

2004 Autumn Performance Report

DFID
PSA



December 2004



Department for International Development

2004 Autumn Performance Report

An outline of progress against the 2003-06 Public Service Agreement and final outturn against the 2001-2004 Public Service Agreement

SUMMARY

2003-06 PSA

5 PSA Targets
29 PSA Sub-Targets
of which:
12 on course
11 too early to say
6 off-track

2001-04 PSA

6 PSA Targets
25 PSA Sub-Targets
of which:
18 met
6 not met
1 not assessed

Presented to Parliament by the
Secretary of State for International Development
by Command of Her Majesty
December 2004

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Table of Contents

Section 1	Introduction	3
Section 2	Progress against the targets in DFID's 2003-06 Public Service Agreement	5
Section 3	Tackling under-performance	18
Section 4	Final outturn against DFID's 2001-04 Public Service Agreement	26
Annex A	Explanatory note: Measuring progress towards the PSA targets in Africa and Asia – methodology and data quality	33
Annex B	Links between DFID's 2001-04 PSA and the 2003-06 PSA	35
Annex C	Links between DFID's 2003-06 PSA and the 2005-08 PSA	39

1. Introduction

1.1 The Department for International Development (DFID)'s 2003-06 Public Service Agreement (PSA) is based on the internationally-agreed Millennium Development Goals (MDGs). These represent a global commitment by 189 countries to the elimination of poverty by 2015. Further information on the MDGs and global and national progress reports towards their achievement can be found at:
<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 and AIDS, malaria and other diseases
- MDG 7 Ensuring environmental sustainability
- MDG 8 A global partnership for development

1.2 The UK is committed to making progress towards the United Nations 0.7% target for official development assistance (ODA) as a proportion of gross national income (GNI). Provisional figures for 2003 expenditure indicate that the UK reached an ODA/GNI ratio of 0.34%. On current plans, this will rise to 0.39% in 2005/06 and to 0.47% in 2007/08. Total UK ODA will reach nearly £6.5 billion a year by 2007/08, which

represents a real terms increase in UK ODA of 140% since 1997. The Government wishes to continue to raise UK ODA at the rate of growth achieved in 2007/08, which would mean that total ODA would reach the UN target of 0.7% by 2013. If the proposed International Finance Facility (IFF, see below) were accepted, the UK could expect to reach the equivalent of 0.7% by 2008/09.

1.3 The UK is also encouraging other donors to increase their aid more immediately. For this reason, the UK has proposed an **International Finance Facility (IFF)** – a temporary financing mechanism, which would provide an additional \$50 billion per year in development assistance between now and 2015. It would do this by frontloading the commitments donors made at Monterrey in 2002. Donor governments would make long-term commitments to pay a certain amount each year to the IFF; on the basis of these commitments, the IFF would raise immediate resources by issuing bonds on the international capital markets. The IFF would be in existence for around 10 years, with repayments on its borrowing stretching over around 30 years. The IFF would be a means of providing much-needed aid to developing countries before 2015; it could also lead to an improvement in aid effectiveness. By locking in donors' commitments, it would provide recipient countries with predictable, stable and coordinated aid flows.

1.4 The DFID PSA sets out the targets that govern the Department's performance. Progress against each of the targets is tracked continuously, and formally reported twice a year (in the Departmental Report and the Autumn Performance Report). The PSA is used as a tool to improve performance; it allows for the reassessment of policy decisions and

financial commitments in the light of successes and underperformance. In addition, it allows each division, department, team and individual within the organisation to set targets which relate directly to the achievement of the PSA objectives – and ultimately of the MDGs.

- 1.5** This Autumn Performance Report (APR) details the most recent progress against DFID's 2003-06 PSA (Section 2). Section 3 explains the action that DFID is taking to address underperformance on those PSA targets where the analysis reveals slippage or potential slippage.

A note on data quality

- 1.6** 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 against these targets. This is 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.

- 1.7** 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 against 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 PSA was written have now altered.

- 1.8** 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.

Links with the 2001-04 PSA

- 1.9** The substance of the targets in the 2003-06 PSA is the same as in the 2001-04 PSA. Both set performance targets for value for money, poverty focus, coherence of international policies and support for health and education. The link between the two agreements is set out in Annex B.

- 1.10** The 2001-04 PSA ran until the end of March this year. This APR therefore includes a statement of the final outturn against the agreement (Section 4).

Looking forward: Links with the 2005-08 PSA

- 1.11** As part of the Spending Review 2004, a new PSA has been set for the period 2005 to 2008. The new PSA retains as its aim the elimination of poverty in poorer countries, in particular through achievement of the MDGs by 2015. In light of this medium-term aim, the majority of the targets from the current (2003-06) PSA have been rolled forward to the new period, although appropriate updates have been made to reflect progress to date and changing international circumstances. Where we expect targets to have been met by 2006 (such as our value for money target), where they need to be updated (such as the target on debt relief), or where changing circumstances mean that targets are no longer appropriate to the current situation (such as, for example, the targets on trade and conflict prevention), they have been amended. Annex C explains the links between the 2003-06 and 2005-08 PSAs.

Further information

- 1.12** Further information on DFID's work can be found on our website: www.dfid.gov.uk, or from our Public Enquiry Point on 0845-3004100.

2. Progress against the targets in DFID's 2003-06 Public Service Agreement

Guide to 'traffic light' assessment in this report



GREEN

Means we judge we are on course to meet the target/sub-target.



AMBER

Means we cannot make a judgement on progress against this target/sub-target. This may be because performance has not changed in either direction or because progress may have been made in some countries but not others.



RED

Means there has been slippage in progress against this target/sub-target.



GREY







Means that progress against this target/sub-target cannot be assessed due to a lack of available data.



The circle superimposed on each assessment gives an indication of *likely* or *anticipated* progress against the target. So, for example, if we consider that it is currently too early to make a judgement against a particular target, but we estimate that progress is likely in the future, we will superimpose a green circle on an amber assessment.

Target 1: Progress towards the Millennium Development Goals in 16 key countries in Africa



Sub-target	Progress	
<p>1: a sustainable reduction in the proportion of people living in poverty from 48% across the entire region.</p>	<p>Too early to say</p> <p>The latest figure for sub-Saharan Africa is 49%. Recent slight improvements in African economic growth improve the prospects for reductions in poverty, but it is too early to say if it will fall below the 1990 figure by 2006.</p>	
<p>2: an increase in primary school enrolment from 58% to 72%.</p> <p><i>Revised baseline is 68%</i></p>	<p>On course</p> <p>Primary school enrolment has improved to 77%, meaning that technically the target has been met and could be surpassed. Data cover 11 PSA countries. Data are unavailable for the Democratic Republic of Congo (DRC), Malawi, Nigeria, Sierra Leone and Sudan, which could affect overall regional progress were data to become available before the final outturn for 2006 is assessed. Progress is being sustained in high performing countries (Uganda and Rwanda), with rapid improvements in enrolment also evident in Ethiopia and other countries that have announced free primary education (e.g. Tanzania, Kenya).</p>	
<p>3: an increase in the ratio of girls to boys enrolled in primary school from 89% to 96%.</p> <p><i>Revised baseline is 90%</i></p>	<p>Off-track</p> <p>Data are available for 14 PSA countries. The ratio remains at 91% and, based on the current trend, it is likely that the ratio will only reach 91.5% by 2006. Ethiopia and Sudan have the lowest ratios. Ethiopia (from a low baseline), Uganda and Mozambique have made the greatest progress.</p>	
<p>4: a reduction in under-five mortality rates for girls and boys from 158 per 1000 live births to 139 per 1000.</p> <p><i>Revised baseline is 165</i></p>	<p>Off-track</p> <p>Data cover all 16 PSA countries and show a rate of 161, an improvement over last year's figure of 164. Based on the current trend, it is predicted that the rate will have decreased to only 156 by 2006. Sierra Leone has the highest under-five mortality rate in the world.</p>	
<p>5: an increase in the proportion of births assisted by skilled birth attendants from 49% to 67%.</p> <p><i>Revised baseline is 44%</i></p>	<p>Off-track</p> <p>The data cover 12 PSA countries. The target is seriously off track. The outturn remains at 44%. Based on the longer-term trend since 1995, a rate of only 48% might be anticipated by 2006. The drop in the baseline and current figures since the last APR is largely explained by data becoming available for four new countries, including Ethiopia only 6% are assisted – the lowest rate in the world. Large intra-country variations are also apparent, with the poorest 20% of women suffering the most.</p>	

6: a reduction in the proportion of 15-24 year old pregnant women with HIV from 16%.

This target **on course** as a whole, but there is large variance between countries and continuing high rates of infections.

Data cover 11 PSA countries and the figures are based on evidence from the capital city in each country. The average HIV prevalence amongst pregnant women of 15-24 years is **14%**, but these prevalence rates range from 4% in Ghana to more than 28% in Lesotho. Malawi, Mozambique, South Africa and Zambia also have high rates of infected young pregnant women (15% or more).

Although overall HIV prevalence seems to be stabilising in Africa, the large intra-regional variations and the continuing high rates of infection mean that it is too early to be confident that the target will be achieved by 2006, and that any progress will be sustained.

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.

Too early to say

The effectiveness of HM Government's conflict prevention work undertaken by the Global and Africa Conflict Prevention Pools is measured through this shared DFID / Foreign and Commonwealth Office (FCO) / Ministry of Defence (MoD) PSA target. As prescribed in the Technical Note to the PSA, both qualitative and quantitative reporting has been used. Measurement is restricted to focus countries and regions; these are: Angola, Burundi, Democratic Republic of Congo (DRC), Nigeria, Sierra Leone, Sudan and Uganda, in Africa, and Afghanistan, Georgia, Israel/occupied territories, Macedonia, Nepal and Sri Lanka.

