improving drug availability and reducing user fees are likely to be behind the increasing number of Kenyans (76%) indicating satisfaction with healthcare provision. DFID is also providing direct support to reproductive health care in the worst-affected districts of the country.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 2.60** HIV/AIDS prevalence has fallen from over 11% to 5.9% over the past eight years. We have provided £43 million towards the fight against HIV/AIDS, including support to the National HIV/AIDS Strategy for universal access to prevention, treatment and care. DFID supports the subsidised sale of condoms to help prevent new infections, selling over 27 million condoms during 2006. Along Lake Victoria, we are helping to provide home-based care to over 60,000 people living with AIDS. We helped the government provide AIDS treatment to 110,000 people in 2006.

MDG 7: Ensure environmental stability

- 2.61** Climate change poses a significant threat to Kenya's long-term development through further desertification, even more unreliable rainfall, increased spread of infectious diseases like malaria and decreased agricultural production. DFID is reviewing its programme to assess action to adapt to climate change.

Lesotho

- 2.62** Fifty-eight percent of Lesotho's population of 2.2 million people live below the poverty line. Every year at least 10% of the population does not have enough food.
- 2.63** In 2006/07, DFID's programme was £5.5 million, focusing on HIV/AIDS, food security, job creation and governance. We are also assisting the government to improve its public financial management, revenue collection, poverty monitoring and donor co-ordination. In the February 2007 general election, a significant opposition was elected for the first time.

MDG1: Eradicate extreme poverty and hunger

- 2.64** DFID supports the **Lesotho Vulnerability Assessment Committee**. This has helped the government to develop a food security policy and to strengthen its ability to plan in advance for the needs of the 200,000 most vulnerable people.

MDG 2: Achieve Universal Primary Education

- 2.65** Free primary school education in Lesotho means that enrolment rates are high. Seventy-one percent of children complete primary education with more girls attending school than boys. DFID contributes to the **Education Fast Track Initiative**, which is helping improve the quality of education in Lesotho.

MDG 3: Promote gender equality and empower women

- 2.66** DFID is giving a quarter of a million pounds to the **Apparel Lesotho Alliance to Fight AIDS** (ALAFI) programme, which provides treatment and care for 4,500 factory workers in the Lesotho

textile industry which has a predominantly female workforce. The programme will be rolled out to the remaining 45,000 textile workers in the next two years. This will reduce the impact of HIV/AIDS on workers and ensure the largest employer in Lesotho remains competitive, protecting the livelihoods of the roughly 200,000 people dependent on these workers. The DFID-funded Lesotho Justice Sector Support programme has helped the Lesotho Police service to set up 80 child and gender protection units in police stations and to provide victims of sexual violence access to free medical help.

MDGs 4 and 5: Reduce child mortality and improve maternal health

- 2.67** Through the ALAFA programme, female workers in the textile industry have direct access to health clinics in the workplace which provide advice from medical practitioners, free condoms and anti-retroviral therapy. This should greatly improve maternal health and impact directly on reducing child mortality.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 2.68** Lesotho has the third highest HIV/AIDS rate in the world. The ALAFA programme will reduce HIV/AIDS infections amongst the employees in the garment sector who are at high risk. Eighty percent of the textile workers are women, one-third of them are heads of households and over 35% are HIV positive.

MDG 7: Ensure environmental sustainability

- 2.69** Through our support to Lesotho's Poverty Reduction Strategy, DFID is supporting NGOs to develop sustainable food production systems for farms.

Malawi

- 2.70** In 2006 the government continued to make good progress in managing the economy, with inflation down to single figures, interest rates cut and private investment picking up from a low base. Malawi reached HIPC Completion Point and began receiving multilateral debt relief in August 2006. Forecast growth for 2006 is over 8% due, in part, to good rains and a targeted fertiliser subsidy provided by the government.

- 2.71** Britain is Malawi's largest donor. A new DFID Country Assistance Plan will be developed in 2007. Good governance remains a critical consideration, with DFID continuing to support improving the performance of parliament, the Electoral Commission and the Anti Corruption Bureau.

MDG 1: Eradicate extreme poverty and hunger

- 2.72** In 2006, DFID funded essential supplies for 830,000 people in acute need as a result of localised droughts and floods. Support to the government's fertiliser and seed subsidy programme is helping two million households improve their food security.

MDG 2: Achieve universal primary education

- 2.73** Primary education is free, but quality is poor. In 2006, DFID supported the government's work to develop a **10-year education programme** to improve the quality of primary education and access to secondary education. DFID built 302 primary classrooms in 2006, bringing the number of children benefiting from DFID-built classrooms since 1996 to 380,000. The pupil-to-classroom ratio fell from

114:1 in 2000 to 85:1 in 2006. DFID also helped fund 2.4 million new textbooks in support of the first year of a new primary curriculum.

MDG 3: Promote gender equality and empower women

- 2.74** DFID support to the **Gender Equality Support Programme** helped fund 15 projects. This included helping to roll out plans for the implementation of the **Domestic Violence Law** (passed in 2006) and developing re-admission procedures for pregnant schoolgirls.

MDG 4 and MDG 5: Reduce child mortality and improve maternal health

- 2.75** DFID support to the Ministry of Health is helping to deliver an **Essential Health Package** (EHP), as well as to double the number of nurses and triple the number of doctors in training.
- 2.76** Malawi is on course to reach the 2015 under-5 mortality target. The mortality rate has fallen 42% in 12 years, supported by the elimination of neonatal tetanus and polio through immunisation.
- 2.77** The number of women giving birth in some hospitals has increased by 200% in 2006. This is a result of new public-private partnerships which increase free maternal access to otherwise fee-paying church-run health facilities (which make up 35% of all facilities). DFID is the largest donor contributor to these partnerships, which we support through a five year, £45 million commitment to the EHP.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 2.78** DFID contributes to the collective effort on HIV/AIDS which has seen the number of people tested for HIV more than quadruple between 2002 and 2006 to over 600,000. The number of people receiving anti-retroviral therapy increased from 4,000 in 2003 to nearly 82,000 in 2006, and over 350,000 orphans and vulnerable children received material support in the form of food, clothes and school uniforms. Bed net coverage has increased to 49.5% of households, helping to reduce the number of new cases of malaria.

MDG 7: Ensure environmental sustainability

- 2.79** DFID-funded school building includes improving sanitation and water supplies. We are helping improve access to clean water for 110,000 people, through 550 boreholes in two under-served districts, and we funded the completion of a national map showing the location of all water points which will significantly improve planning.

Mozambique

- 2.80** Mozambique continues to make good progress in reducing poverty and increasing access to basic services such as education and health care. Economic growth was about 8% in 2006, far above the continent's average. Between 1997 and 2003 the proportion of people in absolute poverty reduced from 69% to 54%, so an average of half a million people were being lifted, or born, outside absolute poverty every year.
- 2.81** In 2006, DFID led the way in Mozambique in providing the longer-term predictable financing needed in order to meet the MDGs. We signed a five-year, £215 million programme of support

directly to the budget of the Government of Mozambique and a ten-year, £46 million programme of support to the education sector.

- 2.82** We also supported Mozambique's largest civil society network to engage with the development of the government's poverty reduction plan. Funding the Centre for Public Integrity, an independent public watchdog, is improving public awareness, knowledge and debate around corruption.

MDG 1: Eradicate extreme poverty and hunger

- 2.83** Specific DFID interventions in 2006 included the funding of 40 Seed Fairs (where seeds and essential tools were sold), the provision of cash vouchers for 27,000 families to enable them to purchase these goods, and support to Save the Children Fund to provide emergency food parcels during the drought which affected southern Mozambique in 2006.

MDG 2: Achieve universal primary education

- 2.84** DFID support to the education sector helped the Government of Mozambique to increase the proportion of children enrolling in primary school from 83% to 87%, meaning that approximately 200,000 more children of primary school age were in school in 2006 compared with 2005. This was made possible through the building of nearly 500 new primary schools and the employment of over 7,000 new teachers.
- 2.85** Over the past decade, the number of pupils in Mozambique has tripled from 1.3 million in 1995 to 3.8 million in 2005. It has been a remarkable achievement following 16 years of civil war during which many schools were destroyed.



Ruth Ayisi/DFID

19-year-old Joana, seen here with her tutor, has been able to return to primary school. Joana dropped out of school when she was 16 years old. "My parents were sick for a long time," she explains. "I could not afford to go to school while taking care of the house. I had to get married after my parents died and then I got pregnant."

However, because fees were abolished two years later, Joana has been able to return to her primary school, and she is one of many pupils who have now been given a chance to study despite difficult conditions both at home and at school.

MDG 3: Promote gender equality and empower women

- 2.86** With DFID's support, Mozambique continued to make progress in reducing the gap between access to primary schooling for girls and boys. In 2006, girls' enrolment in the first level of primary schooling increased from 81% to 86%, meaning approximately 100,000 more girls entered school in 2006 than in 2005.

MDGs 4 and 5: Reduce child mortality and improve maternal health

- 2.87** In 2006, DFID launched a programme of work with the Government of Mozambique to reconsider the case for charging fees in the health sector. Abolishing user fees has significantly increased poor people's access to healthcare in other countries.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 2.88** In 2006, the Government of Mozambique abolished charges for bed nets for pregnant women and under-5s and set a target of at least 95% of this target group having access by 2009. A DFID-funded project distributed over 200,000 bed nets in 2006, protecting around 400,000 people from malaria. Our support to the health sector and directly to the National AIDS Council helped the government to increase the number of people receiving anti-retroviral treatment from 16,000 to 44,000.

MDG 7: Environmental sustainability

- 2.89** DFID funded UNICEF to implement a substantial rural water and sanitation project in Zambezia province which, upon completion in 2006, had supplied more than 136,000 people with safe drinking water. In 2006, the UK worked with Brazil, South Africa and Mozambique to set up a new high-level Task Force to support the introduction of biofuels in Mozambique. This will help the Government of Mozambique to prepare plans to develop the industry.

Nigeria

- 2.90** A fifth of Africa's poor are Nigerian; over one million Nigerian children below the age of five died in 2006. Donors can help, but aid from the UK and others alone won't achieve the MDGs. DFID's programme focuses on helping Nigeria to use its own resources better, promoting good governance and demonstrating the impact of well designed policies and programmes. This approach is showing results:

- we have supported the Government of Nigeria direct its debt relief savings towards MDG spending (see box 2.5); and
- we helped the government to identify £850 million of savings during the preparation of the 2007 federal budget, money which will be invested in supporting growth and reducing poverty.

Box 2.5: Debt relief savings update

In October 2005, Nigeria agreed the largest ever debt relief package for sub-Saharan Africa. The deal created savings of \$1 billion (£0.54 billion) a year for Nigeria. With DFID's support, the Nigerian government has designed and implemented a system for monitoring the use of these debt relief gains, to make sure they are spent on poverty reduction. In 2006/07, the savings supported the retraining of 145,000 teachers, the recruitment of 40,000 new teachers and the procurement of health service supplies (vaccines, syringes and bed nets) to support the scaling up of successful programmes and infrastructure improvements, particularly the drilling of boreholes and road construction and rehabilitation. In the 2007 federal budget, the sectors receiving the largest allocation of debt relief gains are education, health, agriculture and water.

MDG 1: Eradicate extreme poverty and hunger

- 2.91** Seventy-five million Nigerians live in poverty. Nigeria can halve income poverty if it sustains strong growth outside the oil sector and ensures that the benefits are shared with the poorest. DFID funds programmes to improve the environment for growth. We are also working to make agricultural markets work better for the poor by working with federal government to improve agricultural sector expenditure and with the private sector to enhance rice and soya markets.

MDG 2: Achieve universal primary education

- 2.92** Seven million Nigerian children are out of primary school. DFID is helping to strengthen systems and to demonstrate that progress is possible. Girls' attendance has increased by up to 15% in six northern states supported by DFID; federal and state governments are being helped to design 10-year education plans.

MDG 3: Promote gender equality and empower women

- 2.93** DFID is helping more girls go to school (see above and box 2.6). Our support to the 2007 elections included encouraging women to vote and to stand for office.

Box 2.6: Girls' education in Nigeria

Ramatu is 15 years old and still in her final year of primary education at Mayaki Girls' Islamiya Primary School in Jigawa State. In most parts of the world, girls of Ramatu's age are already in secondary school. But like many girls in northern Nigeria, Ramatu had to drop out of school for three years because her parents thought that if she continued her education she would not agree to marry at an early age.

Thanks to the *Girls' Education Project*, implemented by northern states and local governments with technical support from UNICEF and £26 million of funding from DFID, Ramatu is back in school with the full backing of her parents. Her dream of becoming a doctor is now a possibility!

The first annual review of the project found that girls' enrolments were up by over 10% and actual girls' attendance was up by over 25%. These are impressive results in a very traditional Muslim area where there had been a low level of community demand for basic education, especially for girls. Other states are keen to replicate the experience.

MDG 4: Reduce child mortality

- 2.94** One in five Nigerian children dies before the age of five. DFID, working with other donors, successfully argued for changes in the national immunisation strategy, which resulted in an increase in fully immunised children from 13% to 18% and the acceptance of polio immunisation in areas where it had been rejected by parents. We have recently launched a £20 million project focused on reviving routine immunisation services in four of the states with lowest coverage.

MDG 5: Improve maternal health

- 2.95** Only about a third of births are attended by skilled personnel. DFID is working with local communities, selected state governments and religious leaders to improve services. Over the last year, there has been a 50% increase in the number of women in the pilot areas of Jigawa state accessing emergency obstetric care. A system is being put in place to assess the impact of this programme on maternal mortality. It is planned for the programme to be rolled out across the state, and Kano and Kaduna states also want to replicate it.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 2.96** About six million Nigerians have HIV/AIDS and many more are affected by malaria and other diseases. DFID provides at least 60% of condoms in Nigeria through support for subsidised sales. In Jigawa state, our support has contributed to a sevenfold increase in the number of tuberculosis

patients on treatment and the programme is now being expanded to Kano state. A successful anti-malaria programme involving the selling of low cost insecticide-treated bed nets will be scaled up significantly in 2007.

MDG 7: Ensure environmental sustainability

- 2.97** Less than half of the rural population has access to an improved water source and Nigeria has the largest slum populations in Africa. Working with UNICEF, DFID is helping 500,000 people get access to water in eight states and we are also piloting innovative, low-cost sanitation initiatives. UK government advocacy has highlighted the impact of gas flaring by the oil industry on climate change. The Nigerian government now plans to end gas flaring in 2008/09.

Rwanda

- 2.98** Since the devastating genocide in 1994, Rwanda has made considerable progress. The economy has grown at an average of 7% over the last 10 years, but Rwanda remains one of the poorest countries in the world. The UK is the largest bilateral donor, with more than two-thirds of DFID Rwanda's programme provided as budget support.

MDG 1: Eradicate extreme poverty and hunger

- 2.99** DFID's programme has helped to reduce poverty in Rwanda. A recent survey found that over the last five years there has been a 3.5% reduction in the percentage of the population who are poor. However, this rate of poverty reduction is not sufficient to meet the poverty MDG target. DFID technical assistance is helping the Government of Rwanda to identify ways that it can translate its strong economic growth into faster reduction of poverty.

MDG 2: Achieve universal primary education

- 2.100** Primary school enrolment is high at 92.5% and girls and boys enrol in equal numbers. DFID has contributed to the construction of over 1,000 primary classrooms, the recruitment of 2,600 new primary teachers and the purchase of school materials. DFID's technical support has attracted new bilateral aid to the education sector. In 2006, DFID's assistance to the Ministry of Education successfully led to the award of an additional \$70 million (38 million) from the Fast Track Initiative for education.

MDG 3: Promote gender equality and empower women

- 2.101** Rwanda's constitution promotes gender equality, reflected for example in the high proportion of women parliamentarians. At 49%, this is the highest level of parliamentary representation by women in the world. DFID recently helped Rwanda's female parliamentarians to host a major international parliamentary conference on gender equality and nation-building. But ordinary Rwandan women still face immense challenges. DFID has helped to promote a strong gender focus in Rwanda's national poverty reduction strategy.

MDGs 4 and 5: Reduce child mortality and improve maternal health

- 2.102** Through budget support, DFID supports the delivery of the National Health Sector Plan. Our dialogue with the government has helped to increase the budget allocation to health substantially over the last five years: in 2007, 9.8% of government expenditure has been allocated to health, up from

4.4% in 2003. Health indicators have returned to pre-genocide levels and immunisation coverage, at 95%, is now among the highest in the region.

MDG 6: Combat HIV/AIDS, malaria and other diseases

2.103 In this area, Rwanda receives considerable development assistance from a range of donors – but co-ordination is a problem. To address this, DFID seconded an HIV/AIDS adviser to the Kigali office of the Joint United Nations Programme on HIV/AIDS (UNAIDS) which helped ensure that the new poverty reduction plan deals with HIV/AIDS effectively, and that funds are used more efficiently. 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.

MDG 7: Ensure environmental sustainability

2.104 DFID has successfully helped to integrate issues of environmental sustainability into development planning. DFID is supporting land reform in Rwanda, which will contribute to better land use. Environmental sustainability will be incorporated into our Rwanda Country Assistance Plan in 2007.

Sierra Leone

2.105 Sierra Leone emerged from a brutal 10-year civil conflict in 2002. With strong support from the UK and other donors, the country has now returned to peace, plans are on track to hold democratic elections in July 2007 and primary school enrolment doubled between 2002 and 2005. However, Sierra Leone remains one of the poorest countries in the world. At least 70% of people still live below the poverty line and maternal, infant and under-5 mortality rates are among the worst in the world (one in four children die before their fifth birthday).



Women and children wait in line at a medical centre in freetown, Sierra Leone

Vicke Sheriff/DFID

2.106 The UK remains the largest bilateral development partner in Sierra Leone, working with government, civil society organisations, the media and the private sector. Since the end of the conflict, UK support has evolved from a focus on ensuring peace and security, towards improving access to justice and basic needs for the poor. DFID is developing a new Country Strategy joint with the EC which puts greater focus on delivery of basic services and economic growth, while building on the gains in the governance and security sectors. We are also working with other donors and the government to improve the way aid is planned and delivered.

2.107 Anti-corruption efforts have been an important focus of the programme. UK support to anti-corruption has included the setting up of an Anti-Corruption Commission. Other measures include introducing Public Expenditure Tracking Surveys (PETS) to track how resources are reaching their end destination. The PETS reports have shown a dramatic improvement in the distribution of essential drugs since 2002, with 100% now reaching the hospitals for which they are intended, compared to 5% in 2002. The UK is also supporting revenue generation and introducing systems to monitor natural resource extraction, such as the EITI (Extractive Industries Transparency Initiative) and Kimberley Process to legalise and register diamond exports. Diamond exports have increased from \$41.7 million (£22.7 million) in 2002 to \$125.3 million (£68.1 million) in 2006.

MDG 1: Eradicate extreme poverty and hunger

2.108 We are supporting the Government of Sierra Leone to implement and monitor the first Sierra Leone Poverty Reduction Strategy. There is a severe shortage of reliable data in Sierra Leone and we are supporting the statistics service and other government departments to improve their data collection so that it will be possible to track progress in reducing poverty. We are directly addressing hunger and employment through a £10 million programme to reduce the barriers to private sector investment and develop a better, more business-friendly environment.

MDG 2: Achieve universal primary education

2.109 DFID's support to the government's budget has enabled the Government of Sierra Leone to invest more heavily in education. The government's decision to offer free primary education has led to primary school enrolment increasing from 659,500 to 1,280,850 between 2002 and 2005. The Government of Sierra Leone has developed a 10-year education plan which DFID stands ready to support with other donors.

MDG 3: Promote gender equality and empower women

2.110 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 perceptions and priorities of women are reflected in district and ward development plans, in local government policy, and in the national poverty reduction strategy. We support Oxfam to work with national women's groups to increase women's participation in politics. In the 2004 local elections, 53 of the 58 women who won seats had benefited from this support. Following training as part of our Justice Sector programme on gender based violence and sexual exploitation in Pujahun 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

2.111 While Sierra Leone continues to have the highest child and maternal mortality rates in the world, there have nevertheless been some improvements to both these indicators since the war. Without our budget support, the government would have been severely constrained in meeting even basic health sector wage and drugs bills. We are currently planning a 10-year commitment to strengthen basic health systems to increase access to quality sexual, reproductive and child health services and have already supported the Ministry of Health and Sanitation to finalise its reproductive health policy.

MDG 6: Combat HIV/AIDS, malaria and other diseases

2.112 We are funding the NGO Students Partnership Worldwide to implement a Youth Empowerment Programme that trains and supports peer educators to work with young people and their communities on reducing HIV and other sexually transmitted infections. The programme has been very successful in increasing young people's awareness, with an increase from 30% to 70% recognising the risks they face, and a 25% increase in young people reporting condom use during their last sexual encounter. We are also supporting a Malaria Outreach and Safety Initiative implemented by CARE International UK, which aims to reduce malaria, particularly amongst children under the age of five and pregnant women through bed net provision, education and training.

MDG 7: Ensure environmental sustainability

2.113 DFID is supporting rehabilitation of the water supply system in Freetown. We have funded a civil society group to assess the effects of the existing water and sanitation situation in Freetown and supported activities to contain the 2006 cholera outbreak. We are also helping government to develop its national water and sanitation policy as a basis for future action plans.

2.114 DFID has supported the National Commission on the Environment and Forestry, and has funded the legal establishment of the commission to regulate the protection and management of the environment.

South Africa

2.115 South Africa has made huge progress since the end of apartheid, but still faces big challenges in meeting the MDGs, especially in relation to unemployment, poverty and inequality. The government has initiated the **Accelerated Shared Growth Initiative of South Africa** (ASGISA), which is designed to tackle problems of low growth, high unemployment and inequality. In 2006/07, DFID focused on promoting growth, jobs and equity, supporting governance and service delivery, and tackling HIV/AIDS.

2.116 The UK's **Regional Assistance Plan** for Southern Africa, launched early in 2006, responds to the Commission for Africa recommendations and G8 commitments to give more and better aid for Africa's development. The plan, worth £100 million over five years, supports the priorities of the African Union, the New Partnership for Africa's Development (NEPAD) and the Southern African Development Community (SADC) in the southern Africa region.

MDG 1: Eradicate extreme poverty and hunger

2.117 DFID's **Employment Promotion Programme** addresses key blockages that limit job creation, and has assisted the government's **Expanded Public Works Programme**, which targets the very poor.

DFID's **ComMark** and **FinMark** programmes seek to make financial and commercial markets work better for poor people. ComMark is supporting job creation and growth strategies in key sectors of the economy with a particular focus on creating job opportunities for the poorest. FinMark's work has assisted South Africa to cross new frontiers in making banking and insurance products accessible to the poorest – creating opportunities for them to save and build their assets.

MDG 2: Achieve universal primary education

- 2.118** Through the **Imbewu** programme, DFID has contributed significant resources to the education sector since 1994. Imbewu is now in its second phase, the first phase having improved the performance of around 500 disadvantaged schools at all levels in the education system. The new phase, which runs to December 2007, aims to transform and improve the quality of education in around 6,300 schools in the Eastern Cape.

MDG 3: Promote gender equality and empower women

- 2.119** The **Multisectoral Support Programme** is addressing gender issues by training social service providers to be able to deal with sexual abuse and sexual violence. 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.

MDG 4: Reduce child mortality

- 2.120** The DFID-funded Strengthening Analytical Capacity and Evidence-based Decision-making (SACED) programme is strengthening government capacity to analyse and use evidence when developing policies to reduce poverty and inequality in South Africa. Better targeting of Child Support Grants as a result of SACED has led to a reduction in child poverty. We are also working with UNICEF to assist governments and community groups to help orphans and vulnerable children. This includes improving paediatric treatment.

MDG 5: Improve maternal health

- 2.121** Progress against the target is slow, and it is unlikely to be met. We continue to help South Africa improve maternal health by supporting programmes with a specific focus on HIV/AIDS, which is a significant factor in maternal mortality rates.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 2.122** Through the **Multisectoral Support Programme** we are supporting the business sector and NGOs to respond more effectively to the HIV/AIDS epidemic and helping national and provincial health departments to develop more effective strategies. Over 800 health care workers have been trained on tuberculosis-related issues, ranging from detection to treatment and drug management, in KwaZulu Natal.
- 2.123** The DFID-supported Soul City education and entertainment programme reaches 70% of South Africa's population. It raises awareness around HIV/AIDS and promotes practices that will help to reduce infection rates amongst those most at risk. Soul City has demonstrated its impact on changed behaviours and perceptions of HIV/AIDS. In a recent survey, it was found that 73% of all adults who have watched Soul City programmes indicated that they would be prepared to help or support

someone infected with, or affected by, HIV/AIDS, whilst 61% of those polled who had not watched the programmes indicated that they would not be prepared to offer such support. Soul City is now rolling out its programmes to ten countries in the southern Africa region.

MDG 7: Ensure environmental sustainability

- 2.124** Through the **Water and Forestry Support Programme**, we have helped the government reform the allocation of water and sanitation services, redressing the inequities of apartheid. This work has allowed government, farmers and communities to negotiate the equitable and sustainable allocation of water.

Sudan

- 2.125** Sudan continues to suffer from the legacy of failed governance and civil conflict for most of the last 50 years. The **Darfur conflict** continues to present massive humanitarian challenges. There is significant inequality, with income distribution heavily skewed to the capital. In general, Northern Sudan fares better than Southern Sudan in social indicators, although even in parts of the north progress against some indicators is poor.
- 2.126** It has now been two years since the parties of the north and the south signed a **Comprehensive Peace Agreement** (CPA) to end two decades of civil war. Large scale conflict has ended but implementation of some of the obligations under the CPA has been slow, including the formation of key commissions.
- 2.127** In 2006/07, DFID focused on humanitarian aid, peacebuilding (including transformation of the Sudan People's Liberation Army, justice sector development, police reform and grass roots support for local peacebuilding initiatives) and development. We are contributing £47 million over three years to two World Bank-managed **Multi Donor Trust Funds** (MDTF-National and MDTF-South). We have also started a **Basic Services Fund** programme in the south which may now be taken up by other partners of the **Joint Donor Team** – an innovative multi-donor arrangement based in Juba.

MDG 1: Eradicate extreme poverty and hunger

- 2.128** On average over three million people received food aid each month during 2006, peaking at 4.2 million in June. Recent figures show that 2.4 million people received food aid in January 2007, 89% of whom were in Darfur. In 2006/07, we spent approximately four million pounds on food aid through the Common Humanitarian Fund.

MDG 2: Achieve universal primary education

- 2.129** The DFID-funded MDTF-South will train over 4,000 teachers. Through the UN, over four million children received school books in Southern Sudan and 462,000 children were enrolled in school in the south through the *Go to School* campaign, raising school attendance to 850,000 children. This represents a doubling of school enrolment rates in Southern Sudan since the end of the civil war and the signing of the comprehensive peace agreement in January 2005. Thirty-four percent of the enrolled children are girls.

MDG 3: Promote gender equality and empower women

- 2.130** Northern Sudan is expected to have as many girls as boys in education by 2015. But in Southern Sudan, only 32% of women and girls are literate. Education programming both under the MDTF-South and the DFID Basic Services Fund aims to address this. DFID is also working with the NGO GOAL to improve the literacy of 5,750 disadvantaged women across the country.

MDG 4: Reduce child mortality

- 2.131** Under the DFID-supported UN Work Plan, over six million children were vaccinated in 2006 against polio and one million against measles in the south. 5.4 million children received Vitamin A supplements across the country.

MDG 5: Improve maternal health

- 2.132** Both the MDTFs have approved programmes for the efficient decentralisation of health services so that more decisions are taken locally. Approximately one-third of DFID's Southern Sudan Basic Services Fund is allocated to the provision of primary health care in the poorest areas. The main focus of the DFID's humanitarian support is primary health care in Darfur and other conflict-affected areas.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 2.133** In Sudan, the current data on HIV/AIDS prevalence is partial and out of date. We are encouraging the fast implementation of a national survey. 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.

MDG 7: Ensure environmental sustainability

- 2.134** Access to water is a high priority. Currently we spend approximately £17 million a year on water and sanitation in Sudan, primarily through our humanitarian programmes. DFID has also contributed £1.1 million to a UNICEF-managed programme to support the preparation of water sector policy in Southern Sudan. In addition to this, the World Bank-managed MDTF-South is implementing a major water and sanitation programme which will support activities throughout the region at national, state, county and community level.

Tanzania

- 2.135** As a result of Tanzania's political and social stability and good development progress, Tanzania has won the confidence of development partners, who increased aid flows to over £800 million in 2006/07. DFID disbursed £85 million of budget support and committed a further £105 million for 2007, in support of the **National Strategy for Growth and the Reduction of Poverty** (*Mkukuta*). Poverty reduction budget support now comprises 80% of the UK programme and 40% of all aid to Tanzania.
- 2.136** In addition to increasing the quantity of aid, progress has been made in improving the quality of aid to Tanzania. The government's **Joint Assistance Strategy of Tanzania** (JAST) became operational in July 2006. It reinforces the government's leadership in the management of aid and it requires donors to use common procedures and ways of delivering aid in order to reduce administration costs. In 2007, we published a new Country Assistance Plan (CAP) for 2007-10. This sets out the UK's specific

contribution to the JAST. Changes envisaged in the CAP include a greater emphasis on growth, the stimulation of private markets, and the accountability of the state to Tanzanian institutions such as parliament, civil society and the media. A particular focus for 2007 will be on deepening democracy following the country's third multi-party elections in 2005.

MDG 1: Eradicate extreme poverty and hunger

2.137 In 2006, the Government of Tanzania allocated approximately **22% of its national budget to support economic growth** and increase incomes. Our budget support contributed directly to this, as did our support to the **Business Environment Strengthening in Tanzania** programme. The growth of the economy and poverty reduction was affected in 2006 by a power generation crisis. The UK is part of an Energy Task Team, with the government and the private sector, established to help deal with the crisis. We provided one million pounds in 2006/07 to support the **national poverty monitoring system** which will collect information to enable the development of a comprehensive policy on vulnerability and social protection.

MDG 2: Achieve universal primary education

2.138 Government expenditure on education has doubled to £290 million in the last five years, with help from donors including the UK. Results include around 3,000 new schools and about 45,000 extra teachers since 2000. This has resulted in primary school net enrolment reaching 96% – and an equal number of girls and boys enrolling. Primary school exam pass rates increased to 62% in 2005 (from 22% in 2000).

MDG 3: Promote gender equality and empower women

2.139 DFID is supporting efforts by government and civil society groups to increase gender equality across many policies and programmes, including civil service reform. Together with the World Bank, we are part funding a Gender and Growth Assessment to support policy discussions on the importance of addressing gender equality to maximising economic growth and identifying practical interventions to improve women's access to economic development opportunities.

MDGs 4 and 5: Reduce child mortality and improve maternal health

2.140 With support from donors, including the UK, government health expenditure has almost tripled since 2000 to over £140 million. Under-5 mortality has fallen by a quarter in five years and over 90% of children are immunised against measles. Infant mortality fell by over one-third between 2000 and 2005. Child nutrition is improving. Maternal mortality remains a serious problem and may be as much as 50% worse than the average for sub-Saharan Africa. Our budget support is helping finance the government's agreed roadmap for addressing maternal mortality. We also support a local NGO, Women's Dignity Project, to give policy advice and advocate for improvements in women's health.

MDG 6: Combat HIV/AIDS, malaria and other diseases

2.141 Latest figures show that seven percent of people aged 15 to 49 – more than one million adults – are currently living with HIV/AIDS in Tanzania. But only 48,000 people with advanced HIV infections are receiving anti-retroviral combination therapy. We are helping the government to identify the most effective balance between HIV/AIDS prevention, care and treatment services. We are giving direct financial support to an HIV/AIDS-focused programme within the National Strategy.

2.142 Commercial sales of insecticide-treated bed nets increased to 2.4 million in 2005 (up one-third on the previous year) supported by a subsidised distribution project supported by DFID. Estimates are that this will save between 20,000 and 40,000 lives a year from deaths due to malaria.

MDG 7: Ensure environmental sustainability

2.143 Access to water is increasing slowly. Rural coverage increased from 43% in 1990 to 53% in 2004 and urban coverage from 67% to 73% in the same period. There are high levels of coverage for sanitation at over 90%, but quality remains poor. Over six million pounds of our budget support in 2006 supported improved access to water. We regularly discuss policy for water and sanitation with government and donors, and support Wateraid's provision of advice to government.

Uganda

2.144 Over the last three years, 1.4 million people have been lifted out of poverty in Uganda. The challenge for Uganda now is to build on the reforms already underway. DFID's programme supports the implementation of the Government of Uganda's Poverty Eradication Action Plan (PEAP) which captures the ambition to eradicate mass poverty and achieve middle income status in the next 20 years. We provide budget support and fund programmes that improve the overall effectiveness of public expenditure and help civil society and the private sector contribute to the PEAP. We also provide substantial humanitarian assistance in northern Uganda and support for conflict reduction.

MDG 1: Eradicate extreme poverty and hunger

2.145 Thirty-one percent of Ugandans now live below the poverty line compared to 39% in 2002/03 and 56% in 1992/93. Budget support has played a valuable part in reducing poverty. Our humanitarian assistance in 2006/07 directly addressed the higher levels of poverty and hunger in northern Uganda, including by providing 2.8 million monthly food rations for those living in camps for the internally displaced people (IDPs).

MDG 2: Achieve universal primary education

2.146 Budget support has helped the government deliver improvements in education. Uganda's net primary school enrolment is high (84%), but challenges remain, including making sure more children complete primary school and move on to secondary education. The ratio of girls to boys in primary school is 98%.

MDG 3: Promote gender equality and empower women

2.147 In northern Uganda, in 2006/07 we supported UNICEF's work with women's groups on protection and sexual violence in camps for internally displaced people. We also supported NGOs working on domestic violence including advocacy for new protective legislation. We supported government research on the causes and effects of gender inequality.

Box 2.7: Bringing financial services to Uganda's villagers

In February 2006, DFID Uganda signed a £1.1 million agreement with the international NGO CARE, to work with a network of local implementing agencies to establish Village Savings and Loan Associations (VSLAs) in over 30 districts in Uganda. A year later, the programme is reaching almost 50,000 households.

The Chwanzo Women's group in Kasese District, Western Uganda, has 30 members and meets under the same tree every Wednesday. Having received training and guidance from a community-based trainer funded by a local NGO, members are now able to manage the VSLA group by themselves. All members save every week. The minimum saving amount, set by the group, is 500 shillings (approx 16 pence) a week. After a few months of building savings, the group can begin to make loans to members, repayable over one to three months. Loan sizes for this group range from 20,000 to 60,000 Ugandan shillings (£6 to £18). Those applying to borrow are questioned by other members to judge whether they are investing wisely.

This is one project among several being supported by DFID Uganda's seven million pound Financial Sector Deepening Programme, aimed at improving poor people's access to a range of financial services including secure savings and affordable credit.

MDG 4 and 5: Reduce child mortality and improve maternal health

- 2.148** Budget support has helped the government to deliver improvements in health care. Direct funding by DFID prevented the re-emergence of measles as a leading cause of childhood illness and death and curtailed a meningitis epidemic. In northern Uganda, DFID support saved lives through vaccination programmes and prevention and treatment of major causes of child and maternal mortality, including pneumonia, diarrhoea and malaria. We helped government improve access to family planning, but reducing maternal mortality remains a major challenge.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 2.149** We worked closely with government and other partners in 2006/07 to develop a five-year national strategy for AIDS. HIV/AIDS prevention is the priority. DFID is providing direct funding for HIV/AIDS education, counselling, condoms, treatment and care through the UN and civil society. We have helped the government implement a new malaria drug policy. Our humanitarian support built on the provision of 400,000 courses of malaria treatment and 70,000 bed nets last year, by providing indoor residual spraying to protect 600,000 people from malaria.

MDG 7: Ensure environmental sustainability

- 2.150** Our support on water and sanitation through budget support and direct funding has helped 90% of households in Uganda to have access to a toilet facility, and 68% of households to have access to safe drinking water. UK humanitarian support included motorised water systems and the construction of latrines in the IDP camps and for schools.

Zambia

2.151 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** (JASZ) will be agreed in the first half of 2007. This sets out how donors will collectively give support to Zambia's national policies, plans and budgets as detailed in the **Government of Zambia's Fifth National Development Plan** (2006-10). As one of the three largest donors, the UK is a key development partner in Zambia.

2.152 Tackling corruption is a top priority, with DFID working alongside other donors to support the Zambian government's Anti-Corruption Commission, the Anti-Corruption Task Force and public sector reforms to reduce opportunities for corruption. We also work with civil society organisations to enable Zambians to engage in poverty reduction policy discussions, hold the government to account, and allow the extremely vulnerable to participate in development processes.

MDG 1: Eradicate extreme hunger and poverty

2.153 We are working with the Zambian government to scale up a cash transfer programme (£16 per person per year) aimed at providing at least one meal extra a day to very poor households – the members of which, due to age or ill-health, cannot generally work or farm. The programme is intended to reach nearly 60,000 people by March 2008. We plan to spend £14.5 million over the next four years.

MDG 2: Achieve universal primary education

2.154 Zambia has achieved significant increases in net enrolment rates from 71% in 2000 to 95% in 2005 (of which 95.8% were girls and 95.3% boys). Free basic education was introduced in 2002, but while access has increased, quality remains a concern. Many girls and other vulnerable groups drop out of school before the end of primary school, largely due to poverty and the impact of HIV/AIDS on families. Teacher-to-student ratios, teacher contact time and staff deployment to rural areas are concerns. To address these challenges, specific support has been provided to the Ministry of Education's HIV programme, and to building the capacity of education boards, to initiatives to scale up incentives for girls to stay in school and to distance learning for out-of-school youth. DFID has provided £20 million (2003-07) to the education sector to support basic service delivery.

MDG 3: Promote gender equality and empower women

2.155 Part of DFID's £20 million multi-sectoral HIV/AIDS programme is focused on protecting the rights of women and girls. The enrolment and retention of girls in school has improved by over 15% since 2002 with 74% of girls now completing primary education. The ratio of girls to boys in primary education is now 0.97. Girls are also performing better in terms of achievement, with girls surpassing boys in some examinations for the first time in 2006. Our work in social protection also promotes women and two-thirds of the households that were included in the pilot cash transfer programme are headed by women.

MDGs 4 and 5: Reduce child mortality and improve maternal health

2.156 In April 2006, the Government of Zambia removed user fees in rural areas where more than two-thirds of Zambia's poor live. Initial research is showing a significant increase in use of services. DFID has committed £12.7 million over five years specifically to cushion the loss of revenue and assist in scaling up of services to cope with increased use. We have also assisted the Zambian government to strengthen its procurement capacity and this has resulted in a large increase in its budget for purchasing essential drugs. The impact of these efforts cannot yet be measured, but available data shows reduced under-5 mortality in recent years, as well as increased immunisation rates and access to family planning.

MDG 6: Combat HIV and AIDS, malaria and other diseases

2.157 The UK is one of the lead donors for HIV/AIDS and is providing a £20 million programme from 2004 to 2009. Our programme focuses on support to the National AIDS Council; public supplies, including condoms; strengthening civil society; and providing input to HIV workplace programmes, including with the private sector. By the end of 2006, Zambia was providing 80,000 people with life-saving anti-retroviral treatment and 25% of HIV positive expectant mothers were receiving a full course of anti-retroviral treatment.

MDG 7: Ensure environmental sustainability

2.158 DFID has supported an environmental appraisal of Poverty Reduction Budget Support to help identify priorities for implementation of the Zambian government's draft National Policy on Environment. We support sustainable development in strengthening disaster prevention, assessment and planning through support to the national Vulnerability Assessment Committee and the Disaster Management and Mitigation Unit.

Zimbabwe

2.159 Zimbabwe's political and economic crisis deepened in 2006. The World Bank assessed Zimbabwe as having the worst policy environment in the world. The economy continued to contract, and the annual inflation rate, by far the highest in the world, passed 1,500% in January 2007. HIV/AIDS continues to ravage the population. Life expectancy has fallen to 37 for men and 34 for women – reckoned by the World Health Organization to be the lowest in the world, due partly to limited access to HIV treatment. Maternal and child mortality are increasing. More than one in four children are orphans, the highest ratio of orphaning in the world, according to UNICEF.

2.160 However, Zimbabwe is the first country in southern Africa to see a reduction in the proportion of the population who are HIV-infected. More children are being immunised against childhood killer diseases. Many more pregnant women and young children sleep under insecticide-treated bed nets in malaria-affected districts.

MDG 1: Eradicate extreme poverty and hunger

2.161 DFID channelled some £10 million through NGOs to provide seeds, fertilisers, access to safe water and other forms of direct help to some 1.5 million of the poorest people in rural Zimbabwe, through a **Protracted Relief Programme**. We also supported the International Organisation for Migration (IOM) to provide emergency assistance (food, non-food items and temporary shelter) to displaced

people, many of whom were former commercial farm workers or victims of the so-called urban clean-up campaigns of their Government. IOM has also given humanitarian assistance to Zimbabwean deportees at the border with South Africa, reaching around 500 people per day.

MDG 2: Achieve universal primary education

- 2.162** Primary school enrolment rates remain comparatively high for the region at over 90%. However, completion rates have steadily declined since the late 1990s and were at 68% in 2004. DFID funding for UNICEF's orphans and vulnerable children programme will include block grants to schools which will slow down the number of children dropping out of schools.

MDG 3: Promote gender equity and empower women

- 2.163** A DFID-funded **Behaviour Change Programme** empowers women to negotiate safer sexual practices through the use of the female condom. In Zimbabwe, there was a 240% increase in sales of female condoms between 2001 and 2006, and this has been a key factor in reducing transmission (see box 2.8).

Box 2.8: Tackling HIV and AIDS in Zimbabwe

Condoms are a huge success story in Zimbabwe. In 2006, 1.38 million female condoms were sold; a 50% increase on 2005 and 90% of them were funded by the UK. Many were distributed through a network of 500 hair salons and 1,000 hairdressers trained through a DFID-funded programme run by Population Services International. Hairdressers in low income areas have been trained to talk with their clients about how to negotiate the use of female condoms with their partners, and to demonstrate how to use them correctly and consistently.

Together, we're helping vulnerable women to get life-saving messages about female condoms.



'Get braids, not AIDS'.

Maria Tavambirwa, aged 30, is a young hairdresser playing an active role in preventing HIV/AIDS transmission. She does this by promoting the use of the female condom among young women in her salon in Chitungwiza, a town just outside Harare.

Maria is very enthusiastic about the role she is playing in helping women at risk to take the initiative in protecting themselves from HIV infection.

MDG 4: Reducing child mortality

- 2.164** Infant mortality indicators have deteriorated exacerbated by HIV/AIDS and by deteriorating health services. We are working with UNICEF and others to combat infectious diseases threatening the lives of women and children, including the provision of 80,000 insecticide-treated bed nets to protect against malaria and support to childhood vaccines.

MDG 5: Improve maternal health

2.165 DFID is funding a programme to protect the lives of mothers and newborns, especially those affected by HIV/AIDS, and to maintain access to family planning services, including contraceptives. The programme will improve access to life-saving obstetric services and newborn care, reducing exposure to HIV infection during pregnancy, delivery and breastfeeding. Either through direct support to obstetric services or through family planning support and postnatal follow-up, the programme will reach a large proportion of women in Zimbabwe.

MDG 6: Combat HIV/AIDS, malaria and other diseases

2.166 Two-thirds of our funding in Zimbabwe in 2006/07 was allocated to tackling HIV/AIDS. We contributed to a joint donor funding pool which will enable 30,000 additional people to receive anti-retroviral therapy. This will not only save lives but also slow down the rate at which children are being orphaned. We stepped up support for orphans and other vulnerable children with 21 NGOs now supporting communities to protect and promote the rights of children and to keep them in education. A DFID-funded Behaviour Change Programme is thought to be contributing to a reduction in HIV infections in Zimbabwe. Condom use among both men and women averages 82% with non-regular partners. Zimbabwe has the highest use of male condoms in the region.

MDG 7: Ensure environmental sustainability

2.167 The Protracted Relief Programme (see MDG 1 above) funded new, or repaired, 800 water pumps and wells in 2006, giving more than half a million people access to safe water, along with improved sanitation and health training. Low cost technologies, drought-resistant crops and alternative income-generating strategies were introduced to reduce the impact of unpredictable weather and improve food security for more than 1.5 million of the most vulnerable households.

Reducing poverty in Asia

3



Thuan Hoa Province, Vietnam. David Pratt/DFID

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DFID in Asia (2006/07)



Reducing poverty in Asia

3

“The UK will continue to work in partnership with Asia, in different ways, in different countries, to help achieve progress that Asia wants to make, as it seizes the great opportunity that we now have – if we do it right – to conquer extreme poverty in the next generation. As India’s Prime Minister Manmohan Singh has said, ‘The 21st Century could truly be the century of Asia.’”

Hilary Benn, Secretary of State for International Development
Asia 2015 Conference, March 2006

Highlights

- DFID announced at the **Asia 2015 Conference** that it expects that **UK bilateral aid to Asia will grow by 25%** between 2005 and 2008.
- DFID signed **ten-year Development Partnership Arrangements** (DPAs) with Afghanistan, Pakistan and Vietnam.
- DFID committed £252 million to India’s programme to reduce maternal and infant mortality. **Over one million lives will be saved** each year by the programme, and it is the largest ever contribution by DFID to the health sector.
- In China, a new £27 million DFID programme will help **improve quality and access to education** for over five million disadvantaged children.
- In Pakistan a DFID-funded programme has provided **clean drinking water for 170,000 people and proper sanitation for 225,000 people**.

3.1 Asia is the most diverse developing region in the world. Recent years have witnessed rapid – but uneven – economic growth and Asia now makes up one-third of the world’s economy. But, typically, growth has gone hand in hand with rising inequality, uneven development and increasing numbers of urban poor and migrants as well as continued isolation for rural communities. While there has been some progress on gender in Asia, for instance in education, in many places severe discrimination against women persists. UN figures estimate that 60 million women and girls are missing from the population in Asia due to pre-natal sex selection, infanticide and neglect. And despite regional economic progress, two-thirds of the world’s poor live in Asia. Sustainable and significant improvements in the lives of the poor in Asia are therefore key to achieving the MDGs globally.

3.2 In March 2006, the **Asia 2015 conference** in London looked at the challenges facing the region and how the international community could best help to address them. It was agreed that Asia's economic success has raised large numbers of people from poverty. The percentage of people living on less than one dollar a day fell from 35% in 1990 to about 20% in 2003. However, the conference also noted that the region still contains the majority of the world's poor, and that major challenges lie ahead. Asian governments are committed to reducing poverty and encouraging equitable growth, but more effective implementation of policy commitments is required in a number of countries. DFID is working with partners to devise plans that will deliver real improvements.

3.3 From January 2007, Asia Division in DFID became South Asia Division, comprising our programmes in Afghanistan, Bangladesh, India, Nepal, Pakistan and Sri Lanka. Our programmes in Burma, Cambodia, China, Indonesia and Vietnam are now dealt with by Europe, Middle East, Americas, Central and East Asia Division (EMAAD). The DFID South Asia regional plan, published in the spring of 2007, focuses on the main challenges in reducing poverty in the region and on priority policy areas where DFID can help. Our four strategic priorities in South Asia for 2007/08 and beyond are:

- overcoming persistent poverty among the socially excluded and providing social protection for the most vulnerable groups;
- increasing the provision and quality of, and access to, basic services such as health, education, water and sanitation;
- reducing poverty and improving human well-being in conflict-affected and insecure states and regions; and
- improving governance and security by tackling factors that limit state capability, accountability and responsiveness, in line with the commitment for good governance in DFID's 2006 White Paper.

3.4 This chapter explains how DFID is helping to address the challenges faced by the region. It 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). It also covers what we are doing to meet the challenge in areas where progress is off track.

Progress towards the Millennium Development Goals

3.5 Progress towards the MDGs in Asia is mixed. Income poverty continues to fall. Progress towards increasing the proportion of people with access to safe drinking water is on target across the region. The MDG target on female primary enrolment will be met in most parts of Asia, yet progress on promoting equality and empowering women is less encouraging (see box 3.1).

- 3.6** Where governance is relatively good and improving in the region, we provide predictable long-term financial support that backs our partner's own plans to decrease poverty through their national poverty reduction strategies. This strengthens the ability of governments to deliver goods and services to their own citizens – better healthcare, better education, better courts, etc. Aid channelled in this manner goes further. It brings better results for lower cost and it is more strategic – as building national capacity is critical to long-term sustainable development.

Box 3.1: Addressing gender discrimination in South Asia

In many parts of South Asia, deep gender discrimination begins before birth and continues throughout women's lives. While some good progress has been made, for example in the enrolment of girls in school, women and girls in South Asia continue to face discrimination in many spheres – including in the family and community, in employment, in political and public life, and in law. Gender violence is also widespread. For example, UN figures estimate that there are around 15,000 dowry murders (where a bride is murdered by her husband or his family as her dowry is not considered adequate) in India each year. Caste and communal discrimination compound gender violence, making Dalit (members of castes formerly described as 'untouchable') and minority women more vulnerable to violence from higher caste men.

As well as supporting women's and girls' access to quality education and health services, including maternal health services, DFID supports a range of evidence building, advocacy and programme activities to promote and protect women's rights, including their right to decent work and their right to personal security. Our work in 2006/07 included support to the United Nations Development Programme (UNDP) and the Government of Bangladesh on a Police Reform Programme, major components of which focused on increasing police awareness and responsiveness to vulnerable groups, including women and girls. Activities included links between police and victim support groups and referral systems in police stations for women and girls. A new victim centre will be adapted as a pilot to assist these activities. Alterations are being made to local police stations to become more woman-friendly. And a Bangladesh Women's Officer Network is being encouraged, with a senior woman officer attending British police training to assist this.

DFID's plans to develop its work on gender equality in South Asia include supporting governments to effectively integrate gender equality into their programmes, as well as working with a range of civil society organisations to build demand for greater gender equality. In its work in South Asia, DFID will give particular focus to gender equality in those programmes and areas in which we are scaling up our engagement; to linkages between gender equality and growth; and to gender equality in education. In health, education and civil society programmes, DFID India will ensure that there is a particular focus on women and girls from excluded scheduled castes and scheduled tribes (Indian communities that are accorded special status by the Constitution of India) and Muslim communities.

- 3.7** The most challenging MDG targets in the region include those on reducing maternal mortality, combating HIV/AIDS and ensuring environmental sustainability. Sub-targets on forest loss reversal and access to basic sanitation are showing the least overall progress – although Bangladesh will meet the sanitation target early.

3.8 Table 3.1 shows the UN summary of overall progress towards the MDGs.

Table 3.1: Progress in Asia towards the Millennium Development Goals

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.		Eastern Asia	South-Eastern Asia	Southern Asia
MDG 1: Eradicate extreme poverty and hunger	Reducing extreme poverty by half	Dark Green	Dark Green	Light Green
	Reducing hunger by half	Light Green	Light Green	Orange
MDG 2: Achieve universal primary education	Achieving universal primary education	Red	Orange	Light Green
MDG 3: Promote gender equality and empower women	Achieving equal girls' enrolment in primary school	Dark Green	Dark Green	Light Green
	Women's share of paid employment	Light Green	Orange	Orange
	Women's equal representation in national parliaments	Red	Orange	Orange
MDG 4: Reduce child mortality	Reducing mortality of under-5 year-olds by two-thirds	Orange	Light Green	Orange
	Measles immunisation	Orange	Light Green	Orange
MDG 5: Improve maternal health	Reducing maternal mortality by three quarters	Light Green	Orange	Red
MDG 6: Combat HIV/AIDS, malaria and other diseases	Halting and reversing the spread of HIV/AIDS	Orange	Orange	Red
	Halting and reversing the spread of malaria	Orange	Orange	Orange
	Halting and reversing the spread of tuberculosis	Orange	Orange	Orange
MDG 7: Ensure environmental sustainability	Reversing the loss of forests	Dark Green	Red	Red
	Halving the proportion of people without sustainable access to safe drinking water	Light Green	Light Green	Dark Green
	Halving the proportion of people without sustainable access to basic sanitation	Light Green	Light Green	Red
	Improving the lives of slum dwellers	Orange	Light Green	Red

Note: The UN regional classification of countries is given in annex 3.

Source: UN, *The Millennium Development Goals Report 2006* (see annex 3 for details of data sources).











Progress towards Public Service Agreement Target 2: Progress towards the Millennium Development Goals in nine key countries in Asia









3.9 The Public Service Agreement (PSA) sets out milestones by which DFID can measure how well it is doing, in partnership with Asian governments and others, to reduce poverty and help achieve the MDGs. Progress is monitored in nine focus PSA countries in Asia, selected to give a good representation and coverage of our work in the region. These are **Afghanistan, Bangladesh,**

Cambodia, China, India, Indonesia, Nepal, Pakistan and Vietnam. The countries and targets we use for the PSA are different from those used for the MDGs, and the traffic light assessments therefore differ as well (for a full explanation of the relationship between MDGs and PSAs, see chapter 1, paragraphs 1.13 to 1.15).

- 3.10** We spent an estimated £743 million of bilateral aid on reducing poverty in Asia in 2006/07, of which 98% (£731 million) was in our focus countries. DFID employs 451 people based in the region working on the Asia programmes. Almost 70% are nationals of the countries in the region.
- 3.11** The PSA sets out specific sub-targets for our focus countries. Table 3.2 shows a summary of our latest assessment of progress against these. Annex 4 provides full details of DFID's PSA progress and annex 5 outlines the actions we are taking on targets which are off track. The overall picture is encouraging, with good progress being made towards six of the nine sub-targets across the region. This includes an assessment that we are ahead on our income poverty targets in both South Asia and East Asia and the Pacific, reflecting the ongoing improvements in economic and living conditions in the region.
- 3.12** Good progress is also being made in reducing under-5 mortality rates, increasing the proportion of births assisted by skilled birth attendants, and raising the ratio of girls to boys enrolled in primary school. Yet many tough challenges remain, in particular in the areas of tackling HIV/AIDS (where data are patchy), and increasing net primary school enrolment. We are working with partner countries to develop and implement programmes to address the challenges in these areas.

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 5 percentage points in East Asia and the Pacific	Region has made excellent progress and is expected to continue to reduce poverty, albeit at slower rate.		
2. a reduction in the proportion of people living in poverty of 8 percentage points in South Asia	Current estimate that poverty in South Asia will fall from 31% in 2002 to 13% by 2015. A linear trend would mean 23% living in poverty by 2008 (an 11% reduction).		
3. an increase in net primary school enrolment by 8 percentage points	Net enrolment rate currently estimated at 85%. Long-term trend suggests an increase to 87% in 2008 (6% increase from baseline).		
4. an increase in the ratio of girls to boys enrolled in primary school by 5 percentage points	Current trends predict an overall increase to 93% by 2008 (9% increase from baseline).		
5. a reduction in under-5 mortality rates for girls and boys by 24 per 1000 live births	Projected under-5 mortality rate for 2008 is 47 (down from baseline of 81 in 2000).		

6. an increase of 15 percentage points in the proportion of births assisted by skilled birth attendants	Latest outturn of 52% compared to a baseline of 41% in 2000 means that at current rate of progress target will be met by 2008.		
7. prevalence rates of HIV infection in vulnerable groups being below 5%	Incomplete data but available evidence suggests slippage. We continue to work closely with partner governments to strengthen implementation of strategies to tackle HIV/AIDS.		
8. a tuberculosis case detection rate above 70%	Currently just off track. With slightly faster rates of progress it is possible the target will be achieved by 2008.		
9. a tuberculosis cure treatment rate greater than 85%	All countries except Pakistan (84%) have met the target. The challenge remains of retaining high cure rates as detection rates cover ever wider populations.		

Key: Traffic light assessment

- Green:** Means that progress on the target/sub-target/indicator is either exceeding or on line with plans and expectations.
- Amber:** 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.
- Red:** Means that progress on the target/sub-target/indicator is not on course and there has been major slippage.

The first box of each assessment 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 with minor slippage, but we estimate that progress is likely in the future, an amber box will be followed by a green one.

3.13 We make a particular effort to aim our resources towards off track and hard to reach targets in Asia. Examples include a £100 million contribution to a Primary Education Development Programme in **Bangladesh** to **increase primary school enrolment**. Nearly 4,000 schools have benefited to date, with another 3,500 in progress. Additional classrooms have been provided, and over 12,000 new teachers have been recruited to teach in these. In **India**, DFID is helping to improve access to schooling through £210 million support to the Sarva Shiksha Abhiyan Elementary Education Programme. To date, achievements of this programme include: raising the enrolment rate among 6-14-year-olds to 94%; reducing the number of children out of school from 25 million in 2003 to 13.5 million in 2005; and a fall in drop-out rates by 4% at the primary stage and 2% in the upper primary stage. During a recent visit to India, the Chancellor of the Exchequer and the Parliamentary Under Secretary of State for International Development announced a further commitment of at least £200 million, to be disbursed over the next four years, to support the Government of India's efforts to place every child into education.

- 3.14** DFID action on **maternal mortality** includes a £100 million contribution to **Bangladesh's** Health, Nutrition and Population Support Programme (HNPSP), in which maternal health is a priority. DFID is also developing maternal health programmes with UN agencies which will aim to reach an estimated 47.5 million people. An additional 45,000 women with obstetric complications will receive high quality care; maternal deaths will be reduced by 10%; and 24,000 neonatal deaths will be averted. In India DFID has committed £252 million to the Reproductive and Child Health Programme, which aims to cut India's maternal mortality rate from 407 to 100 per 100,000 live births by 2015, and to cut the infant mortality rate from 70 to 30 per 1,000 live births over the same period. This will mean that over one million lives will be saved each year.
- 3.15** Progress is difficult to assess on **HIV/AIDS** as available data have poor coverage and are not necessarily representative. The data that are available, however, indicate high HIV prevalence rates in vulnerable groups across Asia. In **Pakistan**, we are supporting the government's National AIDS Control Programme which has extended the coverage of HIV interventions and fostered a stronger non-governmental organisation (NGO) community. In **Indonesia**, we are funding projects on advocacy and increased service delivery to health clinics. In **China**, we have committed to a programme with explicit focus on vulnerable groups in 112 counties. This will put 50,000 people on anti-retroviral therapy, provide harm reduction services to 220,000 injecting drug users, provide condoms to 130,000 sex workers and deliver prevention messages to 400,000 vulnerable people.
- 3.16** Moving above the 70% **tuberculosis** (TB) case detection rate in Asia could be achieved by 2008, with just a slightly faster rate of progress. Countries currently furthest from the target are Afghanistan and Pakistan. In **Pakistan**, DFID directly supports the National TB Control Programme and provides support via the Global Fund to Fight AIDS, TB and Malaria (GFATM). Treatment success rate is currently 84% of identified TB cases, close to the government's 2010 target of 85%. Support from DFID has also been directed to the revitalisation of TB services in earthquake-affected areas in Kashmir. In **Bangladesh**, DFID's support to the HNPSP will play a key part in TB detection and treatment. The programme aims to almost double the TB detection rate and treat an additional 60,000 TB patients.
- 3.17** In line with our strategic objectives for 2007/08 and beyond, we will continue to put off track MDGs and PSAs at the core of our development assistance in Asia.

The effectiveness of UK aid in making progress towards the MDGs in Asia

- 3.18** 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". This section assesses the effectiveness of UK aid in our nine PSA countries in Asia.

Afghanistan

- 3.19** 2006 was an important year for Afghanistan. The international community pledged \$10.7 billion (£5.8 billion) to support the **Afghanistan Compact** (a five-year agreement between the Government of Afghanistan and the international community) and the government's **Interim Afghanistan National Development Strategy**. Agreement on these was reached at the London Conference held in early 2006, during which DFID and the Afghan government signed a ten-year **Development Partnership Arrangement**. This provides for UK funding of £500 million in the first three years, of which £330 million is DFID funding. This includes over £100 million in 2006/07, making DFID the second largest donor to Afghanistan.
- 3.20** Afghanistan has seen real progress in the last five years. The number of functioning health clinics has increased by 60%. Seventy-two new hospitals and clinics have been built and 16 million vaccinations have been administered against childhood diseases, saving an estimated 30,000 lives. School enrolment has quadrupled. Economic growth averaged over 10% (8% in 2006/07) and private investment has risen to over \$400 million (£217m) from \$22 million (£12m) in 2003. Gross domestic product (GDP) per capita has risen by 47% in the past two years, while government fiscal revenue has risen by 85%.
- 3.21** Despite progress, decades of insecurity and under-investment mean that poverty remains deeply entrenched. Afghanistan is off track on all of the MDGs, and has some of the worst human development indicators in the world. Security and the illegal opium economy remain major challenges. Our programme recognises the continuing fragility of the Afghan state, and it focuses on livelihoods, economic management and public administration reform. As conditions in Afghanistan improve, the programme will shift towards a more direct focus on delivery of the services and growth needed to help achieve the MDGs in Afghanistan by the re-scheduled target of 2020.

MDG 1: Eradicate extreme poverty and hunger

- 3.22** DFID's Livelihoods programme (some £150 million between 2006 and 2009) promotes long-term rural economic development and the reduction of income poverty. Most of this spending is channelled through the Afghan government's **National Priority Programmes**, through which we have seen good results. The government's Microfinance Investment Support Facility of Afghanistan (MISFA) helps Afghans to invest in income-generating activities. DFID is providing £20 million to MISFA over three years (2005-07), helping to provide small loans to the poor who cannot otherwise access credit. So far, some 234,000 families, shopkeepers, tailors, farmers, builders and others have benefited from the loans.
- 3.23** DFID is providing £32 million over three years (2004-09) to support the Government of Afghanistan's **National Solidarity Programme** (NSP), helping local communities identify and meet their needs. It has established over 16,000 **Community Development Councils** (CDCs) across Afghanistan and implemented over 22,000 projects in the areas of agriculture, education, health, irrigation, power, public buildings, transport and water supply.

- 3.24** The **National Rural Access Programmes**, to which DFID has given £18 million, is helping to build the infrastructure essential for economic development such as irrigation schemes, main roads and bridges. It is also providing a large number of construction jobs for Afghans, so far generating over 17 million days of labour and benefiting some 375,000 households. Over 9,500 kilometres (5,903 miles) of rural roads have been built or repaired, and support has also been given to schools, health clinics and water schemes.
- 3.25** DFID's funding has also helped to identify new and innovative ways for farmers to make a living. This has included apricot drying, poultry, honey bee keeping, tailoring, weaving, silk and cashmere wool production and the introduction of fruit tree nurseries and greenhouses for vegetable production.

Box 3.2: Helping communities meet their needs

Juma Khan attended a four-week veterinary course organised under the DFID funded National Solidarity Programme and became the first basic veterinary worker in his community. He now earns 2,500 Afghanis (about £26) a month from the small farmers whose animals he treats. His work consists of providing vaccinations, undertaking castrations and treating parasitic and infectious diseases, some of which had been endemic. With his extra earnings he is able to buy medicines and support his family.



Nick Danziger/rfb pictures

MDG 2: Achieve universal primary education

- 3.26** In 2006/07 DFID channelled £50 million through the Afghanistan Reconstruction Trust Fund (ARTF) in support of the Afghan government's own development priorities. This Trust Fund is managed by the World Bank and helps the Government of Afghanistan to meet the costs of delivering essential services including education. DFID's contribution to the ARTF is large enough to cover over 100,000 teachers' salaries and around 90% of the Ministry of Education's wage bill. These resources have helped increase the number of pupils in school from two million in 2002 to more than six million today.

MDG 3: Promote gender equality and empower women

3.27 DFID's support to teachers' salaries through the ARTF is helping to increase the number of girls in school – now at over two million. And nearly 75% of those receiving loans through MISFA (see para 3.22) are women. Such lending enables women to develop their own economic activities (examples include bag-making and shop-keeping) and to increase their status within the family and the community. Many of the other activities listed under MDG 1 are also benefiting women. For example, female-only CDCs established through the NSP have provided women with a forum in which to discuss and develop ways of dealing with issues such as women's health and domestic violence (which were not previously discussed).

Box 3.3: Empowering women in Afghanistan

Dr Aqilah Jan left Afghanistan's second largest city, Herat, to work as a health worker in remote villages while the Taliban were still in power. Since then she has moved from health into local politics. She is now chair of a local Community Development Council (CDC) and member of the Provincial Council in Ghor, Afghanistan's poorest province.

Aqilah Jan believes that the Government of Afghanistan's National Solidarity Programme (NSP), funded by DFID, has helped to bring about many changes for women. Before, "they were not allowed outside the home, girls were not allowed to go to school, and women did not participate in decision making. Now many girls are allowed to go to school, five women are in the CDC, and four in the Provincial Council." She is grateful for the part the international community plays in contributing to development: "Afghanistan has been suffering for over 25 years... The needs are great... Progress is slow, but as time passes it will be more successful."



Nick Danziger/ho pictures

MDGs 4 and 5: Reduce child mortality and improve maternal health

- 3.28** Our contribution to the ARTF (£50 million in 2006/07) helps the Government of Afghanistan to meet the costs of delivering essential services and cover costs which include the salaries of health workers. We are currently working with the Government and ARTF donors to develop a performance assessment matrix that will assess the impact of ARTF on key social sectors, including health.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 3.29** Other donors cover this sector and it is not currently a priority for DFID's programme in Afghanistan. However, our support through the ARTF does help identify and address the Afghan government's own priorities in the health sector, in particular through helping to fund salaries in the Ministry of Health.

MDG 7: Ensure environmental sustainability

- 3.30** Although DFID's work is not directly focused on this area (other donors are active in it), environmental sustainability is a fundamental aspect of our extensive rural livelihoods programme.

Addressing insecurity and promoting development in Helmand

- 3.31** DFID is working as part of the UK government's effort to help the Afghan government address insecurity and promote development in Helmand province. During 2006/07 DFID provided the first £10 million of a £30 million three-year programme to the Government of Afghanistan to support agriculture and rural development in Helmand, the **Helmand Agricultural and Rural Development Programme**. This has already resulted in over 150 new wells being dug, providing much-needed access to water.
- 3.32** DFID has also provided £4 million towards UK **Quick Impact Projects** in Helmand. To date, the UK funding has been committed to over 120 projects. Examples of completed projects include: improvements to two covered markets; the reinforcement of river bank walls and building of flood defences; humanitarian assistance to internally displaced persons and drought victims; and provision of permanent vehicle checkpoints to help improve security. Other projects have provided assistance to schools, hospitals and the Afghan police.

Bangladesh

- 3.33** Bangladesh is one of only twenty countries to have achieved annual growth rates averaging 5% or more over the past 15 years¹. Average income per head has doubled in the last 20 years. Income poverty fell by 1% a year during the 1990s – the fastest in South Asia – and almost 2% a year between 2001 and 2005. This has translated into rapid social progress – as many girls as boys now attend school; child mortality has declined from 133 per 1,000 live births in the early 1990s to 85; and access to improved sanitation has increased from 23% to 48%.
- 3.34** The UK is a key development partner in Bangladesh, working with government, NGOs and the private sector to expand and improve basic services; tackle extreme poverty; improve governance; and

¹ World Bank Report, *Economic growth in the 1990s: lessons from a decade of reform* (2005).

create employment. A new interim **Country Assistance Plan** (CAP) will be published during 2007, with a full CAP to follow in 2008 after elections have been held and a new government is in place.

Governance

- 3.35** Despite Bangladesh's economic progress, it suffers from poor governance driven by confrontational politics and high levels of corruption. Poor quality basic services also threaten the achievements Bangladesh has made. DFID's approach is to help build state effectiveness through innovative programmes which will assist in providing well-trained senior civil servants, improved public financial management and budgeting and action against corruption. DFID also supports NGOs to demand greater state accountability and responsiveness. Manusher Jonno, a rights and governance programme, is funding more than 125 projects aimed at making government services more effective.

MDG 1: Eradicate extreme poverty and hunger

- 3.36** DFID funding for the NGO **Bangladesh Rural Advancement Committee** (BRAC) has helped lift 500,000 people out of extreme poverty, with increased support planned. Our partnerships with the private sector reached over 100,000 farmers and other enterprises by the end of 2006, including through the Katalyst programme which improves poor people's access to markets.

MDG 2: Achieve universal primary education

- 3.37** DFID has contributed to the construction of around 14,000 new classrooms and the recruitment of about 12,000 teachers, resulting in a substantial increase in access to publicly-provided primary education. We have initiated action to help enable children with disabilities and from ethnic minority communities to access primary education. We have also helped provide education to 4.5 million children through a major non-government programme.

MDG 3: Promote gender equality and empower women

- 3.38** A recent **gender audit** of DFID's Bangladesh programme found substantial progress in this area, which is being built on in our new Country Assistance Plan. A **Gender Implementation Plan** has been developed, and monitoring of progress by gender is being undertaken for relevant programmes. A number of programmes working to tackle the worst poverty focus specifically on women – for example, a BRAC programme has helped 100,000 women and their families (around 500,000 people in total) escape from extreme poverty; other programmes in health and education also have a strong gender focus.

MDGs 4 and 5: Reduce child mortality and improve maternal health

- 3.39** DFID provides support to two major national health sector programmes which aim to expand access to services essential for improving maternal and child health – including immunisation, antenatal and postnatal care, and reproductive health. Births attended by skilled health workers have risen from 14% in 2004 to 18% in 2006. Immunisation coverage is high – 76% of two-year old children are fully vaccinated. The **Urban Primary Health Care Project** provides basic health care services to 14 million people, 75% of them women and children.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 3.40** DFID is providing support to prevent the spread of HIV infection within ‘most at risk’ groups. This has helped the government reach 9,000 injecting drug users and nearly 20,000 sex workers, and has helped keep the number of people infected with HIV among high-risk groups below 1%, and below 5% in injecting drug users. With DFID support, National Polio Immunisation Days achieved more than 95% coverage. Support to tackle TB and malaria is part of our support to the **Sector Wide Health, Nutrition and Population Support Programme** (HNPSP). The proportion of TB cases being detected has increased from 46% in 2004 to 71% in 2006.

MDG 7: Ensure environmental sustainability

- 3.41** Climate change poses a major threat to environmental sustainability in Bangladesh, particularly as a result of more extreme weather and rising sea levels. DFID recently reviewed its programmes to assess the need to adapt to climate change and several projects are now putting adaptation plans in place. The **Chars Livelihoods Programme** has raised 10,000 homesteads in flood-prone areas and is promoting ‘mobile’ livelihoods such as raising livestock, which can be moved to dry ground during floods.

Cambodia

- 3.42** Cambodia is making good progress in reducing poverty, but it remains one of the poorest countries in Asia with several MDGs off track. In 2006, with DFID’s support, the Royal Government of Cambodia produced a new **National Strategic Development Plan** setting out its priorities for tackling poverty. DFID support under this plan focuses on increasing access to health services, strengthening the accountability and effectiveness of local government, and improving the livelihoods of poor rural people. All our programmes aim to improve the quality and efficiency of donor resources in contributing to development, as well as tackling corruption.

MDG 1: Eradicate extreme poverty and hunger

- 3.43** Our contribution over four years, with other donors, to the **Seila rural development programme** supports the achievement of MDG 1. Four million of the poorest Cambodians in all 24 provinces have benefited from the construction of roads, bridges, schools, wells and other essential infrastructure, as well as having a greater say in local decision-making processes. DFID, with the World Bank, funded the first **comprehensive assessment of poverty**, which helped everyone working in Cambodia to better understand the causes and nature of poverty. The analysis in this report is being used to guide and focus the development of a new Programmatic Approach to monitoring the implementation of the national Poverty Reduction Strategy, led by the Ministry of Planning.

MDG 2: Achieve universal primary education

- 3.44** This is not an area of focus for DFID in Cambodia. While important challenges remain, other donors are active and DFID has chosen to focus in other sectors.

MDG 3: Promote gender equality and empower women

- 3.45** Supporting a greater focus on the poor and excluded, including issues of gender equality, is part of all our work. In 2006/07, the BBC World Service Trust’s **Taste of Life soap opera** was hugely popular,

with health messages on the prime-time show reaching an estimated two-thirds of viewers. Their campaign to raise awareness about Acute Respiratory Infection – a huge killer of Cambodian children – was particularly successful in targeting women. Media surveys indicate that awareness increased from 20% to 75%. Women have equally benefited from the expansion of care and support services for HIV supported by DFID (55% of people receiving HIV counselling services and 51% of adult HIV treatment patients were female). We will be undertaking a gender review of all our programmes in 2007 to ensure that the needs of both women and men are included in our programmes.

MDGs 4 and 5: Reduce child mortality and improve maternal health

3.46 Through our £15.4 million support to the health sector, DFID has contributed to improved health services, especially for mothers and children. This has enabled more children to be born in clinics or at home with a professionally trained midwife, and has led to a **rapid reduction in infant and child mortality**. In 2006, Cambodia announced a 30% decline in infant and under-5 mortality rates since 2000 (see Box 3.4).

Box 3.4: Reducing child mortality in Cambodia

Chum Mony sits in the shade under his house in Preah Sang, a poor village in rural Cambodia, while his neighbours visit his two-day-old son. Mony's first two sons were home-delivered, like the father, his wife, and all their ancestors. Little has changed for generations, and birth has always been the business of village midwives, often with tragic consequences. For years, Cambodia had some of Asia's highest rates of infant and mother mortality. But this boy was born in a nearby clinic, the result of outreach efforts to women supported by DFID's Health Sector Support Programme. Mony's mother salutes the changes in tradition. "Having babies at home means paying the midwife with lots of rice and other presents," she notes. At the clinic, the total, including check-ups and injections, was under \$4 (£2.17). "Much cheaper," she says with a smile.



Mr Ron Gluckman

3.47 Reducing maternal mortality is a priority for DFID's programme in Cambodia. In 2006, we contributed to this goal by supporting family planning, delivery and other essential services for women in ten of Cambodia's poorest health districts, and by launching a new £2.3 million programme to reduce the number of women dying from unsafe abortions.

MDG 6: Combat HIV/AIDS, malaria and other diseases

3.48 Combating HIV, malaria and other diseases is another area of focus for DFID in Cambodia. Our programme targets women and men at risk of HIV infection. Support to the Ministry of Health's 100% condom campaign has taken **condom use to an estimated 97% to 98% today**. This has contributed to Cambodia's success in **reducing the adult HIV prevalence rate from 3% in 1997 to 1.9% in 2003**, with indications of a further reduction in 2005. With support from DFID and other development partners, the national HIV treatment programme has rapidly expanded with 73% of adult patients and 52% of children receiving anti-retroviral therapy. Our funding has helped the Ministry of Education, Youth and Sport to provide essential HIV/AIDS prevention education to more than 145,000 children and teenagers, including street children in six provinces. DFID has also supported the introduction of HIV education into the teacher training curriculum, reaching an estimated 4,000 teachers in 2006/07. Systems are in place to ensure that all primary and secondary pre-service teachers will be reached in 2007.

MDG 7: Ensure environmental sustainability

3.49 We launched a £13.6 million contribution to a **joint rural livelihoods and natural resource management programme** with the Danish development agency in 2006. This will help to improve the lives of poor rural people in over 40% of communes (directly elected councils representing five to seven villages) across Cambodia. It aims to support key government reforms to improve policy, planning and services related to land, forest and fisheries resources. Initial support has helped local communities be more involved in the management of their fisheries resources and to benefit from additional income-generating activities.

3.50 We are also working to improve the quality of aid Cambodia receives, and the government's capacity to better manage resources. In 2006, our support to the government's **Public Financial Management Reform Programme** (see box 3.5) has led to a 24% increase in tax revenue collected, more timely transfer of funds to ministries, and a reduction in the opportunities for corruption through increased use of banking systems instead of cash. Additionally, DFID, with other donors, supports a programme to improve donor co-ordination and donor partnerships with government.

Box 3.5: Improving governance and tackling corruption in Cambodia

Rith Vuthy deals with vast sums of money at Cambodia's Ministry of Economy and Finance. In August 2006, Rith joined a very select club, when he was given his first automated teller machine (ATM) card. Cambodia didn't have ATMs until 2005. Most government employees are paid in cash, and salaries are so small that few even keep bank accounts. But all those salaries add up, generating mounds of record-keeping, with fleets of trucks ferrying salaries to government departments around the country. Recently, Rith's ministry launched a test programme, together with ANZ Bank, to try direct electronic payment. Only a small number of employees are involved, but it could help Cambodia move to more efficient and transparent electronic payroll. In the meantime, Rith's daughter loves to see cash slide out of the machine.



