

Introduction



Dhaka, Bangladesh. Zed Nelson/Panos Pictures

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Introduction



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

Tony Blair in the foreword to the 2006 White Paper

Highlights

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

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

A brief introduction to DFID

- 1.1** DFID leads the UK government's effort to promote international development. DFID's overall aim is to reduce poverty in poorer countries, in particular through achieving the **Millennium Development Goals** (MDGs). **Our Public Service Agreement** (PSA) contains objectives and targets by which we measure our progress towards this aim.
- 1.2** DFID operates under the **International Development Act**, which came into force in 2002, and establishes the legal basis for UK development assistance. The Secretary of State for International Development can provide development assistance for sustainable development and welfare, provided that he is satisfied that this assistance is likely to contribute to poverty reduction. Under the terms of the act, British aid cannot be tied to the provision of British goods and services.
- 1.3** This report sets out DFID's activities and achievements in the year from April 2006 to March 2007. It was a year for the UK, and the rest of the world, to begin work to make good on the promises made in 2005 at the G8 Summit in Gleneagles, under the UK's Presidency of the EU and through the Commission for Africa. To do this, the UK published its third White Paper on international development, which sets out how we intend to deliver on our commitments and respond to the big challenges for international development.

DFID's policy: the 2006 White Paper

- 1.4** In July 2006, the UK government published a **White Paper** entitled *Making Governance Work for the Poor*. The White Paper argues that whether states are effective or not is the single most important factor that determines whether or not successful development takes place.
- 1.5** The White Paper builds on the work done in the earlier White Papers (1997 and 2000) and sets out what the UK government will do to meet the new global challenges that have emerged and in particular to deliver the ambitious commitments made in 2005. The key commitments of the White Paper are set out in Box 1.1.
- 1.6** Implementation of the White Paper is now well underway. Significant developments to date are highlighted throughout this report.

Box 1.1: White Paper commitments

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

...deliver our promises...

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

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

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

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

9. Work to help states promote peace and security. Where states are unable to protect their citizens, we will work with our international partners to prevent, manage and respond to conflict.
10. Promote rapid growth by supporting private sector development and employment, investing in infrastructure and agriculture, and working for international trade rules that maximise the opportunities for the poorest countries.
11. Commit at least half of all future UK direct support for developing countries to public services, to get children into school, improve healthcare, fight HIV and AIDS, provide more clean water and sanitation, and offer social protection; and agree ten-year commitments with developing countries to do this.
12. Seek to make sure that growth is equitable, and that natural resources are used sustainably.

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

13. Work for international agreements on climate change that stabilise greenhouse gas levels in the atmosphere, enable developing countries to grow, create incentives and generate investment for clean energy, and help poor countries to adapt to the impact.
14. Work with developing countries to make sure that they are fully involved in future international discussions on climate change, and provide international support to help developing countries adapt.

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

15. Work with others, and use our resources and influence, to push for change in the international system. This means: reform of the UN; a more effective UN-led system to deal with humanitarian crises; more responsive international financial institutions; supporting the growing roles of regional organisations such as the African Development Bank and the African Union; and a strong focus on merit-based appointments, and greater accountability to developing countries.
16. Work more closely with European partners to promote development.
17. Push for the OECD-DAC to monitor and hold donors to account on their development commitments, and to work more closely with new non-OECD donors such as India and China.

The International Development (Reporting and Transparency) Act 2006

- 1.7** In July 2006, the **International Development (Reporting and Transparency) Act 2006** passed into law. The Act requires the Secretary of State for International Development to report annually on various areas, including expenditure on international aid, progress towards the United Nations target for Official Development Assistance (ODA) to make up 0.7% of gross national income (GNI) by 2013, and the effectiveness and transparency of aid.
- 1.8** To respond to the requirements of the Act, DFID has updated the structure and scope of this report.

Box 1.2: Response to the 2006 Act

Chapter One

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

Chapters 2 – 4

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

Chapter 5

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

Chapter 6

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

Chapter 9

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

Annex 1

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

Progress towards the Millennium Development Goals

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

Box 1.3: What are the Millennium Development Goals (MDGs)?