The work of the Africa Conflict Prevention Pool (ACPP):

Overall trends in Africa show a reduction in violent conflict and there is cause for optimism in some long-running conflicts. However, there is also an ever-present threat of renewed fighting in existing major conflicts or in the sudden escalation of violence in unsettled areas, as has happened during this reporting period in Cote d'Ivoire and Darfur. Deaths have been greatly reduced since 2000, but reductions in numbers of refugees and internally-displaced people (IDPs), whilst noticeable in some areas, are progressing slowly.

The work of the Global Conflict Prevention Pool (GCPP):

- Much has been achieved in Afghanistan over the past 12 months, but the situation remains fragile.
- The situation in Georgia remains tense, although SIPRI and IISS do not class the conflicts in South Ossetia nor Abkhazia as major-armed conflicts.
- The security situation in Israel and the Occupied Territories has remained difficult, with Israeli Defence Force operations and Palestinian extremist attacks continuing over the period. This has resulted in many civilian casualties and high levels of property damage.
- The overall security situation in Macedonia remained relatively calm and quiet throughout 2003 and 2004, but tense relations between ethnic Albanian and ethnic Macedonian communities continue.
- In Nepal, continuing conflict and political instability represent a severe threat to development, democracy and human rights.
- Fully-fledged conflict has not resumed in Sri Lanka, but politically-motivated killings reached peaks in December 2003 and the latter half of 2004. The fundamental causes and consequences of the conflict are unchanged, which means a return to armed conflict remains possible.

8: Effective implementation of the G8 Action Plan for Africa in support of enhanced partnership at the regional and country level.

On course

The G8 (the group of eight leading industrialised nations) will report on progress on the Africa Action Plan under the UK Presidency in 2005.






The G8 Summit in Sea Island established a Global HIV Vaccine Enterprise to accelerate HIV vaccine development. The G8 reaffirmed their commitment to implement and finance the Heavily Indebted Poor Countries (HIPC) initiative fully. They agreed to work with all parties concerned to extend the initiative from the end of this year to the end of 2006. This agreement opens the door for another ten countries to benefit from some \$30 billion of debt relief.





The UK Presidency of the G8 in 2005, and the Prime Minister's close engagement with Africa, means that we are well placed to meet this target. The Prime Minister has said that Africa will be a priority of the G8 in 2005, and has established the Commission for Africa with the aim of delivering greater international support for Africa, NEPAD and the African Union.



Target 2: Progress towards the Millennium Development Goals in 4 key countries in Asia



Sub-target	Progress	
<p>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>)</p>	<p>Too early to say</p> <p>The latest figure, for the year 2000, is 14.5%. The region has made excellent progress since 1990, but such a rapid rate of progress is unlikely to continue. The World Bank makes an ambitious forecast that poverty in this sub-region will fall to 2.3% in 2015. If this progress is achieved at a linear rate, then the target of 10% should just be reached by the end of the PSA period in 2006.</p>	
<p>2: a sustainable reduction in the proportion of people living in poverty from 40% to 32% in South Asia.</p>	<p>On course</p> <p>The latest figure, for the year 2000, is 31.9%. While this does represent steady underlying progress, much of this reduction can be attributed to changes in survey methods and revisions to statistical estimates in a number of countries. Updated data expected in 2005 should indicate more clearly whether this reduction is sustainable.</p>	
<p>3: an increase in gross primary school enrolment from 95% to 100%.</p> <p><i>Revised baseline is 98%</i></p>	<p>Too early to say</p> <p>The gross enrolment rate is currently estimated at 96%, a little lower than the revised baseline of 98%. Gross enrolment figures are used for this target because, at the time it was set, net figures were not available for all PSA countries. However, gross enrolment figures are volatile and subject to misleading distortions since they include over-age children and grade repeaters, making underlying trends hard to define. Net enrolment data, which are now available, show a positive trend in Asia. For this to continue there will need to be significant progress in India and Pakistan.</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 is 89%</i></p>	<p>Too early to say</p> <p>The girl/boy ratio is at 90%, showing little improvement from the revised 1998 baseline of 89%. While gender equity has been achieved in Bangladesh and China (although national figures mask significant sub-national variations), there will need to be improvements in India – where the Sarva Shiksha Abhiyan programme includes specific emphasis on girls' education – and, particularly, Pakistan.</p>	
<p>5: a reduction in under-5 mortality rates for girls and boys from 92 per 1000 live births to 68 per 1000.</p> <p><i>Revised baseline is 88</i></p>	<p>On course</p> <p>The under-five mortality rate has decreased to 76 deaths per 1000. 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>Off-track</p> <p>The current outturn is that 35% of births are assisted, suggesting no real change since the start of the PSA period. Data continues to be patchy, with new data available only in Bangladesh. China has not produced updated data on births assisted since the baseline year; however, China is on track to meet the related MDG. DFID has significant health sector programmes in the other PSA countries, and specific programmes focusing on maternal mortality are planned in Bangladesh, India and Pakistan. However, progress is very unlikely to be sufficient to meet this target.</p>	
<p><i>Revised baseline is 34%</i></p>		
<p>7: prevalence rates of HIV infection in vulnerable groups being below 5%.</p>	<p>Too early to say</p> <p>Data are very patchy for this target and figures vary enormously between different survey sites in the same country, reflecting localised growth of the epidemic. Available data suggest low rates in Bangladesh; yet, behavioural surveys indicate widespread high-risk behaviour and the potential for the epidemic to spread. Data from Pakistan is very limited. India and China have large concentrated epidemics, and evidence of prevalence rates above 5% in some vulnerable groups.</p>	
<p>8: a tuberculosis case detection rate above 70%.</p>	<p>Off-track</p> <p>Latest data from 2002 estimate the TB detection rate at 26%. This is a real increase from a revised baseline of 15% in 1998, and the 21% reported in 2001. Progress since the baseline year has been rapid, particularly in India, and should continue with the increasing rollout of Directly Observed Therapy Short-course (DOTS) systems, but the World Health Organization (WHO) target of 70% will not be met by 2006.</p>	
<p>9: a tuberculosis cure treatment rate greater than 85%.</p>	<p>On course</p> <p>TB cure rates have increased to 85% and the target has been met. The challenge will be to maintain this rate as more cases are detected, and to improve progress in Pakistan which has a cure rate of 77%.</p>	

Target 3: Improved effectiveness of the international system

Sub-target

Progress

1: a greater impact of EC external programmes on poverty reduction, including through working for agreement to increase the proportion of EC ODA to low-income countries from 38% to 70%.

Too early to say

The European Commission (EC) spend in low-income countries in 2002 was **42%** of total EC development assistance, according to data published by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD). Figures for 2003 are not yet available. The EC Annual Report, which shows spending within the control of the Commission (excluding European Investment Bank loans) indicates both a higher low-income focus and a pronounced upward trend in EC development expenditure overall in 2003.

2: ensuring that three-quarters of all eligible HIPC countries committed to poverty reduction receive irrevocable debt relief by 2006.

On course

Progress in countries reaching Completion Point (the point where countries receive full relief) has not been as rapid as previously projected. This is mostly due to policy slippages and delays in implementing key reforms, which has led some countries to come off-track with their IMF-supported programmes. Nonetheless, by October 2004, six further countries had already reached Completion Point, taking the total number to 15 (or over 50% of all eligible HIPC countries), and one more could reach this point before the end of the year. We therefore still expect the target to be achieved.

3: work with international partners to make progress towards the United Nations 2015 Millennium Development Goals [*joint target with the Treasury*].

We are measuring improvements in the international system through a number of indicators. These include the way in which international agencies are supporting countries to implement their Poverty Reduction Strategies (PRSPs); through improvements in the internal effectiveness of agencies, with a focus on the EC; and through European donors' ODA/GNI ratios. These indicators (set out below) are given a 'traffic light' assessment individually, rather than an overall assessment.

Indicator: Poverty Reduction Strategies:
(i.) DFID and the Treasury will work internationally to ensure that countries accessing IDA resources and their key donors are committed to and supporting effective and sustainable poverty reduction strategies.

Too early to say

The Poverty Reduction Strategy (PRS) approach is widely adopted in countries accessing IDA resources (54 full or interim PRSs out of 81 countries) Twenty PRS countries have produced at least one progress report. The World Bank and IMF published evaluations of the PRS process in July, which reaffirmed the value of the PRS approach, but identified areas for improvement, including: greater flexibility in the design of PRSs; a stronger focus on strengthening policy making and planning processes; and integrating growth more effectively in PRSs. The evaluations and recent PRS studies emphasise slow progress by donors in harmonising approaches and aligning efforts around country-led processes. The bilateral donors' record is particularly weak and the role of the Bank and the Fund in the PRS process needs to be clarified. The DAC High Level Forum on Harmonisation in March 2005 and the 2005 PRS Progress Review provide opportunities for the UK to push for greater progress in these areas. The UK is reviewing the implications of the recent evaluations for its future work.

(ii.) DFID will provide bilateral support to this end in at least 30 countries.

On course

The UK continues 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.

Indicator: DFID and the Treasury will seek to improve the effectiveness of EC development assistance.