Mr. Ron Gluckman

China

- 3.51** DFID's Country Assistance Plan for 2006–11 was launched in Beijing in May 2006. It contains two priorities. The first is to continue to support China's efforts to achieve the Millennium Development Goals on basic education, HIV/AIDS and water supply and sanitation. The second is in support of MDG 8 – to develop a global partnership for development.

MDG 1: Eradicate extreme poverty and hunger

- 3.52** China's success in bringing over 400 million people out of poverty over the last 25 years is unparalleled, but an estimated 135 million (10.4% of the population) still live on less than a dollar a day. Around half the poor live in remote western areas of the country. During 2006/07, we agreed to provide £22 million for a project to **improve income generation opportunities and basic public services** for around 1.4 million poor people, mainly from ethnic minorities disproportionately affected by poverty in the western provinces of Sichuan, Guangxi and Yunnan.

MDG 2: Achieve universal primary education

- 3.53** DFID's five-year involvement in four very poor counties in Gansu province has helped **increase net primary school enrolment from 79% to 91%, and enrolment among ethnic minority girls has increased by more than a third**. Building on the lessons learned, a new £27 million programme has been approved to help improve quality and access to education for over five million disadvantaged children.

MDG 3: Promote gender equality and empower women

- 3.54** All of DFID China's programmes include activities that promote gender equality and women's empowerment. For example, DFID HIV prevention and care work in China raises awareness of HIV amongst female sex workers. In DFID China's education projects, scholarships have been targeted towards enabling poor rural girls to attend school. In the four counties involved in the Gansu education project, net enrolment for girls increased from 81% to 88% during 2006/07.

MDG 4: Reduce child mortality

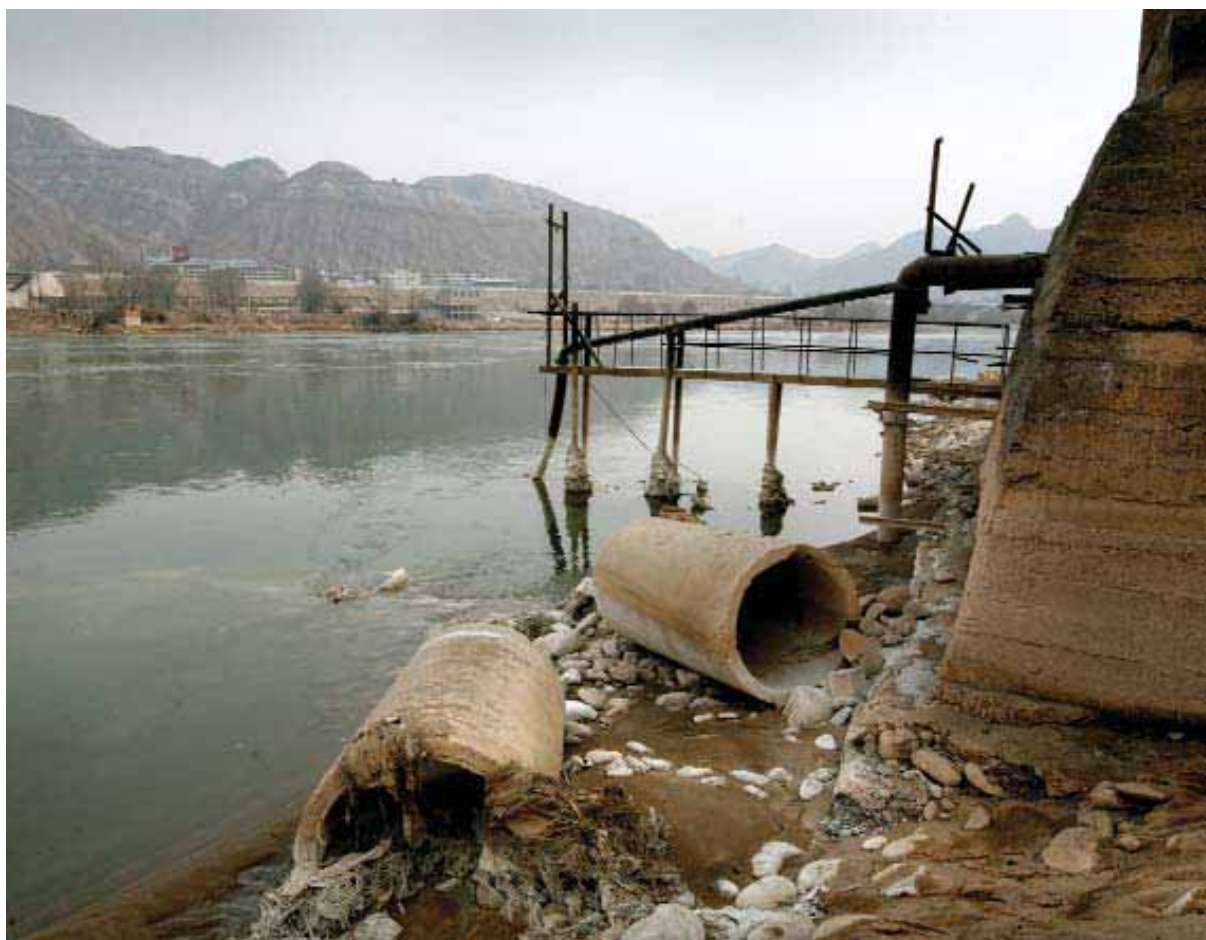
- 3.55** Infant mortality is low in China relative to other countries in the region, at 21.5 per 1000 live births in 2004, and is steadily declining – down from 50.2 per 1000 live births in 1991. DFID China has chosen to focus its resources on other MDG targets.

MDG 5: Improve maternal health

- 3.56** Improvement in maternal health is one part of our support to health system reform, and our projects have contributed important evidence to the Chinese government's own policy development. The maternal mortality rate has reduced from 80 per 100,000 in 1991 to 48 in 2004.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 3.57** The DFID programme has focused on the high-risk groups of injecting drug users, commercial sex workers and men who have sex with men. Around 130,000 vulnerable people have benefited. There has been significant evidence of increases in condom use, reduction in needle sharing and the promotion of techniques that reduce the harm done by injecting drug users to themselves and the wider community.



Tim Diver/Panos Pictures

China's economic growth is having a profound environmental impact. Here, the outlet of a chemical factory dumps waste into the Yellow River

MDG 7: Ensure environmental sustainability

3.58 DFID is developing a **major new water and sanitation project** to cover 800,000 people and act as a model for the rest of China. DFID has supported training of over 1,000 project staff and about 190,000 farmers on new guidelines, developed with DFID support, facilitating the creation of Water User Associations (WUAs). Some 263 WUAs have been established in seven provinces, resulting in more equitable water use and water savings. Broader DFID support for sustainable development includes a project that is reducing pollution and waste from the overuse of fertilisers by poor farmers in northern China.

MDG 8: Working with China on international development issues

3.59 China's role in the world is becoming increasingly important for global efforts to reduce poverty. Our main focus during 2006/07 in this area has been on China's relations with Africa (see chapter 2, box 2.1); encouraging engagement with the wider donor community; promoting sharing of China's development experience with other developing countries; and participating in the UK/China discussions on sustainable development, climate change and energy security.

India

3.60 India contains one-third of the world's poor. In recognition of this, DFID's India programme is the largest of our country programmes. Despite impressive growth and success in some sectors, India's enormous poverty challenges mean that only the primary education and water supply MDGs are fully on track.

MDG 1: Eradicate extreme poverty and hunger

3.61 DFID support helps the poor increase employment opportunities, generate sustainable incomes and reduce vulnerability to natural disasters, often made worse by climate change. Over 5 million people – including many women – are benefiting from microfinance programmes providing access to financial services. Through support to micro-finance programmes in Andhra Pradesh, DFID helped 100,000 households increase their average annual incomes by more than Rs10,000 (£118), raising them above the official poverty line.

MDG 2: Achieve universal primary education

3.62 The number of out-of-school children has almost halved to 13.5 million between 2003 and 2005, largely due to the Indian government's Sarva Shiksha Abhiyan (SSA) **nationwide universal elementary education programme**, with £210 million in support from DFID. If progress continues at that rate, with the remaining children identified and reached, India will be on track to achieve MDG 2.

MDG 3: Promote gender equality and empower women

3.63 The interests of girls and women are at the heart of all DFID programmes in India. The DFID contribution to the SSA programme also helps to eliminate gender disparity in primary education (the latest estimate is that 47% of the elementary school population are girls) but only 40% of young people have access to post-elementary schooling. And while girls' enrolment is growing faster than boys', a significant gender gap remains. In 2006, DFID began planning in support for the Indian government's Mahila Samakhya **women's empowerment programme**, a proven way of bringing girls into education.

MDG 4: Reduce child mortality

3.64 The numbers may be falling but a quarter of the world's under-5 deaths still occur in India. DFID support to the health system in West Bengal is increasing efforts to reduce deaths in the first four weeks of life, when a significant proportion of infant deaths occur. In 2006, DFID approved £252 million of support for a national **Reproductive and Child Health Programme** (RCH2), targeting India's poorest states and focusing on tribal and other groups where infant and child mortality are highest.

MDG 5: Improve maternal health

3.65 Maternal mortality is high, with wide variances between states, rural and urban populations, and socio-economic groups. More women are giving birth in hospitals attended by skilled staff, but most poor women still cannot access 24-hour obstetric care. DFID supports national and state level health

programmes, such as in West Bengal, where innovative approaches are addressing critical obstetric and anaesthetic skill shortages and improving service delivery.

MDG 6: Combat HIV/AIDS, malaria and other diseases

3.66 Prevalence rates of HIV in India may be low – at 0.91% – but that still translates into millions of lives affected by HIV/AIDS. In six high-prevalence states there is evidence of the epidemic spreading from urban to rural areas, and from high-risk groups to the general population. However, in southern India new infections and overall HIV prevalence are falling. The DFID-supported **National AIDS Control Programme** shares lessons and successful experience countrywide, and access to anti-retroviral treatment, if limited, is increasing.

3.67 An expanded **TB control programme** has reduced deaths by a quarter but over 300,000 still die from TB each year. Nationwide TB treatment was achieved in 2006, with 100,000 patients treated every month. DFID helps by funding anti-TB drugs purchases, technical support through the World Health Organization (WHO) and monitoring access to services by poor and marginalised people.

MDG 7 – Ensure environmental sustainability

3.68 Rural projects **help poor people establish sustainable ways of living** while conserving soil, water and forest resources. 213 million people in 14 states have benefited from DFID support for UNICEF's **Child Environment Programme** (CEP), complementing the Indian government's own initiatives. In five years, the **availability of rural sanitation has almost doubled**, with many more people gaining access to safe drinking water. For urban slum dwellers in West Bengal, Andhra Pradesh and Madhya Pradesh, DFID promotes sustainable access to better water and sanitation, while support for the **Water and Sanitation Partnership-South Asia** in over 20 states is helping reform water and sanitation services.

Indonesia

3.69 Although Indonesia has made progress since the 1997 economic crisis, poverty levels increased in 2006 and 40 million people still live below the poverty line. DFID is working with the government and donors to provide effective assistance to the poor and to contribute to meeting the MDGs. DFID has contributed to a Decentralisation Support Facility, aimed at **strengthening local government capacity to deliver services**, and has helped **strengthen the National Anti-Corruption Agency**. In addition, DFID has provided significant humanitarian and reconstruction assistance in response to natural disasters such as the 2004 tsunami and the May 2006 earthquake in Yogyakarta and Central Java. We also help implement the government's Disaster Risk Reduction policy of reducing the vulnerability of marginalised and poor people through education, prevention, early warning, mitigation, emergency response and training.

MDG 1: Eradicate extreme poverty and hunger

3.70 As a result of the DFID-funded six-year, £25 million **Multi-stakeholder Forestry Programme** (MFP), previously marginalised citizens making their living from forest resources now have improved livelihoods plus a more significant voice in the development of the government's new policies and programmes on poverty and environment management. Research and policy analysis funded by DFID

played an important part in decisions by the government to proceed with two major programmes, worth two to three billion pounds per year: a nationwide community anti-poverty programme 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, creating 48,000 full-time jobs.

MDG 2: Achieve universal primary education

- 3.71** Primary school enrolment and the literacy rate are close to 100%, but these figures mask challenges, including low quality of service and low educational attainment, plus difficulties of access in remote areas. The education sector is covered by other donors so DFID has chosen to focus on more severely off track MDGs.

MDG 3: Promote gender equality and empower women

- 3.72** DFID programmes have helped poor and marginalised women participate in local government decision-making and demand better health and education services. They have also brought up concerns about remittances, which are important to economic rights, reaching women.

MDG 4: Reduce child mortality

- 3.73** Indonesia is on track to meet this MDG, with a 53% fall in infant mortality between 1990 and 2004. DFID contributed to the response to the recent outbreak of polio by funding emergency immunisation campaigns.

MDG 5: Improve maternal health

- 3.74** There is continuing concern that Indonesia is off track to meet this target. DFID is funding UNICEF and GTZ to carry out large-scale training of midwives, which will improve the quality of emergency obstetric care provided in hospital, and strengthen links to wider, non-medical factors such as under-nutrition. The first reports on the impact of this support will be available in 2007/08.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 3.75** DFID co-funding of two agencies has resulted in a significant increase in condom use, the treatment of sexually transmitted infection, the provision of clean needles and syringes and stronger government action to address stigma and discrimination. While TB cure rates are already above the MDG 85% target, the case detection rate remains below target. DFID-funded studies will improve case detection and allow better measurement of progress.

MDG 7: Ensure environmental sustainability

- 3.76** DFID has promoted environmental awareness across its programmes, in particular in response to the tsunami. In Aceh and Nias, DFID funds have help clear over 1 million cubic metres of debris, collected more than 88,000 cubic metres of municipal waste, rehabilitated 627 hectares of rice paddies and recycled over 17,000 cubic metres of tsunami wood. In addition, the government is considering a DFID study to improve the management of natural resources.

Nepal

3.77 During 2006, Nepal's decade-long conflict ended with the signing of a **Comprehensive Peace Agreement**. There are now Maoist representatives in parliament and an interim government was sworn in on 1 April 2007 which includes five Maoists ministers. Despite the conflict, poverty declined from 42% to 31%. Three MDGs are on track and a further two have the potential to be met. However, there are gross inequalities in relation to gender, ethnic groups and geographical areas. In addition to DFID's major role in development, DFID is now a lead donor, alongside the UN, in support of the peace process. In the near future an Interim Country Assistance Plan (CAP) will be launched. Its purpose is to help establish peace in Nepal and lay the foundation for development that reaches everyone.

Governance

3.78 DFID has supported decentralised financing and development of local authorities. Support to the government's public expenditure management resulted in an annually-produced Public Expenditure Framework. Through the Global Conflict Prevention Pool, the UK is a major contributor to support for raising public awareness on the drawing up of Nepal's new constitution.

MDG 1: Eradicate extreme poverty and hunger

3.79 DFID supports the **Rural Community Infrastructure Works** programme which provides work for 77,000 people. The period each year during which 55,634 households would be vulnerable to food shortages has been reduced by 2.75 weeks. The Rural Access Programme will provide six million labour days, paying about £4.5 million to 19,000 poor and excluded people and completing 480 kilometres (298 miles) of district roads and 180 kilometres (112 miles) of feeder roads. In 2006, DFID played a leading role in the production of a gender and social exclusion analysis which demonstrates the relationship between poverty and social exclusion and proposes an approach to addressing social exclusion. DFID also worked with the World Bank on a national poverty assessment.

MDG 2: Achieve universal primary education

3.80 DFID's support to the **Education For All** (EFA) programme has contributed to improved quality and increased primary enrolment rates (now 90% for boys and 83.4% for girls). However, the attendance rate to the end of primary education is only 82.1% for boys and 75.9% for girls.

MDG 3: Promote gender equality and empower women

3.81 There are now 95 girls in primary education for every 100 boys. In addition to funding EFA, in 2006 DFID established a joint donor **Rights, Democracy and Inclusion Fund** promoting greater political awareness and active participation of women and excluded groups in local community activities. Gender discrimination is compounded by caste, class, religion and ethnicity. Through the **Livelihoods and Social Inclusion monitoring system** (LSI), DFID programmes contribute to change for women and excluded groups and provide data by gender, caste and ethnicity. Of the 16 programmes that have started using LSI, half of them have enhanced their efforts to benefit women and excluded groups.

MDG 4: Reduce child mortality

- 3.82** The 2006 preliminary Demographic and Health Survey results show a 36% **decline in under-5 mortality** since 2001 (to 65 per 1,000 live births). A significant portion of DFID's support to the health sector has been used by the government to scale up community-based essential child care services.

MDG 5: Improve maternal health

- 3.83** DFID is the leading donor to the **national safe motherhood programme**. Our support has significantly contributed to a 3% increase last year in the national skilled birth attendance rate (though the rate remains low at 23.4%) and the 3% increase in the met need for emergency obstetric care (though the rate also remains low at 18.5%, measured in 13 districts).

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 3.84** The national TB programme continues to exceed WHO targets. DFID was the lead TB programme funder during 2006. DFID is the joint lead donor of Nepal's HIV/AIDS programme. DFID's contribution (to 59 partners in 26 of Nepal's 75 districts, managed by UNDP) has been a major factor in the increased provision of services to vulnerable groups.

MDG 7: Ensure environmental sustainability

- 3.85** In 2006, national water supply coverage was between 60% and 81% but only 39% of households had toilets. DFID supports two major NGO projects supplying 22,000 households with water and sanitation services. During the conflict, climate change was not regarded as a high priority by the government, but the changed political environment is more promising.

Pakistan

- 3.86** 2006/07 has been a year of consolidating our achievements in Pakistan. Poverty Reduction Budget Support has been approved, and a **10-year Development Partnership Arrangement** was signed by the Prime Ministers of the UK and Pakistan in December 2006. The aftermath of the South Asian earthquake remains a challenge that is being met well by the government and people of Pakistan, with support from DFID and the international community.

Governance

- 3.87** We supported the development of a federal Medium Term Budgetary Framework, improvements to federal revenue administration and planning for national statistics reform. Nationwide, we supported the participation of poor people, especially women, in local politics. We have strengthened our relationships with the Punjab and the North West Frontier Province governments and designed technical assistance to support their planning and delivery of services. This work should result in improved MDG outcomes for Pakistan.

MDG 1: Eradicate extreme poverty and hunger

- 3.88** A range of targeted programmes is being supported to improve livelihoods and employment opportunities. For example, under the women's microfinance programme with the NGO Kashf, incomes have been raised by up to 51%. During 2006/07, the number of households benefiting from this programme increased from 75,000 to 135,000.

MDG 2: Achieve universal primary education

- 3.89** DFID has been influential in the development of a new education policy with other donors and the government. In Punjab, where we are providing budget support to social services, stipends have been used successfully to achieve increased girls' primary enrolment. Under DFID's project in Faisalabad District, the 'Whole School Development approach' to education service delivery (working with all staff as one team) is proving transformational, with increased primary enrolment and improved attendance.

MDG 3: Promote gender equality and empower women

- 3.90** The promotion of gender equality and the empowerment of women are central to DFID Pakistan's programme. For example, through DFID's **Gender Equality Programme** (GEP), demonstrable contributions were made to legal changes allowing women to better participate in political, social and economic spheres.

Box 3.6: Women in local government in Pakistan

Haseena was a housewife living in the remote village of Shigar in the Northern Areas of Pakistan. When she won a seat on the district council in 2005, the men told her that she should not attend meetings as there was nothing she could do there.

The Agha Khan Rural Support Programme organised an orientation session for female councillors as part of a project sponsored by DFID. They told the women that they must fully represent the women of their electorate, present their issues and fight for their rights.

From then on, Haseena insisted on attending council meetings. She became one of the most active members and has filed a case against the chairman for discrimination. She has been the driving force behind several projects in her own electorate and other areas and plans to compete for a place on the Northern Areas Legislative Council in the next elections.

MDGs 4 & 5: Reduce child mortality and improve maternal health

- 3.91** DFID funding has directly supported an **increase in access to life-saving vaccines** from 53% to 77% of children between 12 and 23 months of age in three years. A £90 million DFID programme approved in 2006 will support a new **National Maternal, Newborn and Child Health Programme**. It is estimated that between 2006 and 2011 the programme will save the lives of at least 30,000 women and 100,000 babies, and prevent serious ill health and disability for 3.5 million women.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 3.92** DFID funding has contributed to an increase in the number of female health workers to 96,000. We have supported the introduction of TB treatment in 100% of districts. The case detection rate was 44% in 2006 (compared with 18% in 2003) and the treatment success rate is 82%. DFID support to a review of the national response to HIV, the development of a strategic plan for 2007-12 and the drafting of the *HIV/AIDS Prevention and Treatment Act* has increased Pakistan's prospects of achieving the 'Three Ones' (one agreed AIDS Action Framework for each country, one national AIDS authority and one agreed country-level monitoring and evaluation system).

MDG 7: Ensure environmental sustainability

- 3.93** Pakistan is on track to achieve MDG 7. In 2004/05, 66% of the population of Pakistan had access to a tap or hand water pump and 54% had access to a flush toilet. During 2006/07 a DFID-funded programme in North West Frontier Province (NWFP) has provided clean drinking water for 170,000 people and proper sanitation for 225,000 people. We will be incorporating environmental management and Disaster Risk Reduction into our programme in response to the impact of climate change and natural disasters such as the South Asia earthquake.

South Asia earthquake

- 3.94** In response to the devastating earthquake of October 2005, DFID gave £54 million for immediate humanitarian assistance and has committed a further £70 million to help with long-term reconstruction and rehabilitation. Of the £70 million, £5 million has already been spent on reconstructing critical bridges, training teachers and administrators, detecting and treating TB and providing mental health support services. The remainder of the money will be spent to support the government's Earthquake Reconstruction and Rehabilitation Authority in the huge challenge of rebuilding physical infrastructure, schools, hospitals and water and electricity supplies.

Vietnam

- 3.95** Vietnam is on track to achieve most of the MDGs except those on HIV/AIDS and sanitation. Economic growth was 8.2% in 2006, delivering a further substantial reduction in poverty. DFID supports the government's efforts to ensure that every part of society benefits from economic development and has access to basic services, especially ethnic minorities and those in remote areas. We continue to play a leading role in donor co-ordination to ensure effective international aid delivery. 2006 has seen significant progress on UN reform in Vietnam.

Governance

- 3.96** DFID support to governance in Vietnam was broadened in 2006, reflecting the country's urgent need and DFID's capacity, to address corruption, increase accountability, and promote change in state-society relations. DFID took the lead in developing new approaches by donors on governance, which was captured in a joint report to the Vietnam Consultative Group. DFID support to public financial management continues, and an external evaluation verified the effectiveness of this DFID initiative in supporting reform. The government valued, in particular, the access to high-level technical assistance the initiative provides.

MDG 1: Eradicate extreme poverty and hunger

- 3.97** Poverty has already been halved in Vietnam from 1993 to 2004. A further 2.5 million people were lifted out of poverty in 2006, leaving fewer than 14 million poor people. During 2006/07, DFID provided £20 million through the Poverty Reduction Support Credit (PRSC) to **support government poverty plans** and accelerate necessary reforms. We also worked with the government to increase its effectiveness at targeting poor communes, bringing jobs and better services. 210,000 people have been lifted out of poverty, according to a World Bank evaluation, through increasing the planning capacity of local people, through improving the performance of local institutions, and through the rehabilitation and maintenance of roads by communities themselves according to their own needs under a DFID/World Bank co-funded rural transport project.

MDG 2: Achieve universal primary education

- 3.98** Universal primary education is on track, with net enrolment at 94.6% and rising. DFID's focus on improving the quality of, and access to, basic education contributed greatly to **improving teacher quality and primary school facilities in disadvantaged areas**. The approach is being incorporated into national policy.

MDG 3: Promote gender equality and empower women

- 3.99** The goal of gender equality in education should be achieved by 2015. By 2004, girls' enrolment at secondary level had reached 92%. Vietnam leads in Asia on women's political representation, 27.3% of deputies to the National Assembly being women. Women's share in non-agricultural wage employment had increased to 52% by 2004. DFID continues to support the government's gender monitoring framework as part of the national poverty reduction strategy and negotiates gender-related policy actions to be incorporated into the PRSC.

MDG 4: Reduce child mortality

- 3.100** **Vietnam is well on track to achieve this MDG.** Under-5 mortality has fallen from 58% in 1990 to 31% in 2004, and under-1 mortality has dropped from 44% to 18% in the same period. DFID's direct involvement is not required as many international agencies are active in this area.

MDG 5: Improve maternal health

- 3.101** Vietnam is well on track to achieve this MDG. The maternal mortality rate declined from 1.2% in the 1989-1994 period to 0.85% in 2004. Many other international agencies are active in this area, so DFID is working elsewhere.

MDG 6: Combat HIV/AIDS, malaria and other diseases

- 3.102** HIV/AIDS is one of two off track MDGs in Vietnam. DFID supports the largest HIV/AIDS prevention programme (£16.4 million) in the country. It pioneers new approaches to harm reduction and targets distribution of 230 million condoms to high-risk groups. In 2006, the government passed HIV/AIDS legislation which will directly enhance the impact of the DFID-funded programme. Although donor support to HIV/AIDS has increased dramatically recently, it remains insufficient and is fragmented. DFID has been pushing for better donor co-ordination and government leadership.

MDG 7: Ensure environmental sustainability

- 3.103** While the environmental MDG is on track in most respects, sanitation stands out as the most off track MDG 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. However, recent moves by the government are positive, and if the policy environment improves, DFID will consider providing funding to sanitation. We continue to raise the profile of the issue through the PRSC and policy discussions with government.

Progress in non-PSA countries

Burma

- 3.104** DFID spent £8 million in 2006/07 to reduce poverty in Burma, in line with the European Common Position reflecting concerns on political and human rights. The DFID programme focuses on health, education, livelihoods and support for democratic transition.
- 3.105** During 2006/07, DFID contributed £20 million to the establishment of a five-year \$100 million (£54 million) **multi-donor fund for prevention and treatment of HIV and AIDS, TB and malaria**. The fund is expected to save one million lives and has the endorsement of both the democratic opposition and the military authorities. DFID also provides support to health activities in some of the most inaccessible areas of Burma via a UK-based NGO.
- 3.106** Two new programmes in education were begun by DFID in 2006, as a response to the very low (less than 50%) completion rate by primary school pupils. The programmes focus on community-managed early childhood centres and improved access to quality basic education.
- 3.107** DFID funding has increased the numbers of poor people reached by the United Nations' Human Development Initiative supporting village development and establishing successful women's savings and loans groups.
- 3.108** We continue to provide humanitarian support to Burmese refugees in the border areas. Emergency assistance has been provided to internally displaced people in Eastern Burma.

Box 3.7: Women's savings groups in Burma

Daw Htwe Kyi is a 37 year old single parent living in Burma. She and her five year old son live on her earnings of around half a dollar a day (27 pence). Two years ago she joined a savings group for poor women established with the support of UNDP's Human Development Initiative. Daw Htwe Kyi has taken four loans – the smallest \$2 (£1.1) and the largest \$10 (£5.4). She used the money to buy a pig and six chickens. Her investments have given her a little more financial stability. But the experience of being a member of a group has given her more confidence to speak up about village issues.

Daw Htwe Kyi says, "In the beginning I was a little hesitant to be a member." But she adds that the group, "Has completely changed my life and also many others in the group. We have donated some money for school repair and will continue helping the development of the village. When we started the group we were shy to speak. None of us feel shy anymore".

Sri Lanka

- 3.109** DFID's bilateral programmes in Sri Lanka in 2006/07 have helped improve knowledge and skills in poverty and conflict analysis. The resurgence of conflict, however, has affected programme delivery, particularly for two reconstruction projects in the tsunami-affected coastal regions in the north and east.

- 3.110** Two other tsunami-related projects have helped build local capacity for service delivery during the recovery phase. The North East Provincial Council were provided with local poverty data and given guidance on better and more transparent management and planning of the delivery of essential services to the vulnerable and poor.
- 3.111** DFID funds also have been used to improve the overall business environment via public/private partnerships in 14 sites throughout the country. These will encourage increased economic growth and job creation, thereby contributing to improved welfare and political stability in multi-ethnic and tsunami-affected areas of the country.
- 3.112** The DFID bilateral programme to Sri Lanka terminated at the end of March 2007, reflecting Sri Lanka's middle income status and relatively low levels of poverty. DFID's programme in Sri Lanka is now maintained via funds and personnel contributed to the Global Conflict Prevention Pool and debt relief, subject to negotiations.

Box 3.8: Action against human trafficking

DFID has provided £3 million to ILO to help implement a project to prevent trafficking in girls and young women in China. It helps to prevent girls and young women ending up in the "entertainment industry" or other unacceptable forms of work, by reducing their vulnerability to trafficking. The project started in 2004 and will end mid-2008. Project reviews have shown that interventions are starting to have an impact, in particular by raising awareness of the dangers of uncontrolled migration; offering "decent work" to young women; promoting and protecting labour rights; gathering meaningful sex-disaggregated data; and reducing school drop-out rates.

Save the Children's Cross-border Project Against Trafficking and Exploitation of Migrant and Vulnerable Children in the Mekong Sub-region, a project supported by DFID, received a Save the Children Award for Outstanding Contributions to Children. The Award was given by the Save the Children President, Her Royal Highness The Princess Royal in October 2006. The project has been supported by DFID since 2000. It has been addressing the trafficking of children in over 150 communities across China, Laos, Myanmar, Thailand, Vietnam and Cambodia. As well as working closely with children and their communities to protect children at risk, the project supports recovery and reintegration of former victims. The project also works with governments and international organisations to advocate policy change. Ultimately the project aims to build models of child protection systems that will prevent trafficking and other forms of exploitation and abuse being replicated across these six countries.



Young Vietnamese women learn vocational skills at an ILO workshop

011

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

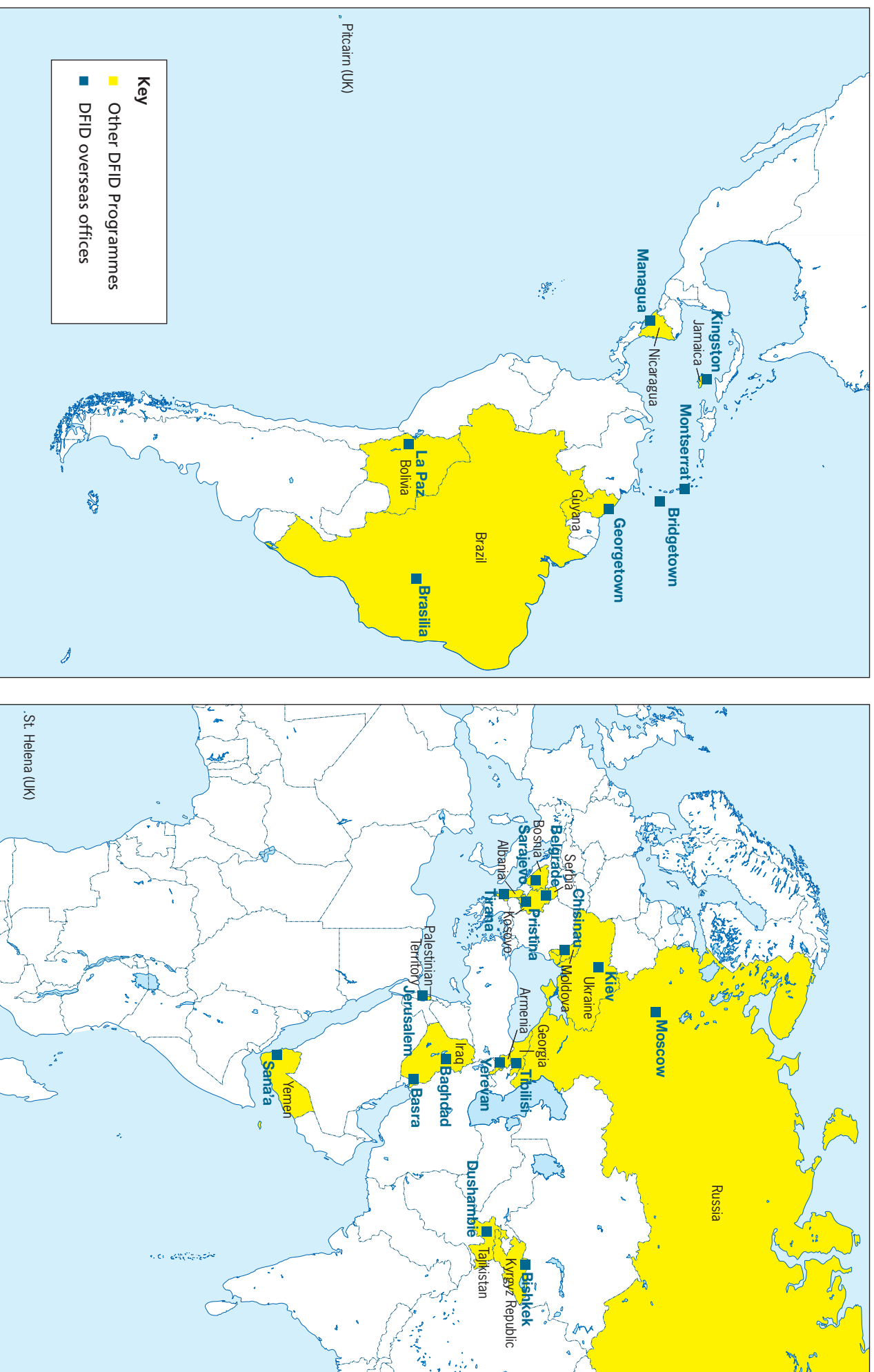
4



Basra, Southern Iraq, PA Consulting Group

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DFID in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa (2006/07)



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

4

"No one will be left behind."

Popul Vuh, Mayan Creation Myth, quoted by Luis Alberto Moreno, President of the Inter-American Development Bank, March 2007

Highlights

- Good progress has been made in **reducing poverty** in these regions. DFID will scale up its programme in the poorest states of Yemen, the Kyrgyz Republic and Tajikistan.
- DFID teams have been **flexible and innovative** in delivering aid in difficult environments like Iraq and the Occupied Palestinian Territories.
- Water supply has doubled to 100,000 poor homes in **Basra** through DFID support.
- We helped secure a **successful deal on the new EU support for Pre-Accession and European Neighbourhood countries** to support economic and social development and political reform.
- In November 2006, the UK hosted a donor conference to encourage an **increase in aid for Yemen**. Over £2.6 billion was pledged including substantial support from Arab donors.
- DFID graduated from its successful bilateral programme in **Russia** at the end of March 2007. We will maintain our partnership with Russia on global development issues with DFID staff based in the British Embassy.

4.1 Europe, Central Asia, Latin America, the Caribbean and the Middle East have made good progress in reducing poverty over the last 20 years, but more than 300 million people still live on less than \$2 per day. Most of the countries are likely to miss one or more of the 2015 Millennium Development Goals (MDGs).

4.2 This chapter reviews how Europe, Central Asia, Latin America, the Caribbean and the Middle East are progressing towards the Millennium Development Goals (MDGs), assesses how DFID is progressing towards its Public Service Agreement (PSA) objective for the regions, and, the effectiveness of our bilateral aid.

Progress towards the Millennium Development Goals

- 4.3** Progress towards the MDG target of reducing poverty by half has been slow across these regions, although Guyana and Jamaica are among the few developing countries to have already achieved the target. For the other MDGs, progress has been mixed. Although many countries in the region are expected to achieve universal primary education by 2015, large gender gaps persist in Yemen and Iraq. Child mortality is falling rapidly in the western hemisphere, North Africa, Albania, Armenia and Serbia and Montenegro, with which DFID has bilateral programmes, are all on track to meet the target of reducing under-5 mortality by two-thirds.
- 4.4** Latin America's HIV epidemics have generally remained stable, with Brazil providing good examples of both prevention and treatment. On the other hand, Ukraine, the Russian Federation, the Central Asian republics and parts of the Caribbean all have growing HIV epidemics. Of all the countries in the region with which DFID has bilateral programmes, only the Russian Federation and the West Bank and Gaza are on track to halve the proportion of the population without access to safe drinking water (though most Balkans countries have already reached very high levels of coverage).
- 4.5** Both northern Africa and western Asia have made significant improvements in the ratio of girls to boys in primary education, with Yemen more than doubling girls' enrolment rates over the MDG period so far. Other countries already had virtually equal enrolment in primary education in 1990. Latin America and the Caribbean have seen a large increase in the proportion of seats held by women in national parliaments, but none of the countries in these regions has witnessed a major increase in the proportion of women in wage employment in the non-agricultural sector.
- 4.6** Table 4.1 shows the UN summary of progress towards the MDGs across the regions.

Table 4.1: Progress towards the MDGs in Latin America, the Caribbean and the Commonwealth of Independent States

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.		Latin America & Caribbean	Commonwealth of Independent States	
			Europe	Asia
MDG 1: Eradicate extreme poverty and hunger	Reducing extreme poverty by half	Orange	Orange	Orange
	Reducing hunger by half	Light Green	Light Green	Red
MDG 2: Achieve universal primary education	Achieving universal primary education	Light Green	Orange	Light Green
MDG 3: Promote gender equality and empower women	Achieving equal girls' enrolment in primary school	Dark Green	Dark Green	Dark Green
	Women's share of paid employment	Light Green	Dark Green	Dark Green
	Women's equal representation in national parliaments	Orange	Orange	Orange
MDG 4: Reduce child mortality	Reducing mortality of under-5 year-olds by two-thirds	Light Green	Light Green	Orange
	Measles immunisation	Dark Green	Dark Green	Dark Green
MDG 5: Improve maternal health	Reducing maternal mortality by three quarters	Orange	Light Green	Light Green
MDG 6: Combat HIV/AIDS, malaria and other diseases	Halting and reversing the spread of HIV/AIDS	Orange	Red	Red
	Halting and reversing the spread of malaria	Orange	Light Green	Light Green
	Halting and reversing the spread of tuberculosis	Light Green	Red	Red
MDG 7: Ensure environmental sustainability	Reversing the loss of forests	Red	Red	Dark Green
	Halving the proportion of people without sustainable access to safe drinking water	Dark Green	Dark Green	Red
	Halving the proportion of people without sustainable access to basic sanitation	Light Green	Light Green	Red
	Improving the lives of slum dwellers	Orange	Orange	Orange

Note: The UN regional classification of countries is given in annex 3.

Source: UN, *The Millennium Development Goals Report 2006* (see annex 3 for details of data sources).

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

4.7 Many countries in the regions have reached middle income status, yet they still contain pockets of deep poverty. In order to progress towards the MDGs in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa, DFID has a Public Service Agreement (PSA) objective to reduce poverty in the regions.

- 4.8** DFID employs 266 people working on development programmes in Europe, Central Asia, Latin America, the Caribbean, the Middle East and the Overseas Territories. Three-quarters of our staff based outside the UK are nationals of countries in these regions, adding a unique perspective to DFID's understanding of the development challenges.
- 4.9** The UK government provided bilateral assistance worth approximately £187 million in 2006/07 to these regions. This is complemented by our contributions to the European Union, the United Nations and the multilateral development banks. Our approach is to work together with other financing partners to **increase the impact of the total development effort in a country**. Therefore we use our comparatively modest resources to support increased effectiveness of the major multilateral development banks and donors.
- 4.10** For example, we helped secure a successful deal on the new EU package of support for Pre-Accession and European Neighbourhood countries to assist economic and social development and political reform. These are worth £15.4 billion over seven years, of which the UK's anticipated contribution is around £300 million per year.
- 4.11** Another example of how we try to improve the effectiveness of the total development effort is by placing staff inside the multilateral development institutions; we have two DFID staff in the Inter-American Development Bank to help it improve the poverty focus of its activities. In Yemen, 95% of DFID's aid is spent jointly with other donors, thereby reducing the administration burden on partner country governments.
- 4.12** Our bilateral programmes work both on improving service delivery for poor people and on tackling the complexities of making central government systems work better. For example, in Serbia we support an HIV/AIDS programme for drug users in the town of Novi Sad as well as better budget planning in the Ministry of Finance.
- 4.13** We take a **'whole of government'** approach to our work, ensuring that DFID's reducing poverty programme is properly linked with the efforts of other UK government departments such as the Foreign and Commonwealth Office (FCO), the Department for the Environment, Food and Rural Affairs (DEFRA) and the Ministry of Defence (MOD). In Jamaica, for example, DFID is one of eight British government agencies that co-ordinate together to help tackle crime and insecurity from which poor people suffer most.
- 4.14** DFID teams have to be flexible and innovative to **deliver aid in difficult environments** such as in insecure and volatile countries like Iraq and the Occupied Palestinian Territories. Our work in building water and electricity supplies in Basra, and funding essential services in Palestine, shows how aid can still be effective even in very challenging circumstances.

Challenges for 2007/08

- 4.15** The main challenges for these regions are ensuring that poor people, especially women, benefit fairly from economic growth; limiting the spread of global diseases such as HIV/AIDS, tuberculosis (TB) and Avian Flu; strengthening governance systems that are free from corruption; and restricting the negative impact on the environment of burgeoning development. These are some of the main areas where our assistance will be focused in the future.

Eastern Europe and Central Asia

- 4.16** DFID works in a range of countries in the Eastern Europe and Central Asia (ECA) region, which have very different rates of economic development and levels of poverty. Overall, there has been some good news – in the period 1998–2003, increases in growth in the Commonwealth of Independent States (CIS) resulted in a significant decline in poverty throughout the region, with more than 40 million people moving out of poverty. In 1998, roughly 20% of the population lived in poverty; by 2005, this had declined to 12% of the population.
- 4.17** However, progress towards the achievement of the MDGs is patchy, and in some countries is giving growing cause for concern. The best outcomes are on the MDGs for gender equity in education and educational enrolment – because of the traditions of universal education in Soviet systems. By contrast, the health MDGs present the largest challenges: the region is experiencing one of the world's fastest growing HIV/AIDS epidemics with the number of people infected increasing from 30,000 in 1995 to 1.6 million in 2005.
- 4.18** DFID supported bilateral programmes in 11 countries and territories in the ECA region during 2006/07. Most are fragments of former large states that are in economic and social transition and face major state building and governance challenges.

Central Asia, South Caucasus and Moldova

- 4.19** Our work is focused on the two poorest of the former Soviet Republics, **Tajikistan** and the **Kyrgyz Republic**. Tajikistan has a per capita income level comparable to the poorest countries in Africa, and it is likely to meet very few of the MDGs. The Kyrgyz Republic also has high levels of poverty and its progress towards the MDGs is patchy. The majority of our work is focused on public sector capacity building, particularly public financial management reforms and improving service delivery, both at the policy level and on the ground.
- 4.20** **Moldova** is the poorest country in Europe. Its economy has grown steadily in recent years, although 40% of gross domestic product (GDP) is accounted for by remittances. The UK is supporting plans for reform in public administration, public financial management, social assistance services and regional development. We are also providing budget support. Moldova will receive debt relief from the UK Multilateral Debt Relief Initiative, as will Georgia.

Nicaragua

A remote village on the island of Rama, off the coast of Bluefields, on the Atlantic Coast of Nicaragua. Even a half-hour trip to Bluefields by boat can cost as much as \$50 (£27) for this community

Michelle Winthrop

In the shopping centres and affluent neighbourhoods of Managua, Nicaragua's capital, it is easy to forget that Nicaragua is the second poorest country in the western hemisphere (after Haiti). But the figures speak for themselves – 49% of the population live in poverty and 15% of all Nicaraguans live in extreme poverty. Poverty is far worse in rural areas, especially in the Atlantic Coast region. DFID is working to fight the underlying causes of poverty in the Atlantic Coast, and with an important partner, the co-operative movement, to create opportunities in rural areas.

Unlocking the potential of the Atlantic Caribbean Coast of Nicaragua

The Atlantic Caribbean Coast of Nicaragua has a lot going for it – access to the Atlantic Ocean and Caribbean markets, natural beauty, and an English-speaking Creole culture. So why does it remain consistently poorer than the more affluent Pacific coast of the country, and what is DFID doing about it?

DFID's **financial contribution** to the Atlantic Coast is relatively small. But we've done a lot with it. Some of it has gone direct to municipal authorities, to ensure the delivery of basic services. More importantly, we have helped the municipalities to better manage public funds, and attract more donor money and investment. We have helped to

raise awareness about the region, by supporting the national census there. DFID has worked closely with small entrepreneurs and producers in the region, to **encourage economic activity** that creates jobs, and prevents a mass emigration of young, educated or trained people from the region. DFID also works to combat the **challenges of HIV/AIDS** in the region, supporting voluntary counselling and testing in Bluefields town, among some of the more vulnerable members of the community.

This work has helped DFID to convince decision-makers that the Atlantic Coast can really make development happen, given the right support.

Demonstrating the developmental benefits of Nicaragua’s co-operatives

Domingo Cruz is one of 5,000 small entrepreneurs who recently joined a plantain co-operative in Rivas, Nicaragua. With DFID’s support, that co-operative produced a business and marketing plan for the first time. Now Domingo is exporting processed plantain chips to the US for the first time.

For historical as well as cultural reasons, Nicaragua’s small producers are often organised into co-operatives. This helps them face the familiar challenge of accessing profitable globalised markets. In fair trade cocoa, plantains to the USA, and other sectors, DFID has been helping Nicaragua’s co-operatives to get into important markets.

The Association of Plantain Producers in Rivas is a network of 545 **plantain producer co-operatives** in some of the poorest parts of the country. DFID support has helped them to test export markets and develop new processed products which earn more money and create more jobs. Last year, producers in Rivas exported plantain for the first time. Now they have established a plantain distribution centre which is extending services to members, rich and poor alike.

In the Atlantic Coast region, Siuna is among the poorest municipalities. There, **cocoa producers are beginning to organise themselves for the market**. One co-operative has

450 members. Their aim is to increase the production and quality of organic cocoa, and develop international markets. DFID has helped it expand its network, and they are now linked with cocoa producers in more successful producing areas, in Nicaragua and beyond. A year ago, before DFID’s support, cocoa was selling at \$966, (£525)



Michelle Winthrop

The municipal office of Bonanza, in the Atlantic Coast region of Nicaragua. DFID works to strengthen the ability of offices like these to deliver basic services and account for public funds

per ton. Currently the same cocoa is being sold at \$3,000 (£1630) per ton, after producers received technical assistance for quality certification and labelling of cocoa and accessing new markets. Already they are exploring international Fair Trade markets.



FENACCOOP

DFID also supports sesame co-operatives to strengthen existing international markets. This woman is a member of a co-operative exporting to the Body Shop, but she is also keen to boost local markets

4.21 In **Armenia**, DFID has supported regional development plans which have encouraged stronger links between central and regional government. In **Georgia**, DFID has worked on an innovative programme with other donors to support the government's reform agenda through improved public financial management. With the continuing economic progress in the region we are planning to complete our bilateral programmes by the end of 2008. Thereafter, our support will be through the multilateral agencies.

Box 4.1: Working with the World Bank to engage women in the Village Investment Programme (VIP)

In the Kyrgyz Republic, the DFID-funded project *Support to the Village Investment Programme (VIP)* has worked with the World Bank's VIP to increase involvement by women and men in resolving social and economic problems in their communities. Through the VIP, rural communities across the country have developed and implemented small projects to help provide basic services and improve living standards.

Whilst formal political participation in Kyrgyz Republic is low – there are no women MPs in parliament – women have been encouraged to play a full role in the VIP. Communities have nominated women to chair investment committees, to involve villagers in their communities and to become leaders of small project groups. Women have been supported through training to develop skills and confidence and through the creation of opportunities to exchange experience with other women involved in the programme.

The VIP enters its second phase in 2007, with a DFID grant of £7 million, when it will cover all 473 rural communities in the country.



Bakyt Shamkeev

United we stand... Micro Project Group from the Village Investment Programme in the Kyrgyz Republic

Russia and Ukraine

"The partnership programme with DFID was of major benefit to Leningrad Oblast in the development of our policy to reduce poverty and inequality for the local population. This has resulted in approximately 360,000 of our citizens moving out of poverty."

Vice Governor Dvas, Leningrad Oblast

4.22 Since the financial crisis of 1998, **Russia** has made good progress with social and economic development. It is now well established as a middle income country with a gross national income (GNI) per capita of \$4,460 (£2,424) in 2005¹. The country is re-emerging as a major global player. Nevertheless, official figures show that over 26 million people live in poverty.

1 Atlas method current US, source World Bank, World Development Indicators

- 4.23** Our bilateral programme closed in March 2007, having supported Russia’s transition to a market economy and assisted administrative and social reforms to address governance and poverty.
- 4.24** In future, we will work closely with Russia as a G8 member and as an emerging aid donor. We will also work with the international community in support of internal reforms and to support Russia’s wider international aspirations such as World Trade Organisation (WTO) membership and continued commitment to Kyoto.
- 4.25** In **Ukraine** we are helping the government to co-ordinate donor assistance around its European integration and WTO ambition and plans. At the national level we focus on public administration, trade liberalisation, private sector development and HIV/AIDS. This work is complemented by our support in the regions (see box 4.2) where we work in partnership with the administrations in Donetsk, Lugansk and Lviv.

Box 4.2: Democratising Ukraine Small Project Scheme

The *Democratising Ukraine Small Project Scheme* is financed by DFID and implemented by a consortium of Ukrainian non-governmental organisations (NGOs). The programme helps to strengthen the democratic voice of the vulnerable by increasing their capacity to organise, influence policy, improve the delivery of, and access to, services. Achievements have been made by outstanding individuals in a number of fields.

One such is Ilona Hudkova, who comes from Chervonhrad in western Ukraine. She is the mother of a disabled child, and thinks that the parents of disabled children should be able to acknowledge this openly in the community.

Ilona is the head of Chervonhrad Association for the Protection of Disabled Children – Strumochok – which was founded in 2000 and is involved in the *Democratising Ukraine* programme.

One activity is an annual Walkathon, at which families with children with disabilities ‘come out of the shadows’ and walk through the central streets of the town, together with other families and their children. The project was crucial in helping build constructive links with the local authority, and in 2006 the town mayor and local deputies joined the event, boosting participation from 20 to over 1,500 local people.

As a result of her leadership and participation in the programme, Ilona Hudkova was awarded the Woman of the Year – Public Activist title in 2006 by the local authority. “Today we are trying to do things not just for our families but for the entire community,” Ilona says.



Ukrainian unity in the community: Ilona Hudkova leads the Chervonhrad Walkathon in 2006

- 4.26** During 2007 we will focus on ensuring our bilateral support is sustainable and on encouraging improved donor co-ordination and aid management in Ukraine. After April 2008, UK support will be channelled through the EU and other multilateral organisations.

The Balkans

- 4.27** In the **Balkans**, tensions remain from the conflicts of the 1990s. Most countries are still fledgling democracies with economies recovering from war and the collapse of state-controlled industries. Remittances and international support remain vital sources of income. During 2006/07, elections in Albania, Bosnia and Serbia, and uncertainty over Kosovo's status all slowed progress. But the region is now surrounded by the European Union and looks forward to membership.
- 4.28** We have bilateral programmes in Albania, Bosnia, Kosovo and Serbia. Our objective is to ensure that international support for the region is effective. One way we do this is by helping governments improve their planning and financial management systems. For example, we have helped **Albania** establish an Integrated Planning System which brings planning and budget systems together to improve the way public money is allocated. In **Bosnia**, we are helping State, Entity and Cantonal Governments to co-ordinate their budget plans. In **Kosovo**, we support the introduction of European standards on minority rights. In **Serbia**, we have helped pilot municipalities build partnerships with local civil society to deliver better social care services – an approach now being rolled out across the country.
- 4.29** In 2007/08, we shall continue to support Kosovo's progress towards a UN Resolution defining its final status. Throughout the region we shall help governments prepare for EU accession.

Box 4.3: Business turnaround in Bosnia

BNT Kovacnica is one of Bosnia's largest foundries, mainly producing vehicle parts and tractor spares. It was one of many companies that struggled with the transition from a socialist economy towards a free market. It faced problems of debt, poor organisation and management, over-manning and obsolete equipment.

DFID set up a £5 million *Post-Privatisation Enterprise Restructuring Project* to help 28 newly privatised enterprises, such as BNT, to restructure and ensure long-term viability.

Through the project, British and local experts have helped BNT to re-organise, improve communication and staff relationships, be socially responsible and develop the capacity to identify market opportunities. BNT has developed a strong relationship with the Brockhouse Group, a Birmingham-based foundry.

Employees are well informed about company business, and have more confidence in their managers, are disciplined and are more productive. As a direct result of the project, BNT are competing for and winning export opportunities.

Multilateral assistance

- 4.30** The **European Bank for Reconstruction and Development** (EBRD) is a regional development bank established in 1991 to support the transition of the formerly centrally-planned economies of central, eastern and south-eastern Europe, and the former Soviet Union. DFID works closely with EBRD, which is the largest single investor in the region. In 2006 EBRD continued to combine excellent financial results with highly performing projects that helped countries make the transition from central planning to a market economy. The third Capital Resources Review was also agreed in 2006. This sets out the EBRD's strategy to shift its activity to countries with the greatest transition needs and the lowest living standards of the former Soviet bloc.

Box 4.4: EBRD's Sustainable Energy Initiative

One of the most important and enduring challenges in the countries of central and eastern Europe and the Commonwealth of Independent States is to address the inefficient use of energy. Compared with western Europe, countries in the region use up to seven times more energy to produce each unit of GDP and produce disproportionately high levels of greenhouse gases. This is a legacy of the former command economy systems.

So, in 2006, the EBRD launched its Sustainable Energy Initiative (SEI) to support the World Bank's Clean Energy Investment Framework (CEIF). Development partners will provide €100 million (£68.2 million) of technical assistance (TA) funds to the SEI, of which DFID will contribute some €5 million (£3.4 million). EBRD will use the TA to more than double its energy efficiency, renewable energy and other climate change mitigation investments up to €1.5 billion (£1 billion) over the next three years. This is expected to encourage total potential investment finance of up to €5 billion (£3.4 billion).

EBRD has already committed over €500 million (£341 million) to SEI projects during 2006, with estimated carbon savings of over 4.5 million tonnes of CO₂ per year and saving the equivalent of one-third of the final energy demand of Moldova or Albania.

- 4.31** The **European Union** has established a new *European Neighbourhood and Partnership Instrument* (ENPI)². This came into operation in December 2006. Through this package of support, external assistance worth some €11.2 billion (£7.6 billion) will be committed over 2007-13 to 17 eastern European and southern Mediterranean countries. We work closely with the Commission and Member States on this work, and helped to shape the first European Community country strategies produced under the new instrument.
- 4.32** The EU has also agreed on its €11.5 billion (£7.8 billion) *Instrument for Pre-Accession* (IPA)³, which provides support for accession to the partner countries. We have been supporting countries in developing the strategies which will guide the use of these funds.

2 The ENPI countries are Russia, Ukraine, Belarus, Moldova, the South Caucasus, all of North Africa, Israel, the Palestinian Territories, Lebanon, Jordan and Syria.

3 The IPA countries are the Western Balkans (Serbia, Montenegro, Bosnia, Albania, Macedonia and Kosovo), Turkey and Croatia.

Middle East and North Africa

- 4.33** The Middle East and North Africa (MENA) region is diverse, covering over 20 countries from the Western Sahara to Iran. There has been good development progress over the last thirty years, and the region is now mostly middle income. However, there are still significant numbers of people living in poverty: despite the images of oil wealth often associated with the Middle East, nearly one person in four lives on less than \$2 a day. Conflict and poor governance are the most pressing development challenges. The effects of conflict, population growth, shortage of natural resources such as water and slow integration into the global economy could halt or even reverse the region's progress towards the MDGs.

Box 4.5: Promoting gender equality in the Middle East and North Africa

There are high levels of gender inequality in the MENA region. Despite development progress over recent years, women continue to have very low rates of participation in the labour force and in public life, including in politics. They face discriminatory legislation, including unequal citizenship rights. The MENA region also has some of the highest levels of female illiteracy in the world.

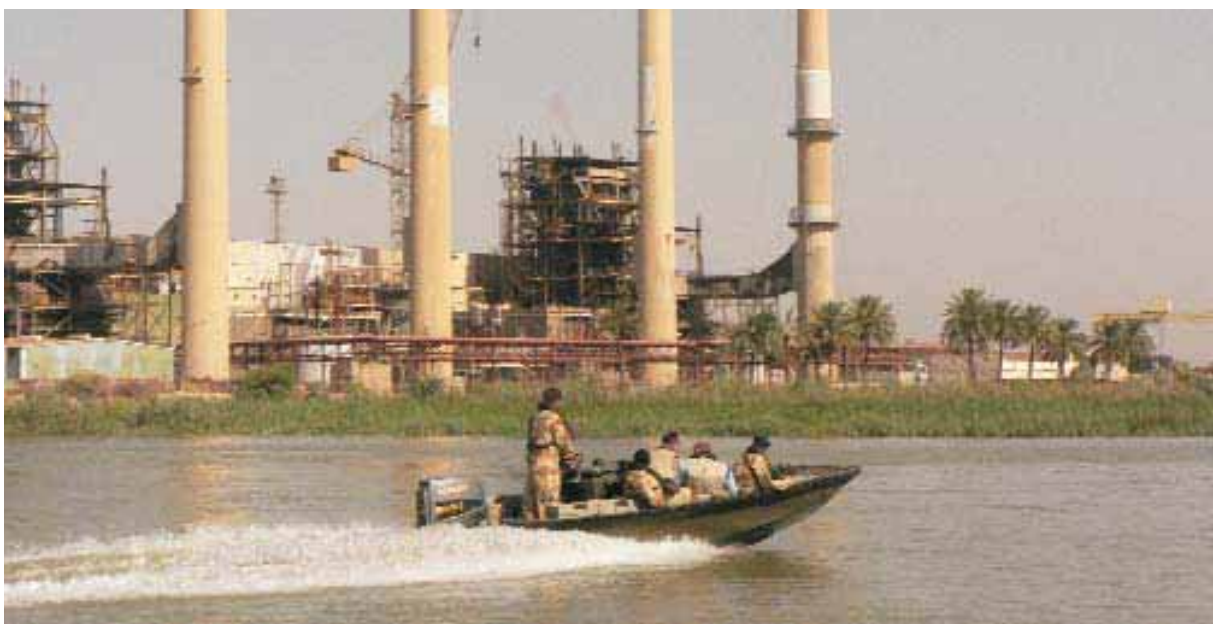
Gender inequality contributes to poverty in the MENA region, including through reduced potential incomes for poor households where cultural preferences prevent women from participating in the workforce, through lack of education and skills among women that reduces their earning power, and through larger families because women are not empowered to make family planning choices.

DFID is working to promote greater gender equality in the MENA region, both through its bilateral programmes and its regional programme. For example, in Yemen DFID supports a United Nations Development Programme initiative to improve the administration of elections, a specific objective of which is increased participation of women in the electoral process and political life. DFID is also supporting an Integrative Justice Sector Development Programme with a focus on women's access to justice. In the Occupied Palestinian Territories, under the Gender and Law Project, DFID supported the establishment of an MA programme aimed at increasing the effectiveness of Palestinian institutions and pressure groups working for gender equitable legislation and policy. At a regional level DFID has led the education component of the G8 Broader Middle East and North Africa Initiative, a major objective of which is a reduction in female illiteracy.

Iraq

- 4.34** May 2006 saw the formation of Iraq's first constitutionally elected government, following elections in which 12 million people (76% of the population) voted. However, continued violence in many areas of the country is making progress on key reforms very difficult. In this context, effective leadership and delivery of security and basic services by the Iraqi government is critical. DFID's Iraq programme therefore focuses on where we can best support this aim: building the capacity of the Iraqis to run national and provincial government institutions and to manage their own substantial resources (estimated at \$37.6 billion – £20.4 billion – in 2007) more effectively.

- 4.35** Together with the UN and the World Bank, and supported by the UK and other members of the international community, the Iraqi government has launched the *International Compact for Iraq*, which sets out a programme of action over the next three years.
- 4.36** The immediate priority of the Iraqi government is to **stop the violence**. DFID fully supports this and as part of a wider UK government effort, we are providing expert assistance to help the government’s reconciliation programme. Over the past year DFID has also made progress in supporting **improvements to essential services**. Examples of our involvement include support to the Basra Water Training Centre, repairs to a 90-metre chimney at Hartha power station, which supplies almost half of the electricity needed for Basra, and construction of a new £9 million gas pumping station which has added a further 60 megawatts to the national grid. Our repairs to water infrastructure have doubled the volume of water supplied to around 100,000 homes in one of Basra’s poorest areas, and have boosted the supply of drinking water in Basra for around half a million people.
- 4.37** These projects are part of our £40 million **infrastructure programme**. By the time this is complete in mid-2007, DFID will have improved water supplies for around a million people in Iraq and added or secured 470 megawatts to the national grid. But much more work is still needed. The World Bank estimates that it will take 10 years and \$20 billion (£10.9 billion) to improve electricity generation to meet growing demand.
- 4.38** The Iraqi government has the resources to fund much of this work itself. The challenge now is to help both national and provincial governments to spend and account for their funds effectively. We have helped Provincial Councils in the south to prioritise their development plans and to access increased funding from central government for reconstruction. Basra Provincial Council are now using this funding (\$360 million [£196 million] for 2006 and 2007) to begin more than 300 essential repair projects, including to sewage services, roads and power infrastructure.



Simon McGeever

Against the odds: Al Hartha power station chimneys in Basra, funded by DFID. Repairs to the chimney have contributed 170 megawatts to the 350 megawatts we have added or secured in Iraq since 2003

4.39 We are very concerned about the humanitarian situation in Iraq and the increasing numbers of people who have been displaced due to ongoing sectarian violence. DFID continues to support the UN and other humanitarian agencies to assist refugees and internally displaced and in 2007 we contributed £10 million to support these agencies. Our humanitarian contribution for Iraq has been over £125 million since 2003.

The effectiveness of UK aid in progressing towards the MDGs in Iraq

4.40 Achievement of the MDGs in Iraq depends crucially on achieving an end to violence, which is the major obstacle to improving the delivery of basic services. Iraq has the resources to fund much of this improvement itself, but progress is slowed both by ongoing violence and by a shortage of the right skills and expertise within the government. DFID is providing **expert advice to key Iraqi government ministries**, including the Ministry of Finance, to help the government to manage its own substantial resources more effectively for the benefit of the Iraqi people.

4.41 A lack of reliable and recent data on several of the MDGs makes it difficult to measure progress. However, the UN and World Bank Trust Funds, to which DFID has contributed, have supported education and healthcare services in Iraq, training more than 20,000 primary school teachers, immunising 5 million children against polio and repairing or building almost 200 primary health centres. By late 2007, DFID projects will have improved access to water for around a million people in southern Iraq.

Occupied Palestinian Territories

"We value the United Kingdom as a serious and engaged partner with a solid commitment to Palestine refugees. DFID has led the debate amongst donors on how best to fund [the United Nations Relief and Works Agency] UNRWA and has sought support for a strategy which seeks to provide us with increased contributions and more predictable funding. This gives a major boost to our efforts to make UNRWA even more effective."

Filippo Grandi, Deputy Commissioner-General, UNRWA

4.42 For people living in the Occupied Palestinian Territories (OPTs), 2006/07 brought political uncertainty, economic decline and deteriorating security. DFID played a lead role, in collaboration with the European Commission and the office of President Abbas, to establish a new, temporary mechanism for aid to the Palestinian people (see box 4.6). DFID used this mechanism to channel £12 million directly to vulnerable Palestinians, and to maintain services like health, education, water and sanitation. The total EU aid to the Palestinians has increased by 27% in 2006/07, to €650 million (£443 million).

4.43 The situation in the Occupied Palestinian Territories is changing rapidly. On March 17 the Palestinian Legislative Council voted to support a new National Unity Government, based on a national reconciliation document. Members of the European Union continue to evaluate the new government's actions in the hope that it will be possible to resume direct support to the Palestinian Authority in the near future.

4.44 DFID has also helped the Palestinian Monetary Authority establish new legislation to address money laundering and terrorist financing, and provided support to Palestinian negotiators to prepare for discussions on the terms of a final peace settlement. DFID also supports UNRWA, which provides services to the 4.1 million Palestinian refugees living in the region. In 2006, DFID committed to provide £100 million over five years to the agency. For example, this amount is enough to pay for 70,000 students to go to school over that period.



Children at an UNWRA school

Box 4.6: The Temporary International Mechanism – supporting Palestinians through the economic crisis

DFID worked closely with the FCO, HM Treasury, EC, World Bank and others to establish the *Temporary International Mechanism (TIM) for Palestinian Basic Needs*.

The TIM is managed by the EC and the World Bank and aims to help meet the basic needs of the poorest and most vulnerable Palestinians. Based on an average household size of six, around 900,000 Palestinians have benefited so far from the TIM. It has delivered four million litres of fuel for electricity supply, allowance payments to 70,000 low income Palestinian Authority (PA) workers who have lost their salary and allowances for 80,000 households identified as suffering particular hardship. In total, £102 million was disbursed in 2006, three times the level of budget support provided to the PA during 2005. DFID has contributed £12 million to the TIM in 2006/07.

Yemen

“We are grateful to our UN and UK partners... We rely on their continued involvement for the coming period... We look forward to expanded co-operation with the UK.”

**Abdul Karim Al-Arhabi, Minister of Planning and International Cooperation,
Yemen**

- 4.45** Yemen is the only low income country in the MENA region. It is one of the poorest and most fragile countries in the world, yet it receives much less aid per capita than other countries in a similar stage of development. Our bilateral programme has grown from £2 million in 2002/03 to £8 million in 2006/07 and is planned to increase to £50 million in 2010/11.
- 4.46** DFID is working closely with the Government of Yemen to make aid more effective, strengthen the state, and promote more sustained donor support. The UK hosted an international conference in 2006 which resulted in commitments to Yemen from the international community of \$4.7 billion (£2.6 billion) over the next four years, including £117 million from the UK. DFID is also negotiating a **10-year Development Partnership Arrangement** which will signal the UK’s long-term engagement in Yemen. These commitments were made in response to the Government of Yemen’s “reform agenda”, which is working to improve, amongst other things, public procurement processes and to increase anti-corruption measures.
- 4.47** Much of the success of the international conference was due to the participation of the Arab donors, who pledged 70% of the \$4.7 billion (£2.6 billion) total. DFID and the UK recognise the political, financial and economic importance of these donors. We are therefore continuing efforts to work more collaboratively with them in future.

Box 4.7: Developing new partnerships

Development institutions based in the Gulf, such as the Arab, Saudi and Kuwait Funds, have a long history of co-operation in the Middle East and North Africa. OECD-DAC donors have a lot to learn from them as well as having our own experiences to share. In the last year, DFID has helped initiate greater discussion with Gulf-based donors about development co-operation, and made our own commitment to closer working in countries where we have common interests in reducing poverty such as Yemen.

- 4.48** Currently DFID is providing support to basic education, stronger public finances, and more responsive police and courts. DFID will maintain work in these areas and develop new programmes over the next four years focusing on the three priorities of creating jobs, increasing government accountability and investing in education.

Box 4.8: Wadi Al-Hubaishi School, Yemen – Working with the community to increase girls' enrolment

DFID is providing £19.8 million over three years in support to Phase III of the Social Fund for Development (SFD) in Yemen. This is a fund supported by both the Government of Yemen and donors which supports poor communities directly through infrastructure (such as clinics, schools and roads) and small business development.

One example of SFD support is the Wadi Al-Hubaishi School. Wadi Al-Hubaishi village is one of the poorest in its governorate, with living standards in the bottom fifth of the population and adult illiteracy as high as 88%. The villagers subsist by growing crops in the wet season and raising goats when it is dry. Many young villagers leave and migrate to nearby cities where they often end up in low-paying jobs. The community of Wadi Al-Hubaishi village identified the building of a new school as their most pressing need.

The villagers had built a one-classroom school in 1992, but the building was structurally unsound and insufficient. Only 19% of its enrolled pupils in grades 1-6 were female, and most of these pupils stopped attending at grade 4 (at 10 years of age) due to the lack of a separate classroom for girls. SFD built a new school with four classrooms, three of which were split into six divisions to accommodate separate rooms for girls. The new school also has an administration room, a teacher dormitory, student toilets, a fence and a water harvesting reservoir. Only a year later, enrolment at the school has increased from 126 to 192 students, and the number of female students has risen by almost 300%. There are more teachers, and the school is now also teaching grade 7 (the first year of junior secondary, when pupils are aged 13). A committee made up of pupils' parents had been formed to oversee the school's operation and upkeep.

Latin America and Caribbean

- 4.49** Latin America and the Caribbean remains the most unequal region in the world. 2006/07 has been a year of significant political change and there has been a sharp focus by the new Governments on addressing the challenge of extreme poverty. Currently just under 10% of people in the Latin America and Caribbean region live on less than a dollar a day and around a quarter on less than \$2 a day. People of indigenous or Afro descent are more than twice as likely to be poor as white people throughout the region.
- 4.50** Progress towards achieving the MDGs continues to be mixed. Huge challenges remain in meeting the income poverty, maternal mortality, HIV/AIDS and environmental sustainability MDGs. The Caribbean has the second highest HIV transmission rate outside Africa. Energy instability and vulnerability to natural disasters remain significant, particularly for the smaller countries of Central America and the Caribbean.

Social exclusion and inequality

- 4.51** In **Jamaica**, people living in poor urban areas face a very high rate of violent crime, and security and development is a priority for the DFID programme. With DFID's support, the Jamaica Social Policy Evaluation (JASPEV) and other agencies have been able to improve relations between youths and police in the community.
- 4.52** The *Come Mek We Reason* (a Jamaican way of saying "let's talk") programme has involved discussion forums between communities and the police, to help build better relationships. Using role play, the sessions have improved mutual understanding between youths and police officers, including on issues such as search techniques. Many communities are now finding ways to continuously improve the relationship, from police participation in community activities to a 'courtesy campaign' complete with awards for local young people and for the most courteous police officer.
- 4.53** In **Bolivia**, according to the NGO HelpAge International, 63% of those over the age of 60 live in poverty, 47% have no formal education and 32% speak only their native language. These factors, combined with a lack of knowledge of the rights of older people and a life-long gender bias, leave older people, especially women, facing extreme poverty and exclusion.
- 4.54** DFID Andes worked with HelpAge International to raise awareness among the general public about the reality of poverty and social exclusion among elderly Bolivian people. During the presidential election campaign and during the first months of Evo Morales' new administration, HelpAge International trained elderly people themselves to advocate for more help for the poor. Many of these people were women with little or no formal education, yet after the training they have been able to articulate their policy demands clearly through the media to decision makers within government.
- 4.55** In **Brazil**, there are close to 13 million people living on less than a dollar a day. A significant number of these are Afro-Brazilian, and many live in female-headed households. The Bolsa Familia programme is a scheme to provide money to poor families provided they assure their children attend school or are

taken to health centres on a regular basis. It is aimed at alleviating chronic poverty in Brazil and is supported by loans from both the World Bank and the Inter-American Development Bank. Brazil has just hit its 2006 target of reaching 11 million families through Bolsa Familia, providing a cash benefit of \$95 (£52) a month, subject to the participation of children in school and in vaccination programmes. This makes Bolsa Familia one of the largest social transfer programmes in the world. In January 2006, DFID supported a visit by representatives of six African countries to Brazil to learn from the Bolsa Familia programme. DFID has also supported the first assessment of the programme looking at impact on gender empowerment, given that payments are made to women.

4.56 **Guyana** is a struggling democracy. Negative growth, as well as inequality, drive instability and political volatility in this middle income but fragile state. On August 28th 2006, Guyana went to the polls to elect national and regional governments. The election took place in a peaceful and orderly fashion. This was hugely positive for Guyana, as every general election since 1992 has been fraught with tension and pockets of violence.

4.57 A priority for DFID in Guyana is to support the strengthening of democratic processes and the political environment. So, during the 2006 elections, we focused both on building confidence in the electoral process and on providing technical assistance.

HIV/AIDS

4.58 DFID is supporting the Government of Brazil and the Joint United Nations Programme on HIV/AIDS (UNAIDS) to establish an International Centre for Technical Co-operation on HIV/AIDS that will provide policy and technical support to national AIDS programmes across Latin America and internationally, and co-ordinate with UNAIDS' network of five such regional centres. This is a three-year programme of support focused on institutional strengthening. Brazil's own AIDS programme has been successful in stabilising the epidemic nationally within a decade, and is particularly effective in access to treatment, care and support. In addition, DFID Brazil provides flexible funding to organisations that focus on gender and HIV.

Building opportunities for the majority

4.59 In Latin America and the Caribbean growth continues to be constrained by lack of economic opportunities and poor market access for the majority of the population. In **Nicaragua**, we are supporting the development of local private sector competition, enabling municipalities to take a proactive approach to supporting the development of small and medium enterprises.

4.60 To ensure our partners can learn from the success of others, we continue to provide support to networks of small producers and small enterprises in Central America and the Andes. This support helps them gain better market access for their goods and services, disseminate their experience and inform policy. On the Caribbean Coast of Nicaragua, we are working directly with some 2,500 small producers on the costs of bringing their goods to markets. Cocoa's export potential is now recognised and included in the national competitiveness programme.

Overseas Territories

"The main goal of our assistance to the Overseas Territories is self sufficiency and eventual graduation from aid."

Hilary Benn

- 4.61** DFID is committed to meeting the 'reasonable assistance needs' of the Overseas Territories. While the majority of Overseas Territories are now broadly self-sufficient, with many having thrived by promoting tourism and financial services, or through exploitation of other economic resources, St Helena, Montserrat and Pitcairn face significant structural and natural barriers to growth. They are characterised by isolation and difficulty of access, small or declining populations, limited natural resources and susceptibility to natural disasters.
- 4.62** Our current development assistance programmes in St Helena, Montserrat and Pitcairn all involve the **provision of budgetary aid** to help the islands meet their essential recurrent needs. All three Territories also receive development assistance to help provide an environment which encourages **economic and social development and progress towards self-sustainability**. Other Overseas Territories receive small levels of assistance through cross-cutting regional programmes on issues of generic relevance to the Territories, notably environmental protection, disaster prevention and management, law revision, HIV/AIDS and child protection.
- 4.63** In **St Helena**, the people are preparing for the construction of its airport. DFID is helping the St Helenians to develop the plans needed to maximise the economic and social benefits of air access. Policies on tourism and investment, which are crucial to establishing the future shape of development for the island, were approved by the island's Executive Council in 2006. In **Montserrat**, infrastructure work in 2006 focused on the provision of additional housing at the new settlement of LookOut (with joint DFID and EU funding) and upgrades to the water supply system. Designs are being finalised for the new town development at Little Bay. On **Pitcairn**, the school has been rebuilt and DFID has funded the installation of a modern telecommunications system which provides telephone, broadband internet and video conferencing facilities (which also allows for telemedicine) to help reduce Pitcairn's isolation.

Box 4.9: Overseas Territories Environment Programme

In the inhabited Overseas Territories, the wealth of biodiversity and other environmental assets provides livelihood opportunities and underpins local economies. Nature-based tourism is increasingly important. Therefore, biodiversity conservation, and good environmental management more generally, are critically important.

