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Chapter 3

Progress Towards the Millennium Development Goals[1]

The Millennium Declaration marked a major endorsement of the earlier work in the DAC to select seven international development goals, published in 1996 in "Shaping the 21st Century: The Role of Development Co-operation". This chapter presents data on progress towards the quantitative development goals and targets in the Declaration, with a special focus on the gender aspects of the MDGs. It concludes by describing efforts in the DAC to improve aid effectiveness and implement the Rome Declaration on Harmonisation.

Introduction

Three years after the UN Millennium Summit, the Millennium Development Goals (MDGs) continue to provide an unprecedented basis for partnership between developed and developing countries. The MDGs have recently been embraced by other bodies, including the African Union and the G8, linking them to the mutual accountability approach of the Monterrey Consensus. They have enabled all development partners to align their work around a common framework and to improve the coherence and effectiveness of their efforts at country level. The United Nations has launched: the "Millennium Development Goals campaign" to spread awareness and build global support for the Goals; a process of national reporting on progress towards the Goals; and the Millennium Project – drawing together hundreds of policy makers, practitioners and experts to research how progress can be accelerated and sustained.

Rapid advances by some countries have shown that the MDGs, while ambitious, are achievable. Growing political and financial support over the past year for key priorities, in particular for the fight against HIV/AIDS, clearly shows that resources *can* be mobilised very rapidly to meet specific global challenges if there is the political will. Nevertheless, it is evident that, on current trends, some parts of the world risk falling well short of achieving most of the MDGs by 2015 (see Box 3.1 for the list of eight Goals and eighteen Targets). The UN Secretary-General's report states: "With the global economy relatively weak, the scale of political and financial support for these less fortunate regions is currently well below the level needed to meet the Goals. Many developed countries are failing to meet key commitments, particularly in areas such as trade. There is therefore a clear need for political leaders to take urgent action over the coming year to avoid further setbacks and accelerate progress."

As the summary in Table 3.1 shows, for every Goal there are encouraging signs of progress in some areas, alongside worrying evidence of stagnation and reversal in others. The detailed annex to the UN report also shows that the capacity of countries to provide reliable statistics for monitoring trends needs to be considerably strengthened in order to provide sound measurements of their needs and achievements (see Box 3.2).

Progress towards the Goals

Goal 1 – Eradicate extreme poverty and hunger

Progress towards most of the MDGs depends heavily on the benefits of economic growth reaching the poor. Annual per capita income needs to increase by a minimum of 3% to relieve *poverty* at a rate sufficient to meet the goal of halving the proportion of people living on less than a dollar a day. But recent growth is well below this, developing countries having borne the brunt of the slowdown since the Millennium Declaration. Their annual economic growth per capita – which averaged 2.8% in the 1990s – fell to only 1.6% in 2001-3, with only 0.7% for sub-Saharan Africa and a decline of almost 1% a year for Latin America.

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Box 3.1. Millennium Development Goals (MDGs)

Goals and Targets from the Millennium Declaration

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

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

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

Goal 3: Promote gender equality and empower women

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

Goal 4: Reduce child mortality

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

Goal 5: Improve maternal health

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

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

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

Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

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

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

Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

Goal 8: Develop a global partnership for development

Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Includes a commitment to good governance, development, and poverty reduction – both nationally and internationally

Target 13: Address the special needs of the least developed countries. Includes: tariff and quota free access for least developed countries' exports; enhanced programme of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction

Target 14: Address the special needs of landlocked countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)

Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Target 16: In co-operation with developing countries, develop and implement strategies for decent and productive work for youth

Target 17: In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries

Target 18: In co-operation with the private sector, make available the benefits of new technologies, especially information and communications

The Millennium Development Goals and targets come from the Millennium Declaration signed by 189 countries, including 147 Heads of State, in September 2000 (*www.un.org/documents/ga/res/55/a55r002.pdf* – A/RES/55/2). The goals and targets are inter-related and should be seen as a whole. They represent a partnership between the developed countries and the developing countries determined, as the Declaration states, "to create an environment – at the national and global levels alike – which is conducive to development and the elimination of poverty".

Table 3.1. **Overview of progress towards the Millennium Development Goals**

2015 **G**oals and **T**argets	Developing regions		Years ahead/ behind trend to target	Regions with most to do			Indicator
All developing countries unless otherwise stated	1990	2000			2000	2015 target	
T1. Halve income poverty (low and middle income)	29.6	23.2[1]	+2	SSA	49.0[1]	23.7	% population below USD 1 PPP per day
T2. Halve hunger	33	28	–2	SCA	47	26	% underweight children under-5
T3. Universal primary education	79.8	82.1[2]	–7	SSA	57.7[2]	100	% net enrolment in primary school
T4. Promote gender equality (2005 target)	0.83	0.87[2]	–6	SCA	0.79[2]	1	Ratio of girls to boys in primary school
T5. Reduce child mortality	102	90	–6	SSA	172	59	Under-5 deaths per 1 000 births
T6. Improve maternal health	42	52	n.a.	SSA	920	230	World: % attended births; SSA: maternal deaths per 100 000 births
T7. Combat HIV/AIDS	n.a.	1.4[3]		SSA	8.5[3]		% 15-49 year olds with HIV/AIDS
T8. Combat malaria	n.a.	166		SSA	791		U-5 deaths per 100 000 0-4 year olds
T8. Combat tuberculosis	n.a.	31[4]		SCA	47		Deaths per 100 000 population
T9. Preserve forests	28.1	26.8		SEA	–11.3[5]		World: % forested land; SEA: % loss 1990-2000
T9. Promote energy efficiency (low and middle income)	325	249		SSA	341		Kg oil equivalent to produce USD 1 000 GDP
T10. Halve proportion of people (urban)	92	92	–10	Oceania	76	94	% access to improved water source
without access to safe water (rural)	60	69	–4	Oceania	40	66	% access to improved water source
T10. Halve proportion of people (urban)	70	77	–4	Eastern Asia	70	78	% access to improved sanitation
without access to sanitation (rural)	21	35	–5	SCA	25	56	% access to improved sanitation
G8. Provide more generous aid (DAC)	0.33	0.23[3]					ODA as % donor GNI
G8. Focus on basic social services (DAC)	9[6]	15[2]					% of ODA to basic education, primary health, nutrition, water and sanitation
G8. Admit more imports free of duty (OECD)	54.8[7]	65.7[4]					% of imports (excluding arms) from developing countries admitted free of duty
G8. Reduce agricultural subsidides (OECD)	1.9	1.2[3]					% of GDP in support of agriculture
T15. Provide sustainable debt relief (HIPC)		41[8]					USD billion cumulative
T16. Build strategies for youth employment (World)	10.0[9]	10.4[1]		MENA	26.2[1]		% 15-24 year olds unemployed
T17. Provide access to affordable essential drugs	53[10]	65[1]		SCA	44[1]		% of population with access
T18. Spread benefits of new technologies	2.4	20.8[3]		SSA	5.5[3]		Number of telephones per 100 population

Note: UN regional groups: SSA – Sub-Saharan Africa; SCA – South-central Asia; SEA – South-eastern Asia; MENA – Middle East and North Africa.

1. 1999.
2. 2000-2001.
3. 2002.
4. 2001.
5. % change 1990-2000.
6. 1996-97.
7. 1996.
8. 2003.
9. 1995.
10. 1987.

Source: OECD.

Box 3.2. **PARIS21 – From modelling to measuring results**

By providing global and regional estimates, the annual reporting on progress towards the Millennium Development Goals (MDGs) disguises the paucity of measured data at the national level. The true picture is that much of the data required are of inadequate quality or simply missing and the gaps are filled by international agencies from imperfect models. There is a priority need to build sustainable statistical capacity in developing countries to monitor achievement of the goals, *i.e.* to move from modelling to measuring results. One aim, gathering support in the international community, is to have built the capacity in nearly all countries so that the comprehensive 2010 monitoring report on the MDGs will be based on data produced locally to plan and monitor national development. A first step will be to have national statistical development plans – integrated into national development strategies (such as PRSPs) – in all developing countries by 2006. This is the aim of PARIS21* which works with DAC members and other donor agencies to rectify the chronic under-funding of statistics in developing countries.

* Partnership in Statistics for Development in the 21st Century (see *www.paris21.org*)

More encouragingly, countries in transition reversed their decline of the 1990s and seem likely to enjoy sound growth over the medium term.

Overall the world has a good chance of meeting the 2015 deadline for halving extreme poverty. But this is largely due to progress in China and India – the world's two most populous countries. China nearly halved its extreme poverty in the 1990s and India is on track to halve it by 2015. At the national level, however, the picture is much more troubling – 37 of the 67 countries for which data are available experienced increased poverty rates in the 1990s. Nevertheless, it is still not too late for most of these countries to meet the goal. For example, several sub-Saharan African countries, among them Cape Verde, Mauritius, Mozambique and Uganda, have grown faster than the 3% per capita benchmark.

Such regional and national variations are reflected in other targets as well. While most of the world made significant progress in the fight against *hunger* during the 1990s, the prevalence of underweight children remained at nearly 50% in South-central Asia and sub-Saharan Africa. This is unacceptable in an era of global overproduction of food.

Goal 2 – Achieve universal primary education

While rates of primary education have continued to rise, at a global level progress is now seven years behind where it should be, with slippage since 1990 in the high enrolment ratio in Eastern Asia and a negligible increase in the low levels of enrolment in sub-Saharan Africa. But again, some countries provide striking evidence of what can be achieved rapidly by making education a priority and matching commitment with sound policies and real resources. In the 1990s, Benin increased its primary enrolment rate and Mali its primary completion rate by more than 20 percentage points. Malawi and Uganda also made considerable progress in the 1990s, as has Kenya in 2003. Region-wide progress on this scale would be a major step in the right direction.

