



Department  
for International  
Development

# **Operational plan 2011-2016**

## **Private Sector Department**

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

Economic development is key to eradicating poverty. The evidence is clear that this will require much higher growth rates in many countries, more inclusive growth - in particular for girls and women - and actions to tackle the structural barriers that deny businesses opportunities to grow, and poor people the chance to raise their incomes and find jobs. This is particularly important in fragile and conflict-affected states, where growth is further constrained by the challenges arising from the interaction between politics, conflict, institutions and economic activity.

The private sector is the engine of growth. Successful businesses drive growth, create jobs and pay the taxes that finance services and investment. Foreign investment, and particularly exports, can accelerate domestic development. Governments have a role in encouraging responsible investment, and helping markets work better for poor people.

In January 2014, DFID published *Economic Development for Shared Prosperity and Poverty Reduction: A Strategic Framework*<sup>1</sup>, setting out how we plan to increase our economic development work under the following five pillars:

- (1) Supporting the enabling environment for growth led by the private sector;
- (2) Improving international rules for shared prosperity;
- (3) Catalysing capital flows and trade in frontier markets;
- (4) Engaging with businesses to maximise the development footprint of their investments; and,
- (5) Ensuring growth is inclusive, and benefits girls and women.

To deliver on this strategic framework, DFID is scaling up financial and staff resources. We have committed to spend £1.8 billion of our budget on economic development by 2015/16, more than doubling the amount spent in 2012/13. That is on top of substantial indirect funding through our core contributions to multilateral organisations. We have doubled the number of private sector development advisers in DFID over the past two years and recruited a new Director General for Economic Development in June 2014 to help drive forward our policy thinking and influencing, and manage our growing investments.

Private Sector Department (PSD) is part of the Economic Development Directorate, which is promoting better coherence across all DFID's economic development activities, and will also address other related strategic priorities for DFID such as girls and women, the golden thread, governance for economic development, climate change, the particular needs of fragile and conflict-affected states, and more effective multilateral delivery. Over one third of the £1.8 billion DFID spending target for economic development in 2015/16 will be managed by PSD. Our private sector development work will benefit poor people in a range of different ways, for example by creating employment, linking them with markets for the goods they produce, or increasing the supply of basic goods and services which meet the requirements of poor consumers.

PSD supports engagement with business across the organisation, manages DFID's shareholding in the CDC Group – the UK's development finance institution – and the Private Infrastructure Development Group (PIDG). CDC and PIDG mobilise private sector investment in developing countries to provide jobs, infrastructure and other services vital to boosting their economic growth. In addition, PSD manages a suite of programmes that stimulate financial and capital markets as well as promote responsible business practices. PSD also engages in policy debates about the role of the private sector in sustainable development with businesses, multilaterals, other donors and civil society.

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

# Vision

## Overview

Private Sector Department (PSD) is a centre of excellence in mobilising the resources and capabilities of the private sector to achieve economic development outcomes that contribute to DFID's overall objective of poverty reduction. The objective for PSD is to shape and lead DFID's engagement with the private sector through our policy, programmes and influencing in order to:

- (i) Expand the volume and reach of private sector activity and investment into more challenging geographies, sectors, products and services to benefit those currently underserved by the private sector, including girls and women and other marginalised groups;
- (ii) Build, catalyse and strengthen markets that are transformational for inclusive economic development, particularly financial and private infrastructure markets;
- (iii) Encourage and support businesses to act and invest more responsibly and in ways that create more jobs, growth and goods and services that meet the requirements of poor consumers.

The work of the department contributes to all five pillars of the Economic Development Strategic Framework, though pillars 3 and 4 are where PSD plays a lead role across DFID. We do this directly and by encouraging and facilitating others in DFID to do the same. We design and scale up Centrally Managed Programmes (CMPs) to work primarily in DFID's priority countries, with a particular focus on catalysing investment and promoting business engagement to deliver economic development outcomes. We design and manage DFID's returnable capital expenditure and policy, as well as other innovative instruments that can maximise the impact of DFID's aid budget by leveraging private sector resources alongside our own. We contribute to the policy thinking, analytics/diagnostics and evidence base to inform and strengthen the impact of DFID's economic development programmes. We directly support country and regional offices to help them to design and implement economic development programmes, including through enabling them to access specialist UK expertise and jointly managed investment instruments. We help DFID manage its relationships with key companies and we hold several key corporate relationships. Through the Economic Development Directorate, we enhance the impact of the economic development work of the international financial institutions to maximise the benefits for the poor.

