

# Operational Plan 2011-2015

## Europe Department

April 2011

*This plan will be refreshed annually*

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# Introduction

- The UK Government is determined to help reduce the inequalities of opportunity we see around the world today. We believe that promoting global prosperity is both a moral duty and in the UK's national interest. Aid is only ever a means to an end, never an end in itself. It is wealth creation and sustainable growth that will help people to lift themselves out of poverty.
- In May 2010, the International Development Secretary, Andrew Mitchell, commissioned the Bilateral Aid Review to take a comprehensive and ambitious look at the countries in which DFID works through our direct country and regional programmes. The review focussed on the best ways for the UK to tackle extreme poverty, ensuring that we make the greatest impact with every pound we spend. In parallel, through the Multilateral Aid Review, DFID assessed how effective the international organisations we fund are at tackling poverty.
- On the 1st March 2011, the key outcomes of the reviews were announced, including the results that UK aid will deliver for the world's poorest people over the next four years. The Bilateral Aid Review has refocused the aid programme in fewer countries so that we can target our support where it will make the biggest difference and where the need is greatest. The Multilateral Aid Review findings enable us to put more money behind effective international organisations which are critical to delivering the UK's development priorities. In addition the independent Humanitarian Emergency Response Review looked at how the UK can build on its strengths in responding impartially to humanitarian needs and help ensure future disaster responses can be better prepared and coordinated.
- DFID is committed to being a global leader on transparency. In the current financial climate, we have a particular duty to show that we are achieving value for every pound of UK taxpayers' money that we spend on development. Results, transparency and accountability are our watchwords and guide everything we do. DFID regards transparency as fundamental to improving its accountability to UK citizens and to improving accountability to citizens in the countries in which it works. Transparency will also help us achieve more value for money in the programmes we deliver and will improve the effectiveness of aid in reducing poverty.
- The UK Aid Transparency Guarantee commits DFID to making our aid fully transparent to citizens in both the UK and developing countries. As part of this commitment we are publishing Operational Plans for country programmes The 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 and other key parts of DFID's work. The Operational Plans set out the vision, priorities and results that will be delivered.
- 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

More than half the money spent to help poor countries comes from the European Union (EU) and its member states, making it the world's biggest aid donor. The EU is also 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 from which to tackle global challenges and take collective action - whether development, commercial or political - for the common good. Since 2000, the European Commission 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. Public scrutiny of the EU's aid budget is increasing and there is a strong demand for greater effectiveness and efficiency, including in dealing with new challenges such as reform in North Africa. At the same time, emerging economies and new players are entering the field. The EU therefore needs to revitalise its 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 focused on ensuring that the EU maximises its results, transparency and accountability.

DFID's Multilateral Aid Review rated the European Development Fund among the top performers in terms of delivering effective, transparent aid and demonstrating inclusive partnerships. However, both the European Development Fund and the Budget Instruments were rated as less effective at demonstrating results and communicating impact. There are critical opportunities in the next few years to address these issues. 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 DG 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 European Commission 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, that is a world leader in aid quality, and that lives up to its international commitments on aid.

### Alignment to DFID and wider UK Government priorities

- To ensure that EU aid is fully transparent and results-driven
- To work with the EU as a major contributor to the UK Government's commitment to Official Development Assistance (ODA)
- 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 Member States fulfil their commitment to provide 0.7% of GNI as ODA and support 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

Pillar/ Strategic Priority	Indicator	Baseline (including year)	Expected Results (including year)
<b>International Commitments</b> (Effective European Development Fund)	1) European Development Fund (EDF) continues to have a clear focus on the poorest countries and a results-based approach to programming, to be introduced when the regulations and guidelines are updated to inform the 11 <sup>th</sup> EDF programming.	2011- Current EDF has no results framework in place.	New EDF programming guidelines focus on results/outcomes
<b>International Commitments</b> (Effective EU Budget Instruments)	2) ODA share in the next MaFF (2014-2020) at least maintained, underpinned by more effective, flexible financial instruments, including a greater focus on results-based planning to be reflected in the Instruments and their implementation guidelines	90% of the EU Budget Heading 4 (EU as a global player) is ODA in the current MaFF (2007-2013). No results framework	ODA levels at least maintained in next MaFF. New Instruments and guidelines focus on results/outcomes and more flexibility
<b>International Commitments</b> ( Improved EU Policy Coherence for Development)	EU external actions provide a coherent approach to development: i) more support for climate-resilient development and national climate adaptation planning: ii) implement OECD principles for engaging in fragile states, and iii) support regional trade in Africa and a pro-poor Doha Development Round (DDA)	European Consensus on Development (adopted in 2005). No EU policies on climate/conflict & development or climate instrument. DDA not concluded. EU target on Aid for Trade (AfT) €2bn by 2013	Dedicated climate funding in next MaFF; External Action Service (EAS) Conflict instruments/ strategies OECD compliant; Real move to DDA conclusion, and EU increase in AfT support by 2013
<b>International Commitments</b> ( Future EU Development Policy)	EU development policy supports UK priorities, focusing on growth and role of the private sector; supporting off-track MDGs; targeting poverty in low-income countries (LICs) and middle-income countries (MICs); and better linking EU conflict and humanitarian aid with long-term development aid	European Consensus on Development ( 2005)	EU Communication on Development (2011) and review of Consensus (2012). Effective MDG Initiative
<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 signatories in 2010 to the International Aid Transparency Initiative (IATI) ii) Council Conclusions on 2010 Annual Report	i) Majority of EU Member States are IATI compliant by 2014 ii) improved results' focus in annual report
<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). Effective comitology and programming regulations for EU aid
<b>Value for Money</b> (Effective EU Blending Mechanisms)	All EU blending facilities are working in a consistent way and are coordinated by the Blending Platform (BP). EU grants strategically allocated	BP not established. Inconsistent governance.	BP established by 2012 resulting in consistent facility governance

