



# Operational Plan 2011-2015

## Europe Department

Updated June 2013

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# Introduction

The UK Government is determined to help end extreme poverty around the world. We believe that international development is not just the right thing to do, but the smart thing to do. Britain has never stood on the sidelines, and it is in all our interests for countries around the world to be stable and secure, to have educated and healthy populations and to have growing economies. DFID aims to end aid dependency through jobs – building the economies of developing countries so that they can stand on their own feet.

Alongside the Bilateral Aid Review, which took a comprehensive look at the countries in which DFID works through our direct country and regional programmes, in parallel, through the Multilateral Aid Review, DFID assessed how effective the international organisations we fund are at tackling poverty.

No country can develop with only half of the population involved, that is why DFID is scaling up its support for women and girls across all of our country programmes, including an increased emphasis on girls education and preventing violence against women and girls.

We are also focussing on what works, investing in research and taking advantage of new technology to ensure that UK development support has the greatest impact.

DFID is committed to being a global leader on transparency, and in 2012 was ranked the top aid organisation in the world for transparency. Transparency is fundamental to improving accountability both to UK citizens and to citizens in the countries where we work. Transparency also helps us achieve greater value for money and improves the effectiveness of aid. As part of our commitment to transparency we publish Operational Plans for each area of our work setting out what we will achieve and how we will achieve it. In June 2013 DFID launched a new online tool, Development Tracker, to provide an easy way to access information and data about DFID programmes.

With less than 1000 days to go, we will continue to focus our efforts on delivering the Millennium Development Goals, creating wealth in poor countries, strengthening their governance and security and tackling climate change. The prize, in doing so, is huge: a better life for millions of people, and a safer, more prosperous world.



# 1) Context

The European Union (EU) is the world's largest aid donor (both development and humanitarian aid) and the number one trading partner for most developing countries. Through its policies on aid, trade, climate change and conflict it sets the global development agenda and provides a powerful platform from which to tackle global challenges and take collective action - whether development, commercial or political - for the common good. Since 2000, the European Commission has gone through major change and its aid programmes and policies have improved significantly, making the Commission a key player on the international development scene.

However, the international context and the political landscape in Europe are changing rapidly, and the EU needs to keep pace. The Eurozone is struggling to overcome weak growth and manage economic crises. Member States are introducing austerity measures and development budgets are being cut. Public scrutiny of the EU's aid budget is increasing and failure by other Member States to meet their aid targets is creating greater scepticism. At the same time, emerging economies and new players are entering the field and the EU is no longer necessarily the 'partner of choice' in development. The EU therefore needs to revitalise its global leadership on aid policy and delivery while using the Lisbon Treaty structures - the European External Action Service (EEAS) and Directorate General (DG) EuropeAid - to work more effectively with new global development players such as China, India and Brazil, and to respond more quickly and flexibly to new development challenges, including in conflict and fragile states.

In this context, the UK is uniquely placed to help shape European leadership on development. Our focus on results, transparency and accountability, our delivery of the 0.7% commitment, and our pragmatic approach to supporting developing country poverty reduction agendas are increasingly widely shared within the EU. We therefore have the potential to help shape the EU's future development agenda.

DFID's Multilateral Aid Review (MAR) rated the European Development Fund among the top performers in terms of delivering effective, transparent aid and demonstrating inclusive partnerships. However, both the European Development Fund and the Budget Instruments were rated as less effective at demonstrating results and communicating impact. The next few years will therefore be critical. As the EU reviews its development policy, its financial instruments and the size of its aid budget, we will press for a clear results focus across its aid programmes. While the fundamental changes introduced by the Lisbon Treaty in 2009 are bedding in, we also have a window of opportunity to influence the emerging priorities of the EEAS and the newly merged DG EuropeAid and to improve the EU system so that it performs more effectively. The EEAS has the potential to deliver a step change in improving policy coherence across the EU's external actions - particularly in its response to conflict-affected and fragile states - by better linking development, diplomacy, and security policy. Working through these new institutions DFID can help transform the effectiveness of EU aid, improve its coherence with wider policies and help the EU to demonstrate more clearly the development results that it achieves.



