OECD DAC PEER REVIEW OF THE UK 2014

MEMORANDUM by the UK

February 2014
EXECUTIVE SUMMARY

The international community is at a key moment for shaping the future of international development. Momentum is building around an ambitious and integrated post-2015 development agenda that will target eradicating extreme poverty within a generation. At the same time, the UK will meet the 0.7% international target for Official Development Assistance (ODA) and is fully committed to targeting this expenditure effectively. The UK is clear that ODA needs to be used in the right places, on the right things and done in the right way.

In particular, since 2012, the UK has given greater priority to: supporting girls and women; taking an ambitious new approach to promoting economic development; driving even greater value for money and impact; embracing technology to benefit poorer countries; and increasing the transparency of UK aid.

The UK has played a lead role internationally on humanitarian response, responding to the devastating effects of Hurricane Sandy in Haiti and Typhoon Haiyan, and providing vital humanitarian support to victims of the conflicts in Syria and Somalia.

UK Ministers, led by Secretary of State for International Development, Justine Greening, have been active in the international debate on the post-2015 development agenda. As Co-Chair of the Global Partnership for Effective Development Cooperation (GPEDC), Justine Greening has ensured the UK is investing in long-term progress and an end to aid dependency.

Aid volume

The UK believes that even in these difficult economic times, richer countries have a moral responsibility to help the poorest people in the world. That is why the UK government has reaffirmed its commitment to an international development policy focused on the Millennium Development Goals and in 2013 will be the first G8 country to reach 0.7% ODA/GNI. This represents an increase from 0.57% of ODA/GNI in 2010, and was achieved against a backdrop of significant reductions in UK public expenditure overall.

The UK’s commitment reflects a strong political desire to keep its promises to the world’s poor; to do the right thing by supporting growth and prosperity in poorer countries; and thereby to contribute to the UK national interest.

Policy priorities

The UK believes that the “golden thread” of conditions that enable open economies and open societies to thrive are essential for poverty reduction: the rule of law, the absence of conflict and corruption, and the presence of property rights and strong institutions. It is only when people can get a job and a voice that they can take control of their own destiny and build a future free from poverty. Ultimately, this golden thread would tie together economic, social and political progress in countries the world over. And strengthening the vital institutions that enable and defend that progress is a critical new priority.

Against this background, the UK has sharpened its focus on:

- Supporting fragile states: preventing and tackling conflict and building stability overseas;
- Stimulating private investment for growth;
• Pushing for freer trade that benefits developing countries; and
• Addressing the growing challenges of climate change.

These objectives are pursued directly through bilateral operations and through using UK experience and funding clout to influence the international system.

The UK remains strongly committed to addressing the inequalities suffered by girls and women, enabling them to have a greater voice, choice and control over their lives. In 2012 the UK launched the Preventing Sexual Violence Initiative, which aims to address the culture of impunity around the use of sexual violence as weapons of war.

The UK continues to achieve against its commitments. As at March 2013, the UK had:

• Enabled 30.3 million people, including at least 14.6 million women, to work their way out of poverty by providing access to financial services;
• Prevented 12.9 million children and pregnant women from going hungry;
• Ensured that 1.6 million births took place safely;
• Provided 8.7 million people with emergency food assistance; and
• Supported 5.9 million children – 2.8 million of them girls – to go to primary school.

Policy coherence

Coordination and coherence across the UK government have been strengthened through:

• The National Security Council (NSC) and its associated sub-committees, established in June 2010 and reviewed and strengthened in 2013;
• Stronger cross-departmental arrangements for participating in international climate change negotiations and managing the UK’s £3.87 billion International Climate Fund (ICF) to support adaptation, mitigation and forestry activities; and
• Strengthening the cross-departmental unit working on international trade.

Improving aid effectiveness and efficiency

The UK has undertaken fundamental reviews of bilateral and multilateral aid (BAR and MAR) to determine how to get maximum value for every taxpayer pound, and to achieve the best development impact. These reviews were based on rigorous evidence, drew on extensive consultation with bilateral partner governments, civil society and the private sector, and were subject to external scrutiny and challenge.

The conclusions were published in March 2011, in “UK aid: Changing lives, delivering results”. This sets out clearly the UK government’s commitment to aid and the key outcomes the government aimed to deliver up to 2014 in their efforts to tackle poverty and improve the lives of poor people living in the countries that receive UK development assistance. It also outlined a stronger focus to the UK aid programme with the government deciding to focus UK bilateral aid on 28 country partnerships, of which 22 are fragile states. This meant closing programmes in several countries.

The UK also commissioned the independent Humanitarian and Emergency Response Review, which reported in March 2011. The UK is acting on its
recommendations both for UK policy and operations, and for the international system. These include commitments to embed disaster resilience in all country programmes by 2015; and to play a lead role internationally in promoting the resilience agenda.

The UK also introduced several improvements to the way it manages ODA. For example, in 2013 Ministers commissioned a review of DFID’s business model: “Changing with the Times: refining the DFID business model”. This is designed to ensure that the UK targets its efforts on the right things, in the right places, and delivers programmes in the right ways to maximise impact. Changing the business model will also require DFID to explore how it allocates resources, how it collaborates with development partners and how it works as an organisation. This is set out in more detail in Chapters 4 and 5.

Transparency and scrutiny
As the UK honours its aid commitments, it is also ensuring much greater transparency and scrutiny, to deliver value for money for British taxpayers and to maximise the impact of the UK aid budget. In May 2011, the UK established the Independent Commission for Aid Impact (ICAI), which has the remit to scrutinise any and all UK Official Development Assistance, and which reports directly to Parliament.

The UK has strongly supported and championed the International Aid Transparency Initiative (IATI) since it was launched in 2011. The UK established its own Development Tracker in November 2013 which provides easy to use detailed information on UK-funded projects. The tracker uses data from DFID, Department of Energy and Climate change (DECC), the Home Office, Foreign and Commonwealth Office (FCO), Department for Work and Pensions (DWP), civil society and private sector partners.

Global Leadership on International Development
The UK continues to play a leading role in global debates on the global development landscape and aid policy. In 2013, the UK’s Prime Minister co-chaired the UN High-Level Panel on the post-2015 development agenda. The Panel’s report concludes that it is possible to eradicate extreme poverty by 2030, and outlined the need to build effective, open and accountable institutions that ensure peaceful and prosperous societies, and that encourage the rule of law, property rights and freedom of speech for all. Building these institutions is fundamental to addressing the world’s future challenges. The UK continues to be actively engaged in the post-2015 deliberations.

A priority for the UK is to ensure that a modernised development financing system will effectively support the post-2015 goals framework, with eradicating poverty at its core. It should build on the success of the current system and motivate all actors to do the right things in the right places, in the right ways.

The UK Presidency of the G8 in 2013 set an ambitious agenda, aimed at boosting jobs and growth through more open trade, fairer taxes and greater transparency (“the 3Ts”). The commitments made by the G8 at the Lough Erne Summit will help developing countries to raise revenues from trade, taxes and the sale of their natural resources, so that they can fund their own development. The UK is now working to ensure the Lough Erne commitments are fully implemented.
As Co-Chair of the **Global Partnership for Effective Development Cooperation (GPEDC)** the Secretary of State for International Development has been working to shape the first High Level Meeting in April 2014. The agenda for the inaugural meeting this year in Mexico will cover the role of business in development, international and domestic taxation, sharing knowledge, south-south cooperation and how to reduce poverty in middle income countries. It will also consider how the GPEDC can contribute positively to the post-2015 framework.

**Looking ahead**

The UK recognises that there are challenges ahead and that there is a need to address the changing global context: the changing geography and nature of poverty; the evolving nature of the international partnerships and actors working on development issues; and the post-2015 framework for international development.
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1 Towards a comprehensive development effort

1.1 Global development issues

At the time of the last DAC Peer Review (2010), the world was still coming to terms with the food price and financial crises that began in 2008. These crises led to reduced or even negative growth rates, contraction in foreign direct investment and cuts in public spending in OECD countries. Global Official Development Assistance (ODA) has reduced from US$128.5 billion in 2010 to US$125.9 billion in 2012. During the same period, humanitarian needs have increased as a result of more extreme weather events, including the Haiti earthquake, Pakistan floods, Typhoon Haiyan in the Philippines and drought in the Horn of Africa. Responses to the Arab Spring and conflicts in Libya, Iraq and Syria have also put pressure on ODA spending.

The UK’s response has been to increase its focus on fragile and conflict-affected states, both through bilateral programmes and multilateral assistance. The UK is on target to meet its commitment to direct 30% of ODA by March 2015 to support these countries. It has also revamped its approach to humanitarian aid, with increased attention on building disaster resilience; and enhanced support for tackling climate change through adaptation, mitigation and forestry programmes. In addition to delivering the commitment to meet the 0.7% target, the UK has galvanised international support for tackling global issues such as disease (GAVI, GFATM) and food security.

The UK recognises the importance of international trade and economic development to support growth in the UK and the developing world. The joint trade policy unit (DFID and Department for Business, Innovation and Skills, BIS) has a dual trade and development focus to help developing countries expand their access to global markets and negotiate for better deals in international trade negotiations. The unit aims to ensure that EU trade policy is as development-friendly as possible. It engages with other Member States and the European Commission on the revised regulation on EU trade preferences, and on the approach to negotiations such as Economic Partnership Agreements with African, Caribbean and Pacific countries.

The UK also made a major effort to achieve a development-oriented agreement at the World Trade Organisation’s ninth Ministerial Conference in Bali. The agreement will boost international trade and integrate the poorest countries more closely into the global trading system.

Economic growth, led primarily by the private sector, is central to poverty reduction. During 2012/13, DFID, BIS and the Foreign and Commonwealth Office (FCO) increased their work with business and governments to remove barriers to trade, investment and business operations and to stimulate the development of markets to create jobs and benefit poor people.

The UK believes that honest and responsive government will enable open economies and open societies to thrive. In 2013 the UK chaired the Open Government Partnership (OGP), a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance.
Over 1000 delegates from over 73 countries attended the OGP Summit in London in October 2013, and 37 governments made ambitious new commitments.

The UK continues to play an active role in the global debate on the post-2015 development agenda, which will be vital for eradicating extreme poverty by 2030. In 2013, the UK’s Prime Minister co-chaired the UN High-Level Panel on the post-2015 development agenda. The Panel’s report, published in June 2013, set out measurable goals and ambitious targets for the international community to rally around. The UK participates on the Open Working Group on the Sustainable Development Goals as part of a troika with Australia and the Netherlands.

The UK is clear that a modernised development financing system will effectively support the post-2015 goals framework with eradicating poverty at its core. It should build on the success of the current system and motivate all actors to do the right things, in the right places, in the right ways. This means maximising the impact of all finance sources to strengthen developing countries’ economic transformation and to help them finance themselves out of poverty. The system must also capture and incentivise total support for development from all sources, not just ODA. The UK is engaging closely with the work in the OECD-DAC on modernising development finance.

The UK is also contributing to work on a post-2015 sustainable development finance strategy through the UN Intergovernmental Committee of Experts on Sustainable Development Financing. The Committee is mandated by the Rio+20 Conference on Sustainable Development to prepare options for a sustainable development financing strategy by 2014. It comprises 30 experts nominated by regional groups; the UK is represented by DFID Director, Liz Ditchburn.

1.2 Policy coherence for development

Political commitment and policy statements

After the general election in May 2010, the Coalition government reaffirmed the UK’s commitment to an international development policy focused on the Millennium Development Goals, and to increase ODA to 0.7% of GNI by 2013. The UK’s commitment reflects a strong political desire to keep its promises to the world’s poor. This in turn requires a significant level of policy coherence across UK government departments.

The UK’s approach to development has shifted to embrace polices that are enablers of development. Successful development involves the building blocks of prosperity that the Prime Minister has called the “golden thread” of conditions that enable open economies and open societies to thrive: the rule of law; the absence of conflict and corruption; the presence of property rights; and strong institutions. It is only when people can get a job and a voice that they can take control of their own destiny and build a future free from poverty.

Other key priorities are to increase the focus on girls and women across all investments, human development, economic development and domestic resource mobilisation.
Policy coordination mechanisms

The 2010 Peer Review recognised that UK was highly committed to ensuring that all of its domestic and international policies supported, or at least did not undermine, partner countries’ development aspirations. This is achieved through a number of policy coordination mechanisms.

The UK’s policy on development was included in the Coalition Agreement, published in June 2010. Detailed objectives and indicators were set out in departmental Business Plans, including cross-government issues. For example, DFID and the FCO plans both included objectives about securing a UN Arms Trade Treaty (adopted in April 2013). Additionally, DFID, FCO and Ministry of Defence (MoD) plans all had objectives about building stability overseas, through their respective activities.

At political level, UK government structures support coherence in a number of ways. First, the Secretary of State for International Development’s role as a Cabinet Minister ensures consultation on the full range of government policy initiatives with development impact.

Second, the Secretary of State’s membership of the National Security Council (NSC) enables the government to take a comprehensive and strategic approach to a series of policy issues that are critical to international development. The NSC has established cross-government strategies for Afghanistan, Pakistan, Iraq, Libya and Syria; and set the direction for UK engagement in the Sahel. It also promotes coherent analysis of a wider range of regional or thematic policy issues.

Third, in June 2013 the NSC agreed to reform decision-making around countries at risk of instability, creating a clearer, simpler, more strategic framework that will further strengthen cross-government coherence. To reinforce this change, from April 2015 the UK will establish a new Conflict, Stability and Security Fund (CSSF), comprising ODA and non-ODA. This funding will sit outside departmental budgets, and will be used to resource policy and operational decisions by the NSC. The new funding mechanism will replace the existing cross-government Conflict Pool managed jointly by FCO, MoD and DFID (further detail in section 2.3).

Box 1: Promoting development in a wider arena

The UK Prime Minister and the Brazilian Vice President hosted a Global Hunger Event on the day of the closing ceremony of the London 2012 Olympics. The high-level meeting called on representatives from governments, charities and businesses to take decisive action before the 2016 Rio Olympic Games to transform the life chances of millions of children by improving nutrition.

In order to maintain attention on the political and financial commitments needed to prevent under nutrition, the UK worked with civil society and the Brazilian government to co-host “Nutrition for Growth: Beating Hunger through Business and Science” in June 2013. At the event, world leaders signed a global agreement to improve the nutrition of 500 million pregnant women and young children; and to reduce the number of children under five who are stunted by an additional 20 million. These measures are expected to save the lives of at least 1.7 million children.
In addition, the NSC (Emerging Powers), a sub-committee of the NSC, oversees the UK’s strategy for creating deeper relationships with emerging powers, driving better cross-government coordination across UK policy and programmes in these countries.

Fourth, UK government policy coherence is achieved through a series of standing sub-committees of Cabinet, complemented by cross-departmental groups at official level.

**Box 2: Cabinet sub committees**

DFID Ministers are members of the following Cabinet sub-committees:

- National Security Council (NSC);
- NSC (Emerging Powers);
- NSC (Threats, Hazards, Resilience and Contingencies);
- Public Expenditure (Efficiency and Reform);
- NSC (Afghanistan); and
- Economic Affairs (Trade and Investment).

Finally, the following paragraphs set out some further ways in which the UK seeks to ensure policy coherence for development.

The UK has enhanced its cross-government work on climate change. Whilst recognising that the UK is strongly committed to tackling climate change, driven from the highest level of government, the 2010 DAC Peer Review recommended that the UK ensure that approaches to climate change also help to alleviate poverty. In 2011 the UK launched the International Climate Fund (ICF) specifically aimed at helping developing countries reduce poverty.

**Box 3: International Climate Fund (ICF)**

- The objectives of the ICF are to help developing countries reduce poverty, adapt to the impacts of climate change and pursue low carbon growth including reducing emissions from deforestation and forest degradation.
- The ICF is worth £3.87 billion between April 2011 and March 2016.
- Departments working together include: DFID, the Department for Energy and Climate Change (DECC), Department for Environment, Food and Rural Affairs (DEFRA), FCO and the Treasury.
- The ICF aims to deliver results through innovative project portfolios, including a public-private partnership programme to boost private finance investments.
- It also supports for a global programme to help six million small-scale farmers in 40 developing countries adapt to a changing climate.

The UK also plays a leading role in shaping the international climate finance architecture, in particular through membership of the Board of the Green Climate Fund. The UK has worked with international partners to enhance the effectiveness and results-focus of existing international climate and environment funds such as the Climate Investment Funds and the Global Environment Facility.
The UK ensures that all ODA is consistent with UK climate and environment objectives through:

- Climate and environment assessments carried out for all new programmes managed by DFID, DEFRA and DECC;
- Strategic programme reviews to identify how country programmes can best tackle these issues; and
- Deeper analysis of the links between poverty, climate change and resource scarcity.

Mechanisms for inter-ministerial co-ordination help ensure the impact of domestic policy on developing countries is considered. For example, the UK’s system for arms export licensing is well-established, and involves scrutiny of export applications by DFID (where it relates to a developing country), FCO, MoD and BIS. One of the criteria is the impact of the proposed purchase on the sustainable development of the recipient country.