Goal 3 – Promote gender equality and empower women

While there has been progress towards greater gender equality in education, by 2001 the world average was still six years behind the pace required to reach the aim of gender equality in primary school by 2005 – so that goal will be missed. And while the share of women in non-agricultural wage employment increased in the 1990s by 10 percentage points in sub-Saharan Africa, it fell back in the Middle East and North Africa. After no progress in the 1990s in the share of parliamentary seats held by women, there was slight improvement in all regions except Oceania by 2003, albeit from only 11.9 to 13.5%. The gender aspects of the MDGs are examined in greater detail in Box 3.3.

Goal 4 – Reduce child mortality

Despite broad advances in children's health in developing regions since 1990, nearly 11 million children still die each year before reaching their fifth birthday, mostly from easily preventable or treatable causes. In some regions there has been good progress towards the target of reducing this rate by two-thirds by 2015, but in sub-Saharan Africa there was no significant progress between 1990 and 2001, and in South-central and Western Asia, as in Oceania, progress is still too slow. Globally, progress is six years behind that needed to reach the target. While 91% of one-year-olds in developed countries are immunised against measles – a major childhood killer – only around 60% are immunised in sub-Saharan Africa and South-central Asia, figures virtually unchanged since 1990.

Goal 5 – Improve maternal health

It is not yet possible to reliably measure trends in maternal mortality in developing countries. Yet in very few countries are there signs of progress sufficient to meet the target of reducing the rate by three-quarters by 2015, and differences between regions remain huge. Compared with developed countries, women are 175 times more likely to die in childbirth in sub-Saharan Africa, and 20 to 60 times more likely to die in childbirth in Asia (except Eastern Asia) and Oceania. Only a third of mothers in South-central Asia and two in five in sub-Saharan Africa benefit from the presence of a skilled attendant when they give birth.

Goal 6 – Combat HIV/AIDS, malaria and other diseases

The lack of progress to reverse the rate of the spread of HIV/AIDS, malaria and tuberculosis is a cause of great concern. HIV/AIDS has already had a devastating social and economic impact in sub-Saharan Africa and, to a lesser extent, the Caribbean. The incidence of malaria has also risen sharply since the 1970s, as increasing resistance of the infection to available drugs, and of mosquitoes to available pesticides, makes both treatment and prevention more difficult. The best estimates available also indicate that the incidence of tuberculosis is increasing.

Rapid improvements are possible by learning from and building on success stories. In Thailand, a strong prevention campaign since 1990 has broadly contained the HIV/AIDS pandemic; Uganda reduced HIV/AIDS infection rates for eight consecutive years in the 1990s; and Zambia may soon become the second African country to reduce the rate of the spread of the disease from crisis levels. Senegal and Cambodia also succeeded in containing the spread of HIV. And countries have the chance to make sizeable inroads into the incidence of tuberculosis by adopting a relatively inexpensive but sustained programme of treatment.

These efforts are now being supported by a major global mobilisation, combining new commitments to advocacy and political action in many of the most affected countries and a new drive to raise international resources. The Global Fund to Fight HIV/AIDS, Tuberculosis and Malaria is gaining increased support, but still requires more financial

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Box 3.3. **A gender perspective on the MDGs***

"There is no time to lose if we are to reach the Millennium Development Goals by the target date of 2015. Only by investing in the world's women can we expect to get there."
Kofi Annan, Secretary-General of the United Nations

Promoting gender equality and empowering women means:

- Ensuring that girls as well as boys get a chance to go to school.
- Measuring progress made towards women's literacy rates.
- Increasing women's voice and representation in public policy and decision-making.
- Improving women's job prospects.

How are we measuring progress?

Goal 3 has three indicators: *i)* women's literacy rates; *ii)* the share of women working outside agriculture; and *iii)* the proportion of seats women hold in national parliaments. The inclusion of indicators *ii)* and *iii)* shows that while achieving equal access to education is an important step towards gender equality, it is by no means sufficient.

Achieving Goal 3 also depends on progress made on each of the other MDG targets. Tracking gender gaps and inequalities against each of the other goals and indicators is an important step towards achieving them.

How is gender addressed in the country MDG reports?

A recent UNDP review of a selection of MDG reports from a gender perspective reveals that Goal 3 is the only goal where gender equality is consistently addressed, mostly in terms of the education indicator, with the other two indicators receiving much less attention. Goal 5 (maternal mortality) and Goal 6 (HIV/AIDS), which have a gender perspective, are also reported on. This, combined with the fact that women are invisible in both Goal 7 (environment) and 8 (development co-operation) suggests that "women are still being seen in terms of their vulnerabilities and cast in their traditional roles as mothers or victims rather than actors in development".

Further action

Reporting on Goal 3 indicators and other MDG targets at the national level is an opportunity for partners to enlarge the space for dialogue and build a national commitment to women's rights and gender equality. In addition, gender advocates and women's groups can use reporting processes to increase the visibility and awareness of gender inequalities and demand a stronger policy commitment for gender equality.

The UNDP review recommends incorporating *sex-disaggregated data and qualitative information on critical gender issues across goals and targets to bring gender perspectives to the centre-stage in MDG reports*. Other recommendations follow, such as:

- Involving women's groups and gender experts in consultations across goals to ensure that gender is integrated into MDG reports.
- Collecting qualitative information on key issues such as poverty and health using rapid participatory methodologies.
- Using independent gender experts familiar with the country to provide comments on draft reports.
- Sensitising statisticians involved in collating and processing data for the MDG reports.
- Elaborating common country databases and feeding data into the preparation of national reports.
- Highlighting the gender dimension of each MDG in those reports.
- Training country teams involved in MDG reporting and providing practical tips and tools for integrating a gender perspective.

* This box is adapted from Gender Equality and the Millennium Development Goals, an information kit published in 2003 by the World Bank as a collaborative effort by UNDP, UNIFEM, UNFPA, The World Bank, and the OECD/DAC GENDERNET; and from UNDP's *Millennium Development Goals – National Reports: A look through a gender lens*.

commitment. Private foundations are supporting research, treatment and prevention; some pharmaceutical firms are now offering steeply discounted drug supplies and an increasing number of countries are able to provide inexpensive generic drugs to their populations. Accelerated action now will enable the world to meet the deadline of 2015 for halting and beginning to reverse the spread of HIV/AIDS and the incidence of malaria and other major diseases.

Goal 7 – Ensure environmental sustainability

The goal of ensuring environmental sustainability has also seen both success and failure. There has been a large decrease in global consumption of ozone-depleting chlorofluorocarbons, mostly from the previous high levels in developed countries, but also a cut of almost half by developing countries since 1995. In other areas, however, progress has been less encouraging. For example, one consequence of population growth, urbanisation, farming and the strong demand for high-quality hardwood has been the decline in the proportion of land area covered by forests. In developing regions, this proportion declined from 28.1% in 1990 to 26.8% in 2000. The World Summit on Sustainable Development, held in Johannesburg in 2002, refocused global attention on these critical issues and more clearly linked environmental sustainability to poverty reduction.

Safe water and sanitation

The Johannesburg Summit also led to a specific goal for sanitation – to halve, by 2015, the proportion of people without access to basic sanitation – now part of target 10 of the MDGs. But progress on this target in the 1990s was at about half the pace required for its achievement, with still only 35% of the rural population of developing countries having access, and only a quarter in South-central Asia. Progress on the related target of access to safe water was also slow, with one in three of the rural population not having access in 2000 and with no progress at all in urban areas – stuck at 92% access. Meeting the goal translates into establishing new water supply services for an additional 254 000 people *each day* until 2015.

Goal 8 – Develop a global partnership for development

Goal 8 addresses policy coherence – through its focus on aid, trade, and debt relief – and mutual responsibilities by including a commitment to good governance, development, and poverty reduction – both nationally and internationally. The UN Secretary-General's report notes that: "It is no exaggeration to state that the success or failure of all the MDGs hinges on whether developed countries meet their commitments in these areas." It goes on to encourage the OECD to agree on time-bound deadlines for these pledges comparable to the 2015 target for the first seven MDGs.

Women are invisible in Goal 8. There are, however, a number of entry points for introducing *gender equity* under this goal. One of them is to ensure that national poverty reduction strategies are more gender sensitive and that women gain as much as men from the flow of new resources that should result from increased ODA, debt forgiveness and increased private flows coming from fairer international trade. Another is to make certain that the opening of markets works for women as well as men and that gender benefits from trade are sustainable. To pursue these and other gender and trade-related topics, an Inter-Agency Task Force on Gender and Trade, managed by UNCTAD, has recently been set up. The Task Force is now engaged in analytical research, capacity building and advocacy.

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This is particularly timely given the dearth of empirical and analytical data on the gender composition of the labour force by sector and on the gender division of responsibilities within sectors, and consequently on ways in which female and male workers are able to respond to trade reforms. It is hoped that when carrying out country assessments, WTO's Trade Policy and Review Mechanism will be able to integrate estimates of the gender balance in income and employment gains and losses from prospective trade expansion as well as analysis of the policy measures needed to secure longer-term benefits to women.

The Doha Development Round – placing the needs and interests of developing countries at the heart of the WTO *trade* negotiations – was a promising first step in Goal 8 implementation. So was the agreement on a mechanism to give developing countries that cannot produce cheap, generic drugs the right to import them from countries that can. Developing countries now need support to make use of the mechanism, so that the drugs can reach the millions who are suffering and dying. (As Table 3.1 shows, sustainable access to affordable drugs increased from 53% in 1987 to 65% in 1999, but still less than half the population had access in South-central Asia.)

But the impasse at the WTO Ministerial Meeting in Cancún, Mexico has set back this progress. There is an urgent need to get the talks restarted. The World Bank[2] has estimated that reducing barriers in rich and poor countries could produce an extra USD 350 billion of income in the developing world – high stakes indeed for the Doha Development Round. The UN report calls for developed countries to "agree to provide substantial improvements in market access by reducing or eliminating the high tariffs and non-tariff barriers they currently maintain on many developing-country exports, as well as phasing out the more than USD 300 billion a year they currently spend on agricultural subsidies, thereby denying farmers in poor countries a fair chance to compete, whether in world markets or at home".

