

# 2006 Autumn Performance Report

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DFID  
**PSA**  
and Efficiency  
Programme



December 2006



Department for International Development

# 2006 Autumn Performance Report

An outline of progress against the  
2003–06 and 2005–08 Public Service Agreements  
and the Efficiency Programme

Presented to Parliament by the  
Secretary of State for International Development  
by Command of Her Majesty  
December 2006

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# 1 Introduction

**1.1** The Department for International Development (DFID)'s 2003–06 and 2005–08 Public Service Agreements (PSAs) are based on the Millennium Development Goals (MDGs). The MDGs represent a 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. Further information on the MDGs and global and national progress reports towards their achievement can be found at [www.developmentgoals.org](http://www.developmentgoals.org).

## The Millennium Development Goals

- MDG 1 **Eradication of extreme poverty and hunger**
- MDG 2 **Achievement of universal primary education**
- MDG 3 **Promotion of gender equality and the empowerment of women**
- MDG 4 **Reduced child mortality**
- MDG 5 **Improved maternal health**
- MDG 6 **Combating HIV/AIDS, malaria and other diseases**
- MDG 7 **Ensuring environmental sustainability**
- MDG 8 **A global partnership for development**

**1.2** DFID's 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 Departmental 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.

**1.3** This Autumn Performance Report (APR) details the most recent progress against DFID's 2005–08 PSA (Section 2) and 2003–06 PSA (Section 3). Section 4 explains the actions that DFID is taking to address underperformance on those PSA targets that are off track; and Section 5 addresses progress towards DFID's efficiency targets.

## Summary of Public Service Agreement and Efficiency Programme progress

1.4 Progress towards the PSAs can be summarised as follows:

### 2005–08 PSA

6 targets  
25 sub-targets  
*of which*  
5 ahead  
8 on course  
4 on course with some slippage  
8 with slippage

### 2003–06 PSA

5 targets  
23 sub-targets  
*of which*  
4 met  
7 on course  
1 partly met  
3 on course with some slippage  
1 not met  
7 with slippage

### EFFICIENCY

6 targets  
9 sub-targets  
*of which*  
1 met  
1 ahead  
4 on course  
2 on course with some slippage  
1 with slippage

and respond to the four big challenges for international development. These are: to help governments and citizens make politics work for the poor; to help countries ensure security, sustainable growth and basic services; to work internationally to tackle climate change; and to create an international system fit for the 21st century. We will continue to tackle these challenges under our existing PSA, and they will be the cornerstones of our performance framework beyond 2008.

1.6 In July 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. The requirements of the Act will not affect the Autumn Performance Report, which reports progress towards DFID's Public Service Agreement and Efficiency Programme. The Act will, however, change the way we report in our Departmental Report, published around May each year. These changes will be reflected in DFID's 2007 Departmental and Annual Report. We have also published additional tables in this year's Statistics on International Development (October 2006, [www.dfid.gov.uk/pubs/files/sid2006/sid06-full.pdf](http://www.dfid.gov.uk/pubs/files/sid2006/sid06-full.pdf)), in line with the requirements of the Act.

## The new White Paper and the International Development (Reporting and Transparency) Act 2006

1.5 In July 2006, DFID published its third White Paper, *Eliminating world poverty: Making governance work for the poor* ([www.dfid.gov.uk/wp2006](http://www.dfid.gov.uk/wp2006)). Within DFID's single aim of eliminating poverty in the poorest countries, the White Paper sets out how we intend to deliver the promises made in 2005

## A note on data quality

1.7 A number of DFID's PSA targets require progress towards key MDG indicators in Africa and Asia. We use international data sources to monitor progress towards these targets, supplemented by data from developing country sources where we have more up to date information and can verify that the definitions and quality are comparable.

**1.8** Despite every effort to secure accurate data for all PSA focus countries, it is important to recognise that there are limitations to the data available for reviewing progress:

- Data are unavailable to assess progress towards some sub-targets in some of our PSA countries.
- Where data are available, new figures will generally not be produced each year, so there may be gaps in time series.
- New data becoming available can lead to revisions in the data series for previous years. This means that some of the baselines set out at the time our PSAs were written have now altered.

**1.9** More detailed information on data issues of relevance to the PSA baselines and outturn figures, and the methods we have employed to deal with these, are discussed in Annex A.

## **Further information**

**1.10** Further information on DFID's work can be found on our website, [www.dfid.gov.uk](http://www.dfid.gov.uk), or from our Public Enquiry Point on 0845 300 4100.

## 2 Progress against the targets in DFID's 2005–08 Public Service Agreement

### Guide to 'traffic light' assessment in this report

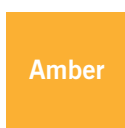
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Green

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

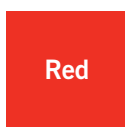
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Amber

Means that progress on the target/sub-target/indicator is either broadly in line with plans and expectations, or there has been some slippage. Alternatively progress may have been made in some areas but not in others.

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Red

Means that progress on the target/sub-target/indicator has been slower than expected.

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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.



**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.







Some progress

## Target 1

Progress towards the Millennium Development Goals  
in 16 key countries in Africa









## Progress

### Some progress

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 and AIDS remain incomplete, but with evidence of a decrease in some countries and an increase in others. Good progress has been made in 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	Current position	Anticipated progress by 2008
1 a reduction of four percentage points in the proportion of people living in poverty across the entire region. <i>Revised baseline 46.1% (2000)</i>	<b>Slippage</b> 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, turning the traffic light from amber to red. Sub-Saharan Africa has shown much improved growth 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.		
2 an increase in primary school enrolment by 18 percentage points. <i>Baseline 67.6% (2000)</i>	<b>On course</b> The latest figure on primary school enrolment rates is 79.2%, which reflects the steadily improving trend since 2000. The data cover 14 countries (3 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.		
3 an increase in the ratio of girls to boys enrolled in primary school by five percentage points. <i>Baseline 91% (2000)</i>	<b>Slippage</b> 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.		
4 a reduction in under-5 mortality rates for girls and boys by 8 per 1,000 live births. <i>Baseline 156.9 deaths per 1,000 (2000)</i>	<b>Ahead</b> Data are available for all 16 PSA countries and show a current rate of 146.8 deaths per 1,000 live births, an improvement over 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.		

Sub-target	Progress	Current position	Anticipated progress by 2008
<p>5 an increase in the proportion of births assisted by skilled birth attendants by 11 percentage points.</p> <p><i>Baseline 41.5% (2000)</i></p>	<p><b>Slippage</b></p> <p>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. Ghana, 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.</p>		
<p>6 a reduction in the proportion of 15–24-year-old pregnant women with HIV.</p>	<p><b>Some progress</b></p> <p>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.</p> <p>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 are observed and women remain disproportionately affected.</p> <p>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.</p>		
<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><b>On course</b></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, which set out priorities for continuing work. 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 launched 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>		



Some progress

## Target 2

Progress towards the Millennium Development Goals in nine key countries in Asia









## Progress









### Some progress

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 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 school 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	Current position	Anticipated progress by 2008
1 a reduction in the proportion of people living in poverty of five percentage points in East Asia and the Pacific. <i>Baseline 18.6% est. (1999)</i>	<b>Ahead</b> 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 sub-target for 2005–08 is ahead.		
2 a reduction in the proportion of people living in poverty of eight percentage points in South Asia. <i>Baseline 33.8% est. (1999)</i>	<b>Ahead</b> 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	Current position	Anticipated progress by 2008
<p>3 an increase in net primary school enrolment by eight percentage points.</p> <p><i>Baseline 81% (2000)</i></p>	<p><b>Slippage</b></p> <p>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.</p> <p>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 has not affected the rate of change. It is likely that if Afghanistan were 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.</p> <p>The long-term trend for the PSA countries (based on progress since 1990) suggests enrolment rates will reach 87% in 2008, an increase of six percentage points.</p>		
<p>4 an increase in the ratio of girls to boys enrolled in primary school by five percentage points.</p> <p><i>Baseline 84% (2000)</i></p>	<p><b>Ahead</b></p> <p>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.</p> <p>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.</p>		
<p>5 a reduction in under-5 mortality rates for girls and boys by 24 per 1,000 live births.</p> <p><i>Revised baseline: 81.3 deaths per 1,000 (2000)</i></p>	<p><b>On course</b></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>		

