

# **The Millennium Development Goals and the IDC: driving and framing the Committee's work**

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at their request**

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## Glossary

ADB	Asian Development Bank
CAP	Country Assistance Plan
CDC	Commonwealth Development Corporation
CDF	Comprehensive Development Framework
CSP	Country Strategy Paper
DAC	(OECD) Development Assistance Committee
DFID	Department for International Development
DTI	Department for Trade and Industry
EC	European Community
EFA	Education for All
FAO	Food and Agriculture Organisation
FCO	Foreign and Commonwealth Office
GDP	Gross Domestic Product
GNI	Gross National Income
GNP	Gross National Product
HIV/AIDS	Human Immuno-deficiency Virus / Acquired Immune Deficiency Syndrome
HMG	Her Majesty's Government
HMT	Her Majesty's Treasury
ICT	Information and Communication Technologies
IDA	International Development Association (of World Bank)
IDT	(OECD-DAC) International Development Targets
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
LDC	Least Developed Countries
MDGs	Millennium Development Goals
MOD	Ministry of Defence
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
PARIS 21	Partners for Statistics in Development in the 21st Century
PPP	Purchasing Power Parity
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSA	Public Service Agreement
RBM	Results-based management
SDA	Service Delivery Agreement
SSA	Sub-Saharan Africa
TSP	Target Strategy Paper
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UN/DESA	United Nations / Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
UPE	Universal Primary Education
WHO	World Health Organisation
WTO	World Trade Organisation

## Executive summary

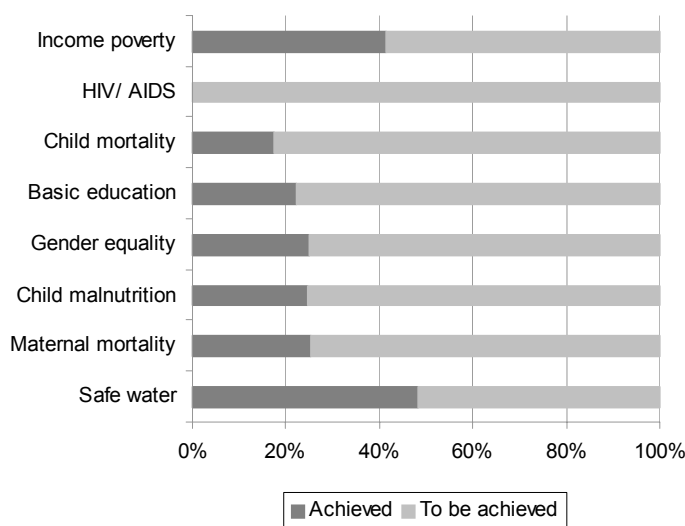
- 1 The Millennium Development Goals (MDGs) are a set of global targets in economic and social development, adopted by the UN in 2000. These state targets for various measurements of improvement in poverty and well-being to be achieved by 2015. Each goal is associated with a number of specific targets, each of which may have one or more indicators.

### Box ES1 The Millennium Development Goals

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/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

- 2 The MDGs have evolved out of a previous set of targets, adopted by the OECD Development Assistance Committee (DAC) in 1996, which were in turn a codification of various social development goals adopted at UN conferences over the first half of the 1990s.
- 3 Progress to date is mixed but not, on the whole, promising. Assuming a linear rate of progress, the world should have progressed 40% towards the 2015 goals by the end of the 1990s. As shown in the Figure below, progress is seriously lagging on most of the goals, with only two goals meeting the 40% figure.

**Figure ES1: Progress towards the MDGs was seriously off-course at the end of the 1990s**



Source: adapted from Vandemoortele 2002a p. 15

- 4 Progress to date has also been subject to marked regional disparities. While significant numbers moved out of poverty in East Asia and the Pacific, progress was slow elsewhere, and many regions (and many countries within regions) experienced reverses, with levels of income poverty and human underdevelopment rising over the 1990s. HIV / AIDS in particular threatens to further

slow and, potentially, rapidly reverse the limited gains that have been made in sub-Saharan Africa over the last decade.

### **What is needed to achieve the MDGs?**

- 5 Several attempts have been made to estimate the cost of the MDGs, in terms of the level of development assistance that would have to be provided in order to achieve the various goals. These estimations are, obviously, extremely crude, because there is no agreed, universal relationship between the input of aid resources and the achievement of development outcomes; because data sources are so poor; and because of the multiplicity of non-aid factors that affect outcomes. However, they give an order of magnitude which helps to focus institutional attention on the scale of the challenge. The Zedillo Report estimated that achieving the MDGs would require an *additional* US\$50 bn p.a.; using different methods, the World Bank broadly concurs, placing the cost at US\$40-60 bn p.a.
- 6 To achieve these levels would require OECD nations to double their current levels of aid giving. However, it is worth noting that this would still only bring the average level of aid to 0.35% of OECD GNP. All OECD donors are, in theory, already committed to giving 0.7% of their GNP as aid.
- 7 As important as costing the aid required to achieve the MDGs under *ceteris paribus* conditions, however, is the understanding that aid is not the only, or even necessarily the main, requirement for development and poverty reduction: a fairer trade regime, a poverty-focussed debt relief system, and the provision of global public goods (environmental management, the prevention and reduction of conflicts) are all critically important.

### **The use of the MDGs as management tools**

- 8 The MDGs are essentially an attempt to apply results-based or outcome-oriented management at the global levels. As collective goals for the international community they have great potential to contribute to the attainment of global poverty reduction. Amongst their advantages are:
  - They help to establish a common understanding amongst donors, and between donors and Southern partners, about the goals of development and development assistance. This has beneficial effects at all levels, from the global to the national, providing the basis for more efficient and effective aid modalities in which donors give funds with less technical control but more agreement on how Government is to use it.
  - They are motivating, establishing a stretching but feasible set of objectives to which individuals and institutions can work.
  - They provide a basis for accountability (although this is problematic – see below), and for comparison between partner countries and (conceivably) donors.
  - They can be linked to a rights-based approach to development. As developed nations sign up to the MDGs (which are in any case a compilation of UN goals), the people whose interests they are meant to serve can lobby them to act in a manner consistent with the realisation of the goals, both through improvements in the quantity and quality of aid, but also and more importantly through non-aid channels such as trade reforms.
  - By establishing a “data-hungry” global monitoring system they exert pressure for much-needed improvements in national and international systems for the collection and analysis of data.
- 9 However, as with all attempts at results-based or outcome-oriented management, management-by-MDGs also involves a number of dangers.
  - As global goals the realisation of which will depend upon complex interplay between a multitude of forces, amongst which aid in total is a minor influence and the aid of a

given donor even more minor, it is very hard to establish a causal connection between donor actions and the realisation or non-realisation of the MDGs. This problem of attribution is a major obstacle to using the MDGs. Working backwards to construct a logical model from desired outcomes to necessary outputs and, ultimately, inputs at the national, regional or global level is much more complex than working bottom-up to identify what inputs and outputs are required to achieve given outcomes at a project level (the traditional focus of donor performance management and accountability).

- The use of outcome targets such as MDGs may encourage donors to concentrate resources on countries in which conditions are more amenable to success, or on those groups amongst the poor who are only just below the poverty line, in order to maximise their changes of lifting large numbers out of poverty.
- There is a danger that the effort to operationalise outcome targets leads organisations to focus on what is measurable, ignoring other factors which may be as important but not easily measurable.

### **DFID's use of the MDGs**

- 10 To be of value, and to avoid distortionary effects, the outcome targets such as the MDGs should be translated into performance targets in an intelligent way. The institutional targets which result should be i) relevant to the ultimate goals of the organisation; ii) balanced (covering all major aspects of the organisation's work and including a mixture of short- and long-term, output and outcome targets); iii) known and understood within the organisation; iv) capable of being affected by the activities of the organisation (therefore attributable); v) achievable, but stretching; and vi) linked to existing management information systems<sup>1</sup>.
- 11 The MDGs, and DFID's use of them, scores reasonably well against these criteria. DFID has embraced the MDGs more enthusiastically than any other bilateral donor, and has indeed played a significant role in persuading other donors (bilateral and multilateral) to adopt the goals as the basis for their work. The influence of the MDGs upon DFID policy and practice can be seen to work at a variety of levels and through a variety of channels. The MDGs:
  - establish an overall, global policy orientation for the Department, through reference to the goals as the framework of the Department's mission in the two White Papers (1997 and 2000) and the International Development Act (2002).
  - provide the reference point for DFID's Performance Service Agreement (PSA) and Service Delivery Agreement (SDA) – the documents by which DFID, like all other branches of HMG, are held accountable to the Treasury and Parliament. DFID has recently finalised its third iteration of the PSA, covering the period 2002-2006. This constitutes a considerable improvement on the two previous PSAs, involving a more sophisticated and appropriate use of the MDGs.
  - Structure the organisation and practices which direct DFID programming, through Departmental goals and through strategy papers which lay out how DFID will approach given themes (e.g. education, governance), countries, and multilateral institutions.
  - Guide DFID staff in their efforts to influence the goals and practices of other development actors (particularly multilateral and bilateral donors).
  - Provide the overarching framework for monitoring DFID achievements – and for progressively improving, in concert with other actors, the information base required to judge performance.

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<sup>1</sup> Maxwell 2002; White 2002a pp. 7-9.

**How should the IDC make use of the MDGs?**

**Recommendations for the IDC's use of the MDGs removed at the request of the IDC for version of report for public release.**



# 1. Background

## What are the MDGs?

- 12 The Millennium Development Goals (MDGs) set specific objectives for poverty reduction and improvements in health, education and gender equality, the environment and other aspects of human welfare.

### **Box 1 The eight Millennium Development Goals**

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/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

- 13 Each goal has one or more associated targets (there are 18 in total); and each target is, in turn, linked to one or more specific, quantifiable indicators which can be used to measure change. A total of 48 quantifiable indicators have been identified for all goals. Annex 1 presents the MDGs in their standard format, with associated targets and indicators.

## The history and status of the MDGs

- 14 The Millennium Development Goals are a synthesis of the International Development Goals agreed upon at the UN social development conferences and global summits of the 1990s<sup>2</sup>, and the Millennium Declaration adopted at the Millennium Summit in New York, September 2000. The following shows the development of the MDGs from the UN conferences in the 1990s.

- Early-mid 1990s. The UN holds social development conferences and world summits.
- May 1995 OECD DAC commit to a year long process reviewing past experiences in development and planning policies into the next century.
- May 1996. The thirty-fourth high level meeting of the DAC adopts the report *Shaping the 21st Century*. This report emphasises a partnership approach to development and formulates a broad strategic framework to guide the actions of OECD member nations in the pursuit of international development. Seven goals are extracted from UN conferences and summits. Subsequent meetings of expert groups establish seven quantifiable International Development Targets (the IDTs) to be achieved by 2015 and 21 indicators<sup>3</sup>. These targets are expressed in terms of progress to be achieved over a 25-year period, taking 1990 as the reference year. The only indicator *not* to originate in UN resolutions – namely, the core poverty reduction target (of halving the proportion of the world's population that lives on less than US\$ 1 /day, defined in 1985 purchasing power parity (PPP) prices) - is added at this point.

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<sup>2</sup> Specifically the seven international development targets can be traced to the following five conferences/summits: World Summit for Social Development, Copenhagen; World Conference on Education for All, Jomtien; World conference on women, Beijing; International conference on population and development, Cairo; UN conference on Environment, Rio.

<sup>3</sup> See Annex 2 for a full list of the IDTs.