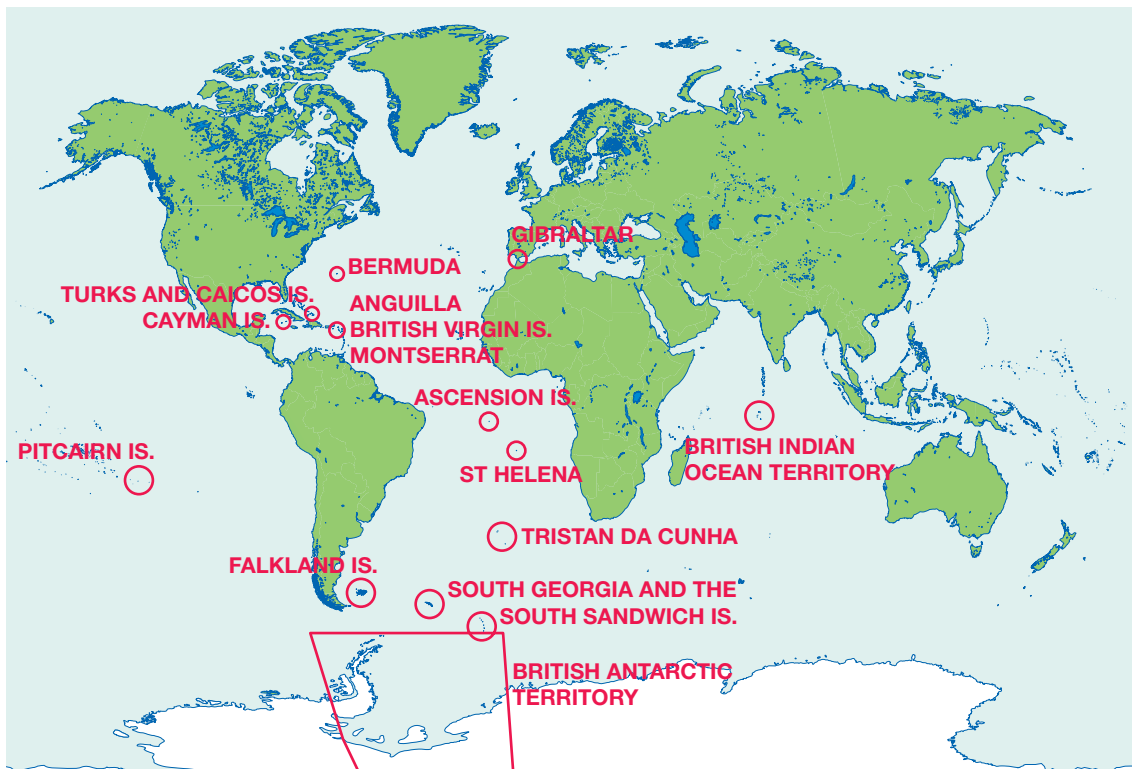
DFID's small grant funding aims to support Overseas Territories' governments and local NGOs to protect and manage the environment. It aims to support action that produces both local and global benefits. It also helps the territories move towards ensuring environmental sustainability and to meet their obligations under the various multilateral environmental agreements.



New housing development at LookOut on Montserrat for those displaced by the volcanic eruption

DFID

The location of the British Overseas Territories



Making bilateral aid more effective

5



Kerengenye School, Dar es Salaam, Tanzania. James Hole/DFID

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Making bilateral aid more effective

5

“Development cannot be imposed. It can only be facilitated.”

Former President Benjamin Mkapa, Tanzania

Highlights

- DFID met or nearly met all targets in the **Paris Declaration on Aid Effectiveness** baseline survey of 21 countries.
- **Long-term partnership arrangements** were signed in four countries, with work progressing on a further seven countries.
- We completed nine **country programme evaluations**, as well as several key thematic evaluations.
- A joint **evaluation of general budget support** shows this leads to better service delivery, strengthened public financial management and reduced costs to partner governments.
- The DAC peer review of DFID was positive and concluded that **DFID is ‘a powerful model for development cooperation’**.
- We are looking at ways DFID can further strengthen **the independent evaluation of its impact**.

5.1 Aid is more effective when it supports a country’s own development strategy and when the partner government and donors are both accountable for the results that it achieves. The Paris Declaration on Aid Effectiveness, signed in 2005 (see box 5.2 below), outlined five partnership commitments to improve aid: *ownership* by partner countries of the development process; *alignment* by donors to country priorities, institutions and systems; *harmonisation* of donor support; *management for development results* to improve decision making and resource management; and *mutual accountability* of donors and partner governments for development results.

Box 5.1: A handy guide to the development terms used in this chapter

Aid effectiveness: A measure of the quality of aid delivery and the impact of aid on reducing poverty and encouraging development.

Alignment: When donors base their overall support on partner countries' national development plans, institutions and procedures.

Conditions/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 Millennium Development Goals (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.

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*).

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.

Managing for development results: Management plans that focus and make decisions based on performance, evidence and improvements in outcomes for partner countries.

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 grouped under five 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.

Poverty reduction budget support (PRBS): PRBS is a form of financial aid in which funds are provided to a partner government (either national or sub-national government) to support that government's programmes. This can be in the form of general direct budget support (supporting the overall budget) or sector budget support (supporting a particular sector only).

Poverty reduction strategies (PRs)/poverty reduction strategy papers (PRSPs): PRs 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.

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.

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.

Untied aid: Aid that is given where donors do not insist that it is spent on their goods and services in favour of giving unrestricted access to those who can compete best on price, quality and service.

Box 5.2: Paris Declaration principles and indicators

Principle	Indicators
Ownership	<ul style="list-style-type: none"> ■ Partners have operational development strategies
Alignment	<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
Harmonisation	<ul style="list-style-type: none"> ■ Use of programme-based approaches ■ Encourage shared analysis through joint missions and joint analysis
Managing for results	<ul style="list-style-type: none"> ■ Partner countries have results-oriented frameworks
Mutual accountability	<ul style="list-style-type: none"> ■ Mechanism for mutual assessment of progress by donors and partner countries

5.2 The **International Development (Reporting and Transparency) Act** passed into law in July 2006. Among other areas covered elsewhere in this report, the Act requires the Secretary of State for International Development to make progress in:

- 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 This chapter summarises what we have done to respond to these requirements including work to **improve the effectiveness of our bilateral aid** and implement the **Paris Declaration**. Information on the specific impact of DFID work in individual countries is set out in the regional chapters of this report.

Box 5.3: Integrating gender and social policy issues into aid effectiveness

DFID is developing a research project to explore the relationship between social policy issues, such as gender equality and social inclusion, and aid effectiveness. This research will provide evidence that can support the inclusion of such issues in the implementation and monitoring of the Paris Declaration. The research will be completed before the next major meeting on aid effectiveness in Ghana in 2008.

At the regional level, DFID South East Asia, in partnership with the World Bank and the United Nations Development Fund for Women (UNIFEM), is working to strengthen evidence and understanding of how gender equality objectives can be achieved through aid effectiveness initiatives. As part of this work, the organisations facilitated a workshop in April 2007 where participants from across the region reviewed four country case studies of the promotion of gender equality within aid effectiveness initiatives. One example is how gender equality issues have been included in broader discussions about aid partnerships and development between government and donors in Cambodia. The workshop objective was to develop recommendations for the achievement of gender equality objectives through the implementation of the OECD-DAC Paris Declaration generally, as well as specifically through new ways of delivering aid. DFID will feed the evidence generated by this work into broader events and discussions, including an OECD-DAC workshop on applying the Paris Declaration to broad issues that cut across sectors, like gender or social exclusion, to be held in Ireland and a UNIFEM-supported Asia Pacific workshop aimed at supporting policy makers working on gender to develop common strategies across the region.

Untying aid

5.4 **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. Since 2001, about **20% of our business has been 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, but we recognise that untying by itself will not necessarily secure their interest. We intend to further analyse the practical barriers to their effective competition for donor-funded opportunities.

- 5.5** There is mixed progress on **encouraging other donors to untie their aid**. The Paris Declaration baseline survey showed 70% of aid to the participating countries was untied. We continue to work through the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) and with the European Commission (EC) to persuade other donors to untie their aid.

Improving transparency

- 5.6** We have made progress on **improving transparency** of aid by working with other donors and partner governments in a number of countries (for instance Mozambique, Uganda and Vietnam) to implement national systems of performance assessment. We participated with other major donors in the baseline survey of the Paris Declaration and promoted the need to **report on donor performance**. We now also work regularly with the UK Aid Network, a network of British international development non-governmental organisations (NGOs), on aid effectiveness issues. We currently post country assistance plans, evaluations and key policy documents on our external website. We continue to improve our systems to increase transparency and during the next financial year we will set up an automated system to publish all project documents.

Implementing DFID's conditionality policy

- 5.7** DFID's **conditionality policy** commits us to greater transparency in agreeing with our partners the purpose of aid and what might cause us to cut or suspend aid. **DFID does not use conditions to impose economic policy choices** on partner countries, but we will use conditions that have been decided by a partner Government and which are drawn from a poverty reduction strategy. DFID will only consider suspending or reducing aid where a partner government has seriously breached its commitment to poverty reduction, human rights or sound financial management. The policy commits us to publishing agreed conditions attached to DFID aid.
- 5.8** We reviewed the guidance on implementing the conditionality policy in 2006/7. The review found that there is strong recognition throughout DFID that **conditions should be drawn from partner governments' own policies** and national poverty reduction plans, wherever possible. We are working with partner governments and other donors in Africa to help increase the use of evidence so governments choose policies that benefit the poor. DFID publishes all of its Country Assistance Plans but we recognise the need to do more to ensure we publish conditions attached to individual projects and programmes. We are strengthening compliance mechanisms to ensure project documents contain information on conditions. For instance, the automated systems to be established in the next financial year will allow automatic publishing of conditions applied in each programme.
- 5.9** We also work with other donors on conditionality. See chapter 6, box 6.1 on how DFID is working with the World Bank to improve its policy on conditionality.

5.10 In 2006/07, DFID **suspended, reduced or changed the form of aid** because partner governments failed to meet conditions in nine countries (see table 5.1). Of these, five were caused by problems with human rights or political governance, four by problems with financial management or corruption and two by problems with progress towards agreed project and poverty reduction objectives. Of the ten suspensions, five were of poverty reduction budget support (PRBS).

Table 5.1: Changes to programmes as a result of a breach of conditions during 2006/07

Country	Programme	Issue	Consequence
Ghana	PRBS	Concerns at government's lack of progress in some aspects of public financial management reform.	Reduced. 10% of performance tranche was withheld.
Niger	Girls' education	Financial management problems and Government failure to give suitable assurances.	First payment of £2 million has been delayed.
Occupied Palestinian Territories¹	World Bank Governance Support Programme (Technical Cooperation)	The EU decided to suspend aid to the Palestinian Authority following the Hamas government's decision not to agree to the three principles set out by the 'Quartet' (the EU, Russia, US and UN): renunciation of violence; recognition of Israel; and acceptance of previous peace agreements.	The scope and therefore budget of the programme was reduced to focus only on assisting the international community to establish the basis for a co-ordinated approach to governance assistance. [NB: This did not affect overall aid to the Occupied Palestinian Territories (OPTs) through the Temporary International Mechanism (TIM)]
Occupied Palestinian Territories	Hydrometric monitoring	As above.	This project, which had not started, was suspended until the Hamas-led government met the three Quartet principles (see above).
Sierra Leone	PRBS	One-third of budget support was dependent on government performance against agreed indicators. Government failed to meet some indicators on anti-corruption and financial management.	Budget support was reduced from £15 million to £12.5 million.
Sri Lanka	UK Multilateral Debt Relief Initiative (UK MDRI)	Concern over significant increases in the Government of Sri Lanka's military expenditure, as well as performance on human rights.	50% (approx £1.5 million) of the 2006 tranche of UK MDRI support has been withheld pending consultation with the Government on progress against agreed conditions.
Sudan	Debt management capacity building	Political concerns over situation in Darfur.	Start of phase 3 delayed.

¹ DFID's budget support to the Palestinian Authority (a separate project) ended in March 2006, its scheduled completion date, shortly before the Hamas-led Government took over power. It was not renewed.

Country	Programme	Issue	Consequence
Uganda	PRBS	£5 million of PRBS was delayed pending progress on the election.	The £5 million was paid in June 2006 after election monitors reported that the elections had been generally well administered, transparent and competitive. Payment was in Uganda's 2005/06 financial year.
Uganda	PRBS	Concerns about governance, spending on public administration and some of the government's new budget plans.	PRBS for Ugandan financial year 2006/07 was reduced from £55 million to £35 million. The £20 million was reallocated within the Uganda programme, mainly to humanitarian assistance in the north.
Vietnam	Vietnam Rural Transport 2 project	Alleged corruption involving the Project Management Unit in the Ministry of Transport.	The remaining £1.4 million for the project was suspended, pending a full investigation. The money was paid in October 2006 following government investigations and efforts to strengthen anti-corruption.
Zambia	PRBS	25% of DFID's original commitment to the government's 2006 budget was dependent on government's performance against an agreed performance assessment framework (PAF). Government scored 86% in the PAF. This reduced the funding by £700,000.	PRBS reduced to £19.3 million. The original maximum commitment was £20 million.

Specifying future allocations of aid

Development partnership arrangements

- 5.11** In order to demonstrate DFID's **long-term commitment to providing more predictable aid**, and to assist partner governments' planning, we continue to establish **Development Partnership Arrangements** (DPAs) with partner countries. In 2006/07 DFID agreed new long-term partnership arrangements with **Pakistan** and **Vietnam**. We also entered into 10-year arrangements to deliver support to the education sectors in **Ghana** and **Mozambique**. We plan to prepare more 10-year DPAs in the coming year in Ghana, Malawi, Mozambique, Tanzania, Uganda, Yemen and Zambia. We are also planning new 10-year sector programmes in Kenya, Sierra Leone and Tanzania.

Providing Poverty Reduction Budget Support

- 5.12** In 2006/07 we provided PRBS² to 16 countries, including 10 countries in Africa and 5 in Asia. Of the total DFID bilateral programme, an estimated 28% was delivered through PRBS (35% in Africa and 24% in Asia). See table 5.2 for details.
- 5.13** When we deliver aid through PRBS we provide much-needed finance directly to partner governments' central exchequers, increasing the resources available for the provision of basic public services such as schools, clinics, roads and police forces. By working through government systems, PRBS strengthens the capacity of these systems to manage finances, set priorities and deliver services.
- 5.14** We deliver PRBS in many different ways in different countries, depending on the objectives we are trying to achieve and the particular risks we face. **General Budget Support** is provided to the government to support implementation of the overall poverty reduction strategy. It is allocated and spent by the government across all sectors to achieve overall progress against multiple poverty reduction objectives. General budget support has the advantage of supporting the government's overall policies for addressing poverty and reinforces the role of the Ministry of Finance in allocating resources across government in the most effective way. **Sector Budget Support** is normally provided to the government to support implementation of a particular sector strategy and achieve particular improvements in for example health, education or road infrastructure. In some countries this can be a more effective way of achieving development in particular sectors – for example in Mozambique our sector budget support to the education sector focuses on improving the way all aid is provided to the education sector so that collectively it is more effective; and on building a deeper understanding and more effective engagement on policy and reform in the sector.
- 5.15** Sector budget support can also be a more effective way of delivering aid in countries where there are high fiduciary or political risks. In some countries we track our resources to the sector or sub-sector to ensure that they are spent in that sector. For example in Bangladesh we ensure that our resources provided as sector budget support to the Roads and Highways Department are spent only on road maintenance and that the government itself allocates and spends more of its own resources in that sector. Another example is our programme in Ethiopia, where, following concerns about governance we stopped giving general budget support direct to the government and moved to ensuring that DFID resources may only be used for spending by Regional Governments for spending on health, education, water, agricultural services and local administration. We also ensure that DFID's aid leads to an increase in total money available for regional governments to spend.

2 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.

Table 5.2: PRBS allocations and share of country programme provided as PRBS (as of 31st March 2006)

£ millions	2005/06 (ACTUAL)				2006/07 (ESTIMATE)			
	GBS	SBS	Total aid framework ³	PRBS as % of total aid framework	GBS	SBS	Total aid framework (f/c outturn)	PRBS as % of total aid framework
AFRICA								
<i>(Total DFID programme)</i>	308.8	64.9	1,092.2	34%	257.6	111.3	1,040.2	35%
Cameroon		1.0	3.2	32%			3.0	
Ethiopia ⁴		42.0	62.0	68%		74.9	91.6	82%
Ghana	42.5	5.2	85.4	56%	35.8	17.8	70.6	76%
Malawi	26.4	7.9	70.0	49%	20.0	13.2	63.1	53%
Mozambique	35.0	6.3	56.2	73%	36.0		44.8	80%
Rwanda	54.3	2.5	68.1	80%		2.6	17.8	15%
Sierra Leone	15.0		32.1	47%	12.5		31.4	40%
Tanzania	85.0		109.2	78%	90.0		110.4	82%
Uganda	30.0		67.3	45%	40.0		75.8	53%
Zambia	20.7		47.1	44%	23.3	2.9	40.7	64%
ASIA								
<i>(Total DFID programme)</i>	40.0	132.7	742.9	23%	50.0	131.2	760.9	24%
Bangladesh		8.0	117.6	7%		8.0	113.0	7%
India		79.5	249.9	32%		71.8	242.0	30%
Nepal		8.7	33.5	26%		4.9	36.4	14%
Pakistan	20.0	22.5	71.7	59%	30.0	32.5	91.0	69%
Vietnam	20.0	14.0	55.3	61%	20.0	14.0	50.0	68%
REST OF WORLD		0.9	227.5	0.4%	1.0		184.9	0.5%
Nicaragua		0.9	3.6	23%	1.0		4.4	23%
TOTAL	348.8	198.5	2,063	27%	308.6	242.6	1,986	28%

5.16 We are committed to **improving the way in which we deliver PRBS and other aid**. Along with 23 other donors, we supported an **independent evaluation of budget support**, which drew together analysis from seven country case studies (see box 5.4). The evaluation reported in May 2006 and found that **budget support is an effective, efficient way of delivering aid** and that it had significant impact in five of the seven case studies. The evaluation provided a lot of helpful findings and recommendations and we are now updating our PRBS policy to respond to them.

3 These Aid Framework figures may differ from the Total DFID Bilateral Programme figures in “Statistics on International Development” as the latter include all DFID bilateral aid that is spent in the country (including for example some **humanitarian assistance and debt relief from central budgets**). The aid framework figures include only the DFID bilateral aid allocated to the country programme.

4 (See also para 5.15) There are three sector budget support instruments in Ethiopia, covering our contributions to the Protection of Basic Services programme, the Productive Safety Nets programme and the Public Service Capacity Building programme.

Box 5.4: Evaluating budget support

The Joint Evaluation of General Budget Support (GBS) was led by DFID on behalf of 24 donors and seven partner governments. It assessed GBS from all donors in seven partner countries from 1994-2004 – a total of US\$ 4 billion (approximately £2.2 billion). The evaluation was carried out independently by a team of consultants and academic experts. All the country reports and the synthesis report which brings together findings, conclusions and recommendations are available at www.oecd.org/dataoecd/25/43/37426676.pdf.

The evaluation asked to what extent and in what contexts GBS is a relevant, efficient and effective means of delivering sustainable poverty reduction and growth. Seven country level evaluations were conducted in Burkina Faso, Malawi, Mozambique, Nicaragua, Rwanda, Uganda and Vietnam.

The Joint Evaluation found that partnership GBS has delivered:

- Financial support to implement poverty reduction strategies (PRSs). This has helped expand basic service delivery.
- Aid that is better aligned with government strategies. GBS and other aid has become more clearly linked to national poverty reduction strategies.
- Aid that is better aligned with government systems. GBS itself is disbursed through government systems, and has helped to strengthen public financial management.
- More harmonised aid. GBS donors interact in a more co-ordinated way.
- More efficient public expenditure. Governments are able to allocate more funds to finance PRS priorities. The costs incurred by governments when dealing with aid during programme implementation are reduced.
- Constructive discussions between governments and their aid partners which focus on shared objectives. In a number of cases GBS discussions have helped address issues that cut across agencies and sectors (e.g. HIV/AIDS, environment).

The Joint Evaluation found weak effects of budget support on:

- Macroeconomic stability – which was generally established before budget support commenced.
- Economic growth – because the strategies that budget support financed concentrated on public service delivery.
- Poverty reduction – because of difficulties with data, time-scale and methodology, the study could not track distinct effects of budget support on poverty reduction
- Empowerment and accountability – it strengthened the basic conditions for potential empowerment of the poor and improving transparency and accountability.

The Evaluation found that the greatest challenges to delivering budget support effectively are:

- Managing risk effectively so that budget support can be delivered predictably over the long term.
- Using different ways of delivering aid together in a coherent and complementary way.
- Managing the delivery of budget support so that it strengthens domestic accountability systems and the government's own responsibility for setting policy and determining expenditure patterns.
- Maintaining high quality support to build capacity in all areas of government involved in policy, planning and delivery of poverty reducing services.

Delivering aid predictably

5.17 The evaluation found that governments are able to make the best use of budget support if donors **deliver aid in a predictable way**. There are two aspects of predictability. The first is the number of years into the future for which donors provide information to partner governments about the aid that they will receive. To provide more information about **future PRBS commitments**, DFID is increasingly using multi-year PRBS arrangements. Table 5.3 shows the 15 countries to which we have made formal future PRBS commitments. The second aspect of predictability is the extent to which the aid that we promise in one particular year is actually delivered. Table 5.4 shows the **actual disbursement of PRBS compared with commitments** made to partner governments in their financial years ending in 2006 and provides a reason for any differences. It shows that we reduced PRBS in six countries, and increased it in Malawi to meet unanticipated humanitarian needs. Table 5.4 also shows how much PRBS we disbursed in the first half of the recipient government's financial year. Of all planned PRBS resources, we disbursed 52% in the first half of governments' financial years, including in eight countries where we disbursed at least half of the total PRBS in the first six months.

Table 5.3: Future PRBS commitments⁵ (by recipient government financial year)⁶

£ millions	2007		2008		2009	
	PRBS committed (core) ⁷	PRBS indicative (additional) ⁸	PRBS committed (core)	PRBS indicative (additional)	PRBS committed (core)	PRBS indicative (additional)
AFRICA	371.5	32.0	318.5	115.5	257.5	17.5
Cameroon	1.0		1.0		1.0	
Ethiopia	90.5		10.0	90.0		
Ghana ⁹	22.5	17.5	36.0	9.0		
Malawi	36.0		37.0		18.0	
Mozambique	36.0		40.0	1.0	41.0	2.0
Rwanda	31.0	4.0	31.0	4.0	31.0	4.0
Tanzania	94.5	10.5	103.5	11.5	103.5	11.5
Uganda	35.0		35.0		35.0	
Zambia ¹⁰	25.0		25.0		28.0	
ASIA	173.0	11.5	134.1	48.0	109.1	131.0
Bangladesh	5.0		3.0			
India	71.8		45.0	38.0	45.0	131.0
Nepal	5.5	1.5	9.0		9.0	
Pakistan	52.5	10.0	37.5	10.0	21.0	
Vietnam	38.2		39.6		34.1	
REST OF WORLD	2.5	0.0	0.0	0.0	0.0	0.0
Nicaragua	2.5					
TOTAL	546.9	43.5	452.6	163.5	366.6	148.5

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

6 According to the last complete recipient government financial year (f/y 2006). For all countries except India, this refers to the f/y ending in 2006. For India, this refers to f/y ending in March 2007.

7 *PRBS committed (core)* is that amount of PRBS that we have informed governments they will receive unless there is a fundamental breach of one of the partnership commitments.

8 *PRBS indicative (additional)* is any additional amount of PRBS that may be provided subject to performance, effectiveness in absorbing aid and the availability of overall aid to DFID and the country.

9 Work on a new three-year programme in Ghana for 2009–12 will start later this year.

10 Zambia's figures for 2008 and 2009 are estimates for the total PRBS support to be provided made up of both core and indicative elements. The split between core and indicative has yet to be agreed.

Table 5.4 Predictability of PRBS in 2006 (by recipient government financial year)¹¹

£ millions	Planned PRBS disbursements	Estimated actual disbursements	Reasons for divergence	Amount disbursed in first half of recipient government's fiscal year	Reason
AFRICA	374.3	350.9		203.2	
Cameroon	0.0	0.0			
Ethiopia	75.0	66.5	GBS suspended due to post-election conflict. This allowed an increase in the commitment to the Productive Safety Net Programme.	0	GBS was suspended first half of the GoE financial year, and no disbursements were due in this period for other sector budget support programmes
Ghana	35.0	33.3	10% of 2006 performance tranche withheld due to lack of progress on certain aspects of public financial management.	17.5	In 2006 PRBS was disbursed in two equal tranches (in the first and third quarters).
Malawi	25.4	30.4	£5 million additional resources to meet unpredicted humanitarian needs.	20.0	PRBS programme design stipulated a single tranche at the start of the FY for original commitment.
Mozambique	35.0	35.0		35.0	As agreed with and requested by the Government of Mozambique.
Rwanda	31.0	31.0		31.0	
Sierra Leone	15.0	12.5	£10 million fixed tranche paid but £2.5 million of £5 million performance tranche withheld as only half of DFID benchmarks were met.	0	Timing of submission slightly delayed due to delays in the review of the IMF programme.
Tanzania	85.0	85.0		85.0	Single payment per year.
Uganda	50.0	35.0	Concerns around political transition and significant overrun on public administration expenditure.	0	Decision on PRBS taken in December in order to take account of progress in the run up to the elections. £30 million was disbursed in January 2006. A further £5 million was withheld until after the elections and disbursed in June 2006.
Zambia	22.9	22.2	Funding reduced due to government's performance against an agreed performance assessment framework. See table 5.1.	14.7	Memorandum of understanding agreed that instalments would be disbursed upon written request from the government. A request for £7.5 million was not submitted until August.
ASIA	155.3	153.0		71.9	
Bangladesh	8.0	8.0		0	Annual disbursements due in the third quarter of the Government of Bangladesh's FY.
India	71.8	71.8		50.0	Most sector budget support is disbursed as reimbursements, some of which are in the second half of the calendar year.
Nepal	9.0	6.7	Part of committed PRBS was for HIV/AIDS programme. Those resources disbursed instead to UN	2.9	Programme design and delay in receipt of reports required prior to disbursement
Pakistan	42.5	42.5		15.0	PRBS approved in second half of FY.
Vietnam	24.0	24.0		4	Disbursement schedule aligned with World Bank process and agreed with Government
REST OF WORLD	1.9	1.9		1.9	
Nicaragua	1.9	1.9		1.9	Only one disbursement for both general budget support (GBS) and sector budget support (SBS), according to programme design. (SBS disbursed within UK FY 05/06; GBS disbursed in June 2006)
TOTAL PRBS	531.5	505.7		277.0	

11 According to the last complete recipient government financial year (f/y 2006). For all countries except India, this refers to the f/y ending in 2006. For India, this refers to f/y ending in March 2007.

Defining objectives

5.18 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*.

Implementing the Paris Declaration on Aid Effectiveness

5.19 We published a medium-term **action plan on aid effectiveness** in 2006 as a response to the Paris Declaration and we plan to update this in 2007. The action plan provides a set of actions that DFID will take at country, regional, corporate and international levels to improve aid effectiveness. The update of the plan will include information for country offices and regional divisions on how to set targets.

5.20 During 2006, the OECD-DAC undertook a **baseline survey of performance** by donors and partner countries against the Paris Declaration indicators. The baseline survey showed that performance is highly variable across partner countries, between donors and between indicators. The performance overall is summarised in table 5.5 below.

Table 5.5: Progress in implementing the Paris Declaration (donors and partners)

Targets that were largely met	Targets that were not met but on which there was good progress	Targets that were not met and on which there was limited progress
<ul style="list-style-type: none"> ■ Aid is reported on partner country's budget 	<ul style="list-style-type: none"> ■ Co-ordinated technical co-operation ■ Predictability of aid to governments ■ Donor missions undertaken jointly ■ Country analytical work undertaken jointly 	<ul style="list-style-type: none"> ■ Partner countries have operational development strategies ■ Quality of public financial management systems ■ Use of partner country public financial management systems ■ Use of partner country procurement systems ■ Reduction in the number of parallel implementation units ■ Use of programme based approaches ■ Sound performance assessment frameworks ■ Reviews of mutual accountability

- 5.21** We have analysed DFID’s performance in two ways. The DAC analysis presents the data in terms of the total funds that could be counted against each indicator by DFID across 21 countries. The DAC analysis showed that DFID performed well on the Paris Declaration indicators in the 21 countries covered, having met three targets and being close to all the remaining targets.
- 5.22** Our internal analysis drew on data from 29 country offices¹² and calculated an average country office score. This analysis looked at how well each country office had performed in meeting the targets and calculated an averaged country office score. This showed that **DFID performed reasonably well on the Paris Declaration indicators**, but less well than in the DAC analysis (see table 5.6), but that there is significant room for improvement. Our averaged performance shows we have met the Paris Declaration target for one indicator, and the data suggest that meeting six of the remaining targets by 2010 should be relatively easy. A further three targets look to be more challenging.

Table 5.6 Average DFID country office performance on Paris Declaration targets

Targets that were largely met	Targets that were not met but on which there was good progress	Targets that were not met and on which there was limited progress
<ul style="list-style-type: none"> ■ Missions undertaken jointly with others ■ Co-ordinated technical co-operation ■ Use of national financial management and procurement systems 	<ul style="list-style-type: none"> ■ DFID aid reported on partner countries’ budgets ■ Reduction in the number of parallel implementation units 	<ul style="list-style-type: none"> ■ Within-year predictability of DFID aid ■ Use of programme based approaches ■ Analytical work undertaken jointly with others

Improving aid management

- 5.23** We are making good progress on **improving the management of DFID aid**. This includes tackling corruption, monitoring aid, monitoring performance against objectives, undertaking evaluations and improving the performance of our projects and programmes. We are also improving how we address governance (see box 5.5).

12 Afghanistan, Bangladesh, Bolivia, Burundi, Cambodia, China, DRC, Ethiopia, Ghana, India, Jamaica, Kenya, Kyrgyz Rep, Malawi, Mozambique, Nepal, Nicaragua, Nigeria, Pakistan, Rwanda, Sierra Leone, South Africa, Sudan, Tanzania, Uganda, Vietnam, Yemen, Zambia, Zimbabwe

Box 5.5: Promoting better governance

The most recent DFID White Paper highlighted the fact that the fight against poverty cannot be won without good governance. This Paper put support for good governance at the centre of what DFID does and committed us to introduce a new £100 million Governance and Transparency Fund (GTF). This Fund will support activities aimed at building the capacity and skills of local organisations so that they can be more effective on issues such as campaigning on freedom of information, corruption etc and make them better able to hold their governments to account.

We held a full public consultation, in late 2006, on the criteria of this new Fund and used the wide ranging feedback we received to produce detailed guidelines and criteria which the Secretary of State launched in February 2007. We plan to have assessed proposals and allocated the full £100 million budget before the end of 2007.

DFID launched the new Governance and Transparency Fund in February 2007 to strengthen governance by supporting public demand for accountability. The Fund is worth £100 million over five years, and will support activities based in developing countries working through a variety of local partnerships and networks. It will support civil society, a free media, parliamentarians and trade unions – those working to improve transparency and enable more effective accountability mechanisms between citizens and the state.

Tackling corruption

- 5.24** We take the **fight against corruption** seriously. One of our conditions on aid is that partner countries are committed to tackling corruption. As set out in our recent White Paper, **improving governance, including tackling corruption, is essential to reduce poverty**. This is a long-term challenge. To respond to this we are taking stringent steps to **ensure UK aid is used for the purpose intended**. We have put into place strong systems and processes to control and monitor the expenditure of UK aid. We employ independent auditing and tracking to oversee and check these processes. We also regularly review our country assistance plans, promote anti-corruption reforms with our partners, and decide how best to provide aid and what safeguards are required. We are promoting better codes of conduct, for example for international business and public contracting.

Monitoring performance against objectives

- 5.25** 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 progress is monitored annually.
- 5.26** In 2006/07 we developed a **Results Action Plan** that sets out how DFID will strengthen its focus on achieving results (see box 5.6).

Box 5.6: Achieving results

Monitoring the results of development assistance has always been a core function of DFID's corporate performance management systems. However, we recognise that there is more we could do to improve our focus on results and we are developing a Results Action Plan to take this forward.

Priorities in the plan will include:

- How to better support partner countries in developing the capacity to plan, monitor and account publicly for policy and results.
- How to better demonstrate effective use of our resources, for example by:
 - strengthening our corporate systems so that results are measured, tracked and reported at all levels of the corporate performance system;
 - reviewing how we report the outcome of our development assistance;
 - working with other development agencies to develop assessments of agency effectiveness to help inform how we work with multilateral organisations; and
 - further strengthening the independence of our evaluation work.
- How to ensure UK efforts are consistent and co-ordinated with work being undertaken by others internationally, including at the recent *Third Roundtable on Managing for Development Results* in Hanoi (February 2007).

In seeking to address these issues, DFID is working on two fronts. We will work to drive reform with partner countries and through country offices, regional divisions and the international community. We will also aim to be a model of good practice. The action plan will reflect these elements and identify critical areas of work around incentives and accountability, statistics and evidence, planning and budgeting and evaluation and monitoring which need to be taken forward across the organisation.

5.27 In 2006/07, we improved the monitoring and reporting of our performance by:

- ensuring that all new **Country Assistance Plans include a performance framework** that sets out what impact DFID hopes to achieve and how that impact will be measured; and
- developing **divisional performance frameworks** so that the monitoring and reporting of performance by Divisions is strengthened.

Improving the performance of DFID's projects and programmes

5.28 We want to ensure that our projects and programmes have as much impact as possible in improving the lives of poor people. Over the last year, we have taken action to **increase the impact of our projects and programmes**. This includes divisions producing reports on underperforming projects and programmes once a quarter. Those managing the underperforming projects are required to outline the problems the project has encountered; what corrective action will be taken, including the option of closure; and, once the corrective actions have been implemented, what impact they are having on the project. Actions include changing the institutional arrangements of projects, working with

governments to address under-allocation of resources to key sectors, building the capacity of local NGOs and government partners and influencing other donors.

- 5.29** This action has resulted in good progress towards DFID's PSA target "to achieve a sustained increase in the proportion of DFID's bilateral projects and programmes that are evaluated as successful." By the end of 2006/07, the **success rate of DFID's projects and programmes had risen to 77%, an improvement of 15%** since March 2005. Full details of progress against this PSA target are in annex 4.
- 5.30** We have also taken steps to **increase the external scrutiny of our projects and programmes**. In particular, in 2006/07 we commissioned consultancy work to assess the quality, consistency and accuracy of DFID's project design and performance reviews and to determine whether the quality has changed over time. A sample comparison was undertaken of reviews over the last three years and the report was published in March 2007. The review was able to validate the accuracy and consistency of scores over the last three years during a period when there has been increased attention and focus on project and programme performance. The review has identified a number of areas where improvements can be taken forward and these will be addressed as part of current work to improve our quality assurance processes.

Evaluation

- 5.31** As the UK scales up its development programme, it is particularly important that we have strong systems in place for monitoring and independent evaluation both within DFID, in the international system and indeed within developing countries where the most important decisions are taken on how to use the resources.
- 5.32** Evaluation is central to the process of evidence-based policy development. **DFID's Evaluation Department** (EvD) retains a high degree of independence and aims to produce high quality, timely and influential evaluations that are relevant to the current policy issues and seeks to establish what works and why. This 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.
- 5.33** In 2006/07, evaluations were focused on DFID's strategic priorities (see box 5.7). Nine **country programme evaluations** were undertaken by external consultants. These provide a comprehensive view of whether we are achieving the outcomes we are looking for in partner countries. We also conducted several **thematic studies** which have had a significant impact on policy. For example, the gender evaluation has fed into DFID's *Gender Equality Action Plan*, and the joint general budget support evaluation (see box 5.4) is informing DFID policy on PRBS.¹³ The majority of these studies were also undertaken by independent evaluation experts.

13 DFID also has an internal audit function which provides an independent and objective opinion of risk management, internal control and governance (see chapter 10, paragraphs 10.33 and 10.34). Our Internal Audit Department undertook 24 audits in 2006/07. The National Audit Office audit our accounts and produce reports on the economy, effectiveness and efficiency with which public money is spent (see chapter 10, paragraph 10.35). The NAO published two reports in 2006/07.

- 5.34** We have continued our **collaborative work** through participation in the DAC, EU and Nordic Plus networks. This has included the joint evaluation of budget support, as well as work on multilateral effectiveness and quality standards for evaluation. We also work with the World Bank on impact evaluation. We will continue to work with other donors in 2007/08 on a range of studies including a significant evaluation of citizens' voice and accountability. We have also aligned our **quality assurance procedures** to that of the DAC *Evaluation Quality Standards*.
- 5.35** A number of DFID departments undertook evaluations and reviews with the support of EvD. For example, in 2006 we supported **a review of environmental screening** led by Policy Division, **a review of security and justice sector reform** in Africa led by Africa Division, and baseline work on social exclusion led by Policy Division.
- 5.36** We have recently been exploring options for setting up a mechanism, reporting to the Secretary of State for International Development, which would provide arm's length scrutiny of DFID's evaluations. This would be aimed at strengthening the independence of current arrangements for assessing development effectiveness across government.

Box 5.7: Evaluations and reviews completed in 2006/07

- Country programmes:
 - Rwanda
 - Malawi
 - Bangladesh
 - Mozambique
 - Vietnam
 - Kenya
 - Russia
 - West Bengal
 - Caribbean
 - Synthesis of 2005/06 evaluations
- HIV/AIDS
 - Main synthesis report
 - Working paper: An analysis of trends in UK government funding and activities
 - Working paper: Taking action to reach women, young people and other vulnerable groups
 - Working paper: Measuring success: Indicators and approaches for the final evaluation of Taking Action in 2008
- Interim evaluation of the implementation of the 2005 agricultural policy
- Technical co-operation in economic management in sub-Saharan Africa
- Infrastructure Investment Facility: Inception report (internal DFID publication)
- Lesson learning from China's investment in private sector development

- DFID's policy and practice in support of gender equality and women's empowerment
 - Main report
 - Country case studies
 - Thematic studies
- DFID's India programme 2000-2005
- Country Strategy Papers: A joint evaluation on co-ordination and complementarity of Country Strategy Papers
- Social exclusion: Working paper
- Environmental screening review: Working paper (with Policy Division)
- Review of security and justice sector reform in Africa (with Africa Division)
- Approach paper: Guidance on evaluation of conflict prevention and peacebuilding (led by OECD/DAC)

Undergoing a peer review

"DFID has inspired and endorsed both the Paris declaration on Aid Effectiveness and the EU Action Plan on Harmonisation"

OECD-DAC Peer Review

5.37 The OECD-DAC published a **peer review of DFID** in 2006/07 and this provided a positive picture of our performance. The report stated that "DFID has gone through a 'golden age' of growth and achievement since 1997, and certainly since the last peer review in 2001." As well as identifying the key strengths of DFID's bilateral programme, the report went on to identify the key role played internationally on aid effectiveness.

Box 5.8: The OECD’s peer review of the UK

The OECD-DAC published its review of the UK in May 2006. The review described the UK’s development co-operation as at an “historic high point of political and public support”. It praised DFID’s focus on poverty, welcomed the efforts that have been made to develop a coherent cross-government approach to development, highlighted the clarity of focus given by the International Development Act and described our staff as “high calibre and highly committed”.

The review commended DFID in the following areas:

- the considerable progress in implementing the recommendations of the 2001 Peer Review of the UK;
- the commitment to the 0.7% ODA/GNI target, the increases in resources in recent years, and the overall approach to scaling-up;
- the focus on low income countries;
- the leadership promoting improvements in the effectiveness of aid;
- being among the leaders in promoting effective international engagement in fragile states;
- DFID’s “dynamic” staff, and strategic approach to human resource management; and
- the success of the “two headquarters” concept.

The report also identified a number of challenges, including managing a growing aid budget effectively with constrained staff numbers, increasing engagement in fragile states, furthering efforts on key cross-government issues and demonstrating impact on the ground. DFID is now taking forward actions to improve our performance in these areas.

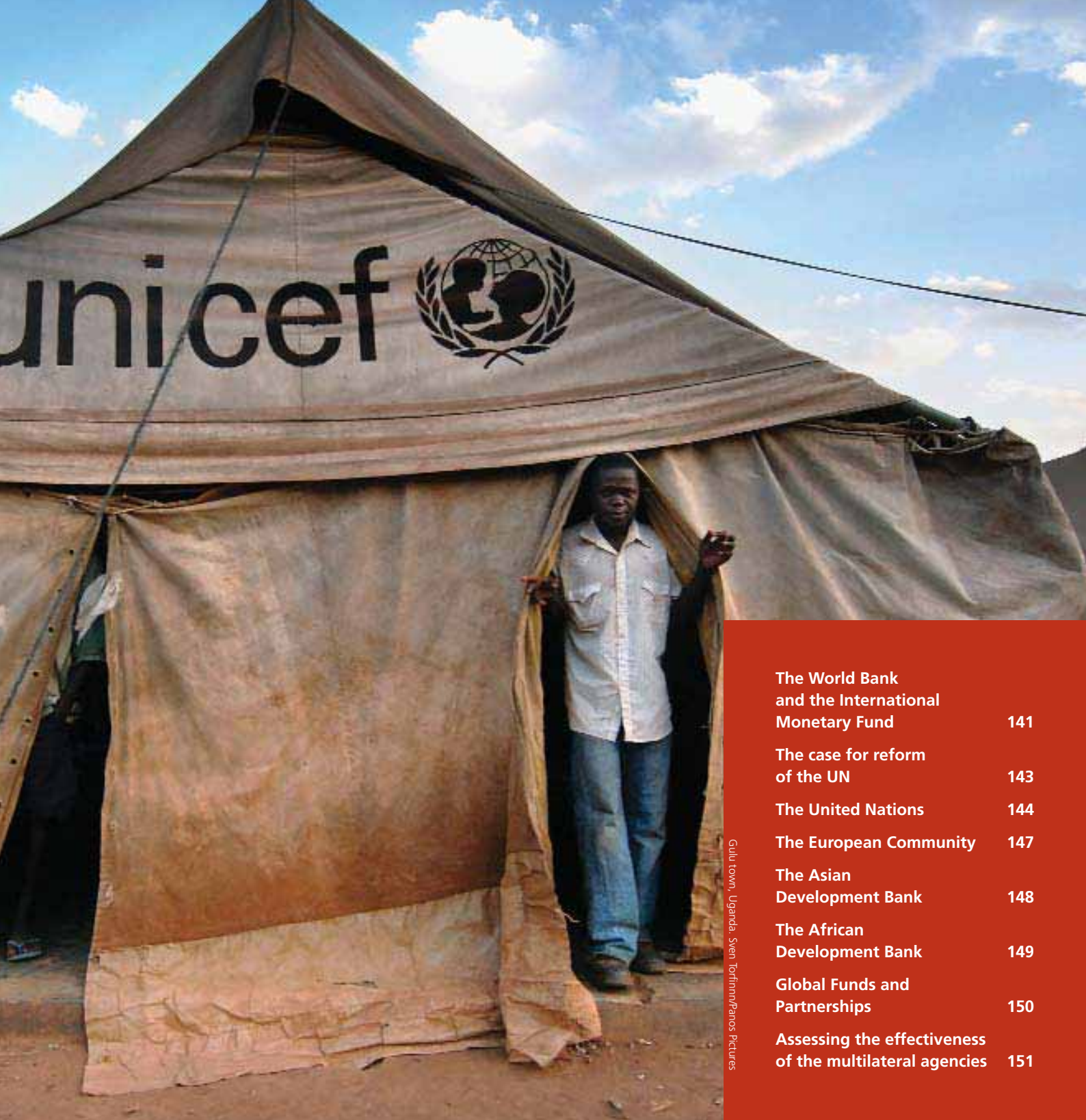
Future plans

5.38 In 2007/08 we will:

- update our medium-term action plan on aid effectiveness;
- support partner countries and prepare for the High Level Forum on aid effectiveness in Accra, Ghana in 2008;
- work with other donors, including new donors like China and India, to improve the effectiveness of aid;
- ensure that UK aid supports clear objectives and is managed effectively; and
- agree more Development Partnership Arrangements with developing countries.

Making the multilateral system more effective

6



Gulu town, Uganda. Sven Torfinn/Panos Pictures

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Making the multilateral system more effective

6

“The true measure of success for the United Nations is not how much we promise, but how much we deliver for those who need us most.”

UN Secretary General Ban Ki-moon in his acceptance speech to the General Assembly

Highlights

- DFID successfully influenced the World Bank to improve its use of **conditionality** in 2006, further strengthening country ownership.
- Eight countries are piloting the **‘One UN’** approach at country level in 2007. The success of these pilots is one of our top priorities.
- DFID has assessed how effective our key multilateral partners are. These **Multilateral Effectiveness Summaries** will be published later in 2007.
- In 2006/07, the UK successfully advocated for the major UN agencies and the World Bank to develop plans to improve their support to **gender equality and women’s empowerment**.
- **Central Emergency Response Fund** – The first year since its launch in March 2006 has seen a good response, with over \$399 million (£217 million) being provided to the CERF by 73 donors. The UK is currently the largest contributor, providing £40 million in 2006 and £43 million in 2007. We have pledged to give £40 million a year in 2008 and 2009 which will bring the total UK contribution to £163 million.

6.1 International organisations play a major role in delivering aid. Three institutions – the European Commission (EC), the World Bank and the United Nations (UN) – already account for around 30% of global aid. In 2005/06, the UK channelled 38% of our aid through multilateral organisations.

6.2 Much of today’s multilateral system – including the UN, the World Bank, the International Monetary Fund (IMF) and the European Union (EU) – was created after the Second World War. These

institutions have served the world well, but the challenges we face in the 21st century are very different to those of 60 years ago. The UK government's 2006 White Paper on international development set out the need for an international development system that:

- delivers increasing levels of development assistance effectively and shows results;
- reflects the interests of developing countries and allows them to lead their own development;
- holds countries (whether donors or recipients) to account for the commitments they have made to each other;
- upholds human rights and other international standards, and takes action where these are not being met; and
- monitors progress against targets agreed to reduce poverty.

6.3 Significant change is needed to achieve all this. The UN's role in development needs to be radically reformed in keeping with its unique political mandate. It should focus on providing strong political leadership in conflict and fragile states, on setting global standards, and on helping countries agree solutions to climate change and other threats to development. The World Bank, IMF and regional development banks should help developing countries finance investments for sustainable and equitable growth and public services; and help their members manage economic shocks. The EU also needs to ensure its aid is effective, and that its wider policies also support development.

6.4 The UK is strongly committed to working through the international system to reduce poverty in developing countries. We are using our resources and influence to improve the effectiveness of the multilateral agencies and thereby strengthen the international system for this purpose.

6.5 This chapter outlines our work with our multilateral partners to improve the international system and assist with UN reform. It also discusses the effectiveness of multilateral aid and of the multilateral organisations in line with the International Development (Reporting and Transparency) Act 2006.

The World Bank and the International Monetary Fund

6.6 The **World Bank** (the Bank) is the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The World Bank plays a central and effective role in global efforts to reduce poverty. The evidence suggests it is one of the most effective multilateral agencies. Its expertise in global debates on development issues and the high quality of its staff are well known. The Bank's strengths mean it is well placed to finance efforts to tackle the global challenges currently slowing progress towards the MDGs, such as climate change. But the Bank needs to improve its performance and focus on results, continue to implement its approach to conditionality (see boxes 6.9 and 6.10), and ensure more developing countries have more say in its decision-making, including by increasing its presence in countries.

Box 6.1: How DFID is working with the World Bank to change policy on conditionality

Many bilateral and multilateral donors attach conditions to the funding they provide. The conditions tend to be focused on measures to enhance aid effectiveness, tackle corruption and improve accountability. But conditions such as privatisation (e.g. of government owned enterprises) or trade liberalisation can be more controversial. During the IDA 14 replenishment in 2005, the UK agreed to provide an additional £100 million to IDA. This funding was, in part, dependent on the World Bank improving co-ordination with other donors and improving its practice on conditionality.

We released the first £50 million after the Bank carried out a thorough review of its policy and practice on conditionality and agreed some related Good Practice Principles. In September 2006, we told the Bank that we would only release our second contribution of £50 million once we saw clear evidence that the principles were being applied.

In December, we received a thorough and candid report that provided evidence that real progress had been made. The report also reiterated the Bank management's strong commitment to make further improvements in its use of conditionality, including avoiding the use of sensitive economic policy conditions such as privatisation.

We therefore released the second £50 million contribution. The Bank has agreed to our request to provide a further progress report on conditionality in 2007.

- 6.7** The IDA 14 replenishment covers the period from July 2005 to June 2008. Donors will contribute around £11 billion to IDA during this time. The UK will provide 13.18% of that amount. IDA donors and representatives of borrowing countries met in Washington in November 2006 for the IDA 14 Mid-Term Review meeting.
- 6.8** Further details of our work are provided in DFID's annual 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 9 for a list of useful websites.

Box 6.2: How the World Bank is contributing to the MDGs in Ethiopia

In Ethiopia, the World Bank is helping to lower the risk of vulnerable populations facing serious food shortage and famine. In response to a request from the Government of Ethiopia for the international community to help reduce the chronic dependency of part of the population on international food aid, the World Bank has helped devise and finance a sustainable solution – the Productive Safety Net Programme (PSNP).

The programme targets households which are unable to secure enough food year after year. In 2006, it reached over seven million people. The PSNP supports a large-scale public works initiative which pays wages to food-insecure but able-bodied citizens. For those physically unable to work, the PSNP provides direct grants. The first phase of the PSNP has dramatically lowered dependence on emergency food aid. In the second phase, the government will introduce a contingency fund to be triggered in the event of a drought.

In 2004, IDA committed \$70 million (£38 million) for the first phase of the PSNP. In January 2007, a further \$175 million (£95 million) was approved for the second phase. Several donors are co-financing this next phase, including the UK and the EU.

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

The case for reform of the UN

- 6.10** The **UN** has played a key role in promoting development, peace and security and human rights globally. Over the years, however, the UN operational system has become increasingly fragmented, leading to multiple UN agencies competing for donor funds and different agencies overlapping and duplicating work at both the headquarters and country levels. Countries have not received the best and most coherent support from the UN to deliver on their own plans to reduce poverty, secure peace and fulfil their human rights obligations.
- 6.11** A wide range of reforms have been proposed or are already underway within the UN system. In November 2006, the UN Secretary General's High Level Panel on System-Wide Coherence recommended the establishment of 'One UN' in different countries. The UK was represented on the panel by the Rt Hon Gordon Brown. The 'One UN' initiative seeks to put in place four 'Ones': one leader, one programme or plan, one budget, one office. Eight 'One UN' country pilots will be set up by the end of 2007 and, subject to satisfactory review, twenty by 2009, forty by 2010 and all other appropriate programmes by 2012. We will work closely with our country offices, regional divisions and other donors to put the necessary finances into one place in each country, and to take forward other elements of implementing 'One UN'.

- 6.12** Some other key recommendations were for the establishment of a UN Sustainable Development Board to oversee the ‘One UN’ Country Programmes, of a Task Force to look at reducing duplication and joining up the work of UN agencies, and of an MDG Funding Mechanism to provide year-on-year funding for ‘One UN’. We will work across Whitehall and with Member States to ensure that these key recommendations for UN central level reforms are agreed and implemented.

The United Nations

UNDP

- 6.13** UNDP is integral to UN reform given its role in UN system-wide coherence, where it has been leading efforts to create joint UN offices, strengthen the role of the UN representative in-country (the Resident Co-ordinator), make the work of the UN country teams more coherent, and identify what works best and learn from it across the wider UN system. These issues have been addressed by the High Level Panel on UN System-Wide Coherence (HLP). The Panel also recommends that UNDP scale back significantly on its country programme work.

Box 6.3: How UNDP is changing to deliver reform

The High-Level Panel report recommends that UNDP:

- focus its operational work to support the UN country team delivering the One Country Programme and set a clear target by 2008 to withdraw from sector-focused policy and capacity work;
- establish an institutional firewall between the management of its programmatic role and management of the Resident Coordinator system;
- develop a code of conduct in consultation with all relevant organisations.

We are working with other donors and member states to ensure that UNDP reflects the necessary actions for delivering this in its new Strategic Plan for 2008-2011.

UNICEF

- 6.14** UNICEF is undergoing widespread change: first, as it moves from work on projects to an approach more focused on supporting national programmes and increasing their capacity to do more, and second, to respond to UNICEF’s growing humanitarian responsibilities which currently account for 40% of its budget. This is being done in the context of the broader UN reform programme which requires UNICEF to improve its co-ordination with other UN agencies to ensure a consistent and coherent approach to its work. UNICEF recognises that operating more strategically and improving partnerships will bring about greater and more sustainable results for children.

Box 6.4: How UNICEF is contributing to the MDGs on HIV/AIDS and child health

UNICEF is providing global leadership to increase international and government commitment and funds for children affected by HIV/AIDS. In Africa, 20 countries now have National Plans of Action and, in Latin America and Asia, assessments are underway which will lead to the development of national policies and strategies for children affected by HIV/AIDS. In 2005, UNICEF and UNAIDS launched a major international campaign, *Unite for Children, Unite against AIDS* to raise \$1 billion (£543 million) for children affected by HIV/AIDS by 2010 and improve partnership between UN agencies to support the scale-up of services.

UNICEF, in partnership with other UN agencies and civil society, launched the Measles Initiative in 2001 to support governments' efforts to tackle measles deaths. The initiative is on track to see a 90% reduction in measles deaths globally by 2010 compared with 2000 estimates. Deaths have fallen by 60% worldwide since 1999, largely due to an unprecedented decline in measles deaths in Africa. UNICEF's role is to use its logistical and procurement capacity to procure and deliver the vaccine and other commodities and promote communication and public demand in support of national health plans

Other examples of results that UNICEF has contributed towards include:

- In **Botswana**, a programme to prevent mother-to-child transmission of HIV in 24 health districts resulted in an increase from 36% in 2003 to 73% in 2005 of pregnant women using these services.
- In **Burkina Faso**, the incidence of female genital mutilation decreased from 66% in 1996 to 40% in 2005.
- In **India**, the number of cases of wild polio virus decreased from 1,600 cases in 159 districts in 2002 to 45 cases in 26 districts in 2005. In four states, a programme for disadvantaged children reduced the number of out-of-school children from 958,000 in 2001 to 162,100 in 2005.
- During the **South East Asia earthquake** in 2005, over 500,000 people were provided with safe drinking water and over 57,000 children resumed learning.

UNAIDS

6.15 **UNAIDS** supports responses around four key goals: to prevent the spread of HIV; to provide care and support for those infected and affected by the disease; to reduce the vulnerability of individuals and communities to HIV/AIDS; and to alleviate the socio-economic and human impact of the epidemic.

6.16 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 WHO to give countries the policy guidance and technical capacity they need to provide HIV/AIDS treatment and prevention. In 2006, UNAIDS reported that 84 of the worst-affected countries had established national treatment plans and targets as part of the scale-up to universal access to antiretroviral treatment. UNAIDS sees itself as a pathfinder for UN reform. It is trying out innovative ways to support national leadership, joint programming and coordination of efforts to fight HIV/AIDS.

UNFPA

6.17 UNFPA is the leader on population issues and sexual and reproductive rights. Despite working on many sensitive and controversial issues, UNFPA has maintained a global profile and progress on sexual and reproductive health rights as well as achieving the proposal of a new reproductive health MDG. UNFPA is publicly committed to UN reform and to supporting countries' own policies. In line with UN reform, UNFPA's new multi-year plan (Multi Year Funding Framework) is explicitly focussed at country level on seeking country level effectiveness.

Box 6.5: How UNFPA is contributing to the health MDGs

UNFPA has been successful as a global advocate for sexual and reproductive health through the creation of a new reproductive health target under MDG5 and its role in the new global partnership for maternal, newborn and child health.

In Africa, UNFPA, the World Bank, donor governments and others are supporting countries to implement their national plans for achieving the MDGs relating to maternal and newborn health. The overall goal is to ensure universal access to family planning, skilled birth attendants and comprehensive medical care during pregnancy and childbirth. Plans are well underway in Tanzania, Malawi and Ethiopia, and are under preparation in many other countries. These contain clear targets and costings, and methods to carry expanding services.

World Health Organization

6.18 Health is at the heart of the MDGs – recognition that health is central to the global agenda of reducing poverty as well as an important measure of human well-being.

- WHO's Country Focus Initiative targets its work to help countries develop their own strong health systems;
- WHO wants everyone to benefit from better health and gives priority to helping countries include vulnerable and deprived people in their plans; and
- WHO encourages wealthy, developed countries to fulfil their promises to form a Global Partnership for Development (MDG8) to work with developing countries in a fair and helpful way.

6.19 *At country level*, WHO is helping Ghana to develop a new mental health law to ensure patients are treated with respect for their human rights. It is expected to become a model for other African countries.

6.20 *At a global level*, the WHO Framework Convention on Tobacco Control has attracted a high number of parties since its entry into force in February 2005, and has become one of the most widely embraced treaties in the history of the United Nations.

6.21 Through the development and negotiation of the International Health Regulations, which come into effect during 2007, WHO has developed a mechanism to strengthen the organisation's and member states capacity to respond to epidemics and risks to public health, including global pandemics. In the last few years WHO has played a key role in tackling infectious diseases such as measles and polio, and recently demonstrated the importance of coordination and strong leadership in response to the outbreak of severe acute respiratory syndrome (SARS).

The European Community

6.22 Because of the size of its aid and the leadership role it plays with its Members, **the EC** is a major contributor to the attainment of the MDGs. The EU provides 55% of the world's overseas aid and two-thirds of grant aid, amounting to €54 billion (£37 billion) in 2005. One-fifth of this – €10.8 billion (£7.4 billion) – was managed by the European Commission (the Commission). The rest is managed by the 27 Member States. This assistance went to more than 160 countries, territories or organisations. In 2005/06, the UK provided £934 million to the Commission for development assistance.

6.23 The Commission is not a development institution like other multilateral agencies, but the executive of a political and economic union of 27 Member States, with a range of objectives in its external relations. It provides grant aid and humanitarian aid to developing countries, in addition to managing commercial and diplomatic relations with them. Its impact on poverty is not limited to spending in the poorest countries. Its decisions on further enlargement of the European Union and on the countries in its neighbourhood areas are also very important. In addition, the impact of trade, agricultural and fisheries policies on poverty is very high (this is discussed further in chapter 9 of this report).

6.24 Significant reforms, started in 2000, are now bearing fruit, with substantial devolution to 123 country offices. The Commission's country strategies and programmes have improved their learning from past lessons, and the quality of aid (as assessed independently by external consultants) is improving. There is, however, room for further reform, including more financial management at the country level to enable faster decision-making on projects and programmes, simplifying the cumbersome system of checks and balances that hinders decision-making and boosting the technical capacity and number of professional staff.

Box 6.6: How the EU is delivering more, better and faster EU aid

In 2006, Europe took positive steps to deliver more, better and faster aid. The EU's medium-term budget for 2007-13 (the "financial perspectives") was agreed, with a simpler budget for development co-operation, more flexibility in the ways that support is provided, and more money for poor countries.

€36 billion (£24.6 billion) has been allocated for spending in Asia, Latin America, the Middle East, South Africa and the European Neighbourhood by 2013. The new Development Co-operation Instrument, European Neighbourhood Partnership Instrument and Instrument for Pre-Accession will also fund spending on issues that contribute to poverty reduction, including environment, energy, climate change, migration, health and education.

For the European Instrument for Democracy and Human Rights, €1.1 billion (£750 million) is budgeted to enable the promotion of democracy and human rights globally. This includes election monitoring, supporting the role of civil society, and supporting international agreements.

At the same time, the European Development Fund (which does not form part of the European Commission's main budget), which provides support to Africa, Caribbean and Pacific countries, has been renewed. Its budget is now €24 billion (£16.4 billion) for 2008-13. Of this, €2.7 billion (£1.5 billion) is intended to promote good governance by making more support available to those countries that are ready to commit themselves to ambitious and credible steps to improve their accountability and responsiveness. The regulations for all of the new instruments have been simplified to make aid more effective. Member States and the EC are now increasingly joining up.

The Asian Development Bank

- 6.25** The **AsDB's** mission is to help its developing member countries in Asia and the Pacific to reduce poverty and improve the quality of life of their citizens. The Bank is represented through 19 resident missions in Asia and three sub-regional offices in the Pacific. The Asian Development Fund (ADF) is its main source of funds available to borrowers. It is the second largest donor in Asia and the Pacific after the World Bank. In 2006/07, the UK provided £31.4 million to the ADF for development assistance.
- 6.26** The AsDB is at an important juncture as the major reforms it has put in place in the last few years start showing results. The AsDB has outlined a wide-ranging plan for reform during its latest ADF IX replenishment, which aims to improve its organisational and development effectiveness. AsDB management have been told that effectiveness and results on the ground will determine the level of donor contributions to the next ADF IX replenishment.

Box 6.7: How the AsDB is contributing to the MDGs in Cambodia

The Tonle Sap (South East Asia's largest freshwater lake, for food and water) supports one of the most productive fisheries in the world and provides most Cambodians with their main source of protein, its resources directly benefiting 40% of the population of provinces. AsDB is helping the Cambodian government through its Tonle Sap initiative to put in place a plan to protect the rich natural resource that sustains so much of the nation.

In 2005, AsDB approved a grant of \$18 million (£9.8 million) to help provide safe drinking water to over one million people living around the Tonle Sap River Basin, provide water supply and sanitation facilities to 1,760 villages and also improve sanitation for about 720,000 rural people.

Source: Asian Development Bank Annual Report, 2005

The African Development Bank

- 6.27** The **AfDB** is part of the African Development Bank Group which also comprises the African Development Fund (ADF) and the Nigerian Trust Fund (NTF). The AfDB's shareholders are 53 African countries and 24 non-African countries. The AfDB Group's primary objective is to promote sustainable economic growth and social development to reduce poverty in Africa. In 2006/07 the UK provided £57.2 million to the AfDB for development assistance.
- 6.28** For the AfDB, 2006/07 was an eventful year. A presidential election took place, a new senior management team was selected, and an agenda was developed for institutional reform to turn the AfDB into an organisation focused on results and development effectiveness. The AfDB's reform programme for the next few years includes priorities such as further decentralisation to the country level. Overall, good work is being undertaken to take forward the reforms, though many reforms remain to be completed.

Box 6.8: How the AfDB is contributing to MDGs in Burkina Faso

Only 35% of the population in Burkina Faso has access to basic health care. There are, on average, 600,000 malaria cases per year and acute respiratory and diarrhoeal diseases are endemic. High maternal and infant mortality rates and the AIDS pandemic remain critical problems.

In May 2005, the AfDB Group approved a \$35.7 million (£19.4 million) loan to finance the Health Care Development Support Project in Burkina Faso. The overall objective is to help improve the health and well-being of the Burkinabe population. The project is expected to do this by setting up regional hospitals and other health facilities, supplying essential and generic drugs, establishing HIV screening centres, and training health personnel and counsellors.

These measures are designed to help reduce the mortality rate by 50%, the infant mortality rate by 50%, the number of cases of HIV from 2.7% in 2004 to about 1.5% in 2010, the number of cases of malaria by 16% and deaths from malaria by 25%.

Source: African Development Bank Annual Report, 2005

Global Funds and Partnerships

- 6.29** The **Global Fund to fight Aids, TB 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.
- 6.30** According to its own principles, the Global Fund's purpose is to attract, manage and disburse resources to fight AIDS, TB and malaria. It is a financing mechanism rather than an implementing agency, and works closely with other multilateral and bilateral organisations involved in health and development issues to ensure that newly funded programmes are co-ordinated with existing ones. To date, the Global Fund has raised over \$10 billion (£5.4 billion) and has committed \$7.6 billion (£4.1 billion) in 136 countries to support interventions against all three diseases.
- 6.31** The Global Fund is still a relatively young institution and has been working hard to address some of the issues that have been raised about how it operates. For example, it is gradually relaxing the constraints that its funding system imposes, and is working with countries to improve the quality of their proposals in order to reduce the bureaucratic burden placed upon them. It also recognises that it could do more to work with existing country systems, and is the first Global Fund or Programme to measure itself against the Paris Declaration and report on its performance. One of its key challenges is to make sure that its longer-term financing is more secure and predictable. This is particularly important for HIV/AIDS sufferers, who can live long and fulfilling lives if they have access to appropriate treatment over their whole lifetime.

Box 6.9: How GFATM is contributing to the health MDGs

The Global Fund's interventions are directly related to MDG4 (to reduce child mortality), MDG5 (to improve maternal health) and MDG6 (to combat HIV/AIDS, malaria and other diseases). As of December 2006, its activities had resulted in:

- 770,000 people receiving antiretroviral (ARV) treatment;
- reaching two million people with tuberculosis (TB) treatment under directly observed treatment, short course (DOTS);
- distributing 18 million insecticide-treated bed nets (ITNs) to protect families from malaria;
- reaching 9.4 million people with HIV counselling and testing;
- reaching 23 million people with community outreach for HIV prevention;
- providing 1.2 million orphans with basic care and support;
- delivering 23 million malaria treatments; and
- training three million additional service deliverers to fight HIV, TB or malaria.

Source: 'Partners in Impact' Results Report 2007, www.theglobalfund.org

Box 6.10: Gender Action Plans – ensuring equitable outcomes for all

Multilateral agencies have a key role in ensuring that the attainment of the MDGs is reflected in equitable outcomes for women, men, girls and boys. As such, a focus on achieving gender equality and women's empowerment is a key and urgent goal for our work in support of the leadership role of the multilateral agencies in gender equality.

In 2006/07, the UK successfully advocated for the major UN agencies and the World Bank to develop plans to improve their support to gender equality and women's empowerment. In the year ahead, DFID will support the UN, the World Bank and the EC to implement reforms that will support practically the achievement of gender equality and women's empowerment in country-led development plans. For example, DFID is supporting efforts to consolidate the UN's central structures, agency strategies and country-level programming to deliver better results for gender equality and women's empowerment.

Assessing the effectiveness of the multilateral agencies

- 6.32** The International Development (Reporting and Transparency) Act 2006 requires the Secretary of State to assess “the effectiveness in pursuing Millennium Development Goals (MDGs) one to seven of the multilateral aid generally to which the United Kingdom contributes...”

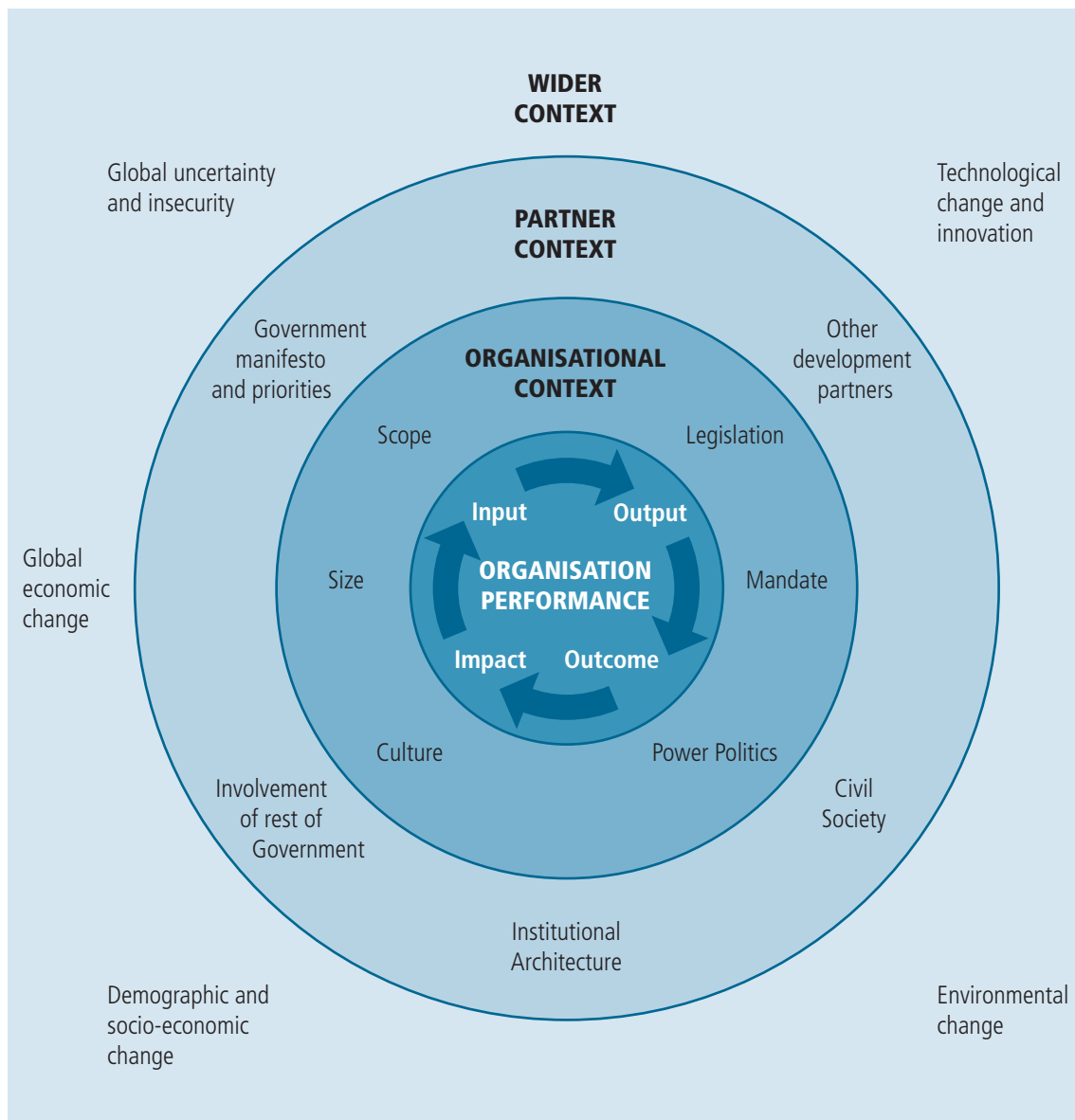
Box 6.11: How DFID is assessing multilateral effectiveness

As part of the UK government's Comprehensive Spending Review 2007 (CSR), we are assessing the effectiveness of multilateral agencies in contributing towards the achievement of the MDGs. This is the overall basis for our decisions on how we allocate aid.

In 2004, DFID assessed the internal systems of our 23 key multilateral partners using a Multilateral Effectiveness Framework (MEFF). This has helped us better understand how well they are organised to deliver their business. DFID is using the results of the MEFF, together with the large amount of information on multilateral effectiveness that already exists in the public domain, to inform the CSR process. This information includes surveys carried out by the Multilateral Organisations Performance Assessment Network (MOPAN), a group of nine donors assessing effectiveness at the country level, as well as the performance reporting of the multilateral agencies themselves and findings from the Paris Declaration Indicators on Aid Effectiveness (12 indicators of aid effectiveness to monitor progress in achieving results – see chapter 5) monitoring exercise.

By making better operational use of this information we can already draw conclusions about how well individual organisations manage their resources, contribute to results on the ground, build for the future and work with others. But this information needs to be made more accessible. We are therefore preparing Multilateral Effectiveness Summaries for our key multilateral partners to distil the information that is available on their effectiveness. The organisations covered include the EC, UNDP, World Bank, AsDB, AfDB, UNICEF, UNAIDS, UNFPA, WHO and GFATM. These summaries will be published in September 2007.

Figure 6.1: Context in which multilateral organisations function



6.33 The **effectiveness of an individual multilateral agency** depends on the context in which it works (see figure 6.1). As each multilateral agency has a different scope and mandate, comparisons between multilateral agencies are difficult to make. However, by analysing the information available on each multilateral agency, we can assess its overall effectiveness (see box 6.11).

Table 6.1: The key multilateral agencies... at a glance

Organisation	Budget (US\$ or € and GBP)	Number of staff	Number of countries worked in	DFID's annual contribution
UN agencies				
United Nations Development Programme (UNDP)	\$4.8bn (\$914m core) in 2005 [£2.6bn]	7,000	166	£140 million in 2005 (latest figures available)
United Nations Children's Fund (UNICEF)	\$2.7bn in 2006 [£1.5bn]	9,300	156	£100.9 million in 2006 (latest figures available)
United Nations Population Fund (UNFPA)	\$565m in 2005 [£307m]	972	125	<u>2005 UK contribution</u> Regular resources: £20 million Non-regular resources (e.g. funding at the country level): £16.4 million 2005 total: £36.4 million <u>2006 UK contribution</u> Regular resources: £20 million Other UK resources: £3.1 million 2006 total: £23.1 million
The Joint United Nations Programme on HIV/AIDS (UNAIDS)	\$320m in 2006/07 [£173.9m]	400	130	Total contributions to UNAIDS in <u>2005</u> : £21.7 million Total contributions to UNAIDS in <u>2006</u> : £15.6 million (Fiscal year is Jan -Dec)
World Health Organization (WHO)	\$3.3bn in 2006/07 [£1.8bn]	8,000	147	£135.3 million in 2004/2005
The EC				
European Commission (EC)	€10.8bn overseas assistance disbursed in 2005 [£8.6bn]	3,500	160	£934 million in 2005/06

Organisation	Budget (US\$ or € and GBP)	Number of staff	Number of countries worked in	DFID's annual contribution
The World Bank and the regional development banks				
World Bank	International Bank for Reconstruction and Development (IBRD):\$14.1bn in 2006 [£7.7bn] International Development Association (IDA):\$9.5bn in 2006 [£5.2bn]	10,000	100	£493 million in 2006/07
Asian Development Bank (AsDB)	\$7.4bn in 2005 [£4bn]	2,000	27	£31.7 million in 2006/07
African Development Bank (AfDB)	\$3.3bn in 2005 [£1.8bn]	1,000	25	£57.2 million in 2006/07
Global Funds				
The Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)	Since the creation of the Fund in 2002, it has raised \$10bn either paid in or in firm pledges [£5.4bn]	200	136	£100 million in 2006/07

Fragile states, conflict and crises



Hambantota, Sri Lanka. Alfredo Calizpanos Pictures

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Fragile states, conflict and crises



“Preventing and ending conflicts will do more to create a climate for poverty reduction than any amount of costly aid programmes.”

International Development Committee Report on Conflict and Development: Peacebuilding and Post Conflict Reconstruction (October 2006)

“The speed of DFID’s response after the tsunami was impressive and demonstrates the importance of pre-planning for disasters.”

Sir John Bourn, Head of the National Audit Office

Highlights

- The new **UN Peacebuilding Fund** was launched in October 2006. The UK committed £30 million over three years to the Fund.
- The UK announced that it will no longer use ‘dumb’ **cluster munitions** and will support efforts to reach an international agreement which bans them altogether.
- DFID, the Foreign and Commonwealth Office (FCO) and Ministry of Defence (MOD) worked together to secure a **UN General Assembly resolution** leading to negotiations on a legally binding **Arms Trade Treaty**.
- In the first year of the **Central Emergency Response Fund**, over \$399 million (£217 million) was received, which was used to meet humanitarian need through 361 projects in 40 countries in Africa, Asia, the Middle East and Latin America.
- DFID committed over £5 million for the **Indonesian earthquake** in assistance for emergency relief supplies. In **Lebanon**, DFID allocated £9.5 million bilaterally, which contributed to humanitarian relief.
- In **Sudan**, DFID allocated £73 million to the relief effort, £49 million of it through the Common Humanitarian Fund supporting the UN’s relief programme for Darfur and the South. We are contributing £47 million over three years to two World Bank managed **Multi Donor Trust Funds**.

- 7.1** Around one-third of the world’s poor live in fragile states, and every year over 300 million people are affected by conflict and natural disasters. Women and girls are disproportionately targeted in armed conflict and often experience rape, sexual violence, forced pregnancy, kidnap or abuse. Climate change is increasing the incidence and intensity of natural disasters and people living in the poorest countries are the worst hit and least able to cope. Conflict and humanitarian crises not only have an immediate toll on lives and property, but they destroy progress towards economic and social development. During the 1990s, half the countries where life expectancy, income and education declined experienced violent conflict and we are unlikely to achieve the Millennium Development Goals without tackling this or making progress in fragile states. Addressing social exclusion, improving governance and access to justice and increasing economic opportunities can also contribute to preventing conflict and improving security for the poor.
- 7.2** This chapter covers DFID’s work in fragile states, conflict prevention, post conflict reconstruction, responding to humanitarian crises and reducing the risk of disasters together with how we collaborate with other UK government departments, developing country governments and international partners on security strategies affecting low income countries.

Fragile states¹

- 7.3** People in fragile states are less likely to go to school or to receive essential healthcare, and more likely to have their basic rights to life and security violated. Fragile states can also destabilise regional and global security. DFID continues to be a leading advocate for improved international co-ordination and response to the needs of fragile states.
- 7.4** Our international efforts have focused on piloting the draft of the Organisation for Economic Co-operation and Development’s Development Assistance Committee’s (OECD-DAC) *Principles for Good International Engagement in Fragile States* in nine countries. DFID led on three of these pilots in Nepal, Yemen (jointly with UNDP) and Somalia (jointly with the World Bank). The Principles set out commitments such as “do no harm”, focus on state-building and conflict prevention and recognise links between security, political and development objectives. Revisions to the Principles, in the light of experiences from the pilot countries, have resulted in greater attention to gender, human rights and non-discrimination. The revised Principles were endorsed at the OECD-DAC High Level Meeting in April 2007, and DAC members have committed to their implementation in all fragile states.

