

# Operational Plan 2011-2015

## DFID INDIA

October 2011

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# 1) 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.

## 2) Context

**India is a growing global power and a key partner for the UK.** Prime Minister Cameron and Prime Minister Singh have agreed to renew and deepen the partnership between the UK and India. India has the world's 10th largest economy<sup>1</sup> and is growing fast, with 9.4% growth in 2010<sup>2</sup>. It has the second largest population in the world, with a mean age of 26. It is a leading voice in the Commonwealth and its influence in the UN and G20 is increasing year by year. A stable and prosperous India brings many benefits to the UK. India is the world's largest democracy. It is a growing market for UK goods and services. Indian businesses that invest in the UK bring jobs and income. And India's choices are crucial to the prospects for global climate change.

**Inclusive growth and development is a top priority of the Government of India (GoI).** The GoI has robust Five Year Plans which provide strategic direction for all development investments in India. The ongoing 11th Plan sets out India's development priorities: inclusive growth; reforms for a vibrant private sector; better access to essential services in health and education; infrastructure; environmental sustainability; special attention to disadvantaged groups; and good governance at all levels. In 2009, India invested 30% of its budget on health, education, rural development and food aid<sup>3</sup>. The GoI has a number of 'centrally-sponsored schemes' that finance development; its spend through these schemes has grown rapidly. Absolute public spending on education has doubled since 2003 (from £11 billion in 2003-04 to £23 billion in 2008-09), as has absolute spending on health since 2004 (from £5 billion in 2004-05 to around £11 billion in 2008-09)<sup>4</sup>.

**Poverty is falling in India.** Income per head is \$1,340 a year<sup>5</sup> and the number of people living below \$1.25 a day (455 million in 2005<sup>6</sup>) is falling fast. However, today, India is still home to one third of the world's poor people - more than all the poor in sub-Saharan Africa. Average income is one third of China. Over 550 million people are not using sanitation<sup>7</sup> facilities and 400 million have no access to modern energy<sup>8</sup>. Despite this, total aid to India is low at \$1.50 per person (compared to \$28 for Sub-Saharan Africa).

**There is a significant disparity between India's states.** States to the south and west are increasingly prosperous. 8 states are home to 65% of India's poor - Bihar, Madhya Pradesh, Orissa, Uttar Pradesh, Rajasthan, Jharkhand, Chhattisgarh and West Bengal<sup>9</sup>. Poverty reduction in these states remains critical to global success in meeting the MDGs. A central priority is inclusive growth - these states face a shortage of infrastructure and their economies have yet to generate sufficient employment opportunities to lift millions out of poverty; they have received only a small proportion of the inflow of private capital into India<sup>10</sup>. Improved access to basic services is also vital - particularly for women and girls. The poorest are caught in a cycle of truncated education; early marriage (half marry before 18<sup>11</sup>); early and un-spaced pregnancy; poor nutrition and poor access to water and sanitation. This cycle passes easily from grandmothers to mothers to daughters, yet can be broken. Discrimination on the basis of gender, caste, ethnicity and religion remains a concern.

**India is an increasingly central player on global development issues** - including climate change, trade, and food security. It is a major contributor to UN peacekeeping operations. It is influential on the development prospects of its own region, and is developing an increasing presence in Africa.

### 3) Vision

As India's economy grows, poverty reduces, and India has ever greater prominence in world affairs, our development partnership with India should evolve. Over the next 4 years our **four Strategic Objectives** are:

- 1. Focus on India's low income states** – UK aid will target India's poorer states, where growth has not yet made enough of a dent on poverty. UK assistance will build on the deep and productive partnerships we have built in low incomes states over the last decade.
- 2. Improve the lives of over 10 million poor women and girls.** The UK will invest in: girls' education; access to finance, skills and low carbon energy; safe birth, children by choice and reducing violence against women; children's health and nutrition; and sanitation.
- 3. Catalyse the private sector's potential to combat poverty.** To support faster and more inclusive growth in the poorer states, the UK will develop a new programme of support for pro-poor private investment in such sectors as small and medium enterprises (SMEs), agri-business, energy, infrastructure, financial services that directly benefit a wide cross-section of poor people in low income states.
- 4. Deepen our engagement with India on global issues where there may be benefits for poor people elsewhere:** such as growth and trade, climate change, resource scarcity and health and disease control.