The UK’s approach to anti-corruption is also designed to ensure that domestic and international policies support development efforts overseas. Since 2006, DFID has supported dedicated units in the Metropolitan and City of London Police Forces. These units investigate allegations of money from developing countries being laundered through the UK, and cases of foreign bribery by UK nationals or companies. DFID funding was extended in 2011 to an asset recovery team in the Crown Prosecution Service; and in 2012 to an anti-corruption intelligence cell in the Serious Organised Crime Agency (now the National Crime Agency). Since 2009, DFID has invested £7.5 million in these units and committed a further £10 million for 2014-2016. Since 2006, approximately £120 million of stolen assets from developing countries have been restrained, recovered or returned. There have been numerous successful prosecutions, for both money laundering and foreign bribery offences.

In 2012, the UK created an Asset Recovery Task Force to return assets stolen by members of the former regimes of the Arab Spring countries. This multi-agency team involves the Home Office, Serious Organised Crime Agency, Metropolitan Police and Crown Prosecution Service. In 2013, the UK used its Presidency of the G8 to ensure that the commitment to return stolen assets to the Arab Spring Countries was reiterated in the G8 Leaders’ Communique.

Systems for monitoring, analysis and reporting

The UK reports biennially to the European Commission on progress on Policy Coherence for Development. This records progress and developments on cross-cutting policy coherence issues and highlights key areas of success for the UK. The subsequent report is an important tool for monitoring progress on policy coherence for development across the EU and provides a useful summary of best practices. In addition to government deliberations, the UK closely considers this report through the Parliamentary European Scrutiny Committee which analyses the outcome and implications for the UK.

All UK departments submit Annual Reports and Accounts to Parliament. DFID’s report comprises information on expenditure, policy priorities, key achievements, results, delivery against country and multilateral objectives and progress on development effectiveness. The report also includes information on work with other
government departments to make UK government policies development friendly, promote sustainable development and reduce poverty.

In addition, the FCO reports in-year ODA spend and full year projections to DFID on a quarterly basis. This enables robust planning around the 0.7% of ODA/GNI target. Governance arrangements include monthly reviews of the FCO’s ODA spend by the FCO Board’s Executive Committee to ensure policy coherence.

Another key assessment of policy coherence is the Commitment to Development Index, prepared by the Centre for Global Development. This ranks DAC members on development policies including aid, trade, investment, migration, environment, security, and technology. It ranks members based on their commitment to promote coherent development policies that go beyond just that of foreign aid. The 2013 Index ranks the UK seventh out of 27 countries, the only G8 member in the top ten.

Illustrations of policy coherence for development in specific areas

The UK worked hard through its 2013 G8 Presidency to ensure policy coherence in commitments by G8 members to tackle tax avoidance and evasion, promote freer trade and increase transparency in the extractives sector and on land governance. These commitments were set out in the Lough Erne Declaration (June 2013). The UK Presidency Report, published in December 2013, set out the progress that G8 countries had made since the Summit. The UK is taking forward its tax, trade and transparency goals through the G20, the OECD and through the Open Government Partnership.

The UK government coordinates policy affecting developing countries and international development in a number of ways. Security is coordinated through the National Security Council as described in section 1.2. Additionally, in July 2011, the UK published the Building Stability Overseas Strategy (BSOS). This set out how the UK would resolve, reduce and/or avoid conflict, including in developing countries. BSOS covers activities managed jointly and separately by FCO, MoD and DFID. It will be at the heart of the new Conflict, Stability and Security Fund (see section 2.3 for more detail).

Some of these activities are undertaken by the Stabilisation Unit (SU). The SU is a uniquely integrated civil-military operational centre of expertise for conflict, stabilisation, security and justice, accountable to the FCO, MoD, and DFID. It is funded by the Conflict Pool (see section 2.3). Recent examples of SU support include community security programming in Syria, the design and delivery of the cross-government Security, Justice and Defence programme in Libya, and stabilisation advice in both Somalia and Mali.

A significant cross-government operation focused on security and development is the Provincial Reconstruction Team (PRT) in Helmand, Afghanistan. The civilian-led PRT was set up in Helmand in 2006 as a UK-headed multi-national effort of the UK, US, Danish and, until 2012, Estonian governments. Its aim has been to support the local Afghan government in delivering governance and improved development across the province.

On Migration, DFID, FCO and the Home Office work closely together to shape UK participation in the 2013 High Level Dialogue on International Migration and Development and the Global Forum on Migration and Development. Temporary movement (migration) is also an important issue in trade and development,
particularly in trade services. The Trade Policy Unit (TPU) works within an agreed Whitehall-wide framework, including all interested departments to coordinate positions on such issues in the context of trade negotiations, especially to ensure coherence between different departments’ objectives.

On Climate Change, the UK government has launched the ICF (described above). In addition, UK Regulations passed in 2013 made it a criminal offence to place illegally sourced timber on the market, and government’s procurement policy requires central government departments to buy only legally-sourced and sustainable timber.

1.3 Engaging in partner countries: coordinated government approach

Government departments have been working together to join up efforts overseas. In 2013, the UK initiated a “One HMG team overseas” programme designed to rationalise, streamline and improve the way its 270 overseas locations\(^1\), with varying combinations of government departments, function (see section 4.3 for more detail). This work is being complemented and supported in London through the conflict, stability and security governance reforms and the introduction of single country/region UK government strategies, overseen by NSC/NSC (Officials), and feeding into the Country Business Plans.

The UK supports efforts to forge a more coherent engagement by the international community in country, by applying the OECD DAC principles of aid effectiveness and coordination agreed in the Paris, Accra and Busan conferences. The UK also works very closely with developing countries through the International Dialogue on Peace building and State building and the New Deal for Engagement in Fragile States, to bolster country ownership and leadership and more effective support from bilateral and multilateral donors.

1.4 Financing for development

ODA as a catalyst

The UK government’s vision is to eradicate poverty and transform economies by helping poorer countries achieve a secure, self-financed, timely exit from poverty through economic development. Private investment contributes to economic development by creating productive jobs and increasing the tax revenues that help developing countries fund their own services. Government needs to put in place the building blocks for economic development by creating the policy, legal, regulatory and institutional environment for markets to work and businesses to grow.

The UK has been developing new funding mechanisms to support economic development. It has been using grants as well as returnable or concessional instruments to address different constraints to investment in developing countries, and to maximise impact on economic development and poverty action.

The UK uses ODA to help governments put in place the building blocks that are crucial for countries to attract private investment and support growth. These are:

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\(^1\) Embassies, High Commissions (some with DFID Country Offices included), Permanent Representations and Consulates.
peace, the rule of law, property rights, stable business conditions, and honest and responsive governments, accountable to their citizens.

Box 4: Nigeria Infrastructure Advisory Facility

In 2007 the UK established the Nigeria Infrastructure Advisory Facility. The facility is a technical assistance programme designed to enhance the government of Nigeria’s capacity to better plan, finance and operate infrastructure delivery at the Federal and State level.

The second phase started in 2011 and will provide up to £98 million until 2016. Results include helping increase power supply in Nigeria by 45%, and supporting the recent privatisation of the power sector which brought in US$2.5bn of private sector finance. Further examples include the Kenya Investment Climate Programme, which has achieved a 31% reduction in the total licensing costs imposed on businesses since 2007, equivalent to 0.4% of Kenyan GDP. Additionally, the TradeMark East Africa project supported the Burundi Revenue Authority to double tax revenue since 2010.

Box 5: UK engagement with multilateral organisations

The UK has also strengthened its engagement with multilateral organisations to support and influence the way they work on investment climate issues. In particular, the UK is supporting the World Bank Group Facility for Investment Climate Advisory Services (£3.2 million, 2011-2015) to deliver technical assistance to developing countries to improve their investment climates, particularly Fragile and Conflict Affected States. The Facility will conduct ten in depth impact assessment studies and develop new tools to measure the sustainability and value for money aspects of the reform programmes supported.

Development official finance instruments and flow

The UK has a broad range of instruments to leverage private investment. The UK is making increasing use of innovative financing mechanisms, reflecting the changing landscape of development financing, new sources of finance and the changing financing needs of developing countries.

CDC, a development finance institution wholly owned by the UK government, is central to the delivery of DFID’s economic development priority and leveraging private sector investment in poor countries.

DFID is gradually increasing its use of returnable capital instruments, including loans and equity, sharing some of the risk that would otherwise slow down investment and business growth. Returnable capital enables funds to be redeployed, multiplying the development impact and reducing the distortion to the private market. The UK was one of the founder donors of the Private Infrastructure Development Group (PIDG), a multi-donor organisation constituted in 2002\(^2\) with experience in leveraging private finance.

\(^2\) Members include: Switzerland, The Netherlands, Sweden, Ireland, Germany and Australia.
The UK and other G8 members committed in 2013 to work with African countries and regional economic communities to help meet the African Union’s target of doubling intra-Africa trade and reducing crossing times by 50% at key border posts by 2022. In response, the UK is increasing its support for the preparation of cross border infrastructure projects in Africa through initiatives such as the AU/NEPAD Infrastructure Project Preparation Facility (£15m), the EU-Africa Infrastructure Trust

**Box 6: CDC**

In 2010/11, CDC conducted a wholesale review which led to significant reform of CDC’s strategy and operations. CDC has a clear mandate to encourage capital towards job-creating sectors in challenging places and provides flexible and long-term capital to businesses across Africa and South Asia. In 2012, CDC had a portfolio worth around £2.2 billion supporting some 1,250 companies in 77 countries. Those businesses are in turn supporting over one million jobs; 580 of those businesses are in Africa and 321 in South Asia.

CDC is increasingly using a wider range of financial instruments, including direct equity, direct debt and impact investing. All new investments are assessed for their development impact as well as their financial return.

In 2012, DFID launched a new £75 million impact investment fund, managed by CDC. The fund invests in impact investments intermediaries that provide capital to businesses and projects improving the lives of poor people in sub-Saharan African and South Asia. The fund aims to foster the development of the impact investment market by attracting new investors into it and is backed by expert technical assistance and investment in measurement and critical market infrastructure.

In 2014, DFID announced the fund’s first investment in Novastar Ventures (up to US$15 million over 10 years) which will invest in transformative enterprises in East Africa. DFID’s capital has leveraged in funds from other Development Finance Institutions as well as high net worth individuals.

**Box 7: Private Infrastructure Development Group**

The PIDG mobilises private sector investment to fund infrastructure projects in developing countries (transport, power communications, water, sewage) vital for economic growth.

By the end of 2012, PIDG investment of US$1.42 billion in 87 projects generated private sector commitments of US$26.7 billion. Project examples include:

- Cabeolica, a wind energy company in Cape Verde providing more than 20% energy needs with cleaner and cheaper energy; and
- Bugote, a run-of-river hydro-electric project in the Ruwenzori mountains in western Uganda that will feed into the national grid providing a low cost renewable source of power.

Where funds invested by the PIDG are repaid, they are then made available to re-invest in other projects.

The UK and other G8 members committed in 2013 to work with African countries and regional economic communities to help meet the African Union’s target of doubling intra-Africa trade and reducing crossing times by 50% at key border posts by 2022. In response, the UK is increasing its support for the preparation of cross border infrastructure projects in Africa through initiatives such as the AU/NEPAD Infrastructure Project Preparation Facility (£15m), the EU-Africa Infrastructure Trust
Fund (£60m) and InfraCo Africa (a PIDG company, £35m). These initiatives are increasingly focusing on attracting private sector finance to regional infrastructure.

To increase the availability of political risk insurance and support growth in fragile states, the UK is providing £20 million over five years to MIGA’s Conflict Affected and Fragile Economies Facility. This will provide cover for investments with a development impact in a number of fragile economies throughout Asia, Africa and the Pacific. Working with MIGA will also stimulate the reinsurance market, bringing in export credit agencies, commercial banks and private insurance companies as partners.

The UK has committed £30 million to a global returnable capital fund - the Flexible Fund - which operates predominately in low-income countries. The fund will support small medium enterprises selling low carbon technologies into developing countries with appropriate and flexible financing. The aim of the UK’s investment is to leverage outside capital in the medium term, once the fund is validated and has sufficient scale to operate economically.

In India, between 2013 and 2021, the UK will on-lend up to £37.5 million in partnership with the Infrastructure Development Finance Company (IDFC) to priority infrastructure projects. The goal is to make viable projects attract private-sector investment into identified pro-poor infrastructure sub-sectors (agri-business, urban infrastructure, renewable energy and state and district roads) in eight Indian low-income states. This in turn will mean 280,000 people benefit from services such as electricity, sewage and transport, and 4,500 new jobs will be created.

**Tracking and reporting non-ODA flows**

The UK tracks Other Official Flows and ‘Private Flows’ which include resource flows for development, investments, commercial loans and aid by private bodies. These data are included in the UK’s ‘Statistics on International Development’, published on-line each October; and in the UK’s annual Creditor Reporting System and DAC tables returns to the OECD. Since 2010, non-ODA flows from the UK have averaged £25.2 billion annually.

**Table 1: Non-ODA flows 2010-2012 (£ million)**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Other Official Flows (OOF)</td>
<td>18</td>
<td>-12</td>
<td>12</td>
<td>-25</td>
<td>40</td>
<td>22</td>
</tr>
<tr>
<td>of which: non-concessional CDC investments</td>
<td>1</td>
<td>-29</td>
<td>0</td>
<td>-37</td>
<td>31</td>
<td>17</td>
</tr>
<tr>
<td>Private Flows</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Investment</td>
<td>-</td>
<td>15,931</td>
<td>-</td>
<td>20,610</td>
<td>-</td>
<td>25,620</td>
</tr>
<tr>
<td>Guaranteed Export Credits</td>
<td>1,050</td>
<td>624</td>
<td>1,514</td>
<td>996</td>
<td>1,413</td>
<td>933</td>
</tr>
<tr>
<td>Bank Lending (excluding export credits and other private flows)</td>
<td>9,634</td>
<td>7,183</td>
<td>3,938</td>
<td>-1,378</td>
<td>6,486</td>
<td>4,056</td>
</tr>
<tr>
<td>Offsetting Debt Relief</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total ODA, OOF, Private</td>
<td>-</td>
<td>32,406</td>
<td>-</td>
<td>29,226</td>
<td>-</td>
<td>40,044</td>
</tr>
<tr>
<td>Total flows as % of GNI</td>
<td>-</td>
<td>1.99</td>
<td>-</td>
<td>1.91</td>
<td>-</td>
<td>2.57</td>
</tr>
</tbody>
</table>
2 Policy vision and strategic orientations

2.1 Policies, strategies and commitments

As recognised by the DAC in 2010, UK international development policy and funding benefits from a solid legal basis in the 2002 International Development Act. This means that the Secretary of State for International Development can provide development assistance for sustainable development and welfare, providing that she is satisfied that this assistance is likely to contribute to poverty reduction.

The UK has reaffirmed in successive Budgets its commitment to increase ODA to 0.7% of GNI by 2013. Subject to final confirmation of the 2013 numbers, the UK will be the first G8 country to reach 0.7% ODA/GNI.

The UK’s over-arching development policy priorities for the period to May 2015 are set out in the Coalition Agreement and the DFID Business Plan. The Business Plan was prepared and published in 2010, and is reviewed and updated annually.

Box 8: DFID priorities

The DFID Business Plan for 2012-15 set out a number of priorities aimed at supporting achievement of the MDGs. These priorities are to:

- Honour international commitments and support actions to achieve the MDGs;
- Drive transparency, value for money and open government;
- Boost wealth creation;
- Strengthen governance and security in fragile and conflict-affected countries; and make the UK’s humanitarian response more effective;
- Lead international action to improve the lives of girls and women; and
- Combat climate change.

The UK has continued to focus on progress on the MDGs in low-income countries, including fragile and conflict-affected states. DFID-funded programmes have stimulated economic growth and jobs; provided humanitarian assistance to those who most needed it; put the needs of girls and women at the forefront; and worked internationally to address global problems such as climate change, disease and the challenges created by ungoverned spaces – such as terrorism and organised crime. The UK has also continued to push for greater transparency, not just of its own ODA-funding, but also for data to be made available around the world. This is part of a wider approach towards open governments, open economies and open societies, aimed at tackling the root causes of poverty.

In September 2012 and 2013, the UK co-hosted with the US an “MDG Countdown” event in New York, showcasing progress and innovation from around the world in meeting the MDGs. A wide range of countries and participants took part, reiterating commitments to do everything possible to meet the MDGs by 2015.

Since 2012, the UK has given greater priority to: supporting women and girls; taking an ambitious new approach to promoting economic development; driving even greater value for money and impact; embracing technology to benefit poorer countries; increasing the transparency of UK aid; and to humanitarian and emergency response. Further details are in section 2.3 below.
The decisions being made this year on resource allocations for the period 2015/16 – 2017/18 will consolidate the UK’s approach to these policy priorities in the future.

2.2 Decision-making

Approach to allocating resources

The Bilateral Aid Review (BAR), Multilateral Aid Review (MAR), and other thematic reviews determined resource allocations for the period 2011/12 – 2015/16, and involved internal competition for resources based on planned results.

In March 2011, Lord Ashdown published his independent review into how the UK and the international system respond to humanitarian emergencies. The government’s response was published in June 2011. This committed the government to improve and reinforce the British response to humanitarian emergencies (more details in section 7.1).

One way that DFID measures whether interventions are on track to deliver their expected outputs and outcomes is through portfolio reviews. Reviewing programmes during implementation and at completion is essential to assess whether the programme still represents value for money. The portfolio quality index is a performance measurement tool which is used to assess the performance of projects across the whole DFID portfolio.