On course

Three years into its reform programme, EC aid is showing signs of improved effectiveness in terms of speedier delivery and improved portfolio performance overall. Increasingly, EC programmes are based on the priorities of recipient countries and efforts are being made to promote better donor coordination and harmonisation at European level. Results are, however, patchy, both within and across regions. There are also clear signs that the EC is improving its organisational effectiveness. But limited information about the long-term quality and impact of the EC's reform efforts and aid programmes suggest a need for continued assessment of the impact of reforms, including whether a second wave of reforms is required. The introduction of activity-based budgeting continues to be an important step towards focusing EC expenditure on impacts and outcomes, rather than expenditures.

Indicator: 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.

On course

The DAC has reported an average figure for European Union Member States of 0.35% for ODA/GNI for 2003, with a projection that this will exceed 0.39% in 2006. The impact of the Accession Countries on progress towards the target remains uncertain.

Indicator: Improve the institutional effectiveness of 12 multilateral agencies

On course

Three indicators of effectiveness are being tracked for each of the 12 agencies, giving a total of 36 indicators. The majority of the agencies have made improved progress, as evidenced by 27 of the indicators being on course. This includes strengthened corporate governance, increased clarification of an agency's role and priorities, and better strategic planning and co-ordination towards the achievement of MDGs. Slippage in progress has been identified in three agencies – mainly in the area of decentralisation. However, the agencies' current plans suggest that future progress will be on course.

The following 12 agencies are being monitored:

*European Bank for Reconstruction and Development (EBRD)
World Bank
Asian Development Bank
African Development Bank
International Committee of the Red Cross (ICRC)
United Nations Development Programme (UNDP)*

*United Nations Children's Fund (UNICEF)
United Nations Population Fund (UNFPA)
World Health Organisation (WHO)
Food and Agriculture Organisation of the United Nations (FAO)
United Nations High Commission for Refugees (UNHCR)
United Nations Educational, Scientific and Cultural Organisation (UNESCO)*

Target 4: Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for developing countries [joint target with the Department of Trade and Industry (DTI) & the Foreign and Commonwealth Office (FCO)]

Progress

Slippage

After the failure of the Fifth World Trade Organisation Ministerial meeting in Cancun in September 2003, there is no likelihood of the Doha Development Agenda (DDA) being completed by 1 January 2005, so the original target (always challenging) is unachievable. But, the conclusion of a framework agreement in Geneva on 1 August 2004 increases the prospect of the DDA being successfully completed, albeit later than originally planned.

This framework agreement marks a significant step forward. Considerable technical work now needs to be done before the next Ministerial meeting (December 2005) to make it possible to agree the broad outline (“modalities”) of the final outcome. This gives a year or so to finalise the details of the negotiations, before the effective deadline of Spring 2007. After this, it would be very difficult to achieve an agreement, given the expiry of US Presidential trade negotiating authority in June 2007.

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

Sub-target

Progress

1: increase the proportion of DFID’s bilateral programme going to low-income countries from 78% to 90%.

Too early to say

The latest outturn is **74%**. The classification of LICs has been changed, in line with the OECD-DAC, which has moved to new income group classifications. The main change is that China has now been reclassified as a MIC. The outturn figure is given on the basis of the new classification, which has had an impact, albeit a small one (-1%), on outturn. The primary reason for the slippage against this target is the support for Iraq for reconstruction. Had this support not been required, the outturn would have been 82%.

By making changes to expenditure plans for the next two years, we have made provision to ensure that we reach the 90% target by 2006.

2: increase in the proportion of DFID's bilateral projects evaluated as successful.

This index assesses the performance of projects and programmes of £1million or more that have been in operation for at least 2 years. These projects/programmes are scored annually to assess the likelihood of their achieving their intended objectives, using a five-point scale.

Projects/programmes which score "1" or "2" are considered to be successful – i.e. the purpose of the project is likely to be completely or largely achieved.

In total, 408 DFID projects/programmes are currently scored; these have a commitment value of £3430 million. Of these, 252, or 62% by number and 59% by value, are scored as successful.

The PSA assessment is based on commitment value, not on the number of projects. Thus, the success or failure of high value projects can have a substantial impact on the outturn. Additionally, some fluctuation in outturn over time is normal and expected simply due to turnover in the portfolio; fluctuations are inevitable as substantial commitments move in and out of the portfolio (for example, the completion of a high value project can result in a rise or drop in the outturn).

The recently-introduced portfolio quality strategy has identified measures to drive improvements across the portfolio. It also addresses the issues of data quality and volatility. The strategy aims to ensure that this target will be met in all three risk categories by the end of the PSA period.

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

On course

39 projects/programmes, with a commitment value of £364 million, are currently in the high-risk portfolio and have been scored. This represents 10% of the total number of projects scored, and 11% of total commitment value.

The latest outturn is **50%** (third quarter 2004 outturn, for projects scored over the preceding 12 months) (baseline 24%). The percentage of projects scored as successful can also be seen to have increased to 38% (baseline 25%).

The following table shows the improvement in the performance of the high-risk portfolio since the start of the PSA period.

Quarter	VfM outturn by commitment value	VfM outturn by percentage of high risk projects
Q3 2004 (latest outturn)	50%	38%
Q2 2004	39%	30%
Q1 2004	34%	30%
Q4 2003	35%	30%
Q3 2003	37%	31%
Q2 2003	20%	41%
Q1 2003 (baseline)	24%	25%

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

Too early to say

247 projects/programmes, with a commitment value of £2100m, are currently in the medium-risk portfolio and have been scored. This represents 61% of the total number of projects scored, and 61% of total commitment value.

The latest outturn is **50%** (third quarter 2004 outturn, for projects scored over the preceding 12 months) (baseline 61%).

The percentage of medium risk projects by number that have been evaluated as successful (a more stable measure) has remained almost constant over the PSA period to date, and is currently 56% of the total.

The following table shows the performance of the medium-risk portfolio since the start of the PSA period.

Quarter	VfM outturn by commitment value	VfM outturn by percentage of high risk projects
Q3 2004 (latest outturn)	50%	56%
Q2 2004	54%	57%
Q1 2004	54%	57%
Q4 2003	57%	56%
Q3 2003	56%	52%
Q2 2003	61%	59%
Q1 2003 (baseline)	61%	54%

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

Too early to say

122 projects/programmes, with a commitment value of £966m, are currently in the low-risk portfolio and have been scored. This represents 30% of the total number of projects scored, and 28% of total commitment value.

The latest outturn is **83%** (third quarter 2004 outturn, for projects scored over the preceding 12 months) (baseline 75%). While this shows some improvement on the baseline, it is of too small a magnitude for us to be sure that it reflects real change and not just fluctuation in the portfolio composition.

The percentage of low risk projects by number that have been evaluated as successful has remained stable at around 80% since the start of this PSA period.

The following table shows the performance of the low-risk portfolio since the start of the PSA period.

Quarter	VfM outturn by commitment value	VfM outturn by percentage of high risk projects
Q3 2004 (latest outturn)	83%	80%
Q2 2004	80%	82%
Q1 2004	78%	80%
Q4 2003	75%	80%
Q3 2003	80%	78%
Q2 2003	79%	79%
Q1 2003 (baseline)	75%	76%

3. Tackling under-performance

This section provides further information on those targets/sub-targets where progress is off-track, or where progress has slipped since the return given in DFID's Departmental Report 2004. Action is being taken to address these slippages, as detailed here.

More generally, the UK is committed to making progress towards the United Nations 0.7% target for ODA as a proportion of gross national income (GNI). Provisional figures for 2003 expenditure indicate that the UK reached an ODA/GNI ratio of 0.34%. Total UK official development assistance will reach nearly £6.5 billion a year by 2007/08. This is equal to 0.47% of GNI and represents a real terms increase in UK ODA of 140% since 1997. Additionally, the UK has proposed an International Finance Facility (IFF) – a temporary financing mechanism that would provide a further \$50 billion a year in development assistance. The IFF would be a means of providing much-needed aid to developing countries before 2015; it could also lead to a step-change in aid effectiveness.

Target 1: Africa

Gender equity and the empowerment of women

Sub-target: An increase in the ratio of girls to boys enrolled in primary school from 89% to 96%

This target was previously assessed as on track (green-green). The latest data, however, indicate slippage and that the target is now unlikely to be met by 2006 (red-red). Ethiopia and Sudan have the lowest ratios of girls to boys in primary school, with 53% and 54% respectively. In many countries, we are seeing little improvement in this area.

Eliminating gender disparities in basic education is one of the most effective development actions a country can

take. Educating girls is linked to reduced child and maternal mortality and increased productivity.

What is DFID doing?

A key part of DFID's response during 2004 has been the development of a new Girls' Education Strategy in preparation for the assessment of progress towards the MDG on gender in 2005. The strategy seeks to mobilise greater support in all DFID programmes for interventions that will ensure that more girls receive better quality education and that the current barriers to their educational achievement are removed. DFID will also be working to strengthen international partnerships with the same objective, such as the UN Girls' Education Initiative and UNICEF's focus on improving girls' education in the 15 African countries where the indicators are the lowest.

Under-five mortality

Sub-target: A reduction in under-five mortality rates for girls and boys from 158 (revised baseline 165) per 1000 live births to 139 per 1000

There has been no improvement on the overall the assessment made in early 2004 (red-red), although underlying figures have improved slightly.

There has been a slight decline in the under-5 mortality rate over the period of the PSA, but nothing like the rate of improvement required to meet the target. Based on trends since 1990, it is predicted that the under-5 mortality rate will have reached 156 in 2006.

Nigeria has seen the fastest rate of progress in recent years, followed by Malawi and Ethiopia. On the other hand, however, Zimbabwe is currently seeing a notable increase in mortality rates among under-fives and Kenya has also moved backwards on this sub-target.