Our theory of change is that (a) bringing assets, opportunities and basic services directly to women and girls can break the cycle of poverty passed between generations; (b) investment support to low income states, combined with help to improve the climate for business will create economic opportunities for poor people. We believe that private sector investment can achieve a commercial and developmental bottom line – and that if DFID works alongside other capital investors it can help catalyse new flows of private investment that will boost employment, develop markets and unblock infrastructure constraints; c) that the UK can have the most impact by working with Indian partners to reinforce the impact of India's own programmes, including by piloting innovations and establishing credible evidence on new approaches.

This Plan is fully aligned to wider UK Government priorities. UK aid will contribute to wider UK/India priorities on infrastructure, research, education and skills. DFID will continue to have a joined-up approach with other UK government departments through our joint units on trade and on climate change & energy, and joint networks on research and education. DFID's co-location with the British High Commission from 2012 will facilitate further collaboration.

This vision entails moving away from large financial transfers to the centrally-sponsored schemes of the national government, to a tighter focus on India's poorest states. This graduation will release resources for use in promoting pro-poor private sector investment.

## 4) Headline Results

The UK will deliver results through our state partnerships with Bihar, Orissa and Madhya Pradesh. In addition, we will continue our technical co-operation with West Bengal. Our investment and wealth creation portfolio, civil society schemes and education support will benefit a wider group of low income states (see page 2). We will measure and report our results using national and project data, where possible triangulated using independent sources. The results below refer to the share of results attributable to DFID support, rather than total results achieved.

Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected Results (including year)
1. Wealth creation	Number of additional individuals reached with savings, credit, insurance; and number of firms reached with equity and loan guarantees as a result of DFID support (across 8 low income states)	0 individuals (2011)	<b>3 million people</b> between 2011- 2015 <b>of which 2.1 million women</b>
2. Wealth creation	Number of new Public Private Partnership (PPP) deals in infrastructure (across 8 low income states)	0 (2011)	<b>35 deals</b> between 2011-2015
3. Access to low carbon energy	Number of additional people with access to low carbon energy (e.g. fuel efficient cook-stoves, solar lanterns) (across 8 low income states)	0 (2012)	<b>3.9 million people</b> between 2011-2015
4. Health	Number of births delivered with the help of nurses, midwives or doctors (in Bihar, Madhya Pradesh and Orissa)	2.5 million (2011)	<b>447,000 births</b> between 2011-2015.  (This is the share attributable to DFID support of an overall result of 3.1 million births in 2014/15, and 13.9 million births between 2011-2015.)

