

Operational plan 2011-2016

Emerging Policy, Innovation, Capability (EPIC)

Updated December 2014

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Introduction

In 2013 the UK became the first G7 country to meet the United Nations target of spending 0.7% of gross national income on international development. The Department for International Development (DFID) uses that investment to help countries to lift themselves out of poverty and leave poverty behind. Operational plans set out to the public how we plan to deliver results across policy areas and for every country we work in. These plans clearly explain why, and how, DFID is targeting its resources and what we expect to achieve; covering the period up until March 2016.

DFID is focused on spending in the right ways, on the right things, in the right places. The portfolio of our projects is already shifting to deliver a more coherent, focused and ambitious approach to economic development. We are helping to build strong and investable business environments in developing countries and improving access to finance for entrepreneurs.

Improving the prospects for girls and women in developing countries is a priority. Investing in girls and women is the smart thing to do, as well as the right thing to do. By unleashing their potential, we see returns for girls and women themselves, their families and communities, and for their economies and countries. No country can successfully develop if it leaves half its population behind.

Life-saving humanitarian assistance remains one of DFID's most fundamental responsibilities. When disaster strikes or conflict erupts we are first on the ground to support the most vulnerable people. We are also increasing our efforts to help those countries that are at higher risk of natural disasters to become more resilient in the first place.

DFID continues to drive value for money in everything we do on behalf of the British taxpayer. We have improved our procurement and programme management, increased our internal audit oversight and we are ensuring that staff have the skills to deliver the Department's priorities.

On the international stage we are working hard to agree a new set of global development goals to replace the Millennium Development Goals when they expire next year. We are determined to secure a clear and inspiring set of goals for the post 2015 development framework that leave no one behind.

Increasingly we will take new and innovative approaches and we will work with new partners. This will include businesses who are increasingly major development players. During the Secretary of State's time as co-chair of the Global Partnership for Effective Development Cooperation, DFID played a key role in encouraging different development actors to work together and use internationally agreed principles for aid and development effectiveness.

As our operational plans set out, our approach to international development is ambitious and innovative. We are determined to ensure that every pound DFID spends has the biggest possible impact on the ground. Ultimately by investing in developing countries, we can end aid dependency for good and build a better, more prosperous world for us all.

Context

The **Policy and Global Programmes Directorate**;

- delivers development results at scale,
- influences change in the international system,
- manages international partnerships,
- develops new solutions, policy products, knowledge and instruments in support of Ministerial priorities and development outcomes.

It is made up of the **Policy, International Relations** and **Research and Evidence** divisions and the **Global Funds Department**.

The **Policy Division** delivers development results at scale through multi-country projects to tackle specific development problems where this approach offers better value for money than working through individual country offices. The division influences change on matters such as anti-corruption work, international tax reform, supporting girls and women and climate change. It does this across the UK government, internationally, with civil society and academia. The division supports new policy development and provides technical knowledge to overseas programmes. The division manages major partnerships and funding to a wide variety of Civil Society organisations, and ensures DFID learns from their insights.

International Relations Division delivers development results at scale by providing funding through the European Union, The United Nations and Commonwealth. It influences change by leading UK work on the post-2015 development agenda, financing for development and working closely with other governments, the G7, the G20, philanthropic foundations and others to help improve the effectiveness and efficiency of our collective development efforts. The division manages partnerships with the United Nations, European Union and Commonwealth development institutions, working with them to improve the development effectiveness of our contributions.

Research and Evidence Division concentrates on longer term research to produce new knowledge, both to support UK action and inform development work more generally. The Research and Evidence Division also helps to ensure quality evaluations of DFID projects and that the technical knowledge of DFID staff stays current.

The **Global Funds Department** delivers results at scale as the department responsible for managing the UK's contribution to international funds on health and education. It manages our partnerships with the funds and uses our involvement to influence the work of the funds.