## 2) Vision

### **Overview**

Our vision is of an EU that reduces poverty through its policies and development programmes and that is a world leader in aid quantity and quality.

### **Alignment to DFID and wider UK Government priorities**

- To ensure that EU aid is fully transparent and results-driven
- To work with the EU as a major contributor to the UK Government's Official Development Assistance (ODA) commitment
- To make the EU an effective vehicle that contributes to delivering DFID's Structural Reform Plan

### **We will influence and lobby the EU to ensure that:**

- EU aid provides good Value for Money and is delivered in line with best practice
- EU leads and drives EU Member States to fulfil their commitment to provide 0.7% of Gross National Income (GNI) as ODA and supports actions to achieve the Millennium Development Goals
- EU influences the effectiveness and focus of the international aid agenda
- EU policy is joined up across areas that affect developing countries: e.g. agriculture, trade, security
- EU donors work together to improve impact and reduce multiple initiatives in developing countries

### **•What we will stop doing**

- Reduce support for research, and activities concerned with lobbying for, and influencing, EU development priorities



### 3) Results

#### Headline results

Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected Results (including year)
<b>International Commitments</b> (Effective European Development Fund (EDF))	1) EDF11 retains a clear focus on the poorest countries and develops a results-based approach to programming, to be introduced when the regulations and guidelines are updated to inform the programming of EDF11	2011- Some 95% of EDF is ODA in the current Multi-annual Financial Framework (MFF). No results framework in place.	2014 – MFF maintains ODA levels and poverty focus. New programming guidelines focus on results/outcomes <u>and implement Agenda for Change commitments</u>
<b>International Commitments</b> (Effective EU Budget Instruments)	2) Increased ODA share within a constrained EU budget in the next MFF (2014-2020) underpinned by more effective, flexible external financial instruments, including a greater focus on results-based planning to be reflected in the Instruments and their implementation guidelines. EU approach to blending of grants and loans delivers more effective aid.	90% of Heading 4 is ODA in the current MFF (2007-2013). No results framework	2014 – ODA levels at least maintained in next MFF. New Instruments and guidelines focus on results/ outcomes and more flexibility <u>in line with Agenda for Change commitments</u>
<b>International Commitments</b> ( Future EU Development Policy)	3) EU development policy supports UK priorities, with an overarching objective of improving the focus on results and evaluation, transparency, and VfM of EU aid. In terms of policy objectives: An increased focus on i) wealth creation, trade and regional integration; ii) conflict and fragile states; and iii) supporting girls and women. EU support for UK priorities on Family Planning and Sustainable Energy for All. EU external actions increase policy coherence– e.g. through coordinated support for climate resilient development	European Consensus on Development (2005) Increasing the Impact of EU Development Policy, The Agenda for Change (2011)	EU Dev Communication (2011) and Council Conclusions (2012) reflect UK aims. More effective EDF10 /11 regional envelopes. Joint Communication on Trade and Development reflects UK aims. EU meets Agenda for Change commitments. EU conflict policy OECD compliant. EAS regional strategies reflect UK aims. EU participation in Family Planning event and SE4All. Coordinated EU approach to development and Council Conclusions.  Gender (see separate box)