# Headline Results

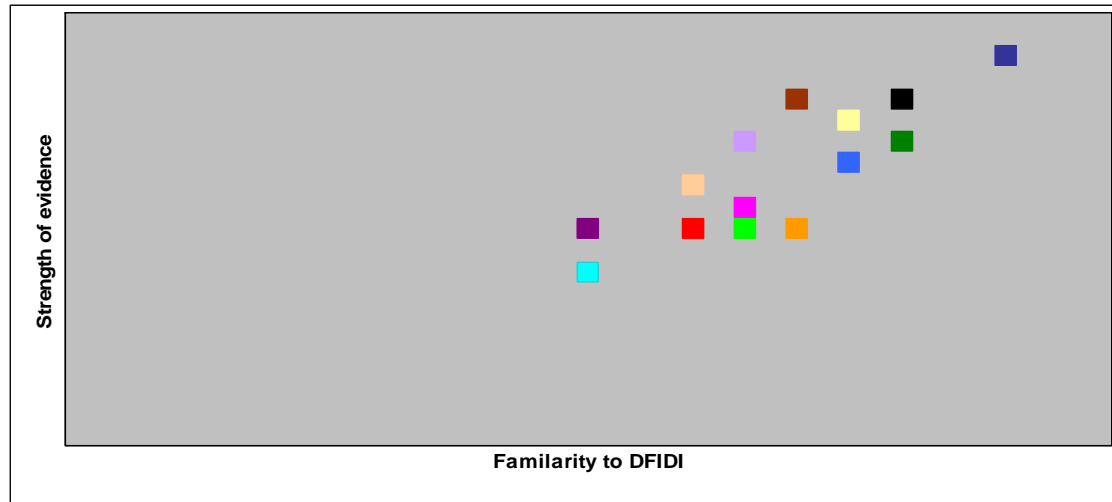
Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected Results (including year)
5. Nutrition	Number of under 5 children reached by nutrition programmes (in Bihar, Madhya Pradesh and Orissa)	8.6 million (2011)	<b>3.9 million children</b> between 2011 and 2014/15.  (This is the share attributable to DFID support of a total result of 17.3 million children in 2014/15.)
6. Water and Sanitation	Number of people with sustainable access to an improved sanitation facility (in Bihar, Madhya Pradesh and Orissa)	26 million (2009)	<b>5.8 million people</b> in 2014/15.  (This is the share attributable to DFID support of a total result of 42 million people in 2014/15.)
7. School Education (Ages 6-16)	Number of girls and boys supported by DFID to enrol in basic education (ages 6-14).  Number of girls and boys supported by DFID to enrol in secondary school (ages 15-16)	185 million in 2010  28.2 million (2008) 12.3 million girls	<b>1.5 million children, of which 0.73 million girls</b>  (This is the share attributable to DFID support of all children enrolled in government supported elementary schools in 2012/13 when DFID funding to elementary education ceases).  <b>800,000 students, of which 300,000 girls</b>  (This is the share attributable to DFID support of a total result of 31.4 million students enrolled in 2014/15.)
8. Governance	Number of women and men supported to have choice and control over their development and to hold decision- makers to account (in 8 low income states)	4 million (2011) 2.7 million women	<b>16 million additional people, of which 9.3 million women</b> between 2011-2014

## 4) Results (Evidence)

### Evidence supporting results

This Plan uses both locally-derived evidence and wider research literature extensively. Below we assess the relative strength of the evidence (interventions proven to have impact in South Asia), as well as our DFID India's familiarity in implementing this intervention, across key areas. Where the evidence on what works is more limited – e.g. nutrition behaviour change, violence against women, poor people's direct and indirect benefits from public private partnerships (PPP) in infrastructure – we will emphasise research and impact assessment. By generating and testing evidence at scale – particularly in delivering basic services and improving women and girls' status - this plan will contribute significantly to innovation in India as well as international lesson-learning. Evidence in implementing our investment approach will be gathered to benefit other DFID country programmes. In translating this plan into business cases for new programmes, we will provide a critical evaluation of the evidence, distinguishing between primary studies, synthetic evidence and reports published by other agencies. We will highlight where evidence is limited or uncertain, and programming therefore more risky. We will develop a strategy for using India's rich evidence and data sources for progress monitoring, to ensure international comparability and rigour.

Primary education	Dark Blue
Health	Black
Public Financial Management reform	Yellow
Water and sanitation	Green
Microfinance	Brown
Climate change	Blue
Empowerment	Purple



Teacher learning	Orange
Nutrition	Magenta
Investment climate & Public Private Partnerships	Light Orange
Secondary education	Bright Green
Access to markets	Red
Skills	Purple
Violence against Women	Cyan

## 5) Delivery and Resources

Our **aid instruments** will evolve to keep pace with India's changing circumstances, and to ensure UK funds continue to have as catalytic a role as possible. We will use traditional funding instruments that have proved versatile and effective in the past (project funding reimbursing agreed activities, sector-wide budgetary support linked to performance targets, contracts for technical co-operation services). We will also use innovative new forms of financing that put purchasing power directly in the hands of citizens (poverty-targeted vouchers and incentive schemes), pay implementing partners for delivery of results, and bring in matched funding from private philanthropic sources. Across the programme, we will seek to maximise the returns possible from structured policy dialogue and technical co-operation, since these have proved among our most effective instruments in the past. We will use impact evaluations in a range of areas to learn by doing.