- 1997: The DFID White Paper *Eliminating world poverty: the challenge for the 21st century* adopts the DAC IDTs as the foundations for UK development policy. Other development agencies increasingly reference their development policy to the IDTs.
  - September 2000: the UN Millennium Summit is held in New York and the Millennium Declaration (Resolution A/res/55/2) is adopted.
  - 2001: Millennium Development Goals (MDGs) are formulated by a working group consisting of UNDP, other UN organisations, the IMF, the World Bank and OECD. The MDGs are approved by the UN General Assembly as part of the UN Secretary General's report *Road map towards the implementation of the United Nations Millennium Declaration* (A/56/326).
- 15 The Millennium Summit set out aspirations for international relations for the 21<sup>st</sup> century. Recognising the need for sovereign, autonomous nation states to exist peacefully in a world where globalisation places a premium on international relations, the summit offered six shared values to guide international relations: freedom, equality, solidarity, tolerance, respect for nature and shared responsibility. It further spelt out a UN agenda in four areas: development, security, the environment, and the role of the United nations.
- 16 The Millennium Summit development agenda builds upon and extends the IDTs. The process of transforming the IDTs into the MDGs has sharpened the utility of the targets in question in two major ways, the first political, and the second technical.
- 17 Firstly, the mobilising impact of the IDTs was somewhat constrained by the fact that they were perceived as the idea and tool of the OECD, and thus as primarily a matter for donors. By extension, when donors pressed for the adoption of the IDTs as a framing concept in multilateral or bilateral fora, the targets were sometimes seen as an imposition. The translation of the OECD-DAC IDTs into the UN MDGs has largely succeeded in generating a sense of shared ownership, and has helped to facilitate the incorporation of MDG-related policies into the frame of reference of Southern governments.
- 18 Secondly, the MDGs incorporate several technical improvements, with more thought invested in the practicalities of measurement. While the original seven international development targets are now found in the MDGs as the first seven goals, in most cases the MDGs present a more robust version of the corresponding IDT, with additions made to the indicators for some of the goals. The education target, for example, has been strengthened from “There should be universal primary education in all countries by 2015” to “Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling”. The proportion of children immunised against measles has been added as an indicator for the goal to reduce child mortality.
- 19 Substantive changes/additions to the IDTs made by the MDGs include:
- An addition to the economic well-being goal a target “to halve between 1990 and 2015 the number of people who suffer from hunger”.
  - The IDT target to provide universal access to primary health systems has been changed to an MDG target to halt the spread of HIV/AIDS and to halt and reverse the incidence of malaria and other major diseases.
  - Under the goal to ensure environmental sustainability, the reference to “halting and reversing the loss of environmental resources” has been removed, and targets have been included to halve (from date unspecified) by 2015 the proportion of people without sustainable access to safe drinking water and by 2020 to have achieved a significant improvement to the lives of at least 100 million slum dwellers.
- 20 In addition to the seven international development targets, the MDGs add an eighth goal: “Develop a Global Partnership for Development”. Under this goal are seven targets concerned

primarily with improving opportunities for developing countries in the global economy. The specific areas of focus are: trading and financial systems, the needs of least developed countries, the needs of landlocked nations and small island states, debt to developing nations, youth employment, essential pharmaceuticals and new technologies (especially ICTs).

### **Characteristics of the MDGs**

- 21 The following points are particularly important in understanding the significance of the MDGs and the potential for their use by bilaterals such as DFID:
  - *Global targets.* The MDGs are global goals and, as such, do not capture regional variations. Some targets (for instance the headline halving the number of people living on a dollar a day) could be achieved solely through changes occurring in Asia.
  - *Outcome and input targets.* The majority of targets stipulate outcomes either in terms of the reduction of income poverty or improvements to people's health. Two goals stand out as different. The first is the education goal, which is expressed as an input (children completing primary education). The literacy rate indicator, however, suggests an interest in also determining the extent to which individuals benefit from the education they receive. The second goal that is more akin to an input target is that of gender equality. While the goal itself is an outcome, the associated target (gender equality in school enrolment) is best seen as an input – albeit an important one – necessary to achieve this goal.
  - *The outlier process target.* The eighth goal (to “Develop a Global Partnership for Development”) is markedly different from the others. The seven targets specified under this goal are neither time bound nor quantifiable. A note in the text on this goal notes that the indicators for this goal are subject to further refinement.

### **Are the MDGs feasible?**

- 22 From reviews of current progress and analyses of what needs to be done to achieve the MDGs, two key conclusions emerge that relate to the question of whether these targets can be achieved.
  - The MDGs might be feasible at the global level (largely because of improvements made in Asia), but they will be much more difficult to achieve in all nations (especially those in Africa) or for all groups (e.g. the rural poor or women).
  - On the basis of current trends, only one of the MDG targets will be reached by 2015 (“Halve by 2015 the proportion of people without sustainable access to safe drinking water”) - and that only at a global level.
- 23 The MDGs are feasible, but only if there are significant changes in national level policies, donor finance and donor actions. Ultimately, achieving and sustaining the MDGs will depend on high and well-distributed economic growth, which in turn depends in large part on opportunities for all nations to benefit from international trade.

## What will it cost to achieve the MDGs and where will the money come from?

- 24 Several studies have addressed how much it would cost to achieve the MDGs. Various approaches have been employed, involving the extrapolation of trends, the construction of different scenarios (mainly with regard to economic growth), and modelling the determinants of different target variables<sup>4</sup>.

### The Zedillo Report

- 25 The question was first addressed in a systematic manner by Ernesto Zedillo in a report commissioned by the United Nations Secretary General for the International Conference on Financing for Development (Monterrey, Mexico 18 to 22 March 2002). Four of the key points from the Zedillo report are:
- Globally, donors currently contribute a relatively small proportion of the total financing needed to achieve the MDGs. For most of developing countries, the largest proportion of the expenditure required to achieve the MDGs will have to come from developing country governments themselves: they in turn rely significantly on domestic economic growth, private capital flows and trade to raise the revenue necessary to support these expenditures. However, in the short term donor financing is essential to stimulate growth and ensure the provision of social services.
  - If the MDGs are to be achieved and sustained, developing countries must have access to markets. To achieve this, the WTO must take the needs of the developing world seriously.
  - There are four different channels by which state actors can promote international development, only one of which involves the direct provision of development assistance. The other three are “Coping with humanitarian crises”, “Confronting and accelerating recovery from financial crises” and “Providing or preserving the supply of global public goods”. If the MDGs are to be achieved, more money must be allocated to ODA. Increases in spending on crisis amelioration and global public goods, while also essential, should not result in reduced spending on development assistance.
  - The extent to which development assistance results in the realisation of the development goals depends heavily on the policy environment of the countries concerned, especially the economic policy environment.
- 26 The Zedillo report draws on estimates from the World Bank and UN organisations to come to a headline figure of an additional US\$50 bn p.a. required from donors. This represents a significant increase in aid flows – roughly speaking, it would require a doubling of current levels of donor assistance. However, it is worth noting that US\$50 bn p.a. would still only represent approximately two thirds of the level of assistance (namely 0.7% of GNP) to which OECD donors are in theory committed to provide.
- 27 The figure of US\$50 bn p.a. was established by estimating the costs of each of the seven social development goals, assuming no changes to policy orientation or benefits from increased trade (a reasonable assumption in the short term). These costings are shown in Table 1 below.

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<sup>4</sup> White2002a pp. 11-12.

**Table 1 Estimates of the additional annual costs for achieving the 2015 International Development Goals**

<b>Goal</b>	<b>US\$ bn</b>	<b>Key to MDG</b>
Halving poverty and hunger	20	Goal 1 (Targets 1 and 2)
Achieving universal primary education	9	Goal 2 (Target 3)
Achieving gender equity in primary education	3	Goal 3 (Target 4)
Achieving two-thirds decline in under-five mortality	no estimate	Goal 4 (Target 5)
Achieving three-fourths decline in maternal mortality	no estimate	Goal 5 (Target 6)
Halting and reversing HIV/AIDS	7-10	Goal 6 (Target 7)
Providing special assistance to AIDS orphans	no estimate	Goal 6 (Target 7)
Halving population without access to safe drinking water*	0	Goal 7 (Target 10)
Improving the lives of 100 million slum dwellers	4	Goal 7 (Target 11)

\* The Zedillo Report reports the cost of achieving the goal of improved access to clean water as zero, for reasons that are not entirely clear. WaterAid, drawing on two separate global studies, reports that US\$8-9 bn p.a. would be required to improve water supply and a further US\$17 bn p.a. required to improve sanitation (Belinda Calaguas, personal communication).

Source: Vandermoortele 2002a.

- 28 The Zedillo report acknowledges that the methods used to obtain this figure are of necessity crude. The estimate for halving poverty and hunger is based upon an UNCTAD estimate of the additional aid required to generate 6% p.a. economic growth across Africa; this figure is then doubled, to take account of other lower income countries outside Africa. The estimate of the cost required to achieve universal primary education is calculated by multiplying the number of children out of school by the average unit cost for a primary school child. This figure thus fails to take account of the very high costs associated with providing schooling for children who are hard to reach, or the costs required to generate demand for education in those households where the opportunity costs of education are high. But the most notable omission is the absence of cost estimate for health sector targets. Estimates in this area are particularly difficult because many of the factors which have an impact on mortality rates fall outside the remit and influence of public expenditure on health (e.g. the quality and affordability of private health care; availability of clean water and sanitation; food security and nutrition; etc.).

#### World Bank modelling

- 29 The question of costing the MDGs has been taken up by the World Bank<sup>5</sup>. Whilst recognising that estimating these costs is a highly speculative process, the authors of the Bank study offer two models for calculating the costs.
1. The cost of meeting the income poverty goal is calculated by estimating the increase in growth required to meet that target, and then estimating the aid required to generate that growth. As growth has a powerful effect on the social goals, both through a direct effect on health outcomes and by providing resources and demand for social services, this calculation also provides the figure to reach the social and environmental goal. The estimate is between US\$54 and US\$62 bn per annum.
  2. The costs to attain the social goals are costed using an average cost method similar to that used in the Zedillo report. Including health estimates, they place the total cost to reach the social goals at between US\$35 and US\$76 bn p.a..

<sup>5</sup> Devarajan, Miller and Swanson, 2002.

- 30 In order to estimate the cost of meeting the income poverty goal, they separate countries into three categories.
- *Group 1:* Countries for which aid will have no effect on whether or not they reach the MDGs, either because they are already on target to reach them, and / or because the relative impact of aid is too limited to have a noticeable effect. There are 86 of these countries, containing 4 bn of the world's population with an average annual per capita income of US\$1,400. They currently receive US\$40 bn p.a. in aid.
  - *Group 2:* Countries for which additional aid will have a noticeable effect on reaching the MDGs. There are 65 of these countries, containing 1 billion of the world population with an average per capita income of less than US\$400 p.a., and they currently receive US\$18 bn p.a. in aid. This group is split into two sub-groups.
    - *Group 2a:* 43 of these 65 countries are judged to have better policy environments. For these countries, an estimated additional US\$39 billion per annum in aid is required to reach the MDGs.
    - *Group 2b:* The remaining 22 countries are judged to have poor policy environments, and if they continue to receive aid without changes to their policies, the cost of reaching the MDGs will be an additional US\$26 bn p.a.. With policy change the cost is estimated to drop to US\$15 bn p.a.
- 31 Estimates of additional aid required to reach the MDGs must also take account of countries' capacity to absorb more aid. The authors estimate that four of the group 2a countries will reach aid saturation point (estimated as aid receipts equalling 30% of GDP for countries with good policy environments, and 6% for those with poor policy environments). However, more worrying is the recognition that in all policy environments, the marginal returns to aid diminish, especially if transactional costs of aid are not reduced. For this reason these figures are likely to be an underestimate.
- 32 Turning to the calculation of costs required to reach the social goals, most calculations are made on a unit cost basis. The cost of realising the education target is estimated between US\$10 and US\$30 bn p.a., depending upon whether this includes the cost of improving the quality of education (and hence sustaining demand for education). The cost of realising the health targets is estimated at US\$20 to US\$25 bn p.a. – although, once again, it is recognised that this is particularly problematic given the significant influence of non-health spending on health outcomes. Moreover, the costs are difficult to estimate as the links between public expenditure and health outcomes are very weak. The cost of achieving the environmental targets is estimated at between US\$5 bn and US\$21 bn p.a., depending on whether US\$16 bn p.a. is included to improve sanitation and hygiene (which are likely to generate the greatest impact upon reducing child mortality).
- 33 The authors recognise that additional factors further complicate attempts to cost the MDGs. For many countries there are limited data on the relationship between expenditures on health and education and related outcomes, or the relationship between investment and growth. While Collier and Dollar have made some estimates, relatively little is known about the sensitivity of the results to changes in the policy environment, or about opportunities for increased and more efficient domestic resource mobilisation.

## The implications of the MDGs for the targeting of aid

### Aid, "policy environment" and poverty reduction

- 34 A major issue surrounds how development assistance should be targeted. There are competing schools of thought, with serious implications for how MDGs are used by development agencies.