### 3) Results (continued)

Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected Results (including year)
<p><b>Role of Women</b> (Effective implementation of EU Gender Equality Action Plan)</p>	<p>Objectives of the EU Plan of Action on Gender Equality and Women's Empowerment in Development 2010-2015 are successfully achieved within the time frames specified.</p>	<p>EU Plan of Action agreed by Council of Ministers in June 2010.</p>	<p>n/a</p>
<p><b>Transparency</b> (Improved EU transparency and accountability)</p>	<p>Improved EU aid transparency and accountability, including efficient UK Parliamentary scrutiny of EU development policy.</p>	<p>i) Nine IATI signatories in 2010: ii) Council Conclusions on 2010 Annual Report (AR)</p>	<p>i) EC signed up to IATI 2011, ii) majority of EU Member States IATI compliant by 2014: iii) Yearly improved results focus in AR.</p>
<p><b>Value for Money</b> (EU aid effectiveness)</p>	<p>By 2015 EU aid is more effective as demonstrated by more flexible, transparent and effective programming rules and systems in the new MaFF, further decentralisation of decision making and a clear EU agenda on aid effectiveness.</p>	<p>2008: two out of nine Paris targets met: three on track.</p>	<p>Six targets met by 2013 publication (based on 2012 data). 2013 Mini-MAR evidence demonstrates more flexible, transparent, effective EU procedures.</p>



## 3) Results (continued)

### Evidence supporting results

The two Multilateral Aid Reviews (MAR) on the European Development Fund (EDF) and the Budget Instruments provide the main evidence base for the proposed results. These reviews identified some key reform areas for the EU: the lack of a results-based approach to aid, including a comprehensive results framework; cumbersome rules and procedures and the inability to respond to changing circumstances including by reallocating funding; the scope and focus of funding instruments; limited decentralisation of action and financial decision-making; procurement rules that don't offer Value for Money (VfM); a lack of development expertise among staff and a lack of evidence of performance on gender mainstreaming.

The lack of an overarching results framework makes it difficult to monitor EC outputs and outcomes at an aggregated, institution-wide level. The EC is expected to produce an update to its Millennium Development Goal (MDG) report in 2013, setting out the results it has achieved. However, for a number of reasons this type of reporting is not useful to make an accurate assessment of VfM. Encouraging the EC to implement a results-based approach to aid and particularly a results framework is therefore our top priority. Following extensive engagement by DFID, the EC have committed to having a results framework in place by 2014. We will monitor its implementation closely.

Europe Department (ED) carefully monitors the work of the EC, through our participation on the committees of the member states which manage the geographical instruments. As part of this work we will examine carefully the EU's own reporting on the contributions that they are making, through the EDF and the main EU budget aid instruments, to achieve the MDGs in those Low Income Countries where the EU is a significant donor. The majority of the beneficiary countries for these programmes also have the furthest to go to achieve the MDGs and many are without any DFID presence. However, we can clearly not hold the EU fully accountable for their achievement as MDG outcomes are influenced by a very diverse range of factors.

### Value for Money (VfM) rationale

Evidence from MAR VfM assessments of the EDF and Budget Instruments help establish our headline reform priorities for the EU. Acting on these priorities will have a major impact on improving EU aid delivery. However our ability and scope to influence is affected by the joint decision-making processes in the EU, where 27 Member States need to agree. Our influencing strategy is three pronged. Firstly, we have a technical secondment programme that targets the implementation of DFID's objectives within the Commission. Secondly, a focus on high level policy – we will continue to develop networks with the Commission and other Member States to create a critical mass to call for reforms. Thirdly, a series of engagement strategies and business plans/logframes will establish key objectives and expected results from the main EU instruments.



## 4) Delivery and Resources

### Europe Department (ED) structure

Following an extensive change management process Europe Department is organised in three main teams in London. We also manage a dedicated development team within the UK Representation to the EU (UKRep) in Brussels.

### Our resources

20% of DFID's budget is channelled via EU institutions as core funding. Two thirds is non-discretionary. We are projected to spend some £3.5 billion on EU attribution and £2.1 billion on European Development Fund (EDF) over the next four years. ED's main purpose is to guide and influence this expenditure and related EU policy, and to use the EU as a platform to help achieve DFID Structural Reform Plan (SRP) priorities.

