

Operational Plan 2011-2015

Governance & Fragile States Department [Policy Division]

2011/12

This plan will be refreshed annually

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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 and putting girls and women at the heart of our development assistance. The prize, in doing so, is huge: a better life for millions of people, and a safer, more prosperous world.

2) Context

The context for Policy Division (PD) 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 with poor governance; global challenges such as climate change, fragility and lack of resources 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 with many challenges remaining and increasing pressure to focus on those areas that are proving increasingly intractable eg. maternal mortality; access to water and sanitation; access to education for girls. We know that progress on gender equality is central to achieving many wider development goals. Global leadership is needed to push forward on these areas, DFID's approach is changing from one of advocacy to one that is based on leading by example ie. demonstrating good results in bilateral programming.

Internally, the context for PD is changing too. As DFID shifts to a 0.7% (aid to GNI) organisation by the end of this planning period 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 ensuring every penny delivers maximum results.

Why is the Governance and Fragile States Department's (GFSD) work necessary?

Effective governance is essential to achieve sustainable development results. There is considerable evidence that effective governance matters for development. People in poor countries need: governments that make sure essential services are delivered and security is maintained; political systems that represent the whole population and not just the few; governments that are responsive to the demands of their citizens and work to prevent corruption. Currently 17 of DFID's priority countries lie in the bottom third of Transparency International's Corruption Perceptions Index and those countries most off-track in achieving the MDG's all fall down on the effective governance that is described above. Governments need sound public financial management, collecting taxes and spending money in order to provide services; and doing this in a way which enables citizens to hold them to account.

Fragile and conflict affected states are furthest behind on the MDGs with only 10% of them on track to halve poverty and hunger by 2015. They represent 20 of DFID's 27 footprint countries. Fragility has significant economic and social costs. As well as the human tragedy, armed conflict costs Africa around \$18 bn per year. Making progress in fragile states to improve stability and advance MDG achievements is imperative to transform the lives of the world's poor.

To meet the MDGs more people need to have access to resources, markets and decision making for greater choice and control over their own development. The discrimination and lack of opportunities faced by girls and women requires a specific focus. Investing in girls and women transforms their lives and those of their families and communities. Empowering girls and women has a multiplier effect on economic growth and social development. Greater progress in the area of rights and results for girls and women is essential to make progress against the off-track MDGs.

3) Vision

Alignment to DFID and wider UK Government priorities

What Policy Division (PD) will do over the planning period will change. Recognising the increasing aid budget which DFID will have, 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; expertise on value for money, indicators and unit costs of investments; knowledge sharing and facilitation; capturing experience from innovation; delivering 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 HMG 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 other issues (e.g. migration) which have a significant impact on development.
- build public and parliamentary support for the UK's development effort (PD answers half of all of DFID's Parliamentary Questions).
- deliver selected aid results that are better funded centrally (e.g. eliminating polio and neglected tropical diseases; the international growth centre; and climate knowledge network).

Within this context **GFSD's specific goal** is to reduce poverty through: achieving better governance and empowering people in developing countries; better results from international assistance in fragile states; and better outcomes for poor people and girls and women. For example: *By providing technical support to country offices*, we help shape the design and implementation of DFID investments on the ground to boost programme effectiveness and maximise results delivered (such as learning on good practice through our work on empowerment and accountability). *By shaping international policy development*, we help to ensure the policies, resourcing decisions and ways of working of other development actors in a number of key priority areas are based on knowledge of what works (such as ensuring the output of the 2011 Busan High Level Forum is informed by established principles of statebuilding and peacebuilding in fragile states).

The issues that we work on all underpin progress in other areas in DFID's Business Plan and are priorities in their own right. Women and girls, empowerment, accountability, taxation and corruption are areas where the SoS has asked DFID to pay additional attention. The work of GFSD will help ensure DFID gets the best value for money out of all its investments in governance (approximately 20% of DFID's spend), fragile and conflict affected states (30% of UK's Overseas Development Assistance by 2015) and gender equality (supporting greater and more effective action on girls and women across the organisation). GFSD, in collaboration with the Conflict, Humanitarian & Security Dept (CHASE) and Stabilisation Unit, also feeds into the National Security Council, helping to ensure the Government's approach to state-building in fragile contexts is based on the best evidence and guidance.