- 35 One school argues that aid should be directed to countries with “good policy environments”: that is, those in which government has committed itself to the goal of poverty reduction, and has taken concrete steps (in macroeconomic and sector policy, in public expenditure management and public administration reform, and so on) in pursuit of this goal. It is clear that some countries have made much greater progress than others towards improving their use of domestic and external resources and so towards achieving the MDGs – and, as a result, have been rewarded with greater aid flows: Uganda and Viet Nam are good examples. The common sense argument that aid is more effective in environments in which Government has the will and capacity to use it towards poverty-reducing ends was boosted by the highly influential work of World Bank economists Collier and Dollar, who suggest (on the basis of country panel data) that each aid dollar spent in a country with a good policy environment will lift twice as many people out of poverty as an aid dollar spent in a country with a poor policy environment.
- 36 This finding, and the associated recommendation that donors concentrate their resources on countries with good policy environments, has been challenged on a number of grounds. Firstly, various analysts have challenged the econometrics used by Collier and Dollar, concluding that aid has a powerful effect even in countries with poor policies. But even if it is accepted that aid will have less effect in countries with poor policy environments, this does not necessarily lead to the conclusion that aid should be targeted only to good policy environments. This is one of the core issues in all forms of results-based management: whether to target resources to those succeeding (who will make better use of the resources – and thus creating an incentive to perform - but arguably need them less), or whether to target those sectors, countries or institutions which are failing (and arguably need them more)<sup>6</sup>.
- 37 It is also here that one of the potential drawbacks of results-based management can be seen most clearly. For the managers of aid whose performance is judged by whether or not the MDGs are achieved, the incentive is to give aid only to Governments with proven capacity to use it well – which involves neglecting those (often amongst the poorest of the poor) who live in countries with inefficient, ineffective or simply corrupt governments. The challenge should instead be to develop alternative means of engaging with Government and ways of channelling aid to the poor in these countries.
- 38 Combining a critique of the gaps in the Collier and Dollar analysis with the case for targeting the most needy, Vandemoortele notes that higher quality services generate efficiencies (e.g. in education, higher quality schooling results in lower repetition and reduced drop out). He concludes that to achieve higher efficiencies and greater coverage of social services, public services first need to first combat the insufficiencies within the system: that is, there is a threshold level of spending (which aid can help Government to reach), at which point it will start to perform better<sup>7</sup>. While donors obviously need to consider whether their aid will be wasted if given to a particular country, a dogmatic application of the principle of only giving to good policy environments risks punishing the poorest.

#### Growth and social sector spending

- 39 More funds and, as importantly, more Northern policy should be directed to promote trade and growth in and for the developing world. In the long term, trade offers the best opportunity to ensure the sustainability of the social developments targeted in the MDGs. First and foremost, growth offers increased public revenues for development. It typically also increases efficiency in service provision and, as incomes rise and cost becomes less of a barrier, increases demand for health care and education. The strength of the linkages between economic growth, incomes and pro-poor service provision depends of course in large part on the distribution of the benefits

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<sup>6</sup> An analogous example from domestic policy would be the dilemma of whether to channel more or less resources to “failing” schools or hospitals within the UK; or whether it is useful, on balance, to give them more money, but with less control over how it is spent.

<sup>7</sup> e.g. Lensink and White 2000, cited in White 2002a p. 12; Vandemoortele 2002a.

of growth, with broad-based growth more effective than growth which benefits the rich and excludes the poor.

- 40 More aid should also be directed to social services. In 1995, the World Summit on Social Development launched the 20:20 initiative to encourage governments to use 20% of their government expenditures for social sector spending, with donors in turn targeting 20% of their assistance to the social sectors. Current estimates show that governments currently allocate approximately 12-14% of national budget, and donors approximately 10-12% of their funds, to social sectors<sup>8</sup>.

### Summary points

- 41 The importance of the costing exercise is to demonstrate the acute need for more aid. The minimum estimates for this vary from US\$50 bn to US\$76 bn p.a.. While it is clear that finance alone cannot deliver the MDGs, it is equally clear that without additional resources the MDGs will not be realised. Ultimately, gains can only be safeguarded by economic growth in the least developed countries. This can only be achieved by changes in international trade agreements.
- 42 More attention needs to be paid to the different functions of aid. Funding for global public goods (such as global environmental improvements, better international security, or a reduction in communicable diseases) needs to be costed independently from that required to meet the development agenda.
- 43 The absorptive capacity of countries depends both on the policy environment within countries, and donor practices. Effective aid partnerships based around national poverty reduction strategies are the most effective aid delivery mechanism. Donor capacity could be strengthened through pooled funding and the harmonisation of reporting procedures. At the same time, increased aid will have the greatest impact on countries with good policy environments. It is vital that in those countries where such policies do not prevail, donors continue to engage with governments and civil society organisations to encourage a change.
- 44 To focus on the costs of the MDGs may be misleading. It is very difficult to put a price on the MDGs: for example, the estimated cost of the education target varies widely depending on whether questions of quality and demand are included. More importantly, a narrow focus on the targets may obscure the broader development agenda. The MDGs cannot be achieved only by financing inputs; their realisation requires actions which foster “more stable, safe, participatory and just societies”<sup>9</sup>.

### *How are the MDGs being used in the international arena?*

- 45 Results orientation: The results orientation encouraged by the MDGs shifts the focus from inputs and sector-specific work to cross-sectoral approaches and development outcomes. For this reason, and to monitor progress on PRSP indicators, development agencies and governments are developing statistics systems that can deliver data on outcomes as well as the inputs.
- 46 Quantitative analysis: Monitoring the MDGs places an increased emphasis on quantitative analysis, from gathering basic statistical data to monitoring and evaluating policy and programme effectiveness. Partly for this reason (and partly as a result of the needs of the Poverty Reduction Strategy process), attention is currently focused on building statistical capacity in developing countries. PARIS 21 is coordinating the efforts of development agencies in developing this capacity.

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<sup>8</sup> Earthscan 1998 pp. 11-15; White 2002a pp. 9-10.

<sup>9</sup> Naschold 2002.



47 Coordination: The MDGs offer a core agenda for development and, as such, they have a potential role in strengthening donor coordination. This will be the case particularly when the MDGs appear in a country's PRSP. The UN believes the MDGs and the MDG progress reports<sup>10</sup> will serve to raise political awareness, build alliances, and renew political commitments to implement difficult policy reforms, institutional changes and budget re-allocations. The value of these reports will be greatest where they are linked closely to national poverty reduction plans (as is the case with the Bolivia and Tanzania reports). The MDGs also have a role in strengthening the position of NGOs and other agencies lobbying for an increase in aid volume.

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<sup>10</sup> reports are currently available for eight countries: <http://www.undp.org/mdg/countryreports.html>.

## 2. Monitoring progress in achieving the MDGs

48 This section provides a summary of the key points from available data on progress being made to realise the MDGs. There are three main messages:

1. Currently available data is insufficient to provide accurate indications of the regions, countries or groups of people that are, or are not, on track to realise the MDGs. For many countries data is not available. There are specific problems in comparing performance between countries as dissimilar measures are being used to establish performance, and there are within-country problems with identifying at-risk groups.
2. Notwithstanding the limited availability of data, it is possible to determine that “At existing rates of progress many countries will fall short of these goals. However, if countries take steps to improve their policies and increased financial resources are made available, significant additional progress towards the goals is possible.”<sup>11</sup>
3. There is a danger that by focusing closely on the global and averaged statistics for the MDGs, regional or local variations are obscured. While it is clear that globally incomes are rising and social indicators show improvements, these improvements are not equally distributed. For instance, DHS survey data from Bangladesh show that increased access to basic education did not benefit children from low income families and in Indonesia, for the decade 1987-1997, child mortality rate for the lowest earning quintile declined at only 20% the rate of the highest earning. For these reasons there is a need to move beyond misleading national and global averages.

49 Specific problems for data collection have been identified in the following areas:

- There are difficulties in comparing income poverty data across countries. Purchasing power parity (PPP) dollars are notoriously difficult to calculate, and national data on income poverty varies widely in quality. For this reason, some commentators – such as Vandemoortele - refuse to provide any data on rates of change in income-poverty.
- Data on net enrolment rates are available for fewer than half of all developing countries. Furthermore, unreliable census data means that net enrolment calculations are often inaccurate. The World Bank does quote statistics for youth literacy rates.
- Data on maternal mortality is exceptionally difficult to collect owing to limited resources to collect data, and systematic underreporting.
- There is no long-term data on HIV/AIDS incidence.

50 These data problems notwithstanding, the following pages attempt to summarise what is known about progress to date, and the prospects for achieving each of the MDGs by the target date of 2015.

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<sup>11</sup> Devarajan et al. 2002.

## Progress by goal

### Goal 1: Eradicate extreme poverty and hunger

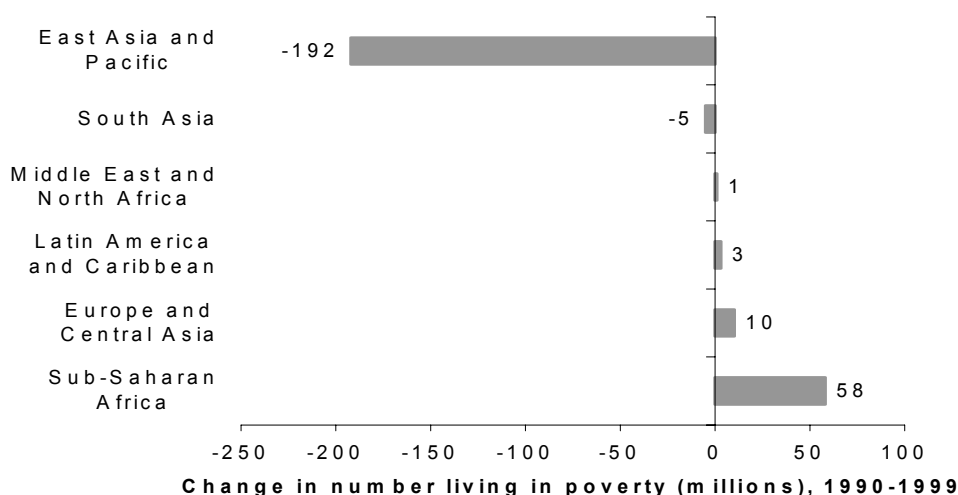
Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day (1985 PPP)

51 Between 1990 and 1999, the headcount indicator of income poverty (as defined by income of less than \$1 / day, 1985 PPP) fell from 29% to 23%<sup>12</sup>. A simple extrapolation on the basis of these figures suggests that at a global level the MDG target (14.5%) will be reached in 2015.

52 However, optimism needs to be qualified by a number of considerations.

- Firstly, global progress is largely due to rapid declines of poverty amongst the large populations of Asia, particularly in China (see Figures 1 and 2). Progress in south Asia was much slower than in east Asia: however, while achievements to track here are slightly off track, economic forecasts suggest an acceleration in the rate of poverty reduction, which will result in south Asia achieving its target (22%) in 2015. The combined progress achieved in Latin America and the Caribbean, sub-Saharan Africa, the Middle East and North Africa is by contrast one tenth that required to meet the target; while poverty in Europe and Central Asia has increased steeply, albeit from a low base<sup>13</sup>.

**Figure 1 Change in absolute numbers living in extreme poverty, 1990-1999**



Source: World Bank staff estimates, reproduced from World Bank 2002. Extreme poverty is defined as less than US\$1 / day.

