

# Operational Plan 2011-2015

## DFID – Growth and Resilience Department (GRD)

April 2011

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# 1) Context

## Policy Division Organisational Context:

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

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

## Policy Context:

Around 1.4 billion people live below the poverty line. In sub-Saharan Africa, over half the population live on less than \$1.25 a day. According to the Food and Agricultural Organization of the UN (FAO) (2010), 925 million people do not have enough to eat whilst more than 60% of the chronically hungry are women. 1 in 3 children in the world is chronically malnourished and malnutrition is associated with 35% of under five deaths by crippling the immune system and making children much more susceptible to disease.

The most effective way to alleviate poverty is through sustained economic growth and creating the environment for the private sector (from farms to firms) to create jobs and to raise peoples incomes. Slow growth is the principal reason for sub-Saharan Africa and South Asia being off target to achieve the MDG 1 targets of halving poverty by 2015. There is no one standard recipe for growth, but the Growth Commission found that there are some important ingredients including the right economic policies, rule of law, infrastructure, competitive markets, openness to trade and investment, and increased agricultural productivity. Good governance is also crucial, and all of these ingredients are especially challenging to get right in fragile and conflict affected countries.

But growth in itself is not enough - it often needs to be targeted to help the poorest and most vulnerable lift themselves out of poverty. For example, women's poverty is perpetuated by unequal access to and participation in markets: women own less than 1% of the means of production, receive less than 10% of the world's income and are three times more likely than men to work in the informal sector. The poor also need to be supported to build resilience to economic shocks (e.g. through social protection which gives the poor a hand up rather than a hand-out) . This is particularly crucial as we are likely to enter a period of higher food and commodity prices. Growth also needs to be sustainable in the long-term, with natural resources (both renewable and non-renewable) managed productively, efficiently and transparently.

## 2) Vision

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

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

- support the delivery of the bilateral programme through lesson learning across the portfolio; 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 promote change internationally and in international organisations by helping develop UK Government policy positions for the G20, G8, international summits, and climate negotiations; and coordinate actions and policy positions with other donors, philanthropic organisations etc.
- engage in Whitehall policy discussions around aid and non aid (e.g. migration).
- build public and parliamentary support for the UK's development effort (PD answers half of all of DFID's Parliamentary Questions).
- deliver selected aid results that are better funded centrally e.g. eliminating polio and neglected tropical diseases; the international growth centre.

Meeting MDG1 targets on poverty and hunger requires new integrated approaches to stimulate sustainable economic growth that benefits the poorest, address resource scarcity, tackle inequality and ensure those at greatest risk of under-nutrition benefit from growth. Hence the new name of the Department, Growth and Resilience Department, which encapsulates the need for both *sustainability* and the *management of volatility*. We will:

- 1) Focus on advice to governments to **improve policy frameworks for economic growth and productive investment**, including helping the poorest and most vulnerable benefit. We will provide independent world class economic advice to help governments. We will generate knowledge and instruments for low carbon/climate resilient growth and facilitate access to expertise on effective governance/management of natural resources for growth, including extractives.
- 2) Help countries make it easier to do business, including supporting DFID Business Plan commitments on **property rights and investment climate reform**;
- 3) Focus effort on **economic empowerment for women and girls**, including through support for Making Markets Work programmes;
- 4) Help the **poorest build resilience against economic shocks** such as high food prices through the provision of expert technical advice to support the scaling up of effective programmes to protect the most vulnerable using innovative technologies.
- 5) Help **DFID meet its international commitments on food security**, influence others to meet their policy, governance and financial commitments and improve global monitoring of impact. We will also work with the G20 to better understand and mitigate the effects of food price volatility.
- 6) Support **governments to scale-up responses to under-nutrition delivered through multiple sectors** which ensure that pregnant women and children under two are prioritised. We will work to ensure the international response to under-nutrition is better co-ordinated, more coherent and of a scale which matches the size of the challenge.