Some progress in the area of *debt relief* has been made over the past year. Twenty-six countries have now reached their decision point under the enhanced Heavily Indebted Poor Countries (HIPC) initiative and are starting to integrate the relief provided into their poverty reduction policies and programmes. However, only eight countries had reached completion point by mid-2003, compared with a target of nineteen. The positive experience of Uganda, for example, in using debt relief proceeds to expand primary education – with direct impact on its capacity to meet the MDGs – shows the importance of accelerating and widening the initiative. Unfortunately, steep declines in commodity prices have undercut progress with the HIPC initiative in recent years, creating a need in specific cases for "topping-up" relief to keep debt-to-export ratios below 150%.

The Monterrey Consensus, adopted at the International Conference on Financing for Development in March 2002, built on the Millennium Declaration. It laid out a new framework of mutual accountability by reaffirming developing countries' full acceptance of their responsibility for their own development, while stressing the critical importance of support from the developed countries. (See Box 3.4 on the Millennium Development Compact proposed by the UNDP.)

Domestic resources will remain the primary driving force for development. Governments of developing countries and countries in transition need to redouble their efforts to increase the resources spent on development and ensure that they are used effectively. To this end, many developing countries will need to improve their structures of governance and public administration. However, as the High-Level Panel on Financing for Development, led by the former President of Mexico Ernesto Zedillo, concluded, even

Box 3.4. **The Millennium Development Compact – A plan of action aimed at countries most in need of support**

From the Overview to the UNDP Human Development Report 2003 – see www.undp.org/hdr2003/pdf/hdr03_overview.pdf

Global policy attention needs to focus on countries facing the steepest development challenges. Without an immediate change in course, they will certainly not meet the Goals.

To achieve sustainable growth, countries must attain basic thresholds in several key areas: governance, health, education, infrastructure and access to markets. If a country falls below the threshold in any of these areas, it can fall into a "poverty trap".

Most of the top and high priority countries[1] are trying to attain these basic thresholds. Yet they face deep-seated structural obstacles: barriers to international markets and high debt levels; size and location; low soil fertility, vulnerability to climatic shocks or natural disasters and rampant diseases such as malaria. But geography is not destiny. Better roads and communications and deeper integration with neighbouring countries can increase access to markets. Prevention and treatment policies can greatly mitigate the impact of pandemic diseases.

The same structural conditions that contribute to an entire country's poverty trap can also affect large population groups in countries that are otherwise relatively prosperous. China's remote inland regions, for instance, face much longer distances to ports, much poorer infrastructure and much tougher biophysical conditions than the country's coastal regions. Reducing poverty in poorer regions requires national policies that reallocate resources to them. The top policy priority here is increasing equity, not just economic growth.

Policy responses to structural constraints require simultaneous interventions on several fronts – along with stepped-up external support. Six policy clusters can help countries break out of their poverty traps:

- Invest early and ambitiously in basic education and health while fostering gender equity. These are preconditions to sustained economic growth. Growth, in turn, can generate employment and raise incomes – feeding back into further gains in education and health.
- Increase the productivity of small farmers in unfavourable environments – that is, for the majority of the world's hungry people.
- Improve basic infrastructure – such as ports, roads, power and communications – to reduce the costs of doing business and overcome geographic barriers.
- Develop an industrial development policy that nurtures entrepreneurial activity and helps diversify the economy away from dependence on primary commodity exports – with an active role for small and medium-size enterprises.
- Promote democratic governance and human rights to remove discrimination, secure social justice and promote the well-being of all people.
- Ensure environmental sustainability and sound urban management so that development improvements are long term.

The thinking behind these policies is that for economies to function better, other things must fall into place first. It is impossible to reduce dependence on primary commodity exports, for instance, if the workforce cannot move into manufacturing because of low skills.

The job facing top and high priority countries is too big for them to do alone – especially the poorest countries, which face uncommonly high hurdles with very limited resources. In this the Millennium Development Compact is unapologetic. The poorest countries require significant external resources to achieve essential levels of human development. But this is not a demand for open-ended financing from rich countries – because the Compact is also unapologetic on the need for poor countries to mobilise domestic resources, strengthen policies and institutions, combat corruption and improve governance, essential steps on the path to sustainable development.

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Box 3.4. **The Millennium Development Compact – a plan of action aimed at countries most in need of support** *(cont.)*

Unless countries adopt far more ambitious plans for development, they will not meet the Goals. Here the Compact argues that a new principle should apply. Governments of poor and rich countries, as well as international institutions, should start by asking what resources are needed to meet the Goals, rather than allowing the pace of development to be set by the limited resources currently allocated.

Every country – especially the top and high priority ones – needs to systematically diagnose what it will take to achieve the Goals. This diagnosis should include initiatives that governments of poor countries can take, such as mobilising domestic fiscal resources, reallocating spending towards basic services, drawing on private financing and expertise and introducing reforms to economic governance. All this will still leave a large resource gap, which governments should identify. Filling this gap will require additional financial and technical co-operation from rich countries, including financing for recurrent costs, more extensive debt relief, better market access and increased technology transfers.

Following through on commitments – and setting new targets. Rich countries have made many commitments, but most without time-bound, quantitative targets. If developing countries are to achieve Goals 1-7 by 2015, rich countries need to make progress in some critical areas before then – with deadlines, so that progress can be monitored. The HDR *proposes* that rich countries set targets to:

- Increase official development assistance to fill financing gaps (estimated to be at least USD 50 billion).
- Develop concrete measures for implementing the Rome Declaration on Harmonisation.
- Remove tariffs and quotas on agricultural products, textiles and clothing exported by developing countries.
- Remove subsidies on agricultural exports.
- Agree and finance, for HIPCs, a compensatory financing facility for external shocks – including collapses in commodity prices.
- Agree and finance deeper debt reduction for HIPCs having reached their completion points, to ensure sustainability.
- Introduce protection and remuneration of traditional knowledge in the trade-related intellectual property rights (TRIPS) agreement.
- Agree on what countries without sufficient manufacturing capacity can do to protect public health under the TRIPS agreement.

Just as people can monitor actions by their governments to live up to their commitments, rich countries should monitor their progress in delivering on their commitments. They should prepare progress reports – contributing to a global poverty reduction strategy – that set out their priorities for action.[2]

1. The UNDP Human Development Report identified 59 top priority and high priority countries, where failed progress and terribly low starting levels undermine many of the Goals. It is on these countries that the world's attention and resources must be focused. In the 1990s these countries faced many types of crises:
   - *Income poverty:* poverty rates, already high, increased in 37 of 67 countries with data.
   - *Hunger:* in 19 countries more than one person in four is going hungry, and the situation is failing to improve or getting worse. In 21 countries the hunger rate has increased.
   - *Survival:* in 14 countries under-five mortality rates increased in the 1990s, and in 7 countries almost one in four children will not see their fifth birthdays.
   - *Water:* in 9 countries more than one person in four does not have access to safe water, and the situation is failing to improve or getting worse.
   - *Sanitation:* in 15 countries more than one person in four does not have access to adequate sanitation, and the situation is failing to improve or getting worse.
2. Denmark has already issued such a report and some other DAC members are already planning to do so in 2004; a common format would cover aid, trade, agriculture, debt, migration, investment and the environment.

assuming developing countries adopt sound policies and maximise use of domestic resources, at least USD 50 billion a year in additional aid is likely to be needed to meet the MDGs.

After the Monterrey Conference, official development assistance (ODA) began to climb again in 2002, after nearly a decade of decline. Table 3.2 shows that – based on the latest stated commitments by DAC members – there could be an additional USD 19 billion of ODA by 2006, up by 32% on 2002, but still only 0.29% of donors' GNI. Fully delivering on these commitments will be a challenge for many members, particularly given recent increases in budget deficits. And if the commitments are met, ODA will still be some USD 25 billion short of the extra 50 billion estimated to be needed to meet the MDGs and to be sure that no country with adequate policies and strategies in place to achieve the goals, supported as fully as possible by mobilising domestic resources, will be thwarted by lack of access to concessional funding from the international community.

Table 3.2. **DAC members' ODA prospects for 2006: Latest projections**

	Net ODA in 2002 (USD m)	ODA/GNI in 2002 Per cent	Commitment/Announcement/ *Assumption*	Year to be attained	Net ODA in 2006 (in millions of 2002 USD)	ODA/GNI in 2006 Per cent	Real change in ODA in 2006 compared with 2002 (at 2002 prices and exchange rates)[1]	
							(USD m)	Per cent
Austria	520	0.26	0.33	2006	728	0.33	208	40
Belgium	1 072	0.43	0.7% *(0.46% by 2006)*	2010	*1 234*	*0.46*	*162*	*15*
Denmark	1 643	0.96	*> 0.7%*	n.a.	*1 531*	*0.83*	*–112*	*–7*
Finland	462	0.35	*0.44%*	2007	598	0.42	136	29
France[2]	5 486	0.38	0.5% (0.7% by 2012)	2007	7 378	0.47	1 892	34
Germany	5 324	0.27	0.33%	2006	7 099	0.33	1 775	33
Greece	276	0.21	0.33%	2006	515	0.33	239	86
Ireland[2]	398	0.40	0.7%	2007	671	0.63	273	69
Italy	2 332	0.20	0.33%	2006	4 195	0.33	1 863	80
Luxembourg	147	0.77	1%	2005	206	1.00	60	41
Netherlands	3 338	0.81	0.8%	Already	3 566	0.80	228	7
Portugal	323	0.27	0.33%	2006	424	0.33	102	31
Spain	1 712	0.26	0.33%	2006	2 328	0.33	616	36
Sweden	1 991	0.83	Long term goal 1% (at least 0.87% in 2006)		*2 247*	*0.87*	*256*	*13*
United Kingdom	4 924	0.31	0.4%	2005-06	6 906	0.40	1 982	40
EU members, total	**29 949**	**0.35**	**0.39%**	**2006**	**39 627**	**0.42**	**9 679**	**32**
Australia[3]	989	0.26	0.26%	in 2003-04	*1 089*	*0.26*	*100*	*10*
Canada	2 006	0.28	8% annual increase	to 2010	2 730	0.34	723	36
Japan	9 283	0.23	*1998-2002 av. level (USD 10.5 bn)*	*in 2006*	*10 500*	*0.26*	*1 217*	*13*
New Zealand	122	0.22	*Future level is under review*		*154*	*0.26*	*32*	*27*
Norway	1 696	0.89	1%	2005	2 067	1.00	370	22
Switzerland[2]	939	0.32	0.4%	2010	1 143	0.36	204	22
United States[4]	13 290	0.13	See footnote 4		19 539	0.17	6 249	47
DAC members, total	**58 274**	**0.23**			**76 849**	**0.29**	**18 575**	**32**

1. Assumes average real growth in GNI of 2% p.a. (3% for Canada, 4% for Greece and zero for Japan) from 2002 to 2006.
2. ODA/GNI ratio for 2006 interpolated between 2002 and year target scheduled to be attained.
3. Estimated ODA/GNI 0.26% in 2003/04. As aid volume determined in annual budgets, assumes same ratio in forward years.
4. Assumes, for 2006, additional USD 5 bn from the Millennium Challenge Account, USD 2 bn from the Emergency Plan for AIDS Relief, phased spending from Iraq and Afghanistan reconstruction supplements and 2% p.a. inflation in the USA to deflate from 2006 to 2002 prices.