Emerging Policy Innovation and Capability (EPIC) is part of Policy Division. The department invests in new mechanisms for generating innovative ideas, programmes and evidence for tackling poverty. It is also responsible for partnerships to strengthen the use of digital tools in development and supports four think tanks. It influences change in the international system by using these new mechanisms to build the evidence base for innovation in development. The department manages major partnerships with private sector organisations – especially in technology, internet and digital sectors – with other donors, especially in managing the Global Innovation Fund, and with the design sector – including our partners in the Amplify programme, IDEO.org, and the Design Council in the UK. The department develops knowledge and policy on development innovation through new programmes, on urban development, migration and human trafficking and on harnessing the power of digital in development.

Context for Innovation

EPIC's focus is emerging issues and innovation. The landscape for development innovation is changing. There has been an emergence of **new foundations and social impact investors** looking to invest in innovation and technologies which have the potential to deliver social impact and economic returns. The **technology, design and creative industries** are also exploring how their skills and expertise could have an impact in the developing world.

The concept of the **social entrepreneur** is coming to the fore – the notion that private sector enterprises can have an ingrained, rather than incidental, social purpose. We are positioning ourselves to take advantage of this new thinking, providing support and funding to the emerging social enterprise sector.

The approach for donor funded innovation programming is also changing. For many years, this approach has supported 'a thousand flowers to bloom' and developed some compelling new approaches to tackle development challenges. The future focus of donor funded innovation programmes will be to select and **scale** the very best in order to bring benefits to many millions of lives.

Whilst we have exploited some of these opportunities, we have only scratched the surface of the potential.

In order to meet the challenges and exploit the opportunities this landscape provides, new ways of stimulating innovation and new models for effective collaboration are needed.

Vision

Overview

Our team supports the directorate to find better ways to tackle poverty through:

- Innovating to improve results
- Strengthening policy, financial and commercial capability
- Sharing evidence and learning

We provide advice in the following areas:

Innovation Hub

The Innovation Hub (I-Hub) is a team within EPIC, which supports the wider department and development community to develop new approaches and solicit fresh perspectives to:

- Increase the quality, impact and value for money of the aid we deliver.
- Create economic growth through supporting innovation and entrepreneurship.
- Build the innovation evidence base and facilitate knowledge sharing across the development community.

The I-Hub coordinates DFID's innovation and technology network. We invest in new programmes to enable innovation and to accelerate progress through crowd-sourcing the best ideas, using a venture-style approach to investing in new programmes and human-centred design. The I-Hub's aim is to develop relevant new solutions which will benefit millions of people living in the world's poorest countries.

The I-Hub has two core programmes:

Global Innovation Fund (GIF)

GIF is a not-for-profit investment fund based in London. The goals of GIF are to:

- Find, develop and test innovations that have the potential to generate significant social impact and economic returns
- Develop a pipeline of investment-ready innovations, providing a focus for social investors and unlocking commercial capital
- 'Crowd-in' a global network of partner governments, private investors, foundations and donors with resources to bring proven concepts to widespread adoption
- Create a marketplace to broker co-investment and collaboration between investors and innovators alike; and
- Generate significant evidence, lessons, and knowledge to share with partner institutions as well as the broader development community.

Amplify

The Amplify programme opens up DFID's traditional challenge fund model by enabling anyone to offer insights and ideas on a stubborn development challenge using both online crowdsourcing and offline methods of engagement. The programme enables both collaboration and feedback to be submitted on all ideas bidding for funding.

The strongest ideas are then tested in collaboration with partners IDEO.org, who take an explicitly human-centred design approach to development programmes – working with users to prototype and research the feasibility and implementation of programmes.

It ultimately provides staged funding to the most promising ideas emerging from this process. The programme will tackle ten challenges over 5 years, and engages teams across DFID who have a stake in the challenge.

It aims to produce effective solutions, but also disseminate new ways of working throughout the department, encouraging both openness and an emphasis on design in programmes.

Digital development

We will pursue partnerships on extending the use of digital technologies for development, including work on education, citizen participation in government, humanitarian action and market information. We will be developing ideas and strategies but do not envisage funding any significant projects this year.

Emerging policy

We support the Director of Policy, in her role as Head of the Policy Profession, to build DFID's policy capability and take forward the Civil Service Reform Plan.

We also help to shape policy thinking on emerging and cross-cutting issues including urban development (we coordinate DFID's urban network), migration and human trafficking, digital partnerships and the world wide web.

