

DFID SERVICE DELIVERY AGREEMENT 2003-2006

SECTION A: ACCOUNTABILITY

The Secretary of State for International Development is responsible for this Service Delivery Agreement, sharing responsibility for some measures with Ministers from HMT (SDA target I on poverty reduction strategies; and VI on debt, the EC, MDGs and aid effectiveness) and from FCO and MoD (SDA targets III and IX on conflict).

SECTION B: DELIVERING PSA TARGETS

(Note: Measures cover the 2003-06 period unless otherwise specified).

	<p>I DFID and HMT 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. DFID will provide bilateral support to this end in at least 30 countries.</p>
<p>PSA OBJECTIVE I: Reduce Poverty in Sub-Saharan Africa.</p>	
<p>PSA Target 1: Progress towards the MDGs in 16 key countries.</p>	<p>II DFID will, in PSA countries, provide increased support to contribute to:</p> <ul style="list-style-type: none"> a) The development and implementation of more effective government-led education programmes within a poverty reduction strategy, underpinned by a medium term expenditure framework, focusing on primary education and including explicit objectives on equitable access for girls and boys in at least 50% of PSA countries. b) The development and implementation of more effective government-led health programmes within a poverty reduction strategy, underpinned by a medium term expenditure framework, tackling communicable diseases and HIV/AIDS, and reducing child and maternal mortality in at least 50% of PSA countries. c) Better economic and political governance in 50% of PSA countries by 2006 as demonstrated by: (i) an improvement in public financial management and accountability systems (determined by compliance with at least three more benchmarks from the World Bank/IMF standard set) and (ii) a deepening of democracy and improvement in the rights of the socially excluded. d) Sustained improvements in the climate for foreign investment, local private sector development and market access for the poor. <p><i>(Progress on these measures will be assessed through country level data and annual reviews of DFID Country Assistance Plans. On governance, measures include independent international governance climate assessments.)</i></p> <p>III By 2006, DFID, FCO and MOD, with others, will work to (i) resolve existing violent conflicts and prevent new conflicts in priority countries and regions including Sierra Leone, Great Lakes, Sudan, Angola, and Nigeria (ii) address the national and regional causes of conflict by strengthening local conflict management including through security sector reform and improving peace support capacity (iii) improve the international community's response to conflict by mobilising and supporting coherent bilateral and international action and tackling the economic and financial causes of conflict. <i>(Assessment of progress will be based on the implementation of conflict prevention and peace support strategies designed to reduce the number of people affected by conflict.)</i></p>

PSA OBJECTIVE II: Reduce Poverty in Asia.

PSA Target 2:
Progress towards the MDGs in 4 key countries.

- IV** DFID will provide increased support to contribute to:
- a) Effective and equitable education systems, focusing on primary education and including specific objectives on equitable access for girls and boys in Pakistan, Bangladesh, India and Vietnam.
 - b) Effective and equitable health sector programmes, indicated by reduced child and maternal mortality and spread of infectious diseases, improved reproductive health and the development of HIV/AIDS strategies in Bangladesh, Pakistan, India, China, Nepal and Cambodia.
 - c) Deepening democracy, improving rights of the socially excluded and reducing corruption in Bangladesh, Nepal, India, Pakistan and Indonesia.
 - d) Local private sector development, market access for the poor and an improved climate for foreign investment in India and Bangladesh.
- (Progress on these measures will be assessed through country level data and annual reviews of DFID Country Assistance Plans. On governance, measures include independent international governance climate assessments, for example by the Asian Development Bank. On private sector development, measures include growth in the numbers of clients of micro-enterprise services and external assessments of the investment climate undertaken by the World Bank, UNCTAD and/or the Commonwealth Business Council.)*

PSA OBJECTIVE III: Reduce poverty in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa.