Sub-target	Progress	Current position	Anticipated progress by 2008
<p>6 an increase of 15 percentage points in the proportion of births assisted by skilled birth attendants.</p> <p><i>Baseline 41% (2000)</i></p>	<p><b>Ahead</b></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><b>Slippage</b></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 and AIDS.</p>		
<p>8 a tuberculosis case detection rate above 70%.</p> <p><i>Baseline 32% (2000)</i></p>	<p><b>Slippage</b></p> <p>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.</p> <p>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.</p>		
<p>9 a tuberculosis cure treatment rate greater than 85%.</p> <p><i>Baseline 86% (2000)</i></p>	<p><b>On course</b></p> <p>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 (75%) is the only country not to have met the target. The cure rate in Afghanistan is estimated to be 86%.</p> <p>There was notable progress between 1995 and 2000, but since 2000 rates of progress have been slow 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.</p>		



Some progress

## Target 3

### Improved effectiveness of the multilateral system

#### Progress





##### Some progress







Progress is good or reasonable against all of the indicators supporting this target, except the European Commission (EC) flows to low income countries (LICs). 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 reform successes of 2005. The Peacebuilding Commission should begin to demonstrate results in 2007. The majority of agencies assessed for organisational effectiveness through the Multilateral Effectiveness Framework (MEFF) continue to show good progress.









Sub-target	Progress	Current position	Anticipated progress by 2008
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.  <i>The EC revised its ODA reporting in 2002, so direct comparisons with figures for 2000 and 2001 cannot be made.</i>	<b>Slippage</b> The EC spend in LICs in 2005 was 56% of allocated ODA, according to EC figures (non-DAC certified). 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.		





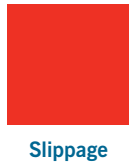
Sub-target	Progress	Current position	Anticipated progress by 2008
<p>2 ensuring that 90% of all eligible Heavily Indebted Poor Countries (HIPC) committed to poverty reduction that have reached Decision Point by end 2005 receive irrevocable debt relief by end 2008 [<i>joint target with Her Majesty's Treasury (HMT)</i>].</p> <p><i>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.</i></p>	<p><b>On course</b></p> <p>Achievement of the 2005–08 PSA target on debt depends on progress of countries through the HIPC Initiative. There are currently 43 countries identified as HIPCs. 28 of these 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, one further country (Democratic Republic of Congo (DRC)) has already reached Decision Point in 2006 and a further two countries (Haiti and Kyrgyz Republic) are expected to do so by the end of the year.</p> <p>Of the 28 countries that had reached Decision Point by the end of 2005, 20 have now completed the HIPC process (Cameroon in May this year and Malawi in August 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.</p> <p>The 8 other countries that had reached Decision Point in 2005 have yet to reach HIPC Completion Point. 2 (Sierra Leone and Sao Tome &amp; Principe) are expected to reach Completion Point by the end of 2006 and 5 (Burundi, Chad, DRC, the Gambia and Guinea) are likely to do so in 2007. The other Decision Point country (Guinea-Bissau) is not expected to complete HIPC until 2009. 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.</p> <p>11 other countries remain eligible for HIPC.</p> <p>DFID and HMT actively support the implementation of the HIPC initiative by working with the international financial institutions (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.</p>		
<p>3 international partners are working effectively with poor countries to make progress towards the United Nations (UN) 2015 Millennium Development Goals [<i>joint target with HMT</i>].</p>	<p><b>Overall progress</b></p> <p><b>Some progress</b></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 (PRs); through improvements in the internal effectiveness of IFIs and the EC; and through European donors' ODA/GNI ratios.</p>		

Sub-target	Progress	Current position	Anticipated progress by 2008
<p><b>Indicator (i):</b> poor countries and development partners are committed to and supporting effective and sustainable PRSs (75% of all countries implementing PRSs to present satisfactory reports to the Boards).</p>	<p><b>Some progress</b></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 51 countries have Poverty Reduction Strategy Papers (PRSPs) and 10 have interim PRSPs. Of the 51 countries that have PRSs, 47 are over a year old and 33 of these (or 70%) 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><b>Indicator (ii):</b> a sustained increase over time in the total net ODA from Development Assistance Committee (DAC) member countries and multilateral agencies to aid recipients.</p> <p><i>Baseline \$58.3billion (2002)</i></p>	<p><b>On course</b></p> <p>Important progress was made in 2005 through EU commitments (for each member state to reach 0.51% ODA/GNI), and those made 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. The Organisation for Economic Co-operation and Development (OECD)/DAC figures for 2004 already show a total net ODA of \$75.5 billion.</p>		
<p><b>Indicator (iii):</b> improved effectiveness of EC Development Assistance (as demonstrated by two out of three of the following being achieved):</p> <ul style="list-style-type: none"> <li>● a clear policy framework that puts poverty reduction as its central aim for development co-operation and promotes coherence among EU policies that affect developing countries;</li> <li>● agreement in Council, Commission and European Parliament to implement these objectives, including by increasing the share of EC ODA going to LICs;</li> <li>● continued reforms and adoption of best development practices during the 2005–09 Commission.</li> </ul>	<p><b>On course</b></p> <p>Six 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.</p> <p>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 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 co-operation.</p> <p>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.</p> <p>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.</p>		

Sub-target	Progress	Current position	Anticipated progress by 2008
<p><b>Indicator (iv):</b> improved institutional effectiveness of four international financial institutions (IFIs) (European Bank for Reconstruction and Development (EBRD), World Bank (WB), Asian Development Bank (AsDB), and African Development Bank (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><b>On course</b></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.</p>		
<p>4 improved effectiveness of UN agencies and the humanitarian aid system.</p>	<p><b>Overall progress</b></p> <p><b>On course</b></p> <p>The indicators below 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	Current position	Anticipated progress by 2008
<p><b>Indicator (i):</b> progress on two of three indicators in relation to the GHD principles:</p>	<p><b>On course</b></p> <p>Overall we are on course as progress on two of the three indicators is in line with plans and expectations. However, we have assessed future progress as amber because while progress in the use of the UN needs assessment methodology is in line with plans and expectations, progress in reducing DFID earmarking and in the coverage of UN consolidated appeals is slower than expected. In 2006 the international community has continued to build on the reform successes of 2005, with the Central Emergency Response Fund now in operation, allowing the UN and partners to respond quickly and effectively to crises.</p>		
<p>(a) Flexible financing to agencies (% of un-earmarked DFID humanitarian financing greater than previous year).</p>	<p>On principle (a), the figure for 2004/05 was 26%. The figure for 2003/04 was 28%. Clearly there is some slippage; however we expect the figures for 2005/06 to show some improvement because they will include the UK contribution to the Central Emergency Response Fund.</p>		
<p><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).</p>	<p>On principle (b), the percentage of unfinanced UN consolidated appeals was 32% in 2005. This was less than the 2004 figure of 36% but greater than the target for the UN financial year 2005 of 25%. The percentage gap between the five most financed and the five least financed appeals for 2005 was 43.6% against a target of 45%. This was a considerable improvement on the 2004 figure of 64%. It is too early to judge financing of the 2006 appeals; currently 46% are unfinanced but this will change by the end of the UN financial year in December. Combined, these principles are on track.</p>		
<p><i>Baseline 25% (2003)</i></p>			
<p>and % gap between five most funded and least funded appeals less.</p>			
<p><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).</p>	<p>On principle (c), seven to eight countries were using the new methodology in 2006. The target for 2005 was five countries, which was met, and the target for 2007 is ten.</p>		
<p><i>Baseline zero (2003)</i></p>			

