

Operational Plan 2011-2015

DFID's Policy and Research Cabinet

Updated June 2012

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Introduction

The UK Government is determined to help reduce the inequalities of opportunity we see around the world today. We believe that promoting global prosperity is both a moral duty and in the UK's national interest. Aid is only ever a means to an end, never an end in itself. It is wealth creation and sustainable growth that will help people to lift themselves out of poverty.

In May 2010, the International Development Secretary, Andrew Mitchell, commissioned the Bilateral Aid Review to take a comprehensive and ambitious look at the countries in which DFID works through our direct country and regional programmes. The review focussed on the best ways for the UK to tackle extreme poverty, ensuring that we make the greatest impact with every pound we spend. In parallel, through the Multilateral Aid Review, DFID assessed how effective the international organisations we fund are at tackling poverty.

On the 1st March 2011, the key outcomes of the reviews were announced, including the results that UK aid will deliver for the world's poorest people over the next four years. The Bilateral Aid Review has refocused the aid programme in fewer countries so that we can target our support where it will make the biggest difference and where the need is greatest. The Multilateral Aid Review findings enable us to put more money behind effective international organisations which are critical to delivering the UK's development priorities. In addition the independent Humanitarian Emergency Response Review looked at how the UK can build on its strengths in responding impartially to humanitarian needs and help ensure future disaster responses can be better prepared and coordinated.

DFID is committed to being a global leader on transparency. In the current financial climate, we have a particular duty to show that we are achieving value for every pound of UK taxpayers' money that we spend on development. Results, transparency and accountability are our watchwords and guide everything we do. DFID regards transparency as fundamental to improving its accountability to UK citizens and to improving accountability to citizens in the countries in which it works. Transparency will also help us achieve more value for money in the programmes we deliver and will improve the effectiveness of aid in reducing poverty.

The UK Aid Transparency Guarantee commits DFID to making our aid fully transparent to citizens in both the UK and developing countries. As part of this commitment we are publishing Operational Plans for country programmes. The Operational Plans set out the vision, priorities and results that will be delivered in each of our country programmes.

We will concentrate our efforts on supporting achievement of 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 context for the Department for International Development (DFID)'s Policy Division (PD), and the context for aid, is changing. Externally, the face of poverty is changing as three quarters of the world's poor are now thought to live in middle income countries. Many of them have poor governance; global challenges such as climate change, fragility and resource scarcity are impacting on the poorest; and emerging global powers such as India and China are changing the way development happens and are proving critical to solving global problems. At the same time the 2015 Millennium Development Goal (MDG) deadline is now squarely in our sights. Many challenges remain however, with increasing pressure to focus on those issues that are proving increasingly intractable e.g. maternal mortality; access to water and sanitation; ensuring that the world's most marginalised girls complete good quality primary and lower secondary education. Global leadership is needed to push forward on these areas but the context is changing from one of advocacy to one that is based on leading by example, i.e. demonstrating good results in bilateral programming.

Internally, the context for PD is changing too. As DFID shifts to a 0.7% (aid to Gross National Income (GNI)) organisation and increases its aid 'footprint', there is an increasing imperative for DFID to make the very best investments with its increased resources. Evaluation, value for money assessments and transparency of aid are critical to achieving this. The UK needs a policy function that is looking ahead to the policy challenges for today and tomorrow; and is at the forefront of ensuring the UK's aid money is spent with a strong focus on value for money.

PD Cabinet will focus on adapting the culture and performance of the Divisions it serves (Policy Division, Research and Evidence Division and Trade Policy Unit) to deal with this new environment. As the three Divisions evolve, Cabinet will have to do the same. Its overall operational framework will be about getting the best value out of the Divisions' people and money.

In addition to the internal focus of much of Cabinet's work, our **post-MDG team** will play a key role for DFID, across the UK Government and internationally in helping to secure an ambitious and compelling framework for development after the 2015 MDG deadline. The team will work in particular to ensure success of the Prime Minister co-chaired Secretary General's High Level Panel (HLP) on post-MDGs – providing high quality analysis, managing relations across Whitehall and forging key partnerships with a diverse coalition of governments and non-government actors internationally.