Source: OECD.

Goal 8 also has targets for strategies for youth employment and the spread of new technologies. The International Labour Organisation estimates that youth unemployment rose in all regions, except developed countries, between 1995 and 1999, including to well over 20% in the Middle East and North Africa region. In contrast, the explosion in mobile telephony has brought telephone access to many millions of people in all regions of the world. The International Telecommunications Union estimates that by 2002 there were 20.8 phones per 100 people in the developing world, up from just 2.4 in 1990. But on this, as other indicators, sub-Saharan Africa and South-central Asia lag behind with respectively only 5.5 and 5.8 phones per 100. And in all regions, access to the Internet remains rare, just 3.2 personal computers per 100 people in the developing world, in contrast to 36.4 in the developed countries. This "digital divide" was the subject of a World Summit in December 2003 to which the DAC made an input via a Forum in March 2003.

For the first time in human history, we have the resources, the knowledge and the expertise to eradicate human poverty – and to do it within the lifetime of a child born at the time when the Millennium Declaration was adopted. Reaching the MDGs would be a critical step towards achieving that end. The Goals are thus the best hope for the world's poor. They can be reached if, during the twelve years we still have before 2015, we maintain and increase the momentum that has been generated during the first three years of the twenty-first century.

Improving aid effectiveness

The adoption in March 2002 of the Monterrey Consensus at the United Nations International Conference on Financing for Development exemplifies the new partnership between donor and developing countries. The conference succeeded in articulating the terms and conditions under which commitments by developing countries to transparency, good governance, respect for human rights and the rule of law need to be matched by donor commitments towards policy coherence, increased aid and accelerated support for good performers. Furthermore, donors pledged to promote a global partnership for development and accelerate progress towards the MDGs by undertaking the following actions:

- Align their assistance with poverty reduction strategies and other development frameworks and systems that are owned and driven by developing countries.
- Harmonise their operational procedures to reduce transaction costs for recipient countries.
- Enhance recipient countries' ownership of procurement.
- Support the implementation of the OECD/DAC Recommendation on aid untying.
- Improve ODA targeting to the poor, co-ordination of aid and the measurement of results.

In support of these actions, the DAC took the initiative in 2003 to set up a Working Party on Aid Effectiveness and Donor Practices (WP-EFF). In these various areas, the Working Party focuses on facilitating the implementation of agreed policies and good practices and assessing overall progress on the ground. It involves partner countries in its work and collaborates with a range of development organisations beyond the DAC permanent observers (World Bank, IMF and UNDP) including the regional Development Banks and the SPA (Strategic Partnership with Africa).

Box 3.5. **Progress with the 2001 DAC Recommendation on Untying ODA to the Least Developed Countries**

The Recommendation entered into force on 1 January 2002. Implementation is proceeding well, as shown by the following indications, although some areas require additional efforts and/or work to be completed:

- *Implementation of coverage provisions*. More or less all members have now untied agreed categories of official development assistance (ODA), but further co-ordination among implementing agencies in a few remaining members is still needed.
- *Ex ante notifications of untied aid offers*. Progress has been made, after a slow start, but a considerable effort is still required on the part of the majority of donors to fully comply with these provisions.
- *Effort-sharing*. Definitional and reporting issues relevant to compiling the Reference Indicators Matrix (RIM) have been resolved. Members' "initial starting positions" in the RIM have been established. The next phase of work will use the RIM to further the effort-sharing provisions of the Recommendation.
- *Investment-related technical assistance (IRTA) and food aid*. Members' policies in both areas have been set out, as required by the monitoring and evaluation provisions of the Recommendation. On IRTA, agreement by the Participants to the Export Credit Arrangement on consultancy services linked to follow-on capital investments may offer guidance to DAC members in respect of an operational definition. On food aid, the Working Party on Aid Effectiveness and Donor Practices (WP-EFF) will consider terms of reference for a factual study of the development quality of food aid and the effects of its tying status.
- *Procurement*. Efforts to reinforce partner country responsibility and capacity for procurement have been launched through the DAC/World Bank Procurement Roundtable process in January 2003. That meeting agreed on the key issues to be addressed and on a business plan to move this agenda forward. Reports on work in progress will be prepared for the next meeting of the Roundtable in 2004.

The DAC is reflecting on the scope for broadening the application of the 2001 DAC Recommendation on Untying ODA to the Least Developed Countries (LDCs) over time.

Alignment and harmonisation

Bilateral and multilateral donors made specific commitments at the Rome High Level Forum on Harmonisation on 24-25 February 2003 to simplify, harmonise and align their policies and practices with partner country development frameworks and systems. These commitments, which are documented in the Rome Declaration (see Box 3.6) give prominence to the implementation of the DAC Good Practice Papers issued in the OECD publication *Harmonising Donor Practices for Effective Aid Delivery*.[3] The good practices endorsed by the DAC High Level Meeting in 2003 result from extensive discussion, sharing of experience and consensus among bilateral donors, multilateral organisations and partner countries working over two years through the DAC Task Force on Donor Practices.

Under the impetus of the High Level Forum, DAC members are now shifting the focus from discussion of principles to actual implementation of harmonisation at country level and towards institutional change. This emphasis on concrete action and reform is an integral part of the mandate of the DAC Working Party on Aid Effectiveness and Donor

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Box 3.6. Rome Declaration on Harmonisation – 25 February 2003

Ministers, Heads of Aid Agencies and other Senior Officials representing 28 aid recipient countries and more than 40 multilateral and bilateral development institutions endorsed this Declaration

We, the heads of multilateral and bilateral development institutions and representatives of the IMF, other multilateral financial institutions, and partner countries gathered in Rome, Italy, on February 24-25, 2003, reaffirm our commitment to eradicating poverty, achieving sustained economic growth, and promoting sustainable development as we advance to an inclusive and equitable global economic system. Our deliberations are an important international effort to harmonise the operational policies, procedures, and practices of our institutions with those of partner country systems to improve the effectiveness of development assistance, and thereby contribute to meeting the Millennium Development Goals (MDGs). They directly support the broad agreement of the international development community on this issue as reflected in the Monterrey Consensus (*Report of the International Conference on Financing for Development*, March 2002, para. 43).

We express our appreciation to the governments of Jamaica, Vietnam, and Ethiopia, and to the bilateral donors and international institutions that sponsored and coordinated regional workshops in Kingston, Hanoi, and Addis Ababa in January 2003, in preparation for the Rome Forum. The key principles, lessons, and messages synthesised in the reports of these workshops have provided valuable input to the Forum.

Improvements in development effectiveness

We in the donor community have been concerned with the growing evidence that, over time, the totality and wide variety of donor requirements and processes for preparing, delivering, and monitoring development assistance are generating unproductive transaction costs for, and drawing down the limited capacity of, partner countries. We are also aware of partner country concerns that donors' practices do not always fit well with national development priorities and systems, including their budget, programme, and project planning cycles and public expenditure and financial management systems. We recognise that these issues require urgent, coordinated, and sustained action to improve our effectiveness on the ground.

We attach high importance to partner countries' assuming a stronger leadership role in the coordination of development assistance, and to assisting in building their capacity to do so. Partner countries on their part will undertake necessary reforms to enable progressive reliance by donors on their systems as they adopt international principles or standards and apply good practices. The key element that will guide this work is a country-based approach that emphasizes country ownership and government leadership, includes capacity building, recognises diverse aid modalities (projects, sector approaches, and budget or balance of payments support), and engages civil society including the private sector.

Good practice standards or principles

We acknowledge that while our historical origins, institutional mandates, governance structures, and authorising environments vary, in many instances we can simplify and harmonise our requirements and reduce their associated costs, while improving fiduciary oversight and public accountability and enhancing the focus on concrete development results. We endorse the good practice work by the technical groups of the DAC-OECD Task Force and the multilateral development banks (MDBs), and look forward to the expected completion next year of the UN harmonisation work that is being coordinated by UNDG. We are ready to follow existing good practices while continuing to identify and disseminate new ones.