For example, in 2013 DFID reviewed the effectiveness and impact of its growth and wealth creation portfolio. The review included in-depth reports on Uganda,
Tanzania, Pakistan and Bangladesh. This evidence base has informed the evolving economic development strategy and resource allocation decisions for 2014/15 and 2015/16. The growth and wealth creation portfolio review complemented thematic reviews on infrastructure, trade, investment climate, finance, jobs and productive sectors.

Figure 1 illustrates how the results offers generated by the BAR, MAR and other reviews were collated within the five thematic areas. This aggregate analysis was presented to Ministers for consideration, to challenge the overall, and to agree budgets.

Figure 1: DFID’s Approach to Allocating Resources 2011/12 – 2014/15

The 2010 DAC Peer Review commended the UK’s policy and practice to ensure aid programmes reflect the host country context. The UK remains strongly committed to this approach. Programming reflects countries’ ability to self-finance out of poverty. As countries get richer, UK programming should shift away from grant aid and focus more on using influence, on development partnerships and use of UK expertise. Figure 2 provides a general framework guiding choices on channels of delivery in different country contexts.

Figure 2: Criteria for UK Engagement
The Changing with the Times business model review (see section 4.2) confirmed the continuation of bilateral programmes in the UK’s 28 priority countries. The priority countries are ones where the UK can have the most impact on poverty directly, or where there are compelling reasons for UK development engagement.

While a range of other countries have similar poverty prospects and self-financing ability, it was judged that the UK would have less impact on poverty. Therefore DFID does not have a bilateral programme in those countries. Instead, the UK will engage with them primarily through the multilateral system and other UK government departments.

All bilateral country programmes must have a clear rationale and evidence base for their interventions. This is based on a diagnosis of the constraints to poverty reduction and the role the UK can play in tackling them. It takes into account the role played by other development actors.

At the intervention level, new business case procedures (see section 5.1) were introduced in 2011 with more rigorous requirements for a theory of change and appraisals of proposed delivery mechanisms.

DFID has established new guidance on measuring and managing results in fragile and conflict-affected states and situations. This provides good practice and sets out options for adapting and dealing with some of the particular challenges found in these countries.

**Approach to Multilateral ODA**

The 2011 Multilateral Aid Review (MAR) assessed the value for money of 43 global development agencies that received significant UK core funding at that time. Organisations were assessed against a common set of criteria which related to: their focus and impact on the UK’s development and humanitarian objectives (“Contribution to UK development objectives”); and the behaviours and values that are expected to drive best performance (“Organisational strengths”). These assessments were undertaken by DFID senior staff. The assessments drew on reports from each organisation, interviews with key staff from the organisation, comments from NGO and private sector stakeholders, and selected field visits that included meetings with host government officials.

Nine organisations were assessed by DFID as offering ‘very good’ value for money; sixteen offered ‘good’ value for money; nine offered ‘adequate’ value for money and nine offered ‘poor’ value for money for UK aid.

**Table 2: Value for money for UK multilateral aid funding**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Good</td>
<td>AsDF, ECHO, EDF, GAVI, GFATM, ICRC, IDA, PIDG UNICEF</td>
</tr>
<tr>
<td>Good</td>
<td>ADF, CERF, CIFs, EBRD, FTI GEF, GFDRR, IFAD, IFC, IFRC, OCHA, PBF, UNDP, UNHCR, UNITAID, WFP</td>
</tr>
<tr>
<td>Adequate</td>
<td>CCB, EC Budget, EFW, IADB, OHCHR, UNAIDS, UNEP, UNFPA, WHO</td>
</tr>
<tr>
<td>Poor</td>
<td>CommSec, FAO, HABITAT, ILO, IOM, ISCR, UNESCO, UNIDO, UNIFEM</td>
</tr>
</tbody>
</table>

Following the 2011 MAR, the UK decided to withdraw core funding from agencies assessed as poor: ILO, HABITAT, UNIDO, and UNISDR. The UK placed a further
four organisations in “special measures”: FAO, UNESCO, IOM and the Commonwealth Secretariat. This meant maintaining UK funding at minimum levels, and setting out specific areas of reform needed for the UK to consider increasing its core funding.

In 2011, the UK wrote to each multilateral organisation setting out the planned levels of core funding for the subsequent three years, and the UK’s expectations for policy and organisational reform, and results.

During 2013, the UK undertook a mid-term review of the MAR (the MAR Update), to assess progress made by each agency against their respective reform objectives. The MAR Update drew evidence from a number of sources including: agency annual reports, statements of policy, case studies, specific programme evaluations and project completion reports; the Multilateral Organisation Performance Assessment Network (MOPAN); assessments by other donors, in particular Australia; DFID country offices; and NGOs. Assessments were scrutinised by both internal and external moderators to ensure consistency and quality of the findings and conclusions. The process was adapted to reflect comments made on the MAR.

The MAR Update was published in December 2013. It concluded that there had been progress on operational reform in these multilateral organisations since 2011. During 2014/15, the UK will continue to work with multilateral organisations and other partners to push further reform and improved results. This involves DFID staff at headquarters and in country offices, secondees to multilaterals, and UK missions and permanent representations.

The UK will continue to invest in multilateral organisations, with contribution size linked to performance as assessed by the MAR scores. The UK is making minimum contributions to organisations it judges as poorly performing; either to meet international obligations or to remain engaged. The UK will consider increases to its core funding, typically in three-year pledges, to the organisations judged as best performing by the MAR processes.

The transparency of the MAR and its findings, in particular the public comparison of multilateral organisations’ value for money, have provided a valuable impetus for reform within the multilateral system. Other donors have applied a similar approach to assessing multilaterals: the terms of reform debate are changing, with some encouraging progress as reflected in the UK’s MAR Update.

**Approach to bilateral ODA**

The UK’s strategy and priorities for bilateral aid are set out in the 2011 Bilateral Aid Review (BAR) Results Report. The process for the BAR was set out in the BAR Technical Report. The BAR provided the rationale for country allocations, including establishing countries in which the UK should retain and increase its presence, the anticipated results to be prioritised and planned expenditure for 2011/12 to 2014/15.

The BAR was undertaken by DFID country teams in consultation with other government departments, in the UK and at Post. The BAR analysed: development need; expected effectiveness of aid; and strategic fit with government priorities, drawing on international evidence. Ministers concluded that the UK should reduce its bilateral programmes from 43 in to 28, plus regional programmes in Africa, Asia
and the Caribbean and continuing support for three of the UK’s Overseas Territories.

To determine budgets for bilateral programmes, DFID country and regional teams were asked to develop ‘results offers’ which set out what they could achieve over the four years to 2015. The offers were subject to challenge and scrutiny from DFID technical advisers and external experts, before Ministers took the final resource allocation decisions.

The resulting country allocations were tested against results from a resource allocation model ranking countries according to development need and the potential for aid to be effective. Combined, these two factors help to identify where aid is likely to have the biggest possible impact on poverty reduction. This model confirmed that the potential for UK aid to reduce poverty in these countries was generally high. See section 6.1 for more on reporting on results progress.

2.3 Policy focus

Focus on poverty reduction

The UK’s international development policy remains focused on actions to help deliver poverty reduction and the MDGs. Poverty reduction and sustainable development remain the UK’s overarching objectives for international development.

In 2013, the UK introduced a new tool, the Country Poverty Reduction Diagnostic, to help determine how DFID resources can be best used to reduce poverty in a particular country (see section 5.3).

Selected focus areas

In January 2014, the Secretary of State for International Development set out the UK’s new approach to support growth and create jobs in developing countries. In 2015/16, DFID will target £1.8 billion on economic development, more than doubling the amount spent in 2012/13. This is on top of funding through core contributions to multilateral organisations.

Box 10: DFID’s new approach to economic development

The UK will:

- More than double aid spending on economic development;
- Partner with a range of UK high street retailers;
- De-risk business investment in frontier economies by backing investment insurance in frontier economies including Burma, Sierra Leone, Zimbabwe and Nepal;
- Appoint Novastar, a venture capital fund based in East Africa, as the first beneficiary of a CDC-managed fund that will provide capital to promising businesses which benefit the community; and
- Sign the UK’s first Memorandum of Cooperation with the London Stock Exchange Group to support emerging capital markets in Africa.

Science and innovation are key enablers of economic growth. A 2012 Parliamentary Committee report on “Building Scientific capacity for development” highlighted the importance of scientific capacity building for long term economic development. The report raised concerns that the UK placed insufficient emphasis
on this in its development programmes. In December 2013, the Chancellor announced a new fund to support science and innovation capacity building in emerging powers deemed most able to benefit. The fund will be £375 million over five years (£75 million a year) starting in the financial year 2014/15. Discussions are taking place with partner countries to agree their top priorities for science and innovation capacity building.

DFID has developed a new “Strategic Vision for Girls and Women”. This Vision aspires to unlock the potential of girls and women by empowering them to have voice, choice and control over their lives and stopping poverty before it starts. The Vision recognises the crucial importance of an enabling environment of strong, open and inclusive economies, societies and political institutions. This echoes the “golden thread” narrative. The Vision requires action to address social norms and relationships that underpin how girls and women are valued in society, and which influence the opportunities they can seize. The strategy focuses on four, interlinked ‘game-changing’ outcomes:

- Girls’ completion of primary and secondary education;
- Economic empowerment;
- Ability to live free from violence; and
- Universal sexual and reproductive health and rights.

The UK has stepped up its focus on tackling inequality for girls and women, including through the Preventing Sexual Violence Initiative launched by the Foreign Secretary in May 2012.

**Relationship between development and humanitarian programmes**

The DAC recognises the UK as a prominent actor within the international humanitarian system in both policy-setting and financial terms. The UK’s approach to embed humanitarian advisers into DFID country offices enables a high level of co-ordination between development and humanitarian programmes. Following the Humanitarian Emergency Response Review (HERR) (see section 7.1), the UK committed to embed disaster resilience in all country programmes by 2015; and to play a lead role internationally in promoting the resilience agenda.

The UK has also invested significantly in research and innovation. The humanitarian research and innovations team is now managing 14 projects supporting a range of investments in research and evidence in the humanitarian sector. In all emergencies, explicit attention is paid to the needs of different vulnerable groups, particularly women and girls. From March 2014, the risks of violence against women and girls will be considered in all new humanitarian programmes.

Internationally, the Secretary of State for International Development Co-Chairs with the UNDP Administrator an informal group of “Political Champions” for Disaster Resilience. This was established in April 2012, as a UK initiative. The group’s focus is on two issues: building resilience in specific countries and regions; and stimulating the role of the private sector in building resilience, especially insurance. Haiti is the immediate priority. The group visited in April 2013 and agreed with the government a joint programme of action.
The DAC considers the UK has a prominent role in instigating and driving the UN humanitarian reform agenda, and in promoting standards and practices across the system. The UK has pushed for reform most notably through the “transformative agenda” of the Inter Agency Standing Committee (IASC). The UK will continue to support the UN, NGOs, Red Cross and Private Sector, while continuing to push for a more effective, efficient, accountable and transparent humanitarian system. In response to the HERR, the UK has overseen improvements in accountability, impact and professionalism of humanitarian action. UK humanitarian aid now has a much greater focus on results, with emphasis on the outcomes and the impact of a response for the affected population.

Fragile states and situations


The most recent resource allocation decisions by Ministers (up to 2015/16) confirm the importance of integrating conflict and fragility objectives across DFID-funded programmes. This comes as part of a cross-government effort to build peace and stability and support economic development, human development and poverty reduction.

The UK’s methodology for categorising countries as fragile draws on: the World Bank’s Country Policy and Institutional Assessment; the Failed States Index published by the Fund for Peace; and the Peace Research Institute Uppsala conflict database. Of the UK’s 28 bilateral country partners, 21 are defined as fragile states.

The new £1 billion Conflict, Stability and Security Fund (CSSF) will become effective from April 2015. It will bring together ODA and non-ODA funding to help prevent conflict and tackle threats to UK interests arising from instability overseas. The CSSF will be governed by the NSC, with a more strategic cross-government approach to resource allocation. It will draw on a broader range of activities including defence, diplomacy, development assistance, security and intelligence. A set of accompanying governance reforms, covering all UK government resources (including outside the CSSF) for countries at risk of instability, will simplify and shorten decision and accountability chains from NSC downwards. This will ensure a much closer linkage between strategic and policy decisions taken at NSC and programmes on the ground.

The UK will deliver its commitments under the New Deal for Engagement in Fragile States. The New Deal outlines new ways of working, better tailored to the particular challenges facing fragile countries. The New Deal focuses on ensuring that development partners work together with partner countries in a way that supports partner governments’ plans and systems. The UK is the donor co-lead in Afghanistan, South Sudan and Somalia and supports implementation in Sierra Leone, where there is no official donor lead.

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3 Afghanistan; Bangladesh; Burma; DR Congo; Ethiopia; Kenya; Liberia; Malawi; Nepal; Nigeria; Occupied Palestinian Territories; Pakistan; Rwanda; Sierra Leone; Somalia; Sudan; South Sudan; Tajikistan; Uganda; Yemen and Zimbabwe.
Cross-cutting issues

The UK is fully committed to integrating cross-cutting issues across its development programme. For example, strengthening fragile states, combatting climate change, and leading action to improve lives of girls and women are three of the six key actions around which DFID’s Business Plan is structured.

The 2010 DAC Peer Review recommended that DFID further strengthen its approach to cross-cutting issues, including the environment and climate change; gender equality and women’s empowerment; and capacity development in partner countries. The following paragraphs summarise measures taken.

On environment and climate change, the UK has committed through DFID’s Business Plan to identify and address climate change risks and opportunities across its development programme. Within DFID, each country office and headquarter department has reviewed its staff knowledge about ‘greening’ and programming, and produced detailed action plans. These reviews are part of a wider DFID initiative called Future Fit, designed to integrate climate/scarcity issues into DFID’s core business. Future Fit involves collaboration with progressive private sector companies who are leaders on climate and sustainability issues (Unilever, Marks and Spencer and Diageo). DFID’s ambition, by 2015, is to shift resource allocation to those sectors most impacted by climate change and resource scarcity, and further strengthen organisational capability in this area.

The 2010 DAC Peer Review recommended that the UK should include climate change and disaster risk reduction aspects in its environmental screening system. DFID has introduced a new Climate and Environment Assessment requirement, which looks at the impact a proposed programme will have on the vulnerability of poor communities to environmental disasters or hazards. In parallel, DFID has expanded its cadre of accredited climate and environment technical advisers. A key aspect of their work is to review and formally sign-off all Climate and Environment Assessments.

In 2012, DFID published a strategic document on “Supporting a Healthy Environment”. This sets out the rationale for DFID’s efforts to address climate change and promote environmental sustainability for the benefit of the poorest. DFID holds leadership of the Climate and Development Knowledge Network (CDKN), and its support to the World Bank’s Wealth Accounting the Valuation of

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**Box 11: DFID’s work in Afghanistan**

In Afghanistan the UK is a long-term partner. The UK works mostly with and through the government of Afghanistan to help the country to manage its own tax and public expenditure effectively, provide law and order, and deliver social services to the population.

The UK-funded programme supports the Afghanistan National Development Strategy and the Afghan government’s National Priority Programmes. It is delivered in close collaboration with other international donors and partners.

The UK is joint donor co-lead (with Netherlands and Denmark) in supporting the Afghan government to implement the New Deal. This work includes revisions to the aid management policy and participating in discussions on the Tokyo Mutual Accountability Frameworks.
Ecosystem Services (WAVES) programme. These are designed to address demand by developing countries for advice, tools, and guidance on managing natural resource assets and setting development objectives that respond to a changing climate.

<table>
<thead>
<tr>
<th>Box 12: DFID’s environmental efforts</th>
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<tbody>
<tr>
<td>DFID is the principal supporter of CDKN and will have invested almost <strong>£70m</strong> in the programme over 2010-15. The recent independent review of CDKN confirmed that the programme was performing well and on track to deliver the expected results.</td>
</tr>
<tr>
<td>DFID’s investment in WAVES is <strong>£1.9m</strong> over four years, 2011-15. Results are beginning to show, with pilot countries on track to establish environment accounts for key natural resources.</td>
</tr>
</tbody>
</table>

In addition, the UK recognises the importance of biodiversity and how it underpins human existence through the provision of clean air, water, shelter, fuel and income from trade. DFID and DEFRA have co-funded projects under the UK government’s Darwin initiative. The initiative addresses biodiversity issues in developing countries that also provide poverty reduction benefits to local communities.

On **gender equality and women’s empowerment**, the UK has to lead international action to improve the lives of girls and women. The UK’s new Vision for girls and women aims to unlock their potential to stop poverty before it starts. The Vision empowers them to have voice, choice and control over their lives.

Risk Assessments for Violence against Women and Girls are now also undertaken in all UK funded humanitarian support. See Annex 1 for a diagram setting out the strategic vision.

On **capacity development**, DFID published a substantial, evidence-based ‘How to’ note on capacity development in August 2012. This sets out DFID’s approach to capacity development, the intended beneficiaries, and contains concrete examples of successful interventions. The note covers capacity development of individuals, organisations and institutional frameworks in developing countries, and addresses the capacity of civil society organisations. Business cases for all new programmes are required to assess both existing local capacity to deliver specific programme options, and whether the proposed intervention is likely to strengthen capacity in a durable manner.

The 2010 DAC Peer Review recommended that the UK implement its commitment to build capacity of non-state actors. This is now one of DFID’s five key objectives for working with civil society. This agenda includes action to improve value for money (for example, giving procurement advice) and transparency, and encourage a greater focus on results through all funding programmes for civil society. The UK also supports BOND’s\(^4\) effectiveness programme. This helps UK development NGOs develop and strengthen their capacity and systems for procurement, monitoring and reporting, value for money and transparency.