We work closely with the Home Office, Ministry of Justice and the Foreign and Commonwealth Office (FCO) on governance of the Joint Managed Migration Fund and coordinate DFID's contribution to the Government's Foreign National Offenders Action Plan which is led by No10 and the Home Office.

We promote new thinking on Global Public Goods and manage Policy Division's accountable grant programme with 4 international development think tanks (the Centre for Global Development (CGD); Institute for Development Studies (IDS), University of Sussex; International Institute for Environment and Development (IIED); and Overseas Development Institute (ODI)). This investment has been influential in informing the report of the UNSG's High Level Panel on the post-2015 development goals.

Policy and Global Cabinet

We work across Policy Division, International Relations Division and Global Funds Department. We coordinate strategic planning, improve results and enable policy teams and frontline staff to share the latest evidence and learning. We also lead on organising high level Ministerial events, such as the G8 international development meetings and Prime Minister's gold moments including the Girl Summit.

Alignment to DFID and wider UK government priorities

- The I-Hub's focus on supporting social entrepreneurs and entrepreneurship ecosystems is in line with DFID strategic goals – 'developing country entrepreneurship has a major role to play in development' (DFID *Economic Development for Shared Prosperity and Poverty Reduction: A Strategic Framework*, 2014¹) EPIC aims to implement cross-Whitehall policy on Open Policy Making and support Social Impact Investment. For example, the Amplify programme has been showcased as good practice by the Cabinet Office in its Open Policy Making blog.

Results

Our work supports results by identifying and learning from innovation and emerging policy opportunities. There are no results recorded yet because our programmes are new.

¹ <https://www.gov.uk/government/publications/economic-development-for-shared-prosperity-and-poverty-reduction-a-strategic-framework>

Planned programme spend

Pillar/Strategic	2011/12		2012/13		2013/14		2014/15		2015/16 (provisional*)
	Resource £'000	Capital £'000	Resource £'000	Capital £'000	Resource £'000	Capital £'000	Resource £'000	Capital £'000	Total resource and capital £'000
Climate change	677		5,947		6,085		6,288		
Education	8		0						
Global partnerships	5		1,682		1,236		500		
Governance and security	1,023		3,694		9,342		1,430		
Multiple pillars			1,801		0				
Poverty, hunger and vulnerability	263		190		148		23		
Water and sanitation	140								
Wealth creation	491		1,160		2,444		1,430		
Health	181		245		198				
Total	2,788	0	14,719	0	19,453	0	9,671	0	18,052

*Expenditure figures for 2015/16 are indicative. DFID works in a variety of challenging environments, including fragile and conflict affected areas. Humanitarian work is often reactive and can be scaled up or down. An element of flexibility within funding allocations is necessary to ensure that we can balance the need for long term planning alongside the ability to respond where necessary to changing requirements

Planned operating costs

	2011/12	2012/13	2013/14	2014/15	2015/16 (provisional*)
	£'000	£'000	£'000	£'000	£'000
Frontline delivery costs – pay				200	
Frontline delivery costs – non pay				20	
Administrative costs – pay	853	1,366	1,485	1,407	
Administrative costs – non pay	156	177	194	200	
	1,009	1,543	1,679	1,827	1,908

*Expenditure figures for 2015/16 are indicative. DFID works in a variety of challenging environments, including fragile and conflict affected areas. Humanitarian work is often reactive and can be scaled up or down. An element of flexibility within funding allocations is necessary to ensure that we can balance the need for long term planning alongside the ability to respond where necessary to changing requirements

Delivering value for money

Global Innovation Fund

The Global Innovation Fund's value for money will be judged against DFID's value for money criteria of economy, efficiency, and effectiveness, and in line with guidance on due diligence and DFID's expectations of suppliers.

- Economy – of management costs, including fees, daily rates, accommodation, travel, pensions and other overheads. Management costs of other DFID challenge funds have ranged from 15% to 40%, largely dependent on the complexity of the management task and the volume of funds disbursed. These costs will be included in the commercial evaluation undertaken in consultation with DFID Procurement Group.
- Efficiency – includes an assessment of the inputs to deliver outputs, the use of networks and outsourcing of specific activities, ability to become increasingly self-financing, inclusion of recommendations which would improve the delivery of outputs or reduce fiduciary risks.
- Effectiveness – whether taken together the inputs and organisational structure are likely to achieve the outcomes desired.