## Alignment to DFID and wider UK government priorities

The UK government's vision is to eradicate poverty and transform economies through economic development. This is central to building increased prosperity, and ending aid dependence. Implementing this vision is good for poor people and good for Britain. However, UK aid is untied. DFID supports developing country governments in improving the climate for responsible private investment from UK and elsewhere. Our objectives and priorities are structured to maximise our impact on UK development priorities. Our work is focussed around the third pillar of the Structural Reform Plan (SRP), to "make British international development policy more focussed on boosting economic growth and wealth creation". We use our specialist skills in economics, finance and market development to support DFID in delivering other SRP priorities in human development, reducing poverty and vulnerability and addressing climate change, with and through the private sector:

- (i) We contribute to achievement of the Millennium Development Goals (particularly MDG1) through more effective private sector provision of infrastructure and basic services which support economic growth and creation of the jobs necessary for people to transition into prosperity;
- (ii) We deliver value for money for the UK taxpayer using our own resources effectively and mobilising resources from others – whilst increasing the transparency of our work;
- (iii) We promote the economic empowerment of girls and women through jobs and access to financial services; and
- (iv) We work with the private sector in mitigating and adapting to climate change.

We seek to build in conflict sensitivity from the outset to ensure our programmes in fragile and conflict-affected states do no harm and make the most of opportunities to contribute positively to peace and stability.

## Results 2011/12-2015/16

**Headline results** (those with a \* are directly attributable to DFID. In all other cases, DFID is contributing to the results)

Pillar / Strategic priority	Indicator	Baseline	Progress towards results (including year)	Expected results (end year included)
Economic development	<b>Access to finance</b> The number of people with access to financial services as a result of PSD-funded programmes; where feasible split by gender (including an attributed share of our partners' results).	422,000 (2010)	29.4 million (October 2014)	31 million (2014/15) 31.3 million (2015/16)  <i>[14/15 figure has been reduced from 36 million as it no longer includes 5 million from an IFC programme that has moved from PSD]</i>
	<b>Investment mobilised</b> New pro-poor investment mobilised by centrally-funded programmes (including an attributed share of our partners' results but excluding CDC)	£795 million (in 2009/10)  £6,121 million (cumulative from 2002 to 2010)	£4,124 million (from 2011-2013)  £10,244 million (cumulative from 2002 to 2013)	£5,750 million (2011/12-2014/15)  £13,300 million (cumulative from 2002 to 2016)
	The ratio of new capital mobilised to new DFID funding is maintained above 1:8	>1:8 (2010)	>1:8	>1:8 (2016)
	<b>Access to infrastructure</b> Number of people expected to benefit from new or improved infrastructure services in poorer developing countries	42.4 million (cumulative from 2002 to 2010)  27.1 million additional people (from 2010 to 2012)	36.2 million additional people (from 2011 to 2013)	50 million additional people (from 2014 to 2016)
	<b>Supporting economic development programming</b> Economic Development as a proportion of DFID country/regional projects by value	19% of portfolio (2013/14)	19% (2013/14)	26% of portfolio (2015/16)

## Headline results

In addition to our headline results, PSD's priority deliverables for the period include:

- Updating PIDG governance arrangements to enable the effective delivery of the next stage of DFID support;
- Develop an effective approach to management of private sector investment instruments to maximise development returns while managing risk, providing platforms to deliver returnable capital programming;
- Build the impact investing market, by investing in impact funds, improving information on investors and investments, building a market for development impact bonds, based on lessons learned from UK social impact bonds;
- Harness technological innovations and improve regulations to increase access for the poor, especially women, to financial services, whether via mobile money, agency banking or improving remittances;
- Play a lead role in the G20 Global Partnership for financial inclusion to ensure roll out of the Financial Inclusion Action Plan;
- Facilitate access to finance by Small and Micro Enterprises (SMEs), especially those headed or managed by women via the provision of credit lines, credit bureaux and collateral registries;
- New programmes using innovative returnable capital structures to address specific market failures e.g. to enable investors to protect assets from climate or seismic disasters e.g. disaster risk insurance;
- Support other spending teams across DFID to ensure economic development programmes in the most fragile and conflict-affected states are designed and delivered appropriately;
- New and stronger partnerships with business, e.g. through Letters of Intent, partnership agreements, the External Advisory Group, the London Stock Exchange and UK Chartered Institute for Securities and Investment, and sector-wide discussions with businesses in key sectors for development;
- Influence other donors' approaches on private sector development, particularly at the EU level;
- Influence companies to demonstrate commitment to increased accountability and development impact in their activities, by strengthening their social and environmental risk management and assessing and improving their transparency and accountability;
- Agree and implement a joint UKTI-FCO-DFID Strategy, to support economic development and business engagement in 10 countries across Africa, building on the High Level Prosperity Partnerships.



## Evidence supporting results

We know that economic growth is the most powerful instrument for reducing poverty and improving the quality of life in developing countries. Kray (2006) tells us that four fifths of poverty reduction is due to growth in average incomes and suggests that policies, institutions and programmes that promote broad-based growth are central to the pro-poor growth agenda. Cross-country research and country case studies provide evidence that rapid and sustained growth is critical to making faster progress towards the Millennium Development Goals – and not just the first goal of halving the global proportion of people living on less than \$1 a day. Investing in the private sector is key to enabling countries to raise tax revenues that fund vital public services, reducing their dependence on aid.

A range of PSD-funded programmes are already delivering significant results on the ground. In the case of Private Infrastructure Development Group (PIDG) and International Finance Corporation (IFC) this was evidenced by positive results in the Multilateral Aid Review (MAR). Many of our programmes are pioneering, innovative and high risk. Scaling these to deliver transformational change will require significant focus on effective programme design, risk management and building our evidence base.

The evidence base is strong, showing correlations between infrastructure and growth, but there are significant gaps such as development finance institutions' investments leading to increased private investment. We are commissioning research and engaging with our partners to collect better evidence to address these gaps.

We are integrating evidence-collection as a core element of all PSD-funded programmes. We will also work with our partners and other parts of DFID, including the Research and Evidence Division (RED), to develop short to medium-term evidence that can improve the results our programmes achieve. Longer term research will be developed by RED and other specialist entities.

Impact evaluations are being undertaken across all the Financial Sector Deepening trusts with the support of PSD's Skills and Innovation for Micro Banking in Africa (SIMBA) programme. This will look across countries and sectors at the success of DFID's access to finance programmes, including in the mobile money sector. CDC is also undertaking impact evaluations of at least 20% of its investments. The Impact Programme is conducting a survey of key investors to work out what drives impact investing, the players in the market and sectors of interest.

## Delivery and resources

### Instruments of delivery

#### Programming:

- We deliver central private sector programming where it is:
  - innovative and requires specialist expertise
  - large scale and multi-country, delivering economies of scale or pooling risks, or
  - with global partners

#### Sector leads:

- We are sector (policy, programme and influencing) leads in the following transformational sectors, providing support and developing products to enable country offices to develop their own portfolios:
  - financial sector development
  - private sector infrastructure
  - responsible and inclusive business

#### Policy leads:

- We oversee and manage the implementation of relevant parts of DFID's economic development strategic framework, in collaboration with the Economic Development Directorate's Cabinet, the Growth and Resilience Department and others across DFID. This includes work on ODA reform.
- We lead on the following DFID policy areas:
  - working with the private sector generally, including impact investing
  - responsible business
  - private sector investment instruments
  - economic development in fragile and conflict-affected states
  - financial sector development, issues, including financial inclusion, capital markets and bank, pension and insurance regulation issues. In particular DFID with HM Treasury leads on standard-setting bodies within the G20, focussing on the issue of financial inclusion.

### Other delivery mechanisms and partners

PSD will encourage and support business to invest more, and responsibly, in poor countries. We design and pioneer interventions which seek to improve businesses' development footprint in developing countries by encouraging them to source and invest in ways which address impediments to growth and the poor's participation in markets and supply chains. We provide a front-of-house for business engagement and lead on activity to improve the interface between DFID and business.