1 DFID has a list of 46 countries in its 2005 Policy Paper that classifies as fragile those countries that appeared at least once in the bottom two quintiles of the World Bank’s Country Political and Institutional Assessment (CPIA) ratings between 1999 and 2003 (or were unrated). Countries on this list are: Afghanistan, Angola, Azerbaijan, Burma, Burundi, Cambodia, Cameroon, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Republic of Congo, Djibouti, Dominica, Eritrea, Ethiopia, The Gambia, Georgia, Guinea, Guinea Bissau, Guyana, Haiti, Indonesia, Kenya, Kiribati, Lao PDR, Liberia, Mali, Nepal, Niger, Nigeria, Papua New Guinea, Sao Tome & Principe, Sierra Leone, Solomon Islands, Somalia, Sudan, Tajikistan, Timor Leste, Togo, Tonga, Uzbekistan, Vanuatu, Republic of Yemen, Zimbabwe.

Box 7.1: Piloting the DAC Principles for Good International Engagement in Fragile States

Nepal: The pilot has helped donors agree a co-ordinated approach during a complex process of political change in Nepal. In some areas, it became the catalyst for joint donor action, such as common analysis of the political context, and joint work on state-building. The Principles also enhanced donor discussion around “do no harm”, including protecting resource from misuse during conflict and drawing attention to issues of ethnic and religious inclusion.

Yemen: Strong leadership and active engagement by the Government of Yemen were critical in this pilot. It has been absorbed into a government-led effort to strengthen donor co-ordination and behaviour. Donor alignment with government plans, transparency of aid flows and donor-funded activities and long-term commitment by donors have all improved.

Somalia: Progress with this pilot was more limited, due to the rapid political changes in Somalia and incomplete international presence on the ground. But there have been some developments as the Principles have been adopted by the European Commission and EU member states in the joint EU strategy for Somalia; they have been used as an input to UNDP's planning process; and they have encouraged a greater focus on state-building by UNICEF. Overall, however, the pilot showed that there continue to be major challenges in bridging the gap between the Principles and donor practice in the most difficult environments.

7.5 The *DAC Peer Review* in 2006 found that **the UK has been a leader in promoting effective international engagement in fragile states.**

The review also found that demonstrating results, ensuring the right balance of staff and clarifying roles and operational linkages within DFID are all important areas for our future work in fragile states. We are taking steps to address these areas, including through a *Fragile States Implementation Plan* which was agreed in early 2007.



Hargeisa, Somaliland – Women demonstrating for peace. The banner reads, ‘There is no life without peace and milk’. Milk is a pastoralist symbol for peace and prosperity.

Hannah Wilson/Panos Pictures

Conflict prevention

- 7.6** Violent conflict can affect practically every aspect of poverty reduction work. DFID **launched its new *Conflict Policy Paper* in March 2007**. This looks at how DFID can play a part in tackling the problems that contribute to violent conflict; ensure that at a minimum our assistance is conflict-sensitive (in other words that it does no harm); and understand and respond to conflict across the breadth of our work.

Box 7.2: DFID-World Bank partnership in conflict-affected environments

Working with the World Bank and national governments in conflict-affected countries, DFID has supported work to strengthen how national poverty reduction strategies take into account the causes and dynamics of violent conflict. By making these poverty reduction strategies more ‘conflict sensitive’, they will be less likely to fuel conflict and more likely to contribute to longer-term peacebuilding. Working with national governments, the international community and civil society, the programme has provided practical support in **Afghanistan, Sierra Leone, Liberia, Burundi, Central African Republic** and **Haiti**. This year we will be applying the lessons of this work more broadly to our efforts to reduce poverty in conflict-affected environments.

- 7.7** The joint DFID–Foreign and Commonwealth Office (FCO)–Ministry of Defence (MOD) **Africa** and **Global Conflict Prevention Pools** (ACPP and GCPP) continue to lead the UK government’s efforts in conflict prevention. Both pools achieved successes over the last year. For example, the ACPP has provided support to Africa Union priorities in conflict prevention, and joint DFID–ACPP investment has made a valuable contribution to the peace process in Northern Uganda. Examples of what the GCPP has achieved include supporting the work of specially trained Community Defenders who represent the Colombian government’s Human Rights Ombudsmen’s office, and the UN Department of Peacekeeping Operations (DPKO) to improve the quality of UN peacekeeping. In addition, the ACPP and GCPP have promoted significantly better British government departmental co-operation on conflict issues.
- 7.8** During the 2005/06 session the **International Development Committee (IDC) held an inquiry into the government’s work on conflict and development**. It welcomed DFID’s *Conflict Policy Paper* as an important step towards ensuring that the work that DFID does in conflict-prone countries is effective. The committee stressed the importance of directing sufficient resources towards conflict-prone and conflict-affected states. They highlighted a number of issues, including the need for stricter guidance for UK companies trading in conflict-affected countries. DFID’s response to the IDC report can be found at www.publications.parliament.uk/pa/cm/cmintdev.htm.
- 7.9** Supporting the new **UN Peacebuilding Commission** (PBC) is a UK priority. It began work in June 2006, when Sierra Leone and Burundi asked to be the first two countries on the PBC’s agenda. The PBC aims to help these countries emerge from long periods of violent conflict. Working closely with the FCO, DFID will continue to encourage the PBC to focus on having a positive impact in

country and on helping to build peace between national governments, the international community, national civil society and the private sector.

- 7.10** The new **UN Peacebuilding Fund** was launched in October 2006. The **UK committed £30 million over three years** to the Fund, which aims to provide financial support as quickly as possible to countries once violent conflict has ended, so that they can tackle problems that could cause it to flare up again. We hope that the Fund will help to implement peace agreements and build and strengthen the role of governments in the peaceful resolution of conflict.
- 7.11** In April 2006 an innovative **joint Political and Development Section was opened in the British High Commission in Colombo**. Combining staff from both DFID and FCO, and working in tandem with the Defence Section, the team focuses on the delivery of a Peace Building Strategy for Sri Lanka. In reaction to the Sri Lankan conflict, in April 2007 two humanitarian advisers travelled to Sri Lanka to gather information to develop a properly informed humanitarian strategy for DFID's response to the conflict.
- 7.12** DFID also provides financial support to **non-governmental organisations** (NGOs) which work on conflict prevention and peacebuilding, through the Conflict and Humanitarian Fund (CHF). In 2006, the CHF provided £5.6 million to six additional NGOs, on top of the £12.8 million granted to eight NGOs in 2005. The CHF provides secure and predictable funding for between three and five years. This gives NGOs greater flexibility in their work planning, particularly for pioneering activities, as well as providing the basis for a mutually beneficial policy dialogue with DFID.
- 7.13** DFID is actively supporting **UN Security Council Resolution 1325 on Women, Peace and Security**. We are working with the DPKO to strengthen the impact of the Resolution in peacekeeping operations, and with FCO and MoD to implement the UK's National Action Plan. We are also funding the United Nations Development Fund for Women (UNIFEM)'s programme of support to women's engagement in peacebuilding and preventing sexual violence in conflict. Women represent a largely untapped resource in peacebuilding and post conflict transformation, and can be essential contributors to peace if permitted. They are often innovative in seeking reconciliation across conflict lines, and experience shows that bringing women to the peace table improves the quality of the agreements reached and increases the chances of better implementation.

Box 7.3: Conflict and security, gender and identity

DFID recognises that addressing gender issues within its work on conflict and security is not just about involving women, but also requires understanding the relations between women and men. Central to this are men's roles and how these can promote violence. After many conflicts, men who have been demobilised continue to perceive their identity and status as based on aggression, resulting in high levels of gender violence, crime and insecurity that can threaten a fragile peace.

For example, in Sierra Leone, while peace has been maintained since the end of the conflict in 2002, large groups of demobilised young men remain excluded from society and are often considered a threat to stability. They are frustrated at the lack of job opportunities and the sense that their views and needs are ignored by the government and wider society. It is therefore hard for them to fulfil a traditional male role in society and there is a risk that some will turn to crime or take up arms again. DFID is addressing these concerns through the youth component of its civil society programme in Sierra Leone, which aims to ensure that young people's views feed into policy, and which works in communities on conflict resolution. We also support NGOs that work with young people on business training.

Post conflict reconstruction

- 7.14** The **Post Conflict Reconstruction Unit** (PCRU) is a joint DFID-FCO-MOD unit. It aims to improve the United Kingdom's capacity to contribute to achieving a stable environment in countries emerging from violent conflict ("stabilisation"), by preventing a resurgence of violence and establishing the basis for a state which can bring about development. In 2006 the PCRU helped the government to make military action, political engagement and development assistance work better together. For example, PCRU advisers in Helmand Province in Afghanistan have helped the Provincial Development Council to determine priorities for the province, enhanced co-ordination between the Afghan army and police, and managed quick impact projects such as better irrigation, more reliable power supply and extending reception of the BBC World Service Pashto Service. A PCRU-facilitated review led to improvements in integration between the UK military and civilian departments in implementing the UK Helmand Plan.
- 7.15** In Iraq, the PCRU has provided staff for the UK-led Provincial Reconstruction Team (PRT) in Basra that has enabled the Basra Provincial Council to identify and implement priority projects in areas such as water supply and economic development. It has worked closely with the British military to ensure that their quick impact projects meet the priorities of the Council. PCRU, along with DFID Sudan and the Sudan Unit, has also assisted the Africa Union Mission in the Sudan (AMIS) in disseminating the benefits of the Darfur Peace Agreement (DPA) to non-signatories to the DPA and the general public.
- 7.16** In Lebanon, during and immediately following the 2006 war, PCRU helped develop projects to contribute to peacebuilding and reconstruction proposals so that the UK government could support the Lebanese government's efforts to help the south to recover.

Responding to drought and flood in Kenya

Poverty, low economic growth, drought-prone arid lands and high population growth frequently combine to cause deadly levels of food insecurity in Kenya. Following successive seasons of failed rains, more than 3 million people were plunged into crisis at the end of 2005 and during the first half of 2006.

Water sources dried up. Many of those that remained became contaminated, spreading disease. Large numbers of livestock died from lack of water and pasture, depriving people of their livelihoods.

The health services, suffering from a lack of investment, failed to meet the challenge, and it quickly became apparent that substantial external assistance would be required to meet the rapidly expanding needs. The Government of Kenya issued an appeal for assistance for over three million people.



DFID
Food distribution in Elwak on the Kenya/Somalia border

A specialist DFID humanitarian team had assessed needs in north-east Kenya at the end of October 2005. This team found a developing crisis and recommended early interventions of support to the World Food Programme, the UN children's agency UNICEF, and to specialist relief NGOs.

DFID made its initial responses at the end of 2005 before the crisis hit the news and before the main relief agencies had issued their appeals. During December 2005 DFID disbursed £2.5m, and in the first three months of 2006, a further £14.6m. The Secretary of State visited in January 2006 and, provided additional support for improved access to water and sanitation. The UK was the second largest bilateral donor to the relief operations.

Fortunately the long rains in mid 2006 performed well. This had an immediate effect as pastures recovered and water sources were replenished. Starvation steadily reduced, as the remaining animals began to produce milk, and in due course crops which had grown well were harvested and consumed.

However, the general improvement in many areas, masked a continuing crisis among the poorest and most vulnerable and food aid distributions continued.

The heavy October to December 2006 rains that enabled many farmers and pastoralists to begin recovering from three consecutive years of drought also brought flooding to some pastoral, coastal and lakeshore areas, damaging infrastructure, causing asset losses and creating an upsurge in human and livestock diseases, such as Rift Valley Fever. Flooding has also displaced people and disrupted access to markets and basic services.

The real challenge is to end the cycle of disasters, and this can only be accomplished by ending the extent and depth of poverty, the real cause of vulnerability to drought and flood. DFID spends in the region of £50m per year on its development work in Kenya, encompassing a range of activities including investing directly in people to improve their standard of health and level of education, and assisting government to establish systems to maintain these investments.

DFID also intends to help finance a cash safety net, as an alternative to food aid. This should result in more predictable, efficient and timely support to the poorest and most vulnerable. In the meantime we will maintain our commitment to respond with direct humanitarian assistance to ensure the most urgent humanitarian needs continue to be met.

Rapid response to humanitarian crises

- 7.17** DFID responded quickly and provided humanitarian assistance to a number of natural disasters and conflict situations in 2006, including the Yogyakarta earthquake in Indonesia, Typhoon Durian in the Philippines, and the conflicts in Lebanon and Sri Lanka. For the **Indonesian earthquake DFID committed over £5 million** in assistance for emergency relief supplies, emergency shelter and medical assistance for people with disabilities and for the protection of children. We also set aside **£500,000 for Disaster Risk Reduction (DRR) activities. In Lebanon, DFID allocated £9.5 million bilaterally.** This included funding for humanitarian relief (logistics, food, water and sanitation) which were delivered through the UN, NGOs and the International Committee of the Red Cross; mines and unexploded bomb clearance; and to provide and construct bridges.
- 7.18** Money continues to be spent in response to the devastating **earthquake in South Asia** of October 2005 in support of the government's Earthquake Reconstruction and Rehabilitation Authority. This is to help with the huge challenge of rebuilding physical infrastructure, schools, hospitals and water and electricity supplies. For further details please see Chapter 3.

Box 7.4: Responding to humanitarian needs in Africa

Africa is the world's poorest and most vulnerable region, with the highest and most persistent incidence of humanitarian crises over the past 20 years. Most crises are complex, caused by a combination of factors including conflict, poor governance, drought and floods. DFID's humanitarian activities in Africa currently accounts for more than half of our average worldwide humanitarian spending each year. We are the second largest bilateral provider of humanitarian aid to the continent. DFID gave humanitarian aid to a range of African countries in 2006/07, including over £17 million to **Eritrea, Ethiopia, Somalia** and **northern Kenya** when drought and then floods affected 11 million poor people.

The UK is a leading supporter of much needed reforms of the international humanitarian system. For example, DFID is a major donor to new **UN Common Humanitarian Funds** in Sudan and DRC, through which aid funds are pooled to strengthen the UN and international response.

Conflict and instability continue to bring hardship and misery to millions of people in the Horn of Africa and the Great Lakes. **Sudan** remains DFID's top priority for humanitarian assistance. Conditions have deteriorated for four million displaced people in **Darfur**, and a further three million still need humanitarian assistance elsewhere. In 2006/07 DFID allocated £73 million to the relief effort. We are also contributing £47 million over three years to two World Bank-managed Multi Donor Trust Funds. And we have started a Basic Services Fund programme in the south.

In **DRC**, where we have provided £35 million in humanitarian aid in the past year, there is some cause for optimism following the successful presidential elections in 2006, but the situation remains precarious.

- 7.19** DFID has received commendation from the National Audit Office (NAO) following its assessment of DFID's response to the south-east Asia earthquake and tsunami in December 2004. Sir John Bourn, Head of the NAO, said, "The speed of DFID's response after the tsunami was impressive and demonstrates the importance of pre-planning for disasters". The Public Accounts Committee enquiry into the tsunami also commended DFID for our speed and effectiveness in complex and difficult emergencies.
- 7.20** The International Development Committee (IDC) held an inquiry into the government's work on humanitarian response to natural disasters. The report praised the work of DFID, which it described as impressive, and the Secretary of State's leading role in reforming international humanitarian response mechanisms, particularly the UN. However, work still needs to be done, including strengthening OCHA's leadership role and training humanitarian coordinators effectively, and DFID is working in partnership with others to support the UN in making progress in these areas. DFID's response to the IDC report can be found at www.publications.parliament.uk/pa/cm/cmintdev.htm.

Disaster Risk Reduction (DRR)

- 7.21** In March 2006, DFID published the policy paper *Reducing the Risk of Disasters – Helping to Achieve Sustainable Poverty Reduction in a Vulnerable World*.
- 7.22** The paper included a commitment to spend up to 10% of our response to natural disasters on measures to prepare for and mitigate the impact of future disasters. Funding allocated for Disaster Risk Reduction (DRR) following the Indian Ocean tsunami is being invested in suitable national and regional initiatives (see also Chapter 3 of this report). These include a £4.5 million commitment to a four-year programme with the United Nations Development Programme (UNDP) and the Government of Indonesia to reduce the vulnerability of poor communities to natural disasters through more effective early warning systems and strengthening the ability of the government to prepare for disasters. Other initiatives include our contributions to improved DRR following the earthquakes in Pakistan in October 2005 and in Indonesia in May 2006.
- 7.23** DFID will be supporting more DRR activities in Africa and will integrate them with work on food security and adaptation to climate change. We have also begun training our staff in how to include DRR measures in DFID's development and humanitarian programmes.
- 7.24** Improving how the international system deals with disaster risk reduction is essential. DFID has been supporting four multilateral organisations and the Red Cross/Red Crescent movement to improve preparedness, mitigation and prevention of disasters. For example, in October 2006 the World Bank agreed a joint programme with DFID of up to £4.38 million over three years to support the integration of DRR measures into development strategies in countries that are particularly vulnerable to natural disasters.

Cash transfers in Malawi

DFID supports an innovative humanitarian cash transfer scheme in the Dowa District of Malawi. The programme uses ‘smart card’ technology and a mobile bank to target the most vulnerable and has the potential to be used in longer-term social welfare transfer programmes – an area of growing interest which DFID has been pioneering in Kenya and Ethiopia.

We are providing £750,000 to fund the scheme that provides cash payments instead of food to tens of thousands of hungry people in northern Malawi via a sophisticated system of bank cards and electronic identification. The scheme, which was launched in December 2006 by the Irish-based charity Concern Worldwide, targets the most vulnerable – in this case 55 thousand people who qualify for free food in one of Africa’s poorest countries because of crop failures through drought and flood. Instead of maize, villagers receive cash to spend as they see fit and the project challenges the idea that poor Africans are unable to decide how best to look after themselves.

On a recent visit to the scheme, the Secretary of State for International Development spoke to some of the poorest and most vulnerable members of the community currently facing a hunger crisis about the challenges they face and the impact of the cash transfer.

Nasita Jaziel was one of these people. Each month for more than a year she trudged six miles

through the Malawi bush to collect two 20 kilogram sacks of free maize which she carried home, balanced on her head, to feed her children. But now she has to walk little more than a mile from her home in Dowa, clutching a piece of plastic with a microchip much like any cashpoint card, and present herself at a mobile ATM and bank under the shade of a tree.

She swipes the card, a teller checks her identity with a thumbprint scan and then the 35-year-old mother of five goes to the back of a pick-up truck where a cashier from the Banki Yanga hands over enough money for Mrs Jaziel to go the local market and feed her family.

Mrs Jaziel said she bought food with about two-thirds of the 8,750 kwacha (£33) she received for her family for the month. The rest went on medicines, school fees for her children and fertiliser in the hope that next year, unlike this one, she will have a crop.

“I don’t have to walk 10 kilometres and carry the sacks back,” she said. “I can buy what I need. I use some of the money

to send my children to school. Before I used to sell some of the food they gave me to pay the school fees but it was still a problem to find the money.”

Malawi has few ATMs and no one waiting for cash in Dowa had ever seen one. The thumbprint scan used in the mobile bank ensures the right people get the money and, depending on the size of their family, that they get enough to feed them all. The vagaries of Malawi’s weather have left hundreds of thousands of people short of food in one part of the country while there was a 600,000 tonne surplus of maize last year. In the Dowa district fewer than 3% of people have the money to buy maize and until late last year food was shipped in, often with negative consequences for the local markets and economy.

“I can buy what I need. I use some of the money to send my children to school”



Emma Judge

A mobile bank in the Dowa District

Box 7.5: Disaster-prone countries: collecting rainwater in India

A key aim of DFID's Disaster Risk Reduction (DRR) policy is to reduce the risk of disasters at the community level. DFID is providing around £12.5 million over five years to support five NGOs working with vulnerable communities in disaster-prone countries. For example, DFID is providing £3.3 million for a Tearfund DRR project focusing on several countries in Africa, Central Asia and South Asia. This project uses 'Participatory Assessment of Disaster Risk' (PADR) where communities themselves identify the vulnerabilities and risks that they want help to reduce. The communities are then involved in designing the activities and directing the work with support from Tearfund and its partners.

Through Tearfund's PADR process, communities identified rainwater harvesting as a need in drought-affected areas of Rajasthan. As a result, most villages were provided with 'tanka' cisterns during the first year of the project. The tanka (an underground cistern measuring 10 feet by 12 feet with a holding capacity of 25,000 litres of water) provides a major source of water for agricultural production and drinking, and its use is an age-old practice in the western part of Rajasthan. Cisterns are constructed in a circular shape, normally on bare ground where surface runoff is diverted to the tanka by creating clean catchments around it. Provision is made for one inlet with a wire mesh, to ensure pollutant- and silt-free inflow. The water is generally drawn manually from its roof top. The life span of such a structure is around 15 to 20 years. Households can also channel roof water into the cisterns to help fill up the underground cisterns. The priority for the second year of the project is to revive the roof water harvesting practices in the villages.

Partnerships with humanitarian agencies

7.25 DFID's partnerships with humanitarian agencies and NGOs are guided by DFID's humanitarian policy, *Saving Lives, Relieving Suffering, Protecting Dignity*, which was launched in June 2006. This sets out how DFID will:

- improve the effectiveness of humanitarian responses;
- be a better donor; and
- reduce risk and extreme vulnerability.

7.26 DFID provides significant financial **support to humanitarian agencies** through partnership arrangements. Additional funds are given at the country or regional level in response to specific emergencies. We have partnership arrangements with the United Nations High Commissioner for Refugees (UNHCR), the Office for the Co-ordination of Humanitarian Affairs (OCHA), the World Food Programme (WFP), the International Committee of the Red Cross (ICRC) and the International Federation of the Red Cross (IFRC). DFID also has programmes with the World Health Organization (WHO) and the United Nations Children's Fund (UNICEF) to help build up their capacity to be able to respond to humanitarian crises. These partnerships last between three and four years and in 2006/07 totalled over £60 million.

7.27 DFID also provides financial support to NGOs that work in the humanitarian sector, through the CHF (see paragraph 7.12). CHF support may be supplemented at the country or regional level to address a specific problem. In 2006/07, DFID funded 26 humanitarian NGOs through the CHF, totalling £6.5 million.



Mikkel Ostergaard/Panos Pictures

Goma, Kivu Province, DRC

Progress with reform of the international humanitarian system

7.28 The **Central Emergency Response Fund (CERF)** was established in March 2006. The fund will allow the UN and its partners to respond quickly to urgent or under-funded crises. The fund is under the control of the UN Secretary General and is administered by the Emergency Relief Co-ordinator. Donors contributed over \$399 million (£217 million) in its first year. There are now 73 donors. The UK is the single largest contributor, having already provided £40 million in 2006 and £43 million already for 2007. DFID has further committed to provide £40 million per year for the next two years (2008 and 2009), which will bring the total UK contribution to £163 million. The level of donor funding demonstrates increasing international commitment to providing predictable and effective humanitarian financing.

Box 7.6: The Central Emergency Response Fund: what is it supporting?

CERF funds enabled helicopters to reach those affected by the floods in the Horn of Africa in October and November 2006 in addition to funding programmes in health and water and sanitation to reduce the spread of water-borne diseases. In the Democratic Republic of Congo, a total allocation of \$38 million (£21 million) from July to October 2006 has accelerated priority life-saving programmes including malaria control, cholera response and the protection of internally displaced persons.

7.29 Alongside these efforts, a number of donors have been trialling the **pooling of humanitarian funds** to ensure better co-ordination and prioritisation. Independent assessments have concluded that pooled humanitarian funds in Sudan and the DRC have improved planning and programming and created stronger incentives for co-ordination. An independent evaluation of the pilot commended the approach, despite some teething difficulties, and recommended that the pilots be maintained and the potential for replication explored.

- 7.30** The UN has improved the recruitment and training of **humanitarian co-ordinators**. Twenty-one experienced and respected humanitarian co-ordinators drawn from the UN and NGOs have been recruited and trained and now make up a pool which can be drawn on to respond to new crises, most recently in Lebanon.
- 7.31** The '**Cluster Approach**', launched in late 2005 by the UN Emergency Relief Co-ordinator, was piloted in 2006 in DRC, Liberia and Uganda and was also used during the Pakistan earthquake. This approach identifies lead agencies that will take responsibility for ensuring better performance and co-ordination in nine humanitarian sectors, including shelter, water and sanitation and health. Early assessments have shown that the Cluster Approach has improved co-ordination and is encouraging more comprehensive humanitarian provision. At the end of 2006, it was agreed that the cluster approach should also be applied to the education sector and we look forward to improved co-ordination that this will bring to the delivery of education services. DFID is continuing to work with others to maintain the current momentum and improvements to the international humanitarian system.

Good humanitarian donorship

- 7.32** DFID's humanitarian policy, published in June 2006, sets out how we will deliver our commitments to good humanitarian donorship (GHD). Twenty-four countries participate in the GHD initiative and DFID is the current chair. Our policy reaffirms DFID's commitment to principled humanitarian assistance and provides a framework to guide the UK's investment in a robust international system.
- 7.33** Under UK chairmanship, the OECD-DAC agreed to use the GHD principles as the reference point against which members' humanitarian work would be measured. It also agreed to include humanitarian issues as a permanent feature of the DAC's peer reviews and to a new definition of humanitarian assistance which will be used to compile DAC statistics. In November 2006, the House of Commons International Development Committee agreed that it would use GHD principles as the benchmark for future enquiries on humanitarian affairs. Since July 2006, the UK has been working with Denmark (the new co-chair) and others to ensure that official humanitarian resources are allocated according to need and to strengthen co-ordination between donors at country level.
- 7.34** An independent assessment of progress by signatory countries against GHD objectives reported a positive impact of the initiative on donor behaviour².

Security and development

- 7.35** While aid can have a considerable impact on development and reducing poverty, policies beyond aid, for example security policy, can have an even greater impact. DFID works with other UK government departments, the EU and international partners on policies that can affect development. This section

2 See Development Initiative (2006) *Global Humanitarian Assistance*, Development Initiatives, Evercreech.

covers DFID's work with the rest of government on security and development. See Chapter 9 of this report for coverage of other policy areas, such as migration, trade and investment.

- 7.36** DFID's *Security and Development Strategy* sets out how it collaborates on government security strategies affecting low income countries, including those on conflict prevention, tackling insecurity and addressing the threat to the UK from terrorism. It highlights how DFID's work on issues such as tackling social exclusion, improving governance and access to justice and increasing economic opportunities can contribute to preventing conflict and improving security for the poor. It also underlines the importance of pooling expertise and analysis with other government departments in order to develop shared understanding of the issues.
- 7.37** 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. It also highlights the importance of strengthening international regulation of the arms trade, and reaffirms the government's commitment to ensure that UK arms exports do not undermine development, for example by endangering human rights or increasing the risk of conflict.

Action by the UK government

- 7.38** In 2005 the Attorney General started work to improve the coherence of UK support to justice sector reform overseas. During 2006, the FCO and DFID chaired a **Justice Sector Reform Steering Group**, comprised of 18 interested departments and agencies, to look at the issues in more depth. The Steering Group has developed common principles of engagement to guide work in this area, based on development best practice, as well as improved information sharing between departments.
- 7.39** The FCO and MOD worked, together with DFID, to secure a **UN General Assembly resolution leading to negotiations on an Arms Trade Treaty**. A treaty would be aimed at preventing arms transfers to destinations of concern, particularly countries caught up in conflict – many of which are low income countries.
- 7.40** In October 2006, DFID started work with FCO and MOD, through the UN, to minimise the harm to civilians caused by 'dumb' cluster munitions. Since then, the UK has announced that it will no longer use these types of **cluster munitions** and will support efforts to reach an international agreement by the end of 2008 which bans them altogether.

Box 7.7: Cluster munitions

In October 2006, DFID, FCO and MOD ministers agreed that the UK should use the forthcoming Review Conference on Certain Conventional Weapons to announce that the UK would phase out its use of 'dumb' munitions (ie. those which do not self-destruct or do not discriminate between civilian and military targets).

At a follow-up meeting in Oslo in February, DFID formed part of a delegation which committed the UK, and many other countries, to seeking a new legally binding instrument of international humanitarian law restricting the use of cluster munitions (CMs) that have unacceptable consequences for civilians by the end of 2008. In the world of multilateral disarmament this is a very ambitious target. It will be particularly challenging to bring in the main users and producers of these weapons who were not represented in Oslo. But we are confident that a process is now underway which will reduce the humanitarian impact of cluster munitions.

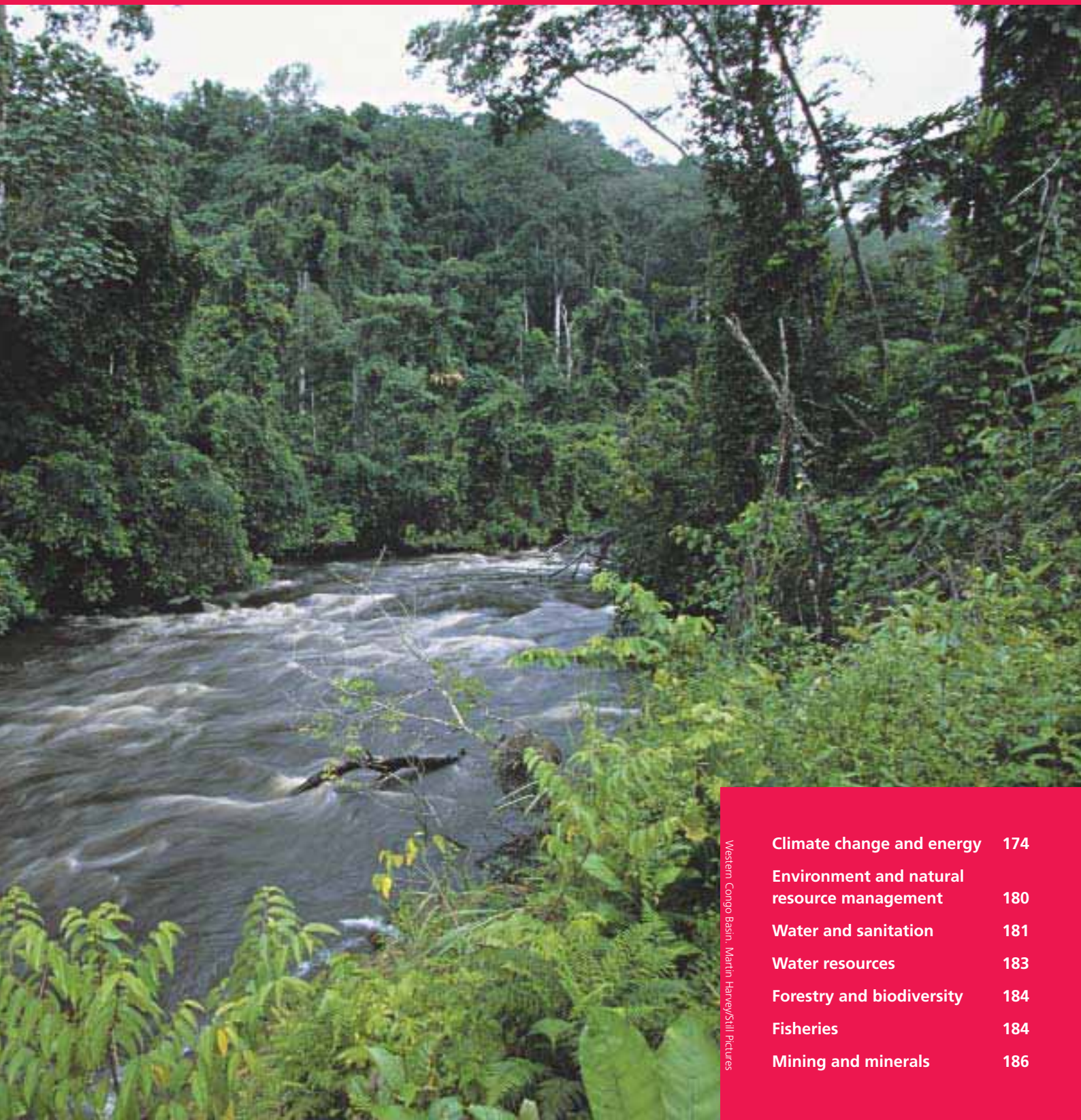
To add momentum to these international efforts, the Defence Secretary announced that the UK will withdraw its dumb cluster munitions immediately. This puts us in a much better position to argue for other countries to do likewise and to work with others for an outright ban on cluster munitions that carry an unacceptable risk of harming civilians.

Future work

- 7.41** In 2007, the Department of Trade and Industry (DTI) will lead a review of the secondary legislation under the Export Control Act, which regulates the arms export licensing process. This will provide an opportunity to address issues of concern from a development perspective. In particular, DFID will work with the DTI and others to examine whether there is a need to strengthen or extend controls on arms brokering. Arms brokers are often involved in transfers of weapons to destinations of concern, particularly in Africa.
- 7.42** During 2007, DFID will continue to involve other government departments in the production of its Country Assistance Plans, in order to enhance understanding of the development challenges and how other UK policies impact on development.

Environment, climate change and natural resources

8



Western Congo Basin, Martin Harvey/Still Pictures

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Environment, climate change and natural resources

8

“The international community – including the UK government and the development community – must do more to respond to the growing weight of evidence that our environment is under threat. If not addressed, much of the current and future progress in lifting people out of poverty – the mission of the Department for International Development – could be reversed.”

DFID Response to the Environmental Audit Committee’s Report on Trade, Development and Environment: The Role of DFID, 2005/06

“Given that climate change is happening, measures to help people adapt to it are essential”

Stern Review on the Economics of Climate Change

Highlights

- The UK announced an **£800 million international environment fund** for reducing poverty through environmental management and helping developing countries to respond to climate change. An initial contribution of £50 million will help protect the rainforests of the Congo Basin.
- The UK secured G8 agreement that the World Bank should establish a **Clean Energy Investment Framework** (CEIF), with an increasing focus on stimulating private sector investments.
- DFID contributed to the **Stern Review on the Economics of Climate Change**.
- The **Global Climate Observation System** (GCOS) climate for development initiative in Africa was launched.
- The UK increased financial support for the fourth replenishment of the **Global Environment Facility** (GEF).
- DFID provided support for the **Global Action Plan on Water and Sanitation**.
- **Voluntary Partnership Agreements** (VPAs) between key timber producing countries and the European Union were launched, in collaboration with DEFRA.

- 8.1** Good environmental and natural resources management is imperative to achieving long-term and sustainable reduction in poverty in developing countries. Poor countries depend on natural resources to a much greater extent than richer countries. Poor people are particularly vulnerable to environmental shocks and stresses affecting their access to resources which they need to shape their livelihoods. DFID's main focus is on how sound environmental management can contribute to a reduction in poverty which is sustainable in the long term, as measured by progress towards the Millennium Development Goals (MDGs), in particular MDG 7 on environmental sustainability.

Box 8.1: International Environmental Transformation Fund

The UK government's recently announced International Environmental Transformation Fund (ETF) supports the UK's objectives in promoting environmentally sound and sustainable development. This significant scaling up of government expenditure on tackling environmental problems in developing countries will contribute to the reduction of poverty through environmental management and responding to climate change. The funding will contribute to multilateral activities such as the World Bank Clean Energy Investment Framework. It will be used for climate change mitigation and adaptation in developing countries and for tackling the unsustainable use of forest resources. The UK is making an initial contribution of £50 million from the Fund, to help protect the rainforests of the Congo Basin.

- 8.2** Climate change is one of the toughest development challenges we are facing. The poorest people in the poorest countries will suffer earliest and most from the impacts of climate change. The 2006 White Paper on international development recognised that climate change is the biggest long-term threat to reducing poverty. Climate change may undermine development gains through worsening public health, damaging infrastructure and causing conflict over diminishing resources. There is a need both for mitigation to avoid the more severe impacts of climate change, and adaptation to help developing countries to react to the unavoidable effects of climate change.
- 8.3** The scale of the problem is huge: as a global problem it requires a global solution. The annual greenhouse gas emissions of some rapidly developing countries are set to overtake developed countries by 2012. These countries should be supported in playing a full part in negotiations for a post-2012 set of international rules and arrangements. At the same time, providing the poor with access to affordable modern energy services also remains an immense challenge.

Box 8.2: The Stern Review on the Economics of Climate Change

The Stern Review showed that working now to avoid dangerous climate change is the best way of achieving strong and sustainable growth in the long term. Nick Stern argues that economic growth, environmental sustainability, improving energy security and improving access to energy can all be mutually supportive. Urgent and co-ordinated multilateral action is the best way to tackle climate change. The Review shows that three elements of policy are essential to stabilise the concentration of greenhouse gases in the atmosphere: carbon pricing, technology, policy and measures to overcome barriers and create incentives for behavioural change. In addition, there is a significant role for policy to avoid deforestation and encourage sustainable land use. Alongside this, adaptation to the effects of climate change that can no longer be avoided will also be needed, particularly in developing countries that will be most vulnerable to the impacts.

Climate change and energy

- 8.4** Following the 2005 G8 Gleneagles commitments and the 2006 White Paper on international development, DFID has substantially increased its efforts on climate change. DFID is implementing the **White Paper commitments** on three fronts: working for a global agreement, including helping developing countries prepare for international negotiations; assisting developing countries to adopt clean energy technologies; and helping developing countries adapt to the impacts of climate change.

Box 8.3: The impact of climate change on women

Climate change is expected to have particularly severe effects on many aspects of poor women's lives. As year-round access to safe water becomes less secure, women and girls, particularly in sub-Saharan Africa, are expected to walk further to collect safe water, limiting the amount of time they can spend on other work or at school, and in some cases putting them at risk of violence. Environmental degradation may also make women's work on the land more difficult, in particular subsistence agriculture which forms the basis of many poor women's livelihoods.

It is expected that climate change will threaten the sustainability of infrastructure, including rural transport services. While every section of the population will be affected by this, it does have serious implications for women's health, and particularly maternal health, as it will make it harder for women in labour to reach hospitals. This has the potential to limit progress towards important gender related development targets, including the Millennium Development Goal of improving maternal health.

Experience shows that women are also worse hit by natural disasters. In the 2004 Asian tsunami and the 2005 Pakistan earthquake, the majority of those killed were women while 90% of those killed in the 1991 Bangladesh cyclone were women and children. Women and girls are also particularly vulnerable to abuse, violence and trafficking following displacement by natural disasters, as reports from tsunami camps in Asia demonstrate.

- 8.5** On **global agreements**, we are working with other government departments to develop a UK position on a future set of international rules and arrangements (the so-called "global framework") for dealing with climate change. The UK wants to limit the presence of greenhouse gases in the atmosphere to between 450 and 550 parts per million (ppm). There is confidence that a stabilisation target of 450ppm would help avoid dangerous climate change, defined by the EU as global average temperature rises of greater than 2 degrees Celsius. Building on EU climate change targets set out in March 2007, we want agreement to be reached by all parties to the UNFCCC (at Bali in December) to start negotiations for a future global agreement on climate change post-Kyoto. The G8 summit in June will be an important milestone on the way. Our efforts include working with civil society organisations (such as the Centre for Clean Air Policy) to develop policy options helping to engage developing countries in a fair and long-lasting process.
- 8.6** We are working with the World Bank and regional development banks to develop a **Clean Energy Investment Framework** to accelerate public and private sector investment in low carbon technologies in developing countries (see box 8.4).

Box 8.4: The Clean Energy Investment Framework

At the Gleneagles summit in 2005, the UK secured G8 agreement that the World Bank and regional development banks should work on establishing a new Clean Energy Investment Framework (CEIF) that would operate across the international financing system. The aim of this framework is to accelerate public and private sector investment in cleaner energy in developing countries. The first phase of the work was discussed at the World Bank's Annual Meetings in September 2006. Countries broadly supported the approach put forward, and asked the Bank to continue work on exploring financial options to support clean energy investments.

In November 2006, the Chancellor, with the Presidents of the World Bank and the four leading regional development banks, announced a partnership with the World Economic Forum and the World Business Council on Sustainable Development to explore how to stimulate private sector investment through the CEIF. A conference was held in London in March 2007 to launch this and it will provide a focus for the second phase of work.

In parallel, the Asian Development Bank launched an Energy Efficiency Initiative, with an annual target of providing \$1 billion (£540 million) for clean energy projects. The European Bank for Reconstruction and Development also launched the Sustainable Energy Initiative, which aims to leverage €5 billion (£3.41 billion) of investment in cleaner energy over the next five years. In 2006, the World Bank increased the financing of renewable energy and energy efficiency projects by 45%, to a total of \$668 million (£363 million).

- 8.7** DFID has increased its financial support for the fourth replenishment of the **Global Environment Facility** (GEF) by 15% to £140 million. Approximately a third of the GEF budget is allocated to help developing countries tackle climate change.
- 8.8** We have urged the World Bank, which spent more than £1.5 billion on energy in 2006, to ensure that opportunities for pursuing lower-carbon development are integrated into their Country Assistance Strategies and policy work and into recipient governments' planning documents for the fastest growing emerging economies.
- 8.9** DFID's support to climate change adaptation includes work on climate risk information, risk screening and risk management, disaster risk management, research and work with civil society organisations. We are the lead donor supporting the **Climate for Development** programme of the Global Climate Observation System (GCOS) to help Africa improve the use of climate risk information in planning processes. The Climate for Development programme was launched at the African Union summit in January 2007.
- 8.10** As part of DFID's overall doubling of research funding, we are significantly increasing our support for research on climate change adaptation, with new projects underway in Benin, Malawi, Morocco, South Africa, Tanzania, and Zimbabwe. 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. For example, this year the International Maize and Wheat Improvement Center (CIMMYT), with support of DFID, was awarded the King Baudouin award for its work on drought tolerant maize for Africa.

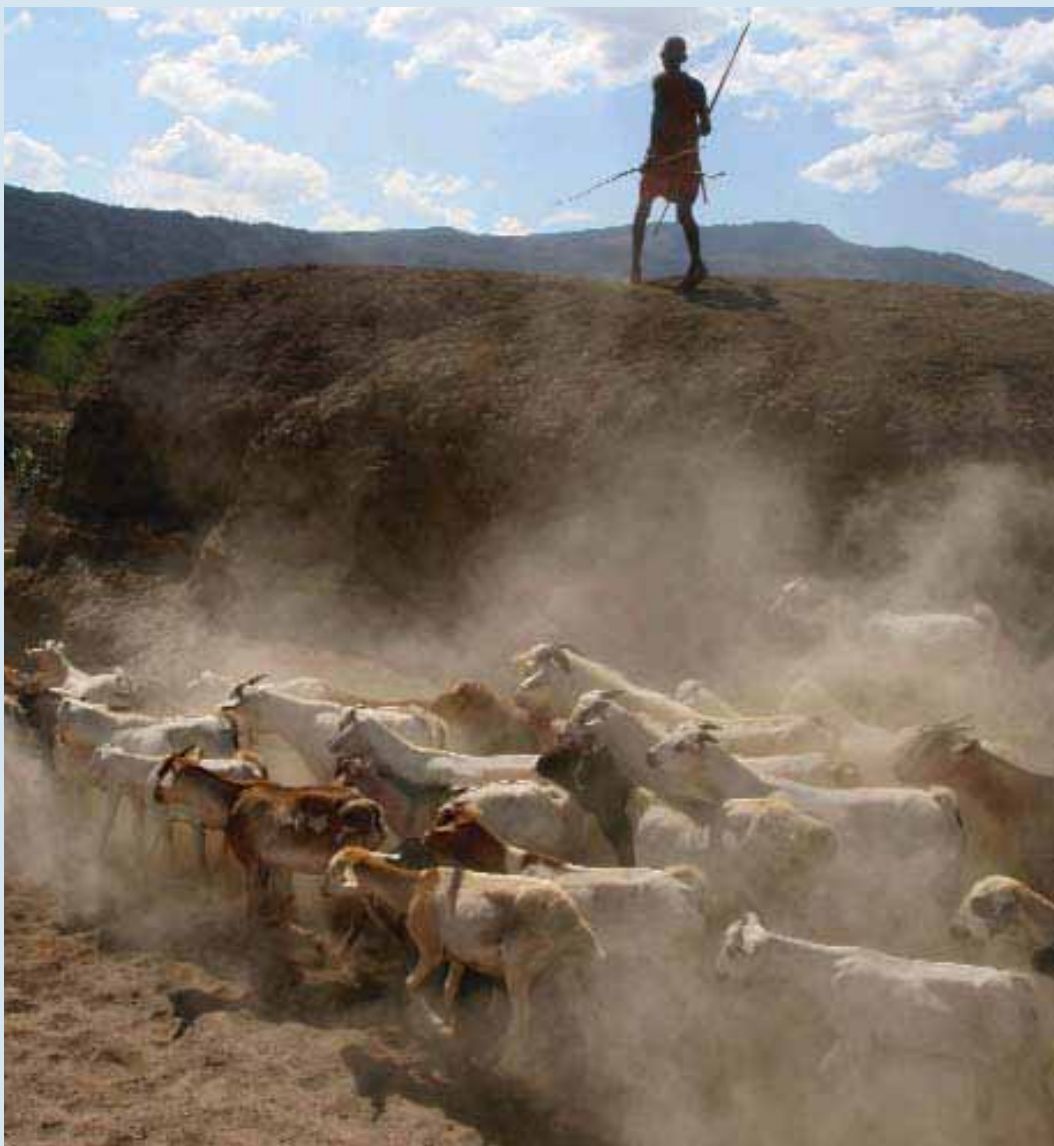
- 8.11** We have committed to **develop procedures to manage climate change risks for all our development projects** by 2008, as part of a wider effort to help developing countries address climate change in their national planning. A pilot programme to help achieve this is currently underway and is being led by DFID country programmes in Bangladesh, China, Ethiopia, India and Kenya (see box 8.5).

Box 8.5: Climate change in Kenya

Around 80% of Kenya is made up of arid and semi-arid lands. Ten million people, mostly shepherds and farmers, live in these areas, 64% of them living below the poverty line. With chronic water scarcity and rain-fed agriculture, these areas are increasingly vulnerable to both floods and droughts – and the insecurity, hunger and poverty that they leave in their wake. Acute malnutrition is becoming the norm.

Counting the cost of climate change

The 1997/98 floods in Kenya, which were immediately followed by the drought of 1998–2000, resulted in crop and livestock as well as other industrial losses, which together cost the Kenyan economy \$4.8 billion (£2.6 billion) – or 14% of GDP per annum.



Karen Robinson/Panos Pictures

The consequences of climate change in Kenya

In 2006:

- up to 3.5 million people received food aid and other humanitarian assistance following poor rains;
- floods in November killed more than 100 people and over one million required emergency assistance; and
- livestock losses of up to 70% were reported, at a cost of \$546 million (£297 million).

What can be done?

The focus in Kenya has to be on helping Kenyans to deal with the worst aspects of climate change, by increasing investment in infrastructure, especially water storage, by making better management of the country's water resources a national priority, and by developing ways of reducing livelihood vulnerability.

The Kenyan Government has:

- created a National Climate Change Coordination Committee to ensure the country fulfils its obligations under the United Nations Framework Convention on Climate Change (UNFCCC);
- formed a National Disaster Management Authority;
- improved the dissemination of weather and climate information to rural communities through the Radio Internet Project; and
- increased basic service and infrastructure provision in arid and semi-arid lands through a 15-year investment plan, costing £1.7 billion.

DFID are:

- developing a 10-year, £120 million DFID-funded Hunger Safety Net Programme, to deliver long-term, guaranteed cash transfers to those facing hunger and extreme poverty;
- looking at possibilities to increase access to crop and weather-based insurance;
- 'climate screening' all existing and planned programmes and identifying key priority actions for mainstreaming climate issues into our country programmes;
- assisting the analysis and inclusion of climate change predictions into the development of a new environment policy in Kenya; and
- working with Kenya's National Environment Management Authority to ensure compliance and enforcement of environmental regulations in areas such as waste water and water quality.

8.12 We are contributing to the **UN adaptation funds** which are available to help developing countries develop and integrate adaptation strategies into national development plans. We have also committed to integrate climate change by 2008 into DFID development activities in climate-sensitive sectors, such as agriculture, water, health infrastructure and energy, to help developing countries adopt low carbon energy technologies and to adapt to climate change.

8.13 DFID is working to secure improved planning, financing and delivery of modern energy to support the wide range of development objectives that depend on energy access. DFID continues its support for the **Global Village Energy Partnership** (GVEP) which includes hundreds of private sector, government, community and individual partners in over 80 countries.

Impacts of Climate Change in Bangladesh

The Current Situation: 70% of Bangladesh is less than 10 metres above sea level. A 45 cm sea level rise – which is one of the more modest projections for what is going to happen by the end of the century – would engulf 11% of the country, affecting 5.5 million people.



DFID

Counting the Costs:

Climate change will also cause:

- increased rainfall resulting in greater frequency of flash floods and river bank erosion;
- sea level rises, rainfall and temperature changes which will affect the availability of fresh water;
- increased salinity of soil and ground water – which could affect two million hectares of land by 2050;
- greater incidence of drought, particularly in the north west, which is likely to reduce agricultural production.

What is DFID Doing?

DFID is helping the Government of Bangladesh to develop adaptation strategies for climate change, including being more prepared for disasters. DFID is

also reviewing all of its programmes in Bangladesh, to check how susceptible they might be to the likely impacts of climate change. Over the next 20 years, the benefits of adapting DFID's programmes to climate change and variability should be greater than the costs.

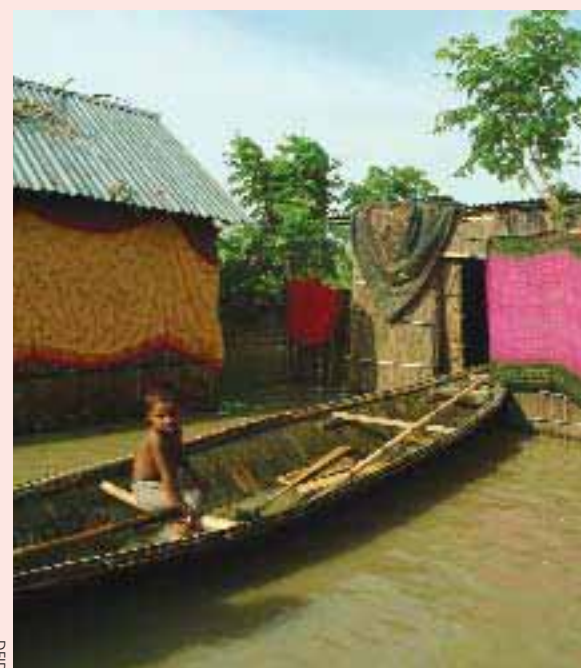
Case Study: The Chars Livelihood Programme:

Many people in Bangladesh live on islands in the main rivers called chars which have a high likelihood of flooding. Through the Chars Livelihoods Programme (CLP) one million people living within the riverine areas of five districts of the northern Jamuna are being helped to raise their homesteads above the likely flood levels. The programme is also helping them

to develop livelihood strategies which can cope with flooding, including advising them on what to do with their cattle.

DFID's recent review of the programme, to see how susceptible it was to climate change, concluded that it should:

- Strengthen its efforts to climate proof investments in infrastructure such as water and sanitation, ferry landing points and schools;
- Develop a better understanding of migration patterns to and from the chars;
- Give greater priority to promoting livelihood strategies and enterprises that are less sensitive to climate change;
- Strengthen awareness of the impact of climate change, including extreme weather events, in the programme's training, awareness raising and communications programmes.



DFID

Action by the UK government

- 8.14** In the UK, DEFRA leads a co-ordinated effort on climate change that includes HM Treasury, the FCO, the Department for Trade and Industry (DTI) and DFID.
- 8.15** The **Office of Climate Change** (OCC) was established in 2006 to support ministers to decide future UK strategy and policy on domestic and international climate change. DFID would like the OCC to lead on carrying out the basic research and analysis required for the UK to develop its position on a set of international rules and arrangements for climate change.
- 8.16** In 2005 at Gleneagles, the G8, under the UK presidency, launched an ‘informal dialogue’ with countries with large and growing energy needs. During 2006, DFID, DEFRA, DTI and FCO have co-operated closely to build on progress made since the UK presidency. DTI is leading work to tackle the **barriers to the development of technology** worldwide, while DEFRA leads on UK collaboration through the **Renewable Energy and Energy Efficiency Partnership** to build markets to accelerate the growth of renewable energy sectors worldwide. DFID is working closely with other government departments on the preparation of the **UK Energy White Paper**, which involves important development linkages such as clean energy and energy security.
- 8.17** DFID is working with DEFRA, who lead on supporting the EU policy position on the **United Nations’ Commission for Sustainable Development** (CSD). The 15th session of CSD, taking place in New York in May 2007, has a major focus on energy for sustainable development.

Future work

- 8.18** DFID will continue work to implement the Gleneagles and White Paper commitments on climate change. We are developing a **Climate Change Delivery Strategy** to help meet our White Paper commitments and to ensure that both DFID and the wider development community are working on these issues.
- 8.19** With other government departments and through the G8 and EU, we are working to achieve the following in 2007:
- building on EU commitments made at the recent Spring Council meetings, to push for agreement by the G8 and key emerging economies on the elements to be included in a post-2012 set of international rules and arrangements;
 - secure a significant level of investment through the multilateral development banks under the Clean Energy and Investment Framework; and
 - maintain 2005 G8 Gleneagles efforts on adaptation, specifically to strengthen international co-operation on helping developing countries obtain full benefit from the Global Climate Observation System, to develop climate risk guidelines and implement climate risk screening of future development assistance.

Environment and natural resource management

Environment for sustainable development

- 8.20** In February 2006, DFID published the policy paper *DFID's Approach to the Environment*. Three basic approaches to addressing environmental challenges for poverty reduction are identified, including: direct help for better environmental management; tackling underlying institutional challenges (such as governance of natural resources); and managing environmental risks to development. The paper establishes operating principles in tackling these challenges, including: integrating environment into policies and programmes across DFID; supporting action by countries to address environmental priorities led by countries themselves; and focusing efforts on environmental management that benefits the poor. These approaches are being taken forward in DFID programmes and through work carried out at an international level.
- 8.21** The 2006 White Paper on international development makes clear that managing our world sustainably is the most important challenge for a changing world. The White Paper says that the UK will help countries make efficient use of natural resources (especially water and energy); increase assistance for water and sanitation and seek to make sure that growth is equitable and that natural resources are used sustainably.
- 8.22** DFID works with other donors to help partner countries **integrate better environmental management into their development programmes**. Box 8.6 presents an example of some of this work recently carried out in Ghana.

Box 8.6: Ghana Country Environmental Analysis

Ghana has made considerable progress in laying the foundations to grow sustainably and to reduce poverty. However, Ghana's natural resources, upon which so much of the country's economic activity and the population's livelihood depend, are being depleted at an alarming rate. In 2006, DFID worked with the Royal Netherlands Embassy, the Agence Française de Développement and the World Bank to help Ghana develop a Country Environmental Analysis (CEA). This suggests that the equivalent of 10% of GDP is lost annually through unsustainable management of the country's forests, land resources, wildlife, and fisheries, as well as through health costs related to water supply and sanitation, and indoor and outdoor air pollution.

The CEA highlights the fact that stronger environmental governance is critical to ensuring that natural resources can contribute to future growth without the related costs of environmental degradation. Addressing policy, regulatory and institutional weaknesses is important for reducing the vulnerability of the poor in both rural and urban areas and for ensuring that full economic values are captured from these important revenue sources. The CEA has already contributed to strengthening discussions on environment and natural resources management between the government and development partners. It is leading to the development of new multi-partner arrangements supporting natural resources and environmental governance.

8.23 At an international level, DFID works to **develop common approaches to environment and development**. We participate in the OECD-DAC's Environet group and the Poverty Environment Partnership (PEP). In 2006, an Environet Task Team chaired by DFID published OECD-DAC policy guidance on *Applying Strategic Environmental Assessment (SEA) to Development Co-operation* which was given the annual institutional award by the International Institute of Impact Assessment. A key objective of this work is to ensure that the environment is given due consideration alongside economic and social concerns in strategic decision making (see the example from Sierra Leone in box 8.7).

Box 8.7: Mining policy in Sierra Leone

Mineral resources play a vital role in growth in Sierra Leone. The country's economy is highly dependent on diamond mining (which provided 90% of export earnings in the past). Abandoned in the civil war, bauxite and rutile mining is resuming. The World Bank is currently using the Environment Strategic Environmental Assessment Guidance to help build Sierra Leone's mineral policy and the World Bank's Country Assistance Strategy (2006–09) for Sierra Leone. The SEA is increasing the level of co-operation between donors in their efforts to improve the management of mineral resources. Policy will be developed and institutions restructured to ensure the mining sector better contributes to sustainable development and poverty reduction.



Epsen Rasmussen/Panos Pictures

8.24 During 2006, DFID carried out a **review of our internal environmental screening procedures**. For the vast majority of activities for which environmental screening is mandatory, DFID systems show that an environmental screening note was prepared and the quality was generally good. But the review also pointed to areas where improvements are needed. These centre on record-keeping and follow through, where the study found evidence of insufficient attention to actions identified in environmental screening notes in project documentation, implementation and monitoring. To address this we will integrate environmental screening into new corporate document management systems, improve guidance and develop capacity for screening.

Water and sanitation

8.25 In November 2006, the **UK government formally recognised that safe and affordable water is a right for all**. The right to water places an obligation on governments to ensure that everyone has access to water and it gives people a stronger voice to demand access. On the same day, the United Nations Development Programme published the Human Development Report (HDR) which focused on the lack of progress on the water and sanitation Millennium Development Goal (MDG) in Africa.

8.26 In response to the HDR, DFID has published a call for global action, *Why we need a global action plan on water and sanitation*. This aims to encourage the investment of more money in water and sanitation; ensure this money is spent fairly and effectively; and help put the right structures in place to make progress. It calls for one annual report to monitor progress towards achieving the water and sanitation MDG targets; one high-level global annual meeting; and – at country level – one national water and sanitation plan, one co-ordinating group, and one lead UN body for water and sanitation.

8.27 Alongside this international action, DFID is updating **our policy work on water and sanitation and water resources**. This, the first major revision since 2001, will respond to the increasing challenges of climate change, population growth and urbanisation. It will both strengthen our international influence and provide country offices with the guidance they need to achieve the White Paper commitments on basic services and on doubling the water spend in Africa by 2007/08 and doubling again to £200 million by 2010/11.

Box 8.8: Working to improve water and sanitation in Africa

Democratic Republic of Congo

DFID has doubled its support on water and sanitation to £8 million per year and will increase it further to £10 million next year, helping to boost basic government spending and to address long-standing management challenges. DFID's support to UNICEF will increase access for one million people in rural areas and our support, along with the EC and Belgium, to the Mbuyi-Mayi project will reach £500,000. DFID will also continue to support the UN humanitarian programme implemented by Oxfam and the International Rescue Committee.

Sudan

DFID has provided £17 million for the water sector through its humanitarian assistance programme in Darfur and southern Sudan, where access to basic services is extremely low and government capacity and coordination weak. DFID co-funded a study on water resources in Darfur by Tearfund that will assist in the development of better water resource management plans. DFID is contributing £4 million to the water and sanitation component of the Basic Services Trust Fund over two years that will provide access for 400,000 people and a total of £8.5 million to the Multi-Donor Trust Fund for southern Sudan, a portion of which will provide access to water and sanitation for 1.8 million people.

- 8.28** DFID has launched a five-year, £3.82 million research programme on water supply and sanitation (WSS). The programme focuses on the financing and delivery of WSS in three regions of Ethiopia, helping to show how better financing can strengthen human security and provide opportunities for growth for the benefit of poor people in Ethiopia and the wider Nile region.

Water resources

- 8.29** Better management of water resources is an important contributor to sustainable growth and poverty reduction, and is central to climate change adaptation. At the same time, the demand for water is increasing and many countries are failing to make progress in establishing the necessary policies and institutions to effectively address the management challenge.
- 8.30** In the 2006 White Paper, DFID committed to increasing support to **help countries manage their water resources** as part of our approach to climate change adaptation. We have agreed three overarching objectives including better government planning; improved regional governance; and an improved international architecture and process through the Global Water Partnership. DFID is updating its policy on water resources management. This will cover:
- work at the international level on ways to move beyond the 2005 Integrated Water Resources Management (IWRM) target;
 - improving the sustainability of water management through resilience to climate change and other environmental and demographic changes;
 - making access to water more equitable and secure to ensure food security, protect livelihoods and contribute to growth that benefits the poor; and

- water management between countries to reduce risk of conflict and contribute to improve co-operation and opportunities for economic development.

Forestry and biodiversity

- 8.31** Much of DFID's work in forestry and biodiversity involves collaboration with other UK government agencies, recognising the global nature of the challenge. For example, the UK government has pledged £50 million to help to tackle deforestation in the Congo rainforest following the recent announcement of the £800 million Environment Transformation Fund. The objectives of this fund are to promote conservation, livelihoods and civil society participation. As part of *EU Action Plan on Forest Law Enforcement* (FLEGT), the UK government has launched a major new initiative through DFID's forest governance and trade programme focusing on implementing **Voluntary Partnership Agreements** (VPAs) between key timber producing countries and the European Union. The VPAs will help to stamp out illegal logging and associated trade between the EU and major timber-producing countries. Formal negotiations have already begun with Malaysia, Indonesia, and Ghana.
- 8.32** DFID also integrates forestry issues into development assistance provided at regional and country programme level. For example, DFID has been **supporting a major effort to transform China's impacts on forest resources in the East Asian region** given the dramatic growth in imports of forest products in recent years (see box 8.9).

Box 8.9: Research and discussions in China and East Asia to better understand forest markets

China's increasing imports of forest products are associated with unsustainable harvesting and corruption, impacting on the livelihood of forest-dependent people across the Asia Pacific region and beyond. DFID support is building knowledge of the Chinese forest market, the industry and trends and flows in trade with Asia-Pacific countries. The work is helping to transform thinking on domestic policy and has significantly increased awareness of China's timber supply deficit.

Two particular outcomes in 2006 demonstrate the value of this approach and progress to date:

- The Chinese government's decision to strengthen the property rights of the owners of collective forests – representing about 60% of Chinese forests and approximately 300 million rural poor – was informed by DFID-supported research in three provinces on collective forests.
- There is a new openness regarding property reforms and as a result new work is underway to advise on the reform of forest regulations, enabling poor forest owners to better benefit from their forest resources and small-scale enterprises.

Fisheries

- 8.33** Dwindling fish stocks are a worldwide problem (see box 8.10). Vessels from rich countries contribute to the depletion of stocks in waters near developing countries. A substantial international and UK effort is put into improving the sustainability of fisheries in these regions. DEFRA and DFID are conducting studies on the development impact of fisheries agreements, and the impact of the **Common Fisheries Policy** on international trade. DFID and DEFRA have established a joint

implementation unit to co-ordinate **international action to address illegal fishing**. DFID is also supporting capacity building and institutional reform in fisheries in several developing countries (in southern Africa, Sierra Leone and India).

- 8.34** DFID will continue working closely with DEFRA under the joint **Sustainable International Fisheries Team** to tackle the problem of illegal fishing, particularly where this impacts on the livelihoods of poor fishermen in developing countries. Together with the World Bank and the Food and Agriculture Organisation (FAO), DFID will develop and promote new fisheries governance models to encourage approaches that are more efficient and equitable, leading to sustainable use of the resource. UK-funded research will complement this through examining fisheries in the context of eco-system services¹.

Box 8.10: The role of fisheries in developing states

Fisheries play a vital economic role in many coastal developing states, providing revenues as well as food and livelihoods. Fish are the most highly traded food commodity – global fish export values are greater than the combined values of tea, coffee, cocoa, bananas, rubber and sugar. Despite this, many fisheries are seriously threatened by over-fishing and illegal exploitation. For example, fish theft from sub-Saharan Africa alone amounts to £540 million per year. There is a lack of coherence between international policies related to fisheries access, trade and development. These policies pay insufficient attention to the fundamental weaknesses of many developing countries in effectively managing their natural resources for their own benefit. Improving international policy on fisheries would make fish stocks more sustainable, improve food security and increase the scale of revenues generated from these stocks.



Take One Productions

¹ Eco-system services are the processes by which the environment produces resources that we may often take for granted such as clean water, timber and habitat for fisheries.

Mining and minerals

- 8.35** The exploitation of mineral resources can help economic growth, poverty reduction and sustainable development in many developing countries. However, too often the converse is true and mineral resources are implicated in conflicts, corruption, civil strife and environmental degradation. Developing countries endowed with mineral resources are too often characterised by high levels of poverty and limited capacity in sustainable management of these resources. This situation can be attributed to poor governance and a failure to protect rights and adequately manage negative environmental and social impacts.
- 8.36** During 2006, DFID supported the **Inter Governmental Forum on Mining, Minerals, Metals and Sustainable Development**, ensuring developing country participation in negotiations and assisting in developing a work programme designed to help them more effectively manage their mineral resources. DFID also supports FCO led inputs to the international Kimberly Process certification scheme to increase transparency in the trade in diamonds, as further detailed in Chapter 9.

Action by the UK government

- 8.37** DFID is working to **improve the coherence of environmental policy across the UK government** in a number of areas, including: action on forest law enforcement; action on sustainable fisheries; the implementation of the UK Sustainable Development Strategy and others. Although DEFRA has lead responsibility for international environment issues, work with DFID helps ensure resulting action addresses the needs of developing countries. This includes, for example, helping developing country concerns to be addressed in international environmental governance, such as action supported through the United Nations Environment Programme (UNEP) and operation of multilateral environmental agreements such as that on biodiversity. An **Inter-Ministerial Group on Biodiversity** has been established to better co-ordinate biodiversity activities.
- 8.38** DFID is the lead UK department for the **UN Convention to Combat Desertification** (UNCCD). The UNCCD has established an inter-governmental working group to draft a 10-year strategy to improve the impact of the convention and its ability to fulfil its objectives. The UK, along with Germany, is representing the EU in this group, which will report to the 8th Conference of the Parties at the end of 2007.
- 8.39** Led by the FCO, DEFRA and DFID co-operate to ensure developing country interests are addressed in **reform of the UN system**. DEFRA leads on progress towards UK government commitments resulting from the World Summit on Sustainable Development, many of which have strong development aspects. To help achieve international sustainable development objectives, DEFRA, DFID and FCO have initiated **Sustainable Development Dialogues** (see box 8.11) with rapidly developing China, India, Brazil and South Africa. The UK government is working for these countries to benefit from international sustainable development experience with national and global benefits.

Box 8.11: The UK-China Sustainable Development Dialogues

The rapid pace of China's growth, and its associated energy and resource use and pollution levels, are having environmental impacts which are global in scale. As well as managing projects addressing water resource management, water supply and sanitation, DFID is involved, along with DEFRA and the FCO, in the UK-China Sustainable Development Dialogue. The four priority themes agreed with the Chinese for the next two years are natural resource management (especially forests, water and soils); sustainable consumption and production; capacity building for sustainable development; and sustainable urban communities. DFID is supporting work that includes reducing the over-use by farmers of nitrogen fertilisers in northern China, improving the sustainability and poverty impact of China's forestry operations throughout Asia, and introducing the concepts of sustainable development into the Party School process which trains all Chinese officials.

- 8.40** Putting an end to logging and international trade in illegally harvested timber is a good example of DEFRA and DFID co-operation, also involving FCO, DTI, and HM Revenue and Customs. Co-operation across government has helped define links between illegal logging and poverty in developing countries that have poor forest governance and a significant trade in timber.
- 8.41** Led by DEFRA, the UK government is committed to more sustainable consumption, as described in the *UK Sustainable Development Strategy*. For example, the UK government is encouraging households and businesses to consume more efficiently, taking into account how consumption can affect the lives of poor people in developing countries that rely on export of related commodities. The recent food miles debate, about the environmental impacts of our food choices in the UK, has also highlighted the jobs and livelihoods that depend on horticultural imports into the UK, particularly from sub-Saharan Africa. DFID has been working closely with DEFRA, the European Union, major food retailers and the media to promote greater awareness of the development benefits of fairer trade. DFID also co-operates with DEFRA in the UK *Food Industry Sustainability Strategy* and its implications for developing countries.

Future work

8.42 Looking forwards, DFID's priorities on environment and natural resources include:

- improving the effectiveness of development co-operation among our international partners (such as the World Bank, European Commission and United Nations) for better environmental management and sustainable use of natural resources;
- supporting better implementation of our bilateral policy and implementation plans through environmental screening, lesson learning and use of international good practice;
- continuing our support for the establishment and implementation of Voluntary Partnership Agreements between the EU and timber producing countries;
- working internationally to move beyond the 2005 Integrated Water Resource Management target;
- working for improved water resource management to increase resilience to climate change;
- developing and promoting new fisheries governance models; and
- following up on commitments made under DFID's Action Plan for Sustainable Development, including reporting annually on progress.

Working with others on policies beyond aid

9



Socoura District, Mali; Dieter Telemans/Panos Pictures

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Working with others on policies beyond aid

9

"[DFID's] policy function is instrumental... in focussing national and international attention to issues of policy debate and in developing policy guidance that is used across government, within DFID headquarters, and in country offices to achieve development policy coherence."

OECD-DAC Peer Review

Highlights

- The first bonds for the **International Finance Facility for Immunisation** were issued in 2006. They raised £255 million for immunisation in developing countries by the end of 2006.
- The **International Drug Purchase Facility (UNITAID)**, hosted by the World Health Organization, was launched in 2006 and will fund drugs for Aids, TB and malaria. The UK played an active role in the establishment of the facility and is one of the main contributors to its financing, providing £15 million in 2007.
- In line with the **increased effort to combat corruption** both in the UK and internationally, the UK has recently returned to Nigeria £1.8 million recovered from two former state governors who had embezzled the funds from state finances.
- DFID secured the support of a number of donors for an **Advance Market Commitment** to facilitate the production and marketing of vaccines vital to public health in developing countries.
- In 2006 DFID worked bilaterally as well as through the **Multilateral Debt Relief Initiative** and the **Debt Sustainability Framework** to ensure that developing countries' debt remains sustainable.
- The UK is pushing, through the Doha Development Agenda, for a fairer trade system through **ending all forms of export subsidy and substantial reductions in trade-distorting support and agricultural tariffs**.

- 9.1** It is important that both the UK government and other developed country governments consider the impact of all policy decisions on developing countries and work in a “joined up” manner to promote international development. The non-aid policies of developed countries can often have a far greater economic and social impact on poor countries and international development than aid. As seen in chapters 7 and 8, climate change, security and conflict policies can have such effects. Trade and migration policies are other examples. International trade rules have a major bearing on the ability of poor countries to earn their way out of poverty, while migration policies have implications both for a country’s workforce and for their income from abroad.
- 9.2** The UK government aims to ensure that all of its policies support, or at least do no harm to, sustainable development and poverty reduction in poor countries. DFID works closely with other government departments, including on Public Service Agreement (PSA) targets. In particular DFID works with:
- the Department of Trade and Industry (DTI) and the Foreign and Commonwealth Office (FCO) on trade;
 - HM Treasury (HMT) on the effectiveness of the international finance system and delivering debt relief;
 - the Department for the Environment, Food and Rural Affairs (DEFRA) and the FCO on climate change and the management of the environment and natural resources;
 - the FCO and the Ministry of Defence (MOD) on conflict prevention; and
 - the Home Office and Department of Health on migration and health workers.
- 9.3** In July 2006 the International Development (Transparency and Reporting) Act was passed, with a requirement for DFID to report to Parliament each year on the UK government’s combined efforts to achieve policy coherence for development. Parliament’s requirement is addressed in particular in this chapter as well as in parts of chapters 7 and 8.
- 9.4** This chapter has two main sections. The first reports on how UK government policies impact on development and poverty reduction in poor countries. The chapter specifically focuses on policies relating to trade, migration, technology and research, international financial architecture and investment. It considers what the government does to influence key policies that come under the EU Commission’s responsibility. This assessment is in line with the requirements of the International Development (Reporting and Transparency) Act 2006 and the priority policy areas identified by the 2006 White Paper.
- 9.5** The second part of the chapter reports on how DFID works with civil society in the UK and internationally, and its broader efforts to build support for development among the UK public.

Part I: Policy coherence for development

- 9.6** Policy coherence for development (PCD) is the term used to describe the need to consider the implications relevant government policies have for development and the reduction of poverty. It is important to ensure that broader UK policies do not have an adverse effect on the development prospects of poor countries.

Policy coherence internationally

- 9.7** Internationally, the commitment to policy coherence for development is growing. The OECD has long given particular consideration to the development impact of non-aid policies. The 2002 Monterrey Consensus agreed that reducing poverty depends on policy changes in both developing and developed countries and Millennium Development Goal 8 mentions a series of policy areas where rich nations have a special responsibility to act.

Box 9.1: Working with emerging donors on policies beyond aid

DFID is working with a number of new and emerging donors who have an increasing global or regional influence. Some provide funds or technical assistance to poorer countries. Where our development partners welcome UK involvement as they develop their approaches, we aim to help them increase the impact of their work on poverty reduction. By sharing our knowledge, practices and procedures, DFID is developing relationships with development partners such as the new EU countries and others like South Korea. We have also worked with the Pan-American Health Organisation and the United Nations Development Programme to help strengthen Brazil's capacity to provide effective technical assistance to Latin American countries on HIV/AIDS prevention and control. The UK is also working with Brazil on global trade and climate change.

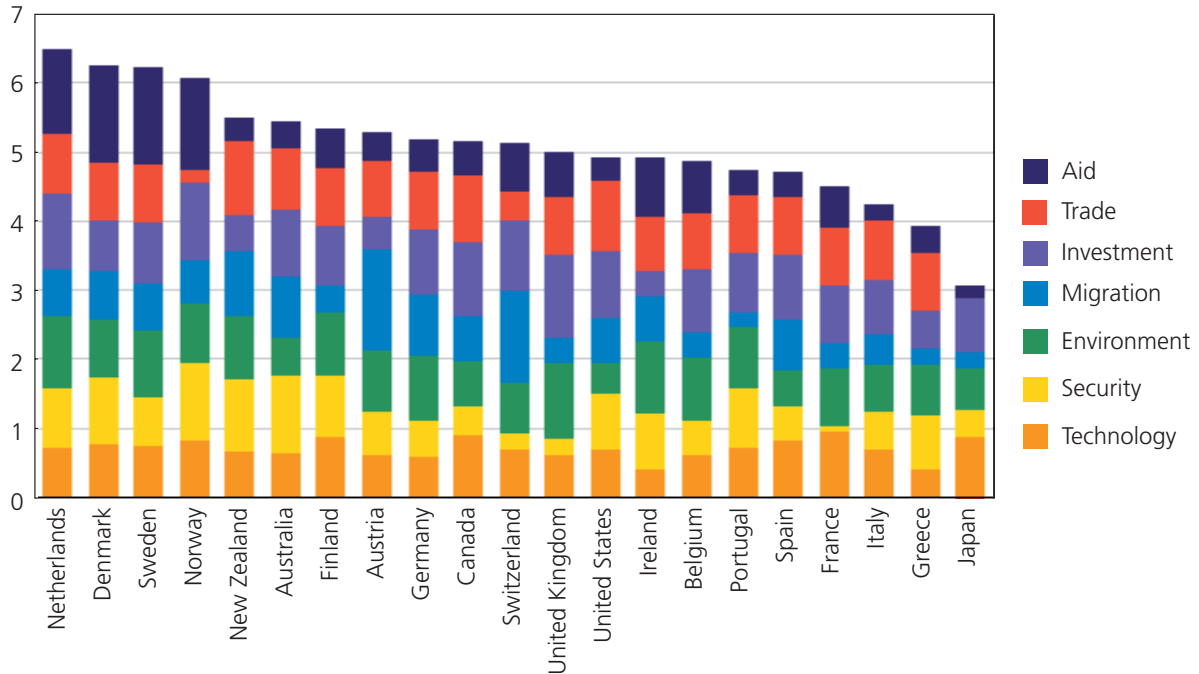
Box 9.2: Working with the Commonwealth

The UK remains the Commonwealth's major financial contributor, providing 30% of the budget of the Commonwealth Secretariat and the Commonwealth Fund for Technical Co-operation. We also provide a further £20 million a year to support Commonwealth Scholarships. Working jointly with FCO, DFID continues to encourage the Commonwealth Secretariat to prioritise its work and to increasingly focus its development activities on the MDGs and support for reform in the UN.

- 9.8** The Center for Global Development, an independent research institute, has developed the Commitment to Development Index (CDI) which ranks OECD countries each year according to how well their non-aid policies support development. DFID is one of the countries funding this initiative. Whilst the UK government would question some of the measures on which the CDI scoring is based and would not accept all its judgements, the index represents a useful tool for highlighting the importance of policy coherence and for catalysing public debate.