Sub-target	Progress	Current position	Anticipated progress by 2008
<p><b>Indicator (ii):</b> improved institutional effectiveness of nine UN and humanitarian agencies.</p> <p>The target is for six out of the nine agencies to be achieving progress in all three indicators.</p> <p><i>The following nine agencies are being monitored:</i></p> <p><i>International Committee of the Red Cross (ICRC)</i></p> <p><i>United Nations Development Programme (UNDP)</i></p> <p><i>Joint United Nations Programme on HIV/AIDS (UNAIDS)</i></p> <p><i>United Nations Children's Fund (UNICEF)</i></p> <p><i>United Nations Population Fund (UNFPA)</i></p> <p><i>World Health Organisation (WHO)</i></p> <p><i>Food and Agriculture Organisation of the United Nations (FAO)</i></p> <p><i>United Nations High Commissioner for Refugees (UNHCR)</i></p> <p><i>United Nations Educational, Scientific and Cultural Organisation (UNESCO)</i></p>	<p><b>On course</b></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 DTI]*

### Progress

#### Slippage

Prospects for meeting this target have worsened over the last six months.

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. All key WTO members have since professed their commitment to finding a way out of this impasse, but no real movement is expected until late 2006 or early 2007. If progress is not made during this period, there is a real danger the round will go into 'cold storage' for another couple of years, or even collapse completely.

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 been mixed. We have continued to work towards WTO accession for current application countries. We want to ensure that Economic Partnership Agreements (EPAs) fully reflect the interests of African, Caribbean and Pacific (ACP) countries and are seeking the timely conclusion of a full and comprehensive review (the next few months are crucial). We are also seeking to influence the European Commission as it develops its trade policy agenda beyond the Doha negotiations.

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.

The UK has also championed the development of an enhanced Integrated Framework for trade-related technical assistance to Least Developed Countries. Full mechanisms for the enhanced Integrated Framework should be in place by early 2007: the test will then be how successfully it assists developing countries in making necessary trade reforms.



## 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

#### Some progress

Nine of the twelve indicators show progress broadly on course to meet the target, one has been met ahead of schedule, and there has been slippage in two areas. This period has seen improvements in the situation in Nepal with the restoration of multi-party democracy; in Sierra Leone, which, following further progress in security sector reform, is now on course to meet its target; and also in the UN's ability to deploy and sustain trained peacekeeping forces. The deteriorating security situation in Iraq, and the halting of project work in Palestine following the Hamas election victory, have delayed progress towards the Iraq and the Middle East Peace Process strategy targets.



1 progress towards durable peace in areas of priority.

#### Overall progress

Some progress



#### Afghanistan

Some progress

Significant progress has been made. The UK hosted the London Conference on Afghanistan which secured \$10.5 billion in new donor money. Afghanistan's National Assembly is now exercising oversight of the executive. The UK has funded civilian capacity-building programmes to help develop institutional accountability and build links between the government and the National Assembly. Further contributions have been made to the Disarmament, Demobilisation and Reintegration and Disbandment of Illegal Armed Groups programmes, although progress is slow. Afghanistan National Army and Afghanistan National Police capacity continues to develop, with particular UK interest in Helmand. However, the current security situation in Helmand has meant that the speed of development activity has been hampered.

HMG-funded Justice, Governance, Police and Rule of Law and Institutional Governance Advisers have been deployed. A multi-departmental Helmand Quick Impact Projects fund has been established.





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## Balkans

### Some progress

The Western Balkan states remain at peace within and between themselves, but inter-ethnic tensions persist. HMG programmes are helping states and ethnic communities to address the underlying causes of instability, and in doing so are helping to remove the barriers to further EU and NATO integration. The UK is providing further help to: reform security and justice sectors in the region; improve relations between ethnic groups; and tackle the problems caused by organised crime.

HMG continues to fund the International Commission for Missing Persons in Bosnia, which supports institution-building initiatives and strategies to determine the fate and whereabouts of the missing.

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## Democratic Republic of Congo (DRC)

### Some progress

The Transitional Government in DRC is reaching the end of its tenure with elections held on 29th October 2006.

Improvement of regional relations and international pressure, including from the UK, have drastically reduced cross-border interference. No major border interference in Eastern Congo has been reported for the period under review.

HMG assistance for demobilisation and army integration has contributed to a new national army of more than 150,000 combatants. Further progress is dependent on the outcome of the elections.

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## Iraq

### Slippage

The Iraqi Government and the UN are establishing an International Compact for Iraq, allowing the Iraq Government to demonstrate a commitment to undertake a difficult reform process.

The first two provinces to transfer to Iraqi security responsibility are both in the UK-led Multi-National Division (South East) area. HMG is funding a policing project and peacekeeping civilian police mission in order to aid the transition to an effective provincial police force.

However, the deterioration of the security situation, including the struggle between rival groups, has led to an escalation of violence in the South and a change of indicator from Amber to Red.

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## Middle East Peace Process (MEPP)

### Slippage

Project work with the Palestinian Authority stopped following Hamas' election victory. Therefore, progress towards meeting the objective has been limited. But the UK continues to work with Israeli NGOs on key MEPP issues and with the US on plans to improve security in the Palestinian Territories.

UK-led efforts continue to provide international assistance to the Occupied Territories through the Temporary International Mechanism (TIM). The Prime Minister secured a commitment from Prime Minister Olmert and President Abbas to meet without conditions. The UK is engaging G7 partners to support economic recovery.

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## Nepal

### Some progress

HMG has welcomed the restoration of multi-party democracy and given full support to a UN role in the peace process. HMG has engaged closely with EU partners, India, US, NGOs and civil society to support the peace and political process.

A British All-Party Parliamentary Group visited Nepal to bolster links with political parties. HMG has supported the work of the Office of the UN High Commissioner for Human Rights (OHCHR) and funded human rights training for the Nepal Army. It has advised the Government on security sector reform and post-conflict reconstruction.

OHCHR reporting and monitoring has led to a reduction of abuses carried out by both Nepalese authorities and Maoist rebels.



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## Nigeria

### Some progress

Religious, inter-ethnic, separatist and political violence continue, although at a lower intensity than previously in some parts of the country. The forthcoming presidential election in April 2007 is raising political tensions and politically motivated killings have been reported.

HMG is supporting various conflict and governance initiatives nationally and in some specific federal states. Particular attention is given to initiatives aiming to reduce tensions around the election process.



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## Sierra Leone

### On course

Presidential and legislative elections will take place in July 2007.

UK assistance to the Sierra Leone security sector has led to more accountable and professionalised security services. The sector is still overly dependent on donors, both for strategic planning and for tactical training. It needs to become more sustainable and civilian oversight needs to be increased.



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## Sudan – Darfur

### Slippage

The UK continues to press the non-signatory groups to eschew violence and adopt the Darfur Peace Agreement. We also continue to push the Government of Sudan to co-operate with the African Union and UN in ensuring a credible and effective peacekeeping force for Darfur. In the meantime we continue to provide significant resources to the existing African Union mission.