2) Vision

Overview

What Policy Division (PD) will do over the planning period will change. In response to DFID's increasing aid budget, PD's focus will shift much more to increasing the value for money of DFID's aid, and away from influencing the international system and other donors' aid. PD will shape, drive and deliver policy to transform poor people's lives. It will be the 'go-to' place for cutting-edge knowledge, innovation and expertise on what works/doesn't work and how to measure impact. It will make sure knowledge, learning and innovation flows across the organisation in a way that DFID staff can absorb and enjoy.

We will use the best ideas, evidence, and analysis to:

- support the delivery of the bilateral programme through lesson-learning across the portfolio; share expertise on value for money, indicators and unit costs of investments; engage in knowledge sharing and facilitation; capture experience from innovation; deliver reviews of the portfolio etc.;
- provide analysis and advice in support of Ministerial policy requests and business plan/Structural Reform Plan priorities;
- continue (but devote less staff time to) to promoting change internationally and in international organisations by helping develop UK Government policy positions for the G20, G8, international summits, and climate negotiations; and coordinating actions and policy positions with other donors, philanthropic organisations and international bodies;
- engage in Whitehall policy discussions around aid and non aid (e.g. migration);
- build public and parliamentary support for the UK's development effort (PD answers half of all of DFID's Parliamentary Questions); and,
- deliver selected aid results that are better funded centrally e.g. eliminating polio and neglected tropical diseases; working through the International Growth Centre; and climate knowledge network.

Cabinet will, during the planning period, focus on ensuring the Divisions' resources (people and money) offer best value for money – with PD being the main focus. It will provide a coordination role and home for initiatives which are cross-PD related; for the cross-DFID post-MDG work; stimulate PD to better absorb innovative ideas; support the PD and the Divisions' Leadership Team in driving changes in the performance culture towards value for money, people management and corporate compliance; improve management of structural staffing changes in the Divisions; ensure the Development Policy Committee acts as an effective forum for setting policy direction and driving implementation; ensure DFID's corporate processes and procedures support delivery of the Divisions' business and reduce their transaction costs; and be a role model for diversity and effective management.

What we will stop doing

The following initiatives are due to end: Olympic Legacy project (2014). 1st phase of relocation from London to East Kilbride (Dec 2011).

3) Results

Headline results

| Pillar/ Strategic Priority | Indicator | Baseline (including year) | Expected Results (including year) |
|----------------------------|--|--|---|
| | Number of DFID Policy Division reports consistently showing improved value for money in the use of programme and admin resources. | December 2011 Portfolio quality score of 75.8%. | Portfolio quality maintained. |
| | Number of corporate performance standards for Policy Division's Director's Statement of Assurance (DSA) (e.g. payment processing, financial forecasting, project documents etc.) which are maintained or improved. | 16 green scores in 2011/12 DSA. | Achieve 80% green scores by end Spending Review. |
| | Improved accuracy of internal budgetary provision for Overseas Development Aid (ODA) eligible expenditure under the Returns and Reintegration Fund (RRF). | £2.19 million requested in 2011/12 against provision of up to £10 million. | Actual RRF spending needs within 80% of forecast internal budgetary provision by end Spending Review. |
| | % improvements in staff perceptions in Policy Division of managing change and the reasons for it. | 2011 People Survey score for managing change well was 25% and opinion that changes usually for the better was 16%. | Both increase to 50% by end of Spending Review. |
| | Increasing use made of themesites, measured in number of total hits to all themesites. | 14,000 hits between October 2011 and March 2012. | 20,000 hits during 2012/13. |

3) Results (continued)