Our new programme of support to pro-poor private investment will provide both grants and returnable capital designed to prime investment flows, test and scale up commercially viable concepts and foster social entrepreneurship. In addition to providing finance in poverty-reducing sectors (e.g. infrastructure, agri-business, skills, energy, affordable housing), we will offer expertise to help our state partners plan for inclusive economic growth and build a strong enabling environment for business. We will scale up our support to microfinance, and help to promote public/private partnerships. In doing, so we will work with a mix of partners, including the Small Industries Development Bank of India (SIDBI) and other organisations promoted by the Government of India.

The UK's policy dialogue and operational **partnerships** span government, private, non-government and donor organisations; and we will aim to capitalise on this depth and diversity. Our partnership strategy is to leverage and catalyse India's own growing finance and innovation capability to accelerate development. We will develop the following 5 key relationships during the lifetime of this Plan:

- supporting **state governments** to deliver their development plans, especially in strengthening basic services and the investment climate for business;
- sustaining strong policy dialogue with the **Government of India** on health, education, climate change and development effectiveness, while deepening discussion in areas where India's global development influence and impact are expanding – e.g. trade, access to medicine and development dialogue on third countries;
- forging new partnerships with the **private sector** to stimulate investment, business activity and economic opportunity, working with institutional investors and intermediaries, infrastructure and enterprise development bodies, business associations, small and medium enterprises and micro-entrepreneurs;
- learning from and building on the strengths of **other multilateral, bilateral and private donors** who can complement the UK's approach or deliver significant programmes with us;
- working with **civil society and think tanks**, to deliver services, generate and disseminate evidence-based research, enrich the development debate, pilot new approaches and reach the very poorest.



## 6) Delivery and Resources (continued)

Pillar/Strategic Priority	2011/12		2012/13		2013/14		2014/15		Total	
	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital	Resource	Capital
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Wealth Creation</b>	21,300	2,700	29,700	33,300	39,500	71,500	48,000	92,000	<b>140,400</b>	<b>200,600</b>
<b>Access to energy / power sector reform</b>	5,200	0	9,500	0	17,000	0	16,000	0	<b>47,900</b>	<b>0</b>
<b>Governance and Security</b>	45,800	0	50,500	0	45,000	0	18,000	0	<b>165,100</b>	<b>0</b>
<b>Education</b>	53,600	13,400	60,600	14,400	27,000	6,000	29,800	7,200	<b>173,200</b>	<b>40,800</b>
<b>Reproductive, Maternal and Newborn Health</b>	61,000	0	18,000	0	22,500	0	22,000	0	<b>119,000</b>	<b>0</b>
<b>Malaria</b>	3,000	0	3,000	0	3,500	0	3,500	0	<b>13,500</b>	<b>0</b>
<b>HIV/AIDS</b>	26,000	0	11,000	0	0	0	0	0	<b>27,000</b>	<b>0</b>
<b>Other Health</b>	8,500	0	8,500	0	10,000	0	7,000	0	<b>34,500</b>	<b>0</b>
<b>Water and Sanitation</b>	9,000	0	11,000	0	16,500	0	16,000	0	<b>54,000</b>	<b>0</b>
<b>Poverty, Hunger and Vulnerability</b>	30,500	0	30,500	0	21,500	0	20,500	0	<b>104,000</b>	<b>0</b>
<b>Humanitarian</b>	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
<b>Other MDGs</b>	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
<b>Global Partnerships</b>	0	0	0	0	0	0	0	0	<b>0</b>	<b>0</b>
									<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>263,900</b>	<b>16,100</b>	<b>225,800</b>	<b>54,200</b>	<b>179,000</b>	<b>101,000</b>	<b>151,800</b>	<b>128,200</b>	<b>818,600</b>	<b>301,400</b>
<b>TOTAL RESOURCE + CAPITAL</b>		<b>280,000</b>		<b>280,000</b>		<b>280,000</b>		<b>280,000</b>		<b>1,120,000</b>
<b>ALLOCATION</b>		<b>280,000</b>		<b>280,000</b>		<b>280,000</b>		<b>280,000</b>		