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## Sudan – North/South

### Some progress

The UK has provided technical assistance to Sudanese parties on disarmament, demobilisation and reintegration planning in the North/South peace process and, on request, on demilitarisation issues in the Darfur process.



2 increased capacity and effectiveness of peacekeeping, conflict prevention and peace support work in the UN and Africa.

## Overall progress

### Some progress



**Indicator (ia):** 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.

### Some progress

Implementation of the Integrated Mission Planning Process (IMPP) is already underway. Examples include the Secretary General's planning directive on Darfur and the establishment of an Integrated Mission Planning Team in the UN's Mission in the Democratic Republic of Congo (MONUC).

The UK supported a joint study by IMPP and the Department of Peacekeeping Operations (DPKO), the Executive Committee on Humanitarian Affairs (ECHA) and the Office of the Coordination of Humanitarian Affairs (OCHA). Two UK experts are currently on secondment to DPKO. We support DPKO to establish IMPP, develop training, and engage troop contributing countries (TCCs) and regional organisations. The UK supports the establishment of the Peacebuilding Commission.



**Indicator (ib):** 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.

### Met

108 countries contribute a total of 73,000 peacekeepers to UN missions, a 12.5% increase in the number of countries involved and a 36% increase in the number of peacekeepers over the last reporting period. The UK works to increase the pool of UK experts, particularly at a senior level, and to increase the capacity of African policing. The UN Strategy of the Global Conflict Prevention Pool funds engagements with emerging TCCs to encourage greater participation in Peace Support Operations (for example from China and Vietnam) and with existing major TCCs (such as India, Bangladesh and Pakistan). The UN Strategy also sponsors the UN training modules to produce better peacekeepers, especially at senior level.



**Indicator (ii):** African peacekeeping.

### Some progress

UK support has been instrumental in developing the African Union (AU)'s strategy for the African Standby Force (ASF), and continues to play a key role in coordinating donor resources and technical inputs. African progress in establishing the AU's target of five regional brigades is uneven and the UK is focused on assisting where prospects are best: the Economic Community of West African States (ECOWAS), the East African Standby Brigade (EASBRIG) and, where possible, the Southern African Development Community (SADC).

The UK continues to make a major contribution to expanding the pool of trained African peacekeeping personnel, having trained some 6,000 African personnel since 2004.





On course

## 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	Current position	Anticipated progress by 2008
<p>1 ensure that the proportion of DFID's bilateral programme going to low income countries is at least 90%.</p>	<p><b>On course</b></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. However, continuing pressure in Iraq, Palestine and other middle income countries warrants caution in our assessment of progress over the next 18 months.</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 (<a href="http://www.dfid.gov.uk/pubs/files/PSA/technicalnotes.pdf">www.dfid.gov.uk/pubs/files/PSA/technicalnotes.pdf</a>) the income group classification used for reporting against the PSA is those countries with a GNI per capita in 2001 of less than US\$746. This list will not be changed during the PSA reporting period. In SID we use the latest World Bank income group classifications. These were changed in 2004 so that 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><b>Overall progress</b></p> <p><b>On course</b></p> <p>In total, 1,042 DFID projects and programmes were included in the measure as of end September 2006, with a commitment value of £8,819 million. Of these, 747, or 73% by number and 74% by value, were scored as successful.</p>		

**Indicator (i):** increase in the index of DFID's high-risk bilateral projects evaluated as successful.

*Baseline 53% (quarter 4 2004/05)*

### On course

The outturn for the second quarter 2006/07 is 56% and is just above the baseline. This is a slight increase from the previous quarter.

There is a steady underlying positive trend, but the amber forecast for future progress reflects caution as the outturn figures have fluctuated each quarter since the baseline was set in 2004/05. 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.

184 projects and programmes, with a commitment value of £1,900 million, are currently in the high-risk portfolio and have been scored. This represents 18% of the total number of projects scored, and 22% of total commitment value.

Quarter	VfM outturn by commitment value	VfM outturn by percentage of high-risk projects
Q2 2006/07 (latest outturn)	<b>56%</b>	56%
Q1 2006/07	<b>49%</b>	51%
Q4 2005/06	<b>41%</b>	43%
Q3 2005/06	<b>33%</b>	35%
Q2 2005/06	<b>40%</b>	37%
Q1 2005/06	<b>52%</b>	37%
Q4 2004/05 (baseline)	<b>53%</b>	42%



**Indicator (ii):** increase in the index of DFID's medium-risk bilateral projects evaluated as successful.

*Baseline 57% (quarter 4 2004/05)*

### On course

The outturn for the second quarter 2006/07 is 75%, and shows a steady increase each quarter from the baseline. The underlying trend is very positive and this is reflected in the green forecast for future progress.

576 projects and programmes, with a commitment value of £5,378 million, are currently in the medium-risk portfolio and have been scored. This represents 55% of the total number of projects scored, and 61% 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
Q2 2006/07 (latest outturn)	<b>75%</b>	71%
Q1 2006/07	<b>73%</b>	70%
Q4 2005/06	<b>68%</b>	66%
Q3 2005/06	<b>65%</b>	63%
Q2 2005/06	<b>67%</b>	63%
Q1 2005/06	<b>63%</b>	62%
Q4 2004/05 (baseline)	<b>57%</b>	65%



Sub-target	Progress	Current position	Anticipated progress by 2008
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**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 second quarter 2006/07 is 92% and is above the baseline, though there is a slight decrease from the previous quarter.

There is a steady underlying positive trend. Although there was an initial drop from the baseline, progress has been steady since then and with a current percentage 6% over the baseline we believe we are likely to meet the target.

282 projects and programmes, with a commitment value of £1,541 million, are currently in the low-risk portfolio and have been scored. This represents 27% of the total number of projects scored, and 17% of total commitment value.



Quarter	VfM outturn by commitment value	VfM outturn by percentage of low-risk projects
Q2 2006/07 (latest outturn)	<b>92%</b>	89%
Q1 2006/07	<b>93%</b>	88%
Q4 2005/06	<b>83%</b>	86%
Q3 2005/06	<b>80%</b>	85%
Q2 2005/06	<b>79%</b>	84%
Q1 2005/06	<b>79%</b>	82%
Q4 2004/05 (baseline)	<b>86%</b>	84%

# 3 Progress against the targets in DFID's 2003–06 Public Service Agreement

## Guide to 'traffic light' assessment in this report

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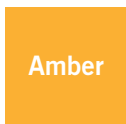
Green

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.

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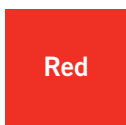
Amber

Means that progress on the target/sub-target/indicator is either broadly in line with plans and expectations, or there has been some 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.

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Red

Means that progress on the target/sub-target/indicator has been slower than expected.

**OR**

Means that the target/sub-target/indicator was not met, or was met late.

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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.





Some progress

# Target 1

Progress towards the Millennium Development Goals in 16 key countries in Africa

Please see map in chapter 2 for PSA countries

## Progress









### Some progress

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 and AIDS remain incomplete, but with evidence of a decrease in prevalence in some countries and an increase in others.