Box 3.6. **Rome Declaration on Harmonisation – 25 February 2003** *(cont.)*

Going forward

We agree that, for both donors and partner countries, the progress we make on the ground in programmes and projects will be a concrete and important measure of the success of our efforts. We recognise that such progress can be facilitated and enhanced by harmonisation efforts at the international and regional levels. Building on the work of the DAC-OECD and MDB working groups and on country experience, including the recent country initiatives, we commit to the following activities to enhance harmonisation:

- Ensuring that development assistance is delivered in accordance with partner country priorities, including poverty reduction strategies and similar approaches, and that harmonisation efforts are adapted to the country context.
- Reviewing and identifying ways to amend, as appropriate, our individual institutions' and countries' policies, procedures, and practices to facilitate harmonisation. In addition, we will work to reduce donor missions, reviews, and reporting, streamline conditionalities, and simplify and harmonise documentation.
- Implementing progressively – building on experiences so far and the messages from the regional workshops – the good practice standards or principles in development assistance delivery and management, taking into account specific country circumstances. We will disseminate the good practices to our managers and staff at headquarters and in country offices and to other incountry development partners.
- Intensifying donor efforts to work through delegated cooperation at the country level and increasing the flexibility of country-based staff to manage country programmes and projects more effectively and efficiently.
- Developing, at all levels within our organisations, incentives that foster management and staff recognition of the benefits of harmonisation in the interest of increased aid effectiveness.
- Providing support for country analytic work in ways that will strengthen governments' ability to assume a greater leadership role and take ownership of development results. In particular, we will work with partner governments to forge stronger partnerships and will collaborate to improve the policy relevance, quality, delivery, and efficiency of country analytic work.
- Expanding or mainstreaming country-led efforts (whether begun in particular sectors, thematic areas, or individual projects) to streamline donor procedures and practices, including enhancing demand-driven technical cooperation. The list of countries presently involved includes Ethiopia, Jamaica, Vietnam, Bangladesh, Bolivia, Cambodia, Honduras, Kenya, Kyrgyz Republic, Morocco, Niger, Nicaragua, Pacific Islands, Philippines, Senegal, and Zambia.
- Providing budget, sector, or balance of payments support where it is consistent with the mandate of the donor, and when appropriate policy and fiduciary arrangements are in place. Good practice principles or standards – including alignment with national budget cycles and national poverty reduction strategy reviews – should be used in delivering such assistance.
- Promoting harmonised approaches in global and regional programs.

We wish to record that a positive by-product of our collaboration on harmonisation has been increased information sharing and improved understanding of commonalities and differences during the preparation or revision of our respective operational policies, procedures, and practices. We will deepen this collaboration in the future, and will explore how such collaboration could help to ensure that new or revised policies are appropriately harmonised or "harmonisable" with those of the partner countries and donor institutions.

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Box 3.6. **Rome Declaration on Harmonisation – 25 February 2003** *(cont.)*

We recognise the global work on monitoring and assessing the contribution of donor support to the achievement of the MDGs. We will track and, as necessary, refine lead indicators of progress on harmonisation such as those described in the DAC-OECD Good Practice Papers.

We acknowledge the potential contribution of modern information and communication technologies to promoting and facilitating harmonisation – already demonstrated by the use of audio and videoconferencing facilities in the staff work on harmonisation, the Development Gateway, the Country Analytic Work Website, and the early work on e-government, e-procurement, and e-financial management. We commit to further efforts to exploit these technologies.

Next steps

Partner countries are encouraged to design country-based action plans for harmonisation, agreed with the donor community that will set out clear and monitorable proposals to harmonise development assistance using the proposals of the DAC-OECD Task Force and the MDB technical working groups as reference points. In turn, the bilateral and multilateral agencies will take actions to support harmonisation at the country level. As part of their self-evaluation processes, bilateral and multilateral agencies and partner countries will assess and report on progress in applying good practices, and on the impact of such practices. Whenever possible, we will use existing mechanisms to develop such plans and to assess and report on progress, and we will make these plans available to the public.

We will utilise and strengthen, including through partner country participation, existing mechanisms to maintain peer pressure for implementing our agreements on harmonisation. In this regard and in the context of the New Partnership for Africa's Development, we welcome regional initiatives, such as the work by the Economic Commission for Africa, for a joint annual aid effectiveness review in a framework of mutual accountability that would also address harmonisation issues.

Reflecting our experience over these last two days, we plan stocktaking meetings in early 2005 following the review already scheduled in DAC-OECD in 2004. This follow-up would assess progress in and sustain the momentum for fundamental changes that enhance aid delivery, and would contribute to the review of the implementation of the Monterrey Consensus, the timing and modalities for which are expected to be determined by 2005.

Practices. Through its *Task Team on Harmonisation and Alignment of Donor Practices*, co-led by a bilateral and a multilateral representative, the Working Party is expected to catalyse the efforts of the donor community towards implementing the Rome agenda.

In the Task Team, participants are concerned with the growing evidence that, over time, the totality and wide variety of donor requirements and processes for preparing, delivering, and monitoring development assistance are generating unproductive transaction costs for, and reducing the already limited capacity of, partner countries. They are therefore engaged on three main tracks: *i)* facilitate implementation of the Rome Declaration on Harmonisation; *ii)* track progress on more effective aid delivery; and *iii)* enhance existing mechanisms for maintaining peer pressure.

Facilitate implementation of the Rome Declaration. Experience suggests that achieving concrete progress on harmonisation and alignment requires well-co-ordinated efforts to close information gaps and reduce decision lags, provide prompt technical support and follow-up with key stakeholders. The Task Team will facilitate the exchange of information and experience though a global web-based information-sharing facility, supported by the World Bank, that will include country-specific information. The Task Team will also provide support to partner countries and to donors at headquarters and in the field relying on an emerging network of lead facilitators of harmonisation. The Regional Development Banks are playing an active role in this dissemination and capacity-building strategy by sponsoring regional workshops around the world.

Track progress on more effective aid delivery. Demonstrating progress on more effective aid delivery, in line with the Monterrey Consensus, is an important step towards enhancing the credibility and value of development assistance. In this connection, the Task Team will undertake a wide-ranging stocktaking exercise to monitor progress in the application of the Rome commitments and the DAC Good Practice Papers. The conclusions and recommendations will be submitted to the DAC Senior Level Meeting in December 2004 and to the second High Level Forum scheduled in early 2005. As an important contribution to this report, donors will elaborate and rely on a concise set of quantitative indicators to measure progress towards harmonisation and alignment. It is expected that data for the indicators will be collected initially in the partner countries participating in the Task Team.

Enhance existing mechanisms for maintaining peer pressure. A special exercise (a Joint Country and Learning Assessment) will take place in a couple of partner countries to review the dynamics of harmonisation and alignment covering all the donors involved in a given country. Such a joint review would have complementary aims: stimulating and facilitating the on-going process of harmonisation in the partner country; helping to stretch objectives (such as the development of an action plan by donors and the partner government); and providing a more detailed and focused assessment of progress. In addition, DAC peer reviews in 2004 will give special emphasis to harmonisation and alignment.

Public financial management

Donor practices do not always fit well with national development priorities and systems. This applies also to partner country budgets, their programme/project planning cycles, public expenditure and financial management systems. Recognising that these issues require urgent and co-ordinated action to improve effectiveness on the ground, the DAC Working Party on Aid Effectiveness and Donor Practices has established a *Joint Venture on Public Financial Management* led by a World Bank representative. Its objective is to support partner country-led efforts for improving management of public finances including accounting for the use of external resources. Participants are working on *i)* a performance measurement framework for public financial management; *ii)* measures to increase the predictability of aid flows; *iii)* improving the integration of aid flows into partner country budgets for greater transparency; *iv)* alignment of budget support with poverty reduction strategy processes with an emphasis on financial management issues; and *v)* preparation of an accounting standard for external assistance in collaboration with the International Federation of Accountants. The outcome of this collective effort will feed into the report for the DAC Senior Level Meeting in 2004 and the second High Level Forum in 2005.

Strengthening procurement capacities in developing countries

Strengthening partner country responsibility for conducting aid-related procurement and promoting local and regional procurement are important objectives of the 2001 DAC Recommendation on aid untying. In addition, the Multilateral Development Banks are in the

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process of harmonising their respective procurement guidelines and standard procurement documents, while the World Bank is engaged, as well, in efforts to strengthen local procurement systems, including through the Country Procurement Assessment Reviews.

In response to these developments, the DAC and World Bank have initiated a joint programme of work to address key capacity-building needs to strengthen procurement systems in developing countries around which donors can harmonise their procurement procedures. These procedures should meet donor fiduciary requirements and help achieve common donor-partner objectives in the areas of accountability and aid effectiveness. A Round Table format has been chosen to involve partner countries and promote genuine partnership approaches and ownership of final products resulting from this programme. The joint programme focuses on the four themes outlined in the following paragraphs.

Mainstreaming. Good procurement systems contribute significantly to key development goals such as trade liberalisation and the growth of local enterprises and markets; elimination of corruption, reduced transaction costs; effective aid and the ultimate goal of reducing poverty. In order to achieve these objectives, procurement needs to be mainstreamed as a core financial management and governance activity of government, closely connected in both policy and operational terms to other aspects of budgeting: planning and programming, control, monitoring, reporting and auditing. Based on more rigorous estimates of the development benefits and cost savings from good procurement practices, the Round Table will test the assertion that procurement reform more than pays for itself.

Capacity building. Building the capacities to position procurement as a strategic aid management function (and not a mere clerical, buying and selling role) presents major challenges. It is important to move away from piecemeal (*i.e.* beyond bidding and award stages) and donor-driven approaches (to meet their requirements). Building on the Country Procurement Assessment Reviews, the Round Table will produce an overall strategy for capacity building as well as identify targeted initiatives, for example, major risk areas, high spending ministries, areas of short-term gains, etc.

Benchmarks and standards. Much common ground already exists on the hallmarks of a good procurement system – accountability, transparency, value for money, efficiency, etc. The Round Table will develop a framework of benchmarks and standards, to provide baselines against which progress in strengthening the compliance, efficiency and effectiveness of local procurement systems may be measured, and proposals on how such a framework could be implemented, including establishing the required institutional structures and incentives.