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\(^4\) British Overseas NGOs for Development, comprising around 400 member organisations.
3 ODA allocations

3.1 Overall ODA volume

UK ODA was £8.8 billion (0.56% of GNI) in 2012, and once figures are confirmed, is set to rise to £11.3 billion (0.7%) in 2013, an increase of 28% from 2012. UK ODA will rise to £11.9 billion in 2014 and £12.4 billion in 2015, based on current projected GNI growth.

Figure 3: UK ODA 2010 to 2015

In 2012, DFID was directly responsible for 87% of UK development expenditure (£7.6 billion). DFID’s expenditure is expected to be £10.4 billion in 2013/14 and £10.0 billion in 2014/15.

Figure 4: DFID’s resource budget, 2010-11 to 2015-16

Other UK government departments and sources of UK ODA spend was £1,173 million (or 13% of total UK ODA) in 2012. After DFID, the two highest spenders of UK ODA were FCO who spent £282 million (3%) and DECC who spent £246 million (3%) in 2012. Please see Annex 2 for a full breakdown of 2012 UK ODA by government department and other sources.

ODA managed by other departments is used to help achieve UK objectives such as building peace and stability, prosperity creating conditions for growth, and tackling climate change.
In 2012, FCO managed ODA was used in 129 countries and overseas territories, promoting both country-specific objectives and objectives related to the international environment for poverty reduction. These activities complemented DFID’s bilateral and multilateral programmes. Of FCO managed ODA, about 25% was spent in Low Income countries, 70% on Middle Income countries, and the remainder was non-country specific. About 35% of FCO ODA goes to fragile states.

The UK complies with all DAC recommendations on aid and its statistical reports are in conformity to DAC rules. DFID collects data from all UK government departments following the guidelines set out by the OECD DAC. DFID compiles and quality assures this information into final Creditor Reporting System (CRS) and DAC Tables and reports these back to the DAC.

DFID also publishes its own National Statistical Publication – “Statistics on International Development” (SID) as the first release of the ODA:GNI ratio for the UK. All UK ODA is quality assured by DFID statisticians to ensure it meets the ODA definition and reporting guidance.

The UK provides the OECD DAC with three to five year indicative expenditure to partner countries in the OECD DAC Forward Spending Survey and updates the DAC on these each year. In addition, DFID publishes its operational plans for each country it works in, with expected budgets up to 2015 as well as publishing planned future spending on a rolling basis, using the IATI standard.

Actual volumes of ODA are recorded annually in a data collection run by DFID for all UK government departments. Each year there is a clearly defined target in relation to ODA:GNI ratio. The statement of intent, plan and timelines around this
can be found in DFID’s Business Plan. The Business Plan is periodically evaluated and refreshed.

In addition, the FCO has strengthened its ODA monitoring and reporting mechanisms, in part through the creation of an ODA Team. This is reflected in the ICAI assessment of FCO and British Council ODA reporting systems conducted as part of their review of the Arab Partnership fund, in 2013. ICAI reported that: “Systems of reporting expenditure on ODA are sound. The UK is satisfied that this system of ODA reporting is comprehensive and provides a high level of confidence that FCO’s ODA reports meet OECD rules”. There is an ongoing programme of work aimed at improving ODA reporting.

3.2 Bilateral ODA Allocations

Annex 3 summarises the breakdown of UK bilateral ODA, including the regional breakdown in 2012. Africa received the largest share at 39% (£2.2 billion), followed by Asia with 25% (£1.4 billion). Approximately 32% (£1.7 billion) went to international/policy programmes which benefit multiple countries. UK bilateral ODA to Africa has been increasing since 2008, and has been the largest share of UK bilateral ODA since 2009. This reflects the UK’s focus on low-income countries and fragile states. In 2010, the UK decided to withdraw bilateral ODA from countries where other donors were better placed, or where economic growth meant that bilateral aid was less important. Annex 3 also shows the trend of UK bilateral ODA to the different regions over the last five years.

In 2012, DFID spent £4.7 billion of bilateral ODA in fragile states. The UK has committed to spend 30% of ODA in fragile and conflict-affected states by 2014/15. Annex 3 shows that many of the largest recipients of UK ODA are classed as fragile states.

Bilateral aid sector allocations are based on the UK’s analysis of need in each country, and support the key priorities set out in DFID’s Business Plan. Two of the sectors with the greatest spend, reflecting the UK’s commitment to the MDGs, were Health with almost £1.1 billion (20%) of UK bilateral ODA and Education, with over £600 million. The second-highest sector spend was on “Government and Civil Society, General”, which demonstrates the UK’s focus on improving governance and security in fragile and conflict-affected states.

3.3 Multilateral ODA channels

DFID continues to be responsible for the majority of UK multilateral funding provided as ODA. In 2012/13, DFID managed total multilateral funding, including global funds, of just over £4.35 billion or 58% of DFID-managed ODA. Almost £3.3 billion of this total was classed as core (unrestricted) funding.

There have been some significant multilateral replenishments, informed by both the MAR in 2011 and MAR Update in 2013 (see section 2.2). Recent examples are the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) and the International Development Association (IDA). In September 2013, the UK committed £1 billion to GFATM for the 2014-16 replenishment period. This was a conditional pledge, with a cap on the UK contribution of 10% of the total replenishment with the aim of securing a total replenishment of US$15 billion. UK Ministers also set policy objectives for the Fund, to deliver even better value for money and increased focus on countries with the highest burden of disease.
In December 2013, the UK agreed to contribute an average of £938 million per year for the next three years under the IDA 17 replenishment. The UK will also provide concessional loans, worth £500 million over the three year period. Donors secured ambitious reform commitments for this replenishment round. Key priority areas included increased focus on fragile and conflict-affected countries, and increased focus on improving the lives of girls and women.

DFID’s choice of delivery routes is based on identifying options that offer good value for money. At the resource allocation stage, where appropriate and the evidence made it possible, DFID compares the value for money of delivery through a bilateral and multilateral delivery channel (see section 2.2).

For the World Bank, in 2013 DFID supported the increased minimum size for new funds from US$1.0 million to US$2.0 million, which should have a significant effect in coming years. DFID is working actively with the Bank to develop new models which can combine existing channels. In particular, DFID plans to participate in four of the five pilot thematic umbrella funds which the Bank launched. These identify key thematic areas and create single funds which roll up existing activities.

The UK is an active member of the Multilateral Organisations Performance Assessment Network (MOPAN). The UK works in MOPAN with 17 other bilateral donors to generate, collect, analyse and present relevant and credible information on the organisational and development effectiveness of multilateral organisations.
4 Organisation fit for purpose

4.1 Institutional system

This chapter focuses on DFID, as the Department of State responsible for UK development policy, and for administering the large majority of UK bilateral and multilateral aid spending. Coordination with other parts of government is described in previous chapters.

Leadership and management

DFID continues to have lead responsibility for UK development policy. DFID also manages 87% of UK ODA. Having a single, central government department responsible for development, headed by a Minister who sits in Cabinet, helps ensure a consistent and coherent approach to development by the UK government.

DFID is represented in the Cabinet by the Secretary of State for International Development, Rt. Hon. Justine Greening MP. In the House of Commons, the Secretary of State is supported by the Minister of State, Rt. Hon. Alan Duncan MP and the Parliamentary Under-Secretary of State, Lynne Featherstone MP; and in the House of Lords by Spokesperson Baroness Northover.

The most senior civil servant in DFID is the Permanent Secretary, Mark Lowcock, who is assisted by four Directors General. The Permanent Secretary, Directors General and four Non-Executive Directors (NEDs) sit with the Ministers on the Departmental Board, chaired by the Secretary of State. This meets at least quarterly to advise on and monitor the delivery of the Secretary of State’s strategy and policy priorities.

The Executive Management Committee, chaired by the Permanent Secretary, Directors General and NEDs, meets monthly and oversees the management of DFID operations, staff and financial resources to ensure the delivery of the Secretary of State’s agenda.

The Executive Management Committee is supported by a number of sub-committees:

- **Development Policy Committee**: supports the effective delivery of DFID business plan policy commitments;
- **Audit Committee**: ensures DFID remains a financially sound and efficient organisation that makes full and effective use of resources in support of the business plan;
- **Investment Committee**: ensures investments represent good value for money for UK taxpayers and that clear systems exist to take strategic financial decisions on the basis of evidence;
- **Security Committee**: responsible for monitoring the adequacy and effectiveness of all aspects of security globally; and
- **Senior Leadership Committee**: manage Senior Civil Service posts and staffing in support of drive for efficiency, change, results and value for money.

The Department’s corporate governance structures will be reviewed in early 2014. An organogram is at Annex 4.
Internal coordination

DFID has made a fundamental shift in its operations, with a focus on results that will transform the lives of people in poor and fragile states. This approach was quantified in detail in March 2011 in “Changing lives, Delivering Results”. DFID has ramped up frontline delivery to meet these ambitious commitments while simultaneously reducing its core administration costs. DFID has championed a new culture of value for money, transparency and accountability. This will help end the need for aid by creating jobs, unlocking the potential of girls and women and helping to save lives when humanitarian emergencies hit.

In June 2013, DFID published an Improvement Plan which set out DFID’s vision to be effective, influential and inspiring in five areas:

- Provide strong leadership;
- Deliver development results at scale;
- Improve impact and drive value for money;
- Build support for its work; and
- Look to the future.

DFID also needs to understand the changing development environment and follow up on the UN High Level Panel on the post-2015 agenda and the UK’s Presidency of the G8. Ministers are working with the Departmental Board to ensure DFID is fit to face these challenges after 2015.

The Improvement Plan is an integral part of the department’s continuous improvement approach, enabling DFID to identify where progress has been made, what’s working and where it needs to focus more effort to contribute to the government’s ambitious poverty reduction commitments. The priority actions will be used to frame Senior Civil Servant objectives in the department, hold the Permanent Secretary and Departmental Board to account on driving improvement, and help DFID to continue delivering in the spirit of the DFID vision.

The 2010 DAC Peer Review recommended that the UK should retain its aid programme’s clear focus on poverty reduction but streamline policies and operational systems. A major internal review of all DFID’s programme management procedures was commissioned in September 2013 and work to implement its emerging conclusions will take place during 2014. The objective is to further strengthen DFID’s reputation for world class delivery of results, ensure it remains well-equipped to respond to the post-2015 environment and establish fewer, better controls and a leaner process which adds value and builds capacity.

4.2 Innovation and behaviour change

In 2013, Ministers commissioned a review of DFID’s business model: Changing with the Times. The emphasis is to ensure that DFID will continue to focus on poor people and poor countries – being in the right place, doing the right things and doing it in the right way to maximise impact.

Changing the business model also requires DFID to explore how it allocates resources, how it collaborates with other development partners, and how it works as an organisation.
DFID has established a number of initiatives specifically aimed at promoting innovation. A Better Delivery Taskforce has been established to capture best practice and lesson learning on innovative programme design and implementation from within DFID, other development agencies and the private sector. In addition, DFID has established an expert panel to take an overview of strategy for digital and technology and programmes, and provide advice and challenge to the organisation. DFID set up an Innovation Hub to work with new partners and seek fresh perspectives to development challenges. The Innovation Hub will launch two mechanisms in 2014:

The **Global Development Innovation Ventures** (GDIV) will be a stand-alone organisation, supported by DFID and USAID in the first instance. Its objective is to facilitate new investments for innovation through pooled resources from partner governments, private sector investors, foundations and other donors. The Omidyar Network, founded by Pierre Omidyar (founder of eBay), will also be a partner, bringing its ‘venture-capital’ style approach and technology expertise to innovation for development.

GDIV will:

- 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;
- Create a marketplace to broker co-investment and collaboration between investors and innovators alike; and

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**Box 14: DFID’s business model: Changing with the Times**

**Doing the right things:** While all aspects of the poverty reduction system matter, in aggregate there should be a rebalancing of investment towards inclusive economic development, golden thread, girls and women, and integrate climate and conflict programming alongside core programmes. To maximise impact, DFID will seek to target resources at tipping points and decide explicitly what the UK should do given others’ roles.

**In the right places:** DFID will continue to be concerned with extreme poverty everywhere but will focus investment on poor people in poor countries unable to self-finance exit from poverty. DFID will retain direct bilateral programmes in the 28 countries where it currently works, but there will be plans to graduate a small number of cases.

**In the right ways:** DFID support should reflect countries’ ability to self-finance out of poverty and include instruments to unlock UK expertise. DFID will continue to invest in the multilateral system – with contributions strongly linked to performance. There should be opportunities to improve efficiency or effectiveness by using centrally managed arrangements or good performing multilaterals where appropriate; and ensuring there are coherent, organisation wide approaches to engagement in different sectors. DFID will continue to strengthen its commercial expertise – and use innovative delivery mechanisms such as results based financing and public private partnerships. There will also be a focus to continue to improve the transparency of DFID’s aid spending and its impact.
• ‘Crowd-in’ a global network of partner governments, private investors, foundations and donors with resources to bring proven concepts to widespread adoption.

The **AMPLIFY programme**, a partnership between DFID and the award-winning design agency IDEO, will support ten design challenges over five years, with each challenge focused on a different international development issue. The programme will use an open and collaborative process to “crowd in” a network of 60,000 problem solvers to stimulate innovation; and it will engage with intended beneficiaries in defining the challenge and designing the solution.

### 4.3 Human resources

The DAC has previously praised the high calibre and motivated staff at DFID. DFID’s workforce has increased by 19% since September 2011, to 2,870 staff in total. The increase in staff has focused on front line delivery to help manage and control the increasing aid budget. The 2010 Spending Review settlement required DFID to cut administration costs by a third in real terms over the four years to 2014/15, but allowed DFID to increase its spending on front-line delivery in real terms with:

- DFID’s administration budget falling to £94 million in 2014/15 (from £121 million in 2011/12). This covers back-office functions, such as finance and human resources, and accommodation.
- DFID’s front-line delivery budget increasing to £139 million in 2014/15 (from £91 million in 2011/12), to ensure the effective management of DFID’s increasing programme budget.

Over the past three years, DFID has increased the numbers of staff based overseas by 21%, with over 50% of its total workforce operating out of overseas offices. These numbers reflect the focus on front line delivery and the emphasis placed on working in fragile states. It does not include short-term assignments, for example to Libya and Somalia.

**Table 3: Change in numbers and distribution of DFID staff by location**

<table>
<thead>
<tr>
<th>FTE</th>
<th>September 2011</th>
<th>September 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,347.0</td>
<td>2,870.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Location</th>
<th>2011</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>1,110.8</td>
<td>1,293.2</td>
</tr>
<tr>
<td>Overseas</td>
<td>1,236.2</td>
<td>1,504.8</td>
</tr>
<tr>
<td>Graduate Scheme/Direct Entry for Advisers</td>
<td></td>
<td>72.0</td>
</tr>
</tbody>
</table>

There has been a similar shift in the grading distribution across DFID, with more than 50% of total staff now at Band A or senior civil servant grades. The increasing seniority has been due to the changing programme profile, with DFID employing more advisers over the past two years. At the same time, a sustained effort to

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5 The overall numbers represent a breakdown of all staff on headcount and paid by the Department. They exclude those paid by other organisations and, staff who are on unpaid maternity or discretionary leave.

6 FTE, Full Time Equivalent Staff; allows for staff working part time.
improve efficiency of human resources and financial management systems has resulted in less time being spent on transactional work.

In October 2013, DFID introduced a new Human Resources system (HR Passport) which delivers an improvement in the efficiency and effectiveness of people management across DFID. The introduction of improved self-service, simpler standardised processes and better access to accurate management information reduces some of the HR transactional work carried out across DFID. This contributes to a more efficient and cost-effective delivery of corporate services.

Implementing a new Finance Operating Model was a key component of DFID’s Finance Improvement plan, “Finance for All”, launched in September 2011. DFID recognised at that time that it had inconsistent finance roles, processes and varying degrees of skills and expertise across the organisation. This, in part, was contributing to the weakness in financial management capability reported in the NAO’s Financial Management Review (June 2011). The Secretary of State announced further messages to strengthen financial and programme management in 2012 and 2013.

The Finance Improvement Plan increased financial scrutiny and challenge to spenders on planned actual and planned expenditure, as well as capacity to track current and future year cost reduction plans. This helped increase business intelligence and management information to improve decision making, including the proactive identification of available resources to reallocate to priority result areas. This was achieved through a standardised approach to budget setting, phasing and monitoring including compliance with budget policy processes and increasing the financial management capability for non-finance staff.

In 2010/11, DFID identified the need to increase substantially the number of specialist advisers it employed overseas and in the UK to help manage its increasing programme budget. DFID now has around 850 accredited professional advisers across its cadres, double the number in 2011. These staff undertake a range of roles including some non-professional roles supporting DFID programme delivery. To develop its commercial capacity, DFID introduced a new role of commercial adviser in late 2010 and now has 17 advisers in post. DFID plans to have 10 commercial advisers located overseas, providing support to 17 of the Department’s priority countries. All staff in the Senior Civil Service will undertake commercial skills training in 2014.

