

# Operational Plan 2011-2015

## DFID International Directors' Office

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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 International Directors' Office (IDO) is the policy and corporate hub for the two International Divisions: International Finance Division and International Relations Division. IDO adds value by performing corporate and policy roles which are most effectively and efficiently performed centrally within the two International Divisions, and by facilitating join-up within the International Divisions and between the International Divisions and the rest of DFID.
- IDO led the Multilateral Aid Review (MAR) in early 2011, which assessed the Value for Money (VfM) for UK aid of funding through multilateral organisations. Nearly two thirds of DFID's programme is delivered through multilaterals, and over two fifths is delivered through core multilateral funding. Ensuring VfM from this aid is therefore critically important for DFID.
- The MAR assessments will be updated in 2013. IDO will lead the update, with a strong focus on ensuring a good grounding in country level evidence. The National Audit Office (NAO) is carrying out a Value for Money study of the MAR in 2012. It will be important for IDO to respond to its findings, both through the MAR update and more broadly.
- The MAR led to financing decisions in 2011, and the update will be used to inform new financing decisions in 2013. It also clearly and transparently evidenced and articulated a reform agenda for the multilaterals. This has acted as a spur to reform, and generated a great deal of interest among other donors. IDO has an important role in continuing to build on this momentum. This includes leading work with other donors on key reform agendas such as cost effectiveness, transparency, anti-corruption, results and evaluation. The MAR update will refresh this agenda.
- The success of the MAR has led to an increase in the number and profile of bilateral assessments of multilateral effectiveness, raising concerns over duplication and potential inefficiency. IDO represents the UK on the Multilateral Organisation Performance Assessment Network (MOPAN). As MOPAN moves to a hosting arrangement with the Organisation for Economic Cooperation and Development (OECD). IDO will work with others to reshape it.
- The MAR stressed the importance of having high quality personnel in Multilateral Organisations (MOs), as well as sound human resource management. IDO facilitates a programme of strategic secondments to multilaterals and works with the Foreign and Commonwealth Office (FCO) and other Government Departments to coordinate the UK's approach to international appointments to multilateral organisations, encouraging excellent UK candidates.
- IDO supports and challenges the International Divisions to ensure that they deliver excellent performance against financial and corporate priorities and targets such as programme management, human resource management, evaluation, results reporting, transparency, risk management and financial management, including budgeting and anti-corruption. IDO also works with others to ensure that DFID's financial and corporate management and reporting systems and evaluation policies meet the needs of International Division and adhere to international good practice.
- IDO also supports the International Divisions to respond to new and emerging policy agendas, such as the response of the international system to changing patterns of world poverty and the development of new aid instruments.

## 2) Vision

### Overview

- IDO's policy vision for 2014/15 is of a multilateral system that functions more effectively and uses DFID and other donor funds efficiently to deliver aid and achieve the Millennium Development Goals (MDGs); and with the MOs that make up the system playing to their strengths of legitimacy, scope and geographical reach, combined with technical expertise, to have a transformative impact on poverty worldwide.
- IDO will contribute to this vision directly through: ensuring that the MAR continues to be relevant and useful for financing decisions and for prioritising engagement on multilateral reform; leading and communicating a robust evidence-based update of the assessments in 2013; working with other donors to develop shared approaches to assessing and improving multilateral effectiveness, including through reform of MOPAN; deepening international understanding of key MAR reform priorities such as evaluation, cost effectiveness and anti-corruption; and deploying UK skills and expertise more effectively to meet priority needs in multilateral organisations.
- IDO will also contribute to it indirectly, by supporting and challenging International Division Departments to deliver against their agendas through: sharing evidence and good practice and promoting join-up between Departments working on similar issues, as well as between International Division and Regional, Policy, Research and Evidence Divisions; and supporting Departments to strengthen their evaluation systems and providing scrutiny and quality assurance as necessary.
- IDO's corporate vision for 2014/15 is one in which the International Divisions meet, or exceed, all corporate and financial priorities and targets, including on results reporting, transparency and anti-corruption as well as sound management of people, programmes and finance; and where DFID's corporate and financial systems draw on international best practice in the MOs, and are adapted to suit the management of multilateral financing.

### Alignment to DFID and wider HMG priorities

- IDO is aligned to HMG's coordinated UK approach to senior international appointments. As with the original MAR, IDO will ensure that the views and concerns of HMG are reflected in the MAR update in 2013 and associated financing decisions

### What we will stop doing

- IDO's policy team will limit its direct in-depth engagement on multilateral reform to a few key issues only.
- IDO's corporate team will continue to work to streamline corporate commissions and reporting, aiming to move to a compliance-based model which minimises transactions.
- IDO is no longer structured to provide surge capacity support to International Divisions.