Headline results

| Pillar/ Strategic Priority | Indicator | Baseline (including year) | Expected Results (including year) |
|----------------------------|--|--|---|
| | <p>Work programmes of think tanks (Overseas Development Institute, Centre for Global Development, International Institute for Environmental Development and Institute for Development Studies) delivering their objectives, and generating policy products which are being disseminated and taken up effectively to a relevant DFID target audience.</p> | <p>All four Accountable Grants issued and work programmes commenced by April 2012.</p> | <p>Each think tank receives a score of at least two in its Annual Review. Metric for tracking uptake show continuous improvement.</p> |
| | <p>PD Challenge Fund is operational, allocating programme resources in a transparent manner, prioritising strategic merit and value for money of DFID investment.</p> | <p>Commissioned to design an internal Challenge Fund (March 2012).</p> | <p>Facilitate at least one bidding round for resources over 2012-15 (by April 2013).</p> |
| | <p>High Level Panel (HLP) (co-chaired by the PM) develops an ambitious and compelling proposition for post-MDG framework that frames the debate and secures broad international consensus ahead of the September 2013 MDG Review summit.</p> | <p>HLP not yet set up; no clear narrative or proposal in place for post-MDGs (April 2012).</p> | <p>Key G77 members endorse main elements of HLP report in Summer 2013.</p> |

3) Results (continued)

VfM rationale

The value for money considerations Cabinet have taken into account in determining the results we will achieve are:

The budget that was previously earmarked in PD and in Cabinet for **consultancy** will no longer be used for those purposes. Instead we will provide the same results for less with half of the consultancy budget being offered as an efficiency saving, and the other half redeployed as an innovation hub to bring new ideas and innovations to development spending across DFID and internationally. This should improve the ability of aid to be more effective and more transformative.

Cabinet has decided to continue the focus on facilitating the Divisions to be compliant with the various **civil service wide** freezes (recruitment, consultancy, marketing etc.) so that the Divisions as a whole also deliver the same results with less resource. We will also continue in our role of helping the Divisions to manage change, bring about efficiency savings and improve their financial forecasting.

The option of a **merger with the International Director's Cabinet** has been considered – on this it was concluded that the two units were better to look at how they could organise to achieve efficiency savings within their structures. Each are slightly different and cover different remits. We looked at merging just the corporate functions but these are handled by only one or two people in total. The costs in staff time taken to managing the change, together with the uncertainty this would bring to staff, outweighed the benefit of the savings.

Similar to other Departments in the Divisions, Cabinet will adopt a **neutral location recruitment policy** over the planning period. This means that any new posts in Cabinet will be advertised in both Abercrombie House and Palace Street, with the best candidate determining where the post will be located. The value for money consideration is that the cost of accommodation in Abercrombie House is lower than in Palace Street.

Cabinet will continue to identify **bureaucratic processes** that do not need doing. Cabinet will move to a system of “spot-checking” on corporate compliance (e.g. the Director's Statement of Assurance six-monthly spot-check) rather than ongoing monitoring or comprehensive returns. Cabinet will ensure that engagement with Finance and Corporate Performance Divisions on corporate processes is at a sufficiently strategic level to minimise the burden on the rest of the Divisions and ensure their concerns are reflected in all major new corporate programmes.

4) Delivery and Resources

While Policy Division (PD) will continue to set the agenda, including for the international community, on some of the key policy themes that can have significant impact on development (climate, wealth creation, health, education, anti-corruption, fragility etc.) our delivery focus will change to be even more country-facing – with DFID country office demands increasingly shaping Policy Division's priorities and work-programmes. PD will increasingly help them to improve the value for money of bilateral programming. A broad menu will include:

- facilitating the flow of knowledge and information across DFID in thematic areas which require rapid scale-up, new niche areas for DFID or with specific poor/vulnerable groups (e.g. people with disabilities);
- increasing value for money of DFID programme delivery by developing internal websites for DFID staff to bring in learning from elsewhere, exchange advice on unit costs, benchmarking, metrics and indicators, piloting the cash transfers, malaria and anti corruption portfolio oversight reports;
- capturing experience from innovation to contribute to programme design and business cases;
- shaping and strengthening UK/DFID policy which can provide a framework for action at country level e.g. elections guidance briefing and assessments of cash transfers;
- looking across the sectoral portfolio to assess the overall coherence; and,
- provide practical guidance to country offices to operationalise policy themes.

In exceptional circumstances, filling staffing gaps on a short term basis in high priority countries where the lack of technical capacity is threatening the ability of the country office to achieve results. These would be agreed with the Director of PD.