- Both national and World Bank trend data show a decline in the annual rate of poverty reduction in China. This illustrates the dangers of simply extrapolating trends observed between 1990 and 1998 to predict whether global targets will be met: as large countries

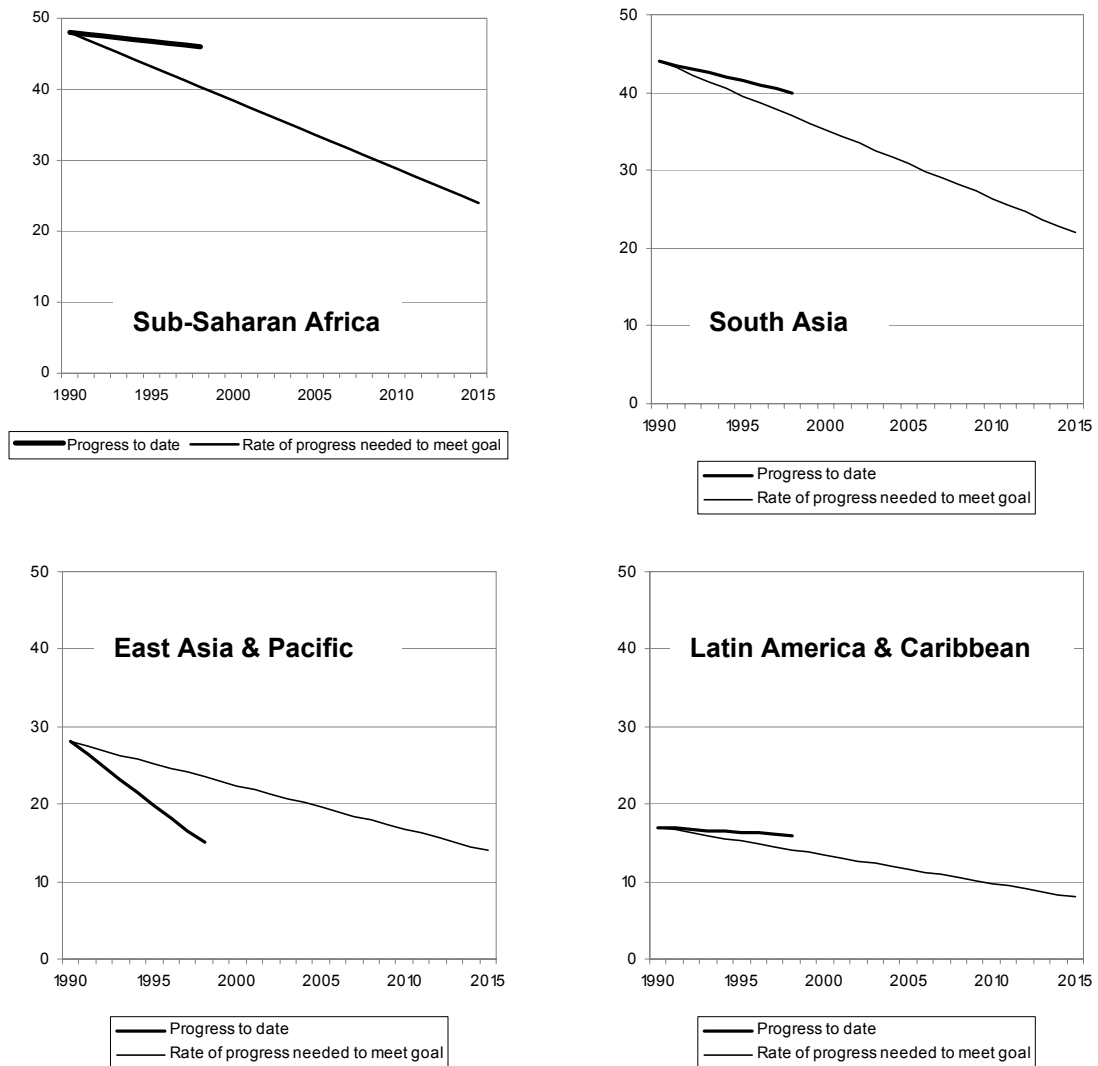
<sup>12</sup> World Bank 2002a; ActionAid 2002 (citing UNDP). Note that Vandemoortele 2002 quotes a baseline 1990 figure of 32% and a 1999 figure of 25%, but this is for developing countries rather than the world as a whole.

<sup>13</sup> There are signs that central Asia is recovering from the economic instability resulting from the break up of the Soviet Union.

such as China (and, at a later stage, India) reach lower levels of income-poverty, the power of these countries to pull down income-poverty will reduce<sup>14</sup>.

- Global poverty estimates may not be a reliable source of information given weaknesses in the fixed and static poverty line of US\$1 / day, and the inaccuracy in PPP conversions.
- As the number of people living on US\$1 / day has fallen over the decade, the number of people living on less than two dollars a day has increased. This shows that gains in this area are vulnerable, with the possibility that people could easily fall back into dollar-a-day poverty in the face of, for example, a shock such as that which overtook east and south-east Asia from 1997.

**Figure 2 Progress compared to the poverty target for four world regions**



Source: PARIS 21 p. 6. (y axis is millions of people living under US\$1 per day)

<sup>14</sup> Vandemoortele 2002a pp. 2-3 draws attention to a different problem, namely difficulties in reconciling data from national and World Bank sources with regard to poverty trends in China. While the Bank dollar / day poverty estimates show a decline from 32% in 1990 to 17% in 1999, PRC figures – based on a lower poverty line - suggest a decline from 12% to 6%. Vandemoortele notes that the rate of poverty reduction implied by the PRC figures (1% p.a.) is much less than the 4% p.a. suggested by the World Bank. But, if it is accepted that PRC rates are generally half of the Bank rates because the poverty line is lower, the trend lines appear basically similar: they both imply a halving of the poverty rate between 1990 and 1999.

## **Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger**

- 53 Between 1990 and 2000, the proportion of children under five who were moderately or severely underweight declined from 32% to 28%. A three fold increase in this rate of decline is required in order to meet the 2015 target.
- 54 There are large regional variations in the rate of decline. Asia, and especially China saw large reductions. Other regions which made substantial improvements were Latin America and the Caribbean. Less progress was made in South Asia, and no progress was made in Africa. In almost all countries, children from rural areas show much greater rates of malnutrition than their urban counterparts. In some countries, the prevalence of underweight children is 50% higher.

## **Goal 2: Achieve universal primary education**

Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

- 55 Between 1990 – 2000 enrolment increased from 78% to 83%. At the current rate, universal primary education will not be reached until 2030.
- 56 Tracing increases in primary enrolment shows a slowing in the rate of increase over the last 40 years. This could be attributed to a variety of factors: reduced government expenditures, the greater difficulties and higher costs associated with schooling children in hard to reach areas and a reduction in demand for education (owing to limited expansion in post primary educational opportunities and declining labour markets). Even in countries where progress towards primary enrolment is proceeding apace, there is concern with education quality; policy makers are questioning the value of getting more children into school if they are not learning once they are there.
- 57 The importance of maintaining demand for primary education to reach the education MDG highlights the need for donors and governments to look beyond the basic provision of schools and teachers to the quality of education and the opportunities for further study and employment after primary school.
- 58 Failure to meet the education target will impede efforts to reach other targets. Increased education (especially girls' education) results in households (i.e. mothers) that have reduced fertility (reducing burdens on health and education provision), increased demand for their child's education, and better health practices generating improved child health and nutrition outcomes.

## **Goal 3: Promote gender equality and empower women**

Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

- 59 Between 1990 and 2000, the gender ratio in primary education changed from 83 girls per 100 boys to 88 girls per 100 boys. At the current rate, gender equality will be reached in 2025, twenty years after the MDG target date of 2005.
- 60 The regions in which the gender equality target is of most concern are sub-Saharan Africa, South Asia and Middle East and North Africa. Gender disparities in the literacy rate indicate the scale of the challenge in South Asia, where female youth literacy is 60%, compared with 80% for male youth literacy.

## Other targets and indicators of gender equality

- 61 Female enrolment in school is only one indicator of improving gender equity. The World Bank also reports on the share of women working in the non-agricultural sector. While data for this is limited, the averaged low and middle income statistic shows little change in the 40% (of male employment rate) figure over the period 1990 - 2000.

### Goal 4: Reduce child mortality

Target 5: Reduce by two thirds, between 1990 and 2015, the under five mortality rate

- 62 Between 1990 and 2000 the under 5 mortality rate fell from 103 per 1000 live births to 91 per thousand live births. The MDG target is 34 per 1000 live births. To achieve this target will require a five-fold increase in the rate at which mortality rates are reduced.
- 63 Gender disaggregation of child mortality statistics show that due to biological factors, boys are more likely than girls to die during infancy, but owing to the fact that girls have fewer chances to access health services, girls are more likely than boys to die during early childhood.
- 64 The 12% reduction in child mortality rates during the 1990s represents a significant slowing from the reduction rates found in the previous three decades, all of which were all in excess of 20%. Much of this is attributed to the rise in mother to child transmission of HIV/AIDS. However, 60% of all child deaths are still related to malnutrition, and increases in child nutrition and sanitation are the most likely ways of combating child death. More than half of child deaths occur in Africa, and it is in Africa where progress is being made most slowly.
- 65 Immunisation is essential for reducing child mortality. Measles is among the leading causes of child mortality which are vaccine preventable. Coverage must reach 90% to be effective, but overall vaccination rates are below 70% and in sub-Saharan Africa they are 50% and falling.

### Goal 5: Improve Maternal Health

Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio

- 66 There are large regional variations in progress regarding maternal mortality rates. Sub-Saharan Africa and the Middle East saw little or no change, whereas North Africa and East and South Asia demonstrated considerable progress. The following table gives an indication of the disparity in maternal health.

**Table 2 Regional variations in maternal mortality rates**

Region	Chance of dying in child birth over life time
Industrialised countries	1 in 4,100
East Asia	1 in 280
Latin America and the Caribbean	1 in 160
Sub-Saharan Africa	1 in 13

Source: Vandemoortele 2002 p. 8.

- 67 Owing to under- and mis-reporting, however, maternal mortality is notoriously difficult to measure<sup>15</sup>. For this reason, the measure of births attended by skilled medical professionals is used as a proxy for this target, as a high level of correlation has been established between this

<sup>15</sup> See White 2002a p. 11.

output indicator and maternal mortality outcomes. Between 1990 and 2000 proportion of births attended by skilled medical professionals increased from 42% to 53%. In order to reach the MDG however this figure must rise to 90%: a three-fold increase in the rate of progress to date is required.

## **Goal 6: Combat HIV/AIDS, malaria and other diseases**

Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS

- 68 It is not possible to establish reliable longitudinal estimates for the rate of HIV/AIDS infection. It is extremely difficult to obtain accurate national level infection rate statistics and comparable data is not available from the early 1990s. For this reason only one statistic stands out. No progress has been made towards the target of reducing the HIV prevalence among young people. One third of people living with HIV/AIDS are aged between 15 and 24 years. Social and biological factors mean that adolescent girls are at a particular risk. New HIV infections are disproportionately concentrated among poor and illiterate women.
- 69 Many countries are in a catch 22 situation. Education offers the best chance to spread messages of behaviour change, but schools are losing teachers to AIDS and children are increasingly absent from school, either because of their own illness or because they are caring for others who are ill.

## **Goal 7: Ensure environmental sustainability**

Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

- 70 Among the indicators for progress in reaching this target are the proportion of land area covered by forest p.c. carbon dioxide emissions. These two indicators and the target itself arguably refer to global public goods rather than development goals.

Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water

- 71 Between 1990 and 2000 the proportion without access to safe drinking water fell from 29% to 22%. This is the one target which is on track for achievement by 2015.
- 72 Progress has been made quickly in South Asia, but is slower in other parts of the least developing world. Rural areas continue to lag well behind urban areas, especially in SSA where only 45% of the rural population have access to safe water, compared to 83% of their urban counterparts.

## **Goal 8: Develop a Global Partnership for Development**

- 73 Two key indicators here are aid volume to low income countries and levels of debt servicing. Total aid volume has dropped during the 1990s (though began to show signs of increasing towards the end of the 1990s). The World Bank notes that total volume has dropped by at about 8%, but this (according to UNDP) represents a drop by a third when it is considered in terms of percentage of gross national income of developed nations.

## **Summary points on monitoring and progress**

### **What can be realistically said about progress in the decades to 2000?**

- 74 Across many targets (income-poverty, education, child mortality) progress appears to be slowing. Possible reasons for these findings include reduced aid, increased costs of marginal improvements, the effects of HIV/AIDS, and stagnant or declining rates of real economic growth in sub-Saharan Africa. On current estimates, most of the MDGs will not be reached until well past 2015, and probably not before 2030. Substantial changes need to take place in aid volume and donor actions and government policies.

### **Which targets need most attention?**

- 75 It is not possible to treat the MDGs in isolation from each other. Social and economic development outcomes are necessarily interconnected and interdependent. Improvements in primary education will reap synergies in health outcomes through improved knowledge of health practices and lower fertility rates. Similarly, improvements in health outcomes will result in greater demand for education. And improvement in consumption poverty will reap benefits in most areas of the goals. For these reasons, the best way to achieve the MDGs is through implementing (and financing) a comprehensive poverty reduction strategy in each low-income country.