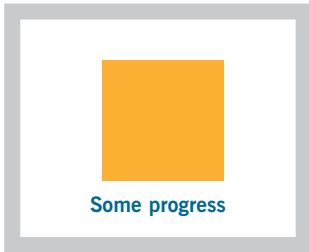
Sub-target	Progress	Current position	Anticipated progress or final outturn by 2006
1 a sustainable reduction in the proportion of people living in poverty from 48% across the entire region. <i>Revised baseline 45.8% (1998)</i>	<b>Slippage</b> Data from 2002 show that poverty in sub-Saharan Africa is 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%. <i>Revised baseline 63.9% (1998)</i>	<b>On course</b> 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%. <i>Revised baseline 90% (1998)</i>	<b>Some progress</b> 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. <i>Revised baseline 159.3 deaths per 1,000 (1998)</i>	<b>Slippage</b> 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	Current position	Anticipated progress or final outturn by 2006
<p>5 an increase in the proportion of births assisted by skilled birth attendants from 49% to 67%.</p> <p><i>Revised baseline 41% (1998)</i></p>	<p><b>Slippage</b></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><b>Some progress</b></p> <p>Only limited UN statistical data are available. High prevalence rates and numbers of new infections across PSA countries, along with 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><b>Partly met</b></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 Africa Conflict Prevention Pool (ACPP) 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 ACPP, by supporting the development of a detailed roadmap for a Continental Early Warning System 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>8 effective implementation of the G8 Action Plan for Africa in support of enhanced partnership at the regional and country level.</p>	<p><b>Met</b></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>		

**This is the final assessment of this sub-target.**

**This is the final assessment of this sub-target.**



## Target 2

### Progress towards the Millennium Development Goals in 4 key countries in Asia

PSA countries: Bangladesh, the People's Republic of China, India and Pakistan





## Progress

### Some progress







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 the 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	Current position	Anticipated progress or final outturn by 2006
1 a sustainable reduction in the proportion of people living in poverty from 15% to 10% in East Asia and the Pacific ( <i>includes China and South East Asia</i> ). <i>Revised baseline 19.8% est. (1998)</i>	<b>Some progress</b> 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. <i>Revised baseline 34.6% est. (1998)</i>	<b>On course</b> 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	Current position	Anticipated progress or final outturn by 2006
<p>3 an increase in gross primary school enrolment from 95% to 100%.</p> <p><i>Revised baseline 96% (1998)</i></p>	<p><b>On course</b></p> <p>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.</p> <p>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.</p> <p>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.</p>		
<p>4 an increase in the ratio of girls to boys enrolled in primary school from 87% to 94%.</p> <p><i>Revised baseline 88% (1998)</i></p>	<p><b>On course</b></p> <p>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 ten 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.</p>		
<p>5 a reduction in under-5 mortality rates for girls and boys from 92 per 1,000 live births to 68 per 1,000.</p> <p><i>Revised baseline 89 deaths per 1,000 (1998)</i></p>	<p><b>On course</b></p> <p>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.</p>		
<p>6 an increase in the proportion of births assisted by skilled birth attendants from 39% to 57%.</p> <p><i>Revised baseline 32% (1998)</i></p>	<p><b>Some progress</b></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>		

Sub-target	Progress	Current position	Anticipated progress or final outturn by 2006
7 prevalence rates of HIV infection in vulnerable groups being below 5%.	<p><b>Slippage</b></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>		
8 a tuberculosis case detection rate above 70%.  <i>Revised baseline 15.5% (1998)</i>	<p><b>Slippage</b></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>		
9 a tuberculosis cure treatment rate greater than 85%.  <i>Revised baseline 82% (1998)</i>	<p><b>On course</b></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 will be to maintain this rate as more cases are detected.</p>		



Some progress

## Target 3

Improved effectiveness of the multilateral system

### Progress


#### Some progress

There has been good progress towards most of the sub-targets: the Heavily Indebted Poor Countries (HIPC) initiative has been successful; concrete progress has been made on European Commission (EC) reforms; and clear steps have been taken in support to Poverty Reduction Strategy (PRS) processes and in terms of organisational effectiveness of all the multilaterals and humanitarian agencies assessed through the MEFF (Multilateral Effectiveness Framework). The main area of weakness remains the proportion of EC funding going to low income countries (LICs).



Sub-target	Progress	Current position	Anticipated progress or final outturn by 2006
1 a greater impact of EC external programmes on poverty reduction, including through working for agreement to increase the proportion of EC ODA to LICs from 38% to 70%.  <i>The EC revised its ODA reporting in 2002, so direct comparisons with figures for 2000 and 2001 cannot be made.</i>	<b>Slippage</b> The EC spend in LICs in 2005 was 56% of allocated ODA, according to EC figures (non-DAC certified). This represents an increase from 55% in 2004. LIC spend in 2003 was 56%, and 51% in 2002.		
2 ensuring that three-quarters of all eligible HIPC countries committed to poverty reduction receive irrevocable debt relief by 2006 [joint target with HMT].	<b>Met</b> 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. Two others are expected to do so by the end of 2006. The target has therefore been met.  <b>This is the final assessment of this sub-target.</b>		
3 work with international partners to make progress towards the United Nations 2015 Millennium Development Goals by 2006 [joint target with HMT].	<b>On course</b> We have measured improvements in the international system through a number of indicators. These include 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 through European donors' ODA/GNI ratios.		

Sub-target	Progress	Current position	Anticipated progress or final outturn by 2006
<p><b>Indicator (i[a]):</b> countries accessing International Development Association (IDA) resources and their key donors are committed to and supporting effective and sustainable Poverty Reduction Strategies (PRSs).</p>	<p><b>Met</b></p> <p>At the end of 2005/06, 49 countries had Poverty Reduction Strategy Papers (PRSPs) and nine 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><b>This is the final assessment of this indicator.</b></p>		
<p><b>Indicator (i[b]):</b> DFID will provide bilateral support to this end in at least 30 countries.</p>	<p><b>Met</b></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 co-ordination and capacity-building.</p> <p><b>This is the final assessment of this indicator.</b></p>		
<p><b>Indicator (ii):</b> improved effectiveness of EC development assistance.</p>	<p><b>Met</b></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 Co-operation Instrument, will simplify and improve the use of EC funds for development assistance. The 10th European Development Fund (2008–13) 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><b>This is the final assessment of this indicator.</b></p>		
<p><b>Indicator (iii):</b> 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.</p>	<p><b>On course</b></p> <p>The DAC has reported an average figure for EU Member States of 0.36% for ODA/GNI for 2004, up from 0.35% in 2003 and broadly on track towards the target of 0.39% by 2006.</p> <p>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.</p>		

Sub-target	Progress	Current position	Anticipated progress or final outturn by 2006
<p><b>Indicator (iv):</b> improve the institutional effectiveness of 12 multilateral agencies.</p> <p><i>The following 12 agencies are being monitored:</i></p> <p><i>European Bank for Reconstruction and Development (EBRD)</i></p> <p><i>World Bank</i></p> <p><i>Asian Development Bank</i></p> <p><i>African Development Bank</i></p> <p><i>International Committee of the Red Cross (ICRC)</i></p> <p><i>United Nations Development Programme (UNDP)</i></p> <p><i>United Nations Children's Fund (UNICEF)</i></p> <p><i>United Nations Population Fund (UNFPA)</i></p> <p><i>World Health Organisation (WHO)</i></p> <p><i>Food and Agriculture Organisation of the United Nations (FAO)</i></p> <p><i>United Nations High Commissioner for Refugees (UNHCR)</i></p> <p><i>United Nations Educational, Scientific and Cultural Organisation (UNESCO)</i></p>	<p><b>Met</b></p> <p>All of the 12 multilateral agencies have 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.</p> <p><b>This is the final assessment of this indicator.</b></p>		



Not met

## Target 4

Secure agreement by 2005 to a significant reduction in trade barriers, leading to improved trading opportunities for developing countries

*[joint target with DTI and FCO]*

### Progress

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#### Not met

After the failure of the Cancun WTO Ministerial in September 2003, there was no likelihood of the Doha Development Agenda (DDA) being completed by 1 January 2005, so the original target (always challenging) was unachievable. The latest position is reported under the 2005–08 PSA.