### Our partnerships and main delivery mechanisms

ED takes forward the UK's interest through:

- Agreeing policy, common positions and spend through EU Working Groups/Councils, European Investment Bank and International Facility Boards, and Management Committees.
- Engaging with EU Member States and building alliances where needed, with Members of the European Parliament, non-governmental organisations (NGOs) and think tanks active in EU development policy and research
- Our Seconded National Experts programme, enabling the placement of over 25 staff in key positions across EU institutions. Over the next four years, this programme will look to grow and place staff in strategic posts to promote our priorities.
- Working closely with other Whitehall Departments to agree joint positions and a single, coherent UK voice in Europe
- Supporting DFID colleagues across policy divisions and in country offices to pursue their priorities with the EU



## 4) Delivery and Resources (cont)

### Planned Programme Spend

Pillar/Strategic priority	2010/11		2011/12		2012/13		2013/14		2014/15		TOTAL	
	Resource £'000	Capital £'000										
Wealth Creation	3,182		149		231		1,300		1,300		6,162	0
Climate Change											0	0
Governance and Security	11,787		3,372		2,346		700		700		18,905	0
Education	-48		-26								-74	0
Reproductive, Maternal and Newborn Health											0	0
Malaria											0	0
HIV/Aids											0	0
Other Health											0	0
Water and Sanitation	1,246				0		0				1,246	0
Poverty, Hunger and Vulnerability	1,334		346		276						1,956	0
Humanitarian	26										26	0
Other MDG's											0	0
Global Partnerships	435,537		420,787		330,739		1,179,080		1,136,000		3,502,143	0
<b>TOTAL</b>	<b>453,064</b>	<b>0</b>	<b>424,628</b>	<b>0</b>	<b>333,592</b>	<b>0</b>	<b>1,181,080</b>	<b>0</b>	<b>1,138,000</b>	<b>0</b>	<b>3,530,364</b>	<b>0</b>



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## 4) Delivery and Resources (continued)

### Planned Operating Costs

	2010/11	2011/12	2012/13	2013/14	2014/15	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Frontline staff costs - Pay	958	346	146			1,450
Frontline staff costs - Non Pay	551	148	334			1,033
Administrative Costs - Pay	1,381	1,261	1,004	981	1,003	5,630
Administrative Costs - Non Pay	152	106	170	201	201	830
<b>Total</b>	<b>3042</b>	<b>1861</b>	<b>1654</b>	<b>1182</b>	<b>1204</b>	<b>8943</b>



## 4) Delivery and Resources (continued)

### Planned Efficiency savings

#### Delivering Programme Efficiencies

Category	Details	Residual cost in the SR period £'000
Strategic Reprioritisation		
Further examples of Programme efficiency	Will cut staff costs by 43% by 2012/13. This equates to efficiency savings increasing from 0.15% (staff/programme budget) to 0.07% by 2012/13.	

Administrative Cost Savings Initiative	2011/2012		2012/13		2013/14		2014/15	
	PAY £'000	Non Pay £'000						
Reduction in Consultancy Payments		48						
Reduction in Travel		36						
Reduction in Training		30		14				
Reduction in Estates & Property Costs								
Reduction in costs as a result of Office Restructuring	439			54				
Other Reductions								
<b>Total</b>	<b>439</b>	<b>114</b>	<b>0</b>	<b>68</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## 5) Delivering Value for Money (VfM)

### Key Action Points of a VfM Strategy

#### The MAR 2011 assessment established the key reform priorities to improve the VfM of EC aid:

- More flexible procedures, which enable rapid response, innovation and re-direction of non-performing funds
- Funding instruments with clear focus and scope; resource allocation according to needs and performance
- More decentralised financial decision-making
- Procurement rules that offer VfM
- Improved ability to recruit and maintain development expertise
- Improved commitment to gender mainstreaming in practice and to measuring the impact of gender work

#### Our main objective is for the EU to develop a results-based approach to aid:

- This would work better when incorporated as part of a Results Framework, which pulls together key components that are crucial for VfM considerations. Evaluation is also an important area that feeds into a results-based approach and should not be ignored.
- Europe Department will use upcoming opportunities such as the negotiations for the next Multi-Annual Financial Framework (2014-2020) and the next EDF replenishment in 2011 to further these reform priorities.