### **What have been the key determinants of progress in previous years?**

- 76 In recent years much attention has focused on the determinants of progress in social development and growth. Clearly, it is possible to suggest a range of factors which may have contributed to trade and growth around the world. In addition, certain technological developments have had a direct impact (vaccines and appropriate improved agricultural technologies in particular). However, at a global level it is not possible to state the right mix of reforms and investments to lead to the realisation of the MDGs. Rather it is the role of countries to present an analysis of their own development agenda in their PRSPs.

### **What are the differences in success for different regions / country type / disaggregated by gender / poverty quintile?**

- 77 The limitations of available data means it is not possible to answer this question in detail. The region most in need of support is Africa, where there has been little or no progress towards the Millennium Development Goals over the last decade. Notably it is probably less important to comment on the pace of change than it is to comment on the prospects for change.

### **What (potential) problems are there in using MDG monitoring to support development processes?**

- 78 There is a danger that the international attention accorded to the MDGs will eclipse attention to other important development indicators which may have greater importance for specific countries. For instance the demobilisation costs of countries recovering from conflict are probably more important than health and education goals in the short term. The use of quantifiable indicators may also eclipse other development goals which are more difficult to measure, (e.g. political participation or the rule of law). Finally, there is a danger that attention paid to country averages will result in limited attention being paid to disaggregated statistics.



### 3. How is DFID's work informed by the MDGs and what is DFID's emphasis as regards each goal and targets?

#### *Descriptive overview*

79 The MDGs exercise influence both directly and indirectly over DFID's work in the realms of:

- establishing an overarching global policy orientation for the Department, and enshrining this in legislation;
- setting summary Departmental performance targets by which DFID is held accountable to Parliament and the Treasury;
- creating an institutional structure and approach to programming (particularly at the country level) which reflects this strategic orientation and framework for performance management;
- providing guidance to DFID staff in their attempts to promote development by influencing the goals, structures and practices of other international actors; and
- providing a framework for monitoring DFID actions.

80 The following paragraphs address each of these realms in turn.

#### **Policy goals**

81 At the overarching strategic level, DFID's development policy is shaped by the MDGs principally through the 1997 White Paper (*Eliminating global poverty*), which took as its starting point the OECD-DAC international development targets (as stated in the paper *Shaping the 21<sup>st</sup> century*). Between 1999 and 2000, target strategy papers (TSPs) were produced for each of the seven IDTs. Each of these papers lays out how DFID intends to achieve the policy goals of the 1997 White Paper. The 2000 White Paper (*Making globalisation work for the poor*) extended the 1997 paper by addressing questions of global markets and development opportunities offered by new technologies. This second paper captures most of the new agenda items encompassed by goal 8 of the MDGs ("Develop a global partnership for development").

82 The International Development Act, introduced in June 2002, sets out the specific purposes for which the funds that DFID receives may be used. The Act enshrines in UK law the principles of the White Papers – and, by extension, the identification of the MDGs as the primary point of reference underpinning DFID's definition of purpose.

83 Together, the White Papers and the International Development Act spell out the overarching vision for DFID – namely, to reduce poverty for all people in all regions of the world and in all dimensions of poverty. At the level of stated policy, DFID does not prioritise goals or regions. However, the way the White Paper is formulated implies that the first goal (to reduce by half the number of people living on less than a \$/day) is the principle objective for DFID. There is also a wide recognition within DFID that the Department can make a substantial direct contribution through programmes (rather than influencing other agencies) in only a limited number of countries. This need to prioritise country programmes has recently found expression in the Public Service Agreement (PSA).

#### **Performance management and accountability: the PSA and SDA**

84 In line with government policy, DFID produces a Public Service Agreement (PSA) which states the Department's objectives and presents targets that are to act as benchmark for judging success. This is a key tool for translating the policy goals as articulated in the two White Papers

into departmental action. The PSA is complemented by a Service Delivery Agreement (SDA), together with a technical note.

85 As with all other Departments of HMG, DFID has now produced three PSAs and SDAs (the first being for 1999-2002, the second 2001-2004). The Second PSA and SDA (2001-2004) are reproduced in Annex 3. The third PSA, covering the period 2002-2006, has just been released as part of the July 2002 Comprehensive Spending Review (CSR) and is reproduced below in Table 3<sup>16</sup>. The objectives of this latest PSA are structured around three regions (Africa, Asia, and the remaining areas of the developing world); working with multilateral agencies; non-geographic based initiatives; and value for money. Currently, DFID is also re-organising its institutional structure to more closely match its policy goals. In this way the PSA should now more directly inform the work of the department.

86 A number of points are worth making specifically with regard to the PSA:

- The PSA targets go beyond the Millennium Development Goals. Most notably, in Africa, targets are set for effective conflict prevention and a reduction in the number of lives affected by violent conflict. While conflict clearly is one of the greatest threats to poverty reduction, it does not feature as an explicit goal or target in the MDGs.
- Defining PSA targets on the basis of the top-down MDGs, and reconciling this with existing DFID performance management systems which have, traditionally, been used to measure poverty on the basis of the aggregation of bottom-up, more clearly attributable project and programme inputs and outputs, is a major challenge<sup>17</sup>. The translation of MDGs into PSA goals has clearly evolved and improved over the course of the three PSAs. Nonetheless, it remains the case that action by DFID is only one of a number of forces that contribute to development outcomes, and identifying DFID's contribution to a development outcome is not possible. This raises questions about whether the PSA for DFID can operate in the same way as in DFID as they do in other government departments.
- It is recognised that while the IDTs and later MDGs have achieved a high level of recognition amongst DFID staff, previous formulations of the PSA have not had much effect on staff at the front line. The current institutional reforms are an attempt to generate greater linkages between PSA targets and day-to-day activities.
- In the latest formulation of the PSA, DFID has attempted to overcome the problems of limited attribution and poor measurability by focusing the PSA targets on a small number of countries (16 in Africa and 4 in Asia), and a representative sample of targets. This raises a question over the role PSA targets play in DFID management, and whether the targets designed to be considered as illustrative indicators of DFID's overall success in the larger goal of reducing global poverty, or a description of DFID's core business.

### **Institutional structures and processes for programming**

87 Since DFID was established, institutional structures and processes have been devised to link the IDTs (DFID's stated policy objectives) and DFID's actions. Until now, this has been achieved through the production of strategy papers produced by regional departments and country offices (for Country Strategy Papers) and advisers' groups (for Target Strategy Papers). Country Strategy Papers (CSPs) are updated every three years.

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<sup>16</sup> The current PSA, as part of the Treasury's CSR document, can be viewed online at [http://www.hm-treasury.gov.uk/mediastore/otherfiles/psa02\\_ch11t.pdf](http://www.hm-treasury.gov.uk/mediastore/otherfiles/psa02_ch11t.pdf).

<sup>17</sup> White 2002a pp. 12-14.

- 88 A new process, now being designed, will combine, and replace, the Country Strategy Papers and the annual resource planning process. A Country Assistance Plan (CAP) will be an annual document which will describe how DFID's assistance will support a country's own plans to reduce poverty. In countries in which a PRSP is available and DFID is confident that they reflect the country's intentions, the CAP will be largely based on the country's PRSP. "Change forecasts" with attendant "change indicators" will describe how actions in the CAP will contribute to the country's own PRSP targets. In countries where there is no PRSP, or there is a PRSP but DFID judges that it does not serve as a viable basis for development cooperation, the CAP will detail actions to be taken to continue engagement with government and maintain investment through non-government organisations. Importantly, the CAP will give data on country's progress against key MDG target areas, thus also illustrating the strengths and weaknesses in local data collection systems. CAPs will be used both as a forward planning document (something that CSPs and the Annual Plans for Policies and Resources have achieved in the past) as well as evaluations of performance. This will provide a country level basis for DFID's outcome based monitoring of its programmes.
- 89 DFID also intends to restructure the policy division. Previously adviser groups had been structured by sector. The current proposal for the new structure is to have three policy departments under the titles of Economic Growth, Human Development, and Social and Political Change. Although not immediately obvious from the new titles, DFID staff expressed the view that the structure and remit of these departments will be more closely aligned with DFID's core work and the MDGs. The policy departments will be responsible for realising non-geographic goals as well as supporting country level work.
- 90 The creation of Directors' Delivery Plans for each Department within DFID brings greater consistency in DFID management structure and the PSA targets. These Plans will articulate how regions (Africa, Asia, etc. ) and policy departments will work to deliver the PSA. In this way, DFID has attempted to establish more policy-led, top-down management to complement its traditional, responsive country led programming and provide it greater coherence.

### Influencing others

- 91 DFID staff consistently cited the importance of the MDGs for advocacy, establishing commitment, communicating the intention of DFID both to the British constituencies and to other agencies. At the country level, the mutual ownership of the UN established MDG targets is particularly valuable as it is possible to talk of "our goal".
- 92 One way DFID has sought to achieve greater international action to support the MDGs is through multi-agency initiatives. In addition to the G-8 processes, DFID also supports the UN initiative to fast track funding to reach the EFA (Education for All) targets, the Special Partnership for Africa, and NEPAD. DFID support for PRSP processes also offers another means of influencing partners, for instance DFID provides a trust fund to assist the Asia Development Bank in developing capacity to implement PRSPs.

**Table 3 The DFID Public Service Agreement, 2002-2006**

<p><b>AIM</b></p> <p>Eliminate poverty in poorer counties in particular through achievement by 2015 of the Millennium Development Goals:</p> <ul style="list-style-type: none"> <li>a. eradication of extreme poverty and hunger</li> <li>b. achievement of universal primary education</li> <li>c. promotion of gender equality and empowerment of women</li> <li>d. reduced child mortality</li> <li>e. improved maternal health</li> <li>f. combating HIV/AIDS, malaria and other diseases</li> <li>g. ensuring environmental sustainability</li> <li>h. a global partnership for development</li> </ul>
<p><b>OBJECTIVES AND PERFORMANCE TARGETS</b></p> <p><b>Objective I:</b> reduce poverty in Sub Saharan Africa<sup>18</sup></p> <p>1: Progress towards the MDGs in 16 key countries demonstrated by:</p> <ul style="list-style-type: none"> <li>• A sustainable reduction in the proportion of people living in poverty from 48% across the entire region;</li> <li>• An increase in primary school enrolment from 58% to 72% and an increase in the ratio of girls to boys enrolled in primary school from 89% to 96%</li> <li>• A reduction in under-5 mortality rates for girls and boys from 158 per 1000 live births; an increase in the proportion of births assisted by skilled birth attendants from 49% to 67%; and a reduction in the proportion of 15-24 year old pregnant women with HIV from 16%;</li> <li>• 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, where the UK can make a significant contribution. JOINT TARGET WITH FCO AND MOD; and</li> <li>• Effective implementation of the G8 action plan for Africa in support of enhanced partnership at the regional and country level.</li> </ul> <p><b>Objective II:</b> reduce poverty in Asia</p> <p>2: Progress towards the MDGs in 4 key countries<sup>19</sup> demonstrated by:</p> <ul style="list-style-type: none"> <li>• A sustainable reduction in the proportion of people living in poverty from 15% to 10% in East Asia and the Pacific and 40% to 32% in South Asia;</li> <li>• An increase in gross primary school enrolment from 95% to 100% and an increase in the ratio of girls to boys enrolled in school in primary school from 87% to 94%;</li> <li>• 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 the proportion of births assisted by skilled birth attendants from 39% to 57%; and</li> <li>• 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.</li> </ul> <p><b>Objective III:</b> reduce poverty in Europe, Central Asia, Latin America, the Caribbean, the Middle East and North Africa.</p> <p><b>Objective IV:</b> increase the impact of key multilateral agencies in reducing poverty and responding to conflict and humanitarian crises</p> <p>3: Improved effectiveness of the international system as demonstrated by:</p> <ul style="list-style-type: none"> <li>• 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%; and</li> <li>• 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 TARGET WITH HM TREASURY</li> </ul> <p>4: Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the UK and developing countries. JOINT TARGET WITH DTI AND FCO.</p> <p><b>Objective V:</b> develop evidence-based, innovative approaches to international development</p> <p><b>Objective VI:</b> value for money</p> <p>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</p>
<p><b>WHO IS RESPONSIBLE FOR DELIVERY?</b></p> <p>The Secretary of State for International Development is responsible for the delivery of this PSA. The Secretary of State for International Development is jointly responsible for a number of targets in the PSA: with the Foreign Secretary and Secretary of State for Defence for the target on conflict prevention; with the Foreign Secretary and the Secretary of State for Trade and Industry for the target on trade; and with the Chancellor of the Exchequer for the debt relief and Millennium Development Goal element of target 3, who also shares responsibility for agreed measures to improve the effectiveness of the EC external cooperation programme.</p>

All targets in this PSA are for 2006 measured against a 2000 baseline.