Although DFID and USAID will be the founding donors to the organisation, it will be designed to allow other donors, foundations and the investment community to work together to support potential breakthrough innovations. The intent is that the initial investment, and DFID and USAID's convening power, will attract additional funding for the management of the organisation and interest from wider **investor community**.

Amplify

The programme deliberately starts small, tests new approaches and then looks to ascertain the best ways to achieve more effective and more cost-efficient innovations for communities in developing countries. The challenge process itself will be a competitive and transparent process, therefore driving value for money and finding ways to improve value for money with each subsequent challenge.

Think Tanks

Work programmes under the Accountable Grants are led and managed by the 4 Think Tanks. They deliver a Global Public Good rather than a direct service to DFID. The policy products are intended to be geared to increasing the prospect of potential practical applications in areas of critical development challenges.

Monitoring and evaluation

Global Innovation Fund

The management of the Global Innovation Fund will be undertaken by the senior management of the organisation, accountable to the Board, who will be responsible for leading the appraisal of proposals, the production of progress reports and checking and processing financial request claims. Senior management will also require fund recipients themselves to have certified the accuracy of all figures and that all advance amounts requested are appropriately justified. As part of the process, more detailed spot checks of a small selection of payment requests from approved projects will be undertaken to ensure the accuracy and reliability of the approved project calculations.

Expenditure for the organisation will be reported, monitored and accounted for through annual audited account statements. The organisation will also be subject to annual audit and independent evaluation.

Amplify

DFID has commissioned an independent evaluation of the programme to learn from both the delivery partner's approach to innovation and the project portfolio.

Payments will be made on a quarterly basis on receipt of a valid claim with a full financial statement of expenditure and satisfactory programme performance as outlined in the Accountable Grant letter.

Forecasting will be undertaken by DFID on its own system based on the payment schedule. IDEO.org will inform DFID, at least 2 months prior to any request for payment to draw down funds of any forecasted change to the expected payment profile for that tranche. There will also be a minimum of 2 opportunities per year where DFID and IDEO.org will discuss and agree any proposed/required forecasted changes to the financial profile of the project.

Think Tanks

The four Accountable Grants to IDS, ODI, IIED and CGD each cover a multi-year work programme across a number of themes. The policy products generated deliver a Global Public Good rather than a direct service to DFID. A DFID adviser leads on each theme, providing oversight of policy products and appraising their quality and usefulness. He or she also feeds into the annual review.

Think Tanks work with a range of international partners including academic institutions. An independent evaluation of the Accountable Grant programme will be undertaken after the grants end in 2016/17.

Transparency

Transparency is one of the top priorities for the UK government. It helps people see where money is going and for what purpose. It helps improve value for money and makes governments everywhere more accountable to their citizens. DFID is a world leader in aid transparency and has an ambitious vision for both DFID and its partners. We will ensure that we play our part in continuing to work towards that vision – set out in a suite of commitments the Aid Transparency Guarantee (ATG), Aid Transparency Challenge (ATC) and DFID's Open Data Strategy.

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

Publication of information

We will support DFID's transparency commitments by:

- Ensuring that all project documentation is published on the Development Tracker
- Ensuring that all information in the public domain is comprehensive, accessible, accurate, timely and written in plain English
- Publishing a summary of EPIC's operational plan and all project summaries in English.
- Map our programmes so that we can visualise where our support is targeted

Supporting transparency in our work

- We will increase opportunities for those directly affected by our projects to provide feedback on project performance.
- We will seek similar levels of transparency from our partners (CSOs, contractors, other donors)

Annex A: Changes to operational plan

Page number	Change made to operational plan	Reason for change
3	Context text reflects whole of PGP work	To fit with other PGP plans
3	Context for innovation	To highlight innovation work
5/6	Vision for department reflects programme work	To provide clearer idea of what department does.
7	Results restricted to programme results	Results from cabinet work are administrative, and do not reflect development results.
11	VfM results restricted to programme results	Previous plan noted administrative tasks carried out by cabinet. These are internal activities and while helping value for money are not related to programme work.

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