#### The key activities for ED on VfM are:

- An update to the MAR to assess current VfM activity within the Commission
- To ensure that any changes to EU Procurement policy promote VfM
- To assess our current SNE programme and ensure we are maximising potential for achieving our VfM agenda.
- To assign a VfM champion within ED to pursue the results and VfM agenda both within the EU and also playing a coordinating role across ED including improving the basic VfM skills of ED staff
- To do more with less. A reduction in posts means that staff will need to prioritise more and increase their effectiveness through appropriate training and skills development and will mean a greater emphasis on cross-team working and more flexible roles.



## 6) Monitoring and Evaluation

### Context

ED does not carry out its own evaluation of EU aid - this would duplicate the organisation's own procedures. However, the UK has conducted several reviews of the EC development programme over the last year, notably the Independent Commission for Aid Impact (ICAI), National Audit Office (NAO) and the International Development Committee (IDC) all assessed the Commission in regards to efficiency, effectiveness and value for money as well as the comparative advantages of EU aid. The current Development Co-operation Directorate (DAC) Peer Review also reported in 2012 and is an important source of independent evidence on direction of travel in EC's performance.

Within the EC, monitoring is overseen by the Quality and Impact Department in DG Devco, and undertaken by main geographical/ thematic departments and EC Delegations annually and at the end of the project cycle. The ROM (Results Oriented Monitoring) system is a systematic, independent monitoring tool, but it is not fully embedded and the results are not open to public scrutiny. Evaluation is well established for EU aid but more attention to rigour and quality is needed. Under the Agenda for Change, DG DEVCO is moving to strengthen its Monitoring and Evaluation (M&E) systems, including introducing a new integrated Project Cycle Management information system.

### ED focus

International Division are in the process of developing an evaluation strategy for the multilateral organisations that DFID funds. ED will engage with this process and implement the strategy once it is finalised. ED's current focus is to call for robust impact evaluation practice across EU external programmes, managed by a staff complement of sufficient number and with appropriate skills. A results framework could play a key role in helping the EC to monitor and evaluate its programmes and we will lobby the EC to ensure one is put in place and used effectively. ED engages in cross-departmental lesson learning on evaluation practice and analysis. Staff (particularly those working on finance and Instruments) will benefit from the planned evaluation skills training (Dec, Feb).

Other ED Action points over this CSR cycle will include:

- keeping track of and influencing EU thinking on good M&E practice;
- assessing whether current EU guidance and procedures remains relevant and effective,
- ensuring that sufficient attention is given to transparency and accountability within EU systems.

### Building capacity of partners

DFID is currently funding Seconded National Experts (SNEs) in both DG EuropeAid's Evaluation and Results units.



## 7) Transparency

Transparency is one of the top priorities for the UK Government. We will ensure that we continue to meet our commitments under the UK Aid Transparency Guarantee including publishing detailed information about DFID projects, including programme documents, and we will provide opportunities for those directly affected by our projects to provide feedback.

**Actions to ensure DFID meets its commitments in the UK Aid Transparency Guarantee:**

All staff are fully aware of the Aid Transparency Guarantee and follow the guidance on plain language and business cases. We will publish comprehensive details of all new projects, this Operational Plan and the results of the MAR assessment related to the European Development Fund and EU budget instruments.

**With the European Union, we will work towards greater EU aid transparency:**

As EU aid represents 56% of global ODA, the benefits of EU action on transparency would be huge for poorer countries as well as for our domestic constituencies. The European Commission is a signatory to the International Aid Transparency Initiative (IATI) and began publishing data in October 2011, republishing in March 2012 with a stated goal of quarterly publication. We will, together with the Aid Effectiveness team (Aid Impact Team), continue to press the EU to provide timely, accurate, comparable and detailed data on aid flows based on IATI. We will also push the European Commission in turn to promote transparency with partner governments in developing countries and EU funding beneficiaries, making it easier for people to see how aid comes from donors, and how this is being spent.