**This is the final assessment of this target.**

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Met

## Target 5

Increase the proportion of DFID's bilateral programme going to low income countries from 78% to 90%, and a sustained increase in the index of DFID's bilateral projects evaluated as successful

### Progress

#### Met

We met our targets to channel 90% of our bilateral programme to low income countries (LICs) and to increase the proportion of our projects and programmes evaluated as successful. 90% of DFID's bilateral programme was spent in LICs in 2005/06. We increased to 64% the proportion of our projects and programmes evaluated as successful.



**This is the final assessment of this target.**

Sub-target	Progress	Final outturn by 2006
1 increase the proportion of DFID's bilateral programme going to LICs from 78% to 90%.	<p><b>Met</b></p> <p>In 2005/06 we spent 90% of our allocable bilateral programme (excluding humanitarian assistance) in LICs, meaning that we met the target. We achieved a sustained increase during the PSA period from 74% in 2003/04 to 84% in 2004/05 and 90% in 2005/06. Our 2005–08 PSA includes a target to maintain spend in LICs at 90% or above.</p> <p><b>This is the final assessment of this sub-target.</b></p>	
2 increase the proportion of DFID's bilateral projects evaluated as successful.	<p><b>Met</b></p> <p>In total, 399 DFID projects and programmes were scored as of 31st March 2006, with a commitment value of £3,690 million. Of these, 260, or 66% by number and 64% by value, were scored as successful.</p> <p>Although the percentage of low-risk projects and programmes that were scored as successful fell slightly, we achieved the overall sub-target of an increase in the proportion of our projects evaluated as successful.</p> <p><b>This is the final assessment of this sub-target.</b></p>	

#### Met



#### Met



**Sub-target****Progress****Final outturn by 2006**

**Indicator (i):** increase in proportion of DFID's high-risk bilateral projects evaluated as successful.

*Baseline 24% (quarter 4 2002/03)*

**Met**

The outturn for the fourth quarter 2005/06 (which is the end of the PSA period) was 30%, which represents an increase of 6% on the baseline position of 24%. The percentage of high-risk projects by number that were scored 1 or 2 also rose from 25% to 38%.

Although we achieved our target, the success rate was volatile. A percentage of 51% was achieved in 2004/05 but dropped back down to 30% by the end of 2005/06. This is because the success or failure of a small number of very high-value projects can have a substantial impact on the outturn, particularly in the high-risk category where the baseline included only 28 projects and programmes with a total commitment value of £293 million. The method of calculating the index was changed between the 2003–06 and 2005–08 PSA periods in an attempt to reduce this volatility.

<b>Quarter</b>	<b>VfM outturn by commitment value</b>	<b>VfM outturn by percentage of high-risk projects</b>
Q4 2005/06 (final outturn)	<b>30%</b>	38%
Q3 2005/06	<b>19%</b>	37%
Q2 2005/06	<b>26%</b>	40%
Q1 2005/06	<b>46%</b>	43%
Q4 2004/05	<b>51%</b>	39%
Q3 2004/05	<b>46%</b>	32%
Q2 2004/05	<b>50%</b>	38%
Q1 2004/05	<b>39%</b>	30%
Q4 2003/04	<b>34%</b>	30%
Q3 2003/04	<b>35%</b>	30%
Q2 2003/04	<b>37%</b>	31%
Q1 2003/04	<b>20%</b>	41%
Q4 2002/03 (baseline)	<b>24%</b>	25%



**Indicator (ii):** increase in proportion of DFID's medium-risk bilateral projects evaluated as successful.

*Baseline 61% (quarter 4 2002/03)*

**Met**

The final outturn for the fourth quarter 2005/06 was 70%, an increase of 9% on the baseline position of 61%. The percentage of medium-risk projects by number that were evaluated as successful also increased over the PSA period to 66% of the total.



Quarter	VfM outturn by commitment value	VfM outturn by percentage of medium-risk projects
Q4 2005/06 (final outturn)	<b>70%</b>	66%
Q3 2005/06	<b>61%</b>	59%
Q2 2005/06	<b>63%</b>	60%
Q1 2005/06	<b>58%</b>	59%
Q4 2004/05	<b>51%</b>	54%
Q3 2004/05	<b>51%</b>	55%
Q2 2004/05	<b>50%</b>	56%
Q1 2004/05	<b>54%</b>	57%
Q4 2003/04	<b>54%</b>	57%
Q3 2003/04	<b>57%</b>	56%
Q2 2003/04	<b>56%</b>	52%
Q1 2003/04	<b>61%</b>	59%
Q4 2002/03 (baseline)	<b>61%</b>	54%

**Indicator (iii):** increase in proportion of DFID's low-risk bilateral projects evaluated as successful.

*Baseline 75% (quarter 4 2002/03)*

**Not met**

The outturn for the fourth quarter 2005/06 was 73%, which is very slightly lower than the baseline position of 75% and hence resulted in a red traffic light. However, by number, the percentage of low-risk projects/programmes that were evaluated as successful saw a positive trend over the PSA period, rising from 76% to 84%.



Quarter	VfM outturn by commitment value	VfM outturn by percentage of low-risk projects
Q4 2005/06 (final outturn)	<b>73%</b>	84%
Q3 2005/06	<b>67%</b>	78%
Q2 2005/06	<b>76%</b>	83%
Q1 2005/06	<b>80%</b>	83%
Q4 2004/05	<b>88%</b>	86%
Q3 2004/05	<b>90%</b>	86%
Q2 2004/05	<b>83%</b>	80%
Q1 2004/05	<b>80%</b>	82%
Q4 2003/04	<b>78%</b>	80%
Q3 2003/04	<b>75%</b>	80%
Q2 2003/04	<b>80%</b>	78%
Q1 2003/04	<b>79%</b>	79%
Q4 2002/03 (baseline)	<b>75%</b>	76%

## 4 Tackling underperformance

4.1 This section provides further information on targets or sub-targets where progress is off track, or has slipped since the return given in DFID's Departmental Report 2006.

### Target 1: Africa

#### Income poverty

2003–06 and 2005–08

4.2 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?

4.3 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

4.4 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?

4.5 DFID is actively supporting the development of 10-year education plans in Africa and, with other development partners, will be providing financial support for the realisation of some of these. Most of the countries in Africa involved in the 10-year education planning process (in response to the Abuja Commitment to Action in May 2006) are putting renewed emphasis on reaching gender parity at primary and secondary level. **Tanzania** and **Rwanda** in particular have placed a strong emphasis on gender in their long-term plans.

4.6 Under our Girls' Education Strategy, we continue to ensure that gender has a high profile in our discussions with country partners both nationally and internationally. 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 its implementation 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. 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*

**4.7** 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?

**4.8** 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 bednets 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.

**4.9** 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** we 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 bednets 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.

- 4.10** 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 over the next 10 years and it is estimated that it will save 10 million lives, including the lives of 5 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

- 4.11** 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.
- 4.12** 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.

- 4.13** 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?

- 4.14** DFID continues to work on the four priorities for action set out in its strategy *Reducing maternal deaths: Evidence and action* (2004). These are: advocating and raising the profile of maternal mortality reduction; scaling up evidence-based interventions; addressing the wider social and economic barriers to access; and developing and applying new knowledge.
- 4.15** DFID is implementing these priorities in our PSA countries and is supporting a range of approaches to raise the profile of maternal health and ensure services reach the poorest and most vulnerable. Scaling up evidence-based interventions within countries and strengthening national health services to deliver a basic package of sexual and reproductive health interventions are a priority for us.