### 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 VfM (value for money) 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 lack of an over-arching results framework makes it difficult to monitor EU outputs and outcomes. We are therefore looking at the Millennium Development Goals (MDGs) outcomes for those low-income countries where the EU is a significant donor (more than 15% of total aid). The EU is already focused on the MDGs with its MDG contracts and new MDG Initiative, so tracking MDG performance in countries with a large EU footprint would be in line with their objectives. The majority of these countries also have the furthest to go to achieve the MDGs and are often without any DFID presence. We have selected an indicative set of MDG indicators and will assess performance based on the current DFID methodology for assessing MDGs. However, we can clearly not hold the EU to account for their full achievement as MDG outcomes are influenced by a range of factors.

#### **Value for Money (VfM) rationale**

Evidence from MAR assessments of the value for money of the EDF and Budget Instruments helped establish our headline results priorities for the EU. 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 two-pronged: firstly, we have a technical secondment programme that pursues DFID's objectives within the Commission in particular in areas of interest to DFID such as monitoring and evaluation. The second trajectory is on high level policy: we will continue to develop networks with the Commission and other Member States to create a critical mass to call for reforms. Our success will depend on our ability to identify enough common ground with other key stakeholders.

## 4) Delivery and Resources

### ED structure

Following an extensive change management process Europe Department will, from 1 April 2011, be organised along two main teams plus a Kosovo team (until December 2012 when we will responsibly graduate). 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. ED also provides additional contributions to EU trust funds (Water Facility, Africa Infrastructure Trust Fund).

### 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) Delivery and Resources (continued)

### 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					10,000		10,000		10,000		30,000	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			10,000		10,000		10,000		10,000		40,000	0
Poverty, Hunger and Vulnerability											0	0
Humanitarian											0	0
Other MDG's											0	0
Global Partnerships			1,368,000		1,417,000		1,456,000		1,425,000		5,666,000	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>1,378,000</b>	<b>0</b>	<b>1,437,000</b>	<b>0</b>	<b>1,476,000</b>	<b>0</b>	<b>1,445,000</b>	<b>0</b>	<b>5,736,000</b>	<b>0</b>

## 4) Delivery and Resources (continued)

### Operating Costs

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	total
	£'000	£'000	£'000	£'000	£'000	£'000
Frontline staff costs - Pay	1,049	377	327			704
Frontline staff costs - Non Pay	790	273	273			546
Administrative Costs - Pay	1,500	1,061	1,007			2,068
Administrative Costs - Non Pay	509	585	571			1,156
<b>Total</b>	<b>3,848</b>	<b>2,296</b>	<b>2,178</b>	<b>0</b>	<b>0</b>	<b>4,474</b>

## 4) Delivery and resources (continued)

### 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.	

Administrative Cost Savings Initiative	2011/2012		2012/2013		2013/2014		2014/2015	
	PAY £'000	Non Pay £'000	PAY £'000	Non Pay £'000	PAY £'000	Non Pay £'000	PAY £'000	Non Pay £'000
Reduction in Consultancy Payments		48						
Reduction in Travel		36						
Reduction in Training		30		14				
Reduction in Estates & Property Costs								
Reduction in costs as a result of Office Restructu	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 (VfM) 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 Commission, and ensuring that blending mechanisms are efficient and effective.
- The Commission 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 (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 SNE 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 less with more: a reduction in posts means that staff will prioritise more and increase their effectiveness

## 6) Monitoring and Evaluation

### **Context**

ED does not carry out its own evaluation of EU aid - this would duplicate the organisation's own procedures. Monitoring is undertaken by EU Delegations annually and at the end of the project cycle. The ROM (Results Operation 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.

### **ED focus**

ED's future focus will be to call for robust impact evaluation practice across EU external programmes, managed by a sufficient number of staff 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 the Operational Plan objectives and milestones. ED will buy in to shared divisional resources to help examine current and future EU systems. ED will also engage in cross-departmental lesson learning on evaluation practice and analysis. The majority of staff (particularly those working on finance and Instruments) will benefit from evaluation skills training.

Other ED action points will include:

- keeping track of and influencing EU thinking on good Monitoring and Evaluation (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 Seconded National Experts (SNEs) working on boosting EU's evaluation skills in DG Enlargement (until 2012) and DG EuropeAid until mid 2011.

## 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.

### **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 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. 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/Private secretaries/Directors-General/Directors
- facilitating sharing experience, tools and how to notes
- keeping a strong line on transparency in all EU fora