## 6) Delivering Value for Money (VfM)

In the last year, we have taken steps to integrate and improve VfM across the programme, including collating sectoral data on unit costs for large-spending programmes, putting VfM measures into logframes, holding office-wide discussions and reviewing experiences from other country offices (e.g. Nigeria). DFID India has undertaken all procurement under £5 million locally for several years. We will continue to use the shared DFID/FCO Procurement Unit as a key resource for obtaining VfM, particularly where we spend directly on contracted technical assistance services.

**Key actions:** To ensure a systematic and sustained approach, we will develop a comprehensive VfM strategy and action plan by October 2011. The Head of Corporate Services will lead in implementing this strategy, supported by the three Team Leaders and the Head of the Joint Procurement Unit. This will require three distinct VfM approaches adapted to different parts of our portfolio:

- **MDGs:** We will continue to draw on the best available evidence when choosing and appraising new interventions and recommending policy choices to partners. We will also develop more rigorous ways of assessing the 'value added' of UK funds when combined with the resources of our state partner governments and the Government of India; and the distinct contribution of the local and international technical advisory services that the UK provides. Where possible, we will make comparisons about the VfM of our support across sectors. We will continue to support partners' financial management and procurement systems, and steps to increase accountability and transparency - which will encourage more efficient use of money.
- **Private sector:** We will work to develop an appropriate methodology for assessing the VfM of pro-poor investment, learning from promising good practice among Fund Managers and Foundations. In addition to ensuring that investments generate a commercial return, we will seek ways to assess the direct development benefits of the UK's investment choices in terms of outputs, better quantification of outcomes and more reliable approaches to attribution. We will develop a framework for assessing the costs and benefits of our investment approach overall, taking into account the wider catalytic returns and indirect effects on poverty over time. Examining private sector governance, efficiency and fiduciary risk will be part of this.
- **Global and policy.** In building up this effort, our first challenge will be allocating staff time and financial resources to innovative activity that also yields results. Secondly, we will need to develop rapidly robust approaches to determining VfM in policy and influencing activities and programmes.

Our forward VfM Strategy and Action Plan will also address:

- **VfM and operating costs** – including the scope for shared approaches to administration cost efficiencies with the FCO on co-location; workforce planning that maximises resources for frontline delivery; and continuing our ambitious year-on-year Green Office targets, including monitoring energy costs closely.
- **VfM at various stages of project cycle management:** Business Cases, logframes, annual reviews, project completion reports and evaluations, as well as more effective use of output-based contracting in our programmes and mechanisms to incentivise our agents/partners to assess and report on VfM..
- **Skills, systems and structures** to institutionalise and reward a VfM culture, e.g. through staff performance management

## 7) Monitoring and Evaluation

### **Monitoring:**

DFID India's Senior Management Team will review progress against the **Results Framework** in this Plan annually (February), with support from the DFID India Results team and Senior Advisers. If milestone data are unavailable for certain results, alternate data sources and qualitative assessments of progress will be used. Remedial action to address slippages will be considered when updating this Plan. In designing **new projects**, we will emphasise baseline and milestone indicators and the use of quality data systems. Where possible, we will use standard project indicators: this will facilitate aggregate reporting, both within DFID India and corporately. Where standard indicators do not currently exist (e.g. private sector investment, innovative service delivery), we will develop and share appropriate indicators. We will institutionalise mechanisms to capture disparate **lesson learning** across the portfolio and use this to inform the design of new programmes. We will maintain DFID India's record of 100% timeliness for annual reviews over the last three years.