Changes in ways of working

GFSD will change its business model in 5 ways. Firstly, as a result of PD reorganisation, we will become a more integrated policy hub for work on governance, bringing several strands into one department and linking them closely to policy work on fragility and gender equality, and we will build global expertise on results and value for money investments in these areas. Secondly, we will expand our work with country offices, engaging in new ways, eg. building on our successful piloting of online knowledge sharing (from Share2Innovate to 'empowerment and accountability'). Thirdly, we will reduced the number of small scale programme activities and over the spending period will develop instead more innovative and streamlined partnership arrangements with a number of think tanks, foundations and academic institutions to access the best knowledge and innovation for DFID's operations. Fourthly, we will reduce the administration budget spending on consultancy, travel and training. Fifthly, we will mainstream other cross-cutting priorities in our work: private sector; resource scarcity and climate change.

4) Results

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Headline results

Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected Results
Governance Pillar <i>Support the delivery of the bilateral programme</i>	Best practice contained in How To Note on elections systematically informs UK (DFID/FCO) support to elections over the period 2011-15	How to Note has been drafted and launched with FCO but it is not yet operational (2010)	Contributing to free and fair elections in 13 countries with a voting population over 300 million people (over 4 years to 2014/15) [Source: Reports from UN/EU election observation missions]
Governance Pillar <i>Support the delivery of the bilateral programme</i>	No of programmes strengthened on empowerment and accountability (E&A) interventions through E&A live build: 20 (2011), 15 (2012), 10(2013)	E&A is a new policy. DFID's current work is ad-hoc and small scale (2010)	Contributing to over 40 million having greater choice and control over their own development and holding decision makers to account (over 4 years to 2014/15). [Source: UKaid making a world of difference, DFID monitoring]
Governance and security in fragile and conflict-affected countries (SRP Priority 4) <i>Support the delivery of the bilateral programme</i>	Fragility & conflict policy and guidance hub informs bilateral country programming in Fragile and Conflict Affected States (FCAS) (2011-2015)	Range of guidance exists but not yet operationalised by country offices (2010)	At least 50% of DFID bilateral FCAS adopt and operationalise fragile states principles across their programmes (2014) contributing to a reduction in instability and conflict, faster progress on the MDGs and wealth creation in DFID bilateral FCAS.
Governance and security in fragile and conflict-affected countries (SRP Priority 4) <i>Engage with the international architecture</i>	Effective Co-chairing of international dialogue and support to International Network on Conflict and Fragility (INCAF) and World Development Report (WDR) implementation	No action plan exists (2010)	Adoption of Action plan at Busan High Level Forum (Nov 2011) and its implementation contribute to a reduction in instability and conflict, faster progress on the MDGs and wealth creation in FCAS.

4) Results continued

Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected Results (including year)
Governance Pillar <i>Central funding of results</i>	Corruptly acquired funds from developing countries (i) frozen and (ii) returned as a result of UK criminal or civil recovery and (iii) disruption operations against illicit flows of funds from developing countries.	(i) £43 million (2008) (ii) £0.815 million (2008) (iii) 2 cleared activities (2009)	(i) £96 million (2014/15) (ii) Aggregate of £50 million over four years (2011/12-2014/15) (iii) 4 cleared activities (2014/15)
Governance Pillar <i>Engage with the international architecture</i>	Provision of guidance and support by GFSD leads to better DFID funded projects to improve Public Financial Management (PFM) in partner countries.	Guidance on PFM log-frames and cost benefit analysis issued (May 2010). PFM courses established and run in two DFID country offices.	Improvements in PFM in countries where DFID supports PFM reform (measured by indicators in project log-frames and, in particular by reference to PEFA indicators).
Improve the lives of girls and women (SRP Priority 5) <i>Responding to ministerial priorities</i>	Gender Vision launched, monitored and reported on	Strategic Gender Vision (SGV) design phase (2010)	Contribute to <ul style="list-style-type: none"> • supporting over 700,000 girls in secondary school by 2014/15 • providing improved access to justice for over 10 million women (over 4 years to 2014/15) • Enable at least 10 million women to use modern methods of family planning by 2015 <p>[Source: UKaid making a world of difference (draft)]</p>
Improve the lives of girls and women (SRP Priority 5) <i>Engaging with international organisations</i>	Support the World Bank to ensure that the World Development Report on Gender 2012 contains new cutting edge research and analysis and is a catalyst for renewed efforts on gender equality internationally	Limited focus on girls and women in WB and regional development banks practice. (2010).	Contribute to a strengthened global evidence base on gender equality built and widely accepted, reinvigorated international push on results for girls and women.