### 3) Results

#### Headline results.

Pillar/ Strategic Priority	Outcome	Baseline (2010)	Expected Results (March 2015)
Global Partnerships	Multilateral Organisations (MOs) operate robust and transparent results management, evaluation and reporting systems	Average MAR rating for strategic and performance management: 2.3 adequate	More MOs have strong results based management systems, strong evaluation functions leading to evidence-based decision-making, and reporting systems which capture global results
Global Partnerships	MOs clearly demonstrate improved cost control and cost effectiveness and have strong financial management systems.	Average MAR score for cost and value consciousness: 2.5 adequate. Average MAR score for financial resource management: 2.6 adequate	More MOs deliver quantified efficiency savings and place a greater emphasis on securing value for money in their programming choices, including procurement reform. Governing body members offer more scrutiny and challenge on salaries. MOs identify and address any weaknesses in tackling fraud and corruption.
Global Partnerships	Bilateral donors have a strong, shared evidence-based understanding of multilateral effectiveness and work closely together to drive reform	MOPAN delivered four assessments. International debate on multilateral reform is institution-specific.	MOPAN collects data on 10-20 MOs each year and becomes a data repository and reference source on multilateral effectiveness for all bilateral donors. Increasing international debate on priority multilateral reforms is informed by the MAR and MOPAN assessments and grounded in the real experiences of developing countries
Global Partnerships	UK skills and expertise are deployed effectively to address priority needs in multilateral organisations	International secondments not consistently aligned with DFID objectives. Skills and expertise of UK nationals not being fully harnessed in support of multilateral effectiveness.	All UK secondments have strategic objectives in line with DFID priorities and able to demonstrate delivery against them. Systems in place to ensure that high quality UK candidates are encouraged and supported to fill key positions in multilateral organisations.
Global Partnerships	International Divisions deliver high value for money for UK aid through robust evidence-based financing decisions and excellent financial, programme and people management.	Financing decisions are not based on a consistent assessment framework. QMR 2010/11 Q3 records low ID scores on monthly forecasting and overdue project reviews.	All financing decisions are based on robust and up-to-date evidence including MAR assessments and evaluation findings. IDs respond appropriately to all recommendations from external and internal scrutiny bodies. IDs meet or exceed all corporate targets, including on transparency and financial, people and programme management.

## 3) Results (continued)

### Evidence supporting results

- **Results:** Strong results based management is important for Multilateral Organisations (MOs) so they can demonstrate what they achieve with their money and use past results to improve future decision making. It is also an important tool by which the MO can hold staff in the organisation to account and through which shareholders can hold the MO to account. The MAR found that although some MOs have strong results based management systems, there are many that cannot tell us the outputs or outcomes of their work or that cannot aggregate their results across the organisation. Evaluation functions also vary in quality and impact across the multilateral system, so that some organisations are better than others at learning from experience and acting on those lessons.
- **Cost control and cost efficiency:** The MAR identified some good examples of cutting costs and increasing efficiency. However, these tend to be one-off examples of good practice because of a strong in-country team determined to make each aid pound go further rather than an organisation-wide culture of delivering VfM. The MAR showed that there is room for increased efficiency and for VfM to take a more prominent role in the MOs' internal decision making structures. The MAR also found that the quality of financial management is variable. More recently, reports by the Independent Commission on Aid Impact (ICAI) suggest that anti-corruption measures may need strengthening in some cases.
- **Working together with other donors on multilateral reform:** DFID has always worked closely with other donors on reform of individual institutions, but did not have a strong cross-cutting reform agenda until the MAR. Since the MAR was carried out, several other donors have carried out similar exercises, and there is a clear appetite for closer working to develop a shared evidence base on multilateral effectiveness and to build common positions on reform, thereby increasing the pressure on multilateral organisations to deliver.
- **UK skills and expertise:** Limited coordination and inconsistent management of secondments to MOs across different DFID departments; some secondments not sufficiently aligned with overall DFID priorities. MOs not receiving the full benefit of UK skills and expertise.
- **Delivering Value for Money for UK aid:** The MAR has provided a good evidence-based discipline on multilateral financing decisions. This, and a stronger evaluation culture in DFID, will be important going forward to ensure that the International Divisions deliver high Value for Money for UK aid. Quarterly Management Reports show that International Divisions performed well on some corporate indicators in 2010, but less well on others. It will be important to address this to ensure that resources are managed efficiently.