- V** DFID will:
- a) Support the implementation of integrated programmes in three priority middle-income countries (Jamaica, Brazil and Romania) that target poverty, address the needs of vulnerable groups and tackle inequality.
 - b) Work to improve the impact on poverty of EC assistance programmes in Europe, the Middle East and the Americas through effective implementation of existing and negotiation of new regulations governing the EC programmes.
 - c) Support policies and programmes designed to improve economic and political governance in the Balkans, Russia and Bolivia.
 - d) Support the development and implementation of HIV/AIDS strategies in Russia and the Caribbean.
- (Progress on these measures will be assessed through country level data, annual reviews of DFID Country Assistance Plans and by evidence of increased impact of DFID interventions. On the EC, progress will be assessed through country level data and progress with the objectives in DFID's published EC Institutional Strategy Paper. On governance, measures include independent governance climate assessments).*

OBJECTIVE IV: Increase impact of key multilateral agencies in reducing poverty and effective response to conflict and humanitarian crises.

<p>Target 3: Improved effectiveness of international system demonstrated by:</p> <ul style="list-style-type: none"> ➤ Ensuring that three-quarters of all eligible HIPC countries committed to poverty reduction receive irrevocable debt relief by 2006 and work with international partners to make progress towards the United Nations 2015 Millennium Development Goals. (Joint with HMT); ➤ Greater impact of EC external programmes on poverty reduction, including through working for agreement to increase the proportion of EC oda to low income countries from 38% to 70%. 	<p>VI Together with HM Treasury, DFID will:</p> <ul style="list-style-type: none"> a) Work with other partners to ensure that three quarters of all eligible HIPC countries receive irrevocable debt relief by 2006. b) In support of the HMT/DFID Debt/Millennium Goal PSA and DFID's EC aid PSA, DFID and the Treasury will seek to improve the effectiveness of EC development assistance by working with other Government Departments (especially FCO), EU member states, the Commission and the EP to: <ul style="list-style-type: none"> ➤ Ensure successful completion of the Commission reform process in external relations by their target date of 2003; ➤ Gain agreement in the Council, Commission and Parliament to implement these objectives, including by increasing the share of EC ODA going to low-income countries in each annual budget process; and ➤ Establish clear and measurable outcomes-based objectives for poverty reduction that support the November 2000 Development Policy declaration and the means to monitor and evaluate them. c) Work towards the achievement of the agreed target for EU average aid to reach 0.39% oda/GNI by 2006 and promoting greater aid effectiveness among donors. <p>VII DFID will work to improve the institutional effectiveness of multilateral agencies (<i>Measured by monitoring the success of the following 12 agencies in meeting agreed periodic corporate performance targets: EBRD, WB, AsDB, AfDB, ICRC, UNDP, UNICEF, UNFPA, WHO, FAO, UNHCR and UNESCO. This list encompasses those multilaterals where average annual spend is expected to be at least £10 million.</i>)</p> <p>VIII DFID will work with others to strengthen and improve the international system's response to humanitarian disasters and complex emergencies. (<i>We will assess this in relation to reduced loss of life, livelihoods and property in disasters or complex emergencies, compared to previous comparable events.</i>)</p> <p>IX DFID, FCO, and MOD, together and with others, will work to:</p> <ul style="list-style-type: none"> (i) improve the international community's response to conflict by strengthening UN Conflict Management capacity; mobilising and supporting coherent bilateral and international action; and implementing agreements to reduce the proliferation of small arms and light weapons, (ii) resolve existing violent conflicts and prevent new conflicts in priority countries and regions, and (iii) address the national and regional causes of conflict by strengthening local conflict management systems. <p><i>(Assessment of progress will be based on the implementation of conflict prevention and peace support strategies designed to reduce the number of people affected by conflict. As well as actions taken by the UK government, successful delivery depends on the co-operation of other state and non-state actors, international organisations and non-government bodies.)</i></p>
<p>Target 4: To secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the UK and developing countries. (Joint with DTI & FCO).</p>	<p>X DFID will promote increased access to markets for developing countries and enhanced capacity to exploit trade opportunities. (<i>This will be assessed in relation both to progress made in the Doha trade round and to the implementation of DFID programmes to support developing countries capacity to participate effectively in trade negotiations</i>)</p>

PSA OBJECTIVE V: Develop evidence-based, innovative approaches to international development.