4) Results (continued)

Evidence supporting results

Governance: Research shows the importance of governance, including the quality of public administration and the rule of law, to growth and MDG attainment. But evaluations of donor governance interventions, including the recent DFID Governance Portfolio Review, show mixed evidence of impact. Further work is therefore required to improve our approach to analysis, results, VFM and monitoring and evaluation, and to engage other donor agencies around this agenda. Past evidence suggests that DFID research and policy thinking on governance has played a catalytic role in shaping international policy and practice.

Elections: Our new approach to elections is informed by a strong evidence base of what has and has not worked in the past, and how we can improve the impact UK interventions going forward, including through better risk management.

Anti Corruption: The initial years of DFID funding of law enforcement on corruption cases have, while delivering the baseline achievements, developed a pipeline of activity and cases that are working themselves through the investigation, prosecution and recovery stages. International expectation is also rising, which gives grounds to expect a continued rise in cases coming to the UK. These factors give good ground for confidence that the results proposed are achievable.

Public Financial Management: Public Expenditure and Financial Accountability (PEFA) programme has created a widely accepted framework for assessing PFM which has now been applied in over 120 countries, providing an evidence base with which to monitor progress and to investigate the factors which affect it.

Citizen Empowerment and Accountability: Citizens across the world are demanding greater accountability, voice and participation in the decisions which affect their lives. However, this is a relatively new field for donor work and therefore the evidence base contains some gaps. We will provide strong central support to our country programmes to design programmes based on best practice, to develop the evidence base and to have strong monitoring and evaluation systems.

Fragile States: A credible range of evidence (including WDR 2011) shows that application of the OECD principles for good international engagement in Fragile and Conflict Affected States (FCAS) is likely to improve results. The DFID Bilateral Aid Review (BAR) and Organisation for Economic Cooperation and Development (OECD) monitoring shows that these principles and related DFID guidance are not being fully acted upon by country programmes of DFID and other donors. PD/GFSD will fill this gap. GFSD/DFID is an international thought leader on aid effectiveness in FCAS. Past evidence demonstrates that DFID engagement has shifted international policy.

Gender: There is strong evidence that gender equality is vital to the achievement of all the MDGs and contributes to economic growth. DFID is already working closely with the World Bank on WDR 2012 planning and has conducted a range of research on gender, some of which has received international recognition. Future research will strengthen evidence of effective interventions. PD/GFSD will link to the WB plans to put into practice the main results on the ground.

Value for Money rationale

GFSD's work improves the VfM of both DFID's and international spend by:

- Achieving more results from spend by improving efficiency in the allocation of funds
- Economies of scale: Providing a cost-effective specialist hub which can then advise the whole organisation on best practice policy and research. For example the total fragile states policy team costs are less than 0.5 % of total DFID fragile state bilateral budgets.
- Fulfilling a coordination function on actively monitoring policy on innovative interventions.
- Leveraging of funds to priority areas, specifically new funds for example from the private sector and other development partners.

5) 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, and Policy Division increasingly helping 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 scale-up, new niche areas for DFID or with specific poor/vulnerable groups;

- Increasing value for money of DFID programme delivery bringing in learning from elsewhere, advice on unit costs, benchmarking, metrics and indicators, implementing specific findings from portfolio reviews;
- Capturing experience from innovation to contribute to programme design and business cases;
- Shaping & improving UK/DFID policy which can provide a framework for action at country level e.g. elections guidance briefing;
- Looking across the sectoral portfolio to assess the overall coherence;
- Provide practical guidance to country offices to operationalise policy themes.