18 This region consists of the following countries: Ethiopia, DRC, Ghana, Kenya, Malawi, Mozambique, Nigeria, Rwanda, Sierra Leone, South Africa, Lesotho, Sudan, Tanzania, Uganda, Zambia and Zimbabwe.

19 The key countries in Asia are China, India, Pakistan and Bangladesh.

- 93 DFID is working to promote greater coherence in international action levels of action in the monitoring processes for the MDGs. DFID supports PARIS 21 (Partners for Statistics in Development in the 21<sup>st</sup> Century) which is a multi-agency working group supporting country level data collection. It also supports the special task force on international MDG monitoring which has been set up under PARIS 21. Problems remain however, concerning the level of coherence between monitoring processes undertaken by different agencies within in the UN and between the UN and the World Bank<sup>20</sup>.

## Monitoring

- 94 The use of the MDGs as a management tool is undermined by the difficulties in obtaining reliable and comparable data. DFID is supporting efforts to address this at national and international levels and by supporting DFID-driven processes to collect data for a limited number of key indicators.
- 95 Of the 31 indicators related to the 7 country applicable goals in the MDGs, DFID is currently focusing attention on ensuring that all countries are able to generate data on 6 key indicators: \$/day income-poverty; enrolment; gender equity in education; under 5 mortality rate; births attended by trained specialists; HIV prevalence.
- 96 Difficulties that affect the collection of data from countries include: time lag between data collection and publication; gaps in the collection of data; differences in technical definitions and methods of data collection which make it hard to compare measures between – and sometimes even within – different countries; the difficulty of some technical aspects of data collection (e.g. the international comparison programme to collect the data to establish PPP dollars is both extremely complex and costly); the absence of vital registration and census data which undermines the denominators for many statistics. The preferred, long term means of solving these problems is to generate robust local PRS monitoring systems together with management information systems for their associated sector strategies. However this is a long term goal, and a balance has to be found to establish reliable data in the short term. Short term solutions involve conducting surveys. Survey data offers opportunities for additional analysis, but may present high short term costs.
- 97 At the institutional level, DFID is supporting attempts to resolve some of the dissonance between the international agencies involved in MDG monitoring. At the country level it is focusing resources on building country level statistical systems. Importantly, this involves not only assisting in technical support to build statistical systems, but also generating greater demand within government for statistics. This second aim is largely achieved through the work of PARIS 21 in forging south-south networks of government staff. DFID's Statistics Department is responsible for devising country level strategies to strengthen statistics. The statistics section within the CAPs will also offer a means of identifying weaknesses in statistical systems.
- 98 It is important to remember that there are other forces in addition to the MDGs which are driving the changes in DFID. Firstly, there is an intention to establish more coherence over DFID's country programmes. The institutional reorganisation, together with the new Directors Delivery Plans, offer a way to marshal country programmes around centrally coordinated plans. Secondly, the increasing use of budget support as the principal aid modality means that a

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<sup>20</sup> The various UN agencies involved in supporting country level activities in collecting data, or deriving statistics from other information include UNICEF, FAO, UNESCO, WHO. UNDP has an overarching responsibility to support data collection at the country level, while UNDESA has responsibility for global level data collection. There is currently little harmonisation in the activities of these different agencies, with implications for strain on the capacity of developing world Government statistical systems.

preference is given to country programmes aligned to country's poverty reduction strategies. The new CAPs offer a way to provide annual analysis and planning for DFID's support of country's PRSPs together with a means to examine the extent to which the essential local monitoring mechanisms are robust. Finally, there is an interest in reducing the spread of DFID's support from the current large number of countries to more focused efforts on a smaller number of key country partners.

## **Qualitative overview and questions**

### **What is the real value of the MDGs?**

- 99 The most obvious value to DFID of the MDGs is in the way they both contributed to and harnessed an international consensus on development priorities, starting with a focus on poverty reduction. They provide an instant way to establish a joint agenda between DFID and country governments and development partners. Importantly, few aspects of the MDGs are seriously contested.
- 100 In addition to their role in advocacy and international commitment, they are being increasingly used to provide organising structures for DFID. However, there are concerns that if the MDGs are used slavishly to dictate DFID's work they could distort DFID's activities, either away from country priorities, or to the exclusion of development strategies which are not clearly expressed in the MDGs. For this reason, it is widely recognised they need to be used intelligently and pragmatically.
- 101 The MDGs do not explicitly cover all DFID's work. Notably, DFID is focusing attention on conflict prevention and post-conflict reconciliation and recovery in Africa. The emphasis on national ownership in the PRSP process is another example of a principle central to the work of DFID which, while entirely compatible with the MDGs, does not derive exclusively or even primarily from them.

#### **Box 2 Intelligent and pragmatic use of indicators**

Intelligent and pragmatic are two words that are used repeatedly to describe how DFID needs to use the MDGs and their associated targets and indicators. Clearly, to have yet more indicators to describe their intelligent use would be counterproductive, but there is probably a need to identify what unintelligent use is and how it might be avoided. Key issues appear to be:

- Capacity: Can DFID's capacity keep pace with the management changes proposed to make DFID's organisational structure and processes more closely aligned to the MDGs?
- Distortion: What are the dangers of following the MDGs? Will local development priorities be excluded?
- Indicators or targets: Should the measurable indicators of the MDGs be seen as proxies of strategies that aim to achieve the spirit of the target or should they be seen as an end in themselves?
- Attribution: When should attribution for DFID's actions be sought and how should it be looked for?
- The reliability and comparability of data: Is it possible to make judgements about performance, DFID's contribution to aid processes and even global progress when data collection is so highly variable and progress a product of multiple forces?

## Clarity of aims

Does the fact that DFID is operating under more than one White Paper lead to confusion about what its aims are?

- 102 A view was held that, owing to the presence of more than one White Paper, there may be a danger that the original clarity of the poverty eradication agenda has become clouded. Specifically, the question is: is the agenda poverty reduction (as most clearly expressed in the first White Paper) or is it trade and growth (as expressed in the second)? Clearly, the two are strongly linked, but questions of emphasis, sequencing and the nature of the assumed underlying links is an important one. The generally accepted resolution of this question is that the question of emphasis and process should be resolved by country's own poverty reduction strategies.

## Management processes and management capacity

Is DFID equipped to deliver this new approach to attaining the MDGs?

- 103 The increased burden of activities involved with the CAP suggests that field staff will be presented with an increased management burden, and that this central requirement may detract from the quality of the aid relationship with partner countries. Within DFID the hope was expressed that the CAP will not add further burdens because it simply provides a means of collecting previously conducted reviews under a single process. The CAP does however present new challenges in review and evaluation and thus there are questions about how well front line staff are equipped to deal with these new demands.

Should DFID's PSA commitments be measured using the same timescale as in other departments?

- 104 HMT demands updates on PSA progress on a quarterly basis. This means that monitoring systems must be established which provide the relevant information on a regular basis. Clearly DFID's PSA targets are not dependent on monitoring systems established by HMG, and for this reason, it is not reasonable to expect updates on the same basis as other departments.
- 105 The SDA is an important management instrument for it translates the PSA targets into short term actions which can be monitored on a relatively regular basis. It has been suggested that monitoring of progress against the SDA might be achieved on an annual basis. PSA targets may need much longer time periods (3-5 years) to actually evaluate levels of real success. These questions of time scale present problems for using the PSA as a performance management tool rather than a statement of intent and a forward planning mechanism.

## Distortion of development agenda and the status of the targets

To what extent do the MDGs present a danger of distorting development processes in developing countries?

- 106 Three possible ways the MDGs might distort the development agenda are:
- The MDGs themselves present a partial and therefore potentially distorting picture of development. It is notable that 5 of the 7 outcome based targets relate to health and education. Thus in terms of the numbers of targets, these two areas of social development would seem to dominate the development agenda, unless greater importance is placed on the other targets.
  - The way the MDGs are measured might distort the way that strategies are established for poverty reduction. It is interesting to note that within DFID chief advisers groups are largely focused around targets which relate to their area of work (the Livelihoods

Department principally focused on the reduction of hunger target, and the education department focused on the primary education and gender equity targets).

- DFID's central focus on the MDGs might conflict with countries on development plans as expressed in their PRS.

107 In response to questions about the potential that a focus on the MDGs might have in distorting the development agenda, DFID staff noted that:

- The headline income poverty reduction target is the most central and thus does have greater importance than the others. Thus, development processes should not be distorted towards the social sector, though it is also noted that the correlation between a reduction in income poverty and social development means that progress towards social development outcomes should be realised through reduced income-poverty.
- The outcome targets associated with the MDGs do not imply any specific area of government expenditure or policy. It is important to note that the strategies to realise the MDG targets must involve a wide range of actions reflecting the broad development needs of a country. It is the function of countries to identify the strategies most appropriate to reach the goals agreed in the MDGs, and this should be articulated first in the PRSP and thereafter in sector plans. Centrally DFID offers its ideas on ways to achieve the MDGs through the Target Strategy Papers. In some cases these have been recently updated to give a more differentiated idea of how the MDGs will be achieved (see the paper "Children out of school" produced by the Education Department). There is, however, some concern over how effective the TSPs are in informing DFID policy and in assisting country level programmes in realising the MDGs.
- In general the concerns that DFID's commitment to the MDGs will conflict with local development demands is dismissed on the grounds that there are very few cases where countries PRSPs do not express support for attaining the MDGs.

108 For these reasons it is important to note that the MDGs should act as indicators of progress rather than guides to action.

109 Distortion might also arise from attempts to reach aid allocation targets as stated in the MDGs. In the worst case this might result in financial year end off-loading of additional aid through channels that lie outside the standard principles of partnership. Furthermore, there is a question of whether the focus on selected development goals leads to a distortion of the statistics collection functions.

## **Attribution and its consequences**

To what extent is the attempt to assign attribution to DFID reasonable?

110 In attempting to use the MDGs to structure its PSA, DFID has attempted to formulate PSA targets which show some level of attribution to DFID actions. Important features of the current PSA are the identification of key countries and key targets for countries within regions. It is clear that the targets set in the DFID PSA for 2003-2006 cannot be attributed to DFID alone, and one danger is that by presenting these targets publicly DFID is seen as making arrogant claims about its effect in facilitating development change.

Would failure to reach targets indicate DFID's failure?

111 A further danger is that failure to reach these targets does not necessarily indicate a failure of DFID's performance, though it might indicate a need to review the strategies being adopted. For this reason, outcome based monitoring is important in the way it informs the rest of the management system, including the SDA and the Directors Delivery Plans.



What are the consequences of DFID's decision to select a small numbers of countries as key countries?

- 112 DFID's decision to focus on a smaller number of countries raises questions about the selection of countries for priority status. It is not clear what this status entails apart from the use of data from those countries for monitoring purposes. However, it is recognized that as DFID focuses development support on a smaller number of countries, it is increasingly important to demonstrate that judgments about the selection of countries are based on supportable/objective criteria. It is planned that such judgments should complement existing decision making processes based on evidence about policy intention and political commitment, but there is a danger that formulaic judgments could predominate.
- 113 A focus on a smaller number of countries raises questions about how the international community shares out its support. With the gradual reduction in the use of development aid for political purposes, there may be arguments for a more systematic approach to sharing bilateral support among developing countries.
- 114 Country selection raises questions about how aid flows might be used to promote good policy environments. It is clear that good policy environments provide greater absorptive capacity, and that (high levels of) budget support can be used to maintain momentum in the pursuit of good policies. However, it is much less clear that the promise of high aid flows is an effective incentive to change policies. In poor policy environments, DFID intends to maintain an engagement to promote better policies. However it is noted that while good aid practices in strong policy environments is well articulated, actions to be taken in poor policy environments are less clear.