What is DFID doing?

DFID continues to provide strong support to the Global Alliance Initiative for Vaccines and Immunisation (GAVI), the Global Fund to Fight AIDS, TB and Malaria. The UK is working with GAVI on the development of a pilot International Finance Facility for Immunisation (IFFIm). This is expected to launch early in 2005, with the aim of saving the lives of several million children.

Neonatal and maternal health are intrinsically linked; up to 70% of newborn deaths can be averted by services delivered to the mother both before and during delivery. DFID's *Reducing Maternal Deaths – Evidence and Action Strategy* includes a commitment to increase DFID spending on maternal health.

Maternal mortality

Sub-target: An increase in the proportion of births assisted by skilled birth attendants from 49% (revised baseline 47%) to 67%

There has been no improvement on the assessment made in early 2004 (red-red).

The MDG for maternal mortality and the indicator to increase the proportion of births assisted by skilled birth attendants are seriously off-track in Africa. The latest estimates are from 2000 for both skilled attendance and mortality data. Lack of reliable data continues to be a problem. Large intra-country variations are also apparent, with the poorest 20% bearing the greatest burden; this raises equity concerns with respect to various approaches.

Government rhetoric is often good in this area, but prioritisation and implementation are frequently weak. As with child mortality, financial and human resources are consistently seen as the major limiting factors to progress. Where resources are available, they often fail to reach poor women and children, especially in rural areas. Increased resources need to be targeted directly at poor women, to ensure access to basic emergency obstetric care and to sexual health services.

Progress in the area of skilled birth attendance needs to be tied into wider health system reform and gender and rights initiatives. The human resource crisis in parts of Africa, chronic under-funding, and inequality, discrimination and other social issues all need to be tackled. Other key non-health determinants include malnutrition, food insecurity, female education, basic infrastructure, underlying government capacity and governance structures, and civil war and genocide. Overall, therefore, a holistic rather than a health-only approach needs to be adopted.

What is DFID doing?

Although a lot more needs to be done, there is some good news. Examples include Mozambique, where each province has developed a maternal and neo-natal mortality reduction plan and the annual health budget is increasing. Tanzania's National Health Sector Plan covers actions for the reduction of maternal mortality and improvements in reproductive health as well as child mortality. DFID supports these initiatives and, with other donors, is also looking at the very real human capacity crisis in Africa and seeking to identify ways capacity in the health (and other) sectors can be sustainably strengthened.

In September 2004, DFID launched its strategy *Reducing Maternal Deaths: Evidence and Action*, which outlined six areas for action by 2005, including a year-on-year increase in spending on maternal health, and a requirement that maternal health outcomes are explicitly addressed in DFID consultations with partner governments on PRSs, PRBS, sector support and other relevant interventions. The aim is to increase national commitment to deliver better maternal health. Given that the targets are likely to remain off-track, DFID's Africa Director will be closely monitoring country plans and DFID approaches in this area.

HIV and AIDS

Sub-target: A reduction in the proportion of 15-24 year old pregnant women with HIV from 16%

There has been apparent overall improvement on this sub-target, but there are large intra-regional variations and infection rates continue to grow.

HIV prevalence is stable in most countries, but this conceals large intra-regional and intra-country variations. Even in countries like Uganda or cities such as Addis Ababa and Nairobi, where prevalence has declined significantly, the rate of new infections remains high.

In 2003, 2.2 million people died of AIDS. According to UNAIDS, an estimated 3 million people were infected in the same year. 57% of the adults infected are women, and women and girls make up 75% of the young people infected. Gender inequality and sexual violence are amongst the social factors that drive this trend. The PSA countries Ethiopia, Lesotho, Malawi, Mozambique, South Africa and Zambia include some of the highest rates of infected young pregnant women.

What is DFID doing?

In the context of the global AIDS response, DFID will continue to work on improving aid delivery; for example, by supporting the implementation of co-ordinated, multi-sectoral HIV and AIDS action frameworks and evaluation systems, and by targeting vulnerable groups, such as orphans, children and women. Moreover, as part of the UK HIV and AIDS Strategy, launched by Tony Blair in July 2004, DFID will increase its spending to on HIV and AIDS to £1.5 billion over the next three years (from 2005/06 to 2007/08). £150 million has been earmarked for orphans and vulnerable children, and most of this money will be spent in Africa.

Target 2: Asia

Maternal mortality

Sub-target: An increase in the proportion of births assisted by skilled birth attendants from 34% to 57%.

It was previously considered too early to say whether this sub-target will be achieved. Current assessments more clearly indicate a failure to make progress at the required rate.

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. China is on-track to meet this MDG, but does not regularly report data on the proportion of births assisted by a skilled attendant according to the international definition; thus we are not able to reflect any improvements in China since the start of the PSA period. In India, the proportion of births assisted by a skilled attendant has increased, but not fast enough. Rates in Pakistan have been virtually static over recent years. Skilled attendance rates in Bangladesh have changed little, from a very low base. Here there is substantial variation in relation to income, with births assisted as high as 40% in the highest quintile and falling to 4% in the lowest. Recent data from Bangladesh show a decline in the maternal mortality rate, though insufficient progress to meet the 2015 target.

What is DFID doing?

In India, DFID and other donors are supporting the development of the second reproductive and child health programme, which will focus efforts on the poorer states, where most progress is needed. In Pakistan, DFID is developing a new programme for 2005 to address both maternal and neo-natal mortality. In Bangladesh, efforts will be accelerated through the second health, nutrition and population sector programme, and through specific support to increase access to emergency obstetric care. At the regional level in Asia, we are taking forward implementation of the new DFID Strategy for reducing maternal deaths. We are working with regional organisations to

disseminate good practice and learn lessons. DFID's central research department is supporting work to develop more robust indicators to measure progress in reducing maternal deaths.

HIV and AIDS

Sub-target: Prevalence rates of HIV infection in vulnerable groups being below 5%

It remains too early to say whether this sub-target will be achieved.

Data are very patchy for this target. UNAIDS is responsible for collating data from countries and for reporting globally against the UN General Assembly Special Session (UNGASS) HIV and AIDS targets in September 2005; in light of this, we will make further efforts in 2005 to obtain more complete data on prevalence rates in vulnerable groups in Asia, where most countries have emerging or concentrated epidemics. This is still considered the most appropriate indicator to monitor the spread of infection and the impact of the responses in these countries.

Currently figures vary enormously between different surveys in the same country, reflecting localised changes in infection rates. Some data are available on infection rates among drug users and commercial sex workers, but little on sexually transmitted infection (STI) patients or men who have sex with men. It is not possible to aggregate data to generate one figure for each vulnerable group or for each PSA country.

Prevalence rates in Bangladesh and Pakistan are low, but widespread high-risk behaviours indicate the potential for the epidemic to spread. India and China both have serious epidemics in a number of states and provinces, and there is evidence of prevalence rates above 5% in some vulnerable groups. India had 4.6 million people infected with HIV in 2002 – the largest number in any single country apart from South Africa. China has over 800,000 people infected with HIV and,

if action is not accelerated, could have 10 million people living with HIV by 2010.

What is DFID doing?

DFID supports national HIV and AIDS initiatives in all four PSA countries. In India, we are supporting service delivery for vulnerable groups in selected states. In China, DFID's support is focused on the most affected provinces and on the scaling-up of effective interventions. In all countries, DFID is stepping up its advocacy to secure high-level political leadership on HIV and AIDS, and action to control the epidemic at an early stage. Asia Division is taking action to implement the July 2004 UK strategy for tackling HIV and AIDS. We are planning to increase our support for national programmes to tackle HIV and AIDS, including increased funding for prevention activities and to promote a more coordinated international response in Asia.

Tuberculosis detection rates

Sub-target: A tuberculosis detection rate above 70%

Although there has been improvement in the figures, this target remains off-track.

The case detection rate of 70% and cure rate of 85%, both by 2005, are internationally agreed targets and have been incorporated by many countries into their own planning processes. The overall detection rate is significantly off-track, but progress is being made in all countries, mostly from a very low base.

What is DFID doing?

The Revised National TB Control Programme in India is making excellent progress, and WHO data for 2003 gives a detection rate of 68%. It is expected that 100% Directly Observed Therapy Short-course (DOTS) coverage will be achieved by 2005, and that India will be on track. China is committed to expanding DOTS across the country, and the World Bank and DFID support the national programme. However, detection rates are still below target.

Pakistan ranks sixth among the countries with the highest burden of tuberculosis, and the DOTS programme was only started relatively recently. DFID is supporting the National Health and Population Welfare Facility, which covers seven key programmes including TB control. Work is ongoing to involve the private sector in the programme, because of its large role in service provision.

Target 3: Effectiveness of the international system

EC aid effectiveness

Sub-target: A greater impact of EC external programmes on poverty reduction, including through working for agreement to increase the proportion of EC ODA to low-income countries from 38% to 70%

There has been no change in the assessment of progress against this sub-target during 2004 (amber-red). Based on 2002 data and recent trends, we are currently not on target; however it is still too early to say whether or not we will reach this target.

EC spend in low income countries (LICs) has remained stable at 42% in 2002, according to data published by the DAC. Figures for 2003 are not yet available. However, the EC Annual Report, which shows Commission spending exclusive of EIB loans, indicate a higher low-income focus in 2003. DFID are in discussion with the Commission regarding discrepancies between DAC data and EC Annual Report. The PSA target is for 70% of EC ODA to be spent in LICs by 2006.