### VfM rationale

- The MAR assessed the VfM of the MOs by looking at their organisational strengths and from their contribution to UK development objectives. This comprehensive review identified key systemic weaknesses including in results management and cost control. Improving MOs' performance in these areas will have a significant VfM impact

## 4) Delivery and Resources

- IDO was restructured in 2011 to redirect resources to support MAR priorities and new corporate reform agendas while delivering 23% efficiency savings.
- The policy team lost three policy advisers and an economic adviser.
- The remaining multilateral policy adviser post was dedicated to taking forward the MAR update. IDO has also bid for a centrally-funded graduate intern to help to deliver the MAR update.
- The two person secondments team took on additional responsibility for international appointments and human resource reform in multilateral organisations, as well as for parliamentary correspondence and briefing. Reflecting this new role, the A2 secondments manager post was redesignated as a second A2 multilateral policy adviser position.
- An evaluation adviser was recruited, funded from front-line delivery resources.
- The corporate function was slimmed down, losing one B1 corporate compliance officer, and took on responsibility for supporting International Divisions to deliver the transparency and climate change reform agendas in multilateral organisations as well as in DFID.
- Following a review of need across the International Divisions, resources which had been set aside for a surge capacity role will be redeployed to fund a MOPAN co-ordinator post. This change will enable an IDO economic adviser to focus on methodology for the 2013 MAR update, lead the MAR cost-effectiveness reform agenda and provide advice on joint approaches to multilateral effectiveness assessment.
- A new statistician post was introduced to work on the evidence base for the MAR and develop a system to link multilateral results and country level resources. This will allow the IDO fast stream economist to focus on the MAR cost effectiveness reform agenda.
- Within our corporate team we have replaced the corporate support officer post with a new finance officer post. This new post will support the Divisional accountant in strengthening financial management both within DFID and the multilateral organisations. We are also creating a new fiduciary risk adviser post to work on the anti-corruption agenda – this post will be funded from front line delivery resources.
- Much of the team was relocated from London to East Kilbride, improving links with the United Nations and Commonwealth Department and DFID's corporate hub. This relocation process will continue in 2012.
- IDO holds a small programme budget for the Strategic Secondments project and MOPAN. It also manages a performance funding budget line to enable financing decisions to respond to the findings of the MAR update in 2013.
- IDO also holds much of the learning and development budget for the International Divisions.

## 4) Organisational Design (continued)

### Programme Spend

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											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	190		2,090		1,747		91,747		91,747		187,331	0
<b>TOTAL</b>	<b>190</b>	<b>0</b>	<b>2,090</b>	<b>0</b>	<b>1,747</b>	<b>0</b>	<b>91,747</b>	<b>0</b>	<b>91,747</b>	<b>0</b>	<b>187,331</b>	<b>0</b>

## 4) Organisational Design (continued)

### Operating costs

	2010/11 (budget)	2011/12	2012/13	2013/14	2014/15	Total 2011-15
	£'000	£'000	£'000	£'000	£'000	£'000
Frontline staff costs - Pay	62.25	83	139	139	139	500
Frontline staff costs - Non Pay		9.5	7	7	7	30.5
Administrative Costs - Pay	1216	1063	1020	1020	1020	4123
Administrative Costs - Non Pay	272	165	155	155	155	630
<b>Total</b>	<b>1550.25</b>	<b>1,201</b>	<b>1,321</b>	<b>1321</b>	<b>1321</b>	<b>5283.5</b>

*Figures for 2010/11 to 2014/15 are planned budgets. 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) Organisational Design (continued)

### 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	2011/12		2012/13		2013/14		2014/15	
	PAY £'000	Non Pay £'000						
Reduction in Consultancy Payments				10				
Reduction in Travel		10		7				
Reduction in Training		16		8				
Reduction in Estates & Property Costs								
Reduction in costs as a result of Office Restructuring		244	60					
Other Reductions								
<b>Total</b>	<b>0</b>	<b>270</b>	<b>60</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 5) Delivering Value for Money

### Areas of focus:

- MOs operate robust and transparent results management, evaluation and reporting systems
- MOs clearly demonstrate cost control and cost efficiency and have strong financial management systems
- Bilateral donors have a strong shared evidence-based understanding of multilateral effectiveness and work closely together to drive reform
- International Divisions make robust evidence-based financing decisions and have excellent financial, programme and people management