9.9 On the 2006 index the **UK is ranked 12th overall out of 21 countries**. It finishes first in policies that promote healthy investment in poor countries and it has the best environmental record from the perspective of developing countries. However, it finishes 12th in trade (broadly in line with all other EU countries) and 16th in migration, 16th in technology and 19th in security¹ (see figure 9.1).

Figure 9.1: Commitment to Development Index 2006



9.10 Important work to promote policy coherence for development is also taking place in the European Union (EU) (see box 9.3).

Box 9.3: The EU’s contribution to better policy coherence for development

For EU member states, policies in some areas that have a significant impact on developing countries, such as trade, agriculture and fisheries, are shaped within the EU system. There are common policies across the EU which are managed by the European Commission (EC). In other areas, such as migration, member states have responsibility for their own policies but work closely within the EU to share information and develop common aims and approaches.

The UK is actively working to influence future policies and institutional arrangements to ensure they take account of the needs and interests of developing countries. For example, the UK supported a study by the Centre for European Policy Studies on how to improve the management of PCD within the European Council (see http://shop.ceps.be/download.php?item_id=1356).

The EC followed up the 2005 Millennium Development Goals (MDGs) Summit with a *Communication on Policy Coherence for Development*. A *European Consensus on Development* was agreed between member states, the European Parliament and the EC. It sets out how the EU will work to reduce poverty and meet the MDGs, including through its work on non-aid policies. The EU’s first report on PCD is due in late 2007.

1 http://www.cgdev.org/section/initiatives/_active/cdi/

Trade and development

“The UK will work with others to seek to ensure that the Doha Development Agenda delivers gains for developing countries, including significant market opening, reductions in trade distorting farm support and the elimination of all forms of export subsidy by 2013.”

The 2006 White Paper, Eliminating World Poverty

- 9.11 Better access to developed country markets and significant cuts in agricultural subsidies** that distort trade could make a big difference to developing countries. This is particularly the case for countries that are already large exporters, including Brazil, India, China and South Africa. Meanwhile, the poorest and most vulnerable developing countries need additional technical and financial help if they are to gain from more open markets. DTI and DFID are working together for improved market access on the basis of the shared PSA target to *“Ensure that the EU secures a significant reduction in EU and world trade barriers by 2008 leading to improved opportunities for developing countries and a more competitive Europe”*.

Box 9.4: Addressing the gender aspects of international trade

DFID recognises that changes to trade rules affect men and women in different ways, as men and women have different relationships to employment, markets, assets, goods and services. Therefore trade-related changes in these areas have the potential to alter patterns of gender inequality. For example, in some countries trade reform has created new employment opportunities for women, increasing their earning power and autonomy in relation to men, while in other situations it can push those at the bottom of the labour force – predominately women – into more informal and unprotected working conditions. Trade liberalisation often impacts on sectors, such as textiles and certain areas of agriculture, where women are the main producers and are therefore hardest hit by changes to prices, wages or employment resulting from trade reform. Despite the important gender implications of trade decisions, international trade negotiations and trade and growth policies within countries do not usually include consideration of gender issues.

DFID is supporting organisations with strong networks in developing countries to get gender taken into account by trade negotiators and to open policy making processes to a broad range of interested parties, including gender equality groups, so that trade negotiations and policies operate in their interests. DFID is supporting a two-year project with the Commonwealth Secretariat to build the capacity of trade negotiators and policy makers in Commonwealth countries to address gender and trade issues. Under this project the Commonwealth Secretariat is supporting capacity building and policy discussions on gender and trade issues at the national level in trade ministries, commerce bureaux and national women’s ministries or bodies, as well as amongst private sector and civil society, in 22 countries across Africa, Asia and the Caribbean. In 2005/06 DFID also supported a project by the non-governmental organisation One World Action to assess the potential impact of the EC’s Economic Partnership Agreements on three African countries. The project increased access to policy makers in Africa for around 650 organisations, including enabling women’s representatives to sit on a high-level committee on trade policy in Mozambique and supporting Zambia’s chief trade negotiator to engage with small-scale farmers and represent their interests.

Actions by the UK government

- 9.12** The most important instrument for meeting the government's target on world trade is the **Doha Development Agenda** of trade talks, negotiated through the World Trade Organisation (WTO). These talks, underway since 2001, and suspended by the WTO Director General in July 2006 due to a “persistent impasse”, were resumed in January 2007. These talks lie within the EU's responsibility and jurisdiction. However, the UK has supported research by developing countries on key issues within the talks and has sought to use its influence within the EU to agree an ambitious, pro-development deal.
- 9.13** The impact of EU, US and other OECD countries' **agricultural policies** on developing countries is particularly important for development. An average of 70% of the population in poor countries is dependent on agriculture for their living and international agricultural markets are among the most distorted in terms of subsidies, tariffs and other protection by rich countries. In 2005 OECD countries supported their agriculture to the equivalent of nearly \$300 billion (£163 billion). The UK is pushing, through the Doha Development Agenda, for an end to all forms of export subsidy and substantial reductions in trade-distorting support and agricultural tariffs. DEFRA and DFID are co-operating to secure reforms to the EU Common Agricultural Policy that will help to deliver these objectives. The government publication *A vision for the Common Agricultural Policy (CAP)*² includes an analysis of the impacts of the CAP and its reform on developing countries.
- 9.14** The UK is working through a range of other measures to **increase trading opportunities and reduce trade barriers**. For example, we are working to ensure that the Economic Partnership Agreements (EPAs) to be agreed between the EU and African, Caribbean and Pacific (ACP) countries bring new trade and development opportunities to these countries. The UK has also lobbied to ensure that the current review of EPAs is full and comprehensive and listens to ACP views. Support is provided to ACP countries during negotiations.

Box 9.5: Aid for trade

Aid for Trade aims to improve the capacity of a developing country to produce and export goods more effectively and to take into account the trade requirements of countries to whom they will export. For example DFID is providing £3 million to Lesotho for trade-related tax reforms that have already resulted in a 204% increase in revenue collection. UK policy is to work for substantial, measurable increases in global Aid for Trade. In December 2005, donors committed themselves to increase spending to \$4 billion (£2.2 billion) by 2010, and agreed recommendations on how to do so at the WTO in October 2006. In September 2006, the UK announced that DFID spending on trade-related assistance, including infrastructure and our multilateral contributions, was expected to increase to \$750 million (£408 million) by 2010. The focus of this expenditure will be led by developing country priorities. For example, in Southern Sudan the UK has provided £10 million to rehabilitate road networks to encourage links between regions and neighbouring countries.

2 HMT/DEFRA (2005) *A vision for the Common Agricultural Policy*

Future work

- 9.15** The UK's development objectives for trade will continue to be based on seeking an ambitious pro-development outcome for the Doha world trade round; on supporting the negotiation of Economic Partnership Agreements between EU and ACP countries that promote development; and on delivering increased aid for trade, including through calls for the enhanced integrated framework to be made operational as soon as possible. This will promote the better identification by developing countries of trade constraints and greater co-ordination of international support.

Migration and development

- 9.16** While the primary purpose of the UK's immigration system is to make migration work for the UK, **migration has both positive and negative effects on development.**
- 9.17** **Sending money home** can reduce poverty for the families that migrants leave behind. In 2006, DFID financed a study which looked at the characteristics of households in the UK that sent remittances to developing countries. It showed that, on average, households surveyed sent £874 each year.³
- 9.18** **Migrants returning to developing countries** can also take back valuable skills and knowledge that they have gained. However, the migration of large numbers of skilled staff, such as doctors, nurses and teachers, weakens developing countries' health and education services. For example, Jamaica loses 20% of its specialist nurses every year and Ghana loses 23% of the teachers and doctors it trains.

Action by the UK government

- 9.19** In March 2006, the UK government published proposals for a **new points-based approach to managing the flow of migrants** coming to the UK, which is likely to have an impact on developing countries. Under these proposals, the UK will continue to recruit highly skilled and skilled workers to fill gaps in the UK's labour force. Families in developing countries are likely to continue to benefit from the remittances from these workers. However, the proposals also made clear that those recruiting low-skilled workers should look first to the newly expanded EU for labour. As a result there are likely to be fewer legal opportunities for people from developing countries to do low-skilled work in the UK.
- 9.20** The **2006 White Paper made two specific commitments on the UK's migration policy**: to monitor the impact of the points-based approach on development; and to explore opportunities for health workers to return from the UK to their home countries for extended periods to help improve health services there. DFID, together with other government departments, will be working on fulfilling these commitments.
- 9.21** Some of the doctors, nurses and teachers who migrate from developing countries come to the UK to work. The numbers are significant for a developing country but are declining. For example, the Nursing and Midwifery Council reported registrations in 2003/04 of 1689 from South Africa and 354 from Ghana. By 2005/06 this number had reduced to 378 and 154 respectively. There are two reasons

3 DFID sponsors a website with practical information on the costs and 'how tos' of remittances: www.sendmoneyhome.org

behind this decline. First, an **ethical recruitment practice** does not allow the UK to actively recruit health staff from developing countries where there is a known shortage. And second, the NHS is making efforts to move to self-sufficiency and home production.

- 9.22** During 2006, DFID, in partnership with HMT, HM Revenue and Customs (HMRC), the Financial Services Authority and the Banking Code Standards Board, created the **UK Remittances Working Group** (latterly known as the UK Remittances Task Force), with the aim of expanding and improving remittance transfer services to developing countries.

Future work

- 9.23** DFID plans to publish a policy statement in 2007 on the links between migration and development, outlining how developing countries can maximise the benefits of migration and minimise the risks. DFID is also working migration within and between developing countries such as promoting regional migration and helping migrants to access the rights to which they are entitled. DFID will continue to promote the development aspects of migration within the UK.

Technology and research

- 9.24** **Research, new technologies and ideas** are crucial in the effort to eradicate poverty, tackle disease and fight the impact of climate change in developing countries. Progress in medical science has led to the development of vaccines for diseases, progress in agriculture science has led to improving crop yields and progress in information and communications technologies helps people to talk to and do business with each other.

Action by the UK government

- 9.25** Following the recommendations of the House of Commons Science and Technology Select Committee report, *The use of science in UK international development policy* (2004), the UK is **strengthening the link between technological innovation and international development**. DFID has become increasingly active in scientific fora, working to ensure that research and new technologies consider international development perspectives.
- 9.26** The creation of the **UK Collaborative on Development Sciences** (UK-CDS) in 2007 will bring together the key UK funders and stakeholders who support the development sciences research base and will create a framework for a more co-ordinated approach to development sciences research in the UK. It will also provide a link with the European Commission Research Framework Programme. Its Steering Board will initially comprise the Office of Science and Innovation (OSI), the Department of Health, the Research Councils, the Wellcome Trust and DFID.
- 9.27** The government's **Global Science and Innovation Forum** (GSIF) facilitates cross-governmental information flows and exchange of ideas. It also co-ordinates UK participation in international science and innovation activities. In October 2006, it published its *Strategy for International Engagement in Research and Development*, which takes development goals into account. DFID is a member of GSIF.

- 9.28** The **Research Councils** and the **Office of Science and Innovation** support research on issues that are especially important to developing countries. Many Councils co-operate with DFID to train scientists and technicians from developing countries.
- 9.29** The Chief Medical Officer has emphasised the links between health in the UK and global health and the need to do something about health issues in developing countries. In parallel the Prime Minister and the Secretaries of State for Health and International Development commissioned Sir Nigel Crisp to look at **Global Health Partnerships** and how UK experience and expertise in health could be used to best effect to help improve health in developing countries. The Crisp report was published in February 2007.
- 9.30** The government supports the promotion of health and associated technologies in developing countries in a number of ways. HMT is active in exploring innovative ways to fund and support health programmes in developing countries, such as the **International Finance Facility for Immunisation (IFFIm)**, the **International Drug Purchase Facility (UNITAID)** and the **Advance Market Commitment Target**. The first bonds have been issued for the IFFIm. \$500 million (£272 million) had been raised from bond markets by the end of 2006 for disbursement to developing countries. A further \$500 million is expected to be raised by the end of 2007. IFFIm money will include funding for a polio vaccine stockpile in preparation for outbreaks after eradication. UNITAID is funding drugs for Aids, TB and malaria.
- 9.31** DFID provided £25 million in 2006/07 for public-private partnerships to develop new drugs, vaccines and technologies for developing country diseases.

Box 9.6: Advance Market Commitments

The pharmaceutical industry invests relatively little in developing new vaccines for the diseases that affect poor people in the developing world because markets for the vaccines are small and uncertain. An Advance Market Commitment (AMC) creates a secure market through future donor-supported commitments to finance the purchase of vaccines once they are developed, produced and demanded by developing countries.

DFID completed a UK consultation on AMCs in early 2006. In response, DFID and its international partners funded the World Bank and the GAVI Alliance (formerly known as the Global Alliance for Vaccines and Immunisation) to advise on an initial AMC pilot.

Donors decided that the quickest way to try out the AMC concept is to establish an AMC for a pneumococcal disease vaccine. In developing countries, as many as 1 in every 10 deaths in young children is attributed to this infection. Current vaccines are most effective for the strains of pneumococcal disease found in the US and Europe. A successful AMC would ensure that demand for an effective vaccine was met at affordable prices and would prevent roughly 5.4 million deaths by 2030.

Work by the World Bank and GAVI concluded that US\$1.5 billion (£0.8 billion) would be required to give this AMC the best chance of succeeding. The pneumococcal AMC was launched at an event in Rome in February 2007 and commitments have so far been made by Italy, United Kingdom, Russia, Canada, Norway and the Gates Foundation.

- 9.32** The government works to ensure that the **benefits of information and communications technology are shared with developing countries**. In line with the conclusions from the World Summit on the Information Society in 2006, the UK will give attention to the interests of developing countries at events such as the conference on radio frequencies and the meeting of the Internet Governance Forum, both in 2007.
- 9.33** The UK Patent Office has worked with other EU and WTO Member States to ensure that developing countries got the necessary concessions in the WTO **Trade Related Intellectual Property Rights** (TRIPS) agreement to safeguard their public health needs including affordable access to medicines. DFID has provided financial support to international organisations to assist developing countries to make use of these concessions and works closely with other government departments on access to medicines and intellectual property rights to ensure that UK government policy takes into account the interests of developing countries.

Future work

- 9.34** Means of promoting policy co-ordination and coherence in science, innovation, research and technology have been established and strengthened over the past year. The challenge for next year will be to keep up the momentum and implement new initiatives, including the Global Science and Innovation Forum's international strategy and DFID's Science and Innovation Strategy, to be published in 2007. The strategy lays out some of the priorities for DFID's research. Agriculture, health, water and climate change will be priorities. The strategy will also help enhance the capacity of developing countries to access, use and generate the science, engineering and technology that they need.
- 9.35** DFID's Research Strategy, on which consultations will take place in 2007, will set out how DFID will spend the increase in research funding (a doubling by 2010) announced in the 2006 White Paper. The Science and Innovation Strategy will support the Research Strategy by setting out the policy background for research investments in different development and geographical contexts and by describing how world-class research can produce relevant, forward-looking and evidence-based policy.

International financial architecture

- 9.36** The basis of today's system was established just after the Second World War. The international financial institutions – the World Bank and the International Monetary Fund (IMF) – have served the world well, but to remain relevant to the new challenges of the 21st century, they must reform. DFID's work with the international financial institutions is covered in chapter 6.
- 9.37** DFID works closely with other government departments and agencies to achieve a **UK approach that promotes development objectives within the international financial system**. In the UK government, HM Treasury (HMT) has the lead for policies relating to the IMF and debt. DFID and HMT have a joint PSA target to ensure countries benefit from debt relief through the **Heavily Indebted Poor Countries Initiative**.⁴

⁴ "Ensuring that 90% of all eligible Highly Indebted Poor Countries (HIPC) committed to poverty reduction that have reached Decision Point by end 2005 receive irrevocable debt relief by end 2008."

Action by the UK government

- 9.38 Reform of how the IMF is governed** is a priority for the UK. Its Managing Director launched a comprehensive review of this in his 2005 Medium Term Strategy, and the issue was an important agenda item at the Annual Meetings in Singapore in 2006.
- 9.39** The UK has been committed to **strengthening the developing country voice at the IMF** for a number of years. This was reinforced in the 2006 White Paper. The UK supports the two central objectives of IMF reform equally strongly, i.e. changing the composition of the shares of IMF member countries to reflect global economic changes and strengthening the voice and participation of low income countries. As a result, the UK has been clear that reform must increase the voting share of low income countries as well as that of rapidly growing economies. The UK has worked with the Managing Director and key partners towards the broad agreement required to begin the programme for reform.
- 9.40** The UK supported the statement of the IMF Governors from Singapore in 2006 and welcomes the agreement it implemented to increase the number of shares of China, Korea, Mexico and Turkey, to strengthen the capacity of African representatives at the IMF and deepen discussions between Africa's political leaders and senior IMF managers.
- 9.41** In 2006 work on debt has focused on consolidating the **Multilateral Debt Relief Initiative** (MDRI). This makes sustainability and growth central considerations in lending to poor countries. DFID has been working with HMT and the UK's Export Credits and Guarantee Department (ECGD) to establish **new international guidelines for Export Credit Agencies** (ECAs) to ensure that new lending to poor countries does not create unsustainable debt. The OECD is now co-ordinating this initiative and is working with the ECAs and relevant government departments of OECD countries, and with the World Bank and IMF, to ensure that non-concessional loans supported by ECAs are used for productive purposes. Draft guidelines and procedures for exchanging information were discussed at the OECD in November 2006.
- 9.42** The **Debt Sustainability Framework** (DSF), which was endorsed by the Executive Boards of the IMF and the World Bank in April 2005, also seeks to ensure that external financing in support of low income countries' development efforts and the achievement of the Millennium Development Goals (MDGs) does not lead to unsustainable debt. A review of the DSF undertaken by the World Bank and IMF in 2006 suggests that it has become an effective tool for assessing and monitoring countries' debt burdens and sustainability. However, country diversity makes it necessary to tailor DSF assessments better to the individual circumstances and risks countries face.
- 9.43** In our MDRI and DSF work DFID also seeks to encourage developing countries to avoid amassing unsustainable debt burdens from loans offered by countries not actively engaged in such initiatives.

Future work

- 9.44** The UK government's priorities will be to ensure 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.
- 9.45** In the next stage of IMF reform, the UK will continue to stress that the voting shares of developing countries need to be increased and that a stronger voice for low income countries requires a substantial increase in the share of basic votes which are assigned equally to all IMF members.
- 9.46** The UK will further ensure the interests of developing countries are served by wider reforms, such as stronger surveillance to support the global growth that increases their trade.
- 9.47** DFID will also work to support the OECD in taking the responsible lending work forward with the objective of minimising the risks of new projects contributing to unsustainable debt burdens in poor countries.

Investment and development

- 9.48** Investment (both domestic and foreign) and entrepreneurship have a huge role to play in reducing poverty in developing countries. UK policies can have influence on the outward investment by UK businesses to a number of areas in developing countries where the investment climate is favourable. These include bilateral treaties and agreements to facilitate or protect investment or simplify taxation procedures; specific instruments that the government offers to encourage UK firms to invest in developing countries; the development of guidelines and standards to encourage responsible investment; and the government's position on particular investment issues where international (including regional) arrangements have repercussions on developing countries – such as financial services and remittances.

Action by the UK government

- 9.49** HMT and HMRC have consulted across government to ensure that the UK negotiating priorities for **Double Taxation Treaties** (conventions between two countries that aim to eliminate the double taxation of income or gains arising in one territory and paid to residents of another territory) reflect development objectives. The FCO, in consultation with DTI and DFID, ensures that development interests are incorporated into **Investment Promotion and Protection Agreements** (IPPAs). DTI, in consultation with others in Whitehall, has been considering how investment provisions in EC **Regional Trade Agreements** (RTAs) can best reflect development interests, not least in the Economic Partnership Agreement (EPA) negotiations.
- 9.50** The **Export Credits Guarantee Department** (ECGD) offers insurance against non-payment as well as guarantees to support debt financing for buyers of UK capital goods and services. For exports to heavily indebted poor countries (HIPC) and countries that can only get funding from the concessional finance arm of the World Bank, the International Development Association (IDA),

ECGD co-operates with DFID to ensure projects contribute to social and economic growth and not to unsustainable debt burden.

- 9.51 CDC Group plc**, the wholly DFID owned group that invests in private equity funds, continues to invest in low and middle income countries to stimulate private sector growth. New investments in 2006 were £257 million, up from £156 million in 2005, and CDC exceeded its investment policy targets with 72% of new investments in poorer countries (target 70%) and 61% of new investments in Sub-Saharan Africa and South Asia (target 60%). In 2006 third party capital, or funds from other investors, to the value of £132 million were mobilised. The 2006 CDC accounts show strong positive results with a 43% rate of return on its portfolio.
- 9.52** Various UK government departments work to ensure foreign direct investment contributes to sustainable development by **promoting socially responsible business activities in developing countries**. The UK National Contact Point for the OECD Guidelines for Multinational Enterprises was recently re-launched to include DFID and FCO as well as DTI. The Guidelines are a set of voluntary recommendations to multinational enterprises on good investment practice.
- 9.53** DFID works with the FCO and other departments on the UN Global Compact, a set of ten principles covering human rights, labour rights, the environment and anti-corruption.
- 9.54** The UK, through the EC supports the Kimberley Process Certification Scheme (KPCS), a multi-stakeholder diamond scheme set up to end the trade in 'conflict diamonds' (see box 9.7). This has included helping civil society to participate in KPCS negotiations. FCO also leads on the Voluntary Principles, an initiative to promote human rights in the operations of security services working for extractives companies in developing countries.

Box 9.7: Conflict diamonds

The Kimberley Process Certification Scheme (KPCS) is a rough diamond certification scheme aiming to prevent ‘blood’ or ‘conflict diamonds’ (which are diamonds sourced from war-torn areas) from being sold through legitimate diamond supply chains. The scheme aims to assure buyers of diamonds that their purchases do not contribute to sustaining conflicts or financing warlords who commit atrocities. ‘Conflict diamonds’ are usually mined artisanally from small-scale mines rather than from large-scale commercial mines. The diggers usually work in conditions of extreme hardship with little or no health and safety standards, and they get very little pay.

DFID sits on the advisory board of the Diamond Development Initiative (DDI) which grew out of the KPCS in 2005. DDI is an attempt to turn artisanal diamond mining into employment that can help develop the livelihoods of workers and communities. DDI complements DFID’s chairing of the World Bank-hosted Communities and Small Scale Mining Initiative (CASM) which is an extensive global network of experts working to improve the rights and conditions of artisanal miners and their dependents as well as improving the environmental and social conditions in which they live and work. CASM has been involved in all kinds of mining activity where artisanal miners work.

DFID has a programme to help improve the management of mineral resources and to improve the contribution of the mining sector to development. As part of this, DFID supported the participation of developing countries to the Inter Governmental Forum on Mining, Minerals, Metals and Sustainable Development which is co-chaired by Canada and South Africa. DFID led the UK delegation to this event.

9.55 DFID leads on the **Extractive Industries Transparency Initiative** (EITI), which promotes transparency in revenue flows between extractive industries companies and host governments of countries of operation. EITI is supported by a strong and varied coalition from industry, governments, donors, international financial institutions, institutional investors and non-governmental organisations (NGOs). DFID, with the support of other government departments, is seeking to extend this multi-stakeholder approach to promoting responsible business conduct in other sectors such as construction, medicine and defence.

9.56 Throughout 2006, DFID has worked with other departments to **promote a better investment climate in developing countries**. This included the launch of the Investment Climate Facility for Africa in June 2006; raising development issues at the Commonwealth Finance Ministers Meeting in Colombo in September 2006; and the Asia 2015 Conference. UK departments have also helped developing countries reform their investment climate; the Better Regulation Executive has, for instance, provided support to some developing countries looking to reduce regulatory burdens.

Box 9.8: Action against corruption

Corruption holds back development by preventing money that should be spent on education and health from reaching the poorest.

The Prime Minister has asked the Secretary of State for International Development to lead on tackling international corruption. DFID is working with many government departments and law enforcement agencies and the UK anti-corruption action plan launched in 2006 focuses on bribery overseas, money laundering and recovery of stolen assets, responsible business conduct and supporting international efforts to fight corruption. In 2007/2008 it is expected to focus on making progress on a new corruption bill and building capacity to address corruption in developing countries especially in relation to detection and recovery of stolen assets.

DFID is funding a new International Corruption Group to strengthen the UK's capacity to investigate corruption. This group brings together the experience of the Serious Fraud Office and Serious Organised Crime Agency with additional officers in the Metropolitan Police and City of London Police.

The Overseas Anti-Corruption Unit in the City of London Police has increased the capacity to investigate, and to bring prosecution in cases of foreign bribery by UK businesses and nationals operating in developing countries.

The Proceeds of Crime Team in the Metropolitan Police has increased the capacity to investigate and recover the proceeds of money laundering by Politically Exposed Persons through the UK's financial system. So far £34.6 million of corrupt proceeds laundered through the UK's financial system has been restrained and recently £1.8 million recovered from two former state governors was returned to Nigeria.

Promoting responsible business conduct is also part of the way that the UK government is combating international corruption. The Government's implementation in August 2006 of the OECD Action Statement on export credits aims to make sure that Export Credit Agencies are not supporting companies or their agents who may be paying bribes.

Future work

- 9.57** The UK government will continue to work to ensure that its policies facilitate and maximise investment from the UK to developing countries and that these policies encourage responsible investment that brings clear benefits to developing countries. DFID will continue to work with other departments in helping developing countries to improve their investment climates. This will include supporting regulatory reform and competition policy frameworks in the developing world.
- 9.58** Further co-operation is planned between DFID, HMT, international institutions and developing country regulators to promote policies and standards that are conducive to financial sector development. Research is also planned to better inform the application of the Basel II guidelines⁵ and the Financial Action Task Force⁶ recommendations on anti-money laundering in developing countries.

5 Accord agreed by the Basel Committee on Banking Supervision, central bankers and bank supervisors from 13 countries.

6 The Financial Action Task Force (FATF) is an inter-governmental body to combat money laundering and terrorist financing.

Part II. Working with civil society and building support for development

Working with civil society

9.59 Civil society plays an important role in reducing poverty. It helps build effective states and enables people to hold their governments to account. This is particularly important in fragile states, where civil society organisations often also provide services to poor people. The strong UK development community has also been very important for building public support for development. DFID works closely with civil society.

Consulting civil society

9.60 In 2005/06 DFID undertook six formal public policy consultations and many more consultations on specific issues. DFID has developed guidance for staff on policy consultation which builds on the *Compact on relations between Government and the Voluntary and Community Sector*. In addition, ministers and senior officials regularly meet civil society representatives.

Funding civil society

9.61 In 2005/06 DFID channelled more than £260 million through UK-based civil society organisations:

- £95 million was provided to UK non-governmental organisations (NGOs) to respond to humanitarian emergencies;
- £82 million was spent through Partnership Programme Agreements;
- £71 million was spent through DFID country programmes; and
- £13 million was spent through the Civil Society Challenge Fund projects.

9.62 DFID has 26 long-term **Partnership Programme Agreements** (PPAs). These are strategic funding agreements with major international civil society organisations such as Oxfam, Islamic Relief and Worldwide Fund for Nature. This model of funding has been welcomed by the UK development community for its flexibility and the security that long-term funding offers. This funding contributes to promoting accountability and transparency, as well as to building and maintaining a UK development community. In 2005, the National Audit Office looked at DFID's work with civil society. Their report, *DFID: Working with non-governmental organisations and other civil society organisations to promote development*,⁷ said that DFID works well with civil society but needs better information on the effectiveness and impact of the work it supports, particularly PPAs. We have steadily improved monitoring and evaluation of PPAs, with more rigorous annual reviews, clearer and more measurable indicators, and independent final evaluations. Over the next year we will build on this further.

- 9.63 Country offices** are a major source of assistance for civil society organisations. This includes support to local civil society organisations such as the Manusher Jonno initiative in Bangladesh and the Foundation for Civil Society in Tanzania. We have also broadened our support from traditional development NGOs to a much larger range of civil society organisations including the media, trade unions, faith groups and social movements.
- 9.64** The **Civil Society Challenge Fund** (CSCF) is DFID's main way of supporting small- and medium-sized UK-based civil society organisations. The fund focuses on empowering poor people in developing countries to become more actively involved in the decision making process directly affecting their lives. It also supports service delivery programmes in difficult contexts. The Fund provides an opportunity for DFID to support small-scale innovative projects.
- 9.65** DFID is also a significant funder of civil society organisations' work in responding to emergencies and providing **humanitarian assistance**. This is covered in more detail in chapter 7.
- 9.66** The 2006 White Paper highlighted the need to support citizens in the developing world to make their voices heard and hold their governments to account. It announced a new £100 million **Governance and Transparency Fund** to strengthen the capacity of civil society and the media in this crucial area. Following a public consultation, the Fund was launched in February 2007 and is expected to be fully operational before the end of 2007.

Box 9.9: CAFOD – supporting budget monitoring in East Timor

The Catholic Agency for Overseas Development (CAFOD)'s work with Luta Hamutuk, a local NGO, provides a good example of the impact of local-level budget monitoring. In the spring of 2006, Luta Hamutuk identified within the national budget for 2004/05 the money that had been allocated to a road-building project in Los Palos (a mountainous area to the east of the island). They visited the road, made a video showing its poor state of repair, and included interviews with local people about the construction process and what they thought of the end result. After speaking to a construction expert in Indonesia, Luta Hamutuk ascertained that for the money spent the road should have been longer and of a much higher quality.

Using the video as evidence, they lobbied the Prime Minister, the National Parliament Infrastructure Commission and the Minister of Public Works and also publicised the case in the national media. As a result of this persistent lobbying, the Timorese government threatened to blacklist the Indonesian company involved from any future construction contracts in East Timor unless it came back and rebuilt the road at no extra cost. Although the local community was initially unwilling to allow the company to come back, they have now been persuaded by Luta Hamutuk to do so. The company is now in the process of repairing the road.

Box 9.10: Tanzania’s Foundation for Civil Society

DFID helped create, and continues to co-finance, Tanzania’s Foundation for Civil Society (FCS). The FCS is now firmly established as the sole national grant-making institution for national civil society organisations. A recent National Audit Office report commended the FCS funding arrangement as being at the cutting edge of approaches which efficiently disburse predictable, large-scale funds, and which effectively reach and build the capacity of a diverse number of organisations. Grants of varying sizes are provided for delivery of basic services (particularly social protection), and to undertake advocacy on policy issues, including:

- Chama cha Viziwi Tanzania (Tanzania Association of the Deaf) which uses grant resources to lobby for the rights of deaf people to employment. This has led to an increase in the employment of people with disabilities; and
- the Zanzibar Association of Information Against Drug Abuse and Alcohol (ZAIADA). ZAIADA was supported to run a campaign targeting young people in Zanzibar. ZAIADA demonstrated strength in mobilising local communities to successfully tackle drug abuse and HIV/AIDS.

Box 9.11: Adventist Development and Relief Association in Peru

DFID has supported the Adventist Development and Relief Association (ADRA) through the CSCF to reduce the number of working children and adolescents in Lima. This has been achieved by helping community members to argue for the eradication of child labour.

They have already increased the involvement of key people through national awareness raising campaigns and community marches focused on child rights issues.

ADRA’s national campaign to highlight children’s rights and eradicate child labour has included the production of a video; an art competition involving 150,000 children, 150 state and public schools and the Ministry of Education; a music festival in three regions of the country; and an advertising campaign on TV and radio, highlighting the message that “children have the right to education, not child labour.”

Building support for development

9.67 The 2006 survey DFID commissioned of British adults tells us that 81% of people are concerned about poverty overseas. Public confidence in the difference that aid makes, however, is not as high; 41% of people agree with the statement that “most overseas aid is wasted” and doubt whether lives will improve over the next decade. DFID is working to **improve public confidence in and support for development**.

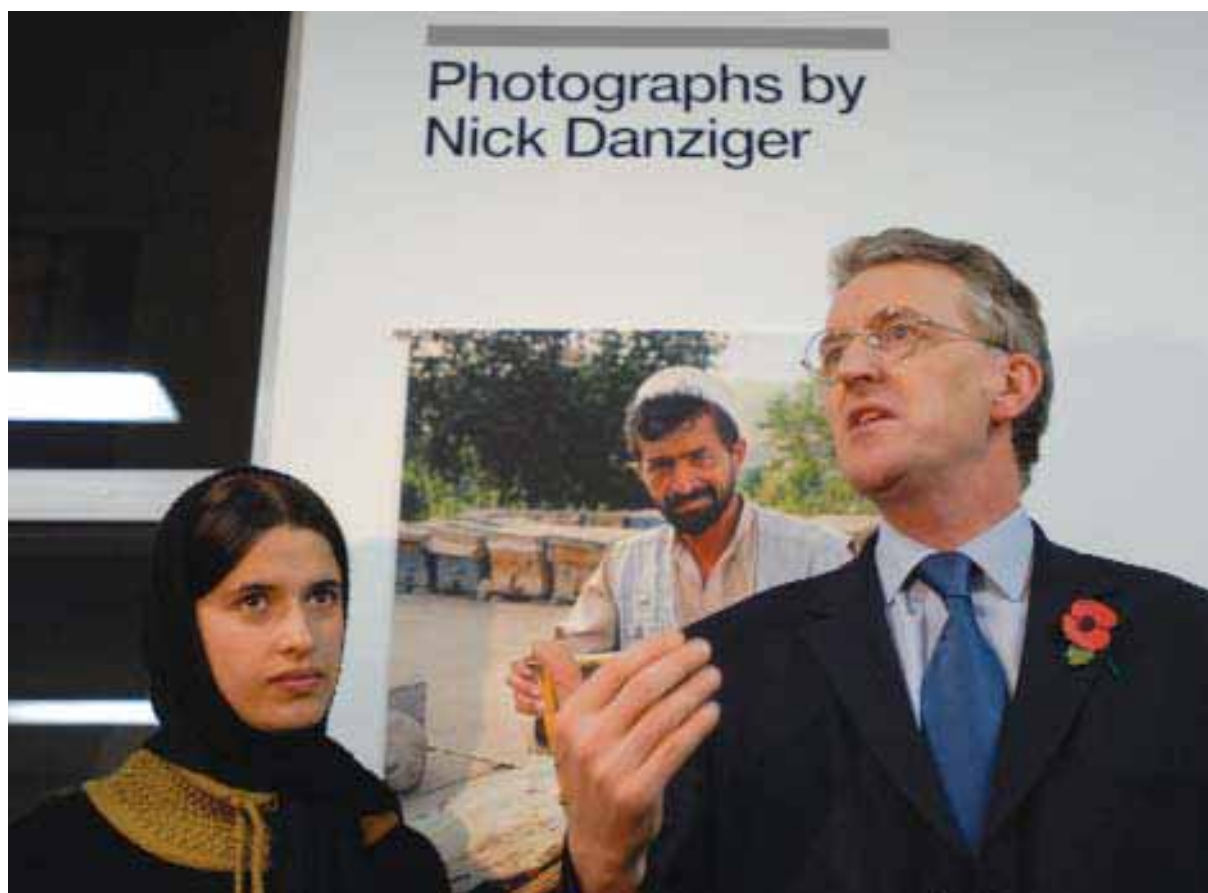
9.68 In the 2006 White Paper, DFID committed to **doubling its funding to development education**, with immediate effect. Investment in the DFID Global School Partnerships scheme was doubled to £7.5 million over three years. DFID is achieving greater buy-in across the regions of the UK to deal with global issues with the school curriculum. It remains a priority to identify what works best in development education and to measure the impact of such education, and among other things, DFID

is funding a research project into school partnerships as a development education tool and setting up a Development Education Research Centre at the Institute of Education in London.

9.69 DFID continues to build strong relationships with the Department for Education and Skills, Scottish Executive and Welsh Assembly Government to work together on **improving teaching about global issues in schools**. For example, all the education ministries endorsed the new DFID/HMT guide to school partnerships, *The World Classroom – Developing Global Partnerships in Education*.

9.70 The White Paper also announced that DFID will support new **volunteering and linking initiatives**. The aim is to create more opportunities for individuals and groups to become personally involved in partnerships between the UK and countries in the south.

9.71 DFID has also been running an **Aid Works** campaign to help communicate the positive impact of aid. This has included research into how development studies is taught at university, creating an *Aid Works* DVD to bring the issues to life, and a DFID presence at the Greenbelt Festival where we ran games, debates and competitions. The campaign has been supported by publications and exhibitions including *Development Works*, *52 Weeks a Year*, *G8 Gleneagles*, *One Year On – Turning Talk into Action*; *Afghan Lives*, an exhibition showcasing real lives in Afghanistan today; and *Breaking the Chains, Eliminating slavery, ending poverty*.



Hilary Benn and Malalai at the London opening of *Afghan Lives*. Malalai is an Afghan journalist based in Kabul and editor of a weekly radio programme for Afghan teenagers in Dari and Pashto, funded by the UK's Global Conflict Prevention Pool

Building an effective organisation

10



World Aids Day 2006, DFID, Palace Street, London. Adrian Brooks/Imagewise

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Building an effective organisation

10

“The UK is currently seen by many aid practitioners and donors as one of the bilateral models for today’s evolving world of development co-operation.”

Organisation for Economic Co-operation and Development’s Development Assistance Committee, May 2006

Highlights

- We are **on course to achieve our efficiency targets** on overall efficiency gains.
- We **restructured the organisation** to ensure we have the right arrangements in place to meet the challenges of the White Paper and the Comprehensive Spending Review.
- We started work on a **Corporate Plan**. This will set out our plans covering 2008/09 to 2010/11 for delivering on the commitments made in the White Paper.
- The Prime Minister’s Delivery Unit undertook a **Capability Review**, in which, our results were the strongest of the 12 government departments so far reviewed. It did identify some areas where we will need to do better to face the challenges ahead, and we have set out in an Action Plan how we will address these.
- The OECD’s Development Assistance Committee published its **Peer Review** of the UK, and we published our response to its recommendations.

10.1 In 2006/07, the UK published a **White Paper** on International Development, the **International Development (Reporting and Transparency) Act** passed into law, and work began on DFID’s settlement in the **2007 Comprehensive Spending Review**. This work suggests considerable challenges ahead for DFID, in particular the need to find ways of spending a growing budget with flat administration resources.

10.2 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 2006/07 and looks ahead to how we will work in 2007/08.

Getting our structure right

10.3 In 2006/07, **Rt Hon Hilary Benn MP** and **Gareth Thomas MP** have continued as Secretary of State and Parliamentary under Secretary of State for International Development respectively.

10.4 The **Management Board** is collectively responsible to ministers for the delivery of DFID's Public Service Agreement (PSA). 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 has four objectives:

- to communicate the vision, role, direction and priorities of DFID to staff and other stakeholders;
- to consider the strategic challenges and risks to the organisation;
- to ensure effective allocation and management of DFID's staff and financial resources; and
- to monitor and improve DFID's performance.

10.5 Four **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 **Human Resources Committee** reviews DFID's human resource policies and practice and revises these as necessary.
- The **Senior Civil Service (SCS) Committee** leads and manages SCS posts, staffing and pay in support of DFID's PSA objectives.

10.6 DFID undertook a significant restructuring in 2006/07 and now has **12 divisions**. There are 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. There are four divisions in the policy and international area: (6) United Nations, Conflict and Humanitarian, (7) Europe and International Finance, (8) Global Development Effectiveness, and (9) Policy and Research. There are also three divisions providing corporate services and support: (10) Human Resources, (11) Finance and Corporate Performance and (12) Communications. See Annex 8 for DFID's organisational chart.

Box 10.1: Ensuring a fit-for-purpose management structure

In 2006 the Management Board commissioned a **Senior Management Review**. This was designed to ensure we had the right organisational structure to equip us for the challenges of implementing the White Paper and meeting our commitments under the forthcoming Comprehensive Spending Review. Following the review wide-ranging changes included:

- strengthening Director-level and country office leadership on Africa;
- revising the division of responsibility between the two other regional divisions in order to enhance focus on South Asia and strengthen leadership on middle income countries;
- creating a new division focused on global development effectiveness, a new communications division and a strategy team; and
- removing layers of management so that all Heads of Department are directly accountable to a Director.

10.7 Heads of Profession 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, Enterprise Development, Environment, Governance and Conflict, Health, Infrastructure, Livelihoods, Social Development and Statistics) to ensure the availability of the right technical skills to deliver the PSA targets.

Box 10.2: The International Development Select Committee

The House of Commons International Development Select Committee (IDC) scrutinises the expenditure, administration and policy of the Department for International Development.

In 2006/07 IDC enquiries included:

- Private sector development
- HIV/AIDS: Marginalised groups and emerging epidemics
- Water and sanitation
- Development assistance and the Occupied Palestinian Territories
- Conflict and development: peacebuilding and post-conflict reconstruction
- Humanitarian response to natural disasters

The IDC also reviewed DFID's 2006 Departmental Report.

For more information on the work of the IDC see www.parliament.uk/indcom.

Managing business change

- 10.8** In July 2005, the government launched a second **Comprehensive Spending Review** (CSR), reporting in 2007, to identify what further investments and reforms are needed to equip the UK for the global challenges of the decade ahead. A decade on from the first CSR, the 2007 CSR will represent a long-term and fundamental review of government expenditure. It will cover departmental allocations for 2008/09, 2009/10 and 2010/11.
- 10.9** As part of our preparation for the CSR, we conducted ‘zero based reviews’ (which consider how we would best go about achieving our aims if there were no constraints on our resources) covering the following areas: scaling up our resources in PSA countries; making choices between multilateral agencies; our work in non-PSA countries; our work in fragile states; corporate services; policy and operational work; and country office models. The CSR bid was submitted to Her Majesty’s Treasury (HMT) on 2nd March 2007 and comprises the following sections: (1) our long-term strategy over the CSR period; (2) our Public Service Agreement (PSA) and Departmental Strategic Objective (DSO) set (see paragraph 10.18); (3) our value for money delivery plans; (4) an account of the resources needed to deliver our programmes given the constraints announced by the Chancellor of the Exchequer; (5) how we manage DFID’s assets; and (6) our pay and workforce plan. We expect a settlement from HMT in autumn 2007.
- 10.10** We also started work on a **Corporate Plan**, to help ensure that we make the best possible use of financial and staff resources to deliver on our White Paper objectives and commitments. The Plan will contain a vision for changes in our organisation, ways of working and deployment of resources by 2013, as well as more specific delivery plans for 2008/09 to 2010/11.
- 10.11** The Corporate Plan will benefit from lessons learned from the **Capability Review** that was undertaken by an external team in the second half of the year as part of a government-wide programme to improve the civil service (see box 10.3).

Box 10.3: DFID's Capability Review

In October 2005, the Cabinet Secretary, Sir Gus O'Donnell, announced to the Public Administration Select Committee that one of his key priorities as head of the Home Civil Service was to improve the capability of the civil service to meet today's delivery objectives and to be ready for the challenges of tomorrow.

He announced that he would work with Permanent Secretaries to develop departmental Capability Reviews that would both assess how well equipped departments are to meet these delivery challenges and provide targeted support to make any improvements required.

The report on DFID was published on 27th March 2007. It recognised DFID as a "world leader" and praised our "passionate and committed" staff. It commented on our clear mission, the high quality of our research, analysis and policy development and our sound business model. It recognised that there are changes ahead for DFID, in particular as we operate increasingly in difficult environments. The review identified, for example, that we will need to make tough choices about our priorities and to step up our response on managing people and working with other parts of government.

DFID has responded with an Action Plan showing what we will do to step up our response over the next two years. We will:

1. Have a **clear vision** for DFID, showing how we will prioritise and deliver effectively in a more complex world with limited administration resources
2. Strengthen DFID's culture of **decision-making, accountability and challenge**, led by the Management Board
3. Increase the **flexibility** of DFID's **business processes** to cope with risk and uncertainty
4. Continue to develop **effective relationships** across Whitehall and with other international development organisations
5. **Communicate** powerful arguments for international development
6. Further develop **leadership, people management and financial management** capabilities

10.12 Catalyst is our programme of business transformation, which aims to streamline DFID's business operations through the introduction of new corporate systems. Catalyst is the biggest investment in overhauling systems, processes, skills and behaviours in DFID's history and will have a lasting impact throughout the Department for years to come. The benefits realised will play a crucial part in meeting the challenges of the CSR and in enabling delivery of DFID's White Paper commitments.

10.13 During 2006/07, Catalyst's focus was on the completion of the implementation of **Quest** (our new electronic document and records management system and collaborative working desktop) and preparations for the introduction of **Aries** (which will introduce a new financial, procurement and programme management system).

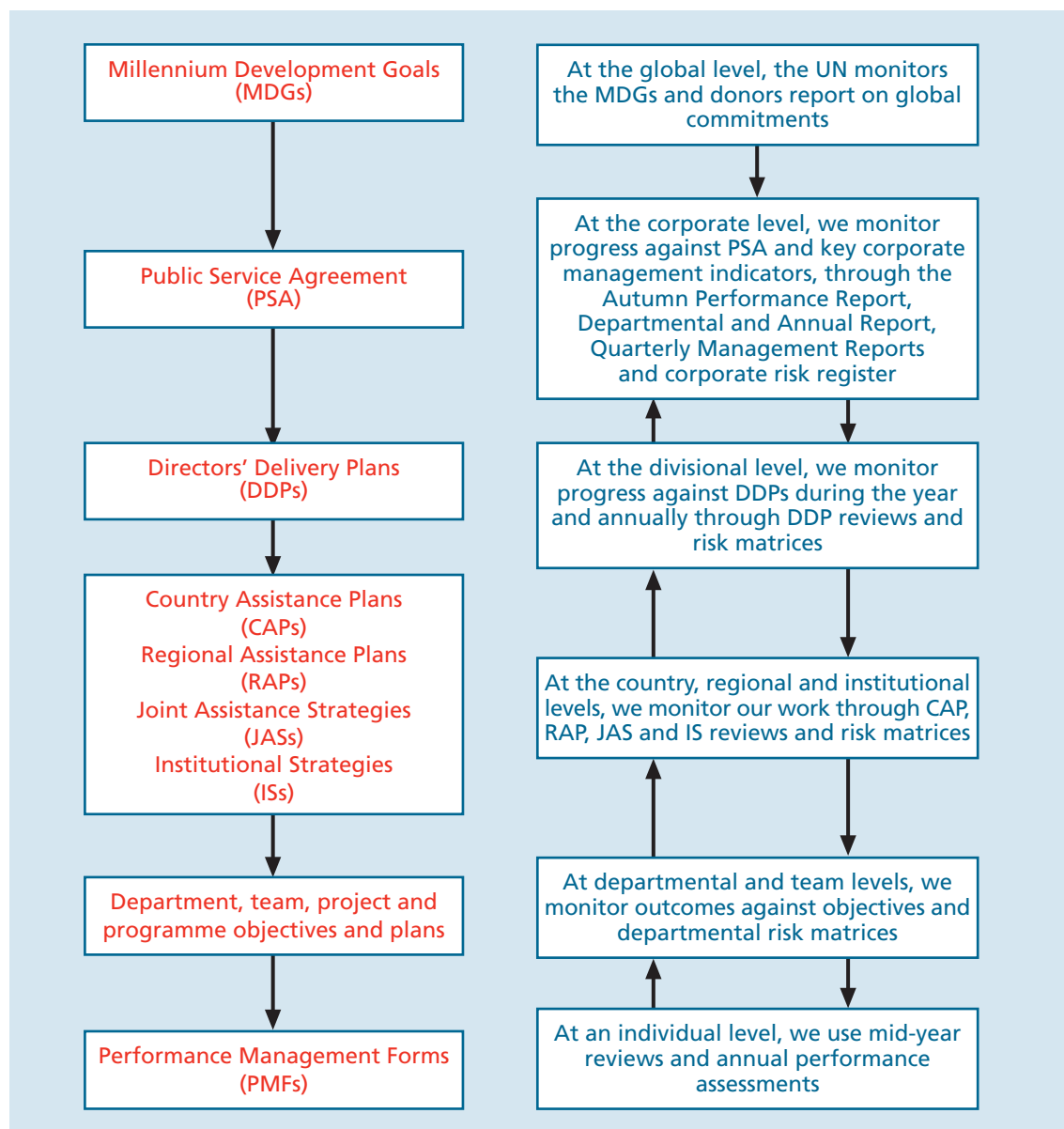
- 10.14** The implementation of **Quest** was completed in May 2006. The transfer to Quest was a major undertaking, both in terms of the logistical challenge – 3,300 staff in 53 overseas offices – and for individual staff behaviours. Further activities to realise the benefits of Quest have continued throughout 2006/07 and an upgraded version of the software went live in November 2006.
- 10.15** Good progress was made with the **Aries** project. Following extensive consultation on the proposed design, work on building and testing the new system began in the summer of 2006. Aries will be implemented across the Department over an 18-month period from October 2007.
- 10.16** As part of the **HR Transformation** programme, we are taking a fresh look at the systems and processes that we use in DFID for recruitment, postings, promotions, secondments, exits from the organisation and workforce planning.

Delivering results

Setting objectives

- 10.17** DFID's **Public Service Agreement** (PSA) 2005–08 sets out the objectives and targets that the department is working to achieve. The PSA identifies the contribution that the UK government will make to the achievement of the Millennium Development Goals. The PSA provides the basis for the monitoring and reporting of performance in DFID. DFID also monitors and reports on performance at all levels of the organisation as shown in figure 10.1.
- 10.18** DFID, along with the rest of the UK government, is preparing a new set of objectives and targets for the period 2008–11 in line with the conclusions of the CSR. The new PSA will continue to capture the UK's ambition to address international poverty reduction and ensure that contributions from other government departments are also included in delivery of the PSA. DFID will also have a high level set of Departmental Strategic Objectives which will serve as the monitoring and reporting framework for the organisation.

Figure 10.1: DFID strategy and performance management – how it fits together



Box 10.4: DFID awards, successes and recognition

In 2006/07 DFID received a number of awards and achieved some notable successes:

- DFID Vietnam received medals from the Ministries of Finance and of Planning and Investment, and Bella Bird, the Head of Office, was awarded the Order of Friendship, the highest order that can be granted to a foreigner in Vietnam.
- In June 2006, President Musharraf of Pakistan gave the Sitara-i-Essar (Star of Sacrifice) to a wide range of organisations, including DFID, in recognition of our contribution to the relief effort following the October 2005 earthquake.
- DFID India won a Civil Service Diversity and Equality Award for improving their ability to recruit a more diverse workforce. DFID also won an Opportunity Now diversity award in May 2006 for our work on promoting gender equality.
- Four DFID-supported TV programmes picked up awards at the One World Media Awards in June 2006, which recognise excellence in coverage reflecting social, political and cultural life in the developing world.
- A project on Drought Tolerant Maize which DFID helped to fund won the King Baudouin Prize from the Consultative Group for International Agricultural Research. The award is made biennially for outstanding contributions to increasing agricultural productivity and alleviating hunger.
- The DFID-led OECD/DAC Environment Task Team on Strategic Environmental Assessment won the 2006 Institutional Award from the International Association for Impact Assessment.
- Crown Agents won a British Expertise Award for their contribution to the record debt relief that was provided to reduce poverty in Nigeria.
- DFID maintained its reputation as one of the top performing government departments in managing risk.
- In an initiative led by the Secretary of State for International Development, DFID galvanised other donors to support the Central Emergency Response Fund (CERF) which will ensure a more predictable and timely response to humanitarian crisis. In the first year since its launch, in March 2006, 73 donors provided over \$399 million (£217 million).
- The UK is currently seen by many aid practitioners and donors as one of the bilateral models for today's evolving world of development co-operation (Development Assistance Committee (DAC) Peer Review 2006).

Allocating resources to objectives

10.19 Resources for PSAs for the years 2005/06 to 2007/08 were allocated in the 2004 Spending Review (SR04). During this period, **DFID's budget has grown by an average of 9.2%** in real terms, from £4.5 billion in 2005/06 to £5.3 billion in 2007/08. **Since 1997 the budget has grown by about 140%** in real terms. Budgets for 2008/09 to 2010/11 will be announced at the end of the current Comprehensive Spending Review.

10.20 DFID allocates resources within the organisation for the spending review period, confirmed through an annual **resource allocation round** which links resources to delivery plans and PSA objectives. Firm budgets are set at the beginning of the financial year and planning totals are agreed for the remainder of the current Spending Review period. Planning totals are reviewed annually, and budgets are amended to respond to changes in the external environment and performance by our partners.

10.21 In allocating resources, DFID models 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 allowance for vulnerability to economic shocks. Country allocations suggested by the model 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 2006/07, the elements and data used in the model were reviewed by the Management Board.

10.22 Annex 2 provides full details of DFID's actual and planned expenditure from 1999/2000 to 2007/08, and a breakdown of estimated spending by area for the coming year. We expect to spend about:

- 54% on bilateral programmes
- 46% through multilateral agencies (the EC, World Bank and UN agencies)

These figures include DFID's contribution to the EC development budget.

10.23 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. The introduction of new financial systems will allow the Board to have summary management accounts each month. Annual resource accounts show outturn by objectives.

10.24 DFID's capital spending up to 31 March 2007 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 £1.754 billion (as at 30 January 2007);
- 100% ownership of CDC Group plc – DFID's investment was valued at £765 million (as at 30 January 2007);
- a minority interest in Actis – shareholding was valued at £2 million (as at 30 January 2007); and
- tangible and intangible fixed assets, mostly office buildings and IT systems, with a net worth of £75.71 million (as at 30 January 2007).

10.25 In 2006/07 our gross capital expenditure is expected to have been approximately £29.6 million. In 2004 Spending Review years DFID has made significant capital investment in information systems (corporate networks, finance and HR) and also in accommodation in Scotland and overseas. This investment has been to support business needs and to secure long-term efficiencies, for example by facilitating video conferencing and providing scope for relocation of posts from London to Scotland.

10.26 Current capital investment plans for the CSR period include: further investment in overseas offices including essential security improvements and co-locating with FCO; 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. These plans will be revisited after the CSR settlement and final provision will be provided to departments according to identified business needs.

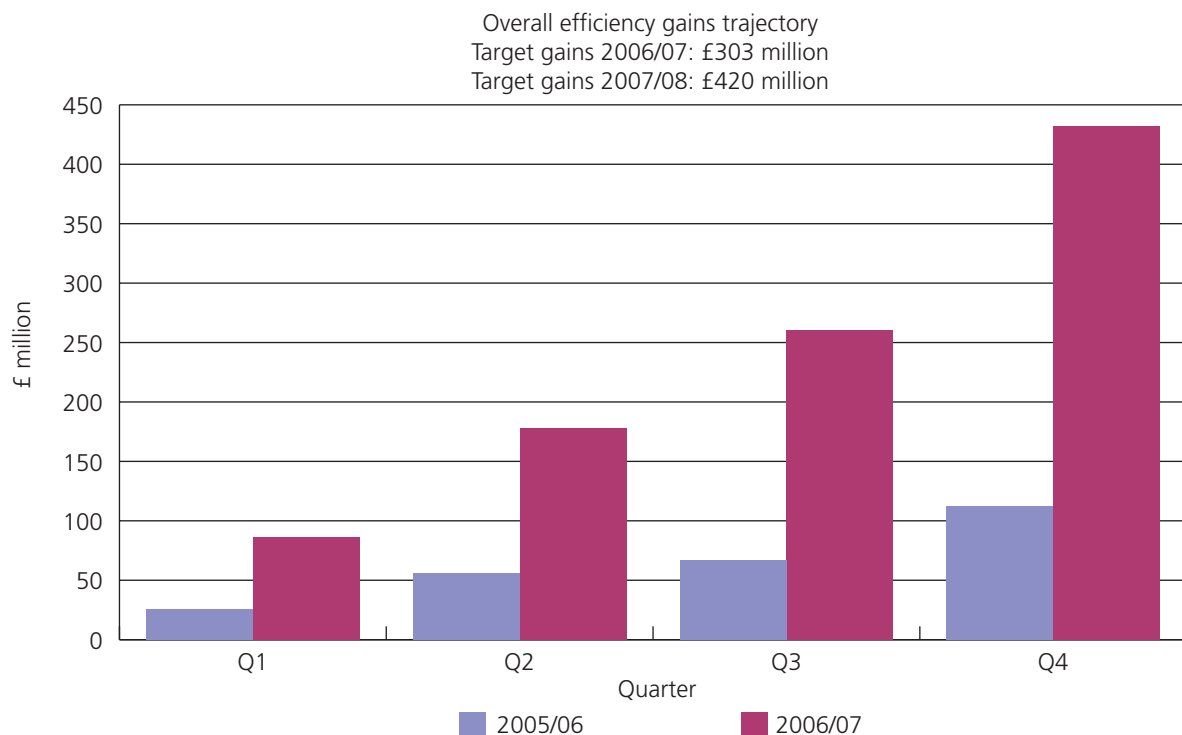
Increasing efficiency

10.27 DFID is committed to delivering £420 million of annual sustainable efficiencies by 2007/08. These will be achieved 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.

10.28 Delivery began in 2005/06. Provisional figures show that we achieved £119.8 million of savings in 2005/06 and £434 million in 2006/07 (see figure 10.2). We judge that we are on course to exceed our target of £420 million in 2007/08.

Figure 10.2: Progress on efficiency gains 2005/06 and 2006/07



10.29 DFID has reduced the full-time equivalent (FTE) of its UK-based staff numbers by 188 from a revised baseline of 1907 at March 2004 (see table 10.1). We continue to work towards the target of a total

home civil service (HCS) FTE of 1610 by March 2008. The target is challenging because of a temporary increase in staff needed to introduce a new financial system (ARIES) while continuing to support our existing systems. In the long term, the proposed changes will contribute to a reduction in staff numbers.

Table 10.1: DFID staff numbers – targets over the 2005-08 PSA period

	(Actuals)				Targets
	March 2004	March 2005	March 2006	March 2007	March 2008
Home civil service (HCS)	1907*	1883	1801	1719	1610
Staff appointed in country (SAIC)	1162	989	932	865	950

Note: This table shows the number of full-time equivalent civil service staff employed by DFID in both the UK and overseas, with part-time staff counted according to the percentage of full-time hours worked.

* To ensure consistency across government, DFID's baseline staffing figure has been revised from 1780, as previously published, to 1907. This is to bring in a number of previously excluded categories of staff, and does not affect our target for 2008, or our trajectory towards that figure.

10.30 See Annex 7 for full details of progress on our efficiency programme.

Risk and control

10.31 The Permanent Secretary is responsible for ensuring the implementation of 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 and to put in place rules and procedures to manage these. The mandatory procedures needed to ensure compliance with the system are set out in the **Blue Book**. This provides the requirements for each business area, the reasons why the rules exist, the risks inherent in non-compliance, and where further guidance can be found. Our systems are reviewed and assessed by the department's internal auditors and Audit Committee, and by the National Audit Office and HM Treasury.

10.32 Divisional Directors provide an annual **statement of assurance**, which covers compliance with management and control systems. Directors' statements 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.

10.33 The **Internal Audit Department** (IAD) provides the Permanent Secretary, in his role as Accounting Officer, and DFID managers with an independent and objective opinion of risk management, internal control and governance. To meet this objective, in 2006/07 IAD carried out a total of 24 audits both at the DFID headquarters and overseas. Building on the work of previous years and in response to DFID's increasing focus on fragile states, audits were carried out in Afghanistan, Sudan, the Democratic Republic of Congo, Indonesia, Nigeria and Yemen. The focus of overseas audits has increasingly shifted from the auditing of country office administration systems to reviewing and auditing the appropriateness and application of the systems and controls for managing programmes in-country. To meet this objective, programme audits were carried out in Malawi, Vietnam, Bangladesh, Ghana and Ethiopia.

10.34 DFID launched an **anti-fraud and corruption initiative** in 2004 and set up the Fraud Response Unit (FRU). This has increased awareness of fraud risks affecting DFID funds. All cases of suspected fraud against DFID funds are reported to the Head of Internal Audit and investigations are directed by the FRU. The number of referrals to the FRU remains steady; however, cases of fraud involving DFID staff have declined over 2006/07.

10.35 DFID also works closely with the **National Audit Office** (NAO), who audit our accounts and produce reports for the Public Accounts Committee on the economy, effectiveness and efficiency with which public money is spent. The NAO completed a value for money study entitled *Working with non-government and other civil society organisations to promote development* which was published in July 2006 and submitted to the Public Accounts Committee in November 2006. A further study, *Tackling rural poverty*, was published in March 2007, and the NAO began a study of DFID's management of budget support, the report of which is due in mid 2007/08. DFID takes care to avoid duplication of auditing and evaluation of overseas programmes and, for example, IAD worked closely with the NAO in Ethiopia on their value for money study of budget support. For more details on the work of the NAO see www.nao.org.uk.

10.36 Security risks continue to be a concern in many countries and staff security systems are operating throughout DFID. Security measures are continually reviewed and improvements implemented to our operations both in the UK and overseas. We have comprehensive business continuity plans in place for our UK offices in London and East Kilbride, as well as for all offices in high-risk countries and for most other overseas offices.

Developing our staff

10.37 The effective deployment, management and development of DFID's staff are crucial to the achievement of our goals. Over the course of 2006/07 DFID has been delivering on the goals in its **People Strategy** (see box 10.5).

Box 10.5: Progress on DFID's People Strategy goals in 2006/07

Goal 1: Demonstrating excellence in the leadership and management of people

- We filled twenty Senior Civil Service posts to enhance our leadership capacity.
- We developed learning and development initiatives to support improved line management and leadership capability.
- We had a sickness rate of approximately 5.7 working days lost per staff year. The Whitehall average was 9.8. There were no ill health retirements in DFID in 2006/07.

Goal 2: Supporting all DFID staff in their continual professional development and performance improvement

- We launched a new and improved individual performance management system.
- We delivered a range of learning programmes.
- We started development of a new leadership and management programme.
- We launched a second phase of Crossing Thresholds, a mentoring programme for senior women.

Goal 3: Providing all DFID staff with a healthy, safe workplace, in which diversity is recognised

- We began services for DFID staff working in and returning from countries where living and working conditions are difficult.
- We implemented a health and safety training programme.
- We started a Stress Strategy campaign.
- We researched the resourcing of difficult-to-fill posts to ensure DFID's workforce is fit for the future.

Goal 4: Use efficient and effective people processes to support DFID business delivery

- We started to improve and e-enable DFID's HR processes.
- We established an HR Strategy and Change Team to incorporate people issues into DFID's wider strategy.
- We delivered a targeted Early Departure Scheme.
- We provided employment law and customer service training for HR staff.

In 2006/07 we made progress towards achieving the Investors in People (IIP) targets set out in our People Strategy.

- We trained a 31-person team to be certified IIP Internal Reviewers.
- We completed 30 IIP mini reviews of business units in the UK and overseas.
- We were formally reviewed against the new IIP Standard, achieving 7 out of 10 indicators.
- We identified corporate strengths and development opportunities.
- We planned action to improve good practice in management and development in order to achieve the Standard by the end of June 2007.

In 2006/07, we also conducted a Management Survey where we asked staff what they think about their managers and about how DFID is run including issues such as training and opportunity for development; communication; leadership; workload; and how valued staff feel for the work they contribute. Eighty per cent of DFID staff responded. The survey included 12 mandatory questions from the Cabinet Office used for benchmarking across Whitehall departments. DFID scored higher than the ORC¹ central government benchmark on 11 of these 12 questions. The results are now being used across DFID to encourage and build on good management practices and behaviour, and identify areas for improvement.

1 ORC International is a leading provider of employee research and benchmarking data from 59 public and private sector organisations.

10.38 As at 31st March 2007, 62 members of DFID staff were on **secondment** to other organisations including other government departments, international agencies and non-governmental organisations. Seventy-four staff were on secondment to DFID from a variety of organisations including the private sector. We started an exchange with the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD/DAC) at the end of 2006.

Diversity

10.39 We have made excellent progress towards our 2008 diversity targets. The Management Board continues to have a Director General Diversity Champion.

Table 10.2: Diversity monitoring (as at 31st March 2007)

GRADE	% female	% male	% white *	% ethnic minority*	% disabled
Senior Civil Service	36	64	89	11	2.3
Band A1	32	68	92	8	0.4
Band A2	49	51	88	12	1.9
Band A3	54	46	90	10	2.1
Band B1 (D)	58	42	81	19	5.4
Band B1	44	56	87	13	1.8
Band B2	55	45	85	15	2.7
Band C1	69	31	87	13	7.4
Band C2	50	50	81	19	13.3
TOTAL	50	50	88	12	2.9

* % of staff whose ethnicity is known

10.40 At the end of March 2007, women made up 36.4% of the SCS, increasing from 26.6% at the end of March 2006 and against a target of 37% by 2008. Black and ethnic minority staff makes up 11% of the SCS, against a target of 12.4% by 2008 and well above the civil service-wide target of 4%. Of the SCS, 2.3% has declared a disability, against a target for 2008 of 3.5%.

10.41 DFID published its **Disability Equality Scheme** (DES) in December 2006 and has undertaken a Disability Management Audit. We submitted our **Gender Equality Scheme** for publication on 6 April 2007 (see box 10.6).

Box 10.6: DFID's Gender Equality (Duty) Scheme

DFID is currently developing its Gender Equality (Duty) Scheme (GEDS) in response to the gender equality duty in the Equality Act 2006. The Act comes into force on 6th April 2007.

DFID's scheme enhances and supports the work on gender equality we have already captured in our Gender Equality Action Plan. The GEDS shows how DFID will maintain and develop progress on gender equality in the diversity of our staff, our career development, our work with civil society, our communications and our procurement.

The scheme builds on the strong foundations and achievements already in place on gender equality in the department, ensures that we have a greater ambition for diversity and an inclusive environment for the future and makes clearer links between our work on gender equality internally and our work to achieve the MDGs.

- 10.42** 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.

Table 10.3: Staff salaries for DFID HCS staff in the UK and overseas (as at 31st March 2007)

GRADE	Salary Range	Female	Male	Total
Senior Civil Service	£106,000 – £205,000	2	3	5
	£55,000 – £105,999	31	53	84
Band A1	£46,566 – £62,728	77	161	238
Band A2	£35,900 – £51,773	208	218	426
Band A3	£27,264 – £36,446	76	66	142
Band B1 (D)	£22,425 – £34,158	43	31	74
Band B1	£21,332 – £30,015	121	151	272
Band B2	£16,962 – £24,665	146	118	264
Band C1	£13,788 – £20,369	160	71	231
Band C2	£11,057 – £17,151	15	15	30
TOTAL		879	887	1766

Note: Figures are taken from the HR database, and determined in accordance with Office for National Statistics (ONS) definitions which, as members of the home civil service, we are obliged to report in our staffing returns.

Table 10.4: Permanent UK-based staff appointments filled in 2006/07*

Grade	Total	Female	Ethnic minorities **
Senior Civil Service	5	1	0
Band A1	6	4	0
Band A2	19	8	0
Band A3	2	2	0
Band B1 (D)	17	10	2
Band B1	2	2	0
Band B2	0	0	0
Band C1	4	3	0
Band C2	1	1	0
TOTAL	56	31	2
% of TOTAL	100%	55%	3.6%

* Appointments refers to people recruited from outside of DFID and taking up their positions during 2006/07.

** Where ethnicity is known.

Table 10.5: Numbers of DFID staff by location and gender (as at 31st March 2007)

Appointee Type	Female	Male	Total
HCS in London office	395	387	782
HCS in EK office	301	250	551
HCS in overseas offices	183	250	433
Total HCS staff	879	887	1766
Total SAIC staff	441	424	865
Total of All Staff	1320	1311	2631

Note: Figures are taken from the HR database, and determined in accordance with Office for National Statistics (ONS) definitions which, as members of the home civil service, we are obliged to report in our staffing returns. Staff appointed in country (SAIC) numbers are a permitted exclusion from those returns.

Annual Public Appointment Plan

10.43 DFID is responsible for 17 appointments to the Commonwealth Scholarship Commission in the UK and to the Crown Agents Holding and Realisation Board.

10.44 Only the Commonwealth Scholarship Commission is currently active. The Crown Agents Holding and Realisation Board have recruited no new members or made any re-appointments during 2006/07, nor do they have any plans to do so in the future. Information on the public appointments can be found on the DFID website.

Ensuring effective procurement

- 10.45** DFID issued **571** contracts in 2006/07 at a total value of £148 million. A significant majority of contracts issued are consultancy contracts for the benefit of overseas recipient countries. Other contracts include support services to DFID such as IT services and staff substitution. Our procurement agents also bought goods worth £32 million on behalf of DFID.
- 10.46** All business over £93,000 is let through global competition and we have processes in place that select and evaluate the external consultants we use. Initial capability statements are adjudicated against financial standing, range of skills and experience, and overall quality and risk assessment. Shortlisted bidders are invited to submit formal tenders, which are adjudicated by a panel including the project team, developing country partners, and procurement advisers. Technical and commercial evaluations are conducted separately. The winning tender will demonstrate the best value for money, taking account of quality, time, quality assurance, risk and cost of inputs and expenses. Performance is subject to regular monitoring, and payments are made only if work is satisfactory.
- 10.47** We continue to seek ways to **increase efficiency in our procurement procedures**, and achieved negotiated savings of **£6.1 million** on new contracts in 2006/07. We are also working more closely with other Whitehall departments, particularly the Foreign and Commonwealth Office (FCO), to share procurement skills and resources to achieve better value for money, particularly in the area of overseas procurement.
- 10.48** In 2006/07 we refined our contract documents and processes to demonstrate **DFID's commitment to corporate social responsibility** (CSR), that is sustainable development, core labour standards, anti-corruption, and workplace practices free of discrimination on the grounds of gender or gender reassignment, marital status, race, colour, nationality, ethnic origin, religion or belief, disability, sexual orientation, working pattern, age or background. Our contract documents emphasise to potential suppliers of goods and services that we particularly wish to work with those that share our commitment to CSR, and demonstrate it through their own business policies and practices.
- 10.49** DFID plays an active role in the Organisation for Economic Co-operation and Development Assistance Committee (OECD/DAC) **Procurement Joint Venture and the NORDIC+ procurement group**.² During 2006/07 the Procurement Joint Venture developed a public procurement benchmarking and performance monitoring tool which will benchmark partner country procurement systems against a set of agreed norms and lead to a capacity development reform programme. Twenty-one countries from Africa, Asia and Latin America expressed an interest in taking part in the first wave of pilots. The pilots are taking place currently and countries are expected to provide feedback in mid-June.
- 10.50** The NORDIC+ procurement group played an active role in reviewing the benchmarking and monitoring tool. During 2007 the NORDIC+ group will develop a web-based training module which

² Members of the Nordic+ procurement group are: Canada, Denmark, Finland, Germany, Ireland, Norway, Netherlands, Sweden and the UK.

will raise awareness of the importance of good public procurement to economic growth and provide information on the NORDIC+ joint procurement policy and place this in the context of the Paris Declaration. This web-based training module will be available to all procurement NORDIC+ country staff (Canada, Denmark, Finland, Germany, Ireland, Netherlands, Norway, Sweden and the UK).

Making DFID greener

- 10.51** A new set of **government environmental operations targets**, *Sustainable Operations on the Government Estate*, were launched in June 2006. DFID is committed to meeting these long-term targets in its internal operations.
- 10.52** DFID has established **Environment Management Systems** (EMS) in both UK offices. During 2006/07 we began to roll out the principles of the EMS to our main overseas offices. DFID signed up to a **partnership with the Carbon Trust** and agreed a **Carbon Energy Efficiency Action Plan**. The Carbon Trust conducted an energy audit of both our UK buildings. It reported that they are “inherently energy efficient” and made some recommendations to improve our energy efficiency further. We are continuing to work with the Trust to carry out their recommendations and to develop plans for renewable energy on site. We are reviewing options for wind, solar, biomass and tri-generation and hope to begin implementation on site in 2007.
- 10.53** DFID is committed to **reducing carbon emissions from energy usage and travel**. To reduce air travel we encourage staff to use our video-conferencing facilities. An independent expert reported in 2006 that DFID’s video-conferencing systems generate annual reductions of two million air miles and 230 tonnes of CO₂ emissions, and save £700,000 a year in operating costs. We are currently compiling internal targets to reduce the number of air miles flown. Both our ministers have the Toyota Prius, one of the least carbon-emitting vehicles. DFID also implemented a **Sustainable Procurement Strategy and Environmental Purchasing Policy** during 2006/07.
- 10.54** During 2007/08, DFID aims to:
- investigate and implement renewable energy on site at both our UK offices and review possible renewable technologies for our overseas estate;
 - establish an Environmental Management System in the majority of our main overseas offices (working with the FCO when appropriate); and
 - investigate further water-saving mechanisms such as waterless urinals and dual flushes.
- 10.55** Further details on DFID’s environmental performance can be found in the Sustainable Development in Government (SDiG) report which is available on the Sustainable Development Commission’s website www.sd-commission.org.uk. We will also be publishing a progress report on our Sustainable Development Action Plan which will be available on the DFID website in 2007.

Paying overseas pensions

10.56 DFID's Overseas Pensions Department (OPD) is responsible for the administration and payment of pensions and related benefits to former expatriate colonial civil and public servants and their dependants (including those derived from service in a civil or military capacity in former British India and the Sudan public service). **42,946 pensions and supplements were paid to 11,133 service pensioners and 9,047 dependants during 2005/06.** Over 219,000 individual payments were made with a total value of almost £115 million.

10.57 OPD once again exceeded all the targets set for 2005/06 in its Service Level Agreement (SLA). Table 10.6 summarises OPD's performance against those standards in 2005/06.

10.58 OPD received a total of 26 complaints during 2005/06, of which 7 contained valid criticisms about our service. A customer service questionnaire is sent to every new pensioner six months after their first payment. In 2005/06, 378 questionnaires were issued, of which 234 (62%) were returned. 96% of respondents rated our performance as "very good" or "good".

Table 10.6: Performance against pension service standards, 2005/06

Standards	Target %	Achieved %
Accuracy of initial calculation of new and revised awards	95.00	97.46
Accuracy of initial payment calculation	97.50	99.77
Number of new awards put into payment within two weeks	97.50	99.03
Timeliness of payments by due date	99.00	99.99
Response to enquiries within two weeks of receipt	99.00	99.76
Initial response to complaints within two weeks and a more detailed reply, if one is needed, within five weeks	95.00	96.22

Future priorities

10.59 In 2007/08, our priorities will be to:

- develop a Corporate Plan for the 2008–13 period;
- deliver our efficiency programme;
- prepare for the CSR07 period;
- begin the roll-out of our ARIES programme; and
- manage our increasing budget with constrained administration costs.