What is DFID doing?

The UK cannot achieve this target alone. DFID works with other UK Government Departments to increase the proportion of EC ODA to LICs in several ways: lobbying for increased volumes in the annual budget negotiations; arguing for the next EC Financial Perspectives (2007-2013) to introduce a global resource allocation model based on needs and

performance, with the expectation that this would redirect funds to the poorest countries; protecting the low-income focus of the European Development Fund in its ongoing revision and replenishment; and exploring and promoting the option of the EC using more loans in middle-income countries while redirecting grants to the LICs. DFID is also striving to ensure poverty reduction and achievement of the MDGs become the main foci of all EC development programmes. This principle has been successfully enshrined in the draft Constitutional Treaty, which confirmed that poverty reduction is the principal aim of the EC's development policy.

Poverty Reduction Strategies

Sub-target: Work with international partners to make progress towards the United Nations 2015 Millennium Development Goals [joint target with the Treasury]

Indicator: DFID and the Treasury will work internationally to ensure that countries accessing IDA resources and their key donors are committed to and supporting effective and sustainable poverty reduction strategies.

This indicator was previously assessed as on-track (green-green). Most recent analysis, however, indicates slippage and the latest assessment is a more cautious "too early to say" (amber-amber).

Recent research by the Overseas Development Institute and evaluations carried out by the World Bank and the International Monetary Fund (IMF) suggest that progress in developing Poverty Reduction Strategies (PRSs) fully supported by the international community has been slower than expected. In particular, alignment of donor programmes around effective PRSs has had mixed results. Most partners have accepted the PRS as the overarching framework for aid management, but, beyond coordinated budget support, there is little evidence of coordination of donor programmes (the education sector is an exception). There is limited detailed information on how the PRS process has

impacted donors' development programmes. However, the DAC survey on alignment will soon to be completed and this should help identify areas where donors can improve their performance.

Progress in developing and implementing PRSs has varied according to country context. In countries with sound reform programmes and growing capacity (e.g. Tanzania, Mozambique, Uganda), the PRS process has catalysed more poverty-focused policies, expenditures and improved donor co-ordination. In countries operating in difficult environments and emerging from conflict, progress in advancing the PRS process has been slow.

What is DFID doing?

DFID continues to actively support the PRS process including support in-country and closer alignment of Country Assistance Plans with PRSs. In the year ahead, DFID will aim to accelerate progress internationally and bilaterally. A team has been established in DFID's Policy Division to lead new policy work on PRSs and Aid Harmonisation, which will work closely with our International Division and Regional Divisions. Internationally, we will focus on: (i) working through the DAC to build the evidence base and identify action the international community can take to accelerate progress in preparation for the DAC High Level Meeting on Harmonisation in March 2003; (ii) working with the EC to agree an EU Harmonisation Action Plan; (iii) working with the World Bank and IMF to improve the architecture of the PRS process and to make faster progress on alignment. The key processes for agreeing action will be the 2005 PRS Progress Review and IDA 14. DFID aims to accelerate progress bilaterally by developing a Medium-Term Harmonisation Action Plan and a policy paper focused on action needed to strengthen DFID support for country-led approaches to Poverty Reduction. These papers should be completed by March 2005.

Target 4: Trade

Target: Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for developing countries [Joint target with DTI & FCO]

This target remains off-track (red-amber).

The UK cannot deliver this target alone. It has to make its contribution through effective influencing within the EU and the World Trade Organisation (WTO). As part of this process, the UK published a White Paper in July 2004, which sets out a vision of a world trading system which is fair as well as free, and lays down a series of challenges which the UK, the EU and the international community must rise to if that vision is to be translated into reality. The rejection of the mercantilist approach to trade negotiations, the recognition of the opportunities that trade represents, the need for properly sequenced reform and supply side capacity building in developing countries, as well as transitional assistance to support these countries are all elements of that challenge.

The UK gave strong encouragement to the European Commission to show leadership after the failure of the Cancun Ministerial, and with some other WTO Members worked hard to reinvigorate the negotiating process. The atmosphere improved as a result of a joint letter from Commissioners Lamy and Fischler, spelling out in more detail how much further the EU was prepared to move on agriculture if others did likewise, and what exceptions should be made for weak and vulnerable countries. DFID funded meetings of the so-called G90 – the emerging group of Least Developed Countries, the African Union, and the African, Caribbean and Pacific grouping – to help them refine their negotiating position and explore their negotiating flexibilities. Intensive behind-the-scenes discussions prior to and during the General Council meeting in July, where the Department for Trade and Industry (DTI) and the Department for Environment, Food and Rural Affairs (DEFRA) in particular worked hard to support the Commission and ensure some other Member States did not move back from the commitments already offered

by the Commission – were a key factor in ensuring that agreement on the framework was reached.

What is DFID doing?

DFID's International Trade Department (ITD) has re-prioritised its activities to focus on the issues that could threaten a positive development outcome to the WTO round and has changed its staffing profile and ways of working to increase its effectiveness. This includes a more proactive approach to disseminating quality research and analysis early enough for the UK to influence policy formulation in Brussels and more widely. Trade has become a key DFID objective for 2005, when the UK will hold both EU and G8 Presidencies. ITD and DTI will work together on a joint PSA Delivery Plan to strengthen collaborative forward planning and agree priorities, concrete outcomes and a division of labour. The Foreign and Commonwealth Office (FCO) is increasing its analytical resources on trade, and works in close co-operation with other Departments on their Delivery Plans.

The DTI convenes a regular inter-departmental group to co-ordinate cross-Whitehall policy development and operational planning. This has resulted in an improved inter-departmental influencing strategy to ensure each department builds on its comparative advantage (e.g. in DFID's case with Least Developed Country, African Union and Africa-Caribbean-Pacific members of the WTO) to maximise the UK's impact in influencing key actors.

Target 5: Effectiveness of DFID's bilateral programmes

Bilateral assistance to low-income countries

Sub-target: Increase the proportion of DFID's bilateral programme going to low-income countries from 78% to 90%.

This target was previously rated as green-green, but has slipped back to amber-green since the Departmental Report 2004. We remain confident that the target will

be met by the end of the PSA period, with current performance temporarily affected by support to Iraq in 2003/04.

The latest outturn is 74%, while the figure for 2002/03 was 80%. Two factors have influenced the outturn for 2003/04. Firstly, the classification of LICs has been changed, in line with the OECD-DAC, which has moved to new income group classifications. In particular, China has been reclassified as a MIC. The outturn figure is given on the basis of the new classification, which has had an impact, albeit a small one (-1%), on outturn. The second, and primary, reason for the slippage against this target is that support for reconstruction in Iraq, a MIC, increased significantly in 2003-04. If the support to Iraq had been spent instead in LICs, the outturn would have been 82%, an improvement over the 2002/03 figure of 80%.

What is DFID doing?

We have made changes to expenditure plans for the next two years to ensure that we reach the 90% target by 2005/06.

Portfolio quality

Sub-target: Increase the proportion of DFID's high-risk, medium-risk and low-risk bilateral projects evaluated as successful.

While there is a clear and discernible improvement in the high-risk portfolio, the same trend is not currently reflected in the medium-risk group. In the case of the low-risk portfolio, the data show some improvements in performance, but it is too early to say whether this is due to real performance improvements or fluctuations in portfolio composition.

The primary reason for the apparent slippage against the baseline in the medium-risk portfolio is the completion of a small number of high-value, successful projects, which have subsequently graduated from the scoring system. Data volatility is a recognised difficulty in the assessment of portfolio performance over time;

some fluctuation in outturn over time is normal and expected simply due to turnover in the portfolio. Where very large projects/programmes (such as budget support) move into and out of the portfolio, this can have a dramatic impact on outturns. This is because the PSA assessment is based on commitment value, not on the number of projects. Where the analysis is carried out by number of projects, the data are much more stable.

What is DFID doing?

In order to improve the management of our portfolio performance, a portfolio quality strategy was developed in October 2004. This addresses the following key areas:

- improving systems (guidance, training, feedback, etc.) which support improved portfolio performance across DFID;
- ensuring indicators used are robust, are a proper proxy for the underlying performance and that reporting systems are quality controlled and audited;
- improving the integration of reporting systems for this target with other county level performance management processes.

We will report progress with the implementation of the strategy in future years.

4. Final outturn against DFID'S 2001-04 Public Service Agreement

This section provides details of the final outturn against DFID's 2001-2004 PSA. In many cases, the details of final outturn have been reported previously, in the Departmental Report 2003 or the Departmental Report 2004. In one case, we cannot assess whether the

target has been achieved due to data limitations; however, this sub-target has been rolled forward to the current PSA and we continue to monitor progress and take action in these areas under the framework of the 2003-06 PSA.