DFID has strengthened and expanded its Research and Evidence Division, bringing together its research, evidence synthesis, evaluation, statistics and leadership of professional cadres under the leadership of the Chief Scientific Adviser and Chief Economist (both external appointments, and accomplished leaders in their respective fields). Specialist commissioning of research has been strengthened, and supplemented with internal secondments of leading academics as Senior Research Fellows, to ensure DFID remains at the leading edge. A new Evidence Into Action team produces evidence papers, commissions systematic reviews and links research with country offices, and regional research and evidence hubs have been established in India (serving South Asia) and Kenya (serving East Africa).

DFID is also strengthening its programme management capability. A new Head of Profession for Programme Management has been appointed and is establishing a
new specialist cadre of programme managers, professionalising skills that have previously been held informally. Around 300 to 400 staff are expected to be part of the cadre, which should also improve the transfer of good practice within the department. DFID is currently revising its programme management competency framework and this will be used to accredit staff to the cadre.

Staff in DFID are highly motivated, with 84% stating they were proud to tell others they are part of DFID (People Survey 2013). DFID continues to have the highest staff engagement scores among main Government Departments.

In February 2013, DFID completed its London headquarter relocation from rented offices in Palace Street to the government-owned property previously occupied by the Cabinet Office at 22 Whitehall, generating an overall saving of £62.5 million. DFID’s efficient approach to the use of space in Whitehall allows the building to be used more intensively, with all staff, including the Permanent Secretary, hot-desking. Wifi internet access and video conferencing facilities will reduce unnecessary and costly journeys to external meetings.

**UK Civil Service reform**

The UK Civil Service Reform Plan was launched in June 2012 to help equip a smaller Civil Service to best meet current and future challenges, which includes tackling the demands of public sector reform and the economic and financial pressures facing the country. The plan will also help deliver clearer accountability, more digital services, and better management information and will ensure that policy and implementation are seamlessly linked.

**Box 15: Civil Service Reform, DFID is:**

1. Building the capacity of its financial cadre to demonstrate greater accountability to stakeholders through robust transparent fiscal reporting and controls. Staff working at more senior levels in finance roles must now possess an accountancy qualification;
2. Continuing to enhance commercial capacity with commercial skills training being rolled out across the organisation;
3. Introducing a three box performance management rating scale and updated guidance to support the performance management process; implementing the changes announced as part of the review of terms and conditions of service;
4. Enhancing its approach to talent management. A new head of Talent Acquisition and Development has been recruited with the aim of strengthening talent assessment, development and management across DFID.

One of the UK’s key initiatives is “One HMG Overseas”. This which will bring a step-change to the way the UK government operates through the nearly 270 overseas locations where different combinations of UK government departments are represented. The programme will consider a range of corporate functions (including elements of business, human resource, financial and facilities management) which are important to all staff either overseas now or who may take up posts in the future.
5 Delivery modalities and partnerships

5.1 Budgeting and programming processes

DFID and other UK government departments have their ODA budgets set during the UK government’s multi-year Spending Reviews. In 2010, budgets were set for four years; and in 2013 budgets were set for a further year (2015/16).

DFID has approval from the Treasury to make financial commitments that go beyond the Spending Review period (currently 2015/16), up to an agreed level. This enables DFID to develop programmes with longer time horizons, providing partners with predictable financial flows.

DFID reviews current commitments and priorities annually, and monitors progress towards the targets in DFID’s results framework. DFID adjusts future indicative budgets as appropriate to meet key objectives, changing needs and strengthen performance against results targets. The annual results and resources cycle starts in June, when current commitments and priorities are reviewed in order to define where there may be gaps in terms of resource allocation. Once any resource gaps have been established, this forms the basis of the guidance around the commissioning of budget bids for the upcoming financial year. Any proposed changes to indicative budgets, based on delivery of agreed results within Operational Plans, are prepared and submitted centrally for consideration alongside other bids. Bids for additional resource may be commissioned in relation to the key areas of strategic priority identified by DFID Management. Once bids have been reviewed centrally and approved, Operational Plans are refreshed to reflect any proposed changes in terms of available resources or results delivery. The final budgets are aggregated into the Main Estimates that are laid before Parliament in April.

The UK’s over-arching development policy priorities for the period up to May 2015 are set out in the DFID Business Plan. DFID’s resource allocation process is described in section 2.2. Budget allocations decisions are published in Operational Plans covering the period 2011-15. These plans translate the outcomes of the Spending Review 2010 as well as the BAR, MAR and HERR processes, into plans that set out the operations of different units of DFID for four years. They outline the role each unit plays in delivering the DFID Business Plan, and map out the results UK aid will achieve in every country DFID works in. All Operational Plans are updated annually and published online.

DFID’s choice of aid instrument is based on evidence and analysis of what offers the best value for money for achieving specific results. This is determined through the analysis performed as part of DFID’s Business Case prepared for each DFID-managed project or programme. The Business Case sets out the rationale for choosing a project, programme, or approach to funding (referred to collectively as an intervention). It provides a consistent approach to choosing from design and/or delivery options for an intervention, and for setting out the need and rationale for DFID intervention.

DFID’s Business Case is based on the Treasury’s “five case” model. It ensures that DFID’s approach to investment decisions is consistent across its own portfolio and with other UK government departments.
There is a formal quality assurance process for all Business Cases where the programme is either large (£40 million and over) or novel and technically contentious. The Quality Assurance Unit (QAU) coordinates inputs from relevant advisory and corporate cadres and prepares an integrated QA report for the Chief Economist. Ministers exercise close oversight of new approvals, contract awards and project monitoring. Ministers approve all spend of £5 million and over, as well as politically sensitive, novel, and technically contentious interventions. Business cases for spend of £5 million and over but below £40 million do not require formal review by the QAU. The Intervention Summary and completed Business Case are submitted direct to Ministers. Business cases of £40 million or over, or those judged to be politically sensitive, novel or technically contentious (regardless of value), are submitted to Ministers once the formal quality assurance is complete. Multilateral core contributions are also set out in Business Case documents. DFID Business Cases are published on-line.

The UK remains committed to the country-led approach to development. DFID’s country and regional aid programme is based on the context in country, and where possible aligns with national strategies, reflected in Operational Plans. Country and sector-level budgets were agreed during the BAR based on country need and evidence about effectiveness of interventions (see section 2.2), and are reviewed annually.

In 2012/13, DFID provided budget support to 11 countries, a total of just over £500 million (around 12% of DFID’s total bilateral spend). Budget support is increasingly provided in the form of sector budget support, earmarked for the health and education sectors.

The full range of risks for interventions are assessed and analysed within the business case which sets out, in a consistent fashion, the rationale for a project, programme, or approach to funding. This informs the programme delivery design and control mechanisms, and is required for all programmes irrespective of value. At an operational level, risk registers are maintained within operational plans.

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**Box 16: The DFID Business Case has five interdependent cases:**

1. **Strategic Case:** sets out the context, the need, and rationale for DFID intervention. It also sets out the impact and outcome expected from the intervention;
2. **Appraisal Case:** explores how DFID will address the need set out in the Strategic Case, appraises options, and identifies which best delivers value for money;
3. **Commercial Case:** ensures that the delivery route for the preferred option is commercially viable and delivers value for money;
4. **Financial Case:** establishes that the preferred option is affordable and that the principles of sound financial management for public funds are followed; and
5. **Management Case:** sets in place the governance arrangements necessary for the successful delivery of the intervention including procedures for monitoring and evaluation.
DFID introduced a new Due Diligence Framework in January 2013, to assess the organisational and financial management capability of third parties contracted to deliver parts of UK ODA. This assessment is compulsory for all new providers, and is being applied retroactively to existing suppliers as part of contract renegotiation and review. In addition, DFID has established a Key Supplier Management arrangement with its ten largest providers of goods and services. Key supplier management ensures DFID manages relationships with suppliers to deliver best quality and value for money. It engages suppliers to drive performance and cost improvements.

A framework of meetings promotes communication and ensures:

- Regular operational reviews between country office colleagues and suppliers delivering programmes;
- Quarterly review meetings between Procurement and Commercial Department and suppliers to manage key organisation-wide issues and to drive strategic alignment; and
- Annual board-to-board reviews to provide strategic vision.

Tackling corruption remains a top priority for the UK. In November 2011, ICAI reviewed DFID’s approach to tackling corruption. It found that DFID had a good awareness of the fraud risks and seeks to safeguard UK funds through appropriate choices of funding channels and programme design. The review found that the UK often played a leading role within the donor community on anti-corruption work. ICAI recommended that in any country assessed as having a high risk of corruption, DFID should develop an explicit anti-corruption strategy and develop more sector and country-specific analysis.

In response, DFID has become more assertive in its approach to anti-corruption and counter-fraud at the country level, through the adoption and implementation of 29 anti-corruption and counter-fraud strategies – one for each of the UK’s main partner countries. The strategies outline the main corruption issues and trends in each country, and spell out what DFID will do to help reduce corruption and manage the risk to UK aid funds. The strategies help country teams to: plan assistance to their partner country to tackle corruption; strengthen protection of DFID funds from loss or misuse; and ensure the office maintains high levels of integrity amongst staff. A link to the public version of the strategies is published online.

To monitor progress on the strategies, country offices report annually through an annex to the Operational Plan. This sustains momentum for implementation and enables regional and DFID-wide oversight of progress. In addition, skills and awareness of staff and delivery partners have improved through focused training and guidance.

UK ODA is 100% untied. The UK decided to de-link its aid budget from procurement of UK goods and services because there was strong evidence that tied aid increased costs and so reduced the value for money achieved with the aid budget. Untying aid provides better value for money, gives UK companies a chance to compete equally for opportunities under UK and other EU aid programmes also untied), and enables manufacturers in developing countries to compete and grow.
UK companies are free to compete for UK aid contracts along with any other non-UK firm. DFID policy is for fair, open and transparent procurement consistent with EU legislation and the UK International Development Act (2002). This means that UK commercial interests cannot be given preferential treatment.

DFID has a procurement portal that is regularly updated with the latest contracting opportunities. It can be viewed by anyone with internet access. At no cost, registered suppliers can opt to receive automated alerts when new competitions are advertised.

The new DFID strategic framework for economic development sets out how the UK will work more closely together to ensure a coherent UK government approach to economic development. This effectively brings to bear the potential UK business can contribute to economic development. UK aid will remain untied, but it will join up UK efforts to simultaneously promote poverty reduction and UK growth. Making developing countries better places in which to do business can benefit both local and international firms. The countries that graduate from aid are the emerging markets of the future, which will help drive UK export growth and global prosperity.

DFID’s Partnership Principles (PPs) provide the framework within which aid partnerships are likely to be effective. The PPs are an important part of DFID’s decision-making process about the way it provides development assistance within a country. In particular, assessment of a partner government’s commitment to the PPs is one important factor in influencing the extent and manner to which DFID works with the government in that country, aligning development assistance with their strategies and plans, and working through their systems.

The four PPs are a commitment to:

- Poverty reduction and the MDGs;
- Respecting human rights and other international obligations;
- Improving public financial management, promoting good governance and transparency, and fighting corruption; and
- Strengthening domestic accountability.

Any deterioration in commitment to the principles triggers a discussion with the government rather than an automatic interruption to financial aid. All cases where DFID changes programmes due to a weakening commitment to the PPs are published in DFID’s Annual Report.

The UK is clear with its partners what conditions are attached to its programmes and ensure that the potential consequences of a failure to meet a particular condition are fully understood. Where possible, the UK works with other development partners to align behind the same conditions and monitoring frameworks. In cases where the UK attaches specific conditions to programmes, conditions are agreed with partners and where possible drawn from their own national plans.

One UK cross government reform priority is Payment by Results, and several government departments are piloting this approach. Payments by Results is strongly referenced in the UK’s Open Public Services White Paper, which sets out the government agenda for public sector reform. DFID has established 13 Payments by Results programmes and funds covering a variety of sectors and
delivery channels. For example, DFID is implementing Results Based Aid education pilots in Ethiopia and Rwanda, which are over a year into implementation. Disbursements are conditional on achievement and verification of results. Some of these programmes are being independently evaluated in the first half of 2014, to inform decisions about whether and how to follow this approach elsewhere.

5.2 Partnerships

Division of labour and joint approaches

Openness, trust, mutual respect and learning are at the heart of the UK’s partnerships in support of development goals. The 2010 DAC Peer Review recommended that the UK should continue to share experience and contribute to the international dialogue on aid effectiveness. The UK continues to do this as co-chair of the Global Partnership for Effective Development Cooperation (GPEDC). The GPEDC recognises that partners have common goals and are guided by shared principles: ownership of development priorities by developing countries; a focus on results; inclusive development partnerships; and increased transparency and accountability. The first High Level Meeting in April 2014 will seek progress on the role of business in development, international and domestic taxation, and sharing knowledge.

The New Deal for engagement in fragile states was agreed in Busan by a group of fragile states, development partners and civil society organisations. It includes five peace and state building goals: legitimate politics; security; justice; economic foundations; and revenues and services. The New Deal has made good progress during its first year of implementation, with pilot programmes now established in Afghanistan, South Sudan, Sierra Leone, Liberia, the Central African Republic, East Timor, Somalia and the Democratic Republic of Congo. Implementation of the peace and state building goals will be carefully monitored, and work is underway to ensure that ways of measuring achievement are reflected in the post-2015 development framework.

Accountability

The UK published an implementation plan in December 2012 for meeting the International Aid Transparency Initiative (IATI) standard agreed at the Busan High Level Meeting. In 2012/13, DFID continued to lead IATI, a collaboration which is part of and supports the development of the Busan common standard.

In line with the Busan principles and the UK government’s wider transparency priorities, DFID has further increased its transparency about spending and operations. In 2012, DFID launched an Open Data Strategy which aims to help increase transparency and accountability between governments and citizens in UK partner countries.

In addition, DFID launched “The Development Tracker” in 2013. The tracker is an easy-to-understand way of providing greater traceability of UK assistance, from the original funding source to its beneficiaries. It enables the public to find and explore details and results from international development projects. The tracker is run by DFID and uses data provided by DECC, Home Office, FCO and will incorporate data from other UK government bodies as they publish data to IATI. The site also incorporates data published by DFID’s delivery partners, initially on a small-scale to prove the concept that aid can be traced through the delivery chain. The goal is to
be able to use open data to trace the delivery of aid from donor to beneficiary, helping to maximise aid effectiveness.

**Partnerships**

Progress on global poverty reduction requires a global effort. This is why DFID works with a wide range of partners and countries on development, including many that are playing a much greater global role in development than in previous periods. Countries such as China, Turkey, India and Brazil are making significant contributions to global challenges such as climate change, food security, and disease control. They are important partners in international fora. They have recent and on-going experience of domestic poverty reduction, which is relevant and interesting to poorer countries.

In April 2011, DFID established a new programme to manage the development relationships with such countries more effectively. DFID is working within the wider context of the cross-government’s Emerging Powers Initiative, established in May 2010 to create deeper relationships between the UK and emerging powers in pursuit of long-term prosperity and security objectives. DFID is focused on development partnerships with China and Brazil (where the UK no longer has bilateral aid programmes), and with India and South Africa (where this work complements the UK’s current bilateral aid and the transition to new development partnerships from 2015). More recently, DFID has extended its network to include a presence in British Embassies in Indonesia, Colombia and the United Arab Emirates. DFID is also exploring collaboration with other countries.

The Secretary of State for International Development announced during 2013 a transition to new development relationships with India and South Africa from after 2015. The UK will approve no new financial grant aid to India and South Africa, but will honour its exiting commitments. After 2015 the development partnerships will focus on technical cooperation and financing private sector initiatives using returnable capital (providing equity and loans) and global programmes. In India for example, while India increasingly has the resources to finance its own development, the Indian government has consistently told DFID that technical assistance is greatly valued and in demand.

DFID work with new partners includes:

- **Global health**: DFID funding has enabled the scaling up of work with Indian pharmaceutical manufacturers to lower the cost of life-saving medicines across the developing world, saving £1 billion on essential drugs and vaccines. It is also supporting the sharing of South African expertise on health planning and procurement with other African countries. New work with China will enable low-income countries to learn from China’s unparalleled success in reducing infant, child and maternal mortality rates, disease prevention and control, and health sector reform;
- **Agriculture and food security**: work with Brazil on climate-start agriculture and nutrition in Africa, which has both exported Brazilian expertise (based on demand) to a number of African countries, and served as the foundation for the UK’s global alliance with Brazil on Nutrition for Growth, launched in June 2013 continuing in the run-up to the Rio Olympics in 2016; and
- **Sharing of experience**: many counties that have been aid recipients are now building their own capacity to deliver development assistance – or ‘South-South Cooperation’ – and almost across the board they have an interest in DFID’s
approach to policy making, aid programming, and monitoring and evaluation results. DFID funding is facilitating the sharing of UK experience in this area.

**Box 17: DFID’s work with philanthropic foundations**

DFID also has a wide and varied range of collaboration with some 36 philanthropic foundations, at both strategic and practical levels.

For example, DFID partnered with the **Bill & Melinda Gates Foundation** to host the London Summit on Family Planning in July 2012. This summit secured donor commitments of US$2.6 billion over eight years for family planning, which meant an additional 120 million girls and women in the poorest countries able to access and use contraceptive information, services and supplies.

In the past year, DFID and the **Open Society Foundation** have agreed a joint justice strategy which aims to enhance collaboration at both strategic and practical levels. DFID and OSF also worked together to highlight extractives, transparency and signed an MOU to establish the Transparency Champions Challenge within the Marking All Voices Count fund.