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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 its 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
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Debt relief	Table A.1
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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

	2001/02	2002/03	2003/04	2004/05	2005/06
TOTAL BILATERAL GPEX	1 990 033	2 520 246	2 597 954	3 111 714	4 401 739
<i>Of which DFID</i>	<i>1 511 145</i>	<i>1 795 400</i>	<i>1 960 858</i>	<i>2 111 585</i>	<i>2 504 452</i>
<i>Of which Debt Relief</i>	<i>277 880</i>	<i>457 614</i>	<i>209 123</i>	<i>645 853</i>	<i>1 628 381</i>
<i>Of which Cancelled Export Credits</i>	<i>250 554</i>	<i>424 765</i>	<i>181 107</i>	<i>595 718</i>	<i>1 570 658</i>
TOTAL MULTILATERAL GPEX	1 354 485	1 478 956	1 866 309	1 839 174	1 956 583
<i>Of which DFID</i>	<i>1 301 670</i>	<i>1 425 537</i>	<i>1 788 696</i>	<i>1 558 531</i>	<i>1 674 379</i>
<i>Of which Total Multilateral European Community</i>	<i>756 885</i>	<i>901 059</i>	<i>1 085 594</i>	<i>1 210 392</i>	<i>1 172 547</i>
<i>Total Multilateral World Bank</i>	<i>219 616</i>	<i>221 939</i>	<i>382 594</i>	<i>206 455</i>	<i>272 226</i>
<i>Total Multilateral UN Agencies</i>	<i>226 069</i>	<i>192 169</i>	<i>211 368</i>	<i>221 617</i>	<i>324 209</i>
<i>Total Multilateral Other Organisations</i>	<i>151 915</i>	<i>163 789</i>	<i>186 753</i>	<i>200 710</i>	<i>187 601</i>
<i>Of which Debt Relief</i>	<i>23 400</i>	<i>17 855</i>	<i>19 949</i>	<i>42 123</i>	<i>24 794</i>
TOTAL ADMIN	132 214	153 348	249 414	226 844	253 936
<i>Of which DFID</i>	<i>105 019</i>	<i>114 720</i>	<i>189 874</i>	<i>191 939</i>	<i>234 468</i>
TOTAL GPEX ON DEVELOPMENT	3 476 732	4 152 550	4 713 677	5 177 732	6 612 258

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	2001/02	1,511,145	192,576	1,990,033	100.00
	2002/03	1,795,400	294,974	2,520,246	100.00
	2003/04	1,960,858	310,125	2,597,955	100.00
	2004/05	2,111,585	336,225	3,111,714	100.00
	2005/06	2,504,452	410,616	4,401,738	100.00
Africa	2001/02	575,903	44,289	871,199	43.78
	2002/03	739,535	152,841	896,464	35.57
	2003/04	710,798	125,390	1,060,942	40.84
	2004/05	867,896	171,000	1,270,918	40.84
	2005/06	1,139,232	269,444	2,405,795	54.66
of which: South of Sahara	2001/02	532,497	43,726	827,794	41.60
	2002/03	702,869	152,097	854,002	33.89
	2003/04	671,563	123,631	985,296	37.93
	2004/05	825,722	169,068	1,173,319	37.71
	2005/06	1,097,184	268,706	2,343,945	53.25
Americas	2001/02	96,751	3,590	169,480	8.52
	2002/03	94,401	2,957	223,923	8.88
	2003/04	83,067	2,141	105,875	4.08
	2004/05	72,682	4,629	126,093	4.05
	2005/06	58,173	4,093	85,383	1.94
Asia	2001/02	488,921	83,730	535,412	26.90
	2002/03	542,787	83,087	610,007	24.20
	2003/04	784,456	128,964	969,302	37.31
	2004/05	807,385	113,241	1,243,777	39.97
	2005/06	943,120	87,956	1,356,165	30.81
Europe	2001/02	96,183	10,710	97,609	4.90
	2002/03	84,502	4,138	384,240	15.25
	2003/04	70,440	4,130	74,871	2.88
	2004/05	59,858	3,346	62,344	2.00
	2005/06	42,054	1,627	90,194	2.05
Pacific	2001/02	4,469	–	6,885	0.35
	2002/03	4,572	183	5,362	0.21
	2003/04	4,484	150	4,484	0.17
	2004/05	3,272	–	3,272	0.11
	2005/06	3,823	–	3,823	0.09
Non Region Specific ¹	2001/02	248,918	50,257	309,447	15.55
	2002/03	329,604	51,769	400,249	15.88
	2003/04	307,613	49,351	382,481	14.72
	2004/05	300,491	44,009	405,310	13.03
	2005/06	318,050	47,495	460,378	10.46
Total Developing Countries	2001/02	1,463,830	189,692	1,942,520	97.61
	2002/03	1,747,305	291,874	2,471,738	98.08
	2003/04	1,926,752	306,977	2,559,549	98.52
	2004/05	2,087,217	334,796	3,084,849	99.14
	2005/06	2,493,094	410,184	4,379,871	99.50
Low income countries (GNI per capita below \$825 in 2004) ²	2001/02	875,261	109,340	1,171,827	58.88
	2002/03	1,024,409	170,725	1,193,357	47.35
	2003/04	1,077,009	129,733	1,506,947	58.01
	2004/05	1,374,192	207,984	1,782,938	57.30
	2005/06	1,742,202	314,645	3,006,916	68.31

1. This includes grants to VSO, CSOs, Research Institutions and Commonwealth Organisations based in the UK.

2. Low Income Country. (The classification of aid recipient countries by income groups is based on GNI per capita figures. 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 bilateral assistance to the Pacific is provided under a single regional programme

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	2001/02	150	150	150	0.01
	2002/03	–	–	–	0.00
	2003/04	324	324	34,932	1.34
	2004/05	6	6	127	0.00
	2005/06	–	–	585	0.01
Egypt	2001/02	2,594	–	2,594	0.13
	2002/03	2,619	–	8,415	0.33
	2003/04	3,163	–	3,193	0.12
	2004/05	3,206	–	42,725	1.37
	2005/06	484	–	3,116	0.07
Morocco	2001/02	-18	–	-18	0.00
	2002/03	–	–	–	0.00
	2003/04	–	–	–	0.00
	2004/05	71	72	71	0.00
	2005/06	1	1	1	0.00
Tunisia	2001/02	–	–	–	0.00
	2002/03	–	–	–	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	11,679	0.27
North Africa Regional	2001/02	22	–	22	0.00
	2002/03	–	–	–	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Total North of Sahara	2001/02	2,749	150	2,749	0.14
	2002/03	2,619	–	8,415	0.33
	2003/04	3,487	324	38,125	1.47
	2004/05	3,283	77	42,923	1.38
	2005/06	485	1	15,381	0.35
Africa: South of Sahara					
Angola	2001/02	3,754	2,191	3,754	0.19
	2002/03	9,887	6,974	9,887	0.39
	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
Benin ¹	2001/02	51	–	51	0.00
	2002/03	39	–	2,739	0.11
	2003/04	1,836	–	10,247	0.39
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Botswana	2001/02	1,990	–	1,990	0.10
	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
Burkina Faso ¹	2001/02	81	–	1,051	0.05
	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
Burundi ¹	2001/02	604	540	604	0.03
	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	6,311	11,959	0.27
Cameroon ¹	2001/02	3,652	–	6,226	0.31
	2002/03	3,289	–	31,545	1.25
	2003/04	1,511	–	10,338	0.40
	2004/05	1,988	–	16,547	0.53
	2005/06	3,170	–	3,170	0.07
Central African Republic ¹	2001/02	–	–	3	0.00
	2002/03	–	–	294	0.01
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Chad ¹	2001/02	158	–	158	0.01
	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

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Congo ¹	2001/02	–	–	–	0.00
	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
Congo (Dem Rep) ¹	2001/02	5,558	5,471	10,262	0.52
	2002/03	12,859	12,099	15,574	0.62
	2003/04	17,173	16,258	148,695	5.72
	2004/05	29,284	22,477	36,585	1.18
	2005/06	58,832	51,861	58,832	1.34
Cote d'Ivoire ¹	2001/02	578	250	1,018	0.05
	2002/03	1,206	700	8,823	0.35
	2003/04	601	200	951	0.04
	2004/05	703	–	3,413	0.11
	2005/06	1,420	966	1,690	0.04
Djibouti	2001/02	–	–	–	0.00
	2002/03	14	–	14	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Eritrea ¹	2001/02	1,511	1,472	1,511	0.08
	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
Ethiopia ¹	2001/02	11,828	8,222	12,088	0.61
	2002/03	42,710	26,824	44,224	1.75
	2003/04	43,302	18,512	43,665	1.68
	2004/05	62,364	6,719	73,044	2.35
	2005/06	62,558	9,175	62,562	1.42
Gabon	2001/02	150	150	150	0.01
	2002/03	–	–	–	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Gambia ¹	2001/02	2,043	–	2,043	0.10
	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
Ghana ¹	2001/02	54,430	–	54,479	2.74
	2002/03	55,571	–	90,800	3.60
	2003/04	68,052	–	77,954	3.00
	2004/05	71,872	–	136,324	4.38
	2005/06	94,893	–	96,249	2.19
Guinea ¹	2001/02	44	–	223	0.01
	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
Kenya ¹	2001/02	26,409	3,413	33,875	1.70
	2002/03	43,599	1,474	63,005	2.50
	2003/04	25,567	229	28,454	1.10
	2004/05	35,188	5,517	37,824	1.22
	2005/06	62,669	16,577	65,084	1.48
Lesotho ¹	2001/02	2,718	–	2,718	0.14
	2002/03	2,848	–	2,848	0.11
	2003/04	3,318	–	3,318	0.13
	2004/05	3,522	–	3,522	0.11
	2005/06	4,319	–	4,319	0.10
Liberia ¹	2001/02	499	–	499	0.03
	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
Madagascar ¹	2001/02	205	–	1,699	0.09
	2002/03	192	–	451	0.02
	2003/04	549	55	3,232	0.12
	2004/05	7,712	200	22,016	0.71
	2005/06	1,753	–	1,753	0.04

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Malawi ¹	2001/02	45,511	142	49,563	2.49
	2002/03	49,124	7,036	52,211	2.07
	2003/04	54,458	581	57,344	2.21
	2004/05	56,282	4,573	56,429	1.81
	2005/06	68,588	723	68,803	1.56
Mali ¹	2001/02	389	–	647	0.03
	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
Mauritania ¹	2001/02	9	–	711	0.04
	2002/03	604	600	13,508	0.54
	2003/04	681	681	681	0.03
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Mauritius	2001/02	225	–	2,546	0.13
	2002/03	167	–	675	0.03
	2003/04	169	–	169	0.01
	2004/05	112	–	112	0.00
	2005/06	78	–	78	0.00
Mozambique ¹	2001/02	40,484	908	134,133	6.74
	2002/03	37,878	779	39,101	1.55
	2003/04	36,312	454	36,713	1.41
	2004/05	47,940	12	47,940	1.54
	2005/06	56,471	235	56,471	1.28
Namibia	2001/02	2,017	–	2,017	0.10
	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
Niger ¹	2001/02	128	–	347	0.02
	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
Nigeria ¹	2001/02	19,859	231	20,561	1.03
	2002/03	29,059	288	29,287	1.16
	2003/04	31,132	15	32,630	1.26
	2004/05	47,232	393	73,508	2.36
	2005/06	78,038	907	1,227,727	27.89
Rwanda ¹	2001/02	26,818	–	26,818	1.35
	2002/03	34,986	–	34,986	1.39
	2003/04	26,910	19	26,910	1.04
	2004/05	42,507	13	45,053	1.45
	2005/06	70,422	–	70,427	1.60
Senegal ¹	2001/02	456	–	606	0.03
	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
Seychelles	2001/02	67	–	67	0.00
	2002/03	43	–	43	0.00
	2003/04	12	–	12	0.00
	2004/05	10	–	10	0.00
	2005/06	7	–	7	0.00
Sierra Leone ¹	2001/02	36,631	5,247	36,741	1.85
	2002/03	31,791	3,668	32,190	1.28
	2003/04	34,176	1,528	34,280	1.32
	2004/05	27,279	800	27,431	0.88
	2005/06	34,138	–	34,208	0.78
Somalia ¹	2001/02	1,739	1,638	1,739	0.09
	2002/03	3,124	2,920	3,124	0.12
	2003/04	3,973	3,172	3,973	0.15
	2004/05	5,820	3,543	5,820	0.19
	2005/06	18,753	15,589	18,753	0.43
South Africa	2001/02	25,485	282	44,178	2.22
	2002/03	36,435	95	57,186	2.27
	2003/04	42,376	–	93,332	3.59
	2004/05	30,723	–	49,141	1.58
	2005/06	28,978	–	62,485	1.42

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
St Helena & Dependencies	2001/02	10,106	–	10,106	0.51
	2002/03	9,555	–	9,555	0.38
	2003/04	10,525	75	10,525	0.41
	2004/05	14,481	40	14,481	0.47
	2005/06	13,563	59	13,563	0.31
Sudan ¹	2001/02	5,598	5,164	5,598	0.28
	2002/03	19,222	16,338	19,222	0.76
	2003/04	24,663	21,872	24,663	0.95
	2004/05	83,964	77,904	83,964	2.70
	2005/06	117,114	97,783	117,114	2.66
Swaziland	2001/02	1,102	–	1,282	0.06
	2002/03	770	–	1,343	0.05
	2003/04	907	389	907	0.03
	2004/05	665	9	665	0.02
	2005/06	556	300	556	0.01
Tanzania ¹	2001/02	64,679	51	205,493	10.33
	2002/03	95,384	260	98,348	3.90
	2003/04	80,303	1,500	162,372	6.25
	2004/05	96,514	2,817	129,977	4.18
	2005/06	112,566	500	114,138	2.59
Togo ¹	2001/02	47	–	224	0.01
	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
Uganda ¹	2001/02	67,843	689	68,091	3.42
	2002/03	54,041	3,361	54,041	2.14
	2003/04	55,965	7,768	59,558	2.29
	2004/05	61,454	11,783	62,928	2.02
	2005/06	72,064	20,640	72,064	1.64
Zambia ¹	2001/02	44,693	218	59,203	2.97
	2002/03	40,882	6,408	45,138	1.79
	2003/04	27,520	1,279	32,267	1.24
	2004/05	30,555	398	163,507	5.25
	2005/06	47,604	4,552	101,514	2.31
Zimbabwe ¹	2001/02	14,862	7,242	15,234	0.77
	2002/03	29,926	23,260	29,926	1.19
	2003/04	34,167	23,960	34,167	1.32
	2004/05	25,854	13,753	25,854	0.83
	2005/06	34,121	25,615	34,121	0.78
East African Community	2001/02	701	–	701	0.04
	2002/03	666	–	666	0.03
	2003/04	636	–	636	0.02
	2004/05	602	–	602	0.02
	2005/06	578	–	578	0.01
Southern Africa Development Community (SADC)	2001/02	3,538	92	3,538	0.18
	2002/03	5,415	38	5,415	0.21
	2003/04	3,954	193	3,954	0.15
	2004/05	6,618	113	6,618	0.21
	2005/06	8,601	129	8,601	0.20
South of Sahara regional	2001/02	3,249	111	3,249	0.16
	2002/03	38,047	31,622	38,047	1.51
	2003/04	12,122	5,894	12,122	0.47
	2004/05	5,541	608	5,541	0.18
	2005/06	8,035	610	8,035	0.18
Total South of Sahara	2001/02	532,497	43,726	827,794	41.60
	2002/03	702,869	152,097	854,002	33.89
	2003/04	671,563	123,631	985,296	37.93
	2004/05	825,722	169,068	1,173,319	37.71
	2005/06	1,097,184	268,706	2,343,945	53.25
Africa regional	2001/02	40,657	412	40,657	2.04
	2002/03	34,046	744	34,046	1.35
	2003/04	35,748	1,435	37,521	1.44
	2004/05	38,890	1,854	54,676	1.76
	2005/06	41,563	738	46,469	1.06
TOTAL AFRICA	2001/02	575,903	44,289	871,199	43.78
	2002/03	739,535	152,841	896,464	35.57
	2003/04	710,798	125,390	1,060,942	40.84
	2004/05	867,896	171,000	1,270,918	40.84
	2005/06	1,139,232	269,444	2,405,795	54.66

1. Low Income Country. (The classification of aid recipient countries by income groups is based on GNI per capita figures. 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	2001/02	116	–	1,380	0.07
	2002/03	70	–	10,355	0.41
	2003/04	122	–	7,925	0.31
	2004/05	17	–	1,926	0.06
	2005/06	6	–	1,840	0.04
Cuba	2001/02	346	250	21,326	1.07
	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
El Salvador	2001/02	431	160	4,572	0.23
	2002/03	338	27	10,484	0.42
	2003/04	107	–	1,352	0.05
	2004/05	75	–	75	0.00
	2005/06	5	–	5	0.00
Guatemala	2001/02	420	–	420	0.02
	2002/03	289	–	289	0.01
	2003/04	237	–	237	0.01
	2004/05	196	–	196	0.01
	2005/06	85	–	85	0.00
Haiti ¹	2001/02	130	–	130	0.01
	2002/03	125	–	–	0.00
	2003/04	130	–	–	0.00
	2004/05	2,027	1,913	–	0.00
	2005/06	1,283	1,271	–	0.00
Honduras	2001/02	1,220	–	3,739	0.19
	2002/03	1,181	434	3,700	0.15
	2003/04	910	–	3,429	0.13
	2004/05	960	–	960	0.03
	2005/06	1,302	–	16,673	0.38
Mexico	2001/02	512	–	512	0.03
	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
Nicaragua ¹	2001/02	613	150	613	0.03
	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
Panama	2001/02	155	–	155	0.01
	2002/03	35	–	71	0.00
	2003/04	–	–	38	0.00
	2004/05	–	–	16	0.00
	2005/06	–	–	31	0.00
Central America regional	2001/02	2,407	–	2,407	0.12
	2002/03	4,361	–	4,361	0.17
	2003/04	4,144	–	4,144	0.16
	2004/05	2,041	–	2,041	0.07
	2005/06	822	93	822	0.02
Total North and Central America	2001/02	6,348	559	35,252	1.77
	2002/03	8,830	1,228	37,119	1.47
	2003/04	7,166	–	22,029	0.85
	2004/05	8,190	1,913	18,514	0.59
	2005/06	7,665	1,365	27,651	0.63
Caribbean					
Anguilla	2001/02	1,847	–	1,847	0.09
	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
Antigua & Barbuda	2001/02	452	–	1,761	0.09
	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

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Bahamas	2001/02	18	–	18	0.00
	2002/03	20	–	20	0.00
	2003/04	1	–	1	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Barbados	2001/02	168	–	323	0.02
	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
Belize	2001/02	3,458	100	5,541	0.28
	2002/03	2,775	–	11,081	0.44
	2003/04	1,670	–	1,670	0.06
	2004/05	1,642	–	1,642	0.05
	2005/06	1,198	–	1,198	0.03
British Virgin Islands	2001/02	83	–	83	0.00
	2002/03	90	–	90	0.00
	2003/04	11	–	38	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Cayman Islands	2001/02	3	–	3	0.00
	2002/03	–	–	26	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	3	0.00
	2005/06	–	–	–	0.00
Dominica	2001/02	930	3	990	0.05
	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	0.03
Dominican Republic	2001/02	31	–	11,082	0.56
	2002/03	75	–	17,362	0.69
	2003/04	72	–	72	0.00
	2004/05	279	26	279	0.01
	2005/06	75	–	75	0.00
Grenada	2001/02	444	–	444	0.02
	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
Guyana	2001/02	12,457	–	16,396	0.82
	2002/03	11,986	–	14,858	0.59
	2003/04	17,098	–	17,858	0.69
	2004/05	8,717	497	8,732	0.28
	2005/06	8,715	26	8,748	0.20
Jamaica	2001/02	8,352	–	8,927	0.45
	2002/03	8,223	–	8,614	0.34
	2003/04	5,133	–	5,367	0.21
	2004/05	6,421	–	9,677	0.31
	2005/06	6,323	343	9,520	0.22
Montserrat	2001/02	22,481	1,279	22,481	1.13
	2002/03	23,350	830	23,350	0.93
	2003/04	24,757	477	24,757	0.95
	2004/05	14,151	144	14,151	0.45
	2005/06	12,617	–	12,617	0.29
St. Kitts – Nevis	2001/02	1	–	1	0.00
	2002/03	18	–	18	0.00
	2003/04	35	–	35	0.00
	2004/05	1	–	1	0.00
	2005/06	1	–	1	0.00
St. Lucia	2001/02	738	–	738	0.04
	2002/03	682	–	682	0.03
	2003/04	441	–	441	0.02
	2004/05	362	–	362	0.01
	2005/06	422	–	422	0.01
St. Vincent & Grenadines	2001/02	117	–	117	0.01
	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

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Trinidad and Tobago	2001/02	132	–	177	0.01
	2002/03	145	–	181	0.01
	2003/04	91	–	91	0.00
	2004/05	59	–	186	0.01
	2005/06	55	–	55	0.00
Turks and Caicos Islands	2001/02	2,719	–	2,719	0.14
	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
Windward Islands	2001/02	189	–	189	0.01
	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
Caribbean regional	2001/02	5,012	120	6,543	0.33
	2002/03	4,492	50	5,652	0.22
	2003/04	2,274	35	3,770	0.15
	2004/05	3,633	854	5,032	0.16
	2005/06	4,411	707	4,438	0.10
Total Caribbean	2001/02	59,632	1,503	80,381	4.04
	2002/03	59,798	881	92,170	3.66
	2003/04	56,055	512	61,288	2.36
	2004/05	46,228	1,521	51,262	1.65
	2005/06	37,661	1,076	42,396	0.96
South America					
Argentine Republic	2001/02	–	–	22	0.00
	2002/03	–	–	–	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Bolivia	2001/02	12,455	–	31,265	1.57
	2002/03	9,268	–	12,788	0.51
	2003/04	7,057	–	7,261	0.28
	2004/05	5,402	–	32,079	1.03
	2005/06	3,103	–	3,242	0.07
Brazil	2001/02	6,864	–	6,903	0.35
	2002/03	9,917	–	9,991	0.40
	2003/04	6,910	–	6,935	0.27
	2004/05	5,028	–	5,109	0.16
	2005/06	2,387	–	2,509	0.06
Chile	2001/02	96	96	96	0.00
	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
Colombia	2001/02	934	17	1,480	0.07
	2002/03	600	3	1,828	0.07
	2003/04	351	–	1,658	0.06
	2004/05	541	–	1,156	0.04
	2005/06	382	110	731	0.02
Ecuador	2001/02	275	–	431	0.02
	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
Paraguay	2001/02	94	–	94	0.00
	2002/03	66	–	66	0.00
	2003/04	–	–	–	0.00
	2004/05	5	5	77	0.00
	2005/06	3	3	3	0.00
Peru	2001/02	7,998	665	8,729	0.44
	2002/03	3,225	311	51,929	2.06
	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
Uruguay	2001/02	–	–	–	0.00
	2002/03	–	–	15	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	5	0.00

		Total DFID Bilateral Programme	<i>Of which Humanitarian Assistance</i>	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Venezuela	2001/02	–	–	41	0.00
	2002/03	–	–	72	0.00
	2003/04	–	–	76	0.00
	2004/05	–	–	229	0.01
	2005/06	–	–	83	0.00
Latin America regional	2001/02	526	–	1,903	0.10
	2002/03	1,450	68	8,859	0.35
	2003/04	1,369	500	1,369	0.05
	2004/05	1,929	–	2,201	0.07
	2005/06	3,610	–	4,170	0.09
Total South America	2001/02	29,242	778	50,964	2.56
	2002/03	25,035	528	86,133	3.42
	2003/04	19,038	851	20,751	0.80
	2004/05	17,490	441	54,153	1.74
	2005/06	12,096	903	13,697	0.31
Americas regional	2001/02	1,529	750	2,883	0.14
	2002/03	738	320	8,501	0.34
	2003/04	808	777	1,808	0.07
	2004/05	774	754	2,164	0.07
	2005/06	750	750	1,640	0.04
TOTAL AMERICAS	2001/02	96,751	3,590	169,480	8.52
	2002/03	94,401	2,957	223,923	8.88
	2003/04	83,067	2,141	105,875	4.08
	2004/05	72,682	4,629	126,093	4.05
	2005/06	58,173	4,093	85,383	1.94

1. Low Income Country. (The classification of aid recipient countries by income groups is based on GNI per capita figures. 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	2001/02	1,138	1,138	1,583	0.08
	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
Iraq ²	2001/02	7,760	7,760	7,760	0.39
	2002/03	18,853	18,853	18,853	0.75
	2003/04	209,313	110,052	214,313	8.25
	2004/05	49,107	21,383	391,507	12.58
	2005/06	86,869	4,764	426,249	9.68
Jordan	2001/02	6,406	9	6,406	0.32
	2002/03	4,837	9	4,837	0.19
	2003/04	4,197	–	4,197	0.16
	2004/05	5,305	–	5,305	0.17
	2005/06	3,448	–	3,448	0.08
Lebanon	2001/02	111	–	111	0.01
	2002/03	232	–	232	0.01
	2003/04	102	–	102	0.00
	2004/05	297	–	297	0.01
	2005/06	150	–	150	0.00
Oman	2001/02	–	–	19	0.00
	2002/03	–	–	3	0.00
	2003/04	–	–	–	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Syria	2001/02	–	–	–	0.00
	2002/03	89	–	89	0.00
	2003/04	51	–	51	0.00
	2004/05	126	–	126	0.00
	2005/06	–	–	–	0.00
United Arab Emirates	2001/02	–	–	2	0.00
	2002/03	–	–	92	0.00
	2003/04	–	–	69	0.00
	2004/05	–	–	53	0.00
	2005/06	–	–	–	0.00
West Bank & Gaza ³	2001/02	14,528	4,567	14,528	0.73
	2002/03	15,165	4,534	15,165	0.60
	2003/04	16,841	–	16,841	0.65
	2004/05	17,565	1,800	17,565	0.56
	2005/06	15,058	–	15,058	0.34
Yemen ¹	2001/02	2,582	–	2,582	0.13
	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
Middle East regional	2001/02	78	–	84	0.00
	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
Total Middle East		2001/02	13,474	33,075	1.66
	2002/03	45,676	24,350	46,414	1.84
	2003/04	236,054	111,605	241,176	9.28
	2004/05	79,235	24,392	423,604	13.61
	2005/06	117,610	5,018	458,151	10.41
Asia: South					
Afghanistan ¹	2001/02	49,996	49,943	50,027	2.51
	2002/03	74,546	44,253	76,018	3.02
	2003/04	79,683	10,457	99,595	3.83
	2004/05	79,589	7,067	98,959	3.18
	2005/06	98,430	3,390	126,949	2.88
Bangladesh ¹	2001/02	59,222	1,781	60,375	3.03
	2002/03	73,224	226	73,246	2.91
	2003/04	55,383	13	155,364	5.98
	2004/05	127,904	25,038	149,152	4.79
	2005/06	123,368	41	128,258	2.91

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Bhutan ¹	2001/02	–	–	–	0.00
	2002/03	–	–	–	0.00
	2003/04	-7	–	-7	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Burma ¹	2001/02	2,279	2,088	2,279	0.11
	2002/03	7,020	3,163	7,020	0.28
	2003/04	3,720	578	3,720	0.14
	2004/05	6,008	1,005	6,008	0.19
	2005/06	6,483	1,221	6,483	0.15
India ¹	2001/02	179,608	6,872	199,163	10.01
	2002/03	155,480	5,217	183,446	7.28
	2003/04	198,109	1,399	243,948	9.39
	2004/05	259,451	442	269,313	8.65
	2005/06	253,176	3,757	270,482	6.14
Maldives	2001/02	83	–	83	0.00
	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
Nepal ¹	2001/02	22,761	2,401	22,761	1.14
	2002/03	27,162	2,038	27,162	1.08
	2003/04	32,047	3,305	32,047	1.23
	2004/05	35,085	5,230	35,285	1.13
	2005/06	34,188	1,865	34,548	0.78
Pakistan ¹	2001/02	43,198	122	44,838	2.25
	2002/03	38,314	226	46,852	1.86
	2003/04	66,240	308	66,299	2.55
	2004/05	31,377	140	55,277	1.78
	2005/06	97,413	38,849	97,688	2.22
Sri Lanka	2001/02	4,749	1,100	7,538	0.38
	2002/03	5,731	–	8,302	0.33
	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
Total South Asia	2001/02	361,895	64,308	387,064	19.45
	2002/03	381,672	55,123	422,240	16.75
	2003/04	443,473	16,176	610,709	23.51
	2004/05	546,780	39,777	622,019	19.99
	2005/06	624,242	54,584	676,263	15.36
Asia: Far East					
Brunei	2001/02	19	–	19	0.00
	2002/03	21	–	21	0.00
	2003/04	4	–	4	0.00
	2004/05	3	–	3	0.00
	2005/06	3	–	3	0.00
Cambodia ¹	2001/02	6,097	771	6,097	0.31
	2002/03	9,393	928	9,393	0.37
	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
China	2001/02	32,621	–	50,266	2.53
	2002/03	41,546	320	44,386	1.76
	2003/04	32,255	–	42,406	1.63
	2004/05	35,876	–	42,476	1.37
	2005/06	34,744	200	36,854	0.84
East Timor ¹	2001/02	4,124	–	4,124	0.21
	2002/03	6,547	–	6,547	0.26
	2003/04	4,490	–	4,490	0.17
	2004/05	4,512	–	4,512	0.15
	2005/06	1,641	–	1,641	0.04
Indonesia	2001/02	16,596	750	18,103	0.91
	2002/03	19,868	1,500	42,613	1.69
	2003/04	17,449	–	17,449	0.67
	2004/05	33,979	11,123	34,526	1.11
	2005/06	58,077	20,791	58,553	1.33
Korea	2001/02	2,119	2,117	2,119	0.11
	2002/03	–	–	–	0.00
	2003/04	712	712	712	0.03
	2004/05	712	712	712	0.02
	2005/06	–	–	–	0.00

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Laos ¹	2001/02	279	–	279	0.01
	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
Malaysia	2001/02	529	–	529	0.03
	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
Mongolia ¹	2001/02	542	239	542	0.03
	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
Philippines	2001/02	4,147	50	5,744	0.29
	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
Singapore	2001/02	83	–	83	0.00
	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
Thailand	2001/02	144	–	144	0.01
	2002/03	333	–	341	0.01
	2003/04	279	–	284	0.01
	2004/05	223	–	223	0.01
	2005/06	77	–	77	0.00
Vietnam ¹	2001/02	15,810	49	15,810	0.79
	2002/03	18,508	–	18,508	0.73
	2003/04	23,264	–	23,264	0.90
	2004/05	40,425	–	40,425	1.30
	2005/06	57,502	50	57,510	1.31
Total Far East Asia	2001/02	83,109	3,976	103,858	5.22
	2002/03	98,923	3,143	124,517	4.94
	2003/04	89,830	888	99,987	3.85
	2004/05	128,119	12,358	139,236	4.47
	2005/06	167,957	21,668	180,122	4.09
Asia: Central Asian Republics					
Kazakhstan	2001/02	612	–	612	0.03
	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
Kyrgyzstan ¹	2001/02	1,829	–	1,829	0.09
	2002/03	3,456	151	3,456	0.14
	2003/04	4,200	–	4,200	0.16
	2004/05	4,487	–	4,487	0.14
	2005/06	7,163	–	7,163	0.16
Tajikistan ¹	2001/02	1,978	1,907	1,978	0.10
	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
Turkmenistan	2001/02	59	–	77	0.00
	2002/03	161	–	188	0.01
	2003/04	36	–	356	0.01
	2004/05	28	–	45	0.00
	2005/06	20	–	22	0.00
Uzbekistan ¹	2001/02	397	–	481	0.02
	2002/03	490	–	785	0.03
	2003/04	559	–	559	0.02
	2004/05	613	–	613	0.02
	2005/06	277	–	277	0.01

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Total Central Asian	2001/02	4,875	1,907	4,977	0.25
Republics	2002/03	5,182	313	5,504	0.22
	2003/04	6,713	147	7,033	0.27
	2004/05	7,160	24	7,177	0.23
	2005/06	11,027	79	11,031	0.25
Asia regional	2001/02	6,439	66	6,439	0.32
	2002/03	11,333	158	11,333	0.45
	2003/04	8,386	148	10,398	0.40
	2004/05	46,091	36,690	51,741	1.66
	2005/06	22,284	6,607	30,598	0.70
TOTAL ASIA	2001/02	488,921	83,730	535,412	26.90
	2002/03	542,787	83,087	610,007	24.20
	2003/04	784,456	128,964	969,302	37.31
	2004/05	807,385	113,241	1,243,777	39.97
	2005/06	943,120	87,956	1,356,165	30.81

1. Low Income Country. (The classification of aid recipient countries by income groups is based on GNI per capita figures. 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	2001/02	4,178	624	4,178	0.21
	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
Armenia	2001/02	1,479	45	1,479	0.07
	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	372	3,887	0.09
Azerbaijan	2001/02	367	63	367	0.02
	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
Belarus	2001/02	61	-	61	0.00
	2002/03	57	-	57	0.00
	2003/04	49	-	49	0.00
	2004/05	128	-	128	0.00
	2005/06	29	-	29	0.00
Bosnia-Herzegovina	2001/02	3,547	582	3,547	0.18
	2002/03	6,647	-	6,647	0.26
	2003/04	6,754	-	6,754	0.26
	2004/05	5,224	-	5,224	0.17
	2005/06	3,282	-	3,282	0.07
Bulgaria	2001/02	3,762	2	3,891	0.20
	2002/03	3,548	1	3,731	0.15
	2003/04	1,868	-	1,931	0.07
	2004/05	1,175	-	1,457	0.05
	2005/06	168	50	168	0.00
Croatia	2001/02	1,401	387	1,457	0.07
	2002/03	1,605	321	1,605	0.06
	2003/04	1,222	-	1,222	0.05
	2004/05	984	-	988	0.03
	2005/06	674	-	674	0.02
Cyprus	2001/02	94	-	94	0.00
	2002/03	59	-	59	0.00
	2003/04	9	-	9	0.00
	2004/05	7	-	16	0.00
	2005/06	6	-	6	0.00
Czech Republic	2001/02	725	-	735	0.04
	2002/03	680	-	697	0.03
	2003/04	176	-	202	0.01
	2004/05	-	-	-	0.00
	2005/06	-	-	-	0.00
Estonia	2001/02	65	-	65	0.00
	2002/03	144	-	144	0.01
	2003/04	3	-	3	0.00
	2004/05	-	-	-	0.00
	2005/06	-	-	-	0.00
Georgia	2001/02	2,446	270	2,446	0.12
	2002/03	2,349	477	2,349	0.09
	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
Gibraltar	2001/02	23	-	23	0.00
	2002/03	6	-	6	0.00
	2003/04	5	-	5	0.00
	2004/05	1	-	1	0.00
	2005/06	2	-	2	0.00
Hungary	2001/02	1,264	-	1,271	0.06
	2002/03	1,306	-	1,376	0.05
	2003/04	81	-	84	0.00
	2004/05	-3	-	-3	0.00
	2005/06	-	-	-	0.00

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Latvia	2001/02	62	–	62	0.00
	2002/03	83	–	83	0.00
	2003/04	12	–	12	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Lithuania	2001/02	113	–	113	0.01
	2002/03	78	–	78	0.00
	2003/04	27	–	29	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Macedonia (FYR of)	2001/02	8,066	3,545	8,066	0.41
	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
Malta	2001/02	71	–	71	0.00
	2002/03	119	–	119	0.00
	2003/04	13	–	13	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Moldova ¹	2001/02	1,584	–	1,584	0.08
	2002/03	3,354	30	3,354	0.13
	2003/04	2,433	11	2,433	0.09
	2004/05	2,571	81	2,571	0.08
	2005/06	1,498	156	1,498	0.03
Poland	2001/02	2,527	–	2,547	0.13
	2002/03	1,487	–	1,487	0.06
	2003/04	63	–	63	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Romania	2001/02	5,396	–	5,396	0.27
	2002/03	6,137	50	6,157	0.24
	2003/04	4,470	–	4,513	0.17
	2004/05	4,240	–	4,240	0.14
	2005/06	826	75	826	0.02
Russian Federation	2001/02	25,213	2,772	25,213	1.27
	2002/03	26,773	2,751	26,773	1.06
	2003/04	24,455	3,139	24,455	0.94
	2004/05	15,133	1,374	15,133	0.49
	2005/06	5,684	299	5,684	0.13
Serbia & Montenegro (including Kosovo)	2001/02	11,618	487	11,645	0.59
	2002/03	6,088	-2	305,252	12.11
	2003/04	7,818	–	7,828	0.30
	2004/05	5,483	–	5,483	0.18
	2005/06	4,455	–	50,276	1.14
Slovak Republic	2001/02	2,181	–	2,188	0.11
	2002/03	3,051	–	3,051	0.12
	2003/04	234	–	234	0.01
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
Slovenia	2001/02	75	–	96	0.00
	2002/03	119	–	125	0.00
	2003/04	35	–	38	0.00
	2004/05	–	–	–	0.00
	2005/06	–	–	–	0.00
States of ex Yugoslavia	2001/02	3,112	1,817	3,112	0.16
	2002/03	879	9	879	0.03
	2003/04	62	-269	62	0.00
	2004/05	1,615	320	1,615	0.05
	2005/06	1,711	–	1,711	0.04
Turkey	2001/02	2,492	7	3,140	0.16
	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
Ukraine	2001/02	8,715	–	8,715	0.44
	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

		Total DFID Bilateral Programme	Of which Humanitarian Assistance	Total Bilateral Gross Public Expenditure	Percentage of Total Bilateral
Balkan Regional	2001/02	8	–	508	0.03
	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
Europe regional	2001/02	5,538	110	5,538	0.28
	2002/03	4,289	298	4,289	0.17
	2003/04	2,568	9	6,632	0.26
	2004/05	3,771	54	5,921	0.19
	2005/06	4,624	–	6,514	0.15
Total Europe	2001/02	96,183	10,710	97,609	4.90
	2002/03	84,502	4,138	384,240	15.25
	2003/04	70,440	4,130	74,871	2.88
	2004/05	59,858	3,346	62,344	2.00
	2005/06	42,054	1,627	90,194	2.05

1. Low Income Country. (The classification of aid recipient countries by income groups is based on GNI per capita figures. Low Income countries are based on those with a GNI per capita in 2004 of \$825 or less.)

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
Pacific ⁴	2001/02	4,469	–	6,885	0.35
	2002/03	4,572	183	5,362	0.21
	2003/04	4,484	150	4,484	0.17
	2004/05	3,272	–	3,272	0.11
	2005/06	3,823	–	3,823	0.09

4. No country breakdown is available as bilateral assistance to the Pacific is provided under a single regional programme.

Table A.4 DFID and GPEX Bilateral Expenditure by Broad Sector¹

£ thousand

	Total DFID Bilateral Programme	Total Bilateral Gross Public Expenditure
Economic	277,223 310 189 327,607 348,833 372,269	636,766 862,935 693,208 1,154,766 1,973,050
Education	101,043 125,373 173,827 210 661 230 628	101,043 125,373 173,827 210 661 230 628
Health	202,769 298,305 318,717 343,225 435,270	210 563 316,188 318,864 343,286 435,420
Governance	129,640 147,051 222,570 209,874 323,824	137,132 156,637 231,899 214,852 336,166
Social	128,053 151,738 169,077 169,866 259,230	128,053 151,738 169,077 173,835 259,230
Humanitarian Assistance	199,866 301,458 300 261 321,156 389,289	199,866 301,458 328,261 355,826 419,339
Rural Livelihoods	126,168 141,826 117,252 121,434 112,214	131,614 182,509 134,956 143,527 116,760
Environment	39,908 39,644 38,266 49,184 46,831	39,908 39,644 38,266 49,184 46,831
Total Allocable	1,204,670 1,515,584 1,667,577 1,774,233 2,169,555	1,584,944 2,136,481 2,088,358 2,645,937 3,817,423
General Poverty Reduction Budget Support ²	245,500 184,500 268,750 306,150 328,817	245,500 184,500 268,750 306,150 328,817
Unallocable	60 974 95,315 24,531 31,202 6,080	159,588 199,264 240 847 159,627 255,499
TOTAL	1,511,144 1,795,399 1,960 858 2,111,585 2,504,452	1,990 032 2,520 245 2,597,955 3,111,714 4,401,739

1. Since October 2002 projects can be classified by up to 6 sectors.

2. DFID is currently reviewing its method of attributing sector codes to General Poverty Reduction Budget Support

Table A.5.1 UK Net Official Development Assistance (ODA) and UK Net Multilateral ODA £ thousand

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA	Percentage of Gross National Income
TOTAL UK NET BILATERAL ODA	2001	1,820,267	100	0.18
	2002	2,336,509	100	0.22
	2003	2,364,709	100	0.21
	2004	2,913,340	100	0.24
	2005	4,491,049	100	0.36
Unspecified region	2001	394,619	21.68	
	2002	516,398	22.10	
	2003	581,811	24.60	
	2004	629,618	21.61	
	2005	670,737	14.93	
Total Africa	2001	836,104	45.93	
	2002	698,192	29.88	
	2003	923,585	39.06	
	2004	1,327,317	45.56	
	2005	2,087,987	46.49	
Total Americas	2001	121,884	6.70	
	2002	188,300	8.06	
	2003	83,195	3.52	
	2004	67,536	2.32	
	2005	72,696	1.62	
Total Asia	2001	419,135	16.93	
	2002	600,583	19.07	
	2003	747,796	22.32	
	2004	865,977	20.79	
	2005	1,578,314	35.14	
Total Europe	2001	45,484	2.50	
	2002	327,985	14.04	
	2003	28,232	1.19	
	2004	25,168	0.86	
	2005	77,135	1.72	
Pacific	2001	3,034	0.17	
	2002	5,119	0.22	
	2003	80	0.00	
	2004	-2,259	n/a	
	2005	4,159	0.09	
Low income countries (GNI, per capita below \$825 in 2004) ¹	2001	1,056,287	58.03	
	2002	1,066,127	45.63	
	2003	1,325,056	56.03	
	2004	1,784,232	61.24	
	2005	2,725,360	60.68	

1. Low Income Country. (The classification of aid recipient countries by income groups is based on GNI per capita figures. Low Income countries are based on those with a GNI per capita in 2004 of \$825 or less.)

NB: 2005 ODA figures have been finalised so these may differ to the provisional figures published in the 2006 edition of Statistics in International Development.

		UK Net Multilateral ODA	Percentage of Gross National Income
TOTAL UK NET MULTILATERAL ODA	2001	1,358,926	0.14
	2002	945,564	0.09
	2003	1,482,473	0.13
	2004	1,388,244	0.12
	2005	1,432,020	0.11

NB: 2005 ODA figures have been finalised so these may differ from the provisional figures published in the 2006 edition of Statistics in International Development.

**Table A.5.2 UK Net Bilateral Official Development Assistance (ODA)
by Recipient Country (Africa)**

£ thousand

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Africa: North of Sahara			
Algeria	2001	153	0.01
	2002	–	–
	2003	478	0.02
	2004	11	0.00
	2005	–	–
Egypt	2001	2,472	0.14
	2002	8,118	0.35
	2003	2,168	0.09
	2004	41,882	1.44
	2005	3,400	0.08
Morocco	2001	132	0.01
	2002	–	–
	2003	–	–
	2004	71	0.00
	2005	–	–
Tunisia	2001	35	0.00
	2002	–	–
	2003	–	–
	2004	–	–
	2005	11,679	0.26
North Africa regional	2001	35	0.00
	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
Total North of Sahara			
	2001	2,826	0.16
	2002	8,118	0.35
	2003	2,646	0.11
	2004	41,964	1.44
	2005	15,078	0.34
Africa: South of Sahara			
Angola	2001	5,457	0.30
	2002	6,818	0.29
	2003	8,439	0.36
	2004	8,229	0.28
	2005	7,729	0.17
Benin ¹	2001	49	0.00
	2002	40	0.00
	2003	12,940	0.55
	2004	–	–
	2005	–	–
Botswana	2001	1,909	0.10
	2002	1,440	0.06
	2003	698	0.03
	2004	251	0.01
	2005	138	0.00
Burkina Faso ¹	2001	1,208	0.07
	2002	200	0.01
	2003	67	0.00
	2004	3,531	0.12
	2005	1,419	0.03
Burundi ¹	2001	1,173	0.06
	2002	793	0.03
	2003	2,150	0.09
	2004	5,162	0.18
	2005	8,130	0.18
Cameroon ¹	2001	7,436	0.41
	2002	28,999	1.24
	2003	10,993	0.46
	2004	16,387	0.56
	2005	2,541	0.06
Central African Republic ¹	2001	–	–
	2002	293	0.01
	2003	–	–
	2004	–	–
	2005	–	–

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Chad ¹	2001	160	0.01
	2002	–	–
	2003	998	0.04
	2004	4,398	0.15
	2005	-402	n/a
Congo ¹	2001	–	–
	2002	213	0.01
	2003	2,431	0.10
	2004	2,658	0.09
	2005	319	0.01
Congo (Dem Rep) ¹	2001	11,831	0.65
	2002	9,951	0.43
	2003	13,877	0.59
	2004	164,239	5.64
	2005	42,671	0.95
Cote d'Ivoire ¹	2001	840	0.05
	2002	7,811	0.33
	2003	1,311	0.06
	2004	3,209	0.11
	2005	1,689	0.04
Djibouti	2001	–	–
	2002	13	0.00
	2003	–	–
	2004	–	–
	2005	–	–
Eritrea ¹	2001	3,381	0.19
	2002	800	0.03
	2003	2,670	0.11
	2004	2,750	0.09
	2005	1,689	0.04
Ethiopia ¹	2001	19,170	1.05
	2002	29,099	1.25
	2003	38,532	1.63
	2004	80,289	2.76
	2005	41,522	0.92
Gabon	2001	–	–
	2002	153	0.01
	2003	–	–
	2004	–	–
	2005	–	–
Gambia ¹	2001	2,618	0.14
	2002	1,153	0.05
	2003	570	0.02
	2004	267	0.01
	2005	831	0.02
Ghana ¹	2001	67,930	3.73
	2002	82,439	3.53
	2003	80,378	3.40
	2004	143,808	4.94
	2005	65,869	1.47
Guinea ¹	2001	757	0.04
	2002	1,773	0.08
	2003	1,292	0.05
	2004	1,730	0.06
	2005	809	0.02
Guinea-Bissau ¹	2001	21	0.00
	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
Kenya ¹	2001	38,270	2.10
	2002	36,251	1.55
	2003	48,631	2.06
	2004	24,999	0.86
	2005	47,463	1.06
Lesotho ¹	2001	2,854	0.16
	2002	1,153	0.05
	2003	3,142	0.13
	2004	3,951	0.14
	2005	4,197	0.09

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Liberia ¹	2001	812	0.04
	2002	1,900	0.08
	2003	4,673	0.20
	2004	8,982	0.31
	2005	4,148	0.09
Madagascar ¹	2001	1,736	0.10
	2002	473	0.02
	2003	3,099	0.13
	2004	14,990	0.51
	2005	7,399	0.16
Malawi ¹	2001	46,164	2.54
	2002	33,452	1.43
	2003	68,019	2.88
	2004	65,211	2.24
	2005	56,088	1.25
Mali ¹	2001	792	0.04
	2002	4,559	0.20
	2003	129	0.01
	2004	202	0.01
	2005	721	0.02
Mauritania ¹	2001	715	0.04
	2002	12,910	0.55
	2003	998	0.04
	2004	278	0.01
	2005	–	–
Mauritius	2001	1,604	0.09
	2002	160	0.01
	2003	-741	n/a
	2004	87	0.00
	2005	-440	n/a
Mozambique ¹	2001	128,550	7.06
	2002	31,979	1.37
	2003	38,808	1.64
	2004	35,973	1.23
	2005	44,470	0.99
Namibia	2001	2,402	0.13
	2002	2,000	0.09
	2003	1,782	0.08
	2004	1,490	0.05
	2005	710	0.02
Niger ¹	2001	361	0.02
	2002	393	0.02
	2003	269	0.01
	2004	4,568	0.16
	2005	4,379	0.10
Nigeria ¹	2001	22,766	1.25
	2002	27,800	1.19
	2003	26,082	1.10
	2004	68,807	2.36
	2005	1,210,710	26.96
Rwanda ¹	2001	25,522	1.40
	2002	35,078	1.50
	2003	26,260	1.11
	2004	31,749	1.09
	2005	45,081	1.00
Senegal ¹	2001	667	0.04
	2002	380	0.02
	2003	410	0.02
	2004	4,960	0.17
	2005	3,801	0.08
Seychelles	2001	62	0.00
	2002	20	0.00
	2003	31	0.00
	2004	11	0.00
	2005	11	0.00
Sierra Leone ¹	2001	35,500	1.95
	2002	36,198	1.55
	2003	33,639	1.42
	2004	33,250	1.14
	2005	33,331	0.74

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Somalia ¹	2001	2,486	0.14
	2002	2,039	0.09
	2003	2,168	0.09
	2004	6,417	0.22
	2005	5,870	0.13
South Africa	2001	28,994	1.59
	2002	31,292	1.34
	2003	75,270	3.18
	2004	47,509	1.63
	2005	38,650	0.86
St Helena & Dependencies	2001	10,095	0.55
	2002	8,918	0.38
	2003	10,772	0.46
	2004	14,221	0.49
	2005	12,350	0.27
Sudan ¹	2001	6,901	0.38
	2002	8,998	0.39
	2003	20,221	0.86
	2004	63,612	2.18
	2005	108,073	2.41
Swaziland	2001	-2,222	n/a
	2002	-933	n/a
	2003	851	0.04
	2004	780	0.03
	2005	-5,132	n/a
Tanzania ¹	2001	201,396	11.06
	2002	68,803	2.94
	2003	174,822	7.39
	2004	117,669	4.04
	2005	118,772	2.64
Togo ¹	2001	361	0.02
	2002	320	0.01
	2003	257	0.01
	2004	158	0.01
	2005	468	0.01
Uganda ¹	2001	57,085	3.14
	2002	55,973	2.40
	2003	64,088	2.71
	2004	58,739	2.02
	2005	30,602	0.68
Zambia ¹	2001	38,714	2.13
	2002	18,749	0.80
	2003	40,351	1.71
	2004	154,188	5.29
	2005	91,168	2.03
Zimbabwe ¹	2001	12,546	0.69
	2002	19,142	0.82
	2003	36,070	1.53
	2004	27,099	0.93
	2005	25,019	0.56
South of Sahara regional	2001	9,137	0.50
	2002	33,278	1.42
	2003	27,889	1.18
	2004	9,151	0.31
	2005	8,472	0.19
Total South of Sahara	2001	798,209	43.85
	2002	643,272	27.53
	2003	885,334	37.44
	2004	1,235,961	42.42
	2005	2,071,330	46.12
Africa regional	2001	35,069	1.93
	2002	46,802	2.00
	2003	35,605	1.51
	2004	49,391	1.70
	2005	1,579	0.04
TOTAL AFRICA	2001	836,104	45.93
	2002	698,192	29.88
	2003	923,585	39.06
	2004	1,327,317	45.56
	2005	2,087,987	46.49

1. Low Income Country. (The classification of aid recipient countries by income groups is based on GNI per capita figures. Low Income countries are based on those with a GNI per capita in 2004 of \$825 or less.)

2. Percentages are not appropriate when Net ODA is negative so n/a is shown.

NB: 2005 ODA figures have been finalised so these may differ to the provisional figures published in the 2006 edition of Statistics in International Development.

**Table A.5.3 UK Net Bilateral Official Development Assistance (ODA)
by Recipient Country (Americas)**

£ thousand

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
North and Central America			
Costa Rica	2001	965	0.05
	2002	-73	n/a
	2003	11,832	0.50
	2004	-8,698	n/a
	2005	3,251	0.07
Cuba	2001	2,208	0.12
	2002	400	0.02
	2003	-1,488	n/a
	2004	1,812	0.06
	2005	4,967	0.11
El Salvador	2001	2,118	0.12
	2002	7,371	0.32
	2003	1,439	0.06
	2004	98	0.00
	2005	11	0.00
Guatemala	2001	403	0.02
	2002	380	0.02
	2003	92	0.00
	2004	-169	n/a
	2005	39	0.00
Haiti ¹	2001	132	0.01
	2002	120	0.01
	2003	190	0.01
	2004	1,921	0.07
	2005	748	0.02
Honduras	2001	812	0.04
	2002	1,260	0.05
	2003	3,191	0.13
	2004	671	0.02
	2005	16,630	0.37
Mexico	2001	903	0.05
	2002	1,733	0.07
	2003	-2,229	n/a
	2004	82	0.00
	2005	-5,319	n/a
Nicaragua ¹	2001	660	0.04
	2002	240	0.01
	2003	1,672	0.07
	2004	7,312	0.25
	2005	3,378	0.08
Panama	2001	222	0.01
	2002	120	0.01
	2003	31	0.00
	2004	22	0.00
	2005	28	0.00
Central America regional	2001	14	0.00
	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
Total North and Central America	2001	8,436	0.46
	2002	11,550	0.49
	2003	14,728	0.62
	2004	3,050	0.10
	2005	23,731	0.53
Caribbean			
Anguilla	2001	2,083	0.11
	2002	1,200	0.05
	2003	1,102	0.05
	2004	742	0.03
	2005	1,502	0.03
Antigua & Barbuda	2001	736	0.04
	2002	1,553	0.07
	2003	147	0.01
	2004	38	0.00
	2005	–	–

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Barbados	2001	181	0.01
	2002	800	0.03
	2003	129	0.01
	2004	180	0.01
	2005	1,342	0.03
Belize	2001	4,770	0.26
	2002	7,778	0.33
	2003	410	0.02
	2004	229	0.01
	2005	1,095	n/a
Dominica	2001	618	0.03
	2002	1,313	0.06
	2003	631	0.03
	2004	-1,981	n/a
	2005	490	0.01
Dominican Republic	2001	-597	n/a
	2002	17,289	0.74
	2003	122	0.01
	2004	87	0.00
	2005	281	0.01
Grenada	2001	347	0.02
	2002	520	0.02
	2003	447	0.02
	2004	409	0.01
	2005	5,941	0.13
Guyana	2001	12,588	0.69
	2002	9,911	0.42
	2003	5,769	0.24
	2004	11,072	0.38
	2005	6,651	0.15
Jamaica	2001	4,624	0.25
	2002	4,912	0.21
	2003	5,199	0.22
	2004	4,082	0.14
	2005	12,729	0.28
Montserrat	2001	22,634	1.24
	2002	30,132	1.29
	2003	22,132	0.94
	2004	20,322	0.70
	2005	13,841	0.31
St Kitts – Nevis	2001	-	-
	2002	-	-
	2003	49	0.00
	2004	-	-
	2005	-	-
St. Lucia	2001	-347	n/a
	2002	-440	n/a
	2003	122	0.01
	2004	-15,050	n/a
	2005	88	0.00
St. Vincent & Grenadines	2001	42	0.00
	2002	60	0.00
	2003	61	0.00
	2004	11	0.00
	2005	88	0.00
Trinidad and Tobago	2001	215	0.01
	2002	133	0.01
	2003	159	0.01
	2004	191	0.01
	2005	61	0.00
Turks and Caicos Islands	2001	3,374	0.19
	2002	1,653	0.07
	2003	680	0.03
	2004	600	0.02
	2005	1,040	0.02
Caribbean regional	2001	8,318	0.46
	2002	6,198	0.27
	2003	4,820	0.20
	2004	6,052	0.21
	2005	5,061	0.11

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Total Caribbean	2001	59,585	3.27
	2002	83,013	3.55
	2003	41,980	1.78
	2004	26,985	0.93
	2005	50,208	1.12
South America			
Argentine Republic	2001	21	0.00
	2002	–	–
	2003	–	–
	2004	–	–
	2005	–	–
Bolivia	2001	31,646	1.74
	2002	9,458	0.40
	2003	8,022	0.34
	2004	27,738	0.95
	2005	-13,362	n/a
Brazil	2001	8,408	0.46
	2002	11,077	0.47
	2003	8,267	0.35
	2004	6,030	0.21
	2005	3,598	0.08
Chile	2001	–	–
	2002	193	0.01
	2003	257	0.01
	2004	578	0.02
	2005	578	0.01
Colombia	2001	1,812	0.10
	2002	2,099	0.09
	2003	1,721	0.07
	2004	1,102	0.04
	2005	688	0.02
Ecuador	2001	680	0.04
	2002	413	0.02
	2003	251	0.01
	2004	-8,060	n/a
	2005	171	0.00
Paraguay	2001	35	0.00
	2002	-153	n/a
	2003	-220	n/a
	2004	-278	n/a
	2005	-121	0.00
Peru	2001	5,186	0.28
	2002	56,273	2.41
	2003	1,641	0.07
	2004	2,870	0.10
	2005	1,832	0.04
Uruguay	2001	–	–
	2002	13	0.00
	2003	–	–
	2004	–	–
	2005	–	–
Venezuela	2001	42	0.00
	2002	73	0.00
	2003	80	0.00
	2004	229	0.01
	2005	83	0.00
Total South America	2001	47,830	2.63
	2002	79,447	3.40
	2003	20,019	0.85
	2004	30,210	1.04
	2005	-6,535	n/a
Americas regional	2001	6,033	0.33
	2002	14,290	0.61
	2003	6,467	0.27
	2004	7,291	0.25
	2005	5,292	0.12
TOTAL AMERICAS	2001	121,884	6.70
	2002	188,300	8.06
	2003	83,195	3.52
	2004	67,536	2.32
	2005	72,696	1.62

1. Low Income Country. (The classification of aid recipient countries by income groups is based on GNI per capita figures. Low Income countries are based on those with a GNI per capita in 2004 of \$825 or less.)

2. Percentages are not appropriate when Net ODA is negative so n/a is shown.

NB: 2005 ODA figures have been finalised so these may differ to the provisional figures published in the 2006 edition of Statistics in International Development.

**Table A.5.4 UK Net Bilateral Official Development Assistance (ODA)
by Recipient Country (Asia)**

£ thousand

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Asia: Middle East			
Iran	2001	1,701	0.09
	2002	1,880	0.08
	2003	680	0.03
	2004	2,619	0.09
	2005	391	0.01
Iraq	2001	8,769	0.48
	2002	9,158	0.39
	2003	110,220	4.66
	2004	150,122	5.15
	2005	724,768	16.14
Jordan	2001	5,929	0.33
	2002	3,313	0.14
	2003	2,358	0.10
	2004	2,538	0.09
	2005	3,328	0.07
Lebanon	2001	250	0.01
	2002	140	0.01
	2003	178	0.01
	2004	158	0.01
	2005	303	0.01
Oman	2001	21	0.00
	2002	–	n/a
	2003	–	n/a
	2004	–	n/a
	2005	–	n/a
Syria	2001	56	0.00
	2002	80	0.00
	2003	18	0.00
	2004	71	0.00
	2005	83	0.00
West Bank & Gaza	2001	11,810	0.65
	2002	15,843	0.68
	2003	19,052	0.81
	2004	16,071	0.55
	2005	12,938	0.29
Yemen ¹	2001	2,312	0.13
	2002	5,179	0.22
	2003	1,758	0.07
	2004	6,909	0.24
	2005	11,162	0.25
Middle East regional	2001	104	0.01
	2002	93	0.00
	2003	178	0.01
	2004	1,970	0.07
	2005	1,380	0.03
Total Middle East	2001	30,952	1.70
	2002	35,684	1.53
	2003	134,440	5.69
	2004	180,458	6.19
	2005	754,352	16.80
Asia: South			
Afghanistan ¹	2001	24,606	1.35
	2002	87,178	3.73
	2003	60,389	2.55
	2004	122,242	4.20
	2005	120,978	2.69
Bangladesh ¹	2001	86,420	4.75
	2002	67,863	2.90
	2003	159,512	6.75
	2004	137,909	4.73
	2005	111,819	2.49
Bhutan ¹	2001	–	n/a
	2002	–	n/a
	2003	-12	n/a
	2004	–	n/a
	2005	–	n/a

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Burma ¹	2001	1,173	0.06
	2002	4,299	0.18
	2003	6,792	0.29
	2004	6,537	0.22
	2005	5,820	0.13
India ¹	2001	120,725	6.63
	2002	229,089	9.80
	2003	202,019	8.54
	2004	201,991	6.93
	2005	318,640	7.10
Maldives	2001	236	0.01
	2002	260	0.01
	2003	208	0.01
	2004	202	0.01
	2005	1,012	0.02
Nepal ¹	2001	23,016	1.26
	2002	24,607	1.05
	2003	32,518	1.38
	2004	35,902	1.23
	2005	33,903	0.75
Pakistan ¹	2001	19,017	1.04
	2002	44,589	1.91
	2003	68,662	2.90
	2004	49,571	1.70
	2005	34,722	0.77
Sri Lanka	2001	10,428	0.57
	2002	5,119	0.22
	2003	5,677	0.24
	2004	9,179	0.32
	2005	7,547	0.17
Total South Asia	2001	285,621	15.69
	2002	463,004	19.82
	2003	535,764	22.66
	2004	563,533	19.34
	2005	634,441	14.13
Asia: Far East			
Cambodia ¹	2001	8,137	0.45
	2002	8,798	0.38
	2003	9,192	0.39
	2004	9,610	0.33
	2005	11,811	0.26
China	2001	35,215	1.93
	2002	24,081	1.03
	2003	29,022	1.23
	2004	39,372	1.35
	2005	30,520	0.68
East Timor ¹	2001	6,068	0.33
	2002	7,052	0.30
	2003	-7,771	n/a
	2004	218	0.01
	2005	600	0.01
Indonesia	2001	16,274	0.89
	2002	21,141	0.90
	2003	4,520	0.19
	2004	4,611	0.16
	2005	13,252	0.30
Korea	2001	792	0.04
	2002	2,000	0.09
	2003	22,763	0.96
	2004	20,387	0.70
	2005	-	-
Laos ¹	2001	757	0.04
	2002	693	0.03
	2003	202	0.01
	2004	1,222	0.04
	2005	132	0.00
Malaysia	2001	35	0.00
	2002	-73	n/a
	2003	331	0.01
	2004	289	0.01
	2005	721	0.02

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Mongolia ¹	2001	1,451	0.08
	2002	380	0.02
	2003	-202	n/a
	2004	4,022	0.14
	2005	149	0.00
Philippines	2001	4,145	0.23
	2002	853	0.04
	2003	343	0.01
	2004	191	0.01
	2005	3,510	0.08
Thailand	2001	-104	n/a
	2002	193	0.01
	2003	-17,049	n/a
	2004	-10,728	n/a
	2005	160	0.00
Vietnam ¹	2001	16,455	0.90
	2002	17,642	0.76
	2003	21,183	0.90
	2004	36,928	1.27
	2005	53,151	1.18
Total Far East Asia	2001	89,224	4.90
	2002	82,759	3.54
	2003	62,532	2.64
	2004	106,122	3.64
	2005	114,003	2.54
Asia: Central Asian Republics			
Kazakhstan	2001	590	0.03
	2002	753	0.03
	2003	1,151	0.05
	2004	960	0.03
	2005	908	0.02
Kyrgyzstan ¹	2001	1,659	0.09
	2002	2,979	0.13
	2003	4,330	0.18
	2004	3,432	0.12
	2005	5,149	0.11
Tajikistan ¹	2001	646	0.04
	2002	2,179	0.09
	2003	668	0.03
	2004	829	0.03
	2005	2,420	0.05
Turkmenistan	2001	83	0.00
	2002	160	0.01
	2003	410	0.02
	2004	60	0.00
	2005	28	0.00
Uzbekistan ¹	2001	528	0.03
	2002	913	0.04
	2003	361	0.02
	2004	791	0.03
	2005	303	0.01
Total Central Asian Republics	2001	3,506	0.19
	2002	6,985	0.30
	2003	6,920	0.29
	2004	6,074	0.21
	2005	8,807	0.20
Asia regional	2001	9,831	0.54
	2002	12,150	0.52
	2003	8,139	0.34
	2004	9,790	0.34
	2005	66,711	1.49
TOTAL ASIA	2001	419,135	23.03
	2002	600,583	25.70
	2003	747,796	31.62
	2004	865,977	29.72
	2005	1,578,314	35.14

1. Low Income Country. (The classification of aid recipient countries by income groups is based on GNI per capita figures. Low Income countries are based on those with a GNI per capita in 2004 of \$825 or less.)

2. Percentages are not appropriate when Net ODA is negative so n/a is shown.

NB: 2005 ODA figures have been finalised so these may differ to the provisional figures published in the 2006 edition of Statistics in International Development.

**Table A.5.5 UK Net Bilateral Official Development Assistance (ODA)
by Recipient Country (Europe)**

£ thousand

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Europe			
Albania	2001	3,687	0.20
	2002	3,233	0.14
	2003	2,762	0.12
	2004	2,199	0.08
	2005	2,079	0.05
Armenia	2001	1,652	0.09
	2002	1,113	0.05
	2003	1,929	0.08
	2004	3,580	0.12
	2005	3,422	0.08
Azerbaijan	2001	798	0.04
	2002	313	0.01
	2003	178	0.01
	2004	87	0.00
	2005	22	0.00
Belarus	2001	n/a	n/a
	2002	n/a	n/a
	2003	n/a	n/a
	2004	n/a	n/a
	2005	61	0.00
Bosnia-Herzegovina	2001	4,256	0.23
	2002	4,852	0.21
	2003	7,728	0.33
	2004	5,992	0.21
	2005	3,609	0.08
Croatia	2001	1,708	0.09
	2002	1,400	0.06
	2003	1,010	0.04
	2004	1,261	0.04
	2005	1,001	0.02
Georgia	2001	3,951	0.22
	2002	2,579	0.11
	2003	2,088	0.09
	2004	1,703	0.06
	2005	1,837	0.04
Macedonia (FYR of)	2001	5,103	0.28
	2002	5,092	0.22
	2003	1,329	0.06
	2004	1,632	0.06
	2005	1,529	0.03
Malta	2001	118	0.01
	2002	60	0.00
	2003	n/a	n/a
	2004	n/a	n/a
	2005	n/a	n/a
Moldova ¹	2001	1,757	0.10
	2002	2,213	0.09
	2003	3,252	0.14
	2004	2,652	0.09
	2005	1,628	0.04
Serbia & Montenegro (including Kosovo)	2001	11,817	0.65
	2002	306,417	13.11
	2003	8,378	0.35
	2004	5,261	0.18
	2005	51,159	1.14
Slovenia	2001	132	0.01
	2002	140	0.01
	2003	n/a	n/a
	2004	n/a	n/a
	2005	n/a	n/a
States of ex Yugoslavia	2001	9,179	0.50
	2002	1,013	0.04
	2003	110	0.00
	2004	939	0.03
	2005	2,167	0.05

		UK Net Bilateral ODA	Percentage of Total Net Bilateral ODA ²
Turkey	2001	-153	n/a
	2002	-473	n/a
	2003	-1,133	n/a
	2004	-2,019	n/a
	2005	-589	n/a
Ukraine	2001	n/a	n/a
	2002	n/a	n/a
	2003	n/a	n/a
	2004	n/a	n/a
	2005	5,919	0.13
Europe regional	2001	1,479	0.08
	2002	33	0.00
	2003	600	0.03
	2004	1,883	0.06
	2005	3,290	0.07
TOTAL EUROPE	2001	45,484	2.50
	2002	327,985	14.04
	2003	28,232	1.19
	2004	25,168	0.86
	2005	77,135	1.72

1. Low Income Country. (The classification of aid recipient countries by income groups is based on GNI per capita figures. Low Income countries are based on those with a GNI per capita in 2004 of \$825 or less.)

2. Percentages are not appropriate when Net ODA is negative so n/a is shown.

NB: 2005 ODA figures have been finalised so these may differ to the provisional figures published in the 2006 edition of Statistics in International Development.

**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 ²
PACIFIC	2001	3,034	0.17
	2002	5,119	0.22
	2003	80	0.00
	2004	-2,259	n/a
	2005	4,159	0.09

2. Percentages are not appropriate when Net ODA is negative so n/a is shown.

NB: 2005 ODA figures have been finalised so these may differ to the provisional figures published in the 2006 edition of Statistics in International Development.

Table A.6 Imputed UK Share of Multilateral Net ODA by country^{1,2,3}

£ millions

Country	2001	2002	2003	2004	2005
Afghanistan	7.1	23.3	36.8	27.7	39.9
Albania	12.0	4.0	12.3	6.1	9.4
Algeria	13.1	7.0	6.6	7.2	5.6
Angola	7.1	6.4	6.9	6.9	10.2
Antigua & Barbuda	0.1	0.4	0.5	0.3	0.0
Argentina	17.1	0.7	0.8	1.1	0.9
Armenia	6.4	4.8	13.4	5.0	4.6
Azerbaijan	5.0	3.8	14.5	2.5	6.2
Bahrain	0.0	0.0	0.0	0.0	n/a ⁵
Bangladesh	35.7	7.6	71.6	20.5	40.6
Barbados	-0.2	0.1	1.3	1.8	-0.5
Belarus	n/a ⁵	n/a ⁵	n/a ⁵	n/a ⁵	0.7
Belize	0.6	1.1	0.7	0.7	0.1
Benin	9.5	2.6	8.0	10.1	7.6
Bhutan	1.2	1.1	1.9	0.9	1.3
Bolivia	11.8	1.8	25.6	6.6	8.2
Bosnia-Herzegovina	26.3	17.5	22.2	17.7	19.2
Botswana	0.2	0.1	0.0	1.0	1.5
Brazil	10.7	2.3	2.8	1.5	2.0
Burkina Faso	11.1	8.9	23.1	12.8	18.4
Burundi	6.2	3.9	8.5	6.7	10.8
Cambodia	10.2	7.5	15.1	5.8	6.0
Cameroon	9.5	7.6	12.7	9.8	5.4
Cape Verde	2.1	1.9	4.9	2.7	3.3
Central African Rep.	1.2	1.0	0.9	3.2	1.8
Chad	7.0	5.7	16.4	6.8	12.1
Chile	1.3	0.8	1.3	2.1	2.5
China	26.3	5.8	8.3	5.4	-0.7
Colombia	2.3	2.6	3.9	4.5	5.2
Comoros	1.4	0.3	1.4	0.6	0.5
Congo Dem.Rep. (Zaire)	5.6	30.2	38.7	29.0	51.0
Congo, Rep.	3.5	0.9	3.8	2.2	4.8
Cook Islands	0.0	0.0	0.1	0.1	-
Costa Rica	0.5	0.3	0.4	1.0	0.4
Cote d'Ivoire	4.8	3.9	1.0	2.8	1.9
Croatia	2.1	2.7	3.3	2.8	4.9
Cuba	1.3	0.7	0.6	0.8	0.6
Djibouti	1.8	1.0	4.3	1.1	1.3
Dominica	0.6	1.9	1.5	3.1	0.3
Dominican Republic	1.4	2.0	1.7	1.4	2.3
Ecuador	1.1	1.5	1.9	2.0	3.3
Egypt	11.2	6.4	7.3	20.4	19.1
El Salvador	2.2	3.2	3.9	2.5	3.9
Equatorial Guinea	0.3	0.5	0.1	0.4	0.5
Eritrea	10.0	2.6	12.5	4.0	8.1
Ethiopia	53.2	18.6	49.4	26.2	37.3
Fiji	0.0	0.1	0.5	1.7	1.5
FYROM-Macedonia	9.1	8.9	9.6	8.0	5.0
Gabon	1.3	1.7	2.2	1.1	1.5
Gambia	1.8	1.4	2.9	1.6	2.1
Georgia	10.4	2.4	7.6	5.5	8.0
Ghana	19.5	9.6	46.1	15.9	31.6
Grenada	0.1	0.6	0.8	0.7	1.1
Guatemala	2.9	5.3	3.6	2.7	3.3
Guinea	9.5	4.9	8.4	4.7	4.1
Guinea-Bissau	2.4	2.1	3.7	2.0	2.5
Guyana	0.9	0.8	5.4	4.7	2.1
Haiti	2.2	1.7	1.5	3.1	6.7
Honduras	12.8	2.9	7.9	8.2	13.8
India	67.7	17.2	63.0	27.3	63.5
Indonesia	7.5	4.7	15.1	9.4	12.5
Iran	1.0	1.4	1.3	2.2	1.3
Iraq	1.8	1.9	7.1	13.6	4.5
Jamaica	3.7	4.7	1.4	5.9	1.4
Jordan	14.4	14.9	11.6	16.9	12.1
Kazakstan	1.3	1.1	1.1	1.5	1.1
Kenya	14.7	3.6	18.3	9.4	10.3
Kiribati	0.1	0.1	0.4	0.4	0.3
Korea, Dem. Rep.	5.5	8.2	3.8	3.3	2.6
Kyrgyz Republic	7.0	2.8	7.3	5.0	4.6
Laos	5.7	3.0	9.2	3.3	4.8
Lebanon	6.4	7.2	10.2	14.2	9.7
Lesotho	2.0	1.9	3.9	2.5	1.5
Liberia	1.3	1.4	1.8	2.8	5.3
Libya	n/a ⁵	n/a ⁵	n/a ⁵	n/a ⁵	0.2
Madagascar	16.3	5.7	34.0	21.1	27.4
Malawi	16.1	6.0	17.7	9.2	14.8
Malaysia	0.2	0.1	0.2	0.1	0.4
Maldives	0.3	0.3	0.7	0.3	1.2
Mali	9.7	4.4	25.2	13.1	18.8
Malta	0.4	1.4	n/a ⁵	n/a ⁵	n/a ⁵
Marshall Islands	0.3	0.2	0.3	0.1	0.0
Mauritania	15.4	11.4	9.5	5.1	4.8
Mauritius	0.3	1.6	0.1	1.0	0.5

Country	2001	2002	2003	2004	2005
Mayotte	0.1	0.0	0.0	0.0	0.0
Mexico	3.4	1.3	1.2	2.1	1.1
Micronesia	0.1	0.1	0.2	0.0	0.0
Moldova	2.5	2.3	3.4	1.7	5.8
Mongolia	4.4	1.2	6.6	3.2	2.0
Montserrat	0.0	-0.4	-0.2	0.4	0.1
Morocco	17.8	16.9	16.6	21.8	26.4
Mozambique	15.4	16.5	31.4	23.7	31.6
Myanmar (Burma)	2.3	2.2	2.1	2.1	3.4
Namibia	2.4	3.5	2.2	1.6	1.1
Nauru	0.0	-	0.0	0.0	0.0
Nepal	7.5	2.9	14.6	4.3	3.6
Nicaragua	10.4	4.9	23.3	9.8	9.8
Niger	10.9	6.2	18.7	11.0	14.5
Nigeria	4.2	4.3	9.4	10.4	31.1
Niue	0.0	0.0	0.0	0.0	0.1
Oman	0.1	0.1	0.1	0.0	0.1
Pakistan	63.9	28.3	34.4	27.7	44.0
Palau	0.0	0.0	0.0	0.0	0.0
Palestinian adm.areas	38.2	42.7	40.8	53.3	44.5
Panama	0.7	0.3	0.4	0.4	0.8
Papua New Guinea	0.2	0.6	-0.1	1.0	1.2
Paraguay	1.1	1.5	0.6	0.5	0.4
Peru	3.2	2.7	5.2	2.5	6.3
Philippines	5.7	3.2	1.4	2.1	2.7
Rwanda	10.9	4.7	9.2	10.6	17.5
Samoa	1.2	0.5	0.5	0.3	0.9
Sao Tome & Principe	1.2	0.3	0.6	0.6	0.8
Saudi Arabia	0.1	0.1	0.1	0.1	0.1
Senegal	14.7	5.6	15.6	12.6	16.6
Serbia & Montenegro	81.3	0.2	51.1	40.6	21.9
Seychelles	0.4	0.3	0.2	0.1	0.2
Sierra Leone	12.0	4.3	6.8	9.1	11.7
Slovenia	16.2	6.4	n/a ⁵	n/a ⁵	n/a ⁵
Solomon Islands	3.0	0.4	0.3	0.3	1.7
Somalia	3.0	2.8	3.9	3.4	5.2
South Africa	9.6	10.3	11.5	11.0	13.7
Sri Lanka	3.1	2.3	34.4	6.1	10.7
St. Helena	0.0	0.0	0.0	0.0	0.0
St. Kitts-Nevis	0.4	4.3	0.2	0.3	0.0
St. Lucia	1.3	2.5	1.6	0.4	0.3
St.Vincent&Grenadines	0.5	0.7	0.0	0.0	0.0
Sts Ex-Yugo. Unspec.	6.1	68.7	0.8	0.0	0.1
Sudan	3.0	2.7	20.0	6.9	18.3
Suriname	0.1	0.2	0.4	0.5	0.6
Swaziland	1.7	0.7	1.1	0.8	1.2
Syria	3.3	4.0	8.8	11.4	6.2
Tajikistan	8.0	1.7	5.7	4.7	6.5
Tanzania	23.1	10.7	76.4	28.1	36.6
Thailand	1.4	2.1	1.5	2.9	2.8
Timor-Leste	2.9	2.2	2.1	1.2	1.5
Togo	0.8	0.1	0.0	0.8	1.2
Tokelau	0.0	0.0	0.0	0.0	0.0
Tonga	0.0	0.2	0.8	0.3	0.6
Trinidad & Tobago	-0.9	-1.5	-0.8	-0.7	-0.6
Tunisia	24.8	10.1	10.4	8.7	8.5
Turkey	18.3	19.9	15.1	29.4	34.5
Turkmenistan	0.7	0.4	0.3	0.2	0.3
Turks & Caicos Islands	0.0	0.3	0.2	0.3	0.1
Tuvalu	0.2	0.0	0.0	0.2	0.2
Uganda	33.9	3.3	43.0	21.6	31.3
Ukraine	n/a ⁵	n/a ⁵	n/a ⁵	n/a ⁵	9.4
Uruguay	0.4	0.4	0.6	1.1	0.9
Uzbekistan	1.4	1.5	1.1	0.9	1.9
Vanuatu	0.5	0.4	0.3	0.2	0.4
Venezuela	0.8	1.3	1.4	1.3	2.2
Vietnam	39.4	9.5	88.4	19.8	33.2
Wallis & Futuna	-	0.0	0.1	0.1	0.0
Yemen	12.3	3.1	12.1	4.6	11.4
Zambia	12.6	9.0	6.7	15.9	18.0
Zimbabwe	1.0	1.0	1.4	2.2	5.7
Total	1163.3	694.1	1442.3	943.9	1214.4
Low Income Countries⁶	712.4	365.0	1052.8	535.7	816.1
Low Income Countries (Per cent)⁶	61.2%	52.6%	73.0%	56.8%	67.2%

1. UK funding to multilateral institutions cannot be directly attributed to any country; the estimates above are imputed shares based on the UK's total funding for each multilateral and that multilateral's distribution of Official Development Assistance (ODA) each year.
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%. Aid to countries on Part 1 of the Development Assistance Committee (DAC) List of Aid Recipients is eligible to be recorded as ODA.
3. The list of multilateral 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 to 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. Flows to this country are not eligible to be recorded as ODA during this year.
6. Countries are defined as low income based on their Gross National Income (GNI) per head. This analysis is updated every three years. In the table above countries are identified as low income in 2001 to 2003 based on their 2001 GNI per head and in 2004 to 2005 based on their 2004 GNI per head. If GNI data is not available for a country they have not been classified as low income.