Target/sub-target	Outturn information
Objective I: to reduce poverty through the provision of more focused and co-ordinated development assistance by the international community to low and middle-income countries	
1. An increased focus by DFID on poor countries, particularly those with effective governments pursuing high growth and pro-poor economic and social policies, as demonstrated by:	
<ul style="list-style-type: none"> (a) An increase in the proportion of DFID's bilateral country specific development aid (excluding humanitarian assistance) going to low-income countries from 71% in 1998/99 to 80% in 2002/03. 	<p>Met</p> <p>As reported previously.</p> <p>Performance against this indicator continues to be monitored under Target 5 of the PSA 03-06.</p>
<ul style="list-style-type: none"> (b) An increase in the proportion of DFID's bilateral country specific development aid (excluding humanitarian assistance) going to low-income countries pursuing sustainable, pro-poor policies from 50% in 1998/99 to 65% in 2002/03. 	<p>Met</p> <p>As reported previously.</p>
<ul style="list-style-type: none"> (c) Establish better organisation of EC programme delivery by end-2001. 	<p>Met</p> <p>As reported previously.</p>
<ul style="list-style-type: none"> (d) Gain agreement in the Council of Ministers and the European Commission by 2003 to redirect allocations and spend towards programmes which reduce poverty. 	<p>Met</p> <p>As reported previously.</p>
<ul style="list-style-type: none"> (e) An increase in the percentage of EC development assistance going to poor countries from 50% in 1998 to 70% in 2006. 	<p>Not met</p> <p>EC spend in low-income countries in 2002 was 42%, of EC development assistance based on data published by the DAC. Figures for 2003 are not yet available. The EC Annual Report, which shows spending within the control of the Commission (excluding EIB loans) indicates both a higher low-income focus and a pronounced upward trend in EC development expenditure overall in 2003.</p>

Target/sub-target	Outturn information
<ul style="list-style-type: none"> (f) Adoption and implementation of effective Poverty Reduction Strategies by 2004 in all countries accessing International Development Agency (IDA) high impact or adjustment lending. 	<p>Met</p> <p>As reported previously.</p>
<ul style="list-style-type: none"> (g) Provide support to at least 12 partner countries by 2004 to develop and implement Poverty Reduction Strategies in co-ordination with other donors. 	<p>Met</p> <p>As reported previously.</p>
<p>Objective II: to promote sustainable development through co-ordinated UK and international action</p>	
<p>2. To promote the integration of developing countries into the global economy through co-ordinated UK and international action including by:</p>	
<ul style="list-style-type: none"> (a) Relief of unsustainable debt by 2004 for all heavily-indebted poor countries (HIPC) committed to poverty reduction, building on the internationally agreed target that three quarters of eligible HIPCs reach decision point by the end of 2000. <i>[Joint target with HM Treasury]</i> 	<p>Not met</p> <p>27 Countries have now reached Decision Point. Ongoing conflict and political instability have prevented more countries from reaching this stage. Of these 27 countries, only 14 reached Completion Point – the point at which irrevocable debt relief is granted. These countries are Benin, Bolivia, Burkina Faso, Ethiopia, Ghana, Guyana, Mali, Mauritania, Mozambique, Nicaragua, Niger, Senegal, Tanzania and Uganda. Policy slippages and delays in implementing key reforms have prevented more countries from reaching Completion Point. Debt relief is now being taken up through the PSA 2003-06, where progress is on course.</p>
<ul style="list-style-type: none"> (Sub-target) DFID and the Treasury working with the international community to bring 20 countries to Enhanced Heavily Indebted Poor Countries (HIPC II) Decision Points by end 2000 and a further 5 by end 2001. 	<p>Met (with delay)</p> <p>The first half of this target was met in December 2000 when ten countries reached Decision Point, bringing the total to 22. The second half was missed by two months, as at the end of 2001 only 24 countries had met Decision Point. The target of 25 countries was met in February 2002, when Ghana reached Decision Point.</p>
<ul style="list-style-type: none"> (b) Gaining international agreement on the integration of social, economic and environmental aspects of sustainable development into poverty reduction programmes by: 	<p>Three sub-targets make up this target. Progress against each is reported separately below.</p>
<ul style="list-style-type: none"> (Sub-target) secure international endorsement of DAC principles of strategic planning for sustainable development at the World Summit on Sustainable Development by September 2002. 	<p>Met</p> <p>As reported previously.</p>

Target/sub-target

- (Sub-target): successful integration of the principles of sustainable development into government, multilateral and DFID policies and programmes in 10 key partner countries by April 2004, including agreed approaches to water resource management and capacity-building for environmental management.

Outturn information**Met**

DFID works with other bi- and multi-lateral development organisations, in particular through the Poverty-Environment Initiative and the Poverty Environment Partnership (PEP), to assist developing country government partners to integrate environmental issues into their development plans and policies. The Poverty Reduction Strategy process has proved to be the best opportunity and major focus of this work.

In order to reach this sub-target, a number of policy tools were developed to help those involved in the PRS process consider and understand the importance of the environment for economic growth and poverty alleviation. One DFID study brought together generic Poverty-Environment Indicators for use in the PRS process. Another designed a 'Environment in PRSP' checklist. An 'Environmental wealth diagnostic' was also developed to help user countries identify how the environment contributes to economic growth.

These tools were tested and applied in a number of countries in order to integrate the principles of sustainable development. This included support through DFID's environment advisors, for better environment-growth links in Uganda, Ghana, Nigeria and Kenya; a specific programme in Tanzania to integrate environment into the PRS process; and related work more generally in South Africa, China and India. This has helped progress thinking and application of the principles of sustainable development in these countries.

To further embed these principles, DFID, in collaboration with three other bilateral development organisations, commissioned work to investigate what impacts the inclusion of environment in PRSPs is actually having on institutional arrangements, policy choices and environmental outcomes. This is being carried out in four countries: Ghana, Honduras, Uganda and Vietnam. It is expected that the results of this work, which are expected soon, will help DFID better understand how to mainstream environmental issues in countries' development plans.

Target/sub-target	Outturn information
<ul style="list-style-type: none"> (Sub-target) promote increased private sector foreign investment in poor countries by turning the Commonwealth Development Corporation (CDC) into a public-private partnership, when business conditions are right, with majority private capital. CDC: <ul style="list-style-type: none"> is required to make 70% of its new investments in poor developing countries and; seeks to make 50% of its new investments in sub-Saharan Africa and south Asia. 	<p>Met</p> <p>The public-private partnership originally planned (a sale of shares in CDC) proved impracticable due to market conditions. In its place, CDC was reorganised to enhance its capability to invest in, and mobilise private investment in, businesses in poorer countries. In July 2004, Actis LLP, a new investment fund management company majority-owned by its management and staff, was established and contracted to act as manager of CDC's assets for five years.</p> <p>The investment policy governing CDC's work, which contains the investment targets (70% of new investments to be made in the poorer developing countries, 50% in sub-Saharan Africa and South Asia) as well as the responsible business principles, has been retained.</p> <p>Although the global economic conditions made CDC's work in emerging markets more difficult, its performance improved in both 2002 and 2003. Both the 70% and 50% investment targets were exceeded on an annual basis in 2003 as well as on a rolling 5-year basis.</p>
<p>3. Improved effectiveness of the UK contribution to conflict prevention and management (joint target with Foreign and Commonwealth Office and Ministry of Defense).</p>	
<ul style="list-style-type: none"> 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. 	<p>Not assessed, due to lack of data</p> <p>This joint target has been rolled forward into our 2003-06 PSA as a sub-target to Target 1: "Progress towards the Millennium Development Goals in 16 countries in Africa".</p>
<p>Objective III: improved education outcomes in key countries receiving DFID education support.</p>	
<p>4. Improved education systems in our top ten recipients¹ of DFID education support demonstrated by:</p>	
<ul style="list-style-type: none"> (a) An average increase in primary school enrolment from a baseline established in 2000 of 75% to 81% on the basis of data available in 2004. 	<p>Not met</p> <p>The 2004 outturn is 80%, based on data from nine countries (new data has not been available for Malawi since 1994). Tanzania has seen the most dramatic progress, with education fees abolished in 2003; enrolment rose to 89% in that year. India, Bangladesh and Pakistan have also seen notable improvement. However, enrolment rates fell in Zambia and South Africa over the PSA period.</p>

¹ The top ten recipients of DFID Education Support were Bangladesh, China, Ghana, India, Malawi, Pakistan, South Africa, Tanzania, Uganda, Zambia. This target group of countries remained fixed over the Public Service Agreement period, 2001-2004.

Target/sub-target	Outturn information
<ul style="list-style-type: none"> (Sub-target) development of basic monitoring and evaluation mechanisms and their integration into education sector strategies by 2004 in at least 8 or our top 10 recipients of bilateral education assistance. 	<p>Met</p> <p>This target has been met in seven of the eight country programmes that continue to engage in education sector strategies. This sub-target is no longer applicable to Tanzania and Uganda, where budget support was the preferred aid delivery mechanism by 2004.</p>
<ul style="list-style-type: none"> (Sub-target) by 2004, 75% of DFID bilateral commitments for education in our top ten recipients of bilateral education assistance will support multi-donor programmes, implementing government-agreed sector strategies. 	<p>Not met</p> <p>In four countries (Bangladesh, China, India and Pakistan), at least 75% of bilateral commitments for education supported multi-donor programmes. This sub-target is no longer applicable to South Africa and Tanzania due to the changed nature of aid delivery.</p>
<ul style="list-style-type: none"> (b) Improvements in gender equality in education, particularly primary education. The baseline for gender equality is 86% for 1996 data. 	<p>Met</p> <p>The outturn for 2001 (the latest year for which data are available in 2004) is 93%. Malawi, Uganda, Bangladesh and Pakistan made particularly good progress over the PSA period.</p>
<ul style="list-style-type: none"> (Sub-target) successful adoption and implementation of education sector strategies which include explicit objectives on equitable access for girls and boys by 2004, in at least 8 of our top 10 recipients of bilateral education assistance. 	<p>Met</p> <p>This target has been met in all of the eight country programmes that continue to engage in education sector strategies. This sub-target is no longer applicable to Tanzania and Uganda, due to the move to budget support.</p>

Objective IV: improvements in health outcomes in key countries receiving DFID health care assistance.