### Aid modality

- 115 Many of the difficulties in using the MDGs as management tools are resolved by referring to countries own poverty reduction strategies. DFID's intention is to use these as the basis for its aid relationship in most countries. While there are very good reasons for this, there are also some risks associated with this approach. While it is not possible to give a full review of the PRSP process here, it is worth highlighting three key points with regard to monitoring and relating to PRSP performance:
- The PRSP process will only work if most major development agencies use the PRSP as the investment and aid coordination mechanism in country. This may be more of an issue in Asia than it is in Africa, as some of the most important donors (notably the Japanese and the ADB) appear to be reluctant to recognise PRSPs as *the* central instrument of donor-government policy dialogue and aid coordination.
  - The PRSP process will only work if it is given time to become established in government planning systems. A danger arises if development officials attempt to fix initial difficulties with substantial, donor-driven changes to the PRSP process.
  - The PRSP process will only work if countries' stated commitment is born out in action. The role that aid agencies play in monitoring government actions will be key.

How should DFID judge a country's performance in reaching PRS targets?

- 116 DFID gives preference to budget support against undertakings that countries sustain policies directed at attaining their PRS targets. Performance management as articulated in the PSA agreement suggests a priority should be given to monitoring performance in progress against targets, however, at the country level it will be more important to be convinced of levels of commitment and policy intention than outcomes *per se*. Within DFID it is understood that outcomes will depend on a host of factors, and not only government action. This need to appraise government intention and commitment presents a set of new challenges for the front line advisory staff. Their role now requires them to establish a relationship with government

departments in order that they can advise DFID on whether the country's intentions and commitments are sufficient for budget support to be provided. This change in role presents a significant challenge for DFID staff training.

### Questions concerning the origins and use of data

What are the dangers in relying on MDG monitoring data?

- 117 There are obvious dangers in depending on data which has limited reliability, and so DFID is directing efforts at strengthening country level monitoring. Obtaining reliable country level data is particularly important, especially given the way that large countries dominate reporting and present a distorted image. At the same time, there is a need for large countries to generate data which is disaggregated by region so need areas can be identified. Comparability between countries is more difficult, but perhaps less important than time series comparability.

What should be done about improving MDG monitoring?

- 118 The principle challenge is to achieve necessary short term improvements in data collection while building robust local systems which will support a country's own agenda. Principally data should arrive from MIS, regular surveys and vital registration systems. Support for these changes should come from the relevant UN agencies mandated to support information systems. DFID needs to continue its work in generating greater coherence and consistency in the way these agencies work with governments and with each other.

#### 4. The IDC and the MDGs

**Recommendations for the IDC's use of the MDGs removed at the request of the IDC for version of report for public release.**

## 5. Sources

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## *Selected websites*

### **Bretton Woods Project**

Assessment of the FfD outcome paper and proposed next steps: a summary critique of costs for reaching the MDGs: <http://www.brettonwoodsproject.org/topic/reform/r27ffdassessed.htm>

### **EC – Europe’s response to international development targets**

Summary of EC response to IDTs and MDGs

[http://www.europaworld.org/DEVPOLAWAR/Eng/Targets/Targets\\_eng.htm](http://www.europaworld.org/DEVPOLAWAR/Eng/Targets/Targets_eng.htm)

### **PARIS 21 – Progress towards the International Development Goals**

Good summary discussion on progress under each of the goals, with regional breakdown; also Q&A, and discussion on “what will it take to achieve the goals”.

<http://www.paris21.org/betterworld/>

### **Her Majesty’s Treasury**

The DFID PSA: [http://www.hm-treasury.gov.uk/mediastore/otherfiles/psa02\\_ch11t.pdf](http://www.hm-treasury.gov.uk/mediastore/otherfiles/psa02_ch11t.pdf)

### **OECD-DAC**

Introduction to the IDTs: <http://www1.oecd.org/dac/Indicators/>

The IDTs and associated indicators: <http://www1.oecd.org/dac/Indicators/htm/list.htm>

Charts showing regional progress: <http://www1.oecd.org/dac/Indicators/htm/regcharts.htm>

Charts showing country progress: <http://www1.oecd.org/dac/Indicators/htm/cpcharts.htm>

### **UNDP**

Site with links to country reports, presentations and review documents:

<http://www.undp.org/mdg/>

### **World Bank**

Introduction: <http://www.developmentgoals.org/>

Data by country: <http://www.worldbank.org/data/countrydata/countrydata.html>



## 6. Annexes

### Annex 1 The Millennium Development Goals, with associated targets and indicators

Goals and Targets		Indicators
<b>Goal 1: Eradicate extreme poverty and hunger</b>		
<b>Target 1:</b>	Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	1. Proportion of population below \$1 per day 2. Poverty gap ratio [incidence x depth of poverty] 3. Share of poorest quintile in national consumption
<b>Target 2:</b>	Halve, between 1990 and 2015, the proportion of people who suffer from hunger	4. Prevalence of underweight children (under-five years of age) 5. Proportion of population below minimum level of dietary energy consumption
<b>Goal 2: Achieve universal primary education</b>		
<b>Target 3:</b>	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	6. Net enrolment ratio in primary education 7. Proportion of pupils starting grade 1 who reach grade 5 8. Literacy rate of 15-24 year olds
<b>Goal 3: Promote gender equality and empower women</b>		
<b>Target 4:</b>	Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015	9. Ratio of girls to boys in primary, secondary and tertiary education 10. Ratio of literate females to males of 15-24 year olds 11. Share of women in wage employment in the non-agricultural sector 12. Proportion of seats held by women in national parliament
<b>Goal 4: Reduce child mortality</b>		
<b>Target 5:</b>	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	13. Under-five mortality rate 14. Infant mortality rate 15. Proportion of 1 year old children immunised against measles
<b>Goal 5: Improve maternal health</b>		
<b>Target 6:</b>	Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	16. Maternal mortality ratio 17. Proportion of births attended by skilled health personnel
<b>Goal 6: Combat HIV/AIDS, malaria and other diseases</b>		
<b>Target 7:</b>	Have halted by 2015, and begun to reverse, the spread of HIV/AIDS	18. HIV prevalence among 15-24 year old pregnant women 19. Contraceptive prevalence rate 20. Number of children orphaned by HIV/AIDS
<b>Target 8:</b>	Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases	21. Prevalence and death rates associated with malaria 22. Proportion of population in malaria risk areas using effective malaria prevention and treatment measures 23. Prevalence and death rates associated with tuberculosis 24. Proportion of TB cases detected and cured under DOTS (Directly Observed Treatment Short Course)
<b>Goal 7: Ensure environmental sustainability</b>		
<b>Target 9:</b>	Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	25. Proportion of land area covered by forest 26. Land area protected to maintain biological diversity 27. GDP per unit of energy use (as proxy for energy efficiency) 28. Carbon dioxide emissions (per capita) Plus two figures of global atmospheric pollution: ozone depletion and the accumulation of global warming gases]
<b>Target 10:</b>	Halve, by 2015, the proportion of people without sustainable access to safe drinking water	29. Proportion of population with sustainable access to an improved water source
<b>Target 11:</b>	By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	30. Proportion of people with access to improved sanitation 31. Proportion of people with access to secure tenure Urban/rural disaggregation of several of the above indicators may be relevant for monitoring improvement in the lives of slum dwellers]

<b>Goal 8: Develop a Global Partnership for Development*</b>	
<p><b>Target 12:</b> Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. <i>Includes a commitment to good governance, development, and poverty reduction – both nationally and internationally</i></p>	<p>Some of the indicators listed below will be monitored separately for the Least Developed Countries (LDCs), Africa, landlocked countries and small island developing states.</p> <p><u>Official Development Assistance</u></p> <p>32. Net ODA as percentage of DAC donors' GNI [targets of 0.7% in total and 0.15% for LDCs]</p> <p>33. Proportion of ODA to basic social services (basic education, primary health care, nutrition, safe water and sanitation)</p> <p>34. Proportion of ODA that is untied</p> <p>35. Proportion of ODA for environment in small island developing states</p> <p>36. Proportion of ODA for transport sector in land-locked countries</p>
<p><b>Target 13:</b> Address the Special Needs of the Least Developed Countries <i>Includes: tariff and quota free access for LDC exports; enhanced programme of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction</i></p>	<p><u>Market Access</u></p> <p>37. Proportion of exports (by value and excluding arms) admitted free of duties and quotas</p> <p>38. Average tariffs and quotas on agricultural products and textiles and clothing</p> <p>39. Domestic and export agricultural subsidies in OECD countries</p> <p>40. Proportion of ODA provided to help build trade capacity</p>
<p><b>Target 14:</b> Address the Special Needs of landlocked countries and small island developing states (through Barbados Programme and 22nd General Assembly provisions)</p>	<p><u>Debt Sustainability</u></p> <p>41. Proportion of official bilateral HIPC debt cancelled</p> <p>42. Debt service as a percentage of exports of goods and services</p> <p>43. Proportion of ODA provided as debt relief</p> <p>44. Number of countries reaching HIPC decision and completion points</p>
<p><b>Target 15:</b> Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term</p>	
<p><b>Target 16:</b> In cooperation with developing countries, develop and implement strategies for decent and productive work for youth</p>	<p>45. Unemployment rate of 15-24 year olds</p>
<p><b>Target 17:</b> In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries</p>	<p>46. Proportion of population with access to affordable essential drugs on a sustainable basis</p>
<p><b>Target 18:</b> In cooperation with the private sector, make available the benefits of new technologies, especially information and communications</p>	<p>47. Telephone lines per 1000 people</p> <p>48. Personal computers per 1000 people</p> <p>Other Indicators TBD</p>

\* The selection of indicators for Goals 7 and 8 is subject to further refinement



## Annex 2 International Development Goals and Targets

(<http://www1.oecd.org/dac/indicators/htm/list.htm>)

GOALS	INDICATORS
<b>Economic well-being</b>	
<b>Reducing extreme poverty</b> The proportion of people living in extreme poverty in developing countries should be reduced by at least one-half by 2015. <i>(Copenhagen)</i>	1. Incidence of Extreme Poverty: Population Below \$1 Per Day 2. Poverty Gap Ratio: Incidence times Depth of Poverty 3. Inequality: Poorest Fifth's Share of National Consumption 4. Child Malnutrition: Prevalence of Underweight Under 5s
<b>Social development</b>	
<b>Universal primary education</b> There should be universal primary education in all countries by 2015. <i>(Jomtien, Beijing, Copenhagen)</i>	5. Net Enrolment in Primary Education 6. Completion of 4th Grade of Primary Education 7. Literacy Rate of 15 to 24 Year-Olds
<b>Gender equality</b> Progress towards gender equality and the empowerment of women should be demonstrated by eliminating gender disparity in primary and secondary education by 2005. <i>(Cairo, Beijing, Copenhagen)</i>	8. Ratio of Girls to Boys in Primary & Secondary Education 9. Ratio of Literate Females to Males (15 to 24 Year-Olds)
<b>Infant &amp; child mortality</b> The death rates for infants and children under the age of five years should be reduced in each developing country by two-thirds the 1990 level by 2015. <i>(Cairo)</i>	10. Infant Mortality Rate 11. Under 5 Mortality Rate
<b>Maternal mortality</b> The rate of maternal mortality should be reduced by three-fourths between 1990 and 2015. <i>(Cairo, Beijing)</i>	12. Maternal Mortality Ratio 13. Births Attended by Skilled Health Personnel
<b>Reproductive health</b> Access should be available through the primary health-care system to reproductive health services for all individuals of appropriate ages, no later than the year 2015. <i>(Cairo)</i>	14. Contraceptive Prevalence Rate 15. HIV Prevalence in 15 to 24 Year-Old Pregnant Women (1)
<b>Environmental sustainability and regeneration</b>	
<b>Environment (2)</b> There should be a current national strategy for sustainable development, in the process of implementation, in every country by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015. <i>(Rio)</i>	16. Countries with Effective Processes for Sustainable Development (3) 17. Population with [sustainable] Access to Safe Water (4) 18. Forest Area as a % of National Surface Area 19. Biodiversity: Land Area Protected (5) 20. Energy Efficiency: GDP per Unit of Energy Use 20. Carbon Dioxide Emissions
<b>General Indicators</b>	
Other selected indicators of development For reference: Population Gross National Product	<ul style="list-style-type: none"> <li>▪ GNP per Capita</li> <li>▪ Adult Literacy Rate</li> <li>▪ Total Fertility Rate</li> <li>▪ Life Expectancy at Birth</li> <li>▪ Aid as % of GNP</li> <li>▪ External Debt as % of GNP</li> <li>▪ Investment as % of GDP</li> <li>▪ Trade as % of GDP</li> </ul>

## Notes to Annex 2:

- <sup>1</sup> Until satisfactory data coverage is achieved on this indicator, the prevalence of HIV infection in all adults will be used.
- <sup>2</sup> In addition to the six indicators for each country, two indicators of global environmental resources will be included when presenting global totals: *ozone depletion* and the *accumulation of global warming gases in the atmosphere*.
- <sup>3</sup> The DAC Working Party on Environment and Development is currently developing guidelines on how to generate national processes for sustainable development. This work will lead to improvements in this indicator to assess the comprehensiveness of the process and the vigour of implementation. Strategies will need to include references to localised environmental issues, such as *air quality*, *desertification*, *marine quality* (e.g. *loss of mangrove areas/ coral reefs*), *sanitation*, and *sustainability of the use of water resources*.
- <sup>4</sup> It is proposed to develop a measure of sustainability of access to further improve this measure.
- <sup>5</sup> Biodiversity is a global issue. It is intended to improve the indicator to score the importance of the areas protected and level of protection in force.