This work will make a central contribution to three of the six Structural Reform priorities – boosting wealth creation; honouring international commitments; and improving the lives of girls and women. GRD will also contribute to DFID's climate change work. Key illustrative examples of the results we expect to achieve are summarised in slides 3-5. GRD expects to make a major contribution to measuring the impact of the various Wealth Creation programmes delivered by DFID, and indeed by the international community. In order to help deliver these results, GRD will make some significant changes to the way we work (see slide 7 Delivery and Resources).

### 3) Results 1/3

#### Headline results

Pillar/ Strategic Priority	Indicators	Baseline (including year)	Expected Results (including year)
<p><b>Wealth Creation</b></p> <p>Promote Inclusive, Sustainable and Climate Resilient Growth</p>	<p>Independent, world class economic advice and research on growth and economic policy provided to partner governments.</p>	<p>Advice from the International Growth Centre (IGC) has shaped growth policy in three countries. (2011)</p>	<p>10 countries, where more than 237 million people live in poverty, have acted on world class advice/expertise on economic growth policy by March 2012.</p>
<p><b>Wealth Creation</b></p> <p>Promote Inclusive, Sustainable and Climate Resilient Growth</p>	<p>Funding and support to the Extractive Industries Transparency Initiative (EITI) secretariat and advice to country programmes to increase effective and transparent management of extractives for growth</p>	<p>Five EITI compliant countries and 27 candidate countries (February 2011)</p>	<p>International influencing to enable four new EITI candidate countries and four new EITI compliant countries by 2014.</p>
<p><b>Wealth Creation</b></p> <p>Promote a vibrant private-sector in developing countries</p>	<p>Effective policy and advisory support to DFID Country Offices and work with international partners to improve the Investment Climate in [at least six] DFID partner countries.</p>	<p>2010/11 Data for each selected DFID partner country on Ease of Doing Business, as published in the World Bank Doing Business Indicators.</p>	<p>Absolute improvement in the Ease of Doing Business in at least 6 DFID partner countries as measured by its relevant Doing Business Change Score in 2015.</p>

### 3) Results 2/3

#### Headline results

Pillar/ Strategic Priority	Indicators	Baseline (including year)	Expected Results (including year)
<p><b>Promote economic empowerment of women and girls</b></p>	<p>Research to build the evidence base/ identify innovations to improve programmes promoting the economic empowerment of women and girls.</p>	<p>Country level data on existing levels of access will be sought. The results are all additional to this baseline.</p>	<p>By 2014, contribute to women and girls accessing property rights (4.5 million), financial services (18 million) and jobs (2.3 million) in DFID priority countries.</p>
<p><b>Support actions to help achieve the MDGs</b></p> <p>Reduce Poverty, Hunger and Vulnerability</p>	<p>Number of countries receiving increased, coordinated and coherent support for nutrition from international agencies</p>	<p>\$300 million ODA per year Weak global governance and leadership for nutrition.</p>	<p>20 countries supported by the Scaling Up Nutrition (SUN) movement with coordinated and increased donor support (leveraging at least a five fold increase in ODA), streamlined TA and global public goods, more global leadership and political attention and effective tracking of progress.</p>

### 3) Results 3/3

## Headline results

Pillar/ Strategic Priority	Indicators	Baseline (including year)	Expected Results (including year)
<p><b>Support actions to help achieve the MDGs</b></p> <p>Reduce Poverty, Hunger and Vulnerability</p>	<p>G20 implements agreement on need for comprehensive action on food security which mitigates the impact of high food prices on the poorest and increases the engagement of the private sector over the next three years</p>	<p>969 million people hungry (2010 data)</p>	<p>The G20 collectively ensure that the number of those going hungry does not go over 1bn in 2011; and over the period 2011-2015 ensure the trajectory to achieving MDG 1 is back on track</p>
<p><b>Support actions to help achieve the MDGs</b></p> <p>Reduce Poverty, Hunger and Vulnerability</p>	<p>Tailored package of guidance on costing, VfM and results measurement developed with and for country offices engaged in social protection</p>	<p>No systematic data on unit costs from DFID programmes available for Cash Transfers evidence paper</p>	<p>More effective DFID bilateral social protection programmes reaching larger numbers of the poorest</p>

### 3) Results (continued)

#### Evidence supporting results and Value for Money (VfM) rationale

The evidence base for working on GRD's broad wealth creation areas is generally strong – though gaps exist and GRD will continue to strengthen the evidence base on what works/doesn't work and offers value for money.