5. Improvements in child, maternal and reproductive health in our top ten recipients² of DFID health care assistance demonstrated by:

<ul style="list-style-type: none"> (a) A decrease in the average under-5 mortality rate from 132 in 1997 to 103 on the basis of data available in 2004. 	<p>Not met</p> <p>The outturn for 2002 (the latest year for which data are available in 2004) is 122, a fall from the revised baseline of 130 in 1997. Malawi, Bangladesh and Pakistan made good progress over the PSA period. Ghana, Uganda and India have seen progress, but at a slower rate. South Africa and Kenya moved backwards on this measure, while other countries saw little change. This target has been rolled forward to the 2003-06 PSA and DFID continues to address under-five mortality within that framework.</p>
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² The top ten recipients of DFID health care assistance were Bangladesh, Ghana, India, Kenya, Malawi, Pakistan, South Africa, Tanzania, Uganda, Zambia. This target group of countries remained fixed over the Public Service Agreement period, 2001-2004.

Target/sub-target	Outturn information
<ul style="list-style-type: none"> (Sub-target) development and implementation of strategies focused on improving access to safe water and sanitation and reducing levels of child mortality, in at least 8 of the top 10 recipients of bilateral health assistance by 2004. 	<p>Met</p> <p>This target has been met in seven of the nine countries to which it remains relevant. Kenya and Pakistan were the two countries which did not meet this target, although, in the case of Pakistan, the target was met at provincial level. Tanzania's health sector support came to an end in January 2003 and so its performance has been excluded from the analysis.</p>
<ul style="list-style-type: none"> (Sub-target) development and implementation of health sector strategies by 2004 in at least 8 of the top 10 recipients of bilateral health assistance which: (a) aim to improve child health outcomes and include actions to strengthen immunisation and prevention, and the treatment of childhood illnesses, including malaria where endemic; and (b) include explicit policy and operational frameworks to strengthen the capacity of health systems, improve the quality and coverage of maternal health care, and ensure universal access to reproductive health services). 	<p>Met</p> <p>This target was met in all nine of the countries that continued to engage in health sector support in 2004.</p>
<ul style="list-style-type: none"> (b) An increase in the proportion of births assisted by skilled attendants from a baseline established in 2000 of 43% to 50% on the basis of data available in 2004; and 	<p>Not met</p> <p>The outturn for 2001 (the latest data available in 2004) is 42%, against a revised baseline of 42%. Thus, there has been no overall progress on this measure and no individual country has seen rapid progress. In 2001, the proportion of births assisted ranged from 12% in Bangladesh and 19% in Pakistan, to 84% in South Africa and 55% in Malawi. This target has been rolled forward to the 2003-06 PSA, and DFID continues to tackle maternal mortality within that framework.</p>
<ul style="list-style-type: none"> (c) Improved access to reproductive health care (from a baseline of 32%). 	<p>Met</p> <p>The outturn for 2001 (the latest year for which data are available) is 36%. Malawi, Tanzania, Uganda and India have seen the greatest rates of progress over the PSA period. India and Bangladesh both now have rates a little over 50%. The rate is lowest in Ghana (22%) and Uganda (23%).</p>

Target/sub-target	Outturn information
<ul style="list-style-type: none"> (Sub-target) strengthened multilateral initiatives to combat HIV and AIDS in Africa (UNAIDS) and Roll Back Malaria (WHO) demonstrated through national strategies, with jointly agreed milestones, in at least five of the top 10 recipients of DFID healthcare assistance. 	<p>Met</p> <p>Six of the monitored countries, all in Africa, had national HIV and AIDS and malaria strategies by 2004.</p>
Value for money	
<p>6. Improved value for money and effectiveness of projects in DFID's bilateral programme, as demonstrated by a year on year improvement in the index of their evaluated success.</p>	<p>Met</p> <p>As reported previously.</p>

Annex A

Explanatory note: Measuring progress towards the PSA targets in Africa and Asia – methodology and data quality

International data showing progress towards MDG indicators are available and are used in monitoring some of 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

The baseline for the 2003-2006 PSA period was set as 1998 (or 1997 in some instances), since at the time the PSA was created this was the most recently available information for most indicators. It might be as late as 2010 before we are able to establish the full picture in 2006. Thus, although the PSA ostensibly covers a three-year period, for our purposes of measurement it actually covers a longer time frame, from 1998-2006.

Our PSA targets for Africa are based on progress in 16 countries and our targets for Asia are based on progress in 4 countries. 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 and means, for example, that a 5% change on an indicator in China has the same impact on the overall Asia figures as a 5% change on the indicator in Nepal. We believe that this is appropriate for the PSA targets as DFID is working with countries, and because otherwise our figures would simply reflect change in the countries with the largest populations, like China. 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.

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 where five of our 16 PSA countries in Africa are excluded from the baseline and outturn figures.
- **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 assuming that progress has taken place at the same rate as in those countries where we do have a baseline. 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

Each time we review progress towards the PSA targets, we often find that new data have become available, and this results in a revision of the figures for previous years. This means that many of the baselines set out at the time our PSA was originally drafted have now altered. This is particularly apparent in series which are modelled by the international agencies, such as the under five mortality rate. The altered baselines have been presented in this report along with the assessment of progress.

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 are persistent shifts year after year.

In choosing the appropriate traffic light assessment, note is taken not only of the difference between the 1998 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, 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

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. In the past year, we have discussed data issues with the Methodological Committee of the Office for National Statistics, who have agreed that our methods were suitable 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.

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 with 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.

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. 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.

Annex B

Links between DFID's 2001-04 PSA and the 2003-06 PSA

PSA 2001-04

PSA 2003-06

Objective I: to reduce poverty through the provision of more focused and co-ordinated development assistance by the international community to low and middle-income countries

1. An increased focus by DFID on poor countries, particularly those with effective governments pursuing high growth and pro-poor economic and social policies, as demonstrated by:

(a) an increase in the proportion of DFID's bilateral country specific development aid (excluding humanitarian assistance) going to low-income countries from 71% in 1998/99 to 80% in 2002/03.

(b) an increase in the proportion of DFID's bilateral country specific development aid (excluding humanitarian assistance) going to low-income countries pursuing sustainable, pro-poor policies from 50% in 1998/99 to 65% in 2002/03.

(c) Establish better organisation of EC programme delivery by end-2001.

(d) Gain agreement in the Council of Ministers and the European Commission by 2003 to redirect allocations and spend towards programmes which reduce poverty.

(e) an increase in the percentage of EC development assistance going to poor countries from 50% in 1998 to 70% in 2006.

(f) adoption and implementation of effective Poverty Reduction Strategies by 2004 in all countries accessing International Development Association (IDA) high impact or adjustment lending.

(g) Provide support to at least 12 partner countries by 2004 to develop and implement Poverty Reduction Strategies in co-ordination with other donors.

These targets have been rolled forward into our 2003-06 PSA Value for Money target 5.1.

These targets have been rolled forward into our 2003-06 PSA and used as indicators for target 3: "To improve the effectiveness of the international system".

We have set a joint target with HM Treasury on supporting Poverty Reduction Strategies in our 2003-06 SDA (SDA I). This is used as a performance indicator for our 2003-06 PSA target 3: "To improve the effectiveness of the international system".

Objective II: to promote sustainable development through co-ordinated UK and International Action

2. To promote the integration of developing countries into the global economy through co-ordinated UK and international action, including by:

(a) relief of unsustainable debt by 2004 for all Heavily-Indebted Poor Countries (HIPC) committed to poverty reduction, building on the internationally agreed target that three-quarters of eligible HIPCs reach decision point by end 2000 (joint target with Treasury).

DFID and the Treasury working with the international community to bring 20 countries to Enhanced Heavily Indebted Poor Countries (HIPC II) Decision Points by end 2000 and a further 5 by end 2001.

b) gaining international agreement on the integration of social, economic and environmental aspects of sustainable development into poverty reduction programmes by

(sub-target): Endorsement of guidance identifying the principles of strategic planning for sustainable development by the DAC by April 2001.

(sub-target): Secure international endorsement of DAC principles of strategic planning for sustainable development at the World Summit on Sustainable Development by September 2002.

(sub-target): Successful integration of the principles of sustainable development into government, multilateral and DFID policies and programmes in 10 key partner countries by April 2004, including agreed approaches to water resource management and capacity-building for environmental management.

(sub-target): Promote increased private sector foreign investment in poor countries by turning CDC into a public-private partnership, when business conditions are right, with majority private capital. CDC:

- is required to make 70% of its new investments in poor developing countries and;
- seeks to make 50% of its new investments in sub-Saharan African and south Asia.

These targets have been rolled forward into our 2003-06 PSA as target 3: "To improve the effectiveness of the international system".

These targets have been combined as a joint sub-target with HM Treasury for our PSA target 3: "To improve the effectiveness of the international system".

We have mainstreamed sustainable development issues through our 2003-06 Service Delivery Agreement.

We have targets on improving the climate for foreign investment in our 2003-06 Service Delivery Agreement (SDA II(d) and IV(d)).

PSA 2001-04

3. Improved effectiveness of the UK contribution to conflict prevention and management (joint target with Foreign and Commonwealth Office and Ministry of Defence)

PSA 2003-06

This joint target has been rolled forward as a sub-target of our 2003-06 PSA target 1 (To reduce poverty in 16 key countries in sub-Saharan Africa) and as a target in our SDA (SDA III and IX).