DFID co-hosted a major conference on new technology and transparency (**Open Up!**) with the **Omidyar Network** in November 2012. DFID and Omidyar also work closely on transparency and governance issues, for example by funding and sitting on the steering committees of the Transparency and Accountability Initiative and the Open Government Partnership.

The **Children’s Investment Fund Foundation (CIFF)** has a close policy dialogue with DFID on a number of issues including learning and early childhood. CIFF has matched DFID funding for GAVI.

The **Shell Foundation** and DFID works together to improve access to energy in the developing world by supporting product innovation that delivers sustainable energy access as well as supporting small and medium enterprise development in the Middle East and North Africa region.

DFID and the Nike Foundation established Girl Hub in 2010, a strategic collaboration which delivers social communications to inspire and engage girls, and shape how societies view and value girls. Girl Hub informs and influences decision makers to invest in effective policies and programmes that benefit girls.

As part of its focus on economic development (see section 2.3), the UK announced in January 2014 that it will partner with several major UK high street retailers to improve working conditions and job opportunities for more than 700,000 workers and smallholder farmers in Kenya, South Africa and Bangladesh. In addition, the UK will sign the first Memorandum of Cooperation with the London Stock Exchange Group (LSEG) to support emerging capital markets in Africa. This will allow the LSEG Academy to expand its training in Tanzania and, in time, across East Africa.

Over the last year, DFID has consulted business leaders for their views on how commercial and development objectives can support each other. For example, DFID conducted a series of roundtables with business representatives from the
extractives, retail, infrastructure/construction, and accountancy institutes to understand the opportunities and challenges in these sectors.

Box 18: Roundtables with business representatives

In May and November 2013, the Secretary of State for International Development held two roundtables with seven FTSE 100 companies from the oil, gas and mining sector. As a result, DFID is working up ideas for mutual collaboration in this area, to supplement UK country programmes.

DFID also held a roundtable with accountancy institutes, to discuss how improved accountancy practices can support economic development. As a result, five top accountancy institutions have joined the UK’s Investment Facility for Utilising Specialist Expertise. This DFID-funded programme provides developing countries with access to UK expertise to help them create the infrastructure and environment.

Civil Society Organisations (CSOs)

Working with CSOs forms an integral part of DFID’s approach to achieving international development results, from reducing poverty, to tackling climate change, to dealing with conflict. DFID’s relationship with civil society has grown steadily over the past decade. In 2011/12, DFID channelled £694 million of bilateral aid through CSOs, in absolute terms almost 30% higher than in 2008/09. Of this, £367 million was core funding and £327 million was contracted through country programmes. The growth in spending through CSOs has been relatively stable and in line with overall increases in DFID spending.

DFID provides strategic (unrestricted) funding to 41 organisations, based on mutually agreed outcomes set out in Programme Partnership Agreements (PPA)7. Current annual spend through PPAs is £120 million.

Box 19: Competitive mechanisms that fund CSO projects

DFID has a number of competitive mechanisms that fund CSO projects.

The Global Poverty Action Fund (GPAF) is designed for funding small and medium sized CSOs, and was established in 2011.

In the first round of funding, 84% of recipients from the “Community Partnership” window received DFID funding for the first time. The GPAF funds projects in the bottom 50 countries of the UN Human Development country index and in UK’s 28 focus countries and focuses on the pursuit of the Millennium Development Goals. To date more than 140 grants have been awarded and will reach an anticipated 11 million beneficiaries.

CSOs play an important role in all aspects of development from service delivery (particularly in fragile states) to improving governance. DFID supports programmes in many countries and globally to strengthen civil society to empower citizens to

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7 A list of organisations DFID holds PPAs with can be found here: https://www.gov.uk/programme-partnership-arrangements-ppas.
hold their governments to account. To address these issues, in 2007 DFID created the Governance and Transparency Fund (GTF). The GTF supported 38 lead CSOs to build the capacity of more than 1000 CSOs in more than 100 countries to demand improved governance and transparency.

DFID supports the CSO sector to improve its effectiveness, transparency and coordination through targeted programmes such as support to BOND on effectiveness, IATI compliance and NGO coalitions; and through its procedures and compliance systems.

In addition, DFID has developed a number of innovative programmes with CSOs to utilise their expertise to achieve development results and also to engage the broader public. For example, UK Aid Match matches public donations to selected CSO appeals. This gives the British public the opportunity to direct up to £40 million of UK aid money each year to causes that they feel strongly about. DFID also works to engage civil society at grassroots level both in the UK and overseas. The International Citizen Service programme has seen over 3,000 young volunteers from the UK work directly alongside volunteers from developing countries on community level development projects. DFID is seeking to expand this programme to focus on economic development, entrepreneurship and job creation.

5.3 Fragile states
Country strategies address conflict and fragility

The starting point for country offices is context analysis to identify the key barriers to a country being able to self-finance an exit from poverty – this is the Country Poverty Reduction Diagnostic (CPRD). The CPRD focuses on seven key areas which have a significant impact on country’s ability to exit poverty: political settlement and institutions; conflict; state capability; growth; growth transmission; social policy and service delivery; and resilience. Many of these reflect the key areas identified in DFID’s 2010 Building Peaceful States and Societies paper.

The 2010 DAC Peer Review recommended that the UK should “broaden its approach to develop preventative strategies in fragile but pre-crisis states”. Since then, the UK undertook the 2010 Strategic Defence and Security Review. This outlined how the NSC would agree the objectives and resources for integrated cross-government strategies in high priority regions. This has improved the UK’s ability to anticipate instability and potential triggers for conflict. Key planks of the UK government’s approach to Conflict Affected States are through developing early warning mechanisms, use of the Countries at Risk of Instability Index, taking fast, appropriate and effective action to prevent a crisis or stop it from escalating, and better understanding the causes of conflict and instability. A £20 million annual Early Action Facility within the tri-departmental Conflict Pool was created to help the UK government move more swiftly in response to warnings and opportunities.

A new cross-governmental conflict analysis tool (Joint Analysis of Conflict and Stability - JACS) has been established to better inform the UK’s policy and programmes in country. JACS builds consensus on a shared understanding of the basic drivers of the conflict and instability in a country to inform strategic integrated planning and decision making. The JACS will allow for the consideration of priority responses and trade-offs, and promote a coherent prevention, stabilisation, or peace building strategy. Using the tool can inform the government’s integrated country strategies, deepen country offices’ understanding of fragility and conflict, or
enable better analysis on the interaction of development programmes with the conflict dynamics in changing situations. Building resilience to disasters and conflict is also a key pillar of the UK’s 2011 Humanitarian Policy.

Box 20: Somalia Conferences – 2012 and 2013

In both 2012 and 2013, the UK hosted international conferences on Somalia in London. The 2012 Conference was commended for the contribution it made to bringing to a close a long period of political transition in Somalia and paving the way for the election of the new Government.

In May 2013, the Prime Minister and resident Hassan Sheikh Mohamud jointly co-hosted a further Somalia Conference in London, involving more than 50 partner countries and organisations. At the same time, the Secretary of State for International Development hosted an event on aid co-ordination focused on the New Deal; and chaired a session at which the Somali Minister of Finance presented a public financial management reform plan. The 2013 Conference resulted in commitments of over £194 million ($300 million) to support the Somali Government plans for rebuilding its security forces, police, judiciary, and public finances.

Coordination with government and other donors

The UK recognises that no single donor or international actor can address conflict and fragility alone and is strongly committed to working through the international system to lay the foundations for peace.

The UK prioritises its partnerships with multilateral organisations to tackle fragility and conflict and to ensure that the international system works more effectively in fragile and conflict affected states. Government departments work across Whitehall to coordinate the UK’s engagement with multilaterals (in particular the World Bank, UN and EU) across the political, development, security and humanitarian spectrum to ensure effective, integrated responses to conflict and fragility.

Programme delivery modalities in fragile contexts

Twenty-one of the 28 countries the UK has country partnerships with are classed as fragile states, encompassing very different country contexts. The range of possible delivery modalities includes general budget support, through sector budget support, more targeted fiscal support, multi-donor funds, performance-based funding and direct support through NGOs.

DFID decisions on delivery modality are determined by a range of factors: the objectives of the support; the capacity (and reach) of the partner government; and the strength of their fiduciary risk management systems as well as the presence and focus of other actors. DFID funded programmes are designed in ways that build ownership (partnership government in the driving seat, setting its own priorities) and align with government plans (and use government systems where appropriate). The type of engagement and choice of delivery modality depends on the context and may also evolve in response to changing circumstances.

In many of the post-conflict settings with weak national systems, a common delivery modality is a pooled multi-donor fund, which harmonises donor support behind national plans (country ownership). A recent example of this is the Multi-Partner Fund for Somalia, where the UK is working with the World Bank and other
donors to design a major new funding facility. In other situations, where the capacity of partner governments’ strength of national systems is higher, DFID can provide budget support, along with technical support. A good example is support to the education sector in Pakistan.

A phased increase of a government’s control over funds, linked to the government’s achievement of specified results has been used to manage high risk environments with weak government capacity and to build in flexibility into the fiscal support mechanism. In the case of the Liberia Governance and Economic Management Assistance Programme, the programme gradually transitioned from a model of embedded advisers within the government to supporting national ownership of funding decisions. In the South Sudan Health Pooled Fund and the Somaliland Development Fund, clear stages were outlined in the fund design linked to partner governments meeting agreed performance benchmarks.
6 Results, transparency and accountability: managing for, evaluating, learning and communicating results

6.1 Policies, strategies, plans, monitoring and reporting

The 2006 International Development (Reporting and Transparency) Act requires DFID to report annually to Parliament on development policies and programmes. DFID must also report on how much aid has been provided to which partner countries and with what results. The government has strengthened the UK’s mechanisms for transparency and accountability by:

- Publishing all project documents, reviews and all expenditure above £500;
- Launching the Independent Commission for Aid Impact (ICAI) (May 2011), which reports directly to the International Development Select Committee;
- Introducing the Development Tracker (November 2013), to provide greater traceability of UK assistance from original funding source to beneficiaries.

DFID continues to increase its focus on managing for development results. Since the 2010 DAC Peer Review, DFID has reformed many of its core processes around resource allocation and performance management at the corporate and intervention levels, so that managing for development results is more central to the process. The resource allocation process is more results-oriented, as are Operational Plans, programme design and performance management systems.

The DFID Business Plan and “UK aid: Changing Lives, Delivering Results” set out clear priorities and goals which are highly results-oriented, but also set clear policy priorities for the department. They provide a transparent and practical overview of the impact UK aid will have on the lives of poor people.

The DFID results framework draws together progress towards the MDGs, and reports on a core subset of headline results DFID will deliver through bilateral and multilateral programmes. It incorporates actual results with targets to 2014/15 for a number of indicators which measure progress towards the commitments set out in “UK aid: Changing Lives, Delivering Results” document (see table in Annex 5).

As at March 2013, the UK had made significant progress. Highlights include:

- 33.4 million people to have choice and control over their own development (2015 target, 40 million);
- 6.1 million people with cash transfer programmes (2015 target, 6 million);
- 6.4 million children in education per year (2015 target, 11 million);
- 3.8 million people to improve rights to land and property (2015 target, 6 million);
- 30.3 million people with access to financial services (2015 target, 50 million);
- 19.6 million people with access to a water, sanitation or hygiene intervention (2015 target, 60 million);
- 12.9 million children under 5 or pregnant women with nutrition programmes (2015 target, 20 million); and
- 1.6 million births delivered with the help of nurses, midwives or doctors (2015 target, 2 million).

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8 Reports that go to Parliament: Annual Report and Accounts; Mid-Year Report to Parliament; Regular Treasury minutes relating to PAC reports; government responses to Select Committee Reports, particularly the International Development Committee.
DFID monitors progress towards these results twice per year, producing management information on performance and taking action if required. This provides a clear line of sight from individual interventions to the delivery of corporate targets. Performance against the results framework is published within the DFID Annual Report, and includes the key results for each priority country and multilateral institution. The current assessment is that DFID is on track to deliver the 2015 targets.

DFID country offices are responsible for managing country aid programmes and delivering results for individual projects. Reporting is at project level (against logical frameworks), and at portfolio level (against Operational Plans). Harmonisation of results frameworks, both with partner country systems and across donors, is a key part of the international aid effectiveness agenda. Operational Plans provide information about the contribution that different parts of DFID will make to the corporate results targets, as well as wider results they will deliver.

When monitoring results, DFID draws on the most appropriate project, country, or regional level data for each indicator, including where possible data using country systems. DFID also uses bilateral assistance to strengthen government capacity and research organisations in developing countries.

DFID reviews individual programmes formally once a year, recording the actual results delivered and scoring the intervention on the basis of actual delivery versus what was expected. Reviews are discussed and agreed with project partners, and all Annual Reviews and Project Completion Reviews are published online to ensure accountability and make DFID’s information easier to locate.

6.2 Evaluation system

Evaluation policy and evaluation unit

In May 2013, DFID published a revised Evaluation policy, replacing the previous policy from 2009. This provides the framework under which all DFID evaluation work is carried out and sets the standard for all evaluation of UK assistance.

The Evaluation policy shows how the UK has changed the way it designs aid programmes so that evaluation considerations are ‘embedded’ in programmes at all stages of the project cycle. This means clear assessments of the evidence for what does or doesn’t work in the initial stages of programme design, collection of baseline data and effective evaluation over the life of the programme and beyond management.

This embedding of evaluation included: locating evaluation advisers within operational departments; creating a new professional cadre of specialist evaluation posts across the organisation; developing staff evaluation skills; and an increased investment in high quality evaluations including rigorous impact evaluations. This has required a closer inter-relationship between programme and evaluation design.

To ensure evaluations meet quality standards, DFID has introduced quality assurance mechanisms at key stages in the evaluation cycle. Transparency, through the publication of evaluation products, is also a core commitment of the 2013 Evaluation Policy. DFID usually has a lead role for evaluations of ODA managed by other government departments; these are typically carried out jointly through evaluation steering and/or reference groups.
FCO, DECC and DEFRA have their own arrangements for monitoring and evaluation but coordinate with DFID on ODA evaluations. The FCO Programme Evaluation Board oversees the monitoring and evaluation of FCO Strategic Programmes. It champions effective evaluation and ensures that each Programme contributes effectively to the delivery of the Foreign Policy Priorities, and provides value for money. It assesses Programmes’ relative impact taking account of both short term outcomes and longer term aims.

**Independence of evaluations**

In driving forward the need for and benefits of quality evaluation, the 2013 Evaluation policy requires all evaluations to be independently quality assured during the commissioning and draft final report stages.

In addition, the UK has made a fundamental shift in the way UK aid spend is scrutinised by increasing independent reviews through the ICAI. Independent scrutiny is vital in determining what results are being achieved. ICAI was launched in 2011 and reports directly to the International Development Select Committee in Parliament. ICAI was established to scrutinise the impact and value for money of UK ODA, and provides a greater level of independent, external scrutiny than ever before of ODA managed across government departments.

In addition to ICAI, independent scrutiny also comes from UK’s National Audit Office and from Parliament, in particular the International Development Committee (IDC). The IDC is the House of Commons Select Committee with specific responsibility for scrutinising the work of DFID. The Committee’s role is to monitor the policy, administration and spending of DFID and its associated public bodies. It takes an interest in the policies and procedures of the multilateral agencies and non-government organisations to which DFID contributes. As well as conducting an annual inquiry into DFID’s Annual Report and Accounts, recent inquiries also include: the Future of UK Development Cooperation; Global Food Security; Pakistan; the post-2015 Development Goals; and Tax in Developing countries. The government’s responses to IDC recommendations and reports are published on the Parliamentary website.

**Planning and budgeting for evaluation**

Evaluations are funded by operational departments in line with guidance in DFID’s Evaluation Handbook, with funding for most evaluations included in project budgets at the design stage. DFID has developed thematic evaluation strategies for key policy areas including governance and security, and private sector and growth, to help incentivise and shape the evaluation agenda. DFID publishes evaluation planning and financial data in the Annual Evaluation Report, which is monitored by the Evaluation Department and reported to the DFID Investment Committee9.

DFID has built a strong pipeline of evaluations across all areas of its operations and policies with significant planned evaluations each year for 2012-18. In

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9 DFID Investment Committee: chaired by the Director-General of the Finance and Corporate Performance Division, this committee ensures our investments represent good value for money for UK taxpayers and that clear systems exist to take strategic financial decisions on the basis of evidence. It also advises the Executive Management Committee on developing organisational culture and capability on value for money.
2012/13, DFID published 26 studies; and around 40 evaluations are planned for completion in 2013/14.

The focus of evaluation by DFID has shifted in recent years. Evaluation studies are now more programme specific, with fewer strategic level evaluations at sectoral, thematic or country level. At the same time, there has been a significant increase in rigorous impact evaluations.

A key challenge for DFID is ensuring a strategic approach to evaluation across the portfolio in terms of geographical and thematic coverage, taking into account level of spend and strength of evidence. To meet this challenge, in 2014 DFID will develop a strategy to guide evaluation investments to ensure optimal coverage and value for money.

Evaluation partnerships and strengthening capacity

In 2012/13, DFID undertook 14 evaluations jointly with other development partners. In these cases, DFID makes full use of the evidence gathering and analysis done by the internal evaluation departments of multilateral organisations, and collaborates on interpreting the results and deriving lessons and recommendations.