Annex 2

Analysis of Departmental Expenditure

1. This annex provides information on outturn and plans for public expenditure managed by DFID for the years 2000/01 to 2007/08. 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 (a footnote to table 2 links these to chapters in this report). 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; 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 2006/07 show the estimated resource outturn for that year; figures for 2007/08 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 programme. **Table 7** shows numbers of staff employed by DFID.

Table 1 Total Departmental Spending

£ thousand

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Plans
Resource budget							
<i>Resource DEL</i>							
Eliminating Poverty in Poorer Countries (note 1)	2,797,140	3,013,388	3,443,054	3,656,076	4,080,527	4,262,558	4,592,765
Conflict Prevention	21,966	34,893	44,929	43,939	32,973	40,143	44,347
Total resource budget DEL	2,819,106	3,048,281	3,487,983	3,700,015	4,113,500	4,302,701	4,637,112
<i>of which: Near-cash</i>	2,796,845	2,889,712	3,463,815	3,595,417	4,047,208	4,204,603	4,567,733
<i>Resource AME</i>							
Eliminating Poverty in Poorer Countries	54,185	50,415	51,440	55,695	71,434	383,870	77,840
Overseas Superannuation	59,461	51,499	77,169	76,737	68,121	66,154	57,643
Total resource budget AME	113,646	101,914	128,609	132,432	139,555	450,024	135,483
<i>of which: Near-cash</i>	121,382	115,948	118,690	117,198	103,758	113,967	114,503
Total resource budget	2,932,752	3,150,195	3,616,592	3,832,447	4,253,055	4,752,725	4,772,595
<i>of which: depreciation</i>	10,531	16,080	30,492	24,928	22,085	20,213	21,010
Capital budget							
<i>Capital DEL</i>							
Eliminating Poverty in Poorer Countries (note 1)	268,073	401,325	260,682	248,889	396,993	675,603	643,250
Conflict Prevention	–	–	–	282	354	40	–
Total capital budget DEL	268,073	401,325	260,682	249,171	397,347	675,643	643,250
<i>Capital AME</i>							
Eliminating Poverty in Poorer Countries	–	–	–	–	–	–	–
Total capital budget	268,073	401,325	260,682	249,171	397,347	675,643	643,250
Total departmental spending†							
Eliminating Poverty in Poorer Countries	3,108,867	3,449,048	3,724,684	3,935,739	4,526,892	5,301,831	5,292,855
Conflict Prevention	21,966	34,893	44,929	44,214	33,304	40,170	44,337
Overseas Superannuation	59,461	51,499	77,169	76,737	68,121	66,154	57,643
Total departmental spending†	3,190,294	3,535,440	3,846,782	4,056,690	4,628,317	5,408,155	5,394,835
<i>of which:</i>							
Total DEL	3,076,648	3,433,526	3,718,173	3,924,258	4,488,762	4,958,131	5,259,352
Total AME	113,646	101,914	128,609	132,432	139,555	450,024	135,483

† 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) as financial transactions, contributions to these institutions have been reclassified to capital DEL. This change has been applied to all years; in 2007-08 the effect is to reduce the previously published resource DEL by £614 million and increase Capital DEL by the same amount. Payments to IFIs continue to be shown within the totals for resource grants in Supply Estimates and Resource Accounts.

Table 2 Resource budget DEL and AME

£ thousand

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Plans
Resource DEL							
Eliminating Poverty in Poorer Countries	2,797,140	3,013,388	3,443,054	3,656,076	4,080,527	4,262,558	4,592,765
<i>of which:</i>							
Reducing Poverty in Sub-Saharan Africa	536,704	654,439	678,166	858,458	1,094,656	1,065,960	1,279,550
Reducing Poverty in Asia	507,040	463,267	624,005	688,040	748,426	782,719	801,000
Reducing Poverty in the Rest of the World	186,487	238,170	435,372	260,639	276,870	196,330	204,350
Improve Effectiveness of Multilateral Aid	449,672	388,835	512,572	657,065	871,503	1,133,529	1,103,302
Developing Innovative Approaches to Development	333,221	293,612	249,966	190,811	130,840	59,189	194,278
Programmes Contributing to Multiple Objectives	53,670	148,280	91,131	217,046	218,801	240,570	161,000
Central Departments	81,964	97,260	51,311	89,559	79,595	112,961	92,600
Beneficiaries of the Gibraltar Social Insurance Fund	7,200	7,783	6,995	6,211	5,462	6,300	9,050
EC Development Programmes ¹	633,007	733,504	796,057	694,359	657,000	665,000	701,400
Cash payments to IFFIm (non-voted)	–	–	–	–	–	–	9,420
Unallocated resource receipts	8,175	-11,762	-2,521	-6,112	-2,626	–	–
Unallocated DEL expenditure	–	–	–	–	–	–	36,815
Conflict Prevention	21,966	34,893	44,929	43,939	32,973	40,143	44,347
<i>of which:</i>							
Sub-Saharan Africa	14,416	21,846	19,312	19,990	13,631	21,540	23,578
Global	7,550	13,047	25,617	22,355	15,294	12,590	8,520
Post Conflict Reconstruction	–	–	–	1,594	4,048	6,013	6,000
Africa Conflict Prevention Unallocated provision	–	–	–	–	–	–	6,249
Total resource budget DEL	2,819,106	3,048,281	3,487,983	3,700,015	4,113,500	4,302,701	4,637,112
<i>of which:</i>							
Near-cash	2,796,845	2,889,712	3,463,815	3,595,417	4,047,208	4,204,603	4,567,733
<i>of which:</i>							
Depreciation	10,531	16,080	30,492	24,928	22,085	20,213	21,010
Resource AME							
Eliminating Poverty in Poorer Countries	54,185	50,415	51,440	55,695	71,434	383,870	77,840
<i>of which:</i>							
Programmes Contributing to Multiple Objectives ²	54,185	50,415	51,440	55,695	71,434	88,970	87,259
International Finance Facility for Immunisation ³	–	–	–	–	–	294,900	-9,419
Overseas Superannuation	59,461	51,499	77,169	76,737	68,121	66,154	57,643
<i>of which:</i>							
Overseas Superannuation ⁴	59,461	51,499	77,169	76,737	68,121	66,154	57,643
Total resource budget AME	113,646	101,914	128,609	132,432	139,555	450,024	135,483
<i>of which:</i>							
Near-cash	121,382	115,948	118,690	117,198	103,758	113,967	114,503
Total resource budget	2,932,752	3,150,195	3,616,592	3,832,447	4,253,055	4,752,725	4,772,595

1. European Union spending on overseas aid from the 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.

Table 3 Capital Budget DEL and AME

£ thousand

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Plans
Capital DEL (note 1)							
Eliminating Poverty in Poorer Countries	268,073	401,325	260,682	248,889	396,993	675,603	643,250
<i>of which:</i>							
Reducing Poverty in Sub-Saharan Africa	142	683	4,100	4,518	4,919	5,129	16,273
Reducing Poverty in Asia	4	222	1,250	1,432	2,327	1,341	4,530
Reducing Poverty in the Rest of the World	19,070	16,707	28,648	19,512	13,234	435	3,012
Improve Effectiveness of Multilateral Aid	229,842	370,098	218,249	216,209	373,814	681,970	614,000
Developing Innovative Approaches to Development	82	110	200	82	9	9	-
Programmes Contributing to Multiple Objectives	-	-	-	1,965	44	344	-
Central Departments	19,213	13,782	20,692	7,747	10,061	-13,345	-1,535
Beneficiaries of the Gibraltar Social Insurance Fund	-	-	-	-	-	-	7,250
Crown Agent Loan Repayment	-280	-280	-280	-280	-260	-280	-280
Other (unallocated CFER)	-	-	-12,177	-2,398	-7,155	-	-
Conflict Prevention	-	-	-	282	354	40	-
<i>of which:</i>							
Post Conflict Reconstruction	-	-	-	282	354	40	-
Total capital budget DEL	268,073	401,322	260,682	249,069	397,347	675,643	643,250
<i>of which:</i>							
Capital expenditure on fixed assets net of sales [†]	52,073	22,680	47,535	30,804	29,920	24,466	41,290
Capital Investment and Capital Grants: IFIs	229,842	370,098	218,249	216,209	373,814	681,970	614,000
Net lending to private sector	-280	-280	-280	-280	-260	-280	-280
Capital AME							
Eliminating Poverty in Poorer Countries	-	-	-	-	-	-	-
Total capital budget AME	-	-	-	-	-	-	-
Total capital budget	268,073	401,325	260,682	249,171	397,347	675,643	643,250
<i>Of which:</i>							
Capital expenditure on fixed assets net of sales [†]	52,073	22,680	47,535	30,804	29,920	24,466	41,290
Less depreciation ^{††}	10,531	16,080	30,492	24,928	22,085	20,213	21,010
Net capital expenditure on tangible fixed assets	41,542	6,600	17,043	5,876	7,835	4,253	20,280

[†] Expenditure by the department and NDPBs on land, buildings and equipment, net of sales. Excludes spending on financial assets and grants, and public corporation capital expenditure.

^{††} Included in Resource Budget.

1. DFID's capital budget (CDEL) now includes payments to International Financial Institutions classed as financial investments in National Accounts. These are most of the payments shown against "improve the effectiveness of multilateral aid"; figures have been restated for all years. Capital receipts in all years are now shown against the "central departments" line.

Table 4: DFID: Programme allocations

£ thousand

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Plans
AFRICA¹							
East and Central Africa							
Ethiopia	11,390	40,341	40,395	66,246	62,018	91,625	130,000
Tanzania	63,254	75,497	79,819	94,666	109,199	110,388	120,000
Sudan	5,286	19,050	14,655	88,241	130,835	108,400	110,000
Democratic Republic of the Congo	5,558	12,933	13,157	38,758	51,892	72,346	70,000
Uganda	66,665	53,206	54,493	60,591	67,337	75,809	70,000
AED Other	12,949	31,100	33,713	42,920	44,314	52,215	32,300
Kenya	24,925	42,390	26,001	39,451	64,219	50,653	50,000
Rwanda	26,891	35,263	28,134	44,337	68,128	17,800	46,000
Burundi ²	–	–	–	–	12,262	10,200	10,000
Total	216,918	309,780	290,367	475,210	610,204	589,436	638,300
West and Southern Africa							
Nigeria	19,725	29,237	31,876	45,101	80,952	80,255	100,000
Ghana	51,615	52,871	58,022	71,387	85,387	70,578	70,000
Malawi	42,058	51,728	53,107	62,559	70,014	63,053	70,000
Mozambique	38,567	30,563	36,608	48,291	56,237	44,800	60,000
Sierra Leone	34,408	33,004	35,160	35,439	32,093	31,390	40,000
Zambia	39,113	37,710	24,664	26,793	47,128	40,677	40,000
Zimbabwe	14,699	30,776	33,148	23,717	37,336	32,988	30,000
Southern Africa regional (inc Lesotho, Angola) ³	32,519	83,773	61,948	32,924	17,484	30,549	28,000
South Africa ²	–	–	–	23,074	35,343	22,552	20,000
Reserve	–	–	–	–	–	–	20,200
Total	272,704	349,662	334,533	369,285	461,974	416,842	478,200
Pan-Africa Strategy and Programmes							
Africa-ATP	24	1,103	–	–2,644	–	–	–
Africa Reserve	–	–	–	–	–	6,754	33,500
Africa Regional Budget	–	–	–	–	5,658	10,778	36,000
Humanitarian Assistance	2,597	–	3,815	1,712	3,597	6,917	25,000
Africa Conflict Prevention Pool ¹	–	–	3,245	–	–	1,920	24,000
Africa Policy Fund	4,665	2,671	7,014	10,816	10,718	7,457	15,000
Total	7,286	3,774	14,074	9,884	19,973	33,826	110,500
Africa Total	496,908	663,216	638,974	854,379	1,092,151	1,040,194	1,251,000
SOUTH ASIA							
South Asia							
India	180,524	155,997	214,425	244,983	249,938	242,000	266,000
Bangladesh	60,313	75,580	57,300	125,341	117,573	113,000	114,000
Afghanistan ⁴	216	34,661	68,604	81,943	98,506	102,151	107,000
Pakistan	42,690	37,970	66,221	24,983	71,651	90,964	101,000
Nepal	20,471	26,812	27,778	32,178	33,535	36,393	33,000
Asia Regional Policy and Programmes (inc Pacific)	5,801	9,404	22,552	3,081	3,625	18,659	7,000
Asia – ATP	25,593	19,504	–	–	10,628	–	–
South Asia Total	335,608	359,928	456,880	512,509	585,456	603,167	628,000
EUROPE, MIDDLE EAST, AMERICAS & EAST ASIA (EMAAD)							
Europe/Central Asia							
EU Accession/Pre-Accession Countries ⁵	18,225	17,544	7,756	6,735	649	–	–
Central Asia, South Caucasus, Moldova ⁶	10,397	14,938	15,269	18,230	20,114	19,768	19,500
Balkans ⁷	26,146	18,426	18,197	12,813	13,449	13,624	11,500
Ukraine	8,877	7,888	6,745	5,444	5,874	5,250	3,000
Russia	22,560	24,152	21,498	12,543	6,471	4,908	–
Regional reserve	–	–	–	–	–	–	5,500
Total	86,205	82,948	69,465	55,765	46,557	43,550	39,500

£ thousand

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Plans
Americas/Overseas Territories							
Latin America ⁸	31,741	30,592	23,529	20,632	11,265	11,502	11,500
Caribbean ⁹	19,475	18,780	12,246	19,196	11,151	12,711	10,100
Overseas Territories ¹⁰	40,076	37,712	38,341	36,153	30,835	31,894	42,900
Latin America –ATP	314	217	–	–	–	–	–
Total	91,606	87,301	74,116	75,981	53,251	56,107	64,500
Middle East/North Africa							
Yemen	2,198	2,143	2,425	5,651	12,336	7,903	12,000
Palestinian Authority	14,445	15,004	16,868	16,606	14,757	15,003	15,000
Middle East Regional	6,344	5,369	4,713	7,420	3,258	2,048	2,400
UN Relief & Works Agency for Palestinian Refugees	25,426	18,807	23,646	17,148	14,985	15,015	15,600
Iraq	7,554	–	211,656	64,296	65,974	45,155	29,800
Total	55,967	41,323	259,308	11,121	111,310	85,124	74,800
EMAD Regional Programmes							
Research/Consultancy/EMAD regional	141	140	278	–249	62	100	7,100
EBRD Subscription (Capital)	13,082	15,082	16,778	16,469	16,295	–	–
Other ^{2, 8}	–	–	25,990	–	–	–	–
Total	13,223	15,222	43,046	16,220	16,357	100	7,100
South East Asia							
China	23,247	33,804	21,652	42,409	33,036	35,000	33,400
Vietnam ²	–	–	–	–	55,330	50,000	50,000
South East Asia ¹¹	38,227	57,007	59,938	84,348	69,103	72,741	59,600
Total	61,474	90,811	81,590	126,757	157,469	157,741	143,000
Total Europe Middle East Americas and East Asia	308,475	317,605	527,525	385,844	384,944	342,622	328,900
TOTAL – COUNTRY/REGIONAL PROGRAMMES	1,140,991	1,340,749	1,623,379	1,752,732	2,062,551	1,985,893	2,207,900
UN, CONFLICT AND HUMANITARIAN							
United Nations and Commonwealth							
UN Development Programme	37,000	37,000	37,000	30,250	54,750	50,000	55,000
Commonwealth Programmes	8,294	8,353	7,751	24,930	19,163	31,526	24,930
UNICEF	17,000	17,000	17,000	19,000	20,350	19,000	24,000
UNFPA Core Grant	24,000	9,000	18,100	28,001	30,000	20,000	20,000
UNAIDS	–	–	–	–	16,000	18,000	19,000
WHO Core Grant	10,400	12,000	12,500	23,854	3,125	19,500	18,500
Other UN Institutions	251	10,301	14,000	15,872	13,562	14,360	16,600
Technical Cooperation for UN	6,163	7,041	5,500	21,156	9,289	16,587	14,310
IFAD	2,728	3,000	3,610	4,600	12,131	1,455	250
FAO Subscription	12,504	11,702	11,000	13,000	8,950	13,700	13,800
UNESCO Subscription	12,182	12,019	12,500	10,076	11,767	8,212	12,000
Other UN and Commonwealth	–	–	–	–	1,321	–	–
Policy Partnerships	–	–	–	2,941	3,900	3,174	500
Unallocated Multilateral Contributions	–	–	–	–	–	8,000	5,000
Total	130,522	127,416	138,961	193,680	204,308	223,514	223,890
Conflict, Humanitarian and Security							
Security and Justice	6,301	5,617	3,120	3,749	4,883	9,817	12,961
Humanitarian Response	87,667	74,264	15,845	17,925	63,662	35,914	24,101
Humanitarian Policy	52,081	46,942	48,072	54,797	72,800	60,645	72,415
Conflict	2,650	3,696	–	2,430	1,426	4,667	5,471
UN Peacekeeping	–	–	–	–	–	6,780	21,335
Disaster Risk Reduction	–	–	–	–	–	5,512	10,827
Central Emergency Response Fund	–	–	–	–	40,000	42,600	10,000
Post-Conflict Reconstruction Unit	–	–	–	1,215	1,432	3,163	6,000
Global Conflict Prevention Pool	6,778	13,816	25,617	22,345	15,294	12,416	8,500
Total	156,249	143,566	92,654	13,503	223,530	181,514	171,610
TOTAL –UN Conflict and Humanitarian	286,771	270,982	231,615	337,183	427,838	405,028	395,500

£ thousand

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Plans
INTERNATIONAL FINANCE AND EUROPE							
European Union							
European Development Fund	91,463	132,545	230,883	257,982	234,431	237,923	268,488
Other EU Programmes	5,321	3,756	5,339	4,327	4,153	4,789	5,900
EU Attribution ¹²	633,000	733,504	796,057	694,359	657,000	665,000	701,400
Total	729,784	869,805	1,032,279	956,668	895,584	907,712	975,788
International Financial Institutions							
International Development Association (IDA)	213,850	220,920	149,500	150,000	364,800	493,333	493,000
African Development Fund	29,058	33,198	40,598	40,597	–	119,127	87,000
Asian Development Fund	26,638	26,103	26,154	21,179	–	57,068	28,000
Caribbean Dev Bank Special Dev Fund	2,115	5,319	4,374	4,374	–	5,873	6,000
Other IFI Programmes	7,151	11,274	1,535	1,979	1,396	31,798	63,112
IMF Funds	–	10,000	–	1,000	–	15	10,000
Debt Relief	31,857	47,167	44,731	54,812	61,657	102,986	90,000
Reg Dev Banks (Cap Sub)	–	2,400	841	1,530	854	–	–
Total	310,669	356,381	267,733	275,471	428,707	810,200	777,112
Global Funds/DFIs							
Private Sector Infrastructure	31,963	24,002	17,183	15,687	33,649	31,218	32,500
GAVI/IFF for Immunisation	–	–	–	–	–	23,200	8,500
Global Funds, AIDS, TB and Malaria	–	–	–	–	–	100,000	100,000
Fast Track Initiative	–	–	–	–	–	69,939	3,500
Total	31,963	24,002	17,183	15,687	33,649	224,357	144,500
Total: International Finance and Europe	1,072,416	1,250,188	1,317,195	1,247,826	1,357,940	1,942,269	1,897,400
POLICY & RESEARCH							
Policy Programmes							
Global Environment Funds	–	–	61,928	37,929	46,987	39,894	49,229
Global Health Partnerships	–	–	60,190	63,438	92,465	36,890	30,493
Health, AIDS and Education	–	–	17,331	11,323	15,738	14,710	17,026
Growth and Investment	–	–	45,610	30,232	21,946	20,496	16,986
Sustainable Development	–	–	–	–	9,904	9,856	10,565
Governance and Social	–	–	11,704	7,679	823	1,813	2,500
Total	–	–	196,763	150,601	187,863	123,659	126,799
Research							
Human Development	–	–	27,843	28,757	41,348	48,229	48,000
Growth and Livelihoods	–	–	27,946	37,073	41,838	40,675	45,000
Social, Political and Environmental Change	–	–	10,847	15,355	13,958	20,170	27,500
Communications	–	–	12,727	4,099	6,309	6,690	7,500
Total	219,421	281,577	79,363	85,284	103,453	115,764	128,000
COMMUNICATIONS							
Communications							
Joint Funding/Partnership Programme Agreements	60,904	61,898	56,764	66,054	82,149	89,016	90,191
Civil Society Challenge Fund	5,744	9,683	7,000	11,959	7,113	14,280	14,280
Global Transparency Fund	–	–	–	–	–	–	5,000
Development Awareness	5,411	5,431	2,681	6,626	7,113	9,800	12,400
Strategic Grants	116	14	470	847	1,244	675	–
Volunteering Initiatives	–	–	–	–	–	–	2,000
Information & Communications for Development	1,872	3,371	4,013	7,027	5,037	5,024	4,024
Media & Marketing	–	–	667	1,552	1,101	1,000	2,105
Other	671	460	3,806	–	–	–	–
Total	74,718	80,857	75,401	94,065	103,757	119,795	130,000

£ thousand

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Plans
GLOBAL DEVELOPMENT EFFECTIVENESS							
Global Development Effectiveness							
Trade –related technical cooperation	4,087	2,617	3,064	6,989	9,263	6,996	14,500
Making Aid more Effective	–	–	–	–	419	4,408	8,349
Total	4,087	2,617	3,064	6,989	9,682	11,404	20,000
TOTAL – POLICY PROGRAMMES	298,226	365,051	354,591	336,939	404,755	370,622	404,799
FINANCE AND CORPORATE PERFORMANCE							
Evaluation	1,063	1,465	558	897	338	1,000	1,000
FPCPD Other Programmes	1,536	2,162	626	759	911	825	1,000
Total: Other Programmes	2,599	3,627	1,184	1,656	1,249	1,825	2,600
GRAND TOTAL	2,801,003	3,230,597	3,527,964	3,676,336	4,254,333	4,705,637	4,908,199

1. Outturn includes spending on programmes from Africa Conflict Prevention Pool. The initial pool allocation for 2007/08 (see 'Africa Conflict Prevention Pool'), is £24 million. This does not include the unallocated provision.
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.

Table 5: Department for International Development Capital Employed **£ thousand**

	2001-02 Outturn	2002-03 Outturn (restated)	2003-04 Outturn (restated)	2004-05 Outturn	2005-06 Projected Outturn	2006-07 Projected Outturn	2007-08 Projected Outturn
Assets on balance sheet at end of year							
Fixed Assets	2,022,431	2,067,570	1,821,539	2,596,811	3,061,747	2,849,540	2,827,386
<i>Of which:</i>							
Tangible Assets:							
Lands and buildings	4,193	9,542	9,594	10,009	10,624	15,317	17,444
Improvements to leasehold buildings	31,426	30,782	31,382	29,609	30,609	27,615	25,676
Vehicles	2,779	2,964	2,840	3,647	3,072	2,860	3,152
Office and domestic furniture and equipment	6,136	7,398	8,209	9,231	9,406	10,595	13,736
IT equipment and systems	19,508	17,067	15,927	17,372	15,857	6,974	21,956
Assets in the course of construction	3,273	3,067	2,338	5,543	13,429	21,832	11,076
Investments	1,955,116	1,996,750	1,751,249	2,521,400	2,978,750	2,764,347	2,764,347
Intangible Assets:	1,133	833	550	350	162	200	1,000
<i>Of which:</i>							
Software licences	1,133	833	550	350	162	200	1,000
Current Assets	1,364,963	1,335,695	1,279,453	524,426	425,526	420,326	400,356
<i>Of which:</i>							
Long term loans (due after more than one year)	1,028,573	1,116,146	1,094,206	307,300	278,736	247,062	227,092
Debtors and prepayments	327,371	179,680	169,997	173,556	133,612	150,000	150,000
Cash at Bank and in hand	9,019	39,869	15,250	43,570	13,178	23,264	23,264
Current Liabilities	-457,417	-514,579	-450,000	-528,169	-455,747	-560,626	-407,859
<i>Of which:</i>							
Bank overdraft at Paymaster	0	0	0	0	0	0	0
Creditors (due within 1 year)	-457,417	-514,579	-450,000	-528,169	-455,747	-560,626	-407,859
Net Current Assets	907,546	821,116	829,453	-3,743	-30,221	-140,300	-7,503
Total Assets less Current Liabilities	2,931,110	2,889,519	2,651,542	2,593,418	3,031,688	2,709,440	2,850,883
Creditors (due after 1 year)¹	-512,000	-528,462	-216,408	-258,118	-375,747	-434,673	-254,853
Provisions for Liabilities and Charges	-170,540	-179,761	-127,127	-109,523	-98,790	-388,960	-388,263
Net Assets	2,248,570	2,181,296	2,308,007	2,225,777	2,557,151	1,885,807	2,207,767
Total capital employed within main department	2,248,570	2,181,296	2,308,007	2,225,777	2,557,151	1,885,807	2,207,767
NDPB net assets	–	–	–	–	–	–	–
Public corporation net assets*	–	–	–	–	–	–	–
Total capital employed in departmental group	2,248,570	2,181,296	2,308,007	2,225,777	2,557,151	1,885,807	2,207,767

Table 6: Administration Costs

£ thousand

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Estimated Outturn	2007-08 Plans
Total administration expenditure (note 1)	85,150	98,728	201,305	219,480	227,317	266,336	236,300
Administration income	-3,193	-4,600	-4,600	-4,950	-5,099	-1,671	-4,300
Total administration budget	81,957	94,128	196,705	214,530	222,218	264,665	232,000
Analysis by activity							
Eliminating Poverty in Poorer Countries	81,957	94,128	196,705	214,151	219,525	261,661	229,000
<i>of which:</i>							
Reducing Poverty in Sub-Saharan Africa	6,675	6,972	39,326	46,046	46,807	50,500	52,000
Reducing Poverty in Asia	3,746	4,162	31,865	33,100	30,207	32,700	30,000
Reducing Poverty in the Rest of the World	5,882	6,477	20,616	29,785	21,899	20,800	19,000
Improve Effectiveness of Multilateral Aid	3,895	4,066	8,001	11,131	10,494	14,300	13,000
Developing Innovative Approaches to Development	10,760	11,792	24,547	20,816	20,651	20,100	19,000
Programmes Contributing to Multiple Objectives	3,058	3,471	1,524	8,172	9,872	10,300	11,000
Central Departments	47,941	57,188	71,543	65,101	79,595	112,261	85,000
Conflict Prevention	-	-	-	379	2,693	3,004	3,000
Total administration budget	81,957	94,128	196,705	214,530	222,218	264,665	232,000

1. The increase in administration costs between 2002-03 and 2003-04 follows a 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. From 2003-04 as part of the implementation of Resource Accounting and Budgeting all administration related non-cash expenditure was also included in administration costs control.

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 Plans
Civil Servants Full Time Equivalents	1,325	1,263	1,447	1,620	1,907	1,883	1,801	1,754	1,719	1,610

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. These figures do not include staff appointed in country. 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).

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 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

Afghanistan, Brunei-Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste.

Southern Asia

Bangladesh, Bhutan, India, Iran (Islamic Republic of), Maldives, Nepal, Pakistan, Sri Lanka.

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, Saint 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 track. Provided per capita GDP growth remains at around 3.5% per annum for developing countries, it is anticipated that global poverty will fall from 1.1 billion now to around 600 million by 2015. At a regional level, Asia is making good progress, driven by growth primarily in China and latterly in India. However, despite recent positive and rising per capita growth in sub-Saharan Africa, the absolute number of poor is still rising and is projected to exceed 300 million by 2015.¹

Target 2: Halve the proportion of people who suffer from hunger by 2015

Progress: Lagging. Since 1990, global levels of hunger have reduced from 20% to 17% (as measured by the UN Food and Agriculture Organisation's under-nourishment indicator),² but this reduction has been primarily due to decreases in East and South East Asia. These regions, along with Latin America and the Caribbean, are expected, on current trends, to meet the target. In sub-Saharan Africa, South Asia and West 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	Light Green	Red	Dark Green	Dark Green	Light Green	Orange	Orange	Orange	Orange
Progress towards reducing hunger by half	Light Green	Orange	Light Green	Light Green	Orange	Red	Light Green	Light Green	Red

1. World Bank: Global Economic Prospects (2006)

2. UN Food and Agriculture Organisation: State of Food Insecurity in the World 2006 – Eradicating World Hunger – taking stock 10 years after the World Food Summit

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 has been made: the global primary net enrolment ratio (NER) rose from 83% in 1999 to 86% in 2004. However, whether because they enter school late, never enter or drop out, 77 million primary school age children remain out of school. Seven out of ten of these children live in sub-Saharan Africa or South and West Asia.³ 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	Light Green	Orange	Red	Orange	Light Green	Orange	Light Green	Orange	Light Green

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 primary school enrolment in the developing world. There has been substantial progress in South Asia. Global enrolment in primary education was over 680 million in 2004 – an increase of more than 86 million children since 1990. Over 47 million (55%) of these extra children are girls.^{3&4} 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 overall about 90 girls are enrolled in primary school for every 100 boys. 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	Light Green	Orange	Dark Green	Dark Green	Light Green	Orange	Dark Green	Dark Green	Dark Green
Progress towards women's share of paid employment	Orange	Orange	Light Green	Orange	Orange	Orange	Light Green	Dark Green	Dark Green
Progress towards women's equal representation in national parliaments	Orange	Orange	Red	Orange	Orange	Orange	Orange	Orange	Orange

3. UNESCO: Education for All Global Monitoring Report (2007)

4. UNICEF: State of the World's Children – Excluded and Invisible (2006)

Goal 4: Reduce child mortality

Target 5: Between 1990 and 2015, reduce the under-5 mortality rate by two-thirds

Progress: On track. In 2004, over 10 million children died before their fifth birthday.⁴ Although a significant number of countries have succeeded in improving the health and wellbeing of babies and children in recent years, the countries with the highest burdens have made the least progress and in some the situation has actually worsened. Progress is increasingly uneven, leaving large disparities between countries as well as between sub-groups within countries.⁵ Unless efforts are increased there is little hope of eliminating avoidable child deaths.

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	Light Green	Red	Orange	Light Green	Orange	Orange	Light Green	Light Green	Orange
Progress on measles immunisation	Dark Green	Orange	Orange	Light Green	Orange	Light Green	Dark Green	Dark Green	Dark Green

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, this goal is proving hard to reach. Every year more than half a million women die due to complications of pregnancy and childbirth and 99% of these occur in developing countries.⁶ In sub-Saharan Africa, 1 in 16 women die during pregnancy or childbirth compared to 1 in 3,800 in the UK. The proportion of deliveries attended by skilled health care personnel has increased from 43% in 1990 to 56% in 2004.⁷ Some progress has been made in reducing maternal deaths, although not in the countries where giving birth is most risky. In some parts of Africa (such as Malawi, Zimbabwe and Ghana), maternal deaths are increasing. This is attributable to high HIV prevalence, conflict and weak health systems. A small number of countries, largely in Asia (such as China), have made dramatic improvements.

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	Orange	Red	Light Green	Orange	Red	Orange	Orange	Light Green	Light Green

4. UNICEF: State of the World's Children – Excluded and Invisible (2006)

5. WHO: World Health Report – Make Every Mother and Child Count (2005)

6. United Nations Statistics Division: Progress towards the MDGs 1990-2005 Report on MDG5 (2005)

7. United Nations Statistics Division: UN Millennium Development Goals Report (2006)

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, through interventions that promote behaviour change. However, rates of infection overall are still growing. The number of people living with HIV has continued to rise, from 36.9 million in 2004 to 39.5 million in 2006. There were 4.3 million new infections in 2006. The number of AIDS related deaths also increased, to 2.9 million, despite greater access to antiretroviral treatment and improved care in some regions. The epidemic remains centred in sub-Saharan Africa. With just over 10% of the world's people, the region is home to 63% of HIV positive people. The most striking increases in HIV prevalence over the past two years have been in East Asia, Central Asia and Eastern Europe. Numbers of people living with HIV in these regions was over one-fifth higher in 2006 than in 2004.⁸

Target 8: By 2015 to have halted and begun to reverse the incidence of malaria and other major diseases

Progress: Lagging. In 2004, there were 151 new tuberculosis (TB) cases per 100,000 population, compared with 149 in 1990.⁹ There has been substantial progress in reversing the spread of TB in Asia and in Latin America and the Caribbean. This is offset, however, by an increase of the problem in sub-Saharan Africa and the Commonwealth of Independent States where the number of new TB cases (excluding people who are HIV positive) has practically doubled between 1990 and 2004. It is impossible to make an accurate assessment of whether the incidence of malaria is growing or declining due to lack of reliable and comprehensive data. However, in selected areas of Senegal, household ownership of Insecticide-Treated Mosquito Nets (ITNs) increased from 11% in 2000 to 41% in 2004. ITN coverage for children under five years of age has also increased in countries like Eritrea (63%) and Malawi (36%).¹⁰

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	Pink	Red	Orange	Orange	Red	Pink	Orange	Red	Red
Progress on halting and reversing the spread of malaria	Light Green	Red	Orange	Orange	Orange	Light Green	Orange	Light Green	Light Green
Progress on halting and reversing the spread of tuberculosis	Light Green	Red	Orange	Orange	Orange	Light Green	Light Green	Red	Red

8. UNAIDS: AIDS Epidemic update (Dec 2006)

9. United Nations Statistics Division: UN Millennium Development Goals Report (2006)

10. WHO: World Health Malaria Report (2005)

Goal 7: Ensure environmental sustainability

Target 9: Include the principles of sustainable development in policies and reverse the loss of environmental resources

Progress: Lagging. Target 9 is not time-bound but there is still a very long way to go to reverse the loss of environmental resources. The official indicators which measure progress on Target 9 show a mixed response – some improvements but also some degeneration. At the World Summit on Sustainable Development (2002), all countries were urged to produce national sustainable development strategies, such as Poverty Reduction Strategies (PRSs), which integrate environmental sustainability by 2005. Although environmental issues are being included in more recent PRSs, much more needs to be done.

Target 10: By 2015 halve the proportion of people without sustainable access to safe drinking water and basic sanitation

Progress: Water – On track. Although the world as a whole is on track to achieve the target of halving the proportion of people without access to safe drinking water, the trend is deteriorating. Reaching the target will require provision of services to an additional 300,000 people a day over the next decade, requiring efforts to be stepped up by almost one-third. The share of people using drinking water from improved sources has continued to rise, reaching 83% in 2004, up from 78% in 1990.¹¹ However, on current trends, sub-Saharan Africa will not meet the target. This is due to factors such as high population growth rates, low government expenditure and conflict and political instability. Wide disparities between rural and urban areas persist in sub-Saharan Africa where city dwellers are twice as likely to have safe water as their rural counterparts.¹²

Progress: Sanitation – Lagging. Twelve-hundred million (1.2 billion) people gained access to sanitation between 1990 and 2004. However, to meet the 2015 sanitation target, over 1.6 billion more people need to gain access to improved sanitation.¹¹ The most serious problems 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 the urban population living in slums has decreased slightly (from 47% in 1990 to 43% in 2001). However, the urban population has 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.¹² In South Asia also, there remains a very high proportion of slum dwellers, despite a small decrease in the actual numbers.

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	Light Green	Red	Light Green	Red	Red	Orange	Red	Red	Light Green
Progress towards halving the proportion of people without sustainable access to safe drinking water	Light Green	Red	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Red
Progress towards halving the proportion of people without sustainable access to basic sanitation	Light Green	Red	Light Green	Light Green	Red	Light Green	Light Green	Light Green	Red
Improve the lives of slum dwellers	Light Green	Red	Orange	Light Green	Orange	Red	Orange	Orange	Orange

11. WHO and UNICEF: Meeting the MDG drinking water and sanitation target. The Urban and Rural Challenge of the Decade (2006)

12. United Nations: Millennium Development Goals Report (2006)

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)**. Provisionally, the UK's total net ODA increased to £6,851 million in 2006, representing **0.52%** of GNI for that year. This was higher than the OECD-DAC donors' average figure of 0.46%. The ODA figures in 2005 and 2006 reflect both the planned 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. As a result of the benefits of Nigeria's debt relief being frontloaded, the UK's ODA figures for 2005 and 2006 are significantly higher than projected. Excluding debt relief, UK ODA in 2006 is estimated at £4,958 million, which represents **0.38%** of GNI. The impact of debt relief in 2007 is not expected to be significant and therefore the projected UK ODA for 2007 will fall below the 2006 level. This projected variability in ODA 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 2005 the UK spent a higher percentage of its GNI in these countries than the group of DAC donors as a whole (0.12% compared with 0.08%). 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. While it is likely that the UK will reach this target, 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 30% of expenditure spent on basic social services over the two-year average 2004 to 2005. Among DAC donors as a whole, the corresponding figure is 15% 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, 91% 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 12.5% of ODA to such nations in 2005. The corresponding figure for the group of DAC donors as a whole is slightly higher at 13.5%. **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 1.2% in 2005; DAC members as a whole direct 2.3% 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 disappointing lack of progress at the WTO Ministerial Conference in Hong Kong in December 2005, the Doha negotiations were subsequently formally suspended by the WTO Director General in July 2006. This reflected a failure to make progress on agriculture and market opening to industrial goods. But following positive informal discussions, negotiations were formally re-commenced in late January 2007. If a significant breakthrough is not made in the next few months, however, there remains a real danger the round will go into 'cold storage' for another couple of years.

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 2005 went towards agricultural support, notably less than in 1990 (2.1%). This is mirrored in the position across DAC donors as a whole, where 1.1% of GDP was spent on domestic agricultural support.

Assistance focused on helping to build **trade capacity** through increased **aid for trade** – for trade policy, trade related adjustment, productive capacity and economic infrastructure – in support of country led and regionally led trade and growth priorities that enable developing countries to access the benefits of international trade – a priority under MDG 8. This broadly defined aid for trade will encompass around 30% of total ODA. The commitment to increase the effective delivery and scale of aid for trade is set out in the WTO Aid for Trade Task Force recommendations which were adopted by the WTO General Council in October 2006. In September 2006, Gordon Brown announced that the UK expected its aid for trade expenditure to increase to \$750 million (£407.6 million) by 2010. Substantial progress has been made in 2006 on the Task Force recommendation to enhance the Integrated Framework for Trade Related Technical Assistance to Least Developed Countries which provides Aid for Trade finance to the poorest countries. The enhanced Integrated Framework aims to provide \$400 million (£217 million) over five years to 40 LDCs to build their capacity to address the obstacles to trading that they face and to integrate their trade development needs in their national plans. The EIF is likely to be officially launched in mid 2007.

The WTO and OECD will construct an aid for trade monitoring framework which will track donor commitments and disbursement and incentivise donors to increase the effectiveness of their delivery of increased assistance in line with aid effectiveness principles and move from best endeavour promises to concrete, accountable results. This framework will monitor aid for trade at the country, donor and global levels (in due course it will also cover the regional level). It will be established in 2007 and will contribute to the first global review of aid for trade which is currently scheduled for November 2007 (to take place in the WTO's Committee on Trade and Development).

The aid for trade pledges that were made in 2005 around the Hong Kong WTO Ministerial included the UK's commitment to increase spending on trade-related capacity building to £100 million per year by 2010 from a 2004 baseline of £28 million. In 2005, we spent £43 million and, in 2006, around £55 million. The European Commission pledged to increase its expenditure in this area to one billion euros per year, and the Member States agreed to match this figure. The G7 agreed to increase its spending to \$4 billion (£2.17 billion). All the pledges were made against a 2001 definition of trade related assistance that includes only trade policy including customs regulations, mainstreaming of trade into national development plans/PRSPs and some elements of trade development, such as, support from business and investment. The EU and the USA are confident that they will deliver their commitments by 2010 as is the UK.

The UK continues to work hard during 2007 to ensure that the pledges made are translated into genuine and practical assistance; the EU will adopt a joint EC/Member States Aid for Trade Strategy by November 2007. The strategy will set out an implementation plan for the delivery of the effective aid for trade and the EU financial commitments and it will be strongly aligned with the Paris Declaration on Aid Effectiveness.

Improving the coherence between trade and development policies remains a major issue across Europe. This was reflected in the joint Trade and Development Ministerial held in October 2006.

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 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 **30 HIPC countries have now reached 'decision point'**, at which they start to receive debt relief, while **22 of these have reached 'completion point'**, at which they receive irrevocable debt relief. **Total debt relief committed** under the enhanced HIPC Initiative for the 30 countries that qualify for debt relief is currently over **\$61 billion (£34.8 billion)** in nominal terms. If debt relief given on traditional (Paris Club) terms is included, this figure rises considerably. The Multilateral Debt Relief Initiative (MDRI), cancelling 100% of HIPC countries debts that was proposed by the G8 at Gleneagles in 2005, has now been implemented. Full, 100%, debt cancellation (worth an additional \$38 billion (£20.7 billion)) has now been delivered for 22 countries. Up to 22 other countries will benefit from 100% debt cancellation 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 notably and no particular target figure 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		
AID									
Total net ODA as % GNI	0.27	0.29	0.32	0.34	0.36	0.47	0.52	0.46	0.7
Total net ODA to LDCs as % GNI	0.09	0.07	0.10	0.12	0.14	0.12		0.08	(0.15-0.20)
% total bilateral sector-allocable ODA to basic social services (basic education, primary health care, nutrition, safe water and sanitation) ¹	–	24.4	29.1	–	30.2	–		15.3	20
% bilateral aid untied	–	86.2	91.5	100	100	100		90.6	100
% of ODA to land locked countries	15.3	19.1	18.6	18.2	20.5	12.5		13.5	
% of ODA to small island developing states	3.9	2.5	2.6	1.2	1.2	1.2		2.3	
TRADE									
Agricultural support for the EU as % of GDP	2.1	1.7	1.2	1.2	1.2	1.1		1.1	Reduce
% of ODA provided to help build trade capacity	–	–	4.8	2.9	1.4	2.2		2.9	
DEBT									
Total number of countries that have reached their HIPC decision/completion points			22/1		27/15	28/18		31/22	
Debt relief committed under HIPC and MDRI								\$100 billion (£53 billion)	
Debt forgiveness as a % of ODA	1.8	4.1	2.5	2.6	11	32.8	27.6	22.9	none
HIPC debt relief as a percentage of net ODA			8.5	1.7	10.0	1.4		3.4	

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 the most recent progress against DFID's 2005-08 PSA and outstanding targets from the 2003-06 PSA. Annex 5 explains the actions that DFID is taking to address underperformance on those PSA targets that are off track, or are forecast to be so.
3. We will continue to report progress on targets from the 2003-06 PSA until final assessments can be made for each target. We provided the final assessments for targets 4 and 5 in the Autumn Performance Report 2006. This report provides progress reports for targets 1 and 2 and a final assessment for target 3.

Guide to 'traffic light' assessment

Green: **Met/Ahead/On course**

Means that progress on the target/sub-target/indicator is either exceeding or in line with plans and expectations.

OR

Means that the target/sub-target/indicator has been achieved by the target date if we are providing the final assessment.

Amber: **Partly met/Broadly on course – minor slippage**

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.

OR

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.

Red: **Not met/Not on course – major slippage**

Means that progress on the target/sub-target/indicator is not on course and there has been major slippage.

OR

Means that the target/sub-target/indicator was not met, or was met late.

2005-08 PSA

For the 2005-08 PSA, the first box of each assessment 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 with some slippage, but we estimate that progress is likely in the future, an amber box will be followed by a green one.



For target 5 only there is one traffic light for each sub-target/indicator. This is a joint target with the Foreign and Commonwealth Office and the Ministry of Defence and it was agreed between the three departments that this was the most appropriate way to report progress.



2003-06 PSA

Where a target is still ongoing or we are still collecting relevant data, the first box of each assessment 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.



Where we are making the final assessment of a target/sub-target/indicator, only one traffic light is shown for the final outcome.



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

Africa has shown much improved growth performance over the last five years and this should have a positive impact on poverty, although with a time lag. Rates of primary school enrolment and under-5 child mortality have improved, leading us to forecast that we are on course to meet these targets. The target for the ratio of girls to boys attending primary school will probably not be met, despite significant progress in some countries. The target for the number of births attended by skilled birth attendants remains off track and DFID will continue to encourage partner governments to prioritise this issue and intensify action. The data available for HIV/AIDS remain incomplete, but with evidence of a decrease in some countries and an increase in others. Good progress has been made implementing the commitments made at the Gleneagles Summit with the launch of the EU-Africa Strategic Partnership, the Update Statement issued by G8 leaders at the 2006 Summit, and the establishment of the Africa Progress Panel to maintain momentum on delivery of commitments to Africa.



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 46.0% (1999)¹</i></p>	<p>Not on course – major slippage</p> <p>World Bank data from the Global Economic Prospects publication for sub-Saharan Africa show that the poverty figure in 2003 was 45%, down from 46.4% in 2002. Sub-Saharan Africa has shown much improved performance between 2001 and 2005, and this should have a positive impact on poverty, albeit with a time lag. But it is still too early to say. The picture will become clearer as we get more information on the distributive impact of improved growth as well as its sustainability.</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 79.2%, which reflects the steadily improving trend since 2000. The data cover 14 countries (three more than last year) with only the Democratic Republic of Congo (DRC) and Sudan excluded. It is projected that enrolment rates will reach 86.5% by 2008 based on trends since 1997.</p>	
<p>3: an increase in the ratio of girls to boys enrolled in primary school by five percentage points. <i>Baseline 91% (2000)</i></p>	<p>Not on course – major slippage</p> <p>Taking into account trends since 1990, the projection to 2008 for the ratio of girls to boys enrolled in primary school is 94%. However, progress is accelerating and if this continues the sub-target could be achieved. Lesotho, Rwanda, Uganda, Malawi and Zimbabwe are already exceeding the target, having all reached gender parity ratios of at least 98%. Since 2000 strong progress has also been made in Ethiopia and Mozambique.</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

4: a reduction in under-5 mortality rates for girls and boys by 8 per 1,000 live births.

Baseline 156.9 deaths/1,000 (2000)

Ahead

Data are available for all 16 PSA countries and show a current rate of 146.8 deaths per 1,000 live births, an improvement on last year's figure of 153, and the 2000 figure of 156.9. Based on the current trend, the rate will have decreased to 144.6 by 2008. Overall progress towards the target has been twice as rapid in the period since 2000 than in the period 1990-2000. Ethiopia, Rwanda and Tanzania stand out as having made the greatest strides since 2000, followed by Mozambique, Malawi and Nigeria. Despite these positive signs, Zimbabwe, Lesotho, South Africa and Kenya have moved backwards on this indicator, and DRC, Nigeria, Rwanda and Sierra Leone still have mortality rates of around 200 per 1,000.



5: an increase in the proportion of births assisted by skilled birth attendants by 11 percentage points.

Baseline 41.5% (2000)

Not on course – major slippage

The data available cover 11 PSA countries. The latest estimate is that 43.4% of births were assisted by skilled birth attendants, and this is projected to increase to 44.1% by 2008. Rates of progress are slow and the target is off track. Mozambique and Tanzania show the highest levels of assisted births, and Rwanda and Malawi have made modest improvements. The worst performing countries are Ethiopia and Rwanda, where it was estimated that only 11% and 33% respectively of births were attended. Nigeria, Lesotho and Zambia have moved backwards on this indicator.



6: a reduction in the proportion of 15-24 year-old pregnant women with HIV.

Broadly on course – minor slippage

Only limited UN statistical data are available. HIV figures are available for nine PSA countries covering 2000/01 and for seven countries in 2003-05. The figures are based on evidence from the capital city in each country.

There are declining trends in national adult HIV prevalence in Ethiopia, Uganda and Zimbabwe, with evidence of quite steep decline in urban parts of Kenya. Mozambique and South Africa have shown increases. Significant local variations in HIV prevalence occur and women remain disproportionately affected.

High prevalence rates and numbers of new infections, along with the large intra-regional variations, mean it is too early to be confident that where progress has been made it will be sustained.



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 made in implementing the unprecedented package of commitments to support African development agreed at the G8 Gleneagles Summit in July 2005 and through the EU-Africa Strategic Partnership launched in December 2005. This was confirmed by the Update Statement on Africa issued by G8 Leaders at their 2006 Summit and in the review of progress against the Strategic Partnership by EU leaders at the European Council in December 2006. The main exception is trade, where progress has been disappointing.</p> <p>To keep Africa high on the international agenda, and maintain the momentum on delivery of commitments by and to Africa, the UK Prime Minister announced the Africa Progress Panel in June 2006, to be chaired by Kofi Annan. The Panel will complement existing monitoring mechanisms including the Africa Partnership Forum and the civil society African Monitor, which DFID is supporting.</p>

Target 2
Progress towards the Millennium Development Goals in nine key countries in Asia



Progress

Broadly on course – minor slippage

The overall picture for Asia's nine PSA countries is encouraging, with good progress being made towards five of the nine sub-targets across the region. This includes an assessment that we are ahead on our income poverty targets in both South Asia and East Asia and the Pacific, and reflects the ongoing improvements in economic and living conditions in the region. Net primary school enrolment rates and tuberculosis (TB) case detection rates are the only targets currently assessed as demonstrating slippage, and for each of these we are forecasting forward progress by the end of the PSA period. Three countries have net primary enrolment rates above 90% and others have made notable progress in recent years (only Pakistan and Afghanistan have enrolment rates below 80%). TB cure treatment rates have reached 85% in all countries except Pakistan, and with slightly faster progress average case detection rates of over 70% could also be achieved during this PSA period. Data on HIV/AIDS remain too incomplete to say with any certainty whether the prevalence of infection in vulnerable groups will be below 5% by 2008, although existing data indicate that progress is mixed. Countries are developing HIV/AIDS prevention programmes and need to focus on implementing these effectively in order to stop the disease from becoming widespread. Maintaining good progress on the under-5 mortality target also remains a challenge.



Sub-target

Progress

1: 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)

Ahead

Data for 2002 show that poverty in East Asia and the Pacific is at 14.9%, down from 18.6% in 1999. The region has made excellent progress since 1990, and is expected to continue to reduce poverty, albeit at a slower rate. The World Bank estimates that poverty in East Asia and the Pacific will have fallen to 0.9% by 2015. Based on current progress, the target for 2005-08 is ahead.



2: a reduction in the proportion of people living in poverty of eight percentage points in **South Asia**.

Baseline 33.8% est. (1999)

Ahead

Data for 2002 show poverty in South Asia at 31.3%, down from an estimated 34% in 1999. The current estimate is that this figure will fall to 12.8% by 2015. Assuming a linear trend this would mean 23% of people living in poverty by 2008, an 11-percentage point reduction.



Sub-target**Progress**

3: an increase in net primary school enrolment by eight percentage points.

Baseline 81% (2000)

Not on course – major slippage

The net enrolment rate is currently estimated at 85% using latest data, which range from 2002 to 2006. Three countries have net primary enrolment rates above 90%: Vietnam, Cambodia and Indonesia (China was also in this group last year but data have not been included this year). While Pakistan, Cambodia and India have made notable progress on this measure since 2000, Nepal and Bangladesh have seen less change.

China has been excluded from the dataset due to concerns over discrepancies between data from different sources and uncertainty regarding the population from 2001 onwards. The loss of China from the dataset has reduced the average rate of enrolment at both the baseline and outturn positions, but not affected the rate of change. It is likely that if Afghanistan was included in the measure, baseline and outturn figures would fall but the rate of improvement would be seen to increase. Accurate data do not exist for Afghanistan, but 'best estimates' of 27% and 54% have been suggested for 1997 and 2003 respectively. This indicates large increases in pupil numbers, albeit from a low base.

The long term trend for the PSA countries (based on progress since 1990) suggests an increase in enrolment rates to 87% in 2008, an increase of six percentage points.



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, using locally available data for Afghanistan and Pakistan. It is possible that these figures may not be strictly comparable with those in the international series, but the trend data are considered to reflect the true pattern of change. Figures were not available for Afghanistan before 2003 so data back to 1997 have been based on the rate of change shown in later years.

The latest outturn figure is 89%, using 2004 data, up from a baseline of 84% in 2000. The figures show that gender equity in primary school has been reached in China, Bangladesh and Indonesia, and that it is furthest from being met in Afghanistan and Pakistan (with five and just over seven girls to every ten boys in primary school respectively). The figures for India show a dramatic improvement in the ratio in 2003 and 2004, and relatively high levels of improvement for Nepal and Pakistan since 2000.

On current trends an increase to 93% is predicted by 2008, a nine-percentage point increase meaning that the target will be exceeded.



Sub-target	Progress	
<p>5: a reduction in under-5 mortality rates for girls and boys by 24 per 1,000 live births. <i>Revised baseline: 81.3 deaths/1,000 (2000)</i></p>	<p>On course</p> <p>The projected under-5 mortality rate for 2008 is 46.8 and so the target is expected to be met. The countries with the lowest rates of under-5 mortality are Vietnam, China and Indonesia. Cambodia, India and Pakistan have the highest infant mortality rates, though Cambodia in particular has made considerable progress since 2000, helping to put progress towards this target on track. Vietnam, Nepal and Bangladesh have also made good progress. Afghanistan has been excluded due to insufficient data.</p>	
<p>6: an increase of 15 percentage points in the proportion of births assisted by skilled birth attendants. <i>Baseline 41% (2000)</i></p>	<p>Ahead</p> <p>The latest outturn is 52%, using data from 2002 to 2005, compared to a baseline of 41% in 2000. Afghanistan and India are excluded due to a lack of data. Data for India have not been available since the baseline year, 2000. This may have contributed to an improved position overall, as Afghanistan previously lowered the average figure for the region.</p> <p>Vietnam, China and Indonesia have the highest rates of births assisted by a skilled practitioner and these three countries have also seen the most notable rises in births assisted since 2000. Pakistan and Cambodia have also seen recent improvements. If the current rate of progress continues it is projected that by 2008 the target will be met.</p>	
<p>7: prevalence rates of HIV infection in vulnerable groups being below 5%.</p>	<p>Not on course – major slippage</p> <p>Robust statistical analysis is difficult for this target as data remain so incomplete. However, available evidence suggests slippage, with existing data showing average prevalence in vulnerable groups 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 vulnerable groups in Indonesia, Nepal, Vietnam, Cambodia and Pakistan. Rates in Bangladesh, China and India appear relatively lower. No data is available for Afghanistan.</p> <p>DFID continues to work closely with partner governments in Asia to strengthen the implementation of strategies for tackling HIV/AIDS.</p>	

Sub-target

Progress

8: a tuberculosis case detection rate above 70%.
Baseline 32% (2000)

Not on course – major slippage

Latest figures from the WHO show an average case detection rate of 58%, and only one Asian PSA country with a case detection rate above 70% (Vietnam at 89% in 2004). Cambodia and India are very close to the target at 70% and 69% respectively, with the lowest rates found in Afghanistan (19%) and Pakistan (37%), both advancing from very low baselines. India, Indonesia, Pakistan and China have seen the most rapid progress over the period since 2000.

Although not currently quite on track to reach 70% by 2008, with slightly faster rates of progress over the next few years it is possible that the target will be achieved.



9: a tuberculosis cure treatment rate greater than 85%.
Baseline 86% (2000)

On course

Data from 2003-04 show TB cure rates to have reached 87%, up from a baseline of 86% in 2000. China and Vietnam have the highest treatment success rates of 94% and 92% respectively, while Pakistan (84%) is the only country not to have met the target. The cure rate in Afghanistan is estimated to be 86%.

There was notable progress between 1995 and 2000, but since 2000 rates of progress have been low in all countries and a few have even slipped. This is not surprising as coverage of Directly Observed Therapy Short-course (DOTS) systems has dramatically increased detection rates in many countries. The challenge of retaining high cure rates while covering a wider population will remain throughout the PSA period.



Target 3 Improved effectiveness of the multilateral system

Progress

Broadly on course – minor slippage

Progress is good or reasonable against all of the indicators supporting this target, except the EC flows to low income countries. The outcome of negotiations on the next European seven-year budget means that the required progress on this target will not be achieved until 2014 at the earliest. On financing in general, continued efforts will be needed to ensure the commitments made in 2005 are delivered. Good progress is being made on the humanitarian reform initiative, with the international community continuing to build on the successes of 2005. The Peacebuilding Commission should begin to deliver results in 2007. The majority of agencies assessed for organisational effectiveness through the Multilateral Effectiveness Framework (MEFF) continue to show good progress against indicators.

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 from its 2000 baseline figure of 38% to 70% by 2008.</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 on course – major slippage</p> <p>The European Commission (EC) spend in low income countries (LICs) in 2005 was 56% of allocated ODA. This represents an increase from 55% in 2004. LIC spend in 2003 was 56%, and 51% in 2002. The outcome of negotiations on the next European seven-year budget means that the required progress on this target will not be achieved until 2014 at the earliest. It is expected that LIC spend will average at around 55% from 2006 to 2013.</p>
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Sub-target

Progress

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].*

Baseline now set at 28 countries that had reached Decision Point by the end of 2005. 90% of 28 requires that 25 or 26 countries complete HIPC before the end of 2008.

On course

Achievement of the 2005-08 PSA target on debt depends on progress of countries through the Heavily Indebted Poor Countries (HIPC) Initiative. There are currently 44 countries identified as HIPCs. 28 HIPCs had reached HIPC Decision Point (thereby demonstrating their commitment to poverty reduction and qualifying for interim debt relief) by the end of 2005. Although not included in the target, two further countries (Republic of Congo and Haiti) reached Decision Point in 2006 and others are expected to do so in 2007.

Of the 28 countries that had reached Decision Point by the end of 2005, 22 have now completed the HIPC process (Cameroon in May, Malawi in August and Sierra Leone in December 2006 and São Tomé and Príncipe in March 2007 being the most recent).




At Completion Point, countries receive irrevocable debt cancellation, including 100% debt cancellation at the IMF, World Bank and African Development Bank under the Multilateral Debt Relief Initiative. The UK also provides 100% cancellation of bilateral debts.

The six other countries that had reached Decision Point in 2005 have yet to reach HIPC Completion Point. Burundi, Chad, Democratic Republic of Congo, the Gambia and Guinea are expected to reach Completion Point by the end of 2007. The other Decision Point country (Guinea-Bissau) is not expected to complete HIPC until 2009. These estimates are in line with those of the World Bank and the IMF. The PSA target of 90% requires that 25 or 26 countries complete HIPC before the end of 2008. We are therefore on track to exceed this.

Fourteen countries (including Afghanistan, which recently entered the list of eligible countries) remain eligible for HIPC but have yet to receive debt relief. Four of these (Sri Lanka, Bhutan, Lao PDR and Kyrgyz Republic) have indicated that they do not wish to participate in the initiative.

DFID and HMT actively support the implementation of the HIPC initiative by working with the IFIs, donors and debtor countries. We support the HIPC Capacity Building Project in building HIPCs' debt management capacity, and also provide in-country support (through DFID country offices) for the reforms and poverty reduction planning processes essential for achievement of HIPC Completion Point. We continue to support those countries that have not yet achieved HIPC (including post-conflict countries where appropriate) to meet the standards required.



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>Overall progress Broadly on course – minor slippage</p> <p>We are continuing to measure improvements in the international system through a number of indicators. These include the way in which the international agencies are supporting countries to implement their Poverty Reduction Strategies (PRSs); through improvements in the internal effectiveness of international financial institutions and the EC; and through European donors' ODA/GNI ratios.</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 (PRSs) to present satisfactory reports to the Boards).</p>	<p>Broadly on course – minor slippage</p> <p>The PRS approach has been widely adopted in countries accessing International Development Association (IDA) resources, though the World Bank's PRS Review notes that practice has not always kept up with intention. The latest figures show that 52 countries have Poverty Reduction Strategy Papers (PRSPs) and 12 have interim PRSPs. Of the 52 countries that have PRSPs, 49 are over a year old and 35 of these (or 71%) have prepared at least one annual progress report. Though these are no longer 'presented' to the World Bank but rather issued for information, these reports are mentioned in the World Bank's PRS Review. The 2005 'Paris Declaration on Aid Effectiveness' for the first time commits donors and recipients alike to improve the way aid is delivered and managed, which will mostly be in support of a country-owned development strategy such as a PRS.</p>	
<p><i>Indicator (ii):</i> 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. <i>Baseline \$58.3 billion (2002)</i></p>	<p>On course</p> <p>The Organisation for Economic Co-operation and Development (OECD)-DAC members' figures for 2006 show ODA net of debt relief of \$83 billion (at 2005 prices). The 2005 figure was \$84 billion. These figures demonstrate a sustained increase from the baseline, albeit with a slight decrease between 2005 and 2006, and we judge that we are on course to meet this indicator.</p> <p>Important progress was made in 2005 through EU commitments (for each member state to reach 0.51% ODA/GNI by 2010) and at the G8 summit (to provide an additional \$50 billion of aid by 2010). However, continued efforts will be needed to ensure the commitments are delivered.</p>	

Sub-target**Progress**

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 co-operation 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


Seven years into its reform programme, EC aid is more effective in terms of speedier delivery and improved portfolio performance overall, and progress is being made towards the three indicators.

The Council, Commission and Parliament agreed in 2005 the European Consensus on Development (ECD). This two-part statement commits Member States and the Commission (through the EU Vision of Development) to pursue the eradication of poverty in the context of sustainable development, including the pursuit of the MDGs. It also commits the Commission (through the European Community Development (ECD) Policy) to undertake activities which are complementary to Member States, and to use instruments and policies that will enhance aid effectiveness while respecting country-led approaches. This is an important statement of commitment by Member States and the Commission to implement best practice for development cooperation.

The new package of development instruments has been agreed, including the Development Co-operation Instrument, which takes into account the ECD and has poverty reduction as its main aim.

The EU has committed to deliver more effective aid, above and beyond the measures in the Paris Declaration agreed by DAC members in March 2005. We are lobbying the Commission to continue its reform process so that advances already made in effectiveness are built upon and strengthened.



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 indicators.</p>	<p>On course</p> <p>Good progress is being made within all four IFIs on the implementation of a range of reform initiatives. The Multilateral Effectiveness Framework has been successfully used with multilateral partners to identify areas of weakness that are subsequently being addressed over the PSA reporting period. A number of organisations are strengthening their HR management and introducing or implementing a results-based approach to operations. Others are making progress on improving strategic planning and budgeting, decentralised management and improved operational and project management. There has also been progress across the IFIs on the harmonisation and alignment agendas.</p>	
<p>4: improved effectiveness of United Nations agencies and the humanitarian aid system.</p>	<p>Overall progress</p> <p>On course</p> <p>The indicators over page continue to measure improvements in the effectiveness of the humanitarian system and in the internal effectiveness of various UN and humanitarian agencies.</p>	

Sub-target

Progress

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></p> <p>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>Overall we are on course as progress on two of the three indicators is in line with plans and expectations. We have assessed future progress as amber because whilst progress in reducing DFID's own earmarking is back on track and progress in the use of the UN needs assessment methodology continues on track, increasing the coverage of UN consolidated appeals remains difficult. The international community continued to build on reform in 2006; the Central Emergency Response Fund has been in operation for a year, allowing quick responses to crises, and other measures, such as increasing the numbers of well-qualified humanitarian coordinators, are beginning to have an effect on the quality of response.</p> <p>On principle (a), the figure for 2005/06 was 30%. The figure for 2004/05 was 26%. The improvement reflects the UK contribution to the Central Emergency Response Fund. Principle (a) is on track.</p> <p>On principle (b), the percentage of un-financed UN consolidated appeals was 33% in 2006, remaining below the 2003 baseline of 25% and off track for the 2007 target of 15%. The percentage gap between the five most financed and the five least financed appeals for 2006 was 55.4%, considerably worse than 2005's 43.6%. This was because of the unprecedented <i>over</i>-financing of two appeals (one funded 122%). Principle (b) is off track.</p> <p>On principle (c), the UN needs assessment framework (NAF) was used in 2006 in 11 countries as the basis of the Consolidated Appeals Process (CAP) for 2007. The UN is therefore on track to meet the target of NAF use in 10 countries in 2007.</p>



Sub-target	Progress
<p><i>Indicator (ii):</i> improved institutional effectiveness of nine UN and humanitarian agencies: International Committee of the Red Cross (ICRC), United Nations Development Programme (UNDP), Joint United Nations Programme on HIV/AIDS (UNAIDS), United Nations Children’s Fund (UNICEF), United Nations Population Fund (UNFPA), World Health Organization (WHO), Food and Agriculture Organisation of the United Nations (FAO), United Nations High Commissioner for Refugees (UNHCR), United Nations Educational, Scientific and Cultural Organisation (UNESCO). The target is for six out of the nine agencies to be achieving progress in all three indicators.</p>	<p>On course</p> <p>Out of the nine UN and humanitarian organisations, eight are on track. Following intensive dialogue in 2005 to identify performance indicators for institutional effectiveness in a range of key areas (e.g. prioritisation around country-led processes, the clarification of mandates, decentralisation, and improved management for results) progress is now being made in each of those areas.</p>





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 the DTI]

Progress

Not on course – major slippage

Prospects for meeting this target have fluctuated over the last twelve months, and continue to do so.

The Doha negotiations of the World Trade Organisation (WTO), where the European Commission negotiates on behalf of EU Member States, are the key vehicle through which progress towards this target can be achieved, although there are other non-WTO processes that can contribute. The UK has been working to achieve an ambitious, pro-development outcome from the Doha negotiations. DFID's priority has been to see that countries currently marginalised from world trade have their concerns addressed within the main negotiations. Many developing countries are heavily dependent on the agriculture sector and we have supported research on how best to secure a deal which benefits them.

Following a disappointing lack of progress at the WTO Ministerial Conference in Hong Kong in December 2005, the Doha negotiations were subsequently formally suspended by the WTO Director General in July 2006. This reflected a failure to make progress on agriculture and market opening to industrial goods. But following positive informal discussions, negotiations were formally re-commenced in late January 2007 and there is widely perceived to be a window of opportunity to reach a breakthrough by July 2007. During negotiations, we have built up a high degree of credibility with opposite numbers in the EU and internationally. We have continued to use this credibility to stress the global benefits of a deal and the risks of failure.

There is a range of other, non-Doha areas where the UK has been working to increase trading opportunities and to reduce trade barriers. Progress in these areas has also been mixed. We have continued to work towards WTO accession for current application countries. We want to ensure that new Economic Partnership Agreements (EPAs) between the EU and African, Caribbean and Pacific (ACP) countries fully reflect the interests of the ACP. We are also seeking to influence the European Commission as it develops its trade policy agenda beyond the Doha negotiations, and are carrying out some preparatory work in advance of the review of the Common Agricultural Policy in 2008. There are also indications, which are increasingly positive. For example, on Economic Partnership Agreements, the European Commission is being increasingly flexible and technical work is under way in all regions to meet the deadline of the end of the year.

Progress has been most promising on aid for trade, to help developing countries invest in their capacity to trade and adjust to new international trading conditions (including as a result of reforms to the EU's banana and sugar regimes, which will have a significant impact on many ACP countries). The UK has taken a lead role in helping build political commitment for increased aid for trade, and has helped gain international agreement that the increases should go ahead regardless of progress in Doha negotiations. We are now pushing ahead for implementation on that basis. Together with more funds for infrastructure in Africa, greater aid for trade will help developing countries address the constraints to institutional, infrastructural and productive capacity that hinder them from taking advantage of the new trade opportunities from more open markets. For instance, it should provide the infrastructure needed to speed up customs, increase communication and improve the journey to local, regional and overseas markets. We should see substantial increases in aid for trade in 2007 and 2008.



Progress

The UK has also championed the development of an enhanced Integrated Framework for trade-related technical assistance to least developed countries. This has not been implemented as quickly as we had hoped, but full mechanisms for the enhanced Integrated Framework should now be in place by the end of 2007: the test will then be how successfully it assists development countries in making necessary trade reforms.



NB: DFID uses the wording “not on course – major slippage” while DTI uses the wording “slippage” to describe progress against this target. However, these descriptions are intended to mean the same thing and the assessment of progress is agreed between the two departments.



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

Broadly on course – minor slippage

HMG has made progress towards achieving the PSA target by 2008. Nine of the twelve indicators are broadly on course to meet their targets; the UN Peacekeeping target has been met ahead of schedule and the MEPP and Iraq targets continue to be assessed as not on course. The indicator for Sierra Leone has slipped from 'on course' to 'broadly on course' due to concerns about the elections. This period has seen improvements in the situation in the Balkans with HMG efforts focusing on Kosovo's final status process and Bosnia and Herzegovina holding successful elections. HMG made a significant contribution to the success of presidential, parliamentary and provincial elections held in the Democratic Republic of Congo (DRC), declared credible and transparent by all observers.



Sub-target

Progress

1: Progress towards durable peace in areas of priority.

Overall progress

Broadly on course – minor slippage



Afghanistan

Broadly on course – minor slippage

Despite significant challenges resulting from the difficult security situation, there has been further good progress. To build the capacity of the Afghan National Police and the broader justice sector, HMG has funded the deployment of five police mentors and a senior police advisor to help senior Afghan police officers with the reorganisation of the Afghan National Police in Helmand. A governance advisor was also deployed to promote the development of transparent provincial governance.

The tri-departmental Helmand quick impact projects fund has increased its activity. HMG is also funding a UN High Commissioner for Refugees Afghan refugee registration programme, a donation to a new Pashtun BBC radio programme, and sending Afghan military personnel on a regional disaster management course.



Sub-target**Progress****Balkans****Broadly on course – minor slippage**

The Western Balkan states remain at peace within and between themselves, but inter-ethnic tensions persist. Serbia was awarded NATO Partnership for Peace (PfP) status, but lack of co-operation with the International Criminal Tribunal of the Former Yugoslavia continues to stall their Stabilisation and Association Agreement. Bosnia and Montenegro were also invited to join PfP.

HMG has provided considerable support both multilaterally (through the EU and NATO) and bilaterally, to help establish the conditions that will help the process of integration, with particular diplomatic focus on Kosovo's final status process. Conflict prevention programmes are helping states and ethnic communities to address the underlying causes of instability in the Balkans, helping to remove the barriers to further EU and NATO integration.

DRC**Broadly on course – minor slippage**

There is a risk of a return to violence (including repression of the opposition).

HMG made a significant contribution to the success of presidential, parliamentary and provincial assembly elections in DRC in the second half of 2006, declared credible and transparent by all observers. A new government has now been appointed but is still more likely to turn to military rather than political means to impose its will. There has been insufficient accommodation of opposition views. HMG supported election monitoring (by DFID, FCO and UK parliamentarians) through funding of the Independent Electoral Commission.

A steady improvement in regional relations has reduced the threat of border interference in Eastern Congo. Armed groups are still operating but there have been reductions in activity in Ituri, Kivus and Katanga. Internally displaced person numbers are thought likely to have reduced.

Post election, priority HMG programmes include a focus on reform of DRC's security services to counter ongoing abuses by the army and police.

Sub-target

Progress

Iraq**Not on course – major slippage**

Progress towards Iraqi self-reliance continues, but sectarian violence, particularly in Baghdad, remains a significant problem. However, Prime Minister Maliki's determination to implement an effective Baghdad Security Plan is encouraging.

Najaf province was handed over to Provincial Iraqi Control (PIC) in December. The UK's transition plans continue, but Basra remains a significant challenge, with police corruption and infiltration by militias the main impediment. The HMG-funded policing project is making some progress, in particular the establishment of a Department of Internal Affairs to tackle corrupt and criminal elements of the Iraqi Police Service. Operation Sinbad continues to make progress, with the Iraqi Army leading the latter stages of the operation in Basra.

MEPP**Not on course – major slippage**

The security situation has deteriorated, with emerging intra-Palestinian violence. However, there have been some positive developments. The Israeli-Palestinian Gaza ceasefire agreed on 25 November is holding and a National Unity government has been formed.

HMG continues to drive forward an initiative to build Palestinian Capacity, engaging international partners, especially the EU. HMG is providing technical support to the Office of the President to enable long-term reform, and planning for the economic regeneration of the Occupied Territories once the political situation allows. We have also helped maintain some areas of the Palestinian Authority Security Forces (PASF), and are encouraging their further development through engagement with the United States Security Coordinator's team.

Sub-target**Progress****Nepal****Broadly on course – minor slippage**

Substantial progress has been made towards the restoration of democracy. Peace talks between the Government of Nepal and Maoists resulted in the signing of a Comprehensive Peace Accord and the adoption of an interim constitution and formation of an interim parliament, including Maoist MPs. There are, however, potential difficulties following riots in the Terai, a lack of political agreement on the election system to be used and questions over Maoist commitment to the weapons management process.

The UK has played a significant part in the peace process, through our support for the UN and engaging closely with EU partners, India and the US. We have continued to support democracy building and inclusion through engagement and funding of influential NGOs and civil society, and reducing human rights violations through co-operation with the Office of the UN High Commissioner for Human Rights.

Nigeria**Broadly on course – minor slippage**

Tensions and politically motivated crime are increasing due to the election campaign, including the murder of some potential candidates for governor and a rise in hostage taking in the Niger Delta. The political situation is likely to worsen in the run-up to the presidential elections in April 2007.

HMG is supporting the work of a coalition of NGOs working on a large-scale information campaign against violence during the elections. Through radio, television and other channels of information, this campaign is reaching millions of Nigerians spreading messages about political tolerance and peaceful elections. The campaign is targeting disenfranchised youth easily manipulated for political reasons.

Sub-target

Progress

Sierra Leone**Broadly on course – minor slippage**

Government remains stable ahead of the mid-2007 presidential and legislative elections. Approaching elections have caused a general slowdown in government, including progress on Anti-Corruption Commission prosecutions. Allegations of manipulation in electoral preparations have been made against all parties, suggesting an increased risk that elections will not be free and/or credible (hence the move from an assessment of 'on course', in the DFID 2006 Autumn Performance Report to 'broadly on course').

HMG's substantial assistance is credited for the professionalism and accountability of the security services. HMG continues to provide a large amount of technical assistance to help increase the sustainability of the security sector. Ex-combatants within the region are not currently posing a direct threat to Sierra Leone.

Sudan**Broadly on course – minor slippage**

HMG continues to press for full implementation of the Comprehensive Peace Agreement (CPA) and provides technical assistance on disarmament, demobilisation and reintegration planning in support of the CPA. HMG funds support to the Sudanese People's Liberation Army to transform it from a guerrilla fighting force to a disciplined armed force developing civil control and operating with respect for human rights and the rule of law.

Darfur

Because the PSA indicator for Sudan was drawn up prior to the beginning of the PSA period, in April 2005, it does not cover the situation in Darfur. If there was an indicator for Darfur, it would be **red – not on course – major slippage**.

On Darfur, progress has been slow and erratic. HMG continues to push for progress on the military and political tracks agreed by the international community in November 2006 and press the non-signatory groups to eschew violence and adopt the Darfur Peace Agreement. HMG also continues to push the Government of Sudan to consent to transition to a hybrid UN/African Union (AU) mission in Darfur and has provided significant resources to the existing AU mission. But the humanitarian situation is precarious owing to the difficult security situation and the climate of fear affecting humanitarian organisations following a series of attacks.