Objective III: improved education outcomes in key countries receiving DFID education support

4. Improved education systems in our top ten recipients of DFID education support demonstrated by:

- (a) an average increase in primary school enrolment from a baseline established in 2000 of 75% to 81% on the basis of data available in 2004;

(sub-target) Development of basic monitoring and evaluation mechanisms and their integration into education sector strategies by 2004 in at least 8 of our top 10 recipients of bilateral education assistance.

(sub-target) By 2004, 75% of DFID bilateral commitments for education in our top ten recipients of bilateral education assistance will support multi-donor programmes, implementing government-agreed sector strategies.

- (b) improvements in gender equality in education, particularly primary education. The baseline for gender equality is 86% for 1996 data.

(sub-target): Successful adoption and implementation of education sector strategies which include explicit objectives on equitable access for girls and boys by 2004, in at least 8 of our top 10 recipients of bilateral education assistance.

These targets have been rolled forward as sub-targets to our 2003-06 PSA targets 1 (To reduce poverty in 16 key countries in sub-Saharan Africa) and target 2 (To reduce poverty in 4 key countries in Asia).

Targets on DFID support to education have been included in our 2003-06 SDA (SDA II(a) and IV(a)).

This target has been rolled forward as sub-targets to our 2003-06 PSA targets 1 (To reduce poverty in 16 key countries in Africa) and target 2 (To reduce poverty in 4 key countries in Asia).

Targets on DFID support to education have been included in our 2003-06 SDA (SDA II(a) and IV(a))

PSA 2001-04**PSA 2003-06**

Objective IV: improvements in health outcomes in key countries receiving DFID health care assistance

5. Improvements in child, maternal and reproductive health in our top ten recipients of DFID health care assistance demonstrated by

These targets have been rolled forward as an indicator for our 2003-06 PSA targets 1 (To reduce poverty in 16 key countries in sub-Saharan Africa) and target 2 (To reduce poverty in 4 key countries in Asia).

(a) a decrease in the average under-5 mortality rate from 132 in 1997 to 103 on the basis of data available in 2004.

(sub-target): Development and implementation of strategies focused on improving access to safe water and sanitation and reducing levels of child mortality, in at least 8 of the top 10 recipients of bilateral health assistance by 2004.

Targets on DFID support to health have been included in our 2003-06 SDA (SDA II(b); IV(b) and IX(b)).

(sub-target): Development and implementation of health sector strategies by 2004 in at least 8 of the top 10 recipients of bilateral health assistance

(b) an increase in the proportion of births assisted by skilled attendants from a baseline established in 2000 of 43% to 50% on the basis of data available in 2004; and

This target has been rolled forward as sub-targets to our 2003-06 PSA targets 1 (To reduce poverty in 16 key countries in Africa) and target 2 (To reduce poverty in 4 key countries in Asia).

(c) improved access to reproductive health care (from a baseline of 32%).

(sub-target): Strengthened multilateral initiatives to combat HIV and AIDS in Africa (UNAIDS) and Roll Back Malaria (WHO) demonstrated through national strategies, with jointly agreed milestones, in at least five of the top 10 recipients of DFID healthcare assistance.

Targets on communicable diseases have been included as indicators for our 2003-06 PSA targets 1 (To reduce poverty in 16 key countries in sub-Saharan Africa) and target 2 (To reduce poverty in 4 key countries in Asia). Further targets on DFID support have been included in our SDA (SDA II(b); IV(b); V(d) and XI(b)).

Value for Money

6. Improved value for money and effectiveness of projects in DFID's bilateral programme, as demonstrated by a year on year improvement in the index of their evaluated success.

This target has been rolled forward into our 2003-06 PSA Value for Money target 5.2.

Annex C

Links between DFID'S 2003-06 PSA and the 2005-08 PSA

The new PSA for 2005 to 2008 in the main rolls forward the objectives, targets and sub-targets of the current 2003-06 PSA. Where appropriate, targets have been redrafted to reflect either the fact that the target in the current PSA has already been met, or changing circumstances. Changes are indicated in the following table. Most significant of these is the creation of a full

target on conflict prevention within Objective IV. Also, consistent with the rest of Government, Value for Money targets are no longer framed as such, and a new objective – *Improve the impact and effectiveness of DFID's bilateral programme* – has been added to cover this area.

PSA 03-06	Key changes	PSA 05-06
OBJECTIVE I Reduce poverty in Sub-Saharan Africa	No change	OBJECTIVE I Reduce poverty in Sub-Saharan Africa
TARGET 1 Progress towards the MDGs in 16 key countries in Africa	No change	TARGET 1 Progress towards the MDGs in 16 key countries in Africa
A sustainable reduction in the proportion of people living in poverty from 48% across the entire region	Numerical target updated	A reduction of 4 percentage points in the proportion of people living in poverty across the entire region, against the 1999 baseline
An increase in primary school enrolment from 58% to 72% and an increase in the ratio of girls to boys enrolled in primary from 89% to 96%	Numerical target updated	An increase in primary school enrolment by 18 percentage points and an increase in the ratio of girls to boys enrolled in primary school by 5 percentage points, both against their year 2000 baseline
A reduction in under-5 mortality rates for girls and boys from 158 per 1000 live births to 139 per 1000; and an increase in proportion of births assisted by skilled birth attendants from 49% to 67%	Numerical target updated	A reduction in under-5 mortality rates for girls and boys by 8 per 1000 live births, against the year 2000 baseline; and an increase in proportion of births assisted by skilled birth attendants by 11 percentage points, against the year 2000 baseline
A reduction in the proportion of 15-24 year old pregnant women with HIV from 16%	Baseline removed from headline of target	A reduction in the proportion of 15-24 year old pregnant women with HIV

PSA 03-06	Key changes	PSA 05-06
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. [Joint target with the FCO and the Ministry of Defence (MoD)]	Sub-target removed – New Target 5 created (see below)	
Effective implementation of the G8 Action Plan for Africa in support of enhanced partnership at the regional and country level	Updated	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
OBJECTIVE II Reduce poverty in Asia	No change	OBJECTIVE II Reduce poverty in Asia
TARGET 2 Progress towards the MDGs in 4 key countries in Asia	Addition of 5 new countries	TARGET 2 Progress towards the MDGs in 9 key countries in Asia
A sustainable reduction in the proportion of people living in poverty from 15% to 10% in East Asia and the Pacific and from 40% to 32% in South Asia	Numerical target updated	A reduction in the proportion of people living in poverty of 7 percentage points in East Asia and the Pacific, and of 8 percentage points in South Asia, both against their 1999 baselines
An increase in gross primary school enrolment from 95% to 100% and an increase in the ratio of girls to boys enrolled in primary school from 87% to 94%	Numerical target updated	An increase in net primary school enrolment by 8 percentage points and an increase in the ratio of girls to boys by 5 percentage points, both against their year 2000 baseline
A reduction in under 5 mortality rates for girls and boys from 92 per 1000 live births to 68 per 1000; and an increase in proportion of births assisted by skilled birth attendants from 39% to 57%	Numerical target updated	A reduction in under-5 mortality rates for girls and boys by 24 per 1000 live births and an increase of 15 percentage points in the proportion of births assisted by skilled birth attendants, both against their year 2000 baseline
Prevalence rates of HIV infection in vulnerable groups being below 5%; and a tuberculosis case detection rate above 70% and cure treatment rate greater than 85% are achieved	No change	Prevalence rates of HIV infection in vulnerable groups being below 5%; a tuberculosis case detection rate above 70%; and a tuberculosis cure treatment rate greater than 85%.

PSA 03-06	Key changes	PSA 05-06
OBJECTIVE III Reduce poverty in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa	No change	OBJECTIVE III Reduce poverty in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa
OBJECTIVE IV Increase the impact of the international system in reducing poverty and responding effectively to conflict and humanitarian crises	Minor change: insertion of reference to conflict prevention	OBJECTIVE IV Increase the impact of the international system in reducing poverty, preventing conflict and responding effectively to conflict and humanitarian crises
TARGET 3 Improved effectiveness of the international system	Replacement of “international” with “multilateral”	TARGET 3 Improved effectiveness of the multilateral system
A greater impact of EC external programmes on poverty reduction, including through working for agreement to increase the proportion of EC ODA to low-income countries from 38% to 70%	No material change	A greater impact of EC external programmes on poverty reduction and working for agreement to increase the proportion of EC ODA to low income countries from its 2000 baseline figure of 38% to 70% by 2008
Ensuring that three-quarters of all eligible HIPC countries committed to poverty reduction receive irrevocable debt relief by 2006 [Joint with the Treasury]	Updated	Ensure that 90% of all eligible HIPC countries committed to poverty reduction that have reached Decision Point by end 2005, receive irrevocable debt relief by end 2008 [Joint with the Treasury]
Work with international partners to make progress towards the United Nations 2015 Millennium Development Goals [Joint with the Treasury].	Minor text changes	International partners are working effectively with poor countries to make progress towards the United Nations 2015 Millennium Development Goals [Joint with the Treasury]
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 & FCO]	Re-drafted	TARGET 4 Ensure that the EU secures significant reductions in EU and world trade barriers by 2008 leading to improved opportunities for developing countries and a more competitive Europe. [Joint target with DTI]

PSA 03-06	Key changes	PSA 05-06
	New target (formerly sub-target under Target 1, Africa)	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]
OBJECTIVE V Develop evidence-based, innovative approaches to international development	Re-drafted	OBJECTIVE V Develop, support and promote policy that assists poverty reduction and the achievement of the MDGs
VALUE FOR MONEY	Sub-heading converted to a new objective	OBJECTIVE VI Improve the impact and effectiveness of DFID's bilateral programme
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	Re-numbered and updated as current target already met	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



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