Monitoring and evaluation systems. Being able to measure the quality of day-to-day procurement performance is an essential feature of all government procurement systems, particularly those in developing countries that are new or undergoing reform. Having such a system enables these governments to gauge the progress of the reform, and as a side benefit, will produce the kind of evidence of procurement quality the donor community needs before it can increase its reliance on developing country procurement systems. The initiative will set out what an effective monitoring and evaluation system should look like and the indicators required for it, keeping in mind the need to keep these systems simple and affordable. Two pilot countries, Uganda and Ghana, have been identified to develop and test prototype monitoring and evaluation systems.

Managing for development results

Managing for development results is increasingly becoming a central concern for all stakeholders in development. The MDGs are generating a powerful momentum for developing countries to achieve results in the implementation of their poverty reduction strategies. The adoption of the Goals by developing countries raises many policy priority issues and technical challenges, not the least of which is the use of managing for development results: a management strategy focusing on performance and achievements of outputs, outcomes and impacts.

Similarly, the need for donor co-operation in the measurement of results has also gained increasing recognition. Donors should recall at this point that it was not so long ago that managing for results was adopted by OECD governments at the insistence of their civil society who demanded greater accountability for, and transparency in the use of taxpayers' money. While significant progress has been made in developing countries and among donor agencies, MDBs and UN agencies in applying managing for development results, there remains considerable divergence of opinion as to exactly what it is and how it can be effectively implemented. The accountability of government institutions to their constituency is therefore an important objective and constraint in putting "management for results" into practice.

In setting up its *Joint Venture on Managing for Development Results*, the DAC Working Party on Aid Effectiveness provides a platform for bilateral and multilateral donors to share emerging practices and learn from each other in order to improve aid effectiveness and to advance managing for development results on their agendas. The Joint Venture will build on the international collaboration begun at the June 2002 Washington Roundtable on Measuring, Managing and Monitoring for Results and the 2002 DAC Development Partnership Forum; draw on the state-of-the-art survey already prepared for the DAC Network on Development Evaluation; and build on work being undertaken by others within or outside the DAC. As a start, it will produce a set of core principles and examples of emerging good (and bad) practice in managing for development results leading up eventually to lessons of experience in helping strengthen partner country capacity to manage for development results.

Notes

1. The first two sections of this chapter draw extensively on the 2003 Report of the United Nations Secretary-General to the UN General Assembly on "Implementation of the United Nations Millennium Declaration" (see *http://millenniumindicators.un.org/unsd/mi/pdf/a_58_323e.pdf*). This version is the responsibility of the OECD Secretariat and does not imply any acceptance by the United Nations.
2. World Bank staff simulation, *Global Economic Prospects* 2004.
3. See *Development Co-operation, 2002 Report*, Chapter 3.

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Technical Notes

Glossary of Key Terms and Concepts

(Cross-references are given in CAPITALS)

AID: The words "aid" and "assistance" in this publication refer only to flows which qualify as OFFICIAL DEVELOPMENT ASSISTANCE (ODA) or OFFICIAL AID (OA).

AMORTISATION: Repayments of principal on a LOAN. Does not include interest payments.

ASSOCIATED FINANCING: The combination of OFFICIAL DEVELOPMENT ASSISTANCE, whether GRANTS or LOANS, with other official or private funds to form finance packages. Associated Financing packages are subject to the same criteria of concessionality, developmental relevance and recipient country eligibility as TIED AID credits.

BILATERAL: See TOTAL RECEIPTS.

CLAIM: The entitlement of a creditor to repayment of a LOAN; by extension, the loan itself or the outstanding amount thereof.

COMMITMENT: A firm obligation, expressed in writing and backed by the necessary funds, undertaken by an official donor to provide specified assistance to a recipient country or a multilateral organisation. Bilateral commitments are recorded in the full amount of expected transfer, irrespective of the time required for the completion of DISBURSEMENTS. Commitments to multilateral organisations are reported as the sum of *i)* any disbursements in the year in question which have not previously been notified as commitments and *ii)* expected disbursements in the following year.

CONCESSIONALITY LEVEL: A measure of the "softness" of a credit reflecting the benefit to the borrower compared to a LOAN at market rate (*cf.* GRANT ELEMENT). Technically, it is calculated as the difference between the nominal value of a TIED AID credit and the present value of the debt service as of the date of DISBURSEMENT, calculated at a discount rate applicable to the currency of the transaction and expressed as a percentage of the nominal value.

DAC (DEVELOPMENT ASSISTANCE COMMITTEE): The committee of the OECD which deals with development co-operation matters. A description of its aims and a list of its members are given at the front of this volume. Further details are given in the DAC at Work section of this volume.

DAC LIST OF AID RECIPIENTS: For statistical purposes, the DAC uses a List of Aid Recipients which it revises every three years. The "Notes on Definitions and Measurement" below give details of revisions in recent years. From 1 January 2000, Part I of the List is presented in the following categories (the word "countries" includes territories):

- ***LDCs:*** Least Developed Countries. Group established by the United Nations. To be classified as an LDC, countries must fall below thresholds established for income, economic diversification and social development. The DAC List is updated immediately to reflect any change in the LDC group.

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- ***Other LICs:*** Other Low-Income Countries. Includes all non-LDC countries with per capita GNI $760 or less in 1998 (World Bank Atlas basis).
- ***LMICs:*** Lower Middle-Income Countries, *i.e.* with GNI per capita (Atlas basis) between $761 and $3 030 in 1998. LDCs which are also LMICs are only shown as LDCs – not as LMICs.
- ***UMICs:*** Upper Middle-Income Countries, *i.e.* with GNI per capita (Atlas basis) between $3 031 and $9 360 in 1998.
- ***HICs:*** High-Income Countries, *i.e.* with GNI per capita (Atlas basis) more than $9 360 in 1998.

Part II of the List comprises "Countries in Transition". These comprise *i)* more advanced Central and Eastern European Countries and New Independent States of the former Soviet Union; and *ii)* more advanced developing countries. See also OFFICIAL AID.

DEBT REORGANISATION (also: **RESTRUCTURING**)**:** Any action officially agreed between creditor and debtor that alters the terms previously established for repayment. This may include **forgiveness** (extinction of the LOAN), or **rescheduling** which can be implemented either by revising the repayment schedule or extending a new **refinancing** loan. See also "Notes on Definitions and Measurement" below.

DISBURSEMENT: The release of funds to, or the purchase of goods or services for a recipient; by extension, the amount thus spent. Disbursements record the actual international transfer of financial resources, or of goods or services valued at the cost to the donor. In the case of activities carried out in donor countries, such as training, administration or public awareness programmes, disbursement is taken to have occurred when the funds have been transferred to the service provider or the recipient. They may be recorded **gross** (the total amount disbursed over a given accounting period) or **net** (the gross amount less any repayments of LOAN principal or recoveries on GRANTS received during the same period).

EXPORT CREDITS: LOANS for the purpose of trade and which are not represented by a negotiable instrument. They may be extended by the official or the private sector. If extended by the private sector, they may be supported by official guarantees.

GRACE PERIOD: See GRANT ELEMENT.

GRANTS: Transfers made in cash, goods or services for which no repayment is required.

GRANT ELEMENT: Reflects the **financial terms** of a COMMITMENT: interest rate, MATURITY and grace period (interval to first repayment of capital). It measures the concessionality of a LOAN, expressed as the percentage by which the present value of the expected stream of repayments falls short of the repayments that would have been generated at a given reference rate of interest. The reference rate is 10% in DAC statistics. This rate was selected as a proxy for the marginal efficiency of domestic investment, *i.e.* an indication of the opportunity cost to the donor of making the funds available. Thus, the grant element is nil for a loan carrying an interest rate of 10%; it is 100% for a GRANT; and it lies between these two limits for a loan at less than 10% interest. If the face value of a loan is multiplied by its grant element, the result is referred to as the **grant equivalent** of that loan (*cf.* CONCESSIONALITY LEVEL). (Note: in classifying receipts, the grant element concept is not applied to the operations of the multilateral development banks. Instead, these are classified as concessional if they include a subsidy ("soft window" operations) and non-concessional if they are unsubsidised ("hard window" operations).

GRANT-LIKE FLOW: A transaction in which the donor country retains formal title to repayment but has expressed its intention in the COMMITMENT to hold the proceeds of repayment in the borrowing country for the benefit of that country.

LOANS: Transfers for which repayment is required. Only loans with MATURITIES of over one year are included in DAC statistics. The data record actual flows throughout the lifetime of the loans, not the **grant equivalent** of the loans (*cf.* GRANT ELEMENT). Data on net loan flows include deductions for repayments of principal (but not payment of interest) on earlier loans. This means that when a loan has been fully repaid, its effect on total NET FLOWS over the life of the loan is zero.

LONG-TERM: Used of LOANS with an original or extended MATURITY of more than one year.

MATURITY: The date at which the final repayment of a LOAN is due; by extension, the duration of the loan.

MULTILATERAL AGENCIES: In DAC statistics, those international institutions with governmental membership which conduct all or a significant part of their activities in favour of development and aid recipient countries. They include multilateral development banks (*e.g.* World Bank, regional development banks), United Nations agencies, and regional groupings (*e.g.* certain European Community and Arab agencies). A contribution by a DAC member to such an agency is deemed to be multilateral if it is pooled with other contributions and disbursed at the discretion of the agency. Unless otherwise indicated, capital subscriptions to multilateral development banks are presented on a **deposit** basis, *i.e.* in the amount and as at the date of lodgement of the relevant letter of credit or other negotiable instrument. Limited data are available on an encashment basis, *i.e.* at the date and in the amount of each drawing made by the agency on letters or other instruments.

NET FLOW: The total amount disbursed over a given accounting period, less repayments of LOAN principal during the same period, no account being taken of interest.

NET TRANSFER: In DAC statistics, NET FLOW minus payments of interest.

OFFICIAL AID (OA): Flows which meet the conditions of eligibility for inclusion in OFFICIAL DEVELOPMENT ASSISTANCE, except that the recipients are on Part II of the DAC List of Aid Recipients (see RECIPIENT COUNTRIES AND TERRITORIES).