Economic growth delivers about 80% of poverty reduction in the long run. **Independent world class economic advice on growth** is valued and is in demand. DFID is the only organisation that is funding this. Advice to Ghana on oil revenue management is estimated to help generate at least \$19bn in government revenues over the next 20 years, whilst in Tanzania advice has helped inflation targeting. Safeguarding and managing natural resources is also critical to growth. For example, UNDP estimates the costs of environmental degradation in China at 9% of GDP. Tools to value and plan for the sustainable use of the natural resource capital of countries are in their infancy, and GRD will help develop these.

The **EITI** has led to the reporting of \$130 billion of revenues in Africa between 2003 and 2008 - dwarfing UK aid to the countries. Five countries are now EITI compliant, 10 close to compliant and further 27 countries are working towards compliance.

Improving the **investment climate** – especially removing policy and regulatory barriers for domestic and foreign investors and making markets more competitive – reduces the costs for firms of doing business, increases investment levels and creates jobs. This can add two percentage points to growth rates. We will build on our track record of working with country offices, and working with and influencing multilateral/bilateral donors and other partners, to improve the design, focus and impact measurement methodologies for regulatory and competition programmes - thereby supporting country offices to deliver their Bilateral Aid Review (BAR) investment climate programmes.

**Women's economic empowerment** matters for women and for growth: Africa's agricultural output could rise by 20% if women had the same access to agricultural inputs as men. Women with economic assets can increase their incomes and productivity, and are less vulnerable to domestic violence and HIV. However more research is needed on how to improve women's property rights (including access to financial services), improve women's participation in the labour market and increase women farmers productivity, as well as on the VfM of different approaches.

**Nutrition** is a relatively neglected area in development, yet the Copenhagen Consensus concluded that 5 of the 10 most cost effective development investments were nutrition interventions. Addressing evidence gaps will require a range of methodological approaches, with a strong focus on impact evaluation, to establish the most cost-effective interventions (e.g. health-related nutrition interventions implemented at scale, coherent with responses to under-nutrition delivered through multiple sectors addressing underlying causes).

Evidence points to increasing **food price volatility** over the next few years, that will exacerbate the already unacceptably high levels of world hunger. Because of their membership, we will prioritise G8 and (increasingly) G20, above other international processes, on **food security** as having the most potential for direct positive impact on the global burden of hunger. Focusing on food and nutritional security, rather than a more narrow focus on agricultural productivity, makes sense given the significant contribution to the latter by DFID's agricultural research spending and will help maximise returns to DFID's overall investment in addressing hunger. More evidence is needed on the importance of agricultural growth for poverty reduction in fragile states.

Joint work with country offices on **social protection** builds on a successful and acknowledged track record of responsive engagement with country based staff. The BAR process revealed the need to improve the programme around costing, monitoring systems and political economy analysis in particular.

## 4) Delivery and Resources

The Growth and Resilience Department (GRD) was launched on 1 April 2011 as a result of a restructuring to improve the coherence of Policy Division's work on poverty/inequality, growth/investment, food security, nutrition and cash transfers/social protection.

Compared with our fore-runner departments, our delivery focus will change to be even more country facing - with DFID country office demand increasingly shaping our priorities and work programmes, and GRD increasingly helping to improve the impact/VfM of bilateral programming. We will do this by making full use of FLA staff, who can offer the required degree of technical back up from London/Abercrombie House (AH). We will also make maximum use of existing specialist skills that a few GRD staff possess (e.g. on the extractives sectors), whilst expanding the skill sets of others (including in VfM and impact assessment). This will enable GRD to engage on key growth and resilience issues over the long-term, yet remain nimble enough to respond rapidly on any new shorter-term issues that may arise.