### **Evaluation:**

We are developing a forward evaluation strategy. At present, 20 evaluations are at various stages of planning and implementation, including 12 impact evaluations and 8 programme evaluations. Overall, we plan to spend around 4% of our programme budget on evaluation, covering evaluation activity within projects as well as ex-post evaluations, commissioned evidence studies, joint evaluations and evaluation advisory services. We will:

- Strengthen evaluation governance to ensure integrity, ethical standards, and independence of evaluations;
- Embed evaluation early on in programme design and implementation for better evidence of attribution, value for money and impact;
- Build the evidence base for innovative delivery strategies, and communicate these to other parts of DFID;
- Use a new Framework Agreement to source quality impact evaluation expertise, reduce transaction costs and improve VFM;
- Continue our tradition of joint evaluation and co-financed studies with such partners as the World Bank;
- Adopt peer review and quality assurance mechanisms for all evaluation products to ensure these meet quality standards and are publishable;
- Seek to evaluate the effectiveness of DFID's work on policy dialogue and technical assistance.

### **Working with Partners:**

The **Government of India** (GoI) and state governments are pressing for better data sources and stronger evidence to inform policy-making and strengthen public accountability. At the request of GoI, we will support expertise-building in independent evaluation and fund policy-relevant studies. We will also support robust and gender disaggregated statistical surveys. We will also work collaboratively with technical **impact evaluation agencies and other donors** to share best practice, and promote the uptake of robust evidence in policy-making and practice. Through the revised logframe format, we will continue to ensure a greater buy-in from partner agencies and civil society organisations. This will include helping them to strengthen their M&E frameworks.

## 8) Transparency

Transparency is one of the top priorities for the UK Government. We will meet our commitments under the UK Aid Transparency Guarantee: we will publish detailed information about DFID projects, including programme documents and all spend above £500. Information will be accessible, comparable, accurate, timely and in a common standard with other donors. We will also provide opportunities for those directly affected by our projects to provide feedback.

Transparency is critical in improving - and demonstrating - value for money to UK taxpayers at a time of increased pressure on public spending. To promote transparency, DFID India will meet all the commitments of the **UK Aid Transparency Guarantee** (ATG), including the International Aid Transparency Initiative (IATI). This includes: publishing more detailed, timely and comparable information on our projects; increasing accessibility and providing opportunities for people affected by our programmes to feed their experiences back to us; and pushing for full transparency from the partners we fund.

As part of IATI, we will:

- Publish comprehensive details of all new projects and programmes in Plain English on our website, including agreements with partners, project summaries, logframes, annual review reports, project completion reports, evaluation reports, results, budgets and individual financial transactions over £500.
- Provide an opportunity for those affected by our projects to provide feedback through the DFID website public enquiry point, project websites and consultant websites.
- Make information more accessible to Indian citizens by publishing this plan and project summaries in Hindi.
- Include messages on transparency in external communications.
- Support efforts to encourage DFID's multilateral partners to sign up to and meet the transparency standards set out in the IATI.

DFID has worked with Indian partners over the last decade to innovate and expand **new approaches to transparency and accountability** - from scaling up social audit (e.g. with Government of Andhra Pradesh) and citizen report cards (e.g. West Bengal urban programmes) to helping millions of India's poorest people understand and claim their rights and entitlements (e.g. Poorest Areas Civil Society Programme). We will build on this work. In addition, we will:

- Expand innovative initiatives on accountability that promote a smarter use of IT (e.g. daily SMS reports of poverty schemes by the Government of Bihar). In particular, we will work to connect citizens groups and state governments through IT to enable 'real time' debate about government performance.
- Work with our partners from civil society, the private sector and consultant organisations, encouraging them to adopt transparency standards in line with the International Aid Transparency Initiative (IATI).
- Reach an agreement with partners on the transparency standards we would like them to adopt and information we expect them to make available publicly. This agreement will be recorded in a clause in all new funding agreements, starting from April 2011.
- Introduce independent governance arrangements for evaluation.