## Annex A: Revisions to Operational Plan 2012/13

- All mention to DFID Kosovo have been removed from the Operational Plan as the DFID office has been closed since December 2012. Kosovo is no longer a recipient of bilateral aid from DFID and all programmes have been completed.
- DFID operated a programme in Kosovo since the war in 1999. DFID decided to close the Kosovo programme as part of the Bilateral Aid Review (BAR). This decision is in line with DFID's wider policy for European programmes, which closed our other offices in the region (Bosnia, Serbia and Moldova) in 2011. In doing so, we have recognised the growing economic and political stability in the region and the countries increased access to, and interest in, other forms of support.



# Annex B: Progress towards headline results

Pillar/ Strategic Priority	Indicator	Baseline (include year)	Progress towards results (include year)	Expected Results (include year)
<b>International Commitments</b> 1) Effective European Development Fund (EDF)  2) Effective EU Budget Instruments  3) Future EU Development Policy	1) EDF11 remains focused on the poorest countries and develops a results-based approach to programming. 2) Increased ODA share within a constrained EU budget in the next MFF (2014-2020). EU approach to blending of grants and loans delivers more effective aid. 3) EU development policy supports UK focus on i) wealth creation, trade and regional integration; ii) conflict and fragile states; and iii) supporting girls and women.	2011- Some 95% of EDF is ODA in the current Multi-annual Financial Framework (MFF). No results framework in place.  90% of Heading 4 is ODA in the current MFF (2007-2013). No results framework European Consensus on Development (2005) Increasing the Impact of EU Development Policy, The Agenda for Change (2011)	A results framework should be in place by the end of 2013, to be applied to programmes from 2014. Council agreement reached which reflects all UK key objectives (Feb 2013). Implementation of agenda for change is on-going, with continued UK push on priority policy objectives	1) 2014 – MFF maintains ODA levels and poverty focus. New programming guidelines focus on results and implement Agenda for Change commitments. 2) 2014 – ODA levels at least maintained in next MFF. New Instruments and guidelines focus on results in line with Agenda for Change commitments. 3) EU Dev Communication (2011) and Council Conclusions (2012), as well as the Joint Communication on Trade and Development, reflect UK aims. EU meets Agenda for Change commitments. EAS regional strategies reflect UK aims. Coordinated EU approach to development and Council Conclusions.
<b>Role of Women</b>	Objectives of the EU Plan of Action on Gender Equality and Women's Empowerment in Development 2010-2015 are successfully achieved within specified time frames.	EU Plan of Action agreed by Council of Ministers in June <b>2010</b> .	EU policy and programming fully reflects developmental needs of girls and women by 2014-15	<b>2013</b> Development results are successfully achieved within specified time frames.
<b>Transparency</b> (Improved EU transparency and accountability)	Improved EU aid transparency and accountability, including efficient UK Parliamentary scrutiny of EU development policy.	i) Nine IATI signatories in <b>2010</b> ; ii) Council Conclusions on <b>2010</b> Annual Report (AR)	EC published IATI data from Oct 2011 onwards; Nine EU Member States are IATI signatories	Majority of EU Member States IATI compliant by 2014. Yearly improved results focus in AR
<b>Value for Money</b> (EU aid effectiveness)	By 2015 EU aid is more effective due to more flexibility and transparency in the new MFF, together with further decentralisation of decisions and a clear EU agenda on aid effectiveness	<b>2008</b> : two out of nine Paris targets met: three on track.	One of nine Paris targets met. MAR Update on track but to early to assess likelihood of meeting the expected results	Six targets met by <b>2013</b> . <b>2013</b> Mini-MAR evidence demonstrates more flexible, transparent, effective procedures.