We enhance joint UK government working to support economic development in Africa through increased investment and trade engagement with business, for example through the cross-Whitehall Africa Strategy. In addition to our G20 work on financial inclusion we also are key participants in two remittances working groups – one which includes HM Revenue & Customs (HMRC), Treasury and ourselves and another where government and regulators discuss key issues with banks and money transfer entities. We have also had close engagement with the Somali community across the UK on the issue of banks withdrawing from remittance support.

We work with UK government institutions of international repute such as the Met Office, Cabinet Office and Government Actuary Department to deliver programmes. We also have programmes that are working closely with UK bodies such as the Chartered Institute for Securities and Investment, City UK and are bringing in other new players such as the London Stock Exchange.

PSD works jointly with Mastercard and Gates Foundations on financial inclusion and with Omidyar Foundation on Development Impact Bonds and Impact investing. We support non-governmental organisations (NGOs) such as Global Impact Investing Network, which promotes impact investing, including developing robust measurement metrics, and Women's World Banking, which facilitates the development of financial products for women.

We are delivering the SIMBA programme through Financial Sector Deepening Africa, which is being established as a company limited by guarantee in Nairobi to support our financial sector deepening work across Africa.

## Multilateral organisations

Through the Economic Development Directorate, we work to enhance the impact of the economic development work of the international financial institutions to maximise the benefits for the poor and most vulnerable. We manage DFID's investments in the PIDG and, although not a multilateral organisation, DFID's shareholdings in CDC – the UK's development finance institution. We also lead on DFID's engagement and relationships with these organisations.

We work with the World Bank, CGAP (Consultative Group for Access to the Poor) and IFC to deliver several our programmes, particularly in the financial sector area. We are a key member of CGAP's Board, being one of the most influential donors, steering CGAP's policy. We commonly chair the Governing Council of FIRST, a multi-donor trust fund working on financial regulation and legislation.

We are engaging with the European Commission, the European Investment Bank and member states on their approaches to and scaling up of private sector development activity. In 2014 the Commission produced a new communication on working with the private sector: *Strengthening the Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries*". We are working to influence the role out and implementation of this, in particular, to ensure consistence and coherence between initiatives at the country level.

## Other country activity

We directly support country and regional offices to help them to design and implement economic development programmes, including through enabling them to access specialist UK expertise and jointly managed private sector investment instruments. Through our programmes we aim to provide opportunities for country offices to engage or co-finance. We participate in the Economic Development Partners network, which provides a contact point between central teams working on economic development issues (PSD, GRD, IFID, TFD and MED) and country/regional teams. This network of advisers works with country/regional teams to achieve their economic development results through facilitation and sharing of the latest information, knowledge and skills.

## Maximising the impact of our people

Within PSD we will continue to create a stimulating and productive environment. We have a robust induction programme to help the large numbers of new staff, a learning and development strategy that prioritises key areas like programme management and financial skills, and developed a corporate improvement programme to make PSD a better place to work. We continue to monitor and promote effective management, empower staff and improve our communication. We actively ensure that the Senior Management Team is responding to issues arising from the People Survey, including having quarterly temperature checks with PSD staff.

Investment instruments require additional skills and processes to traditional grant programmes. We have made good progress already on developing our capability, and will continue to do so as our use of investment instruments increases. We have designed a two-day course entitled *Financial Instruments for Private Sector Development*, to provide those working in programmes that have a private sector development component with background on the types of financial instruments that may be relevant and how they might be applied. Approximately 60 DFID staff have completed the course to date and we are now working with Coffey International to turn the course into a series of e-learning modules to roll out to our country offices. We plan to design a similar package covering business accounting, including company valuation and investment appraisal.

## 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						1,004		27,000	
Education**			1,251		2,568				
Global partnerships	461		1,168		393			197,000	
Governance and security	612		575		442		1,812		
Poverty, hunger and vulnerability	4,385		4,350		3,214		12,021		
Water and sanitation	3,272	4,981	2,858		3,586		9,592		
Wealth creation	28,664	42,944	51,630	35,500	61,106	141,479	268,341	118,000	
Health**			3,885		6,460				
Unallocated***									
<b>TOTAL</b>	<b>37,394</b>	<b>47,925</b>	<b>65,717</b>	<b>35,500</b>	<b>77,769</b>	<b>142,483</b>	<b>291,766</b>	<b>342,000</b>	<b>687,000</b>

\*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

\*\*Responsibility for Private Sector Department's health and education programmes was passed to Human Development Department in April 2014.