DFID supports evaluation capacity development in partner countries as a means of strengthening the evidence base upon which development investments are made, as well as improving democratic and accountable systems and structures for citizens and stimulating the development of a vibrant community of evaluation providers. DFID has focused its support on strengthening existing networks and programmes at international and regional levels, to improve evaluation practice and to ensure that high quality evaluations are produced, shared and used.

Support to specific programmes is focused on the multi-donor financed Centres for Learning on Evaluation and Results (CLEAR) Initiative. During 2013/14 DFID will continue diagnostic work and develop a comprehensive strategy for its support to evaluation capacity development.

DFID has steadily increased its funding for high quality impact evaluation, including through international partnerships. DFID is one of the major funders of impact evaluation through several initiatives partnering with the World Bank (Strategic Impact Evaluation Fund) and a newly established Impact Evaluation Support Facility. DFID also works on rigorous impact evaluation with the International Initiative for Impact Evaluation, the Abdul Latif Jameel Poverty Action Lab, Experiments in Governance and Politics, Clinton Health Access Initiative, and the Bill and Melinda Gates Foundation.

In 2014, DFID plans to help establish a new multi-disciplinary Evaluation Centre for Excellence to develop and test innovative approaches to impact evaluation in challenging development contexts. This will improve and broaden the range of robust designs for impact evaluation, and hence the effectiveness of interventions.

6.3 Institutional learning

Evaluation feedback mechanisms

DFID makes its evaluation findings available to a range of audiences. The usual practice is internal dissemination through seminars and short notes. All DFID evaluations are published with a DFID Management Response to the evaluation
recommendations. The Evaluation Department monitors this system, and the level of compliance is reported to the Investment Committee. At present there is no systematic follow-up procedure on the response to DFID evaluation recommendations. This is being addressed by Evaluation Department in 2014.

Dissemination of evaluation results and lessons
The DFID Evaluation Handbook and training materials provide guidance on evaluation dissemination and use. With effect from 1 May 2012, and in line with the UK government’s transparency commitments, all DFID evaluation reports and related documents have been published on DFID’s Development Tracker and the GOV.UK external website. All reports are also loaded onto R4D and the DAC Evaluation Resource Centre (DEReC) website to improve international access. DFID evaluation and research policies have commitments to ensure that DFID funded evaluation and research datasets are made available to facilitate further research and analysis.

In 2013, DFID published its first Annual Evaluation Report since moving to the new evaluation system. The report documents: a synopsis of findings and lessons; one page summaries of completed evaluations and management responses; evaluation plans; and progress made to date in delivering ‘more and better’ DFID evaluations. DFID has set up a number of networks and newsletters in the past 18 months to share evaluation knowledge and practice.

Knowledge management
DFID is committed to using a wide range of evidence to inform its decision making. Knowledge management systems and processes support the use of evidence and decision making in DFID. Data and documentation on programmes and projects are saved to the internal ARIES\(^{10}\) and Quest\(^{11}\) systems as part of the project cycle and the information is also available from the Development Tracker on the UK GOV.UK website.

DFID created the new Evidence and Programme Exchange in May 2013 to allow staff easy access to the latest evidence, evaluations and guidance as well as promoting lesson learning during programme implementation. DFID funded research is made available through R4D on GOV.UK; and external specialist knowledge services are available from the PEAKS\(^{12}\) consortia.

DFID has undertaken internal reviews to assess how staff can best use evidence and learn from success and failure. ICAI Reviews have raised a number of questions around DFID’s use of knowledge, and a cross-cutting ICAI Review of how DFID learns is due to be published in April 2014. There are plans to replace DFID’s Knowledge and Information Management Strategy with a new Knowledge Strategy that focuses on better use of evidence and knowledge as part of the drive for more effective programmes and projects.

\(^{10}\) ARIES (Activities Reporting and Information Electronic System) is DFID’s consolidated finance, procurement, project management and information reporting system.

\(^{11}\) Quest is DFID’s record management system

\(^{12}\) PEAKS (Professional Evidence and Applied Knowledge Services) provide two types of services: core services which enable advisers and staff to keep up-to-date with evidence and knowledge in professional areas; and specialist support to enable DFID to look outside the organisation for help required for reasons of urgency, lack of appropriate internal capability, or for highly specialised expertise.
The recent DFID Evidence Survey, which examined how evidence is used across the organisation, reveals that staff highly value these professional networks and see them as a key source of evidence. Staff from both research and evaluation backgrounds are currently developing a suite of online and in-person training modules to enhance staff’s ability to find and critically appraise research and evaluation knowledge.

6.4 Communication, accountability and development awareness

Transparency and accountability

The UK government is strongly committed to transparency. DFID’s Business Plan 2012-15 sets out specific measures designed to make UK aid more effective by improving transparency and value for money. DFID is widely recognised as a global leader on transparency of development cooperation - ranked 1st and 3rd in the Publish What You Fund Aid Transparency Index in 2012 and 2013 respectively.

Key UK achievements include delivery of an Aid Transparency Guarantee resulting in publication of an unprecedented amount of data on DFID’s programmes. DFID was the first organisation to publish comprehensive data on its programmes in line with IATI in February 2012. DFID has also built the UK Development Tracker, which uses the same IATI open data files, and has made the source code freely available to encourage others to re-use IATI data. A number of other UK government departments and entities (DECC, Health, Work and Pensions, FCO, Home Office, Medical Research Council and CDC) are now publishing project details as IATI standard open data via the IATI Registry.

In 2013, the FCO published a plan for implementing the IATI open data standard. Along with this plan, the FCO produced a simplified set of ‘milestones’ for delivering timely, comparable and accessible aid information. As of January 2014, the FCO will publish quarterly reports on all of its ODA spend.

Building on this success, the UK Aid Transparency Challenge increases further the transparency of development assistance information, and helps partners improve their own transparency. Key commitments include working with international donors and partner countries to better link development assistance data with partner countries’ budget data through the development of the IATI budget identifier and working to improve the traceability of UK assistance through a range of delivery chains (e.g. private sector suppliers and civil society organisations). DFID established an International Development Sector Transparency Panel in May 2013, which includes senior external experts to provide advice and guidance on transparency priorities.

DFID has made it easier for the UK public to take part in its consultations through digital tools, which enable online participation and greater access to the policy development process.

The UK government’s National Action Plan under the Open Government Partnership reflects the importance of development assistance transparency and specifically includes commitment to implementing the Busan common standard for all UK ODA.
In addition, ICAI’s reports are published on its website along with the government’s response. ICAI tracks follow up action by DFID after three months and six months, and these updates are also published online.

**Communicating results and risks**

The 2010 DAC Peer Review noted that the UK needs to remain accountable to its partner countries and UK stakeholders. DFID is continuing to strengthen its approach to communications, shifting focus to the impact of development investment on people’s lives rather than inputs. DFID uses rigorous forward planning, mapping out key events for its communications activity up to a year in advance and agreeing them with policy leads and ministers. DFID has three communications priorities which determine resource allocations. These priorities are: economic development (ending aid dependency through jobs); unlocking the full potential of girls and women; and humanitarian assistance (leading in emergencies).

An external Communication Capability Review of DFID took place during October 2013 by both peer and external reviewers. The review concluded that DFID’s Communications division’s “professionalism is highly respected within and outside the department. The division works effectively with its partners and NGOs – the effectiveness of the relationships they have forged are cohesive and well established”.

Working with partners increases impact: their voices are credible with audiences, their channels can help to reach many more people and DFID also benefits from pooling resources. In the past year DFID has worked with a wide range of partners such as the Bill and Melinda Gates Foundation, Save the Children, UNICEF and GAVI to deliver events and distribute messages to the UK public.

DFID’s digital audience has grown significantly and is now well established. Digital engagement is central to DFID’s communications effort and is driving a healthy dialogue with stakeholders and the public. In 2013, DFID joined the single government website GOV.UK, resulting in a vastly improved user experience. DFID has also invested heavily in reaching people in channels they use day-to-day: it has over 128,000 followers on Twitter; 44,000 Facebook friends; 45,000 followers on Google +; 19,000 followers on Linked In; and more than 26,000 people subscribe to the departmental ebulletin13. DFID is also making increased use of audio-visual content through these channels, as well as newer mobile-first platforms such as Instagram, in order to communicate results in a compelling way.

**Raising development awareness**

DFID’s approach to development education has evolved following an independent review of its programmes by the Central Office for Information (COI) in 2011. This review found that it was difficult to prove a direct link between DFID’s investment in development awareness and a reduction in global poverty – a requirement set out in the 2002 International Development Act. As a result, DFID stopped funding new development awareness programmes.

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13 Figures accurate as of 8 January 2014.
The review, however, also showed that government spending can play a positive role in building awareness of global poverty, when the interventions are carefully designed and well-targeted. In response, DFID launched two major development education programmes that aim to reach over 3 million schools children by 2017. Connecting Classrooms is a jointly funded programme with the British Council, which supports the creation of partnerships between schools in the UK and schools in developing countries. The Global Learning Programme enables schools to embed development education across the national curriculum. The UK target is to engage 50% of primary, secondary and special schools through these schemes by 2017.

Progress in generating public support for the UK government’s development spending has been difficult to measure. Since 2010, DFID has not been able to run further waves of this research due to a cross-government freeze on marketing spend. DFID anticipates being able to draw on research done by or for other organisations for some comparable on going data on awareness of and support for the government’s development programme.

The UK aid logo was updated in June 2012. Aid from the UK is now badged with a Union Flag when it is sent overseas, as a clear symbol that it comes from the UK. The new aid logo is designed to help publicly identify where UK taxpayers’ funds are being spent on development. DFID has driven greater use and visibility of the logo by staff and partners.
7 Humanitarian assistance

7.1 Strategic framework

In June 2011 the UK published its response to the independently led Humanitarian Emergency Response Review (HERR). The HERR was the result of wide consultation and informed the UK’s “Humanitarian policy - Saving Lives, Preventing Suffering and Building Resilience” set out in September 2011. The policy states the UK’s commitment to the Good Humanitarian Donorship (GHD) Principles, International Humanitarian Law, work towards the protection of civilians and humanitarian space; and reaffirmed the government’s commitment to ensuring that UK humanitarian aid will:

- Be guided by the principles of humanity, impartiality, neutrality and independence;
- Use the multilateral system to respond in the first instance; country-specific and direct support will be given where needs cannot be met through a multilateral response and where the UK can add value;
- Increase the predictability of UK funding through multi-year funding arrangements to humanitarian agencies rather than responding to specific events;
- Build resilience in all countries and recognising the importance of anticipation, humanitarian leadership and innovation;
- Allocate funding in proportion to needs;
- Involve beneficiaries in the design and evaluation of humanitarian response;
- Encourage a broader range of countries to provide humanitarian funding and support fairer “burden sharing” among donors; and
- Ensure accountability, transparency and evaluation of UK AID.

According to the OECD DAC and the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), the UK is consistently the second-largest bilateral humanitarian donor globally (after the US). For the past decade, the UK has provided multi-year, un-earmarked core funding support to UN and Red Cross partners to ensure predictable financing. The UK is the leading donor to global and country level humanitarian pooled funds. Through DFID country programmes, the UK also provides multi-year bilateral grants to humanitarian partners. This funding approach enables partners to be more strategic in addressing critical humanitarian needs in emergencies, particularly in protracted crises, and address the underlying causes of vulnerability in fragile and conflict-affected states. In 2011, the UK established a set of minimum standards to strengthen resilience to disasters through its bilateral country programmes. By April 2013, eight country programmes had done this with another eight underway\(^\text{14}\). DFID aims to cover all country programmes by April 2015.

Embedding disaster resilience in UK bilateral programmes starts with the development of a multi-hazard disaster risk profile drawing on climate change assessments. In this way, the disaster resilience strategy developed by the country

\(^{14}\) Countries completed: Ethiopia, Kenya, Malawi, Mozambique, Sudan, Uganda, Nepal and Bangladesh. Countries ongoing: Tanzania, DRC, South Sudan, Somalia, Yemen, OPT, Pakistan and Burma.
office contains medium to long-term climate adaptation analysis to address future climate disasters.

At the global and country level, DFID makes every effort to coordinate the provision of humanitarian aid and engage with the international humanitarian system; including other donors, host governments and the private sector. Examples include, DFID’s work to support the UN led Inter Agency Standing Committee Transformative Agenda and galvanising donor support for major humanitarian crises such as Syria and emergency response to Typhoon Haiyan in the Philippines.

Box 21: Typhoon Haiyan
The UK’s total contribution comes to more than £75 million, providing shelter, clean water and emergency supplies to over a million people.

Based on early warning indicators DFID deployed a team of three DFID humanitarian experts two days prior to the Typhoon making landfall. Options for the movement of supplies by air were also investigated in the lead up to the Typhoon. Within 24 hours of the Typhoon making landfall DFID had activated the Rapid Response Facility, ultimately providing £8 million of emergency support via pre-approved organisations.

In total DFID moved over 1000 metric tonnes of supplies and equipment to the Philippines by air across 17 flights, including more than 23,000 shelter items (kits, tents) and 130,000 plastic sheets and tarpaulins. A further 500 tonnes of relief supplies were transported into the area and delivered by MHS Daring and Illustrious.

7.2 Effective programme design

The UK’s humanitarian assistance is based on needs assessments conducted by DFID’s humanitarian adviser network and partners. The Government Chief Scientific Adviser’s network also ensures a more systematic and appropriate use of scientific evidence in humanitarian emergency response. The UK is committed to transparency and publishes all its business cases for humanitarian interventions on DFID’s website.

Disaster risk modelling and analysis are now formalised at a global and country level to inform decision making and enable more timely and appropriate responses. DFID senior staff work closely with the Inter-Agency Standing Committee sub-working group to ensure that the wider humanitarian system reacts timely to early warning information. This includes systematically gathering early warning information at a global level and producing quarterly humanitarian risk reports, used across UK government.

Agencies applying for UK funding must demonstrate that they have consulted affected communities during their needs assessment and programme design phases. DFID monitoring and evaluation should also take into account beneficiary feedback. DFID contributes to the Communicating with Disaster-affected Communities (CDAC) Network. This is a unique collaboration between NGOs, UN Agencies and media agencies aiming to promote best practice in communications between donors and those affected by disaster.
Promoting innovation and evidence-based approaches to building resilience and responding to humanitarian crises are key to DFID’s approach as set out in its 2012 strategy. A core part of the strategy is to work with policy-makers and practitioners to deepen their understanding of the concept and application of resilience, particularly in fragile and conflict-affected situations.

7.3 Effective delivery, partnerships and instruments

DFID is committed to providing a range of flexible, timely and predictable funding streams and reducing earmarking of assistance. This principle is reflected in how it manages its funding relationships for sudden onset responses, slow onset crises or long term strategic programming.

The UK is a committed supporter of the UN Central Emergency Response Fund (CERF) and remains its largest donor, providing £150 million since 2011, an additional exceptional £20 million contribution in 2013 and recently committed £60 million for 2014. DFID also provides non earmarked core funding on a multi-year basis to the UN and Red Cross to improve the operational and organisational effectiveness of each agency as identified through the recent MAR. DFID is also undertaking due diligence reviews of the agencies to provide reassurance of their capacity to deliver.

At the global level, the UK engages with other donors via headquarters and through UK Missions in New York and Geneva. This includes participation in formal coordination fora such as the OCHA Donor Support Group and donor / Emergency Directors’ meetings.

The UK also coordinates with other donors in the European Union and with the European Commission (DG ECHO) through active participation in the Council Working Party on Humanitarian Aid and Food Aid (COHAF). The UK is committed to working with other donors in the countries where it operates, both through regular donor humanitarian coordination meetings and specific programmes.

To address the possibility of late response to slow onset crises, the UK has developed multi-year humanitarian programmes. These have built-in contingency budgets, termed an Internal Risk Facility, usually approximately 20% of the total budget. These funds are released when certain triggers are met – determined by regional early warning systems – releasing extra funds quickly to meet any stress or shock.

The value of taking a multi-year programme approach to funding has been demonstrated in Ethiopia and Somalia. Within DFID, the problem was not lack of funding but ensuring timeliness of disbursements given the humanitarian programme cycle. In order to properly plan for predictable crises, country teams now have secured long term financing to address predictable spikes in needs. This approach is being rolled out through the UK bilateral programme and regularly reviewed.
Internationally, the Secretary of State for International Development co-chairs with the UNDP Administrator an informal group of Political Champions for Disaster Resilience (see section 2.3).

7.4 Organisation fit for purpose

Cross-government department sharing of information and resources is embedded into the UK government’s emergency response protocols which facilitates improved situation analysis and quicker response to early warning information. Particularly important is the use of the UK’s Conflict Early Warning System and Watch list of fragile countries, established as part of the Building Stability Overseas Strategy. National Security Council (NSC) and NSC (Officials) are building on this work through the Conflict, Stability and Security reforms, using the Countries at Risk of Instability Index, and closer links between strategic and policy decisions at NSC and work on the ground, to improve early warning systems.

DFID has dedicated civil-military advisory expertise in its humanitarian response team. MoD, FCO and DFID staff regularly deliver briefings to military headquarters on humanitarian issues and take part in military exercises.

DFID has a strong humanitarian cadre with 29 posts worldwide (up from 17 in 2010). DFID’s humanitarian technical expertise is highly regarded. Alongside the US and ECHO, DFID has the strongest field presence enabling it to drive its programme and policy from strong operational and local knowledge. In line with the recommendation of the HERR, a dedicated Head of Profession has taken up her post, further strengthening the cadre’s profile and commitment to continuous professional development.