**4.16** For example, in **Kenya** the regional Safe Motherhood Programme is supporting overall health system strengthening and will be used to argue for more support to maternal and child health within the Essential Health Services programme. In **Malawi** and **Uganda** we continue to work with national partners to strengthen health services, particularly human resources for health, and are pressing strongly 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** we are supporting the provision of emergency obstetric care through NGOs such as Médecins Sans Frontières (MSF) and Merlin, who are providing a basic package of services for women and children. New long-term programmes aimed at tackling maternal mortality and scaling up sexual and reproductive health services are being designed in **Sierra Leone** and **Zimbabwe**.

**4.17** DFID has been a key partner in the new Global Partnership for Maternal, Newborn and Child Health launched in September 2005. This will play a critical role in global advocacy on the 'hard to reach' target for maternal health, as well as the Millennium Development Goal for a reduction in child mortality.

## HIV and AIDS

*2003–06 and 2005–08*

**4.18** 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.

**4.19** 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.

**4.20** 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 co-ordination 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?

**4.21** 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.

**4.22** 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 Southern 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

**4.23** 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

**4.24** 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?

**4.25** 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 (BRAC)'s 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.

**4.26** 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.

**4.27** 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*

**4.28** 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 are 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?

**4.29** 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 to Fight AIDS, TB and Malaria (GFATM).

**4.30** 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.

**4.31** 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.

**4.32** 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.

**4.33** 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.

**4.34** 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

**4.35** 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?

**4.36** 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 to Fight Aids, TB and Malaria (GFATM) and has supported the revitalisation of TB services in earthquake-affected areas in Kashmir.

**4.37** 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.

**4.38** 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

**4.39** 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 HNPSP has held up progress in **Bangladesh**.

### What is DFID doing?

**4.40** DFID is contributing £100 million to **Bangladesh's** 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.

**4.41** 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

**4.42** 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.

**4.43** 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?

**4.44** 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).

**4.45** 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.

**4.46** 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.

**4.47** 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

**4.48** The reason the WTO Doha negotiations were suspended was widely perceived to have been because of an inability by the G6 countries (US, EU, Japan, Brazil, India and Australia) 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).

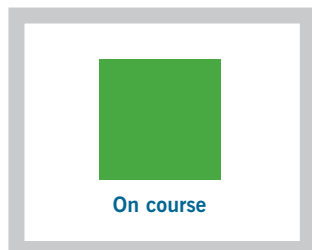
#### What is DFID doing?

**4.49** 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. However, the UK is

working hard to encourage all WTO members to return to 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 more informed analysis of their trade policy objectives and development of negotiating strategies.

**4.50** 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.

# 5 Progress towards the efficiency targets



## Efficiency programme

### Progress

#### Headline efficiency target

In 2005/06, DFID achieved efficiencies of £119.8 million. By the end of September 2006, efficiencies of £186.6 million had been achieved. Strong progress has been made and we therefore judge that we are on course to achieve our annual target for 2006/07 of £303 million of sustainable efficiencies. We estimate that we are on track to achieve sustainable efficiencies of £420 million in 2007/08.









#### Workforce reductions

By the end of March 2006, DFID had reduced its workforce by 106 UK-based Full-Time Equivalents (FTEs) against our revised baseline. By the end of September 2006, we had achieved a reduction of 164 UK-based FTEs. We remain on course to achieve our March 2007 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.

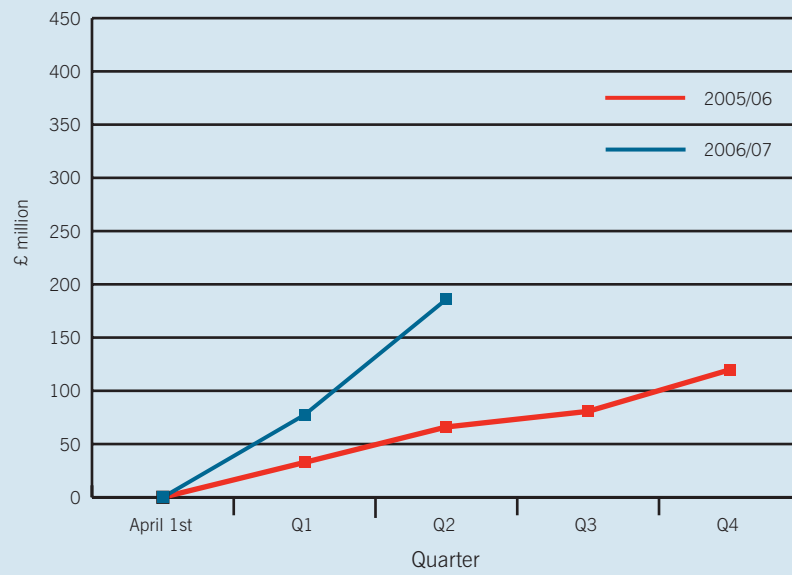
Sub-target	Progress	Current position	Anticipated progress or final outturn by 2008
<p>1 to increase the proportion of country programmes channelled in the form of programme based approaches from 39% in 2004/05 to 53% in 2007/08.</p> <p><i>Baseline £680 million (DFID funds given as programme based approaches 2004/05)</i></p>	<p><b>Slippage</b></p> <p>We estimate that the proportion of funding provided through programme based approaches by quarter 2 2006/07 is 37%. This means that we are not on 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 will not be cashable.</p> <p>A comprehensive assessment of fiduciary risk is made before a decision to support a programme based approach is made. This is complemented by support to increase financial management capacity of the developing country governments with which we work. Public financial management is now assessed annually in conjunction with the World Bank and IMF.</p>		

Sub-target	Progress	Current position	Anticipated progress or final outturn by 2008
<p>2 to increase DFID's contributions to low income countries (LICs) through EC aid funding from £445 million in 2004/05 to £507 million.</p> <p><i>Revised baseline £445 million (2004/05)</i></p>	<p><b>Some progress</b></p> <p>In 2005/06 we achieved provisional efficiencies of £7 million, contributing £459 million to LICs through EC aid.</p> <p>In spite of an upwards revision to the baseline from £417 million to £445 million, we are 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. Savings will not be cashable.</p> <p>This target is predicated on the increased impact of development expenditure in low income countries. DFID is monitoring closely the performance of EC regional programmes and in particular the impact of the introduction of Results Orientated Monitoring. The quality of Public Financial Management within recipient countries is also subject to close monitoring.</p>		
<p>3 to save 1% pa in value for money (VfM) savings on procurement over and above current savings of 4% pa.</p> <p><i>Baseline 0% (2004/05)</i></p>	<p><b>On course</b></p> <p>Results from the first two quarters of 2006/07 show £3.3 million of cashable savings made against a target of £3 million. This represents 4.4% of total procurement spend, well above the 1% target. We are on course to meet our 2006/07 and 2007/08 targets.</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.</p> <p><i>Revised baseline 62% (2004/05)</i></p>	<p><b>Ahead</b></p> <p>Data from quarters 1 and 2 2006/07 show an average rate of 72.9%, almost 11% above the baseline. This is ahead of our target trajectory and results in efficiency gains to date in 2006/07 of £123.3 million. These are not cashable. We anticipate that we will exceed our efficiency target by 2007/08.</p> <p>Concerns over the volatility of the data have been considerably reduced as the efficiency target is now based on the average performance of our portfolio over all four quarters of each year.</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>		
<p>5 increased support to the International Development Association (IDA) by 59% over last three-year agreement.</p> <p><i>Revised baseline £322 million per year (IDA 13 replenishment)</i></p>	<p><b>Some progress</b></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 will be declared as promissory notes are drawn down. £513 million has been deposited in quarters 1 and 2 2006/07, resulting in efficiency gains of £47.8 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>		