### General notes:

This list is neither exclusive nor comprehensive. It covers goals selected from the series of UN Conferences held in the 1990s known as the international development goals. The selection does not imply any diminished commitment to other goals accepted by the international community, at international conferences or elsewhere.

Like the goals, the indicators are inter-related and should be seen as a whole. They constitute a core set reflecting key aspects of economic and social well-being and environmental sustainability. Thus some indicators address more than one goal, but for brevity are shown only once. For example, while water is an environmental resource, access to it directly affects the quality of women's lives and the health of their children. In addition to indicators related to the goals, the set includes some general indicators of development.

The indicators are disaggregated by sex where relevant to measure the extent of gender inequality. This global set covers issues relevant to each country in the world. It does not cover issues that affect only some regions or ecological areas. These should be covered in national indicator sets. Where possible and appropriate, countries should also disaggregate indicators to cover sub-national groupings such as urban/rural, income groups and administrative areas.

**Annex 3 DFID's PSA objectives and targets and associated SDA strategies for 2001 – 2004**

PSA Objective	PSA Target	Delivery strategy
<p>1. To reduce poverty through the provision of more <b>focused</b> and <b>co-ordinated</b> development assistance by <b>the international community</b> to <i>low</i> and <i>middle</i> income countries:</p> <p>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:</p>	<p>1. a) an <b>increase</b> in the <b>percentage</b> of DFID's bilateral programme going to <b>poor</b> countries, particularly those with <b>favourable</b> policy environments;</p> <p>1. b) an <b>increase</b> in the <b>percentage</b> of EC development assistance going to <b>poor</b> countries and;</p> <p>1. c) Adoption and implementation of effective Poverty Reduction Strategies by 2004 in all countries accessing International Development Agency (IDA) high impact or adjustment lending.</p>	<p><b>Delivery strategy</b></p> <p>(a) working with partners in poor countries to deliver country <b>strategies which support poverty reduction</b>(1), and:</p> <p>(b) <b>allocating</b> DFID support taking account of numbers of poor people, the effectiveness of country programmes, and partners' progress in developing and implementing sound pro-poor policies(2);</p> <p>II. Seek to improve the <b>effectiveness of EC development assistance</b> and the <b>European Development Fund</b> by working with other Government departments (especially FCO and HM Treasury) and EU Member States to:</p> <p>(a) establish <b>better organisation</b> of EC programme delivery, by end-2001;</p> <p>(b) gain agreement in Council and Commission to <b>re-direct allocations</b> and spend towards programmes which reduce poverty by 2003;</p> <p>(c) increase the <b>proportion of EC country specific oda going to poor countries</b> from 50% in 1998 to 70% in 2006.</p> <p>Where poor countries have demonstrated a clear commitment to developing and implementing comprehensive Poverty Reduction Strategies, donors should respond by supporting delivery of these Strategies. DFID will therefore:</p> <p>III. <b>Provide support to at least 12 partner countries by 2004 to develop and implement Poverty Reduction Strategies</b> in co-ordination with other donors.</p>

<p>2. To promote <b>sustainable development</b> through co-ordinated UK and international action.</p> <p>To promote the integration of developing countries into the global economy through co-ordinated UK and international action, including by:</p>	<p>2. a) relief of <b>unsustainable debt</b> 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 HM Treasury) and;</p> <p>2. b) gaining international agreement on the integration of social, economic and environmental aspects of sustainable development into poverty reduction programmes. (<b>Integrating MDGs with PRSP</b>)</p>	<p>Relief of unsustainable debt burdens is essential if poor countries are to harness the resources they need for economic growth and development, to reduce poverty and reap the benefits of globalisation. DFID will therefore:</p> <p>I. Work to secure faster, wider and deeper debt relief for the poorest countries, through effective <b>implementation of the Heavily Indebted Poor Countries (HIPC)</b> Initiative. Effectiveness will be determined by the <b>involvement of all creditors</b> (including securing the necessary financing for multilateral creditors), the extent of <b>frontloading</b> i.e. that more of the benefit of debt relief is felt in the early years (including from Decision Point), the speed of the process and the strength of the <b>link to poverty reduction</b>, ensuring that debt relief assists countries to implement their national poverty reduction strategies and achieve the international development targets.</p> <p>To ensure development is sustainable over the long term and benefits future, as well as current generations, poor countries need to integrate sustainable development into their policies and programmes. DFID will therefore work towards:</p> <p>II. Developing <b>guidance on the principles of *strategic planning for sustainable development</b>, securing OECD Development Assistance Committee (DAC) agreement to it by mid-2001, and work to secure wider international agreement by end-2001; (* "Strategic planning for" has been inserted as an amendment to the originally agreed SDA to help clarify DFID's intent.)</p> <p>III. <b>Successful integration of these principles into government, multilateral and DFID policies and programmes in 10 key DFID partner countries</b> by early-2004, including agreed approaches to water resources management, and capacity building for environmental management;</p> <p>Successful integration of poor countries into the global economy will depend on the creation of a supportive environment in which trade and enterprise can flourish, and contribute to poverty reduction. DFID will therefore:</p> <p>IV. Work with the public and private sectors to <b>improve the business environment</b>, especially access to finance and other business services for enterprises that employ or benefit the poor(4).</p> <p>V. Promote increased <b>private sector foreign investment</b> 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 Africa and south Asia.</p> <p>VI. Work with the EU and other partners for multilateral trade negotiations to improve <b>trading opportunities for poor countries</b>, whilst working with other donors to deliver more effective <b>capacity-building</b> support for poor countries so that they are <b>equipped to participate fully in the international trading system</b>.</p> <p>Effective action to <b>tackle HIV</b> is essential if poor countries are to sustain economic growth, development and poverty reduction. DFID will therefore:</p> <p>VII. Work with partners in countries with high, or increasing HIV prevalence to develop and implement strategies which intensify multi-sectoral and co-ordinated international action on HIV/AIDS.</p>
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	<p>2. b) Improved effectiveness of the UK contribution to <b>conflict prevention</b> and management, as demonstrated by a reduction in the number of people whose lives are affected by violent conflict and by a reduction in potential sources of future conflict, where the UK can make a significant contribution (<b>joint target with Foreign &amp; Commonwealth Office and Ministry of Defence</b>).</p>	<p>Successful delivery depends on governments, donors, international bodies, civil society groups, the private sector and others co-operating closely in the design and delivery of <b>coherent, complementary policies and interventions in order to defuse tensions</b>, reduce violence, tackle the factors that underlie armed conflict and build governments and institutions capable of sustaining peaceful and democratic societies.</p> <p>Where the UK can make a significant contribution, <b>DFID, FCO and MOD</b> will work in partnership with others to:</p> <ul style="list-style-type: none"> <li>i. <b>Strengthen international and regional systems and capacity for conflict prevention</b>, early warning, crisis management, conflict resolution/peace making, peace keeping and peace building.</li> <li>ii. <b>Contribute to global and regional conflict prevention initiatives</b>, such as curbing the proliferation of small arms and the diversion of resources to finance conflict.</li> <li>iii. <b>Promote initiatives in selected countries, including indigenous capacity building, to help avert conflict</b>, reduce violence and build sustainable security and peace.</li> </ul>
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<p>3. Improved <b>education outcomes</b> in key countries receiving DFID education support.</p> <p>Improved <b>education systems</b> in our top ten recipients of DFID education support demonstrated by:</p>	<p>3 a) an average <b>increase in primary school enrolment</b> from a baseline established in 2000 of 75% to 81% on the basis of data available in 2004; and</p> <p>3 b) improvements in <b>gender equality in education</b>, particularly primary education.</p>	<p>Successful delivery depends on donors and poor country partners working together to design and deliver effective policies and support for education(6). DFID will therefore work in partnership with others to support:</p> <p>Implementation of the agenda agreed by the International Community at the Dakar World Education Forum(7) in April 2000 through the <b>provision of focused support by relevant multilaterals(8), partner countries, bilateral donors and NGOs.</b></p> <p>Successful adoption and implementation of <b>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</b> of bilateral education assistance;</p> <p>Development of <b>basic monitoring and evaluation mechanisms</b> and their integration into education sector strategies by 2004 in at least 8 of our top 10 recipients of bilateral education assistance;</p>
<p>4. Improvements in health outcomes in key countries receiving DFID health care assistance.</p> <p>Improvements in child, maternal and reproductive <b>health</b> in our top ten recipients of DFID health care assistance demonstrated by:</p>	<p>4a) a <b>decrease in the average under-5 mortality rate</b> from 132 per 1,000 live births in 1997 to 103 on the basis of data available in 2004;</p> <p>4 b) an <b>increase in the proportion of births assisted by skilled attendants</b> from a baseline established in 2000 of 43% to 50% on the basis of data available in 2004; and</p> <p>4 c) improved access to <b>reproductive health care</b>.</p>	<p>Successful delivery depends on donors, and poor country partners working together to design and deliver effective policies and support for health(10). DFID will therefore work in partnership with others to support:</p> <p>I. Development and implementation of <b>strategies focused on improving access to safe water and sanitation(11) and reducing levels of child mortality, in at least 8 of the top 10 recipients of bilateral health assistance by 2004;</b></p> <p>II. Development and implementation of <b>health sector strategies</b> by 2004 in at least 8 of the top 10 recipients of bilateral health assistance which:</p> <p>(a) aim to improve child health outcomes and include actions to strengthen <b>immunisation</b> and prevention, and the <b>treatment of childhood illnesses</b>, including <b>malaria</b> where endemic;</p> <p>(b) include explicit policy and operational frameworks to strengthen the <b>capacity of health systems</b>, improve the quality and coverage of <b>maternal health care</b>, and ensure universal access to reproductive health services;</p> <p>III. Strengthened <b>multilateral initiatives to combat HIV/AIDS</b> in Africa (UNAIDS) and Roll Back Malaria (WHO) demonstrated through national strategies, with jointly agreed milestones, in at least five of the top <b>10 recipients of DFID healthcare assistance</b>.</p>

Additional targets detailed in the SDA:

Additional targets objective 1:

- the poor in middle income countries will not be forgotten
- Clarify the relationship between UNDAF, CDF and PRSP
- More general disaster prevention work should continue to be undertaken

Additional targets Objective 2

- Increase development awareness in UK

Additional targets for objectives 3 and 4

- Aid for education and health continues to countries outside the top ten

#### *Annex 4 Persons met*

Desmond Birmingham	Senior Education Adviser, Africa Great Lakes and Horn Department
Richard Dewdney	Deputy Head, Africa Policy Department
Ruth Driscoll	Special Adviser to the Secretary of State for Development
Peter Grant	Deputy Head, Asia Division
Tim Harris	Statistics Department
John Hoy	Head, Economic Policy Department, Policy Division
Richard Manning	Director-General, Policy Division
John Moye	Education Department
Elizabeth Robbin	Statistics Department
Graham Stegman	Director, Africa Policy Department
Sue Wardell	Head of Development Policy Department
Roger Wilson	Chief Governance Adviser, Policy Division