OFFICIAL DEVELOPMENT ASSISTANCE (ODA): GRANTS or LOANS to countries and territories on Part I of the DAC List of Aid Recipients (developing countries) that are: undertaken by the official sector; with the promotion of economic development and welfare as the main objective; at concessional financial terms (if a loan, having a GRANT ELEMENT of at least 25%).

In addition to financial flows, TECHNICAL CO-OPERATION is included in aid. Grants, loans and credits for military purposes are excluded. For the treatment of the forgiveness of loans originally extended for military purposes, see "Notes on Definitions and Measurement" below.

OFFICIAL DEVELOPMENT FINANCE (ODF): Used in measuring the inflow of resources to recipient countries: includes *a)* bilateral ODA, *b)* GRANTS and concessional and non-concessional development lending by multilateral financial institutions, and *c)* those

OTHER OFFICIAL FLOWS which are considered developmental (including refinancing LOANS) but which have too low a GRANT ELEMENT to qualify as ODA.

OFFSHORE BANKING CENTRES: Countries or territories whose financial institutions deal primarily with non-residents.

OTHER OFFICIAL FLOWS (OOF): Transactions by the official sector with countries on the DAC List of Aid Recipients which do not meet the conditions for eligibility as OFFICIAL DEVELOPMENT ASSISTANCE or OFFICIAL AID, either because they are not primarily aimed at development, or because they have a GRANT ELEMENT of less than 25%.

PARTIALLY UNTIED AID: Official Development Assistance for which the associated goods and services must be procured in the donor country or among a restricted group of other countries, which must however include substantially all recipient countries. Partially untied aid is subject to the same disciplines as TIED AID credits and ASSOCIATED FINANCING.

PRIVATE FLOWS: Consist of flows at market terms financed out of private sector resources (*i.e.* changes in holdings of private LONG-TERM assets held by residents of the reporting country) and private grants (*i.e.* grants by **non-governmental organisations**, net of subsidies received from the official sector). In presentations focusing on the receipts of recipient countries, flows at market terms are shown as follows:

- **Direct investment:** Investment made to acquire or add to a lasting interest in an enterprise in a country on the DAC List of Aid Recipients (see RECIPIENT COUNTRIES AND TERRITORIES). "Lasting interest" implies a long-term relationship where the direct investor has a significant influence on the management of the enterprise, reflected by ownership of at least 10% of the shares, or equivalent voting power or other means of control. In practice it is recorded as the change in the net worth of a subsidiary in a recipient country to the parent company, as shown in the books of the latter.
- **International bank lending:** Net lending to countries on the DAC List of Aid Recipients by banks in OECD countries. LOANS from central monetary authorities are excluded. Guaranteed bank loans and bonds are included under OTHER PRIVATE or BOND LENDING (see below) in these presentations.
- **Bond lending:** Net completed international bonds issued by countries on the DAC List of Aid Recipients.
- **Other private:** Mainly reported holdings of equities issued by firms in aid recipient countries.

In data presentations which focus on the outflow of funds from donors, private flows other than direct investment are restricted to credits with a MATURITY of greater than one year and are usually divided into:

- **Private export credits:** See EXPORT CREDITS.
- **Securities of multilateral agencies:** This covers the transactions of the private non-bank and bank sector in bonds, debentures, etc., issued by multilateral institutions.
- **Bilateral portfolio investment and other:** Includes bank lending and the purchase of shares, bonds and real estate.

SHORT-TERM: Used of LOANS with a MATURITY of one year or less.

TECHNICAL CO-OPERATION: Includes both *a)* GRANTS to nationals of aid recipient countries receiving education or training at home or abroad, and *b)* payments to consultants, advisers and similar personnel as well as teachers and administrators serving in recipient countries (including the cost of associated equipment). Assistance of this kind provided specifically to facilitate the implementation of a capital project is included indistinguishably among bilateral project and programme expenditures, and is omitted from technical co-operation in statistics of aggregate flows.

TIED AID: Official GRANTS or LOANS where procurement of the goods or services involved is limited to the donor country or to a group of countries which does not include substantially all aid recipient countries. Tied aid loans, credits and ASSOCIATED FINANCING packages are subject to certain disciplines concerning their CONCESSIONALITY LEVELS, the countries to which they may be directed, and their developmental relevance so as to avoid using aid funds on projects that would be commercially viable with market finance, and to ensure that recipient countries receive good value. Details are given in the **Development Co-operation Reports** for 1987 (pp. 177-181) and 1992 (pp. 10-11).

TOTAL RECEIPTS: The inflow of resources to aid recipient countries (see Table 1 of the Statistical Annex) includes, in addition to ODF, official and private EXPORT CREDITS, and LONG- and SHORT-TERM private transactions (see PRIVATE FLOWS). Total receipts are measured net of AMORTIZATION payments and repatriation of capital by private investors. **Bilateral** flows are provided directly by a donor country to an aid recipient country. **Multilateral** flows are channelled via an international organisation active in development (*e.g.* World Bank, UNDP). In tables showing total receipts of recipient countries, the outflows of multilateral agencies to those countries is shown, not the contributions which the agencies received from donors.

UNDISBURSED: Describes amounts committed but not yet spent. See also COMMITMENT, DISBURSEMENT.

UNTIED AID: Official Development Assistance for which the associated goods and services may be fully and freely procured in substantially all countries. See also Chapter 3, Box 3.5, which outlines progress with the 2001 Dac Recommandation on Untying ODA to the Least Developed Countries.

VOLUME (real terms): The flow data in this publication are expressed in US dollars (USD). To give a truer idea of the volume of flows over time, some data are presented in constant prices and exchange rates, with a reference year specified. This means that adjustment has been made to cover both inflation in the donor's currency between the year in question and the reference year, and changes in the exchange rate between that currency and the United States dollar over the same period. A table of combined conversion factors (deflators) is provided in the Statistical Annex (Table 36) which allows any figure in the Report in current USD to be converted to dollars of the reference year ("constant prices").

Notes on Definitions and Measurement

The coverage of the data presented in this Report has changed in recent years. The main points are:

Changes in the ODA concept and the coverage of GNI

While the definition of Official Development Assistance has not changed since 1972, some changes in interpretation have tended to broaden the scope of the concept. The main ones are the recording of administrative costs as ODA (from 1979), the imputation as ODA of the share of subsidies to educational systems representing the cost of educating students from aid recipient countries (first specifically identified in 1984), and the inclusion of assistance provided by donor countries in the first year after the arrival of a refugee from an aid recipient country (eligible to be reported from the early 1980s but widely used only since 1991).

Precise quantification of the effects of these changes is difficult because changes in data collection methodology and coverage are often not directly apparent from members' statistical returns. The amounts involved can, however, be substantial. For example, reporting by Canada in 1993 included for the first time a figure for in-Canada refugee support. The amount involved ($184 m) represented almost 8% of total Canadian ODA. Aid flows reported by Australia in the late 1980s, it has been estimated, were some 12% higher than had they been calculated according to the rules and procedures applying fifteen years earlier.*

The coverage of national income has also been expanding through the inclusion of new areas of economic activity and the improvement of collection methods. In particular, the new System of National Accounts (SNA) co-sponsored by the OECD and other major international organisations broadens the coverage of GNI, now renamed GNI – Gross National Income. This tends to depress donors' ODA/GNI ratios. Norway's and Denmark's ODA/GNI ratios declined by 6 to 8% as a result of moving to the new SNA in the mid-1990s. Finland and Australia later showed smaller falls of 2 to 4%. All DAC members are now using the new SNA.

Recipient country coverage

Since 1990, the following entities have been added to the list of ODA recipients at the dates shown: the Black Communities of South Africa (1991 – now simply South Africa); Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan (1992); Armenia, Georgia and Azerbaijan (1993), Palestinian Administered Areas (1994), Moldova (1997). Eritrea, formerly part of Ethiopia, has been treated as a separate country from 1993. The former United States Trust Territory of the Pacific Islands has been progressively replaced by its independent successor states, *viz*. Federated States of Micronesia and Marshall Islands (1992); Palau Islands (1994).

* S. Scott, "Some Aspects of the 1988/89 Aid Budget", in *Quarterly Aid Round-up*, No. 6, AIDAB, Canberra, 1989, pp. 11-18.

Over the same period, the following countries and territories have been removed from the ODA recipient list: Portugal (1991); French Guyana, Guadeloupe, Martinique, Réunion and St Pierre and Miquelon (1992), Greece (1994).

From 1993, several CEEC/NIS countries in transition have been included on Part II of a new List of Aid Recipients (the List is given on the next page). Aid to countries on Part II of the List is recorded as "Official Aid", not as ODA. To avoid overlap, Part II of the new List does not include those CEEC/NIS countries which have been classified as ODA recipients.

From 1996, the following High-Income Countries were transferred from Part I to Part II of the List: Bahamas, Brunei, Kuwait, Qatar, Singapore and United Arab Emirates. From 1997, seven further High-Income Countries were transferred to Part II: Bermuda, Cayman Islands, Chinese Taipei, Cyprus, Falkland Islands, Hong Kong (China), and Israel. From 1 January 2000, Aruba, the British Virgin Islands, French Polynesia, Gibraltar, Korea, Libya, Macao, Netherlands Antilles, New Caledonia and Northern Marianas progressed to Part II. In 2001, Senegal transferred to the group of LDCs, and Northern Marianas left the List.

Data on total aid to Part I countries (ODA) and total aid to Part II countries (OA) follow the recipient list for the year in question. However, when a country is added to or removed from an income group in Part I, totals for the groups affected are adjusted retroactively to maximise comparability over time with reference to the current list.

Donor country coverage

Spain and Portugal joined the DAC in 1991, Luxembourg joined in 1992 and Greece joined in 1999. Their assistance is now counted within the DAC total. ODA flows from these countries before they joined the DAC have been added to earlier years' data where available. The accession of new members has added to total DAC ODA, but has usually reduced the overall ODA/GNI ratio, since their programmes are often smaller in relation to GNI than those of the longer-established donors.

