

# Operational Plan 2011-2015

## Europe Department

June 2012

<b>Contents:</b>		
	<b>Introduction</b>	<b>1</b>
Section 1:	<b>Context</b>	<b>2</b>
Section 2:	<b>Vision</b>	<b>3</b>
Section 3:	<b>Results</b>	<b>4-5</b>
Section 4:	<b>Delivery and Resources</b>	<b>6-9</b>
Section 5:	<b>Delivering Value for Money</b>	<b>10</b>
Section 6:	<b>Monitoring and Evaluation</b>	<b>11</b>
Section 7:	<b>Transparency</b>	<b>12</b>

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

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

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

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

## 2) Vision

### Overview

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

### Alignment to DFID and wider HMG priorities

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

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

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

### •What we will stop doing

- Close down all bilateral programmes in the Western Balkans
- Reduce support for research, and activities concerned with lobbying for, and influencing, EU development priorities

# 3) Results

Headline results			
Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected Results (including year)
<b>International Commitments</b> (Effective European Development Fund)	1) EDF11 retains a clear focus on the poorest countries and develops a results-based approach to programming, to be introduced when the regulations and guidelines are updated to inform the programming of EDF11	2011- Some 95% of EDF is ODA in the current MFF. No results framework in place.	2014 – MFF maintains ODA levels and poverty focus. New programming guidelines focus on results/outcomes <u>and implement Agenda for Change commitments</u>
<b>International Commitments</b> (Effective EU Budget Instruments)	2) Increased ODA share within a constrained EU budget in the next MFF (2014-2020) underpinned by more effective, flexible external financial instruments, including a greater focus on results-based planning to be reflected in the Instruments and their implementation guidelines. EU approach to blending of grants and loans delivers more effective aid.	90% of Heading 4 is ODA in the current MFF (2007-2013). No results framework	2014 – ODA levels at least maintained in next MFF. New Instruments and guidelines focus on results/ outcomes and more flexibility <u>in line with Agenda for Change commitments</u>
<b>International Commitments</b> ( Future EU Development Policy)	EU development policy supports UK priorities, with an overarching objective of improving the focus on results and evaluation, transparency, and vfm of EU aid. In terms of policy objectives: An increased focus on i) wealth creation, trade and regional integration; ii) conflict and fragile states; and iii) supporting girls and women. EU support for UK priorities on Family Planning and Sustainable Energy for All.  EU external actions increase policy coherence– eg through coordinated support for climate resilient development	European Consensus on Development (2005)	EU Dev Communication (2011) and Council Conclusions (2012) reflect UK aims. More effective EDF10 /11 regional envelopes. Joint Communication on Trade and Development reflects UK aims. EU meets AFT commitments. EU conflict policy OECD compliant. EAS regional strategies reflect UK aims. EU participation in Family Planning event and SE4All. Coordinated EU approach to development and CC. Gender (see separate box)
<b>Role of Women</b> ( Effective implementation of EU Gender Equality Action Plan)	Objectives of the EU Plan of Action on Gender Equality and Women’s Empowerment in Development 2010-2015 are successfully achieved within the time frames specified	EU Plan of Action agreed by Council of Ministers in June 2010	EU policy and programming fully reflects developmental needs of women and girls by 2014-15
<b>Transparency</b> ( Improved EU transparency and accountability)	Improved EU aid transparency and accountability, including efficient UK Parliamentary scrutiny of EU development policy	i) Nine IATI signatories in 2010; ii) Council Conclusions on 2010 Annual Report	i) EC signed up to IATI 2011,iii) majority of EU Member States IATI compliant by 2014; iii) Yearly improved results focus in AR
<b>Value for Money</b> ( EU aid effectiveness)	By 2015 EU aid is more effective as demonstrated by more flexible, transparent and effective programming rules and systems in the new MaFF, further decentralisation of decision making and a clear EU agenda on aid effectiveness	2008: 2 out of 9 Paris targets met; 3 on track	6 targets met by 2013 publication ( based on 2012 data). 2013 Mini-MAR evidence demonstrates more flexible, transparent, effective EU procedures.