- XI** DFID will promote:
- a) Take up of innovative approaches and research findings developed by DFID. *(This will be demonstrated by (i) a rising share of non-DFID finance in innovative approaches developed by DFID; and (ii) a measure of the adoption of research findings.)*
 - b) Progress on global issues with a major impact on poor people. *(Progress indicators for this include (i) The global elimination of polio by 2005; (ii) Completion of Phase 1 trials to evaluate safety and immune response of at least one candidate HIV vaccine; (ii) Development and testing of one new malaria drug and one microbicide. 25% reduction in price of ante-retroviral therapy for HIV treatment in developing countries. Uninterrupted supply of TB drugs in at least 75% of PSA countries; and (iii) Impact of climate change and climate variability on poverty eradication acknowledged by multilateral and major bilateral donors as evidenced by the publication and dissemination of a multi-agency paper on poverty and climate and the implementation of joint work programmes with at least 6 other agencies.)*
 - c) Increased coherence and quality in the international system for reporting progress against the MDGs *(This will be measured by (i) production of UN-led global MDG progress reports annually and (ii) an increase in the percentage of countries covered by country level MDG reports to: 50% by end 2004; 70% by end 2005; and 90% by end 2006 (iii) improved quality of country-led information systems for monitoring performance and influencing poverty policy in 75% of African PSA countries; in Asia, Pakistan, Bangladesh and Nepal; and all IDA-eligible countries in EMAD regions. These will be measured by availability of country-level information against PSA indicators.)*
 - d) Analytical methods to integrate poverty-environment issues into PRSPs and other development plans, developed and coordinated through the Poverty Environment Partnership and other multi-donor fora.

Value for Money

Target 5: an increase in 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 success.

SECTION C: CONTEXT

Value for Money

In addition to the Value for Money targets set out in the PSA, DFID will:

- a. carry out and publish the outcome of the rolling programme of efficiency reviews, as part of the Government's modernisation agenda. This will include annual reviews of Service Level Agreements for internal support functions, including in the areas of human resources, information systems, accounts and contracting.
- b. Report annually to the Office of Government Commerce our value for money savings from efficient procurement.

Electronic Government

DFID is on schedule to meet all Government-wide electronic service delivery targets by 2005. Specific commitments include:

- a. for funding schemes and scholarships, to develop 100% electronic application and processing services by 2004;
- b. for procurement, to produce a strategy for all low-value transactions – defined as those below the OJEC threshold of £100,000 – by March 2004, including on-line purchasing and payment by rolling-out use of the Government Procurement Card; and to provide 100% e-tendering capacity from UK offices within one year of the Office of Government Commerce producing agreed guidelines;
- c. for recruitment, to provide 100% capacity to receive and process electronic applications from UK offices by 2003;
- d. on publications and other information available to the public, to make 100% of new open records available electronically from 2004.

Fraud

All cases of suspected fraud will be reported to the Principal Finance Officer and to Internal Audit Department within one week of discovery; will be examined immediately by Internal Audit Department to identify possible systematic weaknesses and risks to the Department; and will be included in DFID's Annual Fraud Return to the Treasury.

Performance Measurement

The DFID Management Board will receive quarterly progress reports against PSA targets. Directors are individually accountable for most PSA and SDA targets, and performance against each Director's targets will be reviewed annually by the Management Board.

Externally DFID will report quarterly to the Treasury on progress on PSA measures, and annually in our published Departmental Report.

ANNEX

OUTSTANDING TARGETS

The following 2001-04 SDA targets are being rolled forward to this SDA:

Civil Service Reform.

To increase diversity in the Department by March 2005. The targets contained in DFID's Diversity Action Plan are disaggregated by location and staff grade. The key indicator will be an improvement in diversity in the Senior Civil Service:

- a. to have 30% of SCS posts filled by women (from a baseline of 18% in 1999/2000);
- b. to have 8.3% of SCS posts filled by staff with an Ethnic minority background (from a baseline of 5% in 1999/2000);
- c. to have 3.3% of SCS posts filled with staff with disabilities (from a baseline of 0% in 1999/2000).

Sickness and ill-health retirement

- d. DFID will seek to reduce ill-health retirements to 3.72 per 1000 staff by 2005 (from a baseline of 3.86% in 1999/2000).