GRD will focus on **technical support to country offices** through up to date real-time knowledge about: what is going on across the DFID portfolio; what others (including the multilaterals and bilaterals) are doing; what the relevant metrics are for results, impact and VfM; what is best practice; what innovations are going on in DFID and internationally; who is doing the most exciting thinking - think tanks , blogs etc.

A key feature of GRD's approach to joint working with country offices will be to get knowledge and learn how to move across the organisation, in different ways. We will produce less 'supply driven' development of products, guidelines and policy papers, and foster peer-to-peer, horizontal learning and knowledge exchange, exploiting new technologies such as wiki/huddles to promote the widest interaction between stakeholders. We will also build new relationships with think tanks/academics and the private sector in the emerging economies and in Low Income Countries (LIC).

We will be more selective in our international programming, but engage in **international influencing** in priority areas including:

- working with the G20 on food price volatility and the G8 L'Aquila Food Security (AFSI) commitments;
- work with international partners on "Scaling Up Nutrition" to ensure that the international response to under nutrition is better co-ordinated and more coherent;
- working with selected multilaterals (World Bank, UNICEF, the EU) to scale up social protection systems development in LICs;
- working with governments, the private sector and NGOs on EITI and the Natural Resource Charter;

GRD will continue to work closely with other DFID departments (like Private Sector Department, Trade Policy Unit, Governance and Fragile States Department, Climate and Environment Department, Research and Evidence Division); as well as with other Whitehall Departments (e.g. UK Department for Business, Innovation and Skills (BIS), The Office of Fair Trading (OFT), Department for Environment, Food and Rural Affairs (DEFRA), Ministry of Justice (MoJ), Department of Energy and Climate Change (DECC), HM Treasury (HMT)); and key partners from the private sector and NGOs.



# 4) Delivery and resources

## 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	12,592	0	12,600	0	16,400	0	21,400	0	20,650	0	71,050	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	2,471	0	34,300	0	32,100	0	17,450	0	16,850	0	100,700	0
Humanitarian											0	0
Other MDG's											0	0
Global Partnerships	0	0	100	0	1,500	0	1,500	0	1,000	0	4,100	0
<b>TOTAL</b>	<b>15,063</b>	<b>0</b>	<b>47,000</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>40,350</b>	<b>0</b>	<b>38,500</b>	<b>0</b>	<b>175,850</b>	<b>0</b>
The total GRD Programme allocation over the four years is £188,500,00												

## 4) Delivery and resources (continued)

### Operating Costs

	2010/11	2011/12	2012/13	2013/14	2014/15	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Frontline staff costs - Pay	430,000.00	1,283,479.00	1,870,441.00			3,153,920.00
Frontline staff costs - Non Pay	479,500.00	679,850.00	699,050.00			1,378,900.00
<b>Total Frontline Costs</b>	<b>909,500.00</b>	<b>1,963,329.00</b>	<b>2,569,491.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,532,820.00</b>
Administrative Costs - Pay	1,849,729.00	1,264,351.00	732,389.00			1,996,740.00
Administrative Costs - Non Pay	557,751.00	177,300.00	86,100.00			263,400.00
<b>Total Administrative costs</b>	<b>2,407,480.00</b>	<b>1,441,651.00</b>	<b>818,489.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Total</b>	<b>3,316,980.00</b>	<b>3,404,980.00</b>	<b>3,387,980.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,532,820.00</b>

## 4) Delivery and resources (continued)

### Efficiency savings

	2011/12		2012/13		2013/14	
	PAY £'000	Non Pay £'000	PAY £'000	Non Pay £'000	PAY £'000	Non Pay £'000
Administrative Cost Savings Initiative						
Reduction in Consultancy Payments		94,000.00				
Reduction in Travel		87,000.00		42,000.00		
Reduction in Training		22,000.00				
Reduction in costs as a result of office re-structuring.	707,400.00	55,350.00	531,962.00	49,200.00		
Other Reductions						
<b>Total</b>	<b>707,400.00</b>	<b>258,350.00</b>	<b>531,962.00</b>	<b>91,200.00</b>	<b>0.00</b>	<b>0.00</b>