Challenge to embedding VfM	Actions to meet the challenge	Team/Person responsible	Date
<ul style="list-style-type: none"> <li>• Ensuring Departments have access to cutting edge evidence on results management and evaluation, and cost control and financial management including anti-corruption</li> <li>• Building a shared understanding on reform priorities among bilateral donors and ensuring that Departments use this effectively to lever reform in individual institutions</li> <li>• Maintaining and strengthening the evidence-based discipline of the MAR, including through stronger links to country offices</li> <li>• Ensuring that every Department gives appropriate focus to corporate priorities and targets</li> </ul>	<ul style="list-style-type: none"> <li>• IDO will provide high quality advice and analysis on evidence to support Departments in their engagement with MOs and stands ready to provide additional capacity or help to access expertise</li> <li>• IDO will use DFID's convening power to bring together networks of other donors to agree on reform issues, including working with others to reform MOPAN, and will help Departments to link into this</li> <li>• IDO will manage a MAR update process which builds in evidence from country offices, strengthening the links between the International and Regional Divisions</li> <li>• IDO will rigorously monitor corporate compliance and challenge Departments accordingly</li> </ul>	Policy Team and Finance Team	2014/15
		Policy Team	2014/15
		Policy Team	2013
		Corporate Team	2014/15

### VfM Strategy

- Ensure that the findings of the MAR drive the priorities of International Divisions – and that Multilateral Organisations' VfM is measured over the Spending Period
- Ensure business cases for core funding to multilateral organisations are linked back to the MAR and VfM analysis, and that business cases for other funding are evidence-based, including through a stronger approach to the use of evaluation
- IDO staff have the skills needed to provide high quality analysis in these key areas.
- Invest in relationships with other donors, building on the MOPAN network

# 6) Monitoring and Evaluation

## Monitoring

- IDO has a key role in monitoring the performance of the International Divisions on financial and corporate priorities and targets, as well as co-ordinating the MAR process by monitoring the performance of the MOs against the DFID reform agenda. IDO's own work programme is set out in detail in a results framework which links through to individual staff objectives and is reviewed by the whole team quarterly.

## Evaluation

- IDO will support the International Divisions in monitoring and evaluating multilateral effectiveness by synthesising relevant analysis and best practice on results based management and evaluation from across the multilateral system, and by sharing lessons learned across teams. IDO will capitalise on existing relationships, for example within MOPAN, to strengthen DFID's evidence base on evaluation, and build new relationships with evaluation professionals in networks such as the DAC Evaluation Network and within multilaterals themselves.

- IDO will be the interface between the International Divisions and Evaluation Department. We will support the International Divisions in embedding evaluation and skills, taking forward the strategy for embedding evaluation in International Divisions agreed in early 2012.

- IDO will support the International Divisions in preparing for and engaging with external and internal scrutiny exercises such as those led by Parliamentary Accounts Committee (PAC), the Parliamentary Select Committee on International Development (IDC), the National Audit Office (NAO), the Independent Commission on Aid Impact (ICAI), and DFID's Internal Audit Department (IAD). IDO will support the International Divisions to respond to the recommendations of these bodies. This may include developing an evaluation framework for MAR related activities following the NAO value for money review of the MAR in 2012.

- Covering IDO's own work plan, the international secondments project places a strong emphasis on monitoring and evaluating impact. An Annual Report has been introduced, drawing on a new survey of secondees. As each secondment draws to an end it will be evaluated against its objectives, considering the views of the host organisation, sponsoring department, secondee, and the relevant UK mission. Evaluation of the overall secondments programme will be based on these regular reports. We will continue to work with MOPAN on their evaluation, planned for 2013.

## Building capacity of partners

- IDO will develop a strategy on evaluation for International Divisions in 2012. This will focus on putting DFID in a position to drive a transformation in the evaluation capability of multilaterals within the next four years. This will involve working closely with a number of multilaterals whose performance is known to be poor, helping them find solutions, and from this developing a wider strategy to improve performance across the system.

## 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 effected by our projects to provide feedback.
- IDO will continue to support Departments within IRD and IFD to improve the quality of information on internal systems to ensure that published data is accurate, up to date and easily accessible to the public
- IDO will ensure all Departments are aware of what information is going into the public domain, where it will be published, when, and what the process is for publishing.
- In terms of IDO's own programme spend, annual reviews and project summaries will be published as required for the Strategic Secondments and MOPAN projects, as well as information on all transactions over £500.
- IDO will work with teams in IRD and IFD on pushing for increased transparency from our Multilateral Organisation partners and work to ensure that all partners commit to a plan of action (by the end of 2012) for achieving IATI compliance by 2015
- IDO will work with the Private Sector Department and DFID's Procurement Group to reach agreement on the process for ensuring appropriate maximum transparency amongst DFID's private sector partners