### 3) Results (continued)

#### **Evidence supporting results**

The two Multilateral Aid Reviews (MAR) on the European Development Fund (EDF) and on Budget Instruments provide the main evidence base for the proposed results. They identified some key reform areas for the EU: the lack of a comprehensive results and Value for Money (VfM) framework; limited decentralisation of action and financial decision-making; the role and scope of the European External Action Service (EEAS); access to development expertise; cumbersome rules and systems; and the scope and focus of legal funding instruments, financial regulations and programming guidelines underpinning these. The EU Results Scoping Study (September 2011) highlighted specific reforms needed to develop a comprehensive results and VfM framework for EU aid. Discussions on these are being taken forward in a new EU Experts Group on Results.

The lack of an overarching results framework makes it difficult to monitor EU outputs and outcomes at an aggregated, institution wide level. We will therefore focus on obtaining both quantitative and qualitative information on selected, priority EU programmes (at country, regional and thematic levels) in order to assess impact and VfM achieved. This will be based on the EC's own existing monitoring and reporting systems and the recent commitment made by EuropeAid to focus their external communications on results achieved, rather than financial commitments made. We will also examine carefully the EU's own reporting on the contributions that they are making, through the EDF and the main EU budget aid instruments, to achieve the Millennium Development Goals (MDGs) in those Low Income Countries where the EU is a significant donor (more than 15% of total aid). The majority of the beneficiary countries for these programmes also have the furthest to go to achieve the MDGs and are often without any DFID presence. However, we can not hold the EU fully accountable for their achievement as MDG outcomes are influenced by a very diverse range of factors.

#### **Value for Money rationale**

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

## 4) Delivery and Resources

### ED structure

Following an extensive change management process Europe Department is organised in two main teams in London plus a Kosovo team based in Pristina (until December 2012). We also manage a dedicated development team within the UK Representation to the EU (UKRep) in Brussels.

### Our resources

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

### Our partnerships and main delivery mechanisms

#### **ED takes forward the UK's interest through:**

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

## 4) Organisational Design

### Planned Programme Spend

Pillar/Strategic priority	2010/11		2011/12		2012/13		2013/14		2014/15		TOTAL	
	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		0		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		0		0	0
Poverty, Hunger and Vulnerability											0	0
Humanitarian											0	0
Other MDG's											0	0
Global Partnerships	1,299,000		1,368,000		1,354,000		1,456,000		1,425,000		5,603,000	0
<b>TOTAL</b>	<b>1,299,000</b>	<b>0</b>	<b>1,368,000</b>	<b>0</b>	<b>1,354,000</b>	<b>0</b>	<b>1,456,000</b>	<b>0</b>	<b>1,425,000</b>	<b>0</b>	<b>5,603,000</b>	<b>0</b>



## 4) Organisational Design (continued)

### Planned Operating Costs

	2010/11 (outturn)	2011/12	2012/13	2013/14	2014/15	Total 2011-15
	£'000	£'000	£'000	£'000	£'000	£'000
Frontline staff costs - Pay	1,009	377	435			812
Frontline staff costs - Non Pay	501	273	109			382
Administrative Costs - Pay	1,310	1,061	1,055			2116
Administrative Costs - Non Pay	222	585	263			848
<b>Total</b>	<b>3042</b>	<b>2296</b>	<b>1862</b>	<b>0</b>	<b>0</b>	<b>4158</b>

*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) Organisational Design (continued)

### Planned Efficiency savings

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

Reduction in Travel		36						
Reduction in Training		30		14				
Reduction in Estates & Property Costs								
Reduction in costs as a result of Office Restructuring	439			54				
Other Reductions								
<b>Total</b>	<b>439</b>	<b>114</b>	<b>0</b>	<b>68</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 5) Delivering Value for Money

### **Key Action Points of a Value for Money Strategy.**

**There are some key challenges affecting VfM within the EU:**

- The EU needs financial regulations that focus more on VfM through: improved procurement practices, clearer focus, easier co-financing opportunities between Member States and the EC, and ensuring that blending mechanisms are efficient and effective.
- The EC also needs to ensure access to the right expertise to be able to improve aid delivery
- The EU does not have a strategic focus on VfM and the broader results agenda. The current focus is skewed towards costs without a similar emphasis on outputs and outcomes. More specifically on VfM, the EU needs to show that: Intervention choices are based on strong evidence and logic; cost-benefit analysis is undertaken regularly for programmes; that the allocation efficiency of Instruments is maximised; and that they are adopting a more strategic and consistent approach to VfM, embedded as part of regular project management - being used to drive improvements in programmes whilst also having clear linkages at the corporate level including reporting of VfM metrics and to drive more systemic changes.