Treatment of debt forgiveness

The treatment of the **forgiveness of loans not originally reported as ODA** varied in earlier years. Up to and including 1992, where forgiveness of non-ODA debt met the tests of ODA it was reportable as ODA. From 1990 to 1992 inclusive it remained reportable as part of a country's ODA, but was excluded from the DAC total. From 1993, forgiveness of debt originally intended for **military** purposes has been reportable as "Other Official Flows", whereas forgiveness of other non-ODA loans (mainly **export credits**) recorded as ODA is included both in country data and in total DAC ODA in the same way as it was until 1989.

The **forgiveness of outstanding loan principal originally reported as ODA** does not give rise to a new net disbursement of ODA. Statistically, the benefit is reflected in the fact that because the cancelled repayments will not take place, net ODA disbursements will not be reduced.

Reporting year

All data in this publication refer to calendar years, unless otherwise stated.

DAC List of Aid Recipients – For 2002 Flows

Part I: Developing Countries and Territories (Official Development Assistance)						Part II: Countries and Territories in Transition (Official Aid)	
LDCs	Other LICs (per capita GNI < $760 in 1998)	LMICs (per capita GNI $761-$3 030 in 1998)		UMICs (per capita GNI $3 031-$9 360 in 1998)	HICs (per capita GNI > $9 360 in 1998)[1]	CEECs/NIS	More Advanced Developing Countries and Territories
Afghanistan Angola Bangladesh Benin Bhutan Burkina Faso Burundi Cambodia Cape Verde Central African Republic Chad Comoros Congo, Dem. Rep. Djibouti Equatorial Guinea Eritrea Ethiopia Gambia Guinea Guinea-Bissau Haiti Kiribati Laos Lesotho Liberia Madagascar Malawi Maldives Mali Mauritania Mozambique Myanmar Nepal Niger Rwanda Samoa São Tomé and Principe Senegal Sierra Leone Solomon Islands Somalia Sudan Tanzania Togo Tuvalu Uganda Vanuatu Yemen Zambia	✻ Armenia ✻ Azerbaijan Cameroon China Congo, Rep. Côte d'Ivoire Ghana Honduras India Indonesia Kenya Korea, Dem. Rep. ✻ Kyrgyz Rep. ✻ Moldova Mongolia Nicaragua Nigeria Pakistan ✻ Tajikistan Timor-Leste ✻ Turkmenistan Viet Nam Zimbabwe	✻ Albania Algeria Belize Bolivia Bosnia and Herzegovina Colombia Costa Rica Cuba Dominica Dominican Republic Ecuador Egypt El Salvador Fiji ✻ Georgia Guatemala Guyana Iran Iraq Jamaica Jordan ✻ Kazakhstan Macedonia (former Yugoslav Republic) Marshall Islands Micronesia, Federated States Morocco Namibia Niue	Palestinian Administered Areas Papua New Guinea Paraguay Peru Philippines Serbia and Montenegro South Africa Sri Lanka St Vincent and Grenadines Suriname Swaziland Syria Thailand ● Tokelau Tonga Tunisia ✻ Uzbekistan ● Wallis and Futuna	Botswana Brazil Chile Cook Islands Croatia Gabon Grenada Lebanon Malaysia Mauritius ● Mayotte Mexico Nauru Palau Islands Panama ● St Helena St Lucia Trinidad and Tobago Turkey Uruguay Venezuela **Threshold for World Bank Loan Eligibility ($5 280 in 1998)** ● Anguilla Antigua and Barbuda Argentina Bahrain Barbados ● Montserrat Oman Saudi Arabia Seychelles St Kitts and Nevis ● Turks and Caicos Islands	Malta[1] Slovenia[1]	✻ Belarus ✻ Bulgaria ✻ Czech Republic ✻ Estonia ✻ Hungary ✻ Latvia ✻ Lithuania ✻ Poland ✻ Romania ✻ Russia ✻ Slovak Republic ✻ Ukraine	● Aruba Bahamas ● Bermuda Brunei ● Cayman Islands Chinese Taipei Cyprus ● Falkland Islands ● French Polynesia ● Gibraltar ● Hong Kong, China Israel Korea Kuwait Libya ● Macao ● Netherlands Antilles ● New Caledonia Qatar Singapore United Arab Emirates ● Virgin Islands (UK)

✻ Central and Eastern European countries and New Independent States of the former Soviet Union (CEECs/NIS)
● Territory
1. These countries and territories transfer to Part II on 1 January 2003.
As of July 2002, the **Heavily Indebted Poor Countries (HIPCs)** are : Angola, Benin, Bolivia, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo (Dem. Rep.), Congo (Rep.), Côte d'Ivoire, Ethiopia, Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Honduras, Kenya, Laos, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nicaragua, Niger, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Somalia, Sudan, Tanzania, Togo, Uganda, Viet Nam, Yemen and Zambia.
Source: OECD.

List of Acronyms*

ACP	AFRICAN, CARIBBEAN AND PACIFIC COUNTRIES
AfDB	AFRICAN DEVELOPMENT BANK
AfDF	AFRICAN DEVELOPMENT FUND
AsDB	ASIAN DEVELOPMENT BANK
AsDF	ASIAN DEVELOPMENT FUND
ASEAN	ASSOCIATION OF SOUTH-EAST ASIAN NATIONS
BIS	BANK FOR INTERNATIONAL SETTLEMENTS
CCA	COMMON COUNTRY ASSESSMENT
CDF	COMPREHENSIVE DEVELOPMENT FRAMEWORK
CDM	CLEAN DEVELOPMENT MECHANISM (Kyoto Protocol)
CEC	COMMISSION OF THE EUROPEAN COMMUNITIES
CEECs	CENTRAL AND EASTERN EUROPEAN COUNTRIES
CGIAR	CONSULTATIVE GROUP ON INTERNATIONAL AGRICULTURAL RESEARCH
CPE	COUNTRY PROGRAMME EVALUATION
CPIA	COUNTRY POLICY AND INSTITUTIONAL ASSESSMENT
CRS	CREDITOR REPORTING SYSTEM (of the DAC)
CSOs	CIVIL SOCIETY ORGANISATIONS
DAC	DEVELOPMENT ASSISTANCE COMMITTEE
DDR	DOHA DEVELOPMENT ROUND
DCD	DEVELOPMENT CO-OPERATION DIRECTORATE (OECD)
EBRD	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT
EC	EUROPEAN COMMUNITY
ECA	ECONOMIC COMMISSION FOR AFRICA
EDF	EUROPEAN DEVELOPMENT FUND
EU	EUROPEAN UNION
FDI	FOREIGN DIRECT INVESTMENT
GNI	GROSS NATIONAL INCOME
HIPCs	HEAVILY INDEBTED POOR COUNTRIES
HPI	HUMAN POVERTY INDEX
IBRD	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
ICTs	INFORMATION AND COMMUNICATIONS TECHNOLOGIES
IDA	INTERNATIONAL DEVELOPMENT ASSOCIATION
IDB	INTER-AMERICAN DEVELOPMENT BANK

* This list is not exhaustive. See also Chapter 4 of this Report for country-specific acronyms.

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IFAD	INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
IFC	INTERNATIONAL FINANCE CORPORATION
ILO	INTERNATIONAL LABOUR ORGANISATION
IMF	INTERNATIONAL MONETARY FUND
IRTA	INVESTMENT-RELATED TECHNICAL ASSISTANCE
ITC	INTERNATIONAL TRADE CENTRE
JCLA	JOINT COUNTRY LEARNING ASSESSMENTS
LDCs	LEAST DEVELOPED COUNTRIES
MDBs	MULTILATERAL DEVELOPMENT BANKS
MDGs	MILLENNIUM DEVELOPMENT GOALS
NEPAD	NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT
NGO	NON-GOVERNMENTAL ORGANISATION
NIS	NEW INDEPENDENT STATES (of the former Soviet Union)
NSSDs	NATIONAL STRATEGIES FOR SUSTAINABLE DEVELOPMENT
ODA	OFFICIAL DEVELOPMENT ASSISTANCE
ODF	OFFICIAL DEVELOPMENT FINANCE
OECD	ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
OOF	OTHER OFFICIAL FLOWS
PDGG	PARTICIPATORY DEVELOPMENT AND GOOD GOVERNANCE
PRGF	POVERTY REDUCTION AND GROWTH FACILITY (IMF)
PRSP	POVERTY REDUCTION STRATEGY PAPER/PROGRAMME
RBM	RESULTS-BASED MANAGEMENT
SAF	STRUCTURAL ADJUSTMENT FACILITY
SDR	SPECIAL DRAWING RIGHT
SNA	SYSTEM OF NATIONAL ACCOUNTS
SPA	STRATEGIC PARTNERSHIP WITH AFRICA
SPS	SECTOR PROGRAMME SUPPORT
SSA	SUB-SAHARAN AFRICA
SWAPs	SECTOR-WIDE APPROACHES
TC	TECHNICAL CO-OPERATION
TRPM	TRADE POLICY AND REVIEW MECHANISM (WTO)
TRTA	TRADE-RELATED TECHNICAL ASSISTANCE
UN	UNITED NATIONS
UNCED	UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT, RIO DE JANEIRO, 1992
UNCTAD	UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
UNDAF	UNITED NATIONS DEVELOPMENT ASSISTANCE FRAMEWORK
UNDP	UNITED NATIONS DEVELOPMENT PROGRAMME
UNEP	UNITED NATIONS ENVIRONMENT PROGRAMME
UNESCO	UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANISATION
UNFCCC	UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE
UNFPA	UNITED NATIONS FUND FOR POPULATION ACTIVITIES

UNHCR	UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES
UNICEF	UNITED NATIONS CHILDREN'S FUND
USD	UNITED STATES DOLLAR
WHO	WORLD HEALTH ORGANISATION
WSSD	WORLD SUMMIT ON SUSTAINABLE DEVELOPMENT (Johannesburg, 2002)
WTO	WORLD TRADE ORGANIZATION

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