To deliver this agenda GFSD has been restructured into 4 multidisciplinary policy teams supported by a central administrative team. The teams will comprise: Politics, State and Society Team; Financial Accountability and Anti-Corruption Team; Fragile States Team and Gender Team. All teams will address cross cutting issues – empowerment and accountability; results, value for money and costs; girls and women; institution building; fragility and service delivery, and will work in the following ways:

- Support bilateral programmes effectiveness (as above) in key areas – likely to include gender, PFM, tax, combating corruption, building stable institutions; and results and VfM. We will maintain oversight of DFID's governance portfolio and coordinate the Governance & Security Business Plan pillar.
- Advance priority international policy agendas with a select number of multilateral partners (such as the World Bank and UN Women) in line with the Multilateral Aid Review (MAR) outcomes. Contribute to shaping international processes (such as the G8, G20 ,Busan HLF, the International Dialogue on Peacebuilding and Statebuilding and UN Convention against Corruption). Support UK Government work on corruption, politics, human rights and work with CHASE and Aid Effectiveness Dept on conflict and fragility, and champion fragility across PD.
- Establish a few new partnerships with external think tanks, foundations and networks, to bring in fresh perspectives and innovation, including operating staff exchanges and secondments, sharing learning platforms.
- Using a relatively small amount of programme funding (£84m over the SR period) strategically where it can support innovation, as in the Girl Hub (innovative partnership with the Nike Foundation), be a catalyst for change as in the World Bank Governance Partnership Facility or help to leverage larger scale resources as in our investments in anti-corruption activities.

5) Delivery and Resources (continued)

Pillar/Strategic priority	2010/11		2011/12		2012/13		2013/14		2014/15		TOTAL	
	Resource £'000	Capital £'000										
Wealth Creation											0	0
Climate Change											0	0
Governance and Security	4,771		18,781		20,135		23,222		17,618		79,756	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	1,493										0	0
Humanitarian											0	0
Other MDG's											0	0
Global Partnerships											0	0
TOTAL	6,264	0	18,781	0	21,135	0	23,222	0	17,618	0	79,756	0

5) Delivery and Resources (continued)

	2010/11	2011/12	2012/13	2013/14	2014/15	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Frontline staff costs - Pay	320	499	439	704	1,533	3175
Frontline staff costs - Non Pay		45	42	72	87	246
Administrative Costs - Pay	1,989	1,968	1,869	1,650	821	6308
Administrative Costs - Non Pay	270	156	145	133	125	559
Total	2579	2668	2495	2559	2566	10288

5) Delivery and Resources (continued)

Efficiency savings

Category	Details	Residual cost in the SR period £'000
Strategic Reprioritisation	Consolidation of governance work in GFSR to increase policy coherence and ensure efficient use of resources	
Further examples of Programme efficiency	Closing of large number of small projects	242

	PAY £'000	Non Pay £'000						
Administrative Cost Savings Initiative								
Reduction in Consultancy Payments								
Reduction in Travel		104		5				
Reduction in Training		8						3
Reduction in Estates & Property Costs								
Reduction in costs as a result of Office Restructuring				120				
Other Reductions		24						
Total	0	136	0	125	0	0	0	3

6) Delivering Value for Money

Working with country offices

The Challenge: governance, fragility and gender present notoriously hard analytical VfM challenges which have not yet been fully addressed by DFID or development partners. A significant investment is needed. The following complexities will need to be addressed:

- Governance programmes - this will include new approaches for measuring the impact and VfM of DFID's governance programmes, including in more innovative and hard to measure areas such as work around citizen *empowerment and accountability*;
- Anti-corruption is also inherently difficult. With the exception of asset recovery efforts, metrics are likely to be indirect (changes in overall corruption levels/perceptions) rather than directly attributable to a specific DFID input;
- In *fragile states*, externalities affecting peace processes and stability are hard to quantify and will need cutting edge techniques to determine attribution.
- Gender programmes which can also cover a number of sectors need to better integrate the different aspects of gender equality and improve the way this is quantified and monitored.