**To address these challenges, our main objective is for the EU to develop a framework for assessing VfM within the organisation.**

This would work better when incorporated as part of a wider Results Framework, which pulls together key components that are crucial for VfM considerations. Evaluation is also an important area that feeds in to VfM and should not be considered in isolation. ED will call for more VfM considerations in future EU aid and use upcoming opportunities such as the negotiations for the next Multi-Annual Financial Framework (MFF) (2014-2020) and the next EDF replenishment in 2011 to further this.

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

- An assessment of current VfM activity within the Commission that will allow clear objectives on VfM to be set out in more detail
- To ensure that any changes to EU Procurement policy in the context of revisions to the EU Financial Regulations are promoting VfM
- To develop an influencing strategy for VfM (coordinated with broader results and evaluation work) including a review of our relationship with the Commission and other Member States to identify key players, influencing opportunities and the right tools for influencing.
- To assess our current Seconded National Experts programme and ensure we are maximising potential for achieving our VfM agenda.
- To embed a dedicated resource within ED to pursue the results and VfM agenda both within the EU and also playing a coordinating role across ED including improving the basic VfM skills of ED staff
- To do more with less. A reduction in posts means that staff will need to prioritise more and increase their effectiveness through appropriate training and skills development; and will mean a greater emphasis on cross-team working and more flexible roles.

## 6) Monitoring and Evaluation

### **Context**

ED does not carry out its own evaluation of EU aid - this would duplicate the organisation's own procedures. However, the UK plans to conduct several reviews of the EC development programme over the coming six months as ICAI (the Independent Commission for Aid Impact), NAO (National Audit Office) and IDC (the International Development Committee) all plan to assess the Commission in regards to efficiency, effectiveness and Value for Money as well as the comparative advantages of EU aid. The current DAC Peer Review is due to report in April/ May 2012 and will be important source of independent evidence on direction of travel in EC's performance.

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

### **ED focus**

ED's focus is to call for robust impact evaluation practice across EU external programmes, managed by a staff complement of sufficient number and with appropriate skills. ED's primary aim will be to ensure effective annual monitoring of EU progress against MAR objectives; and also of our own progress against Operational Plan objectives and milestones. ED also engages in cross-departmental lesson learning on evaluation practice and analysis. Staff (particularly those working on finance and Instruments) will benefit from the planned evaluation skills training (Dec, Feb).

Other ED Action points over this CSR cycle will include:

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

### **Building capacity of partners**

DFID is currently funding a Seconded National Expert (SNEs) working on boosting EU's evaluation skills in DG Enlargement (until 2012). The SNE for the DG EuropeAid Evaluation unit ended in August 2011 and will be replaced in Summer 2012.

## 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.

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

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

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

As EU aid represents 56% of global ODA, the benefits of EU action on transparency would be huge for poorer countries as well as for our domestic constituencies. We will, together with the Aid Effectiveness team (Aid Impact Team), lobby the EU to adopt an EU-wide guarantee on aid transparency that would commit both the European Commission and EU Member States to providing timely, accurate, comparable and detailed data on aid flows based on the International Aid Transparency Initiative (IATI). We will do so by making the case for greater transparency in EU fora at all levels and by working with EU allies, to implement Busan commitments. We will also push the European Commission in turn to promote transparency with partner governments in developing countries and EU funding beneficiaries, making it easier for people to see how aid comes from donors, and how this is being spent.

We will work closely with the European Commission, an IATI signatory, to ensure it implements IATI requirements by end of 2011 through :

- strong high level influencing via Ministers/PS/DG/Directors
- facilitating sharing experience, tools and how to notes
- keeping a strong line on transparency in all EU fora