**Planned operating costs**

	2011/12	2012/13	2013/14	2014/15	2015/16 (provisional*)	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Frontline delivery costs – pay	22	242	256	580	610	
Frontline delivery costs – non pay	3	18	6	30	30	
Administrative costs – pay	1,453	1,864	1,921	1,909	1,909	
Administrative costs – non pay	276	163	133	191	191	
	<b>1,754</b>	<b>2,287</b>	<b>2,316</b>	<b>2,710</b>	<b>2,740</b>	<b>11,807</b>

\*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

Private Sector Department has expanded from 34 to 44 full time equivalent staff over the last year, commensurate with our increasing budget and policy responsibilities. We are reviewing our allocation of staff resources and capability against our priorities in order to enhance the effectiveness and efficiency of the department and to respond to new priorities as they emerge.

## Delivering Value for Money (VfM)

PSD is in the process of appointing a Senior Responsible Owner (SRO) for each programme. By January 2015, each SRO in PSD will be inducted in the role and clear on their responsibilities, including commercial awareness and VfM; the SRO for PIDG will have completed the cross-government Project Leadership Programme; and each PSD programme will have a delivery plan including routine monitoring of results, VfM and risks.

We continue to embed a rigorous value for money assessment through our programme selection, design, monitoring and evaluation. Programmes will require rigorous project documentation based upon the best possible information to ensure maximum value for UK taxpayers.

We intend to structure our programmes using the most appropriate instruments to drive up value for money. We will where feasible:

- Use competition in funding and design decisions to drive maximum impact;
- Use private sector delivery to maximise efficiency in delivery; we will engage external expertise including – as in the PIDG facilities – the use of private companies with professional boards to decide which investments deliver the greatest return;
- Use output- and results-based approaches to incentivise the delivery of results;
- Ensure risks are faced by those best able to manage them and that reward accurately reflects risk;
- Manage the risks we face and mitigate against these risks wherever possible;
- Seek maximum leverage for UK taxpayers;
- Challenge our partners to reduce the cost of their services to us and challenge the organisations we have a stake in to be more efficient in delivering impact.

We will develop metrics in our programmes to ensure value for money is targeted and achieved, these will depend on the nature of the programme, for example tracking key unit costs.

The MAR assessed the PIDG as very good value for money and the IFC as good value for money. The outcome and reform priorities drawn out by the MAR sets a clear path for pursuing greater value for money from these agencies and are embedded within our work-plans for these institutions. In response, the PIDG has commissioned a system for classifying gender impacts of projects and improving their transparency. We will press for rapid implementation of these systems and for a closer collaboration with DFID Country Offices. The IFC has increased its engagement with DFID Country Offices and the IFC Roadmap for 2012-14 set targets for investments in IDA countries and for advisory services in fragile states. The IFC has continued to develop its “Development Goals” to help drive strategy and operational decision-making with greater attention on development impact.

Through our SIMBA programme we supported a value for money assessment of DFID’s network of financial sector deepening trusts across Africa which looks at what forms of entities or contracts present best long-term value for money. This concludes that a special purpose vehicle is preferable to a contract with development contractors. We are setting up such an entity for work in countries where existing financial sector deepening trusts do not already exist.

## **Monitoring and evaluation**

### **Monitoring**

PSD's operational plan will be subject to full review on an annual basis; this review will be led and signed-off by the Head of Department. The annual review will entail a full appraisal of performance against the plan as well as a refresh of the plan and our targets as appropriate.

Our partners will be responsible for reporting the results they achieve with DFID funding. The MAR found PIDG and IFC have strong results frameworks that will allow us to monitor progress. Business cases for PSD-funded programmes and the key performance indicators of our partners will provide further detail of results achieved through PSD resources. Team leaders will be responsible for the results reporting of their programmes, which is an on-going task in line with regular programme management. The objectives and results within this plan are cascaded down into individual level objectives.