Sub-target	Progress	
<p>2: Increased capacity and effectiveness of peace-keeping, conflict prevention and peace support work in the UN and Africa.</p>	<p>Overall progress Broadly on course – minor slippage</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>Broadly on course – minor slippage</p> <p>All new mandates take account of the multi-dimensional nature of UN missions based on Brahimi principles. A recent example is UN Security Council Resolution 1706 on Sudan, adopted in August 2006. This resolution called for an integrated strategy for the disarmament, resettlement and repatriation of foreign combatants in Sudan, incorporating military, political, social and justice-related aspects. Integrated planning for this mission took place under a high level UN Secretary General directive; however, it has not yet deployed due to Sudanese objections. The Integrated Missions Planning Process has still to be firmly embedded in pan-UN culture.</p>	
<p><i>Indicator (ib):</i> UN Peacekeeping. 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>HMG supports work to improve the quantity and quality of peacekeepers. There are now 60% more military and police deployed on UN Peace Support Operations (PSOs) than there were in 2004. HMG continues to support the development of the UN's best practice, including the development of standard training modules for peacekeepers and Disarmament Demobilisation Reintegration (DDR) standards. HMG works with a range of current and potential troop contributing countries to improve their capacity for peacekeeping. Recent examples include China and Mongolia: since 2004 China have increased their contribution to UN PSO by 62%, and Mongolia has increased its contribution 50 fold.</p>	

Sub-target

Progress

Indicator (ii): African
Peacekeeping.

Broadly on course – minor slippage

HMG support remains instrumental in helping the African Union (AU) develop the African Standby Force (ASF). Key conceptual ASF documentation was agreed in October 2006.

Progress towards the AU's target of five regional brigades remains uneven. HMG top priorities are the West (ECOWAS – the Economic Community of West African States) which is making good progress, and the East (EASBRIG – the East African Standby Brigade) which in January took an important step forward by creating a new political umbrella body. Short-term crisis response on Darfur and Somalia is necessarily affecting AU prioritisation, diverting resources from long-term ASF development.

HMG continues to make major contributions to expanding the pool of trained African peacekeeping personnel (some 11,000 African personnel since 2004).





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. Financial reporting procedures are in place to review progress and manage any spending pressures.</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 \$746. This list is not be changed during the PSA reporting period. In SID we use the latest 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>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, 1,028 DFID projects and programmes were included in the measure as of end March 2007, with a commitment value of £9,545 million. Of these, 767, or 75% by number and 77% by value, were scored as successful.</p>	

Sub-target

Indicator (i): increase in the index of DFID's **high-risk** bilateral projects evaluated as successful.

Baseline 53% (quarter 4 2004/05)

Progress

On course

The outturn for the fourth quarter of 2006/07 is **64%** (for projects scored over the preceding 24 months) and is considerably above the baseline. This is a slight increase from the previous quarter.

There has been a steady underlying positive trend since December 2005. In DFID's *Autumn Performance Report 2006*, we assessed future progress on this target as amber since September 2006 figures were only just above the baseline and figures had dipped in the early stages of the PSA target. However, progress has now been steady for over a year. The green forecast reflects this, even though 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.

188 projects and programmes, with a commitment value of £1,941 million, are currently in the high-risk portfolio and have been scored. This represents 18% of the total number of projects scored, and 20% of total commitment value.

Quarter	VfM outturn by commitment value	VfM outturn by percentage of high risk projects
Q4 2006/07 (latest outturn)	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 (baseline)	53%	42%



Sub-target**Progress**

Indicator (ii): increase in the index of DFID's **medium-risk** bilateral projects evaluated as successful.

Baseline 57%
(quarter 4 2005/06)

On course

The outturn for the fourth quarter 2006/07 is **77%** (for projects scored over the preceding 24 months), and shows an increase each quarter since December 2005/06. The underlying trend is positive, though slowing, and this is reflected in the green forecast for future progress.

582 projects and programmes, with a commitment value of £6,058 million, are currently in the medium-risk portfolio and have been scored. This represents 57% of the total number of projects scored, and 63% of total commitment value. This category is therefore most critical in representing the greatest amount of DFID expenditure.



Quarter	VfM outturn by commitment value	VfM outturn by percentage of medium risk projects
Q4 2006/07 (latest outturn)	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%

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 2006/07 is **94%** (for projects scored over the preceding 24 months), and is above the baseline, with a slight increase over the previous two quarters.

There is a steady positive trend although there was an initial drop from the baseline. Progress has been good but is beginning to level out. With the current percentage 8% over the baseline we judge that we are likely to meet the target.

258 projects and programmes, with a commitment value of £1,545 million, are currently in the low-risk portfolio and have been scored. This represents 25% of the total number of projects scored, and 16% of total commitment value.

Quarter	VfM outturn by commitment value	VfM outturn by percentage of low- risk projects
Q4 2006/07 (latest outturn)	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, despite significant progress having been made in some countries. The target for under-5 mortality rates will not be met, although again significant progress has been made in this area in some countries. The data available for HIV/AIDS remain incomplete, but with evidence of a decrease in prevalence in some countries and an increase in others.



Sub-target

Progress

1: a sustainable reduction in the proportion of people living in poverty from 48% across the entire region.
Revised baseline 45.8% (1998)

Not on course – major slippage

Data from 2002 show that poverty in sub-Saharan Africa is at 46.4%, unchanged from 2001. However the baseline has been revised downward by the World Bank since last year, turning the traffic light position from amber to red. But stronger growth in recent years should lead to a reduction in poverty, once data become available.



2: an increase in primary school enrolment from 58% to 72%.
Revised baseline 63.9% (1998)

On course

Primary school enrolment is now 79.2%. Valid data are however unavailable for DRC and Sudan, which could affect overall regional progress.



3: an increase in the ratio of girls to boys enrolled in primary school from 89% to 96%.
Revised baseline 90% (1998)

Broadly on course – minor slippage

Data are available for 15 countries and show the ratio of girls to boys enrolled in primary school at 94% (2003/04). The current projection for 2006 remains at 94%, but, with good progress now being made in some countries, this sub-target might be achieved. DRC has been excluded because there is no valid data since 1999.







4: a reduction in under-5 mortality rates for girls and boys from 158 per 1,000 live births to 139 per 1,000.
Revised baseline 159.3 deaths/1,000 (1998)

Not on course – major slippage

Data are available for all 16 PSA countries and show a rate of 146.8 deaths per 1,000 live births in 2004, an improvement over the previous year's figure of 153. Current projections indicate that this sub-target will be missed. However, overall progress has been twice as rapid in the period since 2000 than in the period 1990-2000.



Sub-target	Progress	
<p>5: an increase in the proportion of births assisted by skilled birth attendants from 49% to 67%. <i>Revised baseline 41% (1998)</i></p>	<p>Not on course – major slippage</p> <p>The data available cover 11 PSA countries. 43.4% of births are currently assisted by skilled birth attendants, and this is projected to increase to 43.5% by the end of 2006. Rates of progress are slow and the target is unlikely to be met.</p>	
<p>6: a reduction in the proportion of 15-24 year old pregnant women with HIV from 16%.</p>	<p>Broadly on course – minor slippage</p> <p>Only limited UN statistical data are available. High prevalence rates and numbers of new infections across PSA countries, along with the large intra-regional variations, mean we cannot be confident that progress 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 is the final assessment of this sub-target.</p>		
<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 is the final assessment of this sub-target.</p>		

Target 2

Progress towards the Millennium Development Goals in four key countries in Asia

Progress

Broadly on course – minor slippage

Four of the nine sub-targets are on course to be met at the end of the PSA period, including those on primary school enrolment and the ratio of girls to boys in primary school. The overall picture is encouraging and reflects the ongoing improvements in economic and living conditions in the region.

There has been good progress against the income poverty sub-target both in South Asia and in East Asia and Pacific, where the proportion of people living on less than one dollar a day is expected to fall to below 1% by 2015. From the data available it is still too early to say with any certainty whether the prevalence of HIV infection in vulnerable groups will be below 5% at the end of the PSA period, although existing data indicate that progress is mixed. Countries are developing HIV/AIDS prevention programmes and need to focus on implementing these effectively in order to stop the disease from becoming widespread. The challenging sub-target of 70% TB case detection looks too ambitious to be met by 2006, but progress has been made towards this target in all four PSA countries in recent years.

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)

Broadly on course – minor slippage
Data for 2002 show that poverty in East Asia and the Pacific is at 14.9%, down from 18.6% in 1999. The region has made excellent progress since 1990, and is expected to continue to reduce poverty, albeit at a slower rate. The current World Bank estimate is that poverty in East Asia and the Pacific will have fallen to 0.9% by 2015. Based on current progress the poverty rate would be expected to reach 10.6% by 2006, which means that the target would almost be met despite the disadvantageous movement in the baseline.

2: a sustainable reduction in the proportion of people living in poverty from 40% to 32% in **South Asia**.
Revised baseline 34.6% est. (1998)

On course
Data for 2002 show a poverty rate of 31.3%, suggesting that the target for 2006 had already been passed (although the 1998 baseline has now been revised down from 40% to 35%). The current estimate is that poverty in South Asia will fall to 12.8% by 2015. Assuming a linear trend, this would mean 26% of people living in poverty by 2006, achieving both the 32% target and an 8% reduction from the revised lower baseline.

Sub-target

Progress

3: an increase in gross primary school enrolment from 95% to 100%.
Revised baseline 96% (1998)

On course

The gross enrolment rate, currently estimated at 103% using the latest country data (which range from 2003 to 2005) shows an increase from the revised baseline of 96%. Gross enrolment figures are used for this target because net figures were not available for all PSA countries at the time it was set. However, gross enrolment figures are volatile and subject to distortions, making underlying trends hard to define. Figures often exceed 100% as the gross primary enrolment rate includes all children in primary school, including those who are older than primary school age, in relation to the total primary school age population. Net enrolment data are now available and being used for the 2005-08 PSA.

The average gross enrolment rate for our 1998 baseline year is now 96%, with rates ranging from 120% in China to 72% in Pakistan. Since 1998, gross enrolment rates have fallen in China which may reflect an improving education system where fewer children above primary age are included in primary classes. India and Pakistan have seen increases in gross enrolment rates, with Pakistan in particular showing rapid progress in recent years.

The long term trend line (based on progress since 1990) suggests that universal primary education will be reached across these Asian countries by 2006, thus reaching the target. This assessment excludes Bangladesh due to a lack of data.



4: an increase in the ratio of girls to boys enrolled in primary school from 87% to 94%.
Revised baseline 88% (1998)

On course

The girl/boy ratio is at 94% using latest data from 2004, showing an improvement from the revised 1998 baseline of 88%. The figures show that gender equity in primary school has been reached in China and Bangladesh, and is furthest from being met in Pakistan (with just over seven girls to every 10 boys in primary school). The figures for India show a dramatic improvement in the ratio in 2003 and 2004, and relatively high levels of improvement for Pakistan since 2000. These figures indicate that the target is on course to be met.







5: a reduction in under-5 mortality rates for girls and boys from 92 per 1,000 live births to 68 per 1,000.
Revised baseline 89 deaths/1,000 (1998)

On course

The estimated under-5 mortality rate has decreased to 73 deaths per 1,000 in 2004 (latest outturn), and at the current rate is on course to meet the target of 68. All countries show a positive trend, although progress has been less rapid in Pakistan and India.



Sub-target	Progress	
<p>6: an increase in the proportion of births assisted by skilled birth attendants from 39% to 57%. <i>Revised baseline 32% (1998)</i></p>	<p>Broadly on course – minor slippage</p> <p>The latest outturn is 47%, using data from 2003-04, and the target figure is unlikely to be reached as there has been a notable reduction in the baseline position (to 32%). However, an amber traffic light is appropriate as an improvement of 20 percentage points is anticipated over the period 1998-2006, greater than the 18-percentage point improvement sought in the original target.</p>	
<p>7: prevalence rates of HIV infection in vulnerable groups being below 5%.</p>	<p>Not on course – major slippage</p> <p>Robust statistical analysis is difficult for this target as data remain so incomplete. However, available evidence suggests slippage, with existing data showing average prevalence in vulnerable groups 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 vulnerable groups in Pakistan. Bangladesh, China and India have relatively lower rates.</p> <p>DFID continues to work closely with partner governments in Asia to strengthen the implementation of strategies for tackling HIV and AIDS.</p>	
<p>8: a tuberculosis case detection rate above 70%. <i>Revised baseline 15.5% (1998)</i></p>	<p>Not on course – major slippage</p> <p>Latest figures from the WHO show an average case detection rate of 53%, progressing from a revised 1998 baseline of 15.5%. India (69%) is closest to achieving the 70% target, while the lowest rate is found in Pakistan (37%). India and Pakistan have seen the most rapid progress over the period since 2000. However, it seems unlikely that the PSA target for 2003-06 will be reached.</p>	
<p>9: a tuberculosis cure treatment rate greater than 85%. <i>Revised baseline 82% (1998)</i></p>	<p>On course</p> <p>Latest figures (from 2003-04) indicate that the target has been met (85%). Pakistan (75%) has not yet met the target, but the other three PSA countries have, with China achieving the highest cure rate (94%). The challenge remains maintaining this rate as more cases are detected.</p>	



Target 3 Improved effectiveness of the multilateral system

Progress

Partly met

Most of the sub-targets were met: the Highly Indebted Poor Countries (HIPC) initiative was successful; concrete progress was made on EC reforms; and clear steps were taken in support of Poverty Reduction Strategy (PRS) processes and in terms of organisational effectiveness of all the multilaterals and humanitarian agencies assessed through the Multilateral Effectiveness Framework (MEFF). The main target for the proportion of EC funding going to low income countries was not met.



This is the final assessment of this target.

Sub-target	Progress	
<p>1: a greater impact of EC external programmes on poverty reduction, including through working for agreement to increase the proportion of EC ODA to low income countries from 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 Commission (EC) spend in low income countries (LICs) in 2005 was 56% of allocated ODA. This represents an increase from 55% in 2004. LIC spend in 2003 was 56%, and 51% in 2002. The outcome of negotiations on the next European seven-year budget means that the required progress on this target will not be achieved until 2014 at the earliest.</p> <p>This is the final assessment of this sub-target.</p>	
<p>2: ensuring that three-quarters of all eligible HIPC countries committed to poverty reduction receive irrevocable debt relief by 2006 [joint target with HMT].</p>	<p>Met</p> <p>Despite slower than expected progress by some countries, 20 out of 26 eligible countries had reached HIPC Completion Point by the end of 2005/06. The target has therefore been met.</p> <p>This is the final assessment of this sub-target.</p>	
<p>3: work with international partners to make progress towards the United Nations 2015 Millennium Development Goals by 2006 [joint target with HMT].</p>	<p>Met</p> <p>We have measured improvements in the international system through a number of indicators. These included the way in which the international agencies supported countries to implement their Poverty Reduction Strategies (PRSs); through improvements in the internal effectiveness of international financial institutions and the EC; and though European donors' ODA/GNI ratios.</p> <p>This is the final assessment of this sub-target.</p>	

Sub-target	Progress	
<p><i>Indicator (ia):</i> Countries accessing International Development Association (IDA) resources and their key donors are committed to and supporting effective and sustainable poverty reduction strategies.</p>	<p>Met</p> <p>At the end of 2005/06, 49 countries had Poverty Reduction Strategy Papers (PRSPs) and 9 had interim PRSPs. Of the 49 countries that had PRSPs, 46 were over a year old and 31 of these (or 67%) had prepared at least one annual progress report. The 2005 'Paris Declaration on Aid Effectiveness' for the first time commits donors and recipients alike to improve the way aid is delivered and managed. This will mostly be in support of a country-owned development strategy such as a PRS.</p> <p>This is the final assessment of this indicator.</p>	
<p><i>Indicator (ib):</i> DFID will provide bilateral support to this end in at least 30 countries.</p>	<p>Met</p> <p>At the end of 2005/06 the UK continued to provide support for PRS delivery in at least 30 countries including through direct financial support and technical assistance to support PRS development, monitoring, donor coordination and capacity building.</p> <p>This is the final assessment of this indicator.</p>	
<p><i>Indicator (ii):</i> Improved effectiveness of EC development assistance.</p>	<p>Met</p> <p>Six years into its reform programme, EC aid is more effective in terms of speedier delivery and improved portfolio performance overall. The dedicated delivery agency (EuropeAid) and strengthened delegations are delivering aid with greater effectiveness. EC programmes are increasingly based on the priorities of recipient countries and efforts are being made to promote better donor coordination and harmonisation at European level. Budget support is becoming the preferred mode of assistance. The new financial instruments, including the Development Cooperation Instrument, will simplify and improve the use of EC funds for development assistance. The 10th European Development Fund (2008-2013) is likely to allow for additional voluntary contributions from Member States, and for these contributions to be earmarked for specific countries and sectors. It is thus worth focusing considerable time and attention on ensuring that EDF funds are used to their best possible effect. It remains difficult to measure results, but the Commission is continuing to develop systems that measure and report impacts rather than outputs.</p> <p>This is the final assessment of this indicator.</p>	

Sub-target**Progress**

Indicator (iii): Work towards the achievement of the agreed target for EU average aid to reach 0.39% ODA/GNI by 2006 and promoting greater aid effectiveness among donors.

Met

The DAC has reported an average figure for EU Member States of 0.44% for ODA/GNI for 2005, ahead of the target of 0.39% by 2006.

In May 2005, the European Council agreed a new intermediate collective target for ODA – 0.56% of GNI by 2010 – in order to reach 0.7% by 2015. The ten new Member States will endeavour to increase their ODA to reach 0.17% by 2010 while the remaining Member States commit themselves to reaching the threshold of 0.51% of GNI. Those countries whose ODA/GNI ratios are already over these percentages will sustain these levels.

This is the final assessment of this indicator.

Indicator (iv): Improve the institutional effectiveness of 12 multilateral agencies.

The following 12 agencies are being monitored:

European Bank for Reconstruction and Development (EBRD)

World Bank

Asian Development Bank

African Development Bank

International Committee of the Red Cross (ICRC)

United Nations Development Programme (UNDP)

United Nations Children's Fund (UNICEF)

United Nations Population Fund (UNFPA)

World Health Organization (WHO)

Food and Agriculture Organisation of the United Nations (FAO)

United Nations High Commission for Refugees (UNHCR)

United Nations Educational, Scientific and Cultural Organisation (UNESCO)

Met

All of the 12 multilateral agencies made good progress towards the priority objectives being monitored. This includes strengthened corporate governance, increased clarification of an agency's role and priorities, and greater strategic alignment towards the achievement of the MDGs. In addition, good progress has been made on a greater focus on poverty reduction, the development of results-based management, improved human resource management and improved programme planning and delivery.

This is the final assessment of this indicator.

Annex 5

Progress on off track Public Service Agreement targets

1. This annex provides further information on Public Service Agreement (PSA) targets or sub-targets where progress is off track, or has slipped since the return given in DFID's Autumn Performance Report 2006.

Target 1: Africa

Income poverty

2003-06 and 2005-08

2. The baseline position in 1998 and 2000 has been revised downwards. As a result, the traffic light assessment for both sub-targets has changed from amber to red. Poverty levels in sub-Saharan Africa have remained unchanged since 2001. However, between 2001 and 2005 Africa showed much improved economic growth performance which we would expect to have a positive impact on poverty levels, although with a time lag. A sustained improvement in growth should lead to a sustainable impact on poverty. But it is still too early to be certain, and much will depend on the distributive impact of improved growth and its sustainability in the longer term. The extent of progress should become clearer as we get more information.

What is DFID doing?

3. DFID is working closely with African governments and regional institutions to accelerate poverty-reducing growth by addressing the investment climate, the infrastructure gap, trade and regional integration, and agricultural productivity and livelihoods. DFID has been actively involved in launching initiatives like the Investment Climate Facility, Infrastructure Consortium for Africa, Aid for Trade and the Comprehensive Africa Agricultural Development Programme in order to unleash Africa's growth potential. DFID, along with other donors, is also helping countries develop strategies to ensure that the poorest people can participate in and benefit from economic growth.

Gender equity and the empowerment of women

2003-06 and 2005-08

4. The ratio of girls to boys enrolled in primary school has increased to 94% and is projected to remain at this level to 2008. National statistics from **Ethiopia, Ghana, Rwanda, Tanzania** and **Uganda** support this overall picture of increasing enrolment rates for girls and progress towards gender parity. **Sudan, Ethiopia, Nigeria, Mozambique, DRC** and **Sierra Leone** continue to face significant challenges in terms of girls' enrolment and have furthest to go in terms of girls completing primary school.

What is DFID doing?

5. DFID is actively supporting the development of 10-year education plans, and in 2006 signed 10-year agreements with Ghana and Mozambique to provide long-term financing to support the implementation of these plans. Most of the countries involved in the process of developing 10-year plans (in response to the Abuja Commitment to Action, May 2006) put renewed emphasis on reaching gender parity at primary and secondary

levels, given the slippage in meeting the 2005 target for the Millennium Development Goal relating to girls' education.

6. Under our Girls' Education Strategy, we continue to seek ways of ensuring that gender issues stay high on the education agenda. In the light of the increase in aid to education of £8.5 billion globally over the next 10 years, we are encouraging governments to develop clear frameworks of action for supporting the participation of girls in school within their long-term education sector plans, and to develop new initiatives to improve girls' overall achievement. We support the abolition of direct and indirect costs of schooling as one of the most significant ways of improving girls' participation in education, and anticipate that increased aid flows will help us to support comprehensive national plans for the progressive removal of school fees in countries where they continue to be a barrier. This is one area where we work closely with UNICEF, both through country programmes, such as the Girls' Education Programme in six northern states of **Nigeria**, and through UNICEF's leadership of the UN Girls' Education Initiative (UNGEI). In **Malawi** and **Ethiopia**, we have commissioned research into gender-based violence, and in **Kenya** and **Ghana**, we are supporting efforts to produce education sector plans that address gender inequalities in the education system. In **Ethiopia** and **Rwanda**, we have supported 'gender budget analyses' as useful tools for identifying inequities in funding allocations, with a view to redressing the imbalance across the sector.

7. Gender in **Sierra Leone** is being mainstreamed throughout the country programme. The systematic disadvantage of women is addressed through programmes of support to civil society and decentralisation, to ensure that the perceptions and priorities of women are better reflected in policy and planning; through work with the police to tackle gender-based violence; and within support to the electoral process. A major Sexual, Reproductive and Child Health programme is planned that will address some of the fundamental problems holding back women's empowerment in Sierra Leone, where the maternal mortality rate is the highest in the world.

Under-5 mortality

2003-06 only

8. Under-5 mortality has declined over the period 2003-05 with the overall rate of progress doubling in the period since 2000 compared to the period 1990-2000. It is predicted that it will have reached 144.6 per 1,000 live births in 2008 meaning that we are now likely to meet the 2005-08 target. However, progress has not been rapid enough to reach the 2003-06 target of 139. In **Zimbabwe**, **Lesotho**, **South Africa** and **Kenya** rates have increased, and **DRC**, **Nigeria**, **Rwanda** and **Sierra Leone** still have mortality rates of around 200 per 1,000.

What is DFID doing?

9. DFID is addressing child mortality through a variety of interventions, including support for the provision of clean water and sanitation, large-scale immunisation and insecticide-treated bed nets programmes and addressing related maternal mortality issues. Safe hygiene practice and improved access to clean water and sanitation are vital for reducing child mortality. DFID produced the Water Action Plan in March 2004, and we will double our spending on water and sanitation activities to £95 million by 2007/08.

10. In **Nigeria** we are providing £20 million to rebuild routine immunisation services and a further £80 million for malaria control. In **Tanzania** we continue to provide support for the social marketing of bednets as part of the national Insecticide-Treated Net Programme, and in **Sierra Leone** are designing a new long-term Child

Survival and Maternal Health Programme with the World Bank and national partners. In **Malawi** we are contributing £100 million over six years to the Government's essential health and human resource programme, and significant progress has been made on child survival through immunisation and malaria programmes. Similarly in **Zambia** we are major donors to the National Strategic Health Plan, which includes a focus on improving child health through expanded vaccination services, curative care and improving access to services. In **Kenya** we are supporting a sector wide approach for the long-term strengthening of the health system and improved service delivery. We have funded the development of a number of system strengthening plans in human resources, procurement and financial management. We are also concentrating much support on the prevention of malaria, the major cause of mortality in children in Kenya. By the end of 2007 we will have spent more than £45 million on insecticide-treated bed nets and distributed 11 million nets, saving approximately 167,000 lives. DFID is indirectly supporting **South Africa's** efforts to reverse under-5 mortality rates through the £30 million, five-year HIV/AIDS Multi-Sectoral Support Programme (MSP). Our support to the Maternal Child and Women Health Unit in the Department of Health supports research in the area of Prevention of Mother to Child Transmission (PMTCT), the development of fertility options policy, and research on barriers to antiretroviral uptake among children and pregnant women.

11. DFID continues to provide strong support to the Global Fund to Fight AIDS, TB, and Malaria (GFATM), and also played a central role in the International Finance Facility for Immunisation (IFFIm) which issued its first bonds in November 2006. This will disburse \$4 billion (£2.2 billion) over the next ten years and is estimated will save 10 million lives, including five million children before 2015. DFID also recently pledged long term support to UNITAID, the International Drug Purchase Facility, starting with a £15 million contribution in 2007, to ensure poor countries benefit from lower prices for drugs to treat AIDS, TB and malaria.

Maternal mortality

2003-06 and 2005-08

12. Maternal mortality and the indicator to increase the proportion of births assisted by skilled birth attendants in Africa are off track. This indicator closely reflects the capacity of public health care systems, since it relies directly on the training and deployment of staff.
13. Since 2000, **Ghana, Mozambique** and **Tanzania** have made the largest improvements in this area, with **Rwanda** and **Malawi** making modest improvement. However, the rate of progress is slow, and in **Ethiopia** in 2004 it was estimated that only 11% of births were attended, and in **Nigeria** and **Rwanda** the figure was a little over a third. **Nigeria, Lesotho** and **Zambia** have moved backwards on this indicator and quality of data continues to be a problem.
14. There are significant variations in maternal mortality between and within countries, but in most cases it is the poorest 20% of women that are least well served. In some African countries research has shown that HIV-infected women are four times more likely to die in pregnancy and childbirth than uninfected women. African women are still unable to access basic maternal and other health services. Despite DFID advocacy and increasing budget support, there is some evidence that governments are not prioritising these issues which has resulted in limited access to sexual and reproductive health services. The problem is exacerbated by a chronic lack of skilled health workers, particularly in the poor rural areas.

What is DFID doing?

15. Increasingly, DFID's support to reduce maternal mortality is delivered through general budget support or health sector budget support. With regard to more direct investment in the health sector, experience has led country programmes to move away from funding specific safe motherhood programmes, towards supporting more general programmes for essential health services which are crucial for improving maternal and child health. Nonetheless, as outlined below, there are a range of examples of specific funding for maternal health to supplement other, broader health sector support.
16. In **Kenya**, a regional Safe Motherhood Programme supported overall health system strengthening and was used to argue for more support to maternal and child health within the Essential Health Services programme. In **Malawi** and **Uganda**, DFID continues to work with national partners to strengthen health services, particularly human resources for health, and is pressing for the expansion of evidence-based sexual and reproductive services. The Emergency Human Resource Programme in **Malawi** aims to double the number of nurses and triple the number of doctors working in the health services. In **Sudan**, DFID is supporting the provision of emergency obstetric care through non-governmental organisations (NGOs) such as Médecins Sans Frontières (MSF) and Merlin, who provide a basic package of services for women and children. A number of malaria investments (for example in **Nigeria**, **Uganda** and **Malawi**) target pregnant women through, for example, providing insecticide-treated bed nets or appropriate prophylactic malarial drugs for pregnancy. In **Zimbabwe**, DFID will invest £25 million over five years to improve maternal and newborn health. The project will reduce the number of maternal deaths and reduce the number of children becoming infected with HIV or dying from HIV infection. In **Sierra Leone**, DFID will invest £50 million over 10 years into the health sector to improve sexual, reproductive and child health. The programme will strengthen the health system as a whole and address human resources for health, supplies of commodities, policy planning and financing, as well as contribute towards reducing key social, cultural and economic barriers to accessing basic health services.

HIV and AIDS

2003-06 and 2005-08

17. 25.8 million people are living with HIV in sub-Saharan Africa, 60% of the global burden. In 2005 an estimated 3.2 million people became newly infected with AIDS and 2.4 million adults and children died. The epidemic disproportionately affects young women.
18. The AIDS epidemic across Africa is highly varied. Southern Africa remains the epicentre, whilst in west and central Africa prevalence rates are considerably lower. There are some declining trends in national adult HIV prevalence in **Zimbabwe** and **Uganda**, and in urban parts of **Kenya**, but overall there are limited signs of changing HIV infection levels.
19. The key factors driving the epidemic are complex and numerous. They include: limited financial resources; a lack of political commitment; weak government and civil society infrastructure and limited human resource capacity to ensure effective HIV prevention; poor treatment and care services; ineffective coordination amongst international and national agencies involved in the AIDS response; high levels of stigma and discrimination; gender inequity; a lack of education and poverty. Whilst treatment and care services are critical, HIV prevention must be a priority to bring the epidemic under control across Africa.

What is DFID doing?

20. DFID continues to tackle HIV and AIDS within the priorities set out in the UK AIDS strategy and has committed to spend £1.5 billion on this between 2005 and 2008. At the country level, DFID has focused support on comprehensive multi-sector national responses to provide HIV prevention, treatment and care services along with impact mitigation. Depending on the context, a range of approaches has been used, including support to strengthen government and civil society responses and direct service delivery via UN and civil society agencies.
21. In **Nigeria** we are providing £52 million to tackle HIV, including the promotion of behaviour change and sexual and reproductive health services and the social marketing of contraceptives. We are also strengthening national health systems to provide treatment and care in countries such as **Zambia** and **Malawi**. We continue to prioritise support to orphans and vulnerable children through broad social protection programmes. New HIV and AIDS programmes are being designed in **DRC**, **Zimbabwe** and **Uganda**. We have also been working with regional African institutions such as the South African Development Community (SADC) and the African Union (AU) in support of their role in raising the political profile of and accountability on HIV and AIDS. In 2005 we pushed for an international agreement to achieve universal access to HIV prevention, treatment and care, and continue to be strong supporters of the Global Fund to Fight AIDS, TB, and Malaria (GFATM). We recently pledged long term support to UNITAID, the International Drug Purchase Facility, beginning with a £15 million contribution in 2007 to ensure poor countries benefit from the lower prices for drugs to treat AIDS, TB and malaria.

Target 2: Asia**Income poverty in East Asia and Pacific***2003-06 only*

22. Progress against this target was assessed as green in DFID's 2006 Departmental Report. It has now 'slipped' to an amber assessment, but this is due to an increase in the baseline percentage from 15% to 19.8%. We still expect to come very close to achieving the original target to reduce the number of people living in poverty to 10%, which will now represent a reduction almost twice as large as the 5% reduction originally sought. Overall the region has made excellent progress since 1990, and the current World Bank estimate is that poverty in East Asia and the Pacific will fall below 1% by 2015.

Primary school enrolment*2005-08 only*

23. While **Vietnam**, **Cambodia** and **Indonesia** have net primary enrolment rates above 90%, increased progress is needed in other countries for this target to be met. **Bangladesh** has shown only a slight increase in enrolment rates over this period, while in **India** there are indications that the enrolment rate is showing the necessary improvements.

What is DFID doing?

24. In **Bangladesh** DFID is contributing £100 million to a sector-wide Primary Education Development Programme (PEDP II) and also chairs the donor consortium. PEDP II aims to improve quality in primary education as well as enrolment and completion rates. It will also support the establishment of better data on enrolment rates and numbers of children out of school. Nearly 4,000 schools have benefited to date, with another 3,500 in process. Additional classrooms have been provided, and over 12,000 new teachers have been

recruited to teach in these. Training is ongoing and that number is set to rise to 14,000. Additional toilet facilities have also been provided in over 5,000 schools. DFID is also contributing £32 million to the NGO Bangladesh Rural Advancement Committee's (BRAC) Basic Education Programme to improve primary school access and enrolment, particularly for extremely poor, marginalised and ethnic minority children. This caters for some 1.3 million children who would otherwise not be in school.

25. In **Pakistan** DFID is providing £30 million over four years to the Government of Punjab to help strengthen the delivery of social services, including education. DFID is also working to strengthen Government of Pakistan and donor relations to improve education, including by leading joint contributions to the National Education Policy Review consultation process. DFID is also helping address the substantial gender gaps by preparing a Gender in Education Policy Support project to help the Government improve policy-making, planning and management to accelerate progress towards gender parity and equality. DFID's support to the Earthquake Reconstruction and Rehabilitation Authority also includes support for school construction and teacher development.
26. Access to schooling in **India** is being addressed by the Sarva Shiksha Abhiyan (SSA) Elementary Education Programme. This was launched in 2001 and is supported by DFID (£210 million) and other donors. Achievements of this programme to date include: the enrolment rate for 2004/05 among 6-14 year olds reached 94%; the number of children out of school fell from 25 million in 2003 to 13.5 million in March 2005; drop out rates have fallen by 4% at the primary stage and 2% in the upper primary stage; and very encouraging progress has been made towards the gender and social equity targets.

HIV and AIDS

2003-06 and 2005-08

27. The target is to keep HIV/AIDS prevalence rates below 5% in groups at the highest risk of being infected with HIV (such as commercial sex workers, men who have sex with men, injecting drug users, and patients with sexually transmitted infections). It is difficult to assess progress on this target, as available data have poor coverage and is unlikely to represent these vulnerable groups accurately. The data that are available indicate particularly high HIV prevalence rates in some vulnerable groups in Indonesia and Nepal.

What is DFID doing?

28. In **Pakistan** DFID is supporting the Government of Pakistan's National AIDS Control Programme. This has included a study to inform the legislative framework for HIV and AIDS in Pakistan, and a review of the national response to HIV/AIDS that will lead to a revised approach. DFID is also providing support for a study to generate more evidence on the epidemiology, behavioural characteristics and factors underlying vulnerability amongst high-risk populations. DFID also provides support through UNAIDS for the Joint UN Implementation Support Plan (ISP), and indirectly through the Global Fund for AIDS, TB and Malaria (GFATM).
29. In **Indonesia** DFID has established the Indonesia Partnership Fund for HIV/AIDS (IPF) and has committed £25 million (2005-08) to help rapidly increase the capacity to respond to HIV/AIDS. IPF resources are supporting two existing projects: the Indonesian HIV/AIDS Prevention and Care Project to scale up harm reduction activities in 60 health clinics across the country; and Family Health International (FHI) which has similarly expanded its coverage by scaling up outreach through 80 implementing partners. FHI is also scaling up

provision of services to sex workers and their clients, including condom distribution and treatment of sexually transmitted infections.

30. In **Vietnam** DFID is supporting a project on HIV prevention among vulnerable groups with the Ministry of Health, including introducing good practice in harm reduction programmes for drug users and social marketing of condoms targeting sex workers. DFID is also supporting research to inform policy thinking on how to rehabilitate intravenous drug users.
31. In **Nepal** DFID financial support is being channelled to almost 60 partners in 28 districts in Nepal to work with high-risk behaviour groups. DFID is also supporting the establishment of a national monitoring and evaluation system.
32. In **Cambodia** DFID is supporting condom social marketing and related communication work. This will help to ensure availability of condoms to those most at risk, and increase the perception of risk in vulnerable groups.
33. In **China** DFID has just committed £30 million support to a £92 million Government of China-GFATM programme with explicit focus on vulnerable groups (such as sex workers, injecting drug users, and women and children) in 112 counties across the country. The funding will help to deliver condom promotion, diagnosis and treatment of infection, prevention of mother to child transmission, and voluntary counselling and testing. DFID's existing programmes also focus on high-risk groups: increasing the coverage and quality of prevention and care interventions; increasing the quality of planning and co-ordination for national and provincial responses; and building institutional capacity at national, provincial and county levels.

Tuberculosis

2003-06 and 2005-08

34. Asia is currently just off track to reach the target of 70% TB case detection rate by 2008, but with increased rates of progress the target could be achieved. Countries currently furthest from the target are **Afghanistan** and **Pakistan**, both of which are moving in the right direction from a very low baseline. Progress in **Bangladesh** has been held up by slow implementation of its Health, Nutrition & Population Support Programme.

What is DFID doing?

35. In **Pakistan** DFID supports the National TB Control programme through sector budget support and technical assistance. Technical Assistance has included the development of a strategic plan, a project document for the National TB Control Programme, and an implementation and monitoring plan. DFID also provides support indirectly through the Global Fund for Aids TB and Malaria (GFATM) and has supported the revitalisation of TB services in earthquake-affected areas in Kashmir.
36. In **Bangladesh** DFID is contributing £100 million to the government's Health, Nutrition & Population Support Programme (HNPSP) and working with other donors to push for faster progress on its implementation. Establishment of the HNPSP Management Support Agency will speed up the distribution of funding to NGOs which play a key part in TB case detection and treatment in Bangladesh. Whilst capacity is being built, ongoing work in the health sector continues through support to programmes such as the national TB Programme. This works in partnership with NGOs with the aim of achieving TB case detection rates of 70%, and 85% cure rates.

37. Rapid progress has been made in tackling TB in China in recent years, reflecting strong political commitment, increased government funding, a coherent National TB Programme, and good partnership between government and key donors (including DFID). A DFID/World Bank project played a major role in the implementation of the National TB Programme in 16 provinces, which accounted for more than 50% of TB cases identified nationwide.

Maternal mortality

2003-06 only

38. Skilled birth attendance is only a proxy for measuring progress towards reducing maternal deaths, but is the best internationally-agreed indicator for monitoring year-on-year progress. Limited capacity and slow implementation of the Health, Nutrition & Population Support Programme has held up progress in **Bangladesh**.

What is DFID doing?

39. DFID is contributing £100 million to **Bangladesh's** Health, Nutrition and Population Support Programme (HNPSP), in which maternal health is a key priority. DFID is working with other donors for faster progress on implementation. DFID is also developing a maternal/neonatal health programme with UN agencies which should be approved by end 2006, and exploring options for supporting maternal health work through NGOs to fill key gaps until HNPSP can ensure sufficient coverage. Whilst capacity is being built, ongoing work in the health sector, through HNPSP, continues and includes a recently implemented scheme to provide vouchers to pregnant women to improve access to routine and emergency obstetric services.
40. In **India** DFID has recently committed £252 million of support over five years to the second phase of the Reproductive and Child Health Programme – the Indian Government's main instrument for promoting mother and child health. This aims to expand the use of adequate quality, essential reproductive and child health services to, *inter alia*, reduce maternal and child mortality, and improve the coverage of safe deliveries and full antenatal care. It will be targeted at the poorest and most marginalised women, and main components include providing a continuum of care through pregnancy, childbirth and childhood (including skilled birth attendance and the provision of obstetric emergency care).

Target 3: Effectiveness of the multilateral system

EC aid effectiveness

2003-06 and 2005-08

41. According to data produced by the European Commission, the EC low income focus was 56% in 2005, up from 55% in 2004 and in comparison to 56% in 2003 and 51% in 2002. The EC revised its ODA reporting in 2002, so direct comparisons with figures for 2000 and 2001 cannot be made.
42. An overall budget for EC External Actions was agreed at the European Council in December 2005. The ceiling on commitments was set at around €57 billion over the period 2007-13. However, the financial breakdown of the different instruments within the External Actions budget means that the 70% low income focus will not be met until 2014 at the earliest.

What is DFID doing?

43. DFID works with other UK Government Departments, other Member States and the European Parliament to try to increase the proportion of EC Development Assistance going to low income countries (LICs).
44. The UK has been lobbying for increased volumes to the poorest countries in the annual budget negotiations and the now completed Financial Perspective (FP) negotiations. The UK has been arguing for the next FP to introduce a global resource allocation model based on needs and performance, with the expectation that this would redirect funds to the poorest countries. It has also lobbied to protect the low income focus of the European Development Fund.
45. DFID is continuously striving to put poverty reduction and achievement of the MDGs at the heart of all EC development programmes and actions. In this context, DFID is working to enshrine poverty reduction as the key objective for the new Development Instrument accompanied by a model for allocating its resources that would direct resources towards the poorest countries and those most in need.
46. DFID consistently lobbies to increase the volume and quality of commitments to LICs and to increase funding for global initiatives likely to have the greatest impact on poor countries.

Target 4: Trade [joint with DTI]*2005-08 only*

47. The reason the WTO Doha negotiations have not progressed further is widely perceived to have been because of an inability by the G4 group (US, EU, India and Brazil) to reach an agreement on the core triangle of issues at the heart of the talks: cuts in subsidies paid to farmers (particularly by the US); market opening in the agricultural sector (particularly by the EU); and increased market opening for industrial goods (in which Brazil and India are key).

What is DFID doing?

48. The ability of DFID, and the UK as a whole, to influence progress on WTO discussions depends on its credibility and influence with the European Union (both the European Commission, which negotiates on behalf of all EU members, and other Member States) and with key WTO members. The UK is working hard to encourage all WTO members to reach a successful, pro-development outcome. We remain in close contact with developing and developed countries alike to secure progress on the most important development issues – improving market access and reducing trade-distorting subsidies and non-tariff barriers – as quickly as possible, regardless of latest movements in the Doha negotiations. DFID continues to finance and produce robust research in a number of areas of the WTO discussions important to developing countries, to ensure policy is underpinned by sound evidence. DFID also provides capacity building to developing and the least developed countries to participate more actively in the negotiations, including supporting their efforts to enhance analysis of their trade policy objectives and develop their negotiating strategies.

49. More generally, we are increasing our support to DFID country programmes to help them work with partner governments, as well as other development partners including the private sector and civil society, on trade policy and reform. We are considering with developing country partners and other EU members how to ensure trade policy works as a tool for economic growth, development and poverty reduction. And we continue to seek the best possible deal for African, Caribbean and Pacific countries from Economic Partnership Agreements with the EU, to be negotiated during 2007.

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 created 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 the 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 only 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 five 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 Departmental 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 Africa and Asia 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 of 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 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 help 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 achieved 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; delivery of a new training course, 'Development Partnerships', which highlights the importance of portfolio quality in DFID; 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.

Annex 7

DFID's efficiency programme



Efficiency Programme

Progress

Headline efficiency target

In 2006/07, DFID achieved efficiencies of **£434 million**, exceeding our target of £303 million. Strong progress has been made and we therefore judge that we are **on course** to achieve sustainable efficiencies of £420 million in 2007/08.

Workforce reductions

By the end of March 2007, DFID **had reduced its workforce by 188** UK-based Full Time Equivalents (FTEs) against our revised baseline. We remain **on course** to achieve our target with further reductions planned for 2007/08.

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.

Sub-target

Progress

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. *Baseline £680 million (DFID funds given as programme based approaches 2004/05)*




Not on course – major slippage



We estimate that the proportion of funding provided through programme based approaches in 2006/07 is **42%**. While this gives an **efficiency gain of £13.5 million**, we remain off track to achieve the target of 53% in 2007/08. We plan to investigate the reasons for this shortfall, with a view to identifying what action should be taken. Savings are not cashable.




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.

NB: The proportion of our bilateral programme spent via programme based approaches that we report for our efficiency programme differs from that reported to the DAC. The DAC report contains two PBA figures of 59% and 48%. The first of these looks at 21 of DFID's bilateral programmes and calculates the proportion of these programmes spent via PBAs. The second takes into account 23 of our PSA countries and a few non-PSA countries and takes the average percentage across these country offices. For our efficiency target, however, we ask all bilateral programmes to identify all current PBAs. We then calculate the expenditure on these programmes against the total bilateral spend to calculate the proportion of our bilateral programme spent on PBAs. In addition, the DAC data are for partner countries' financial year 2005 (i.e. a financial year that ended at some point in 2005, which varied between countries), while the efficiency target looks at latest figures in the current UK financial year.

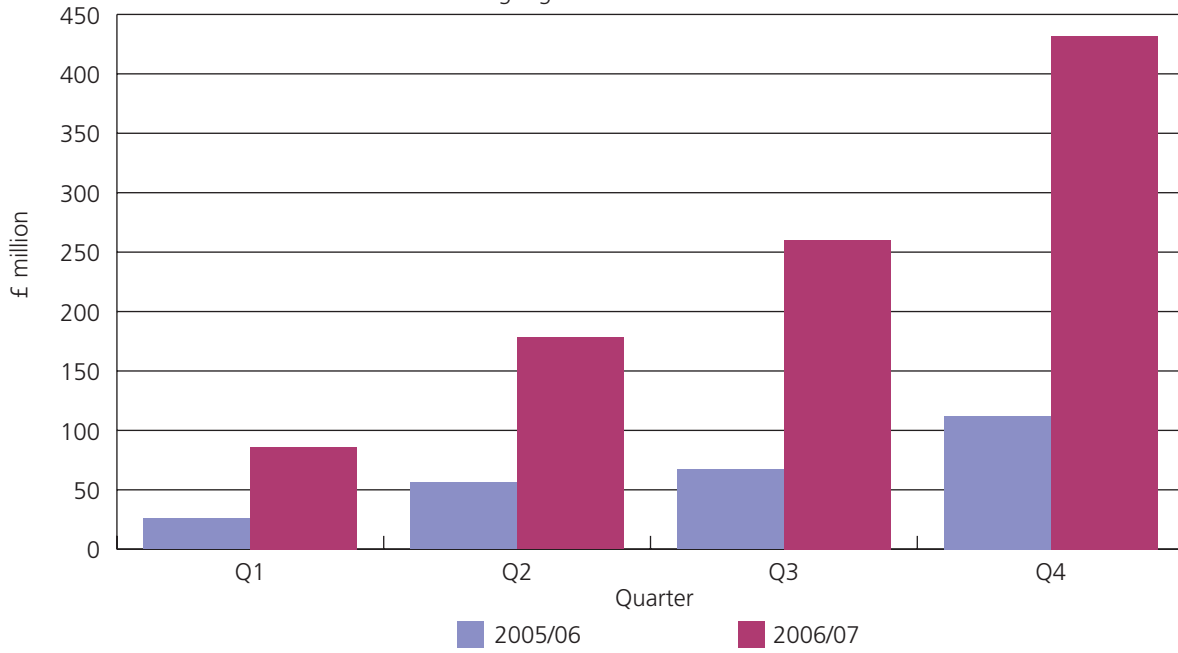


Sub-target	Progress	
<p>2: To increase DFID's contributions to low income countries through EC aid funding from £445 million in 2004/05 to £507 million. <i>Revised baseline £445 million (2004/05)</i></p>	<p>Broadly on course – minor slippage</p> <p>In 2006/07 we achieved provisional efficiencies of £28 million, contributing £501 million to low income countries (LICs) through EC aid. Savings on this target are not cashable.</p> <p>Due to an upwards revision to the baseline from £417 million to £445 million, we are no longer on course to meet our target efficiencies of £31 million by increasing our contributions to LICs through EC aid to £511 million by 2007/08.</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.</p>	
<p>3: To save 1% pa in value for money (VfM) savings on procurement over and above current savings of 4% pa. <i>Baseline 0% (2004/05)</i></p>	<p>On course</p> <p>Results from 2006/07 show £6.1 million of cashable savings made against a target of £6 million. This represents 4.1% of total procurement spend, well above the 1% target. However, we remain just ahead of target efficiency gains since our total procurement spend has been less than anticipated when the target was set. We therefore judge it will be challenging to meet the 2007/08 target and have therefore given an amber traffic light for future progress.</p> <p>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. <i>Revised baseline 62% (2004/05)</i></p>	<p>Ahead</p> <p>Data from all quarters of 2006/07 show an average rate of 74.8%, over 12% above the baseline. This is ahead of our target trajectory and results in efficiency gains in 2006/07 of £311 million against a target of £106 million. These are not cashable. We anticipate that we will exceed our efficiency target in 2007/08.</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>	

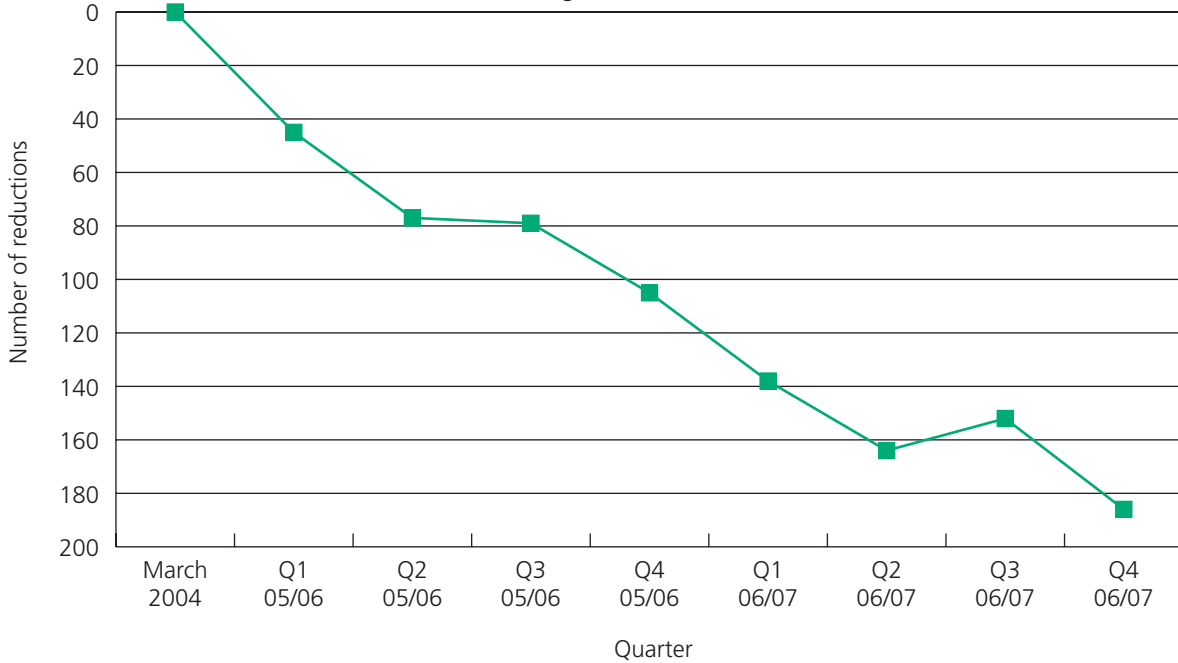
Sub-target	Progress	
<p>5: Increased support to the International Development Association (IDA) by 59% over last three year agreement. <i>Revised baseline £322 million per year (IDA 13 replenishment)</i></p>	<p>Broadly on course – minor slippage</p> <p>IDA is the arm of the World Bank that provides concessional loans and grants to the world's poorest countries. The conclusion of negotiations for IDA 14 has resulted in a 59% increase in the basic contribution over IDA 13. Efficiency gains are declared as promissory notes are drawn down. £570 million was deposited in 2006/07, resulting in efficiency gains of £62 million. Savings on this target are not cashable.</p> <p>Current deposits and future forecasts suggest we will be slightly under target for the duration of the programme.</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>On course</p> <p>In 2006/07 we have spent £232 million against our annual budget of £235 million. This means that, in 2007/08 prices, we achieved efficiency gains of £13.3 million in this financial year. Efficiency gains for this target are cashable.</p> <p>Divisional admin budgets have been capped for 2007/08 so we expect to continue to meet this target. Costs will be reduced through addressing the three sub-targets below.</p> <p>NB: The estimated administration outturn for 2006/07 totals £262 million – an increase over the 2005/06 outturn. This is due to a non-cash End Year Flexibility draw down of £30 million for non-cash central costs. This relates to the former Natural Resources Institute site at Chatham which DFID rents to the University of Greenwich. The lease will continue until 2014 and we are considering the sale of our confirmed interest in the site beyond 2014 to Greenwich University or a third party. The provision is for the possible difference between our book cost and the price we are offered. Treasury have agreed to a ring-fenced administration Departmental Expenditure Limit increase (to £265 million) to allow DFID to make the related accounting charge in this year's account. However this is not included in our efficiency reporting since it is an exceptional, non-cash cost.</p>	

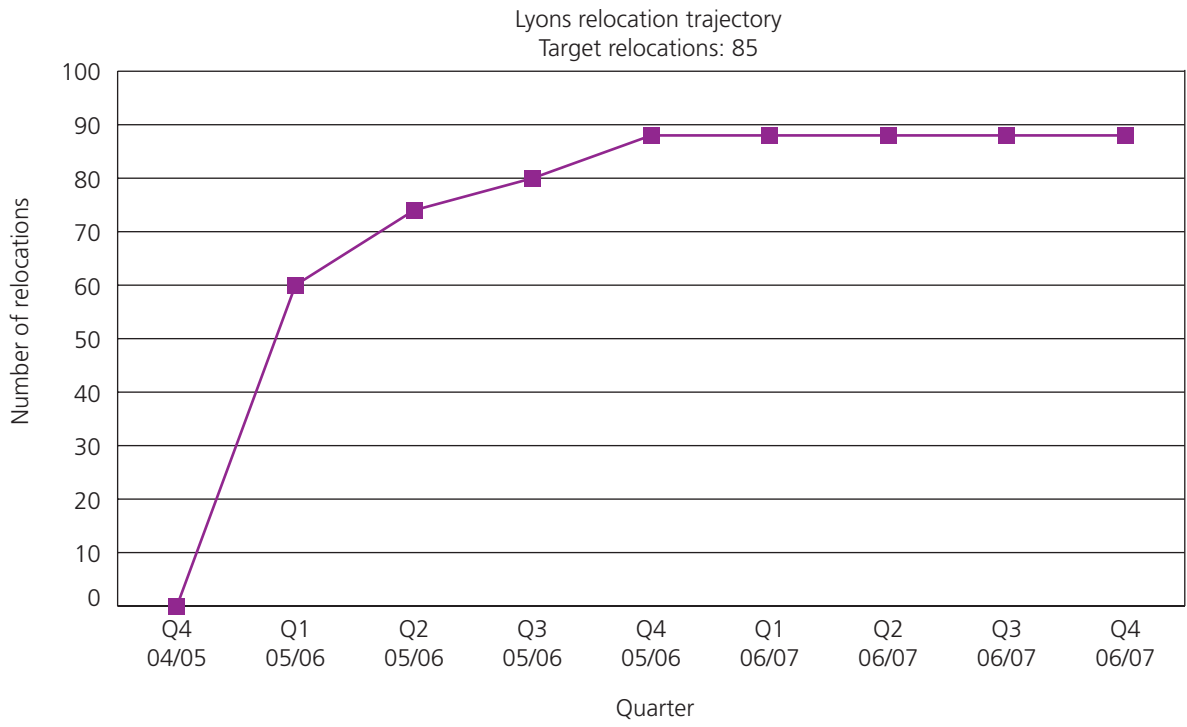
Sub-target	Progress	
<p>a. To reduce support service costs by 4% in 2006/07 and 10% in 2007/08. <i>Baseline £46.9 million (2005/06)</i></p>	<p>On course</p> <p>By the end of 2006/07 we achieved the target with a 4.6% saving over the baseline. This gives £2.4 million of cashable efficiency gains.</p> <p>Savings were primarily achieved through new business practices and other efficiency measures encompassed in our Catalyst programme. Support services budgets will continue to be capped in 2007/08 and we therefore anticipate that we will meet the target.</p> <p>The maintenance of system and service quality standards has been built into overall system development.</p>	
<p>b. To reduce staff numbers by 170 UK-based Full Time Equivalents (FTEs) and 124 Staff Appointed In Country (SAIC) posts. <i>Revised baseline 1907 full time equivalent staff and 1162 SAIC (March 2004)</i></p>	<p>On course</p> <p>By the end of 2006/07 we had reduced our headcount to 1719 UK-based Full Time Equivalents (FTEs), a reduction of 188 against the revised baseline. We have therefore achieved our efficiency target of 170 reductions. This resulted in £3.9 million of savings on staff costs.</p> <p>Although we have achieved our efficiency target of 170 posts due to the revised baseline, we continue to work towards the challenging target of reaching a total of 1610 FTE staff by March 2008. We missed our 2006/07 milestone of 1715 by 4 posts but we judge that we remain on course for 2007/08.</p> <p>The Staff Appointed In Country (SAIC) target was met by September 2005 when we reached a total of 914 staff.</p> <p>The target, and milestones towards it, continue to be embedded in Directors' Delivery Plans. This target is being actively managed by both the Management Board and by Divisions with support from HR. The bulk of the headcount savings will be met from system improvements which have built in standards of service and system quality.</p>	
<p>c. To relocate 85 posts from London to East Kilbride. <i>Baseline 0 posts (Jan 2004)</i></p>	<p>Met</p> <p>88 posts have already been relocated from the London office to East Kilbride, which means we exceeded the target well ahead of time.</p> <p>This is the final assessment for this target.</p>	

Overall efficiency gains trajectory
 Target gains 2006/07: £303 million
 Target gains 2007/08: £420 million



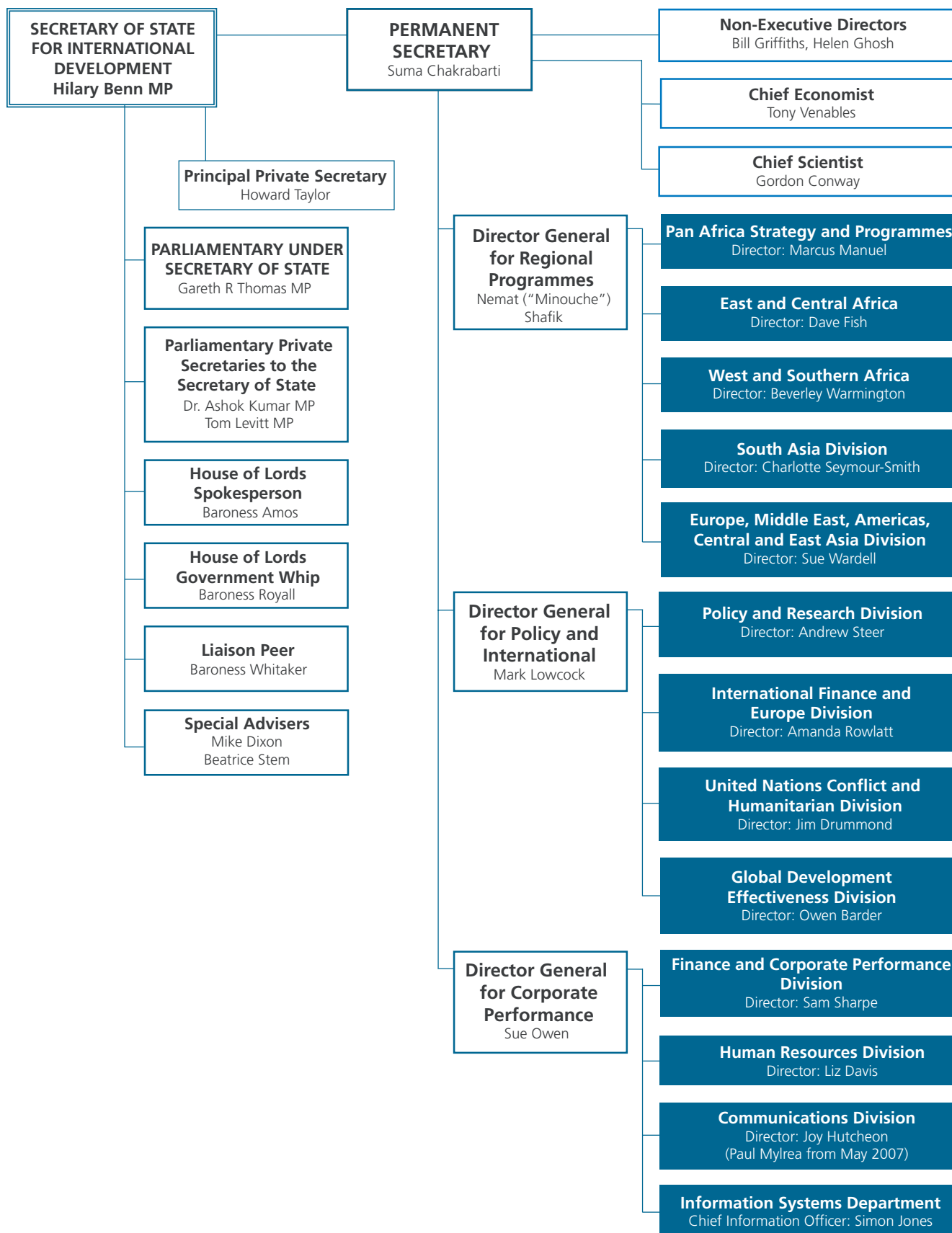
Headcount reduction trajectory
 Target reductions: 170

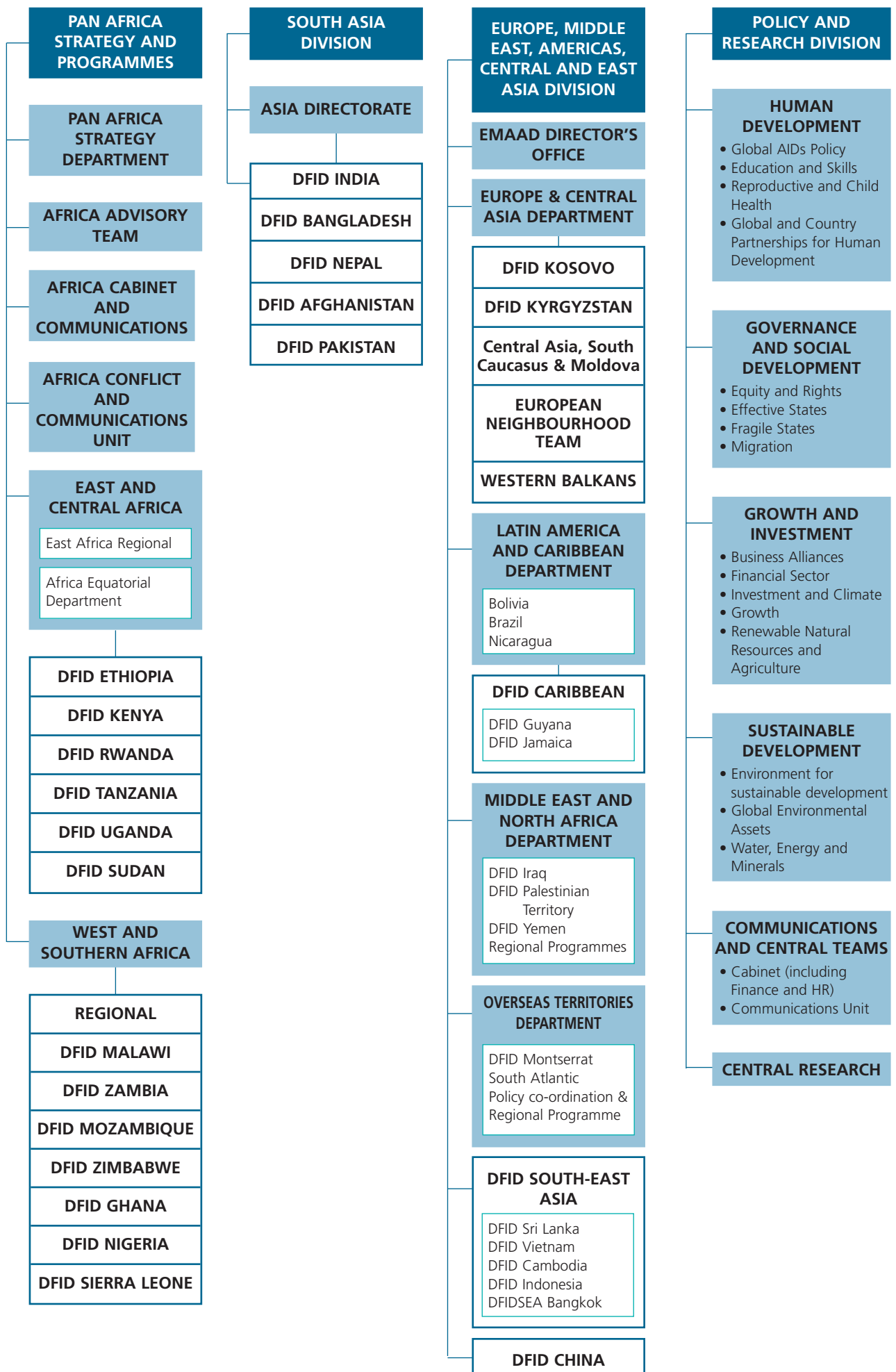


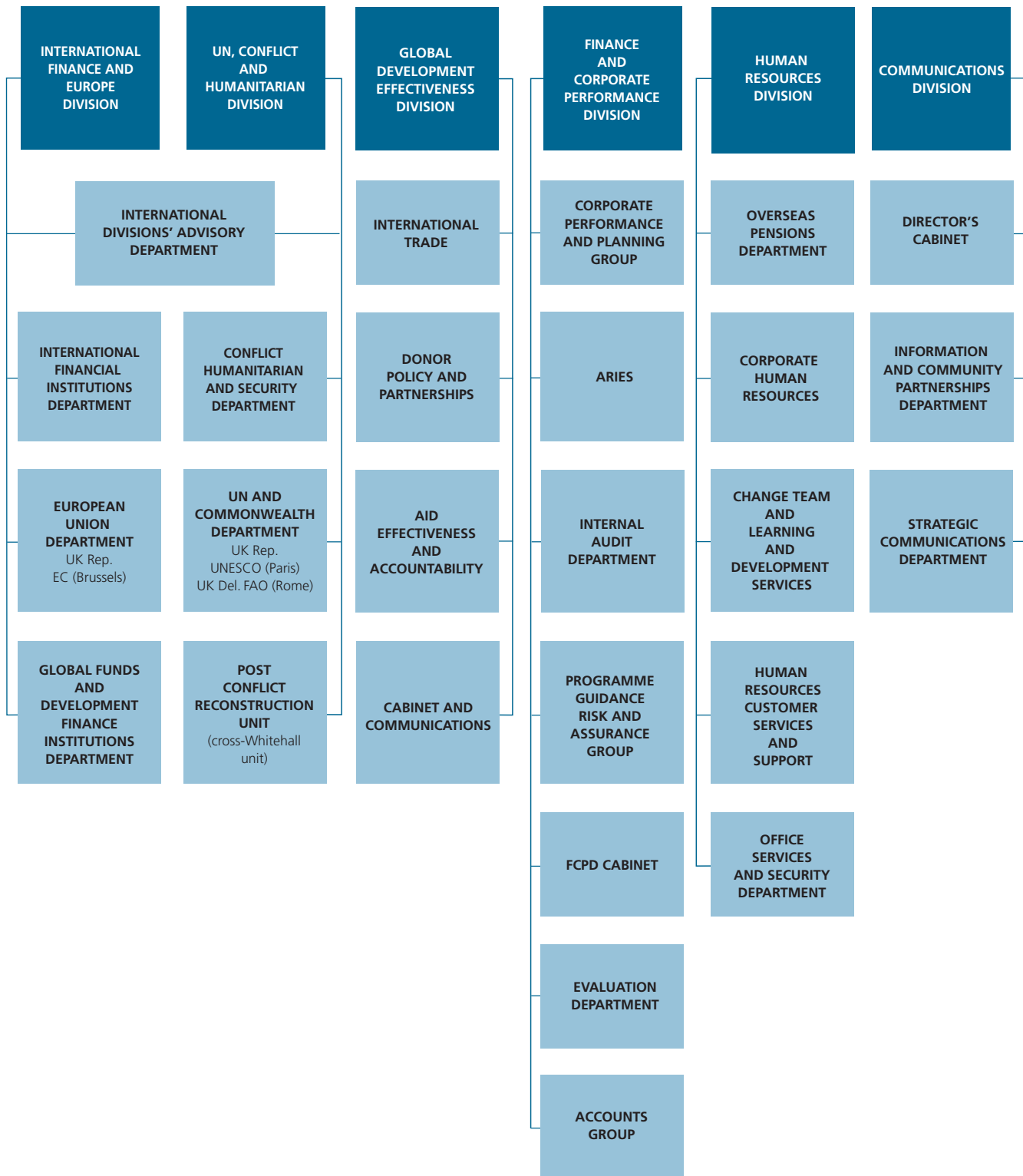


Annex 8

Organisation chart







Annex 9

Publications in 2006/07

White Paper

'Eliminating World Poverty, Making Governance Work for the Poor, A White Paper on International Development'

ISBN 0-10-168762-1, £24, July 2006

'Eliminating World Poverty' (free booklet)

July 2006

Annual Reports

'DFID Departmental Report, 2006'

ISBN 0-10-168242-5, £30, May 2006

'Statistics on International Development 2001/02 – 2005/06'

ISBN 1 86192 790 8, ISSN 0068-1210, October 2006

'DFID's 2006 Autumn Performance Report, An outline of progress against the 2003-06 and 2005-08 Public Service Agreements and the Efficiency Programme'

ISBN 0-10-169782-1, £13.50, December 2006

Country Assistance Plans

'China Country Assistance Plan'

June 2006

'Tanzania Country Assistance Plan'

January 2007

Institutional Strategies

'The World Food Programme (WFP)'

April 2006

'Joint Strategic Framework for Partnership with the African Development Bank by the Governments of Germany, the Netherlands, Portugal, and the United Kingdom'

July 2006

'Common Institutional Strategy for the Asian Development Bank by the Governments of Austria, Germany, Luxembourg, Turkey and the United Kingdom'

July 2006

'Canada, Sweden and the UK: A Joint Institutional Approach, Working together with UNICEF for the World's Children'

August 2006

Other DFID publications

'Eliminating World Poverty, the White Paper Speeches 2006'

April 2006

'Civil Society and Development'

April 2006

'Development Works, 52 weeks a year'

May 2006

'G8 Gleneagles: One Year On, Turning Talk into Action'

June 2006

'Quick Impact Projects, A handbook for the military'

June 2006

'Reducing Conflict in Africa: Progress and Challenges, Africa Conflict Prevention Pool Performance Report, 2001-05'

(Published with the Foreign and Commonwealth Office and the Ministry of Defence)

September 2006

'Conflict Trends in Africa, 1946-2004, A Macro-Comparative Perspective'

(Report prepared for the Africa Conflict Prevention Pool, UK Government)

September 2006

'Afghanistan: Development in Action, True life accounts of the impact of the UK's development programme in Afghanistan'

October 2006

'Why we need a global action plan on water and sanitation'

November 2006

'The World Classroom, Developing global partnerships in education'

(Published with HM Treasury) December 2006

'Breaking the Chains, Eliminating slavery, ending poverty'

February 2007

'Meeting our promises – a third update on DFID's work in water and sanitation since the 2004 Water Action Plan'

February 2007

Developments magazine

'Developments issue 33: Emergency! Natural disasters'

May 2006

'Developments issue 34: When development works'

June 2006

'Developments issue 35: Climate crisis'

October 2006

'Developments issue 36: What kick started Vietnam?'

December 2006

'Developments issue 37: Modern day slavery'

March 2007

Policy papers

'Saving lives, relieving suffering, protecting dignity: DFID's Humanitarian Policy'

June 2006

'Preventing Violent Conflict'

March 2007

'Gender equality at the heart of development'

March 2007

Evaluation Reports

'EV661 Evaluation for DFID Country Programmes: Malawi Country Study' April 2006

'EV665 Evaluation for DFID Country Programmes: Bangladesh Country Study'

May 2006

'EV666 Interim Evaluation of Taking Action: The UK Government's strategy for tackling HIV and AIDS in the developing world – Inception Report'

May 2006

'EV667 Developing Capacity? An evaluation of DFID funded Technical Co-operation for economic management in sub-Saharan Africa – Synthesis report'

June 2006

'EV669 Evaluation of DFID's Policy & Practice in support of gender Equality and Women's Empowerment (Volumes 1,2 and 3)'

July 2006

'EV668 Evaluation for DFID Country Programmes: Mozambique Country Study'

August 2006

'EV670 Evaluation of DFID's India programme 2000-2005'

August 2006

'EV671 Evaluation for DFID Country Programmes: Synthesis of 2005-06 evaluations'

December 2006

'EV674 Evaluation for DFID Country Programmes: Kenya Country Study'

February 2007

Working Papers

'WP18 Taking Action: Mapping study of UK funding and activities to tackle HIV and AIDS'

June 2006

'WP21 Review of DFID Environmental Screening'

September 2006

'WP22 Evaluating DFID's policy on tackling Social Exclusion: Baseline, Framework and Indicators'

January 2007

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.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/uk-worldbank-2005.pdf

The annual report on the UK's involvement with the World Bank. The latest report covers July 2004 to September 2005. The 2006 report will be published later this year.

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.cdcgroup.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.postconflict.gov.uk

The Post Conflict Reconstruction Unit (PRCU) is a joint DFID-FCO-MOD unit. It aims to improve the UK's capacity to contribute to achieving a stable environment in countries emerging from violent conflict, by preventing a resurgence of violence and establishing the basis for a state that can bring about development.

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.goodhumanitariandonorship.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.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.

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.cgdev.org

The Centre 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.dh.gov.uk/PublicationsAndStatistics/Publications/PublicationsPolicyAndGuidance/PublicationsPolicyAndGuidanceArticle/fs/en?CONTENT_ID=4143084&chk=uhVU3OG

Lord Crisp's report on 'Global health partnerships: the UK contribution to health in developing countries'.

www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm

The review by Sir Nicholas Stern of the Economics of Climate Change.

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.

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.

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 are 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 increasingly 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-term 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 grouped 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.

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 Strategy Papers

PRs 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 2004 Spending Review runs from 2005/06 to 2007/08.

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

ACP	Africa, Caribbean and the Pacific
ADB	Asian Development Bank
AfDB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
AMC	Advance Market Commitments
APF	African Partnership Forum
ART	Anti-retroviral treatment
ATP	Aid and trade provision
AU	African Union
CASCM	Central Asia, South Caucasus and Moldova
CDB	Caribbean Development Bank
CDC	Commonwealth Development Corporation
CERF	Central Emergency Response Fund
CHOGM	Commonwealth Heads of Government Meeting
CfA	Commission for Africa
CIS	Commonwealth Independent States
COMESA	Common market for Eastern and Southern Africa
CSCF	Civil Society Challenge Fund
DAC	Development Assistance Committee of the Organisation for Economic Co-operation and Development
DEFRA	Department for Environment, Food and Rural Affairs
DFID	Department for International Development
DoC	Drivers of change
DANIDA	Danish International Development Agency
DOTS	Directly Observed Treatment Short-course for tuberculosis
DTI	Department of Trade and Industry
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECOWAS	Economic Community for West African States
EDF	European Development Fund
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
EMAAD	Europe, Middle East, Americas, Central and East Asia Division
EMAS	Environment management system
ENLACE	Social Inclusion Fund Programme
ENPI	European Neighbourhood and Partnership Initiative
EPA_s	Economic Protection Agreements
ETCI	Early Transition Countries Initiative
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
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
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
GNI	Gross national income
GTF	Governance and Transparency Fund
GTZ	Gesellschaft für Technische Zusammenarbeit (international co-operation enterprise mainly engaged on German Technical Co-operation).
HIPC	Heavily Indebted Poor Countries
HIV	Human Immunodeficiency Virus
HMT	Her Majesty's Treasury
HRD	Human Resources Division
IADB	Inter-American Development Bank
ICF	Investment Climate Facility for Africa
ICPD	International Conference on Population and Development
IDA	International Development Assistance
IDC	International Development Committee
IDP	Internally displaced person
IFAP	International Federation of Agricultural Producers
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
iip	Investors in People
IMF	International Monetary Fund
ILO	International Labour Organization
IS	Institutional Strategy
JAS	Joint Assistance Strategy
LDC	Least developed countries
LIC	Low income country
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
NAO	National Audit Office
NATO	North Atlantic Treaty Organisation
NDPB	Non-departmental public body
NEPAD	New Partnership for Africa's Development
NGO	Non-governmental organisation
OCHA	United Nations Office for the Co-ordination of Humanitarian Affairs
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OPD	Overseas Pensions Department
PCRU	Post Conflict and Reconstruction Unit
PEFA	Public expenditure and financial accountability
PPA	Partnership Programme Agreements
PRBS	Poverty Reduction Budget Support
PRISM	Portfolio reporting and information system for management
PRSP	Poverty reduction strategy paper
PSA	Public Service Agreement

PIAF	Public Infrastructure Advisory Facility
RBM	Roll back malaria
SADC	South African Development Community
SAIC	Staff appointed in country
SEE	South East Europe
SIDA	Swedish International Development Agency
SPA	Strategic Partnership for Africa
SRH	Sexual and reproductive health
TACIS	Technical Assistance for Commonwealth of Independent States
TB	Tuberculosis
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCAC	United Nations Convention Against Corruption
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
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
UNGEI	United Nations Girls' Education Initiative
USAID	United States of America Agency for International Development
VSO	Voluntary Service Overseas
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organisation

Annex 12

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