Actions

1. A well supported *Results and VfM Team* will champion VfM, oversee teams' work, provide support, maintain analytical standards, and share learning;
2. Offer to country offices: GFSD teams will (all in place by end 2011) support country offices through:
 - On-line workspaces for sharing experiences, lessons learned and best practice, for empowerment and accountability and fragile states;
 - A limited number of guidance documents (especially covering governance)
 - Informal peer reviewing of appraisal documents, facilitated by the Results and VfM team, and development of examples of good practice.
 - Support to more thorough and robust monitoring and evaluation of programmes, with Evaluation Department

Improving VfM internationally

In coordinating and improving learning within DFID on governance, fragile states and gender, GFSD's work on VfM will help to create global public goods to improve the effectiveness of international organisations, bilateral donors and partner governments. We will find new and innovative ways to assess our impact on international organisations and processes, in line with emerging DFID best practice. As part of this we will monitor the extent to which we are leveraging additional support for the governance, fragile states and gender agendas.

Getting good VfM from our programme spend

We will implement DFID's business case approach when developing programmes, including the use of benchmarks and unit costs. We will also reduce use of small projects that can be inefficient to deliver in management and administration terms.

Ensuring VfM in our use of total operating costs

We will strive to identify and derive efficiency savings in all our work, being as cost conscious and mindful to demonstrate VfM in the way we work (our admin budget) as in our programmes. For example, we will make more use of video conference and teleconferencing facilities to engage with country offices and international partners. We will apply the programme business case principles to administration spending..

7) Monitoring and Evaluation

Monitoring

GFSD will conduct a full annual review of the OP results framework.

Monitoring exercises required:

- Governance Portfolio Review (2014) Empowerment and Accountability Portfolio Review (2014)
- Annual reporting of Gender Strategic Vision results – aggregated results via FCPD processes or direct from country offices
- Evaluation of impact of Gender Strategic Vision

The Governance Portfolio Review 2010 provides useful baseline data for assessing improvements in the impact and effectiveness of DFID's bilateral governance programmes which can be used as milestones for tracking improvements. We will explore much more systematic use of feedback mechanisms that involve poor people themselves in assessing whether and how governance is improving.

It is widely accepted that methodologies for measuring impact and results in governance work need further development. GFSD, in partnership with other organisations such as the World Bank Institute, intends to be at the cutting edge in this field, exploring in particular the opportunities that new technologies such as mobile networks offer for collating citizen feedback on improvements in governance.

Evaluation

As we orient more of our work to supporting country offices, we will develop new and innovative mechanisms for assessing and reporting on the impact of our engagement. These may include light touch 'customer feedback' type tools but also a number of key measurements relating to increased programme effectiveness.

We will also work closely with colleagues in Evaluation Dept who are developing good practice for monitoring and evaluation of influencing work. We are keen to be able to demonstrate the impact of our engagement with partners such as the World Bank in shaping the content and conclusions of key policy positions such as the upcoming World Development Reports on Gender and Fragile States. We will promote the use of robust impact evaluation methodologies (randomised control trials, etc.) in governance work.

8) Transparency

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

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.

GFSD will ensure that all new project documents conform with the Aid Transparency Guarantee and that for existing projects, summaries are created in the new format at the next Annual Review. We will make transparency questions standard in the terms of reference for all our annual reviews.

Major new elements of the GFSD portfolio will be developed in the next 18 months. This will be an opportunity to take into account transparency and accountability issue from the very beginning in the design, procurement and the implementation processes of these programmes.

GFSD work will play a central role in embedding transparency in the governance systems and development process of DFID bilateral partners. Clear and accessible information is essential to empower people in developing countries to hold their government to account. In the next year we will develop guidance on Empowerment and Accountability to assist DFID country offices and their partners to make available information about what resources are received, how they are used and the results achieved. This will reinforce work on transparency and accountability already being taken forward through our Public Financial Management and Anti-Corruption programmes.