Within the Divisions, Cabinet will fulfil this role by facilitating the dialogue with Regional Directors on how joint working with DFID country offices should happen, mapping what is currently happening, ensuring that Operational Plans reflect sufficient resource to fulfil the role consistently across PD and then ensuring the work is taken forward quickly.

Cabinet will also manage the allocation of resources of a PD Challenge Fund of £28 million in 2012/13 to support priority programmes.

On programme resources, Cabinet will, over the next four years, manage PD's relationship and programme budget for the umbrella think tank Accountable Grants (Overseas Development Institute (£9.7 million), Centre for Global Development (£4 million), International Institute for Environment and Development £17.6 million), Institute of Development Studies (£11 million)). Cabinet will also continue to oversee the DFID input into: the Foreign and Commonwealth Office (FCO), UK Border Agency, DFID and Ministry of Justice Returns and Reintegration Fund and the Sport and Development Olympic Legacy project. These are delivered by the FCO and Department for Culture, Media and Sport (DCMS) respectively. DFID contributes by transferring funds to these departments and by engaging in cross-Whitehall groups to shape, monitor and evaluate their impact. Cabinet will manage the UK's financial contribution to the United Nations Secretary General's (UNSG) High Level Panel secretariat costs.

4) Delivery and resources (continued)

Cabinet's partners are: Directors (Policy, Research and Evidence, and Trade Policy); the Divisions' staff; International Directors' Office (IDO); Other government departments; Think Tanks (Overseas Development Institute, Centre for Global Development, International Institute for Environment and Development, Institute of Development Studies); and for post-MDGs, Cabinet Office/No.10, UN Secretary General's office, plus the governments of Indonesia and Liberia (HLP co-chairs).

4) Delivery and Resources (continued)

| Pillar/Strategic priority | 2010/11 (Outturn) | | 2011/12 | | 2012/13 | | 2013/14 | | 2014/15 | | TOTAL (2011-2015) | |
|--|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|
| | Resource £'000 | Capital £'000 | Resource £'000 | Capital £'000 | Resource £'000 | Capital £'000 | Resource £'000 | Capital £'000 | Resource £'000 | Capital £'000 | Resource £'000 | Capital £'000 |
| Wealth Creation | | | | | | | | | | | 0 | 0 |
| Climate Change | | | | | | | | | | | 0 | 0 |
| Governance and Security | | | | | | | | | | | 0 | 0 |
| Education | | | | | | | | | | | 0 | 0 |
| Reproductive, Maternal and Newborn Health | | | | | | | | | | | 0 | 0 |
| Malaria | | | | | | | | | | | 0 | 0 |
| HIV/Aids | | | | | | | | | | | 0 | 0 |
| Other Health | | | | | | | | | | | 0 | 0 |
| Water and Sanitation | | | | | | | | | | | 0 | 0 |
| Poverty, Hunger and Vulnerability | | | | | | | | | | | 0 | 0 |
| Humanitarian | | | | | | | | | | | 0 | 0 |
| Other MDG's | | | | | | | | | | | 0 | 0 |
| Global Partnerships | | | 18,905 | | 39,500 | | 16,435 | | 16,435 | | 91,275 | 0 |
| TOTAL | 0 | 0 | 18,905 | 0 | 39,500 | 0 | 16,435 | 0 | 16,435 | 0 | 91,275 | 0 |

The 2010/11 figures reflect actual outturn as the baseline year before the current spending review period. Figures for 2011/12 to 14/15 are planned budgets within the spending review period. The 2012/13 figures differ from the previously published Operational Plan as the 2012/13 budget round has now taken place and updated allocations for this year have been agreed. 2013/14 and 2014/15 figures are subject to updates in subsequent years.