PSD is currently contributing to a Directorate-wide process to review and strengthen the Theory of Change for DFID's private sector work, and to strengthen the indicators we use to monitor the results of our work at each level. We will face challenges in measuring attribution and value for money particularly where the impact of our efforts is indirect and hard to separate from broader economic trends. We are working with the World Bank, International Finance Corporation and other development finance institutions on an international methodology to measure the indirect development impacts of our private sector work, such as indirect job creation where supply chains are being strengthened because of businesses growing or the economic multiplier effects in a community where a business is employing more people.

A mid-term review is underway of the Global SME Finance programme. This will look, in particular, at the issue of data collation, including ensuring better gender disaggregated data.

Monitoring and evaluation (M&E) has been increased in CDC such that 20% of investments are subject to impact evaluation. The PIDG Governing Council agreed in June 2014 to consider options to strengthen M&E. An M&E approach paper has been prepared by the PIDG Programme Management Unit outlining options, including annual trend analysis, lessons learned analysis, increased engagement and analysis with external fora, one project evaluation per year, one study into the evidence gap per year and strengthening external assurance of development impact reporting. A further issue that the Governing Council will consider is how best to increase the independence of the M&E functions within PIDG.

Protecting funds against corruption is a critical part of our monitoring work. As part of the roll-out of the Senior Responsible Owner role within PSD we will strengthen our staff's capability to identify and monitor the risk of corruption and fraud in our programmes, and we will aggregate this at portfolio level: by March 2015 we will undertake an additional anti-corruption review of our programmes to identify the highest risk instruments, sectors, partners and geographical territories, in order to help us ensure funds are protected.

### **Evaluation**

Our existing major programmes are designed with independent evaluations built in, for example, PIDG has a rolling programme of evaluations which will be continued. We will continue to ensure rigorous independent evaluation is part of the design for all our major and most innovative programmes. These evaluations both evaluate performance against programme objectives and recognising the innovative nature of many of our programmes will also contributed to developing the evidence base. We will ensure evaluation findings are acted upon through pro-active engagement with our partners for existing programmes and through programme design for new programmes. We will be responsible for sharing the lesson learning from our most innovative programmes with the DFID private sector advisory network and the teams designing and managing private sector programmes in our country offices. We have an assigned evaluation adviser located within DFID's Evaluation Department.

### **Building capacity of partners**

Our partners are receptive to results measurement and have good capacity and systems in place, areas remain where these systems can be strengthened and we will continue to work with our partners on these. PSD will focus on working with our partners to strengthen results management systems and work together to fill gaps where they are identified, such as the issue with the World Bank Group of obtaining gender disaggregated data for the global small and medium enterprises (SME) finance facility or for the baseline data for financial access programmes. We are exploring, where possible, opportunities to work with large companies on their indicators of development impact.

# 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 improving transparency across all aspects of our work, making information available wherever possible. We will meet, and wherever possible exceed, the commitments made by DFID in the UK Aid Transparency Guarantee, publishing comprehensive details of all new projects and programmes on our website. We will improve the ability of the public to take advantage of increased transparency by better signposting on the DFID website of private sector and related programmes

- We will ensure that all project documentation is published on the Development Tracker (subject to any restrictions imposed by commercial sensitivity or the World Bank Group):

<http://devtracker.dfid.gov.uk/location/global/>

<http://devtracker.dfid.gov.uk/location/regional/>

- We will ensure that all information in the public domain is comprehensive, accessible, accurate, timely and written in plain English
- We will publish a summary of the PSD operational plan and all project summaries in English.
- Will 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)
- We will help government and citizens use availability of rich data.



## Annex A: Changes to operational plan

Change made to operational plan	Reason for change
Context and Vision pages - revised	Revised to reflect the Economic Development Strategic Framework
Results - revised to include new targets for 2015/16; to remove health results; and to distinguish more clearly between cumulative targets and targets for a given year	The health portfolio was transferred out of PSD to HDD with effect 1 April 2014
Results progress - updated	Reflects results achieved to date
Delivery and resources - revised	Revised to reflect the Economic Development Strategic Framework and subsequent restructuring of PSD and creation of Economic Development Directorate
Planned programme spend – updated	To include indicative budgets for 2015/16
Monitoring and evaluation – updated	To include work on theory of change and results framework



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