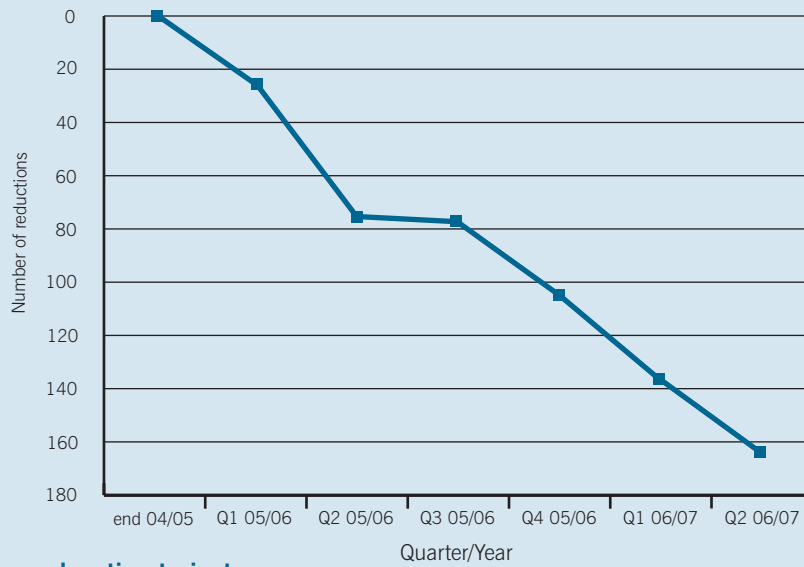


Sub-target	Progress	Current position	Anticipated progress or final outturn by 2008
<p>6 to reduce administration costs to £232 million in 2007/08.</p> <p><i>Baseline £239 million (2005/6)</i></p>	<p><b>On course</b></p> <p>In quarters 1 and 2 2006/07 we have spent £98.3 million against our annual budget of £235 million. This has resulted in efficiency gains of £12 million, though we expect this to fall slightly to £10 million by the end of the financial year in line with our target. Efficiency gains for this target are cashable.</p> <p>Divisional administration budgets have been capped through to 2007/08 so we expect to meet this target. Costs will be reduced through addressing the three sub-targets below.</p>		
<p>a. to reduce support service costs by 4% in 2006/07 and 10% in 2007/08.</p> <p><i>Baseline £46.9 million (2005/06)</i></p>	<p><b>Some progress</b></p> <p>Figures to date in 2006/07 show we have not yet achieved a reduction against the 2005/06 baseline but are forecast to exceed the 4% target by the end of the financial year.</p> <p>Savings will primarily be achieved through new business practices and other efficiency measures encompassed in our Catalyst programme. Support services budgets will be capped within 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.</p> <p><i>Revised baseline 1907 FTE staff and 1162 SAIC (March 2004)</i></p>	<p><b>On course</b></p> <p>By the end of September 2006 we had reduced our headcount to 1,743 UK-based FTEs, a reduction of 164 against the revised baseline. This resulted in £4.3 million of savings on staff costs. 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, have been embedded in Directors' Delivery Plans.</p> <p>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.</p> <p><i>Baseline 0 posts (Jan 2004)</i></p>	<p><b>Met</b></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><b>This is the final assessment for this target.</b></p>		

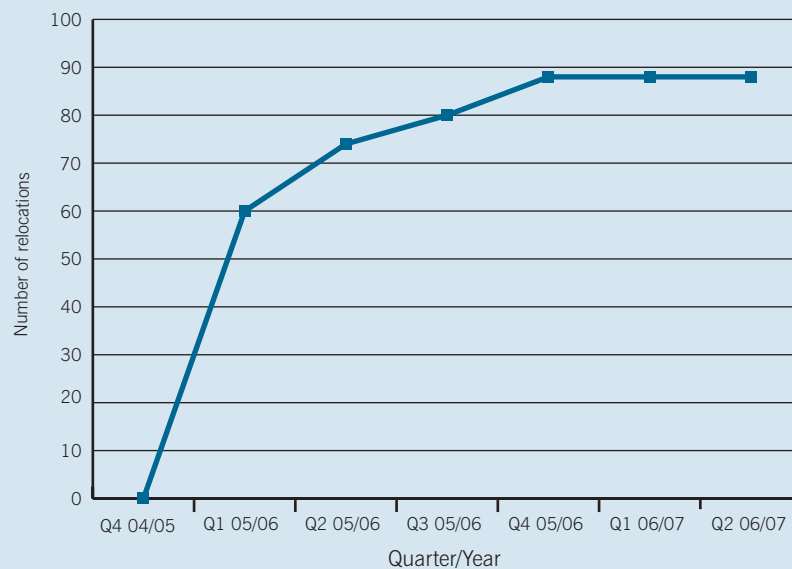
**Overall efficiency gains trajectory**  
**Target gains 2006/07: £303 million**  
**Target gains 2007/08: £420 million**



**Headcount reductions – UK-based staff**  
**Target reductions: 170**



**Lyons relocation trajectory**  
**Target relocations: 85**





# Annex A: 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 4 countries in 2003–06 and 9 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 2 and 5 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 APR 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-5 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 in our data. We are now following up some of

their suggestions for improving data quality, including work to establish indicators of data quality, which would alert readers to the reliability of particular indicators. We are pursuing this in the international arena given the origins of the data we are using.

9. We are in regular contact with the international agencies that provide the statistics we use, and in compiling our estimates we always check the figures with DFID statisticians where they have detailed knowledge of particular countries. Sometimes they identify anomalies, which we can then pursue with the data providers. Statisticians working at country or regional level may also be aware of more up-to-date figures than those available through the international system, since there is an inevitable lag between data being collected and reported nationally, and it being checked and available through the international databases.
10. In our partner countries, we are increasing resources towards building policy-relevant statistical systems, with an emphasis on poverty monitoring. Internationally, we are working with the PARIS 21 (Partnerships in Statistics for Development for the 21st Century) consortium of donors, partner countries and multilateral agencies to raise awareness of the problems linked to inadequate statistics as well as through the Marrakech Action Plan for Statistics (MAPS) Advisory Board and the International Household Survey Network (IHSN). We also provide targeted support to help countries assess their priority statistical requirements. We are working with the international financial institutions and United Nations system to increase the resources devoted to building statistical capacity in partner countries. Such activities do appear to be producing results – it is clear that more data are currently available on the PSA targets than at the start of the PSA period – but it is still below the desired level.
11. As examples, in Uganda DFID has helped the Government to monitor its Poverty Eradication Plan and in Kenya DFID support has helped

the planning for a National Statistical System and the preparation of a new Statistics Act. It is hoped that these will help deliver the information needed to implement and monitor MDG progress.

12. Working with multilateral partners is also crucial to helping countries to access the resources and technical expertise they need to improve the quality, availability and use of statistics for national policy-making. DFID has established a Trust Fund with the World Bank for supporting statistical work in developing countries, and helped to develop a global action plan to improve national and international statistical systems. DFID has also worked with the United Nations Development Programme to develop an international statistical literacy programme. This aims to educate government, civil society organisations, academia and the media in developing countries in using statistical information to highlight development needs and hold policy makers to account.

#### Measuring progress on the proportion of DFID's bilateral projects evaluated as successful

13. DFID's 'value for money' PSA target seeks improvement in an index which assesses the performance of projects and programmes of £1 million or more in DFID's portfolio. Data used to produce this index come from our performance management system. Operational projects are scored annually to assess the likelihood of achieving their intended objectives. Projects are then scored on completion according to whether they achieved their intended objectives. In each case a five-point scale is used and, for the purposes of measurement, those scoring 1 or 2 are considered to be successful – i.e. the purpose of the project is likely to be completely or largely achieved. The total commitment value of successful projects is shown as a proportion of the total commitment value of all eligible projects to produce 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.



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