## 5) Delivering Value for Money (VfM)

### Key action points of a VfM Strategy for GRD:

- a) **Support VfM across DFID:** We will be at the centre of driving VfM across DFID, for example through work to:
- Develop methodologies for measuring results and VfM for growth and investment climate reform interventions, including unit cost comparators, and with a gender dimension for programmes
  - Working with Research and Evidence Division (RED) colleagues, ensuring DFID research addresses key gaps
  - Measure the cost effectiveness of our investments e.g. by having nutrition as a pilot area for DFID's Embedding Evaluation work
  - Build evidence on cost and impact (including through a series of systematic reviews commissioned in conjunction with the World Bank)
  - Achieve economies of scale by working with country offices to develop replicable methodologies to key programming challenges (such as costing approaches for social protection programmes) instead of repeated and duplicative efforts in every country office.
- b) **Support VfM across the international system:** For example, working with our key international partners to develop and adopt:
- relevant nutrition indicators and metrics
  - an investment climate impact methodology and VfM metrics
  - and explore the possibility of developing a robust job creation methodology that can be applied universally.
- c) **Ensure VfM in GRD programme spend:** We will implement DFID's business case approach when developing programmes, including the use of benchmarks and unit costs.
- d) **Ensure VfM in admin spend:** 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 conferencing and telecon facilities to engage with country offices and international partners. We will apply the programme business case principles to admin choices. When recruiting, posts will be advertised as being possible from either AH or Palace Street (PS), which could bring additional admin savings should posts be filled in AH.

## 6) Monitoring and Evaluation

### Monitoring

- We will conduct a full annual review of the Operational Results Frameworks – with a six monthly traffic light review and quarterly updates from team leaders, coordinated by the Programme and Corporate Team.
- We will support country offices in monitoring, for example:
  - country teams will be supported to use internationally agreed, nationally owned food security monitoring systems which provide clear evidence of results, casual links and underlying factors, comparability across countries and regions. Progress against AFSI Results Framework will be included in G8 Accountability Report and reviewed at the Committee for (Global) Food Security
  - we will track impact of our nutrition programmes on first 1000 days of life when long term consequences are preventable and by determining, annually, the number of children under five and number of pregnant women reached through DFID programmes
- In common with other PD Departments, we will look to develop new approaches to monitoring and assessing the impact and value of our technical support to country offices.

### Evaluation

- Existing programmes to be reviewed/evaluated include: International Growth Centre; Investment Climate Facility; EITI; Facility for Investment Climate Advisory Services (FIAS) Investment Climate programmes
- We will embed evaluation and impact assessment in all our new programmes, for example:
  - we propose to ensure that at least 15 nutrition impact assessments are published by 2015
  - we are committed to undertaking participatory assessments with cash transfer recipients in at least 5 countries by 2012
- We will work with the Evaluation Department to improve our approach to evaluation of influencing and international engagement work, drawing on approaches that have been tried and tested elsewhere in DFID.

### Building the tools and skills of partners

- The International Growth Centre improves partner governments capacity for evidence-based growth policy making. The associated network of growth experts will be a core conduit for transferring results of policy-oriented research.
- We will work with AFSI partners (27 countries and 15 international agencies) to develop a joint results framework against which to assess delivery of policy, governance and financial commitments on food security.
- Our proposed collaboration with the World Bank and UNICEF on social protection in LICs will involve development of common approaches and results frameworks for assessing progress and impact.
- Similarly, work with a number of partners (e.g. World Bank, Donor Committee for Enterprise Development, Investment Climate Facility) will improve our understanding of ways to assess the impact of investment climate reforms. We will continue to work with our major southern competition partner, Consumer Unity & Trust Society (CUTS), to enhance its focus on programme impact.

## 7) 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.

Part of GRD's programme – support for the EITI – is specifically about enhancing transparency in the extractives sector. More generally, our programme work on natural resource use will be explicitly oriented to promote transparency, ensuring that revenue is not diverted and is used effectively for sustainable growth and development.