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

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

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

- 1.10** Progress towards the Millennium Development Goals has been significant since 1990 but unequal across the world. China has made huge strides towards many of the goals, although child mortality and combating HIV and other diseases remain a challenge. India has also made recent progress in combating poverty. However, progress is lagging against the majority of the goals, and sub-Saharan Africa, in particular, is off track to meet any of the targets by 2015. In addition, climate change is a major threat to achieving the MDGs. Roughly \$10–20 billion (£5.4 – 10.9 billion) of annual ODA is exposed to climate risks.¹ This is because, in climate-sensitive sectors such as infrastructure, agriculture, water management and health, development projects could be damaged by droughts, flooding or changing patterns of rainfall. Our work on climate change is discussed in chapter 8.
- 1.11** Due to their unequal status in all societies, the great majority of the poor are women and their lack of access to resources, employment opportunities and voice are key factors contributing to their poverty. There is increased recognition that progress is lagging in those MDGs which depend most closely on improvements in the status and rights of women and that gender equality and women's empowerment are essential to the achievement of the MDGs. DFID's new **Gender Action Plan**, which is covered throughout this report, will directly address this issue.

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

Box 1.4 Gender equality

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



Sven Torfinn/Panos Pictures

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

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

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

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

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

- 1.12** Box 1.5 gives some examples of global progress towards – and the UK’s contribution to – the eight MDGs. Progress towards each MDG by region is set out annex 3. It is based on the official progress assessment produced by the United Nations in 2006. A summary of regional progress can be found in each of the regional chapters: Africa (chapter 2), Asia, (chapter 3), and Europe, Central Asia, Latin America, the Caribbean and the Middle East (chapter 4).

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

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

UK contribution to MDG 1: DFID is working to reduce hunger in Africa by providing long-term and reliable amounts of cash, foods, seeds and fertilisers. We are also collaborating with partners to provide better advice to governments and donor agencies on policies that facilitate the participation of poor people in growth and its impact on reducing poverty.

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

UK contribution to MDG 2: The UK will spend £8.5 billion over the next 10 years in support of education in developing countries. This long-term commitment will provide predictable financing to help governments prepare ambitious 10-year education plans to help meet the MDGs by 2015.

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

UK contribution to MDG 3: As a precondition for reducing poverty and achieving all the MDGs, the UK seeks to address gender in all its international development activities. DFID has developed a gender strategy as a means of sharing best practice and learning across the organisation.

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

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

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

UK contribution to MDG 5: DFID makes significant contributions to the maternal health programmes of the EC, the World Bank and international and national civil society groups. We also fund and collaborate with the health and development agencies of the United Nations system and support a number of research programmes. This has helped, in India, to increase the proportion of births attended by a skilled professional from 43% in 2000 to 48% in 2005-06.

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

UK contribution to MDG 6: The UK provides substantial support to global health partnerships that target major diseases, notably the Global Fund to Fight HIV/AIDS, TB and Malaria and STOP TB, as well as to the World Health Organization (WHO), the Joint United Nations Programme on HIV/AIDS (UNAIDS), the United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF). The UK supports a large programme of investment in research and development of drugs and vaccines. DFID country programmes provide substantial investment to strengthen health services with specific programmes against these three diseases.

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

UK contribution to MDG 7: The UK is working with countries and international organisations to ensure environmental opportunities, as well as risks, are reflected in national poverty plans. The UK will double assistance to water and sanitation in Africa to £95 million a year by 2007/08, and more than double funding again to £200 million a year by 2010/11.

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

DFID's Public Service Agreement 2005-08

- 1.13** DFID has a **Public Service Agreement** (PSA) which sets out the objectives and targets by which we measure our progress and which we agree with HM Treasury. The current Public Service Agreement (PSA) runs for the three-year period from 2005 to 2008. We measure performance through targets that are based on the MDGs. These are set out in box 1.6.