4) Delivery and Resources (continued)

Planned Operating Costs

| | 2010/11 (outturn) | 2011/12 | 2012/13 | 2013/14 | 2014/15 | Total (2011- 2015) |
|---------------------------------|----------------------|------------|-------------|----------|----------|--------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Frontline staff costs - Pay | | | | | | 0 |
| Frontline staff costs - Non Pay | | | | | | 0 |
| Administrative Costs - Pay | 989 | 926 | 1282 | | | 2208 |
| Administrative Costs - Non Pay | 429 | 59 | 107 | | | 166 |
| Total | 1418 | 985 | 1389 | 0 | 0 | 2374 |

The 2010/11 figures reflect actual outturn as the baseline year before the current spending review period. Figures for 2011/12 to 14/15 are planned budgets within the spending review period. The 2012/13 figures differ from the previously published Operational Plan as the 2012/13 budget round has now taken place and updated allocations for this year have been agreed. 2013/14 and 2014/15 figures are subject to updates in subsequent years.

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 | | |

| Administrative Cost Savings Initiative | PAY £'000 | Non Pay £'000 | PAY £'000 | Non Pay £'000 | PAY £'000 | Non Pay £'000 | PAY £'000 | Non Pay £'000 |
|--|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|
| Reduction in Consultancy Payments | | 100 | | | | | | |
| Reduction in Travel | | 20 | | | | | | |
| Reduction in Training | | 200 | | | | | | |
| Reduction in Estates and Property Costs | | | | | | | | |
| Reduction in costs as a result of Office Restructuring | 2 | 83 | 24 | | | | | |
| Other Reductions | | 30 | | | | | | |
| Total | 2 | 433 | 24 | 0 | 0 | 0 | 0 | 0 |

5) Delivering Value for Money (VfM)

Cabinet will lead in delivering VfM in core admin across the Divisions

By consolidating the residual consultancy budgets from all departments within PD, Cabinet will ensure that the Innovation hub will deliver more for less. This work would have in previous years been delivered by external consultants at a much higher cost than internal staff. The hub will also deliver the wider DFID goal of innovating and find new and better ways of delivering policy products.

Cabinet will continue to reduce non staff costs, with a 50% overall reduction in year 1. Training budgets will also be capped at a divisional wide agreed level. All non staff costs will be challenged throughout the spending review period to lower per capita spend to the lowest within the Division.

The 2011 review of Heads of Professions allowed Cabinet to deliver savings on the professional development budget. Cadre learning events will be held in-house and therefore reduce costs. The introduction of submitting a business case for cadre events ensures that costs are driven down whilst maintaining high quality development training for cadres.

We are achieving VfM in our engagement with the Think Tanks (Overseas Development Institute, Centre for Global Development, International Institute for Environment and Development, Institute of Development Studies) by agreeing caps to management fees at the outset, and negotiating decreasing fee rates over the course of our support.

6) Monitoring and Evaluation

Monitoring

We plan to monitor and account for the results in Cabinet's Results Framework of the Operational Plan every six months. We will do this by assessing progress (through a traffic lights system) and a discussion with the Policy Director. We will take account of progress and the lessons learned from these reviews as we refresh the Operation Plan each year.

Evaluation

As mentioned elsewhere in this plan, Cabinet will have a role in facilitating PD and DFID country offices to work closer together, thereby bringing better value for money to bilateral aid. We will define what success would look like, and we will include a way to evaluate whether we have achieved success into the design of the working relationship from the beginning. We will engage with DFID's Evaluation Department for advice on how to do this.

More generally at the end of the Spending Review period, Cabinet will conduct an evaluation which assesses achievements and the extent to which the results in this plan have been met.

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 all spend above £500. We will continue to ensure that information is accessible, comparable, accurate, timely and in a common standard with other donors and that we provide opportunities for those directly affected by our projects to provide feedback.

All Policy Division Departments will publish detailed information of all new programmes on the DFID website, and all contracts, and all spending over the £500 threshold. Annual project performance reporting and end of project evaluation from April 2011 will also be published. We will ensure that wherever possible, all information in the public domain is comprehensive, accessible, comparable, accurate and timely. We will also seek opportunities for feedback by those benefiting from PD programmes.

We will meet the standards set out in the International Aid Transparency Initiative (IATI) and will encourage our partners to do the same.

Cabinet will encourage all PD Departments to meet their transparency commitments by including any changes in internal corporate update communications.