Box 1.6: DFID's Public Service Agreement 2005-08

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

Objective I:	Reduce poverty in sub-Saharan Africa
Target 1:	Tackle poverty in Africa Progress towards the MDGs in 16 key countries in Africa
Objective II:	Reduce poverty in Asia
Target 2:	Address poverty in Asia Progress towards the MDGs in 9 key countries in Asia
Objective III:	Reduce poverty in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa
Objective IV:	Increase the impact of the international system in reducing poverty, preventing conflict and responding effectively to conflict and humanitarian crises
Target 3:	Make multilaterals better at delivering aid Improved effectiveness of the international system
Target 4:	Help poor countries benefit from international trade Ensure that the EU secures significant reductions in EU and world trade barriers by 2008 leading to improved opportunities for developing countries and a more competitive Europe (joint target with DTI)
Target 5:	Conflict prevention and post-conflict reconstruction By 2007/08, improved effectiveness of UK and international support for conflict prevention, through addressing long-term structural causes of conflict, managing regional and national tensions and violence and supporting post-conflict reconstruction where the UK can make a significant contribution, in particular Africa, Asia, the Balkans and the Middle East (joint target with FCO and MOD)
Objective V:	Develop, support and promote policy that assists poverty reduction and the achievement of the MDGs
Objective VI:	Improve the impact and effectiveness of DFID's bilateral programme
Target 6:	The 90:10 target and portfolio quality Ensure that the proportion of DFID's bilateral programme going to low income countries is at least 90% and achieve a sustained increase in the index of DFID's bilateral projects evaluated as successful.

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

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



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

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

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

1.18 Table 1.1 provides a summary of DFID’s progress towards its PSA. A full report of progress is given in annex 4. The first box of each assessment gives an indication of current progress, while the second shows *likely* or *anticipated* progress against the target. So, for example, if we consider that progress on a particular target is currently broadly on course with minor slippage, but we estimate that progress is likely in the future, an amber box will be followed by a green one.

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

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

2: Progress towards the Millennium Development Goals in 9 key countries in Asia	
3: Improved effectiveness of the multilateral system	
4: Ensure that the EU secures significant reductions to EU and world trade barriers by 2008, leading to improved opportunities for developing countries and a more competitive Europe [joint target with the DTI].	
<p>There is widely perceived to be a window of opportunity to reach a breakthrough in the Doha negotiations by July 2007. During negotiations, we have built up a high degree of credibility with opposite numbers in the EU and internationally. Progress has been most promising on aid for trade, to help developing countries invest in their capacity to trade and adjust to new international trading conditions (including as a result of reforms to the EU's banana and sugar regimes, which will have a significant impact on many ACP countries). The UK has taken a lead role in helping build political commitment for increased aid for trade, and has helped gain international agreement that the increases should go ahead regardless of progress in Doha negotiations. There are also indications, which are increasingly positive. For example, on Economic Partnership Agreements, the European Commission is being increasingly flexible and technical work is under way in all regions to meet the deadline at the end of the year.</p>	
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]	
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	

DFID's budget

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

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

Developing policy which makes a difference

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

Good policy can help reduce poverty by:

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

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

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

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

Policy and research

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

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

Areas where research has made a difference:

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

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

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

Growth and infrastructure policy

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

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

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



Crispin Hughes/Panos Pictures

Health policy

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

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



Sven Torfinn/Panos Pictures

Loading a UN helicopter with vaccines bound for eastern Congo

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

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

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

Sustainable development

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

International Development Act 2002.

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

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

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

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

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

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

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

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

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

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

Making DFID's operations more sustainable

The government's vision is for the public sector to become a leading exponent of sustainable development. We believe we can contribute to this goal by ensuring our own operations are sustainable. We are implementing a comprehensive Environmental Management System in our two UK offices and plan to extend this to our overseas offices.



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

DFID's sustainable operations

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

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

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

DFID's sustainable development action plan

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

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

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

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



B. Bhagat – UNEP/Skill Pictures

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