DFID’s in-house expertise is complemented by the strong capability of the Conflict, Humanitarian and Security Department (CHASE) Operations Team\(^\text{15}\), a unique humanitarian capacity that reinforces DFID’s own expertise and allows it to surge in response to major new crises, such as that in the Philippines. This additional capacity allows DFID to manage up to three substantial simultaneous events.

\(^{15}\) Conflict Humanitarian and Security Department: the Operations Team is contracted, through Crown Agents.
DFID’s Humanitarian Response Group maintains a 24/7 Duty Officer with immediate telephone access to senior decision makers. DFID has advisers and administrators on standby for emergency response, and can have a team ready to depart the UK within six hours. These advisers can be augmented within 24 hours from a database of around 200 emergency response specialists. Search and rescue teams and medical trauma teams can also be deployed if needed.

DFID has stockpiles of goods in kind and procurement arrangements worldwide to purchase additional and specialist equipment. It maintains links with the private sector to keep up to date with new technology. DFID is developing a platform for the use of private sector engineering companies in urban response. Funding can be provided through the Rapid Response Facility to pre-approved partners within 72 hours.

7.5 Results, learning and accountability

DFID has developed a results framework to monitor and report on its programmes. Each indicator has an associated methodology to ensure consistent data. Data on results are gathered every six months to monitor progress and published annually for external scrutiny purposes. DFID is working to strengthen consistent central reporting of humanitarian data; and with external partners on the Inter-agency Standing Committee (IASC) to coordinate agreement on standardised indicators for improved results reporting.

DFID created a Humanitarian Results and Evidence Hub within CHASE to ensure systematic analysis of performance, evaluation and dissemination of lessons learned. Work includes the implementation of a Humanitarian Evaluation Strategy (across all DFID Humanitarian expenditure, and with partners including the United Nations Evaluation Group and the OECD DAC Evaluation Network), review or evaluation of major responses, co-ordinated monitoring and evaluation in situations of protracted crisis, and a co-ordinated approach to results monitoring, both within DFID and across the humanitarian system (external work is led by the IASC).

To ensure transparency, key programme data are published on the internet via the Development Tracker website. All evaluations are published and in the public domain.
Annex 1: Strategic vision for girls and women

VISION

Unlock the potential of girls and women to stop poverty before it starts
Empower girls and women to have **voice, choice and control**, leaving no one behind.

**VOICE**
- All girls complete primary and secondary education

**CHOICE**
- Universal Sexual and Reproductive Health and Rights for girls and women
- All girls and women economically empowered
  - (Jobs, incomes, assets, access to markets)

**CONTROL**
- All girls and women live free from violence
  - (including in humanitarian response)

Enabling environment of open economies and societies that unlock girls’ and women’s potential

- Boys and men engage as active citizens for change
- Equitable, accountable public services
- Inclusive political settlements
- Accessible new technologies
- Infrastructure that benefits women
- Responsible business provide safe, quality employment
- Legal frameworks & systems uphold women’s rights
- Natural resource management
- Markets that enable women to trade
### Annex 2: Breakdown of 2012 UK ODA by Government Departments and Other Sources

<table>
<thead>
<tr>
<th>UK Government Departments</th>
<th>ODA £millions</th>
<th>% of UK ODA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department for International Development</td>
<td>7,593</td>
<td>86.6</td>
</tr>
<tr>
<td>Foreign &amp; Commonwealth Office</td>
<td>282</td>
<td>3.2</td>
</tr>
<tr>
<td>Department of Energy and Climate Change</td>
<td>246</td>
<td>2.8</td>
</tr>
<tr>
<td>Home Office</td>
<td>48</td>
<td>0.5</td>
</tr>
<tr>
<td>Department for Environment Food and Rural Affairs</td>
<td>29</td>
<td>0.3</td>
</tr>
<tr>
<td>Export Credit Guarantee Department</td>
<td>22</td>
<td>0.3</td>
</tr>
<tr>
<td>Department of Health</td>
<td>15</td>
<td>0.2</td>
</tr>
<tr>
<td>Scottish Government</td>
<td>10</td>
<td>0.1</td>
</tr>
<tr>
<td>Department for Work and Pensions</td>
<td>10</td>
<td>0.1</td>
</tr>
<tr>
<td>Ministry of Defence</td>
<td>5</td>
<td>0.1</td>
</tr>
<tr>
<td>Department for Culture, Media and Sports</td>
<td>2</td>
<td>0.0</td>
</tr>
<tr>
<td>Welsh Government</td>
<td>1</td>
<td>0.0</td>
</tr>
</tbody>
</table>

### Other Sources of UK ODA

<table>
<thead>
<tr>
<th>Other Sources of UK ODA</th>
<th>ODA £millions</th>
<th>% of UK ODA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflict Pool (non-DFID)</td>
<td>176</td>
<td>2.0</td>
</tr>
<tr>
<td>EC Attribution (non-DFID)</td>
<td>109</td>
<td>1.2</td>
</tr>
<tr>
<td>CDC Capital Partners PLC</td>
<td>103</td>
<td>1.2</td>
</tr>
<tr>
<td>Gift Aid</td>
<td>91</td>
<td>1.0</td>
</tr>
<tr>
<td>Colonial Pensions</td>
<td>3</td>
<td>0.0</td>
</tr>
</tbody>
</table>

| Total UK Government ODA                         | 8,766         | 100.0       |
Annex 3: Breakdown of bilateral ODA

Regional breakdown of UK bilateral ODA in 2012

<table>
<thead>
<tr>
<th>Region</th>
<th>£ m</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>1,366</td>
<td>421</td>
<td>344</td>
<td>292</td>
</tr>
<tr>
<td>Pacific</td>
<td>263</td>
<td>283</td>
<td>264</td>
<td>266</td>
</tr>
<tr>
<td>Europe</td>
<td>1,748</td>
<td>197</td>
<td>196</td>
<td>196</td>
</tr>
<tr>
<td>Africa</td>
<td>1,174</td>
<td>162</td>
<td>156</td>
<td>152</td>
</tr>
<tr>
<td>International/ Policy</td>
<td>387</td>
<td>108</td>
<td>96</td>
<td>77</td>
</tr>
<tr>
<td>Programme</td>
<td>239</td>
<td>95</td>
<td>89</td>
<td>89</td>
</tr>
<tr>
<td>Americas, £164m , 3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pacific, £6m , 0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe, £38m , 1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa, £2,174m , 39%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International / Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programme, £1,748m , 32%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Trend in regional allocation of UK bilateral ODA

Top 20 allocations of UK Bilateral ODA for 2010, 2011, and 2012

<table>
<thead>
<tr>
<th>Rank</th>
<th>2010</th>
<th>£ m</th>
<th>Country</th>
<th>2011</th>
<th>£ m</th>
<th>Country</th>
<th>2012</th>
<th>£ m</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>India</td>
<td>421</td>
<td>Ethiopia</td>
<td>344</td>
<td>India</td>
<td>Afghanistan</td>
<td>292</td>
<td>274</td>
</tr>
<tr>
<td>2</td>
<td>Ethiopia</td>
<td>263</td>
<td>India</td>
<td>283</td>
<td>Afghanistan</td>
<td>264</td>
<td>266</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Pakistan</td>
<td>193</td>
<td>Afghanistan</td>
<td>186</td>
<td>Tanzania</td>
<td>152</td>
<td>158</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Nigeria</td>
<td>171</td>
<td>Congo (Dem Rep)</td>
<td>239</td>
<td>Nigeria</td>
<td>148</td>
<td>139</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Congo Dem Rep</td>
<td>162</td>
<td>Bangladesh</td>
<td>230</td>
<td>Bangladesh</td>
<td>116</td>
<td>116</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Tanzania</td>
<td>156</td>
<td>Pakistan</td>
<td>207</td>
<td>Pakistan</td>
<td>108</td>
<td>102</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Afghanistan</td>
<td>152</td>
<td>Nigeria</td>
<td>186</td>
<td>Tanzania</td>
<td>96</td>
<td>95</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Bangladesh</td>
<td>148</td>
<td>Mozambique</td>
<td>116</td>
<td>Congo (Dem Rep)</td>
<td>89</td>
<td>94</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Uganda</td>
<td>116</td>
<td>Tanzania</td>
<td>99</td>
<td>Zimbabwe</td>
<td>89</td>
<td>89</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Ghana</td>
<td>108</td>
<td>Sudan</td>
<td>98</td>
<td>Malawi</td>
<td>77</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Malawi</td>
<td>96</td>
<td>Somalia</td>
<td>95</td>
<td>South Sudan</td>
<td>89</td>
<td>89</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Sudan</td>
<td>77</td>
<td>Uganda</td>
<td>89</td>
<td>St. Helena</td>
<td>89</td>
<td>89</td>
<td></td>
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<tr>
<td>13</td>
<td>Zimbabwe</td>
<td>70</td>
<td>Kenya</td>
<td>89</td>
<td>Kenya</td>
<td>68</td>
<td>68</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Rwanda</td>
<td>69</td>
<td>Rwanda</td>
<td>85</td>
<td>Uganda</td>
<td>68</td>
<td>68</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Kenya</td>
<td>68</td>
<td>Ghana</td>
<td>81</td>
<td>West Bank &amp; Gaza Strip</td>
<td>68</td>
<td>68</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Nepal</td>
<td>68</td>
<td>West Bank &amp; Gaza Strip</td>
<td>76</td>
<td>Somalia</td>
<td>68</td>
<td>68</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Mozambique</td>
<td>68</td>
<td>Nepal</td>
<td>65</td>
<td>Mozambique</td>
<td>65</td>
<td>65</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>West Bank &amp; Gaza</td>
<td>63</td>
<td>Malawi</td>
<td>65</td>
<td>Nepal</td>
<td>58</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>China</td>
<td>56</td>
<td>Zambia</td>
<td>58</td>
<td>Sierra Leone</td>
<td>55</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Sierra Leone</td>
<td>55</td>
<td>South Sudan</td>
<td>52</td>
<td>Zambia</td>
<td>52</td>
<td>52</td>
<td></td>
</tr>
</tbody>
</table>
Allocations of UK bilateral ODA by sector

- Health
- Government and Civil Society, General
- Multisector / Cross-Cutting
- Education
- Economic Infrastructure & Services
- Humanitarian Aid
- Administrative Costs of Donors
- Commodity and General Programme Assistance
- Other social infrastructure & services
- Production Sectors
- Water supply and sanitation
- Action relating to debt
- Refugees in Donor Countries
- Unallocated / Unspecified
Annex 4: DFID organisation chart
## Annex 5: Bilateral indicators

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Results Indicator</th>
<th>Results Commitment</th>
<th>Results achieved up to 2012-13 (inclusive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealth Creation</td>
<td>Number of people with access to financial services as a result of DFID support1</td>
<td>50 million</td>
<td>30.3 million</td>
</tr>
<tr>
<td></td>
<td>Number of people supported through DFID to improve their rights to land and property</td>
<td>6 million</td>
<td>3.82 million</td>
</tr>
<tr>
<td>Poverty, Vulnerability, Nutrition &amp; Hunger</td>
<td>Number of children under five and pregnant women reached through DFID’s nutrition-relevant programmes1</td>
<td>20 million</td>
<td>12.88 million</td>
</tr>
<tr>
<td></td>
<td>Number of people benefiting from DFID-supported cash transfer programmes</td>
<td>6 million</td>
<td>6.12 million</td>
</tr>
<tr>
<td></td>
<td>Number of people achieving food security through DFID support</td>
<td>3 million</td>
<td>1.02 million</td>
</tr>
<tr>
<td>Education</td>
<td>Number of children supported by DFID in primary and secondary education (per annum)</td>
<td>11 million</td>
<td>6.44 million</td>
</tr>
<tr>
<td></td>
<td>Number of children completing primary education supported by DFID (per annum)</td>
<td>No target</td>
<td>700,000</td>
</tr>
<tr>
<td>Malaria</td>
<td>Number of insecticide-treated bed nets distributed with DFID support</td>
<td>No target</td>
<td>22.39 million</td>
</tr>
<tr>
<td></td>
<td>Number of malaria specific deaths per 1000 persons per year</td>
<td>Halve malaria deaths in ten countries</td>
<td>Modelled – data not yet available</td>
</tr>
<tr>
<td>Reproductive, Maternal and Neo-Natal Health</td>
<td>Number of births delivered with the help of nurses, midwives or doctors through DFID support</td>
<td>2 million</td>
<td>1.63 million</td>
</tr>
<tr>
<td></td>
<td>Number of additional women using modern methods of family planning through DFID support1</td>
<td>10 million</td>
<td>4.81 million</td>
</tr>
<tr>
<td></td>
<td>Number of maternal lives saved through DFID support</td>
<td>50,000 women</td>
<td>6,000</td>
</tr>
<tr>
<td></td>
<td>Number of neonatal lives saved through DFID support</td>
<td>250,000 newborn babies</td>
<td>16,000</td>
</tr>
<tr>
<td>Water and Sanitation</td>
<td>Number of unique people reached with one or more water, sanitation or hygiene promotion intervention1 This combines three indicators: Number of people with sustainable access to clean drinking water sources with DFID support Number of people with sustainable access to an improved sanitation facility through DFID support Number of people with access to improved hygiene through DFID support to hygiene promotion.</td>
<td>60 million</td>
<td>19.62 million</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5.38 million</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6.79 million</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>13.26 million</td>
<td></td>
</tr>
<tr>
<td>Humanitarian and Emergency</td>
<td>Number of people reached with emergency food assistance through DFID support</td>
<td>No target</td>
<td>8.74 million</td>
</tr>
</tbody>
</table>

66
<table>
<thead>
<tr>
<th>Pillar</th>
<th>Results Indicator</th>
<th>Results Commitment</th>
<th>Results achieved up to 2012-13 (inclusive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response Governance and security</td>
<td>Number of countries supported by DFID in freer &amp; fairer elections</td>
<td>Support elections in 13 countries</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Number of people who vote in elections supported by DFID</td>
<td>No target</td>
<td>83.65 million</td>
</tr>
<tr>
<td></td>
<td>Number of people supported to have choice and control over their own development and to hold decision-makers to account</td>
<td>40 million</td>
<td>33.41 million</td>
</tr>
<tr>
<td></td>
<td>Number of women and girls with improved access to security and justice services through DFID support</td>
<td>10 million</td>
<td>6.46 million</td>
</tr>
<tr>
<td>Climate Change</td>
<td>Numbers of people supported by DFID funding to cope with the effects of climate change</td>
<td>No target</td>
<td>250,000</td>
</tr>
<tr>
<td></td>
<td>Number of people with improved access to clean energy as a result of DFID funding</td>
<td>No target</td>
<td>1.12 million</td>
</tr>
<tr>
<td></td>
<td>Number of hectares where deforestation and degradation have been avoided</td>
<td>No target</td>
<td>3,000</td>
</tr>
</tbody>
</table>

1 These results are delivered through both bilateral and multilateral delivery channels.
Annex 6: Key references

The Coalition: our programme for government
https://www.gov.uk/government/publications/the-coalition-documentation

Development Tracker
http://devtracker.dfid.gov.uk/

Greening: UK will focus on frontier economic development

International Development Act 2002

International Development (Reporting and Transparency) Act 2006
http://www.legislation.gov.uk/ukpga/2006/31/contents

Speech: Aid Transparency Challenge

Statistics on International Development
https://www.gov.uk/government/organisations/department-for-international-development/about/statistics

UK aid: changing lives, delivering results

UK Aid Match
https://www.gov.uk/uk-aid-match

Reviews

Bilateral Aid Review

Humanitarian Emergence Response Review

Multilateral Aid Review
https://www.gov.uk/government/publications/multilateral-aid-review

Multilateral Aid Review Update

Spending Review
https://www.gov.uk/government/topical-events/spending-round-2013

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Building peaceful states an societies: A DFID practice paper

DFID Annual Evaluation Report 2013

DFID Annual Report and Accounts

DFID Business Plan 2012-2015

DFID Evaluation Policy 2013

DFID Research Open and Enhanced Access Policy 2012
https://www.gov.uk/government/publications/dfid-research-open-and-enhanced-access-policy

DFID Results Framework

DFID Communications Strategy

DFID How to Note on Project Reviewing

DFID Operational Plans

Economic development for shared prosperity and poverty reduction: a strategic framework

How to note – Capacity development

Learning for all: DFID’s education strategy 2010-2015

Saving lives, preventing suffering and building resilience

Strategic Vision on Girls and Women
Cross-government working

Arab Spring asset recovery task force
https://www.gov.uk/government/speeches/arab-spring-asset-recovery-task-force

Building Stability Overseas Strategy (BSOS)

Conflict Pool

Debt Relief
https://www.gov.uk/government/policies/helping-developing-countries-economies-to-grow

The Helmand Provincial Reconstruction Team (PRT)
https://www.gov.uk/government/speeches/helmand-provincial-reconstruction-team

International Climate Fund (ICF)

Preventing Sexual Violence Initiative

United Kingdom Strategic Export Controls Annual Report 2012

Supporting a Healthy Environment: A fresh approach to our work on the environment

Results in Fragile and Conflict-Affected States and Situations: How to Note

International Collaboration

UK G8 Presidency Report 2013
https://www.gov.uk/government/publications/uk-g8-presidency-report-2013

G8 Lough Erne Declaration
https://www.gov.uk/government/publications/g8-lough-erne-declaration

MDGs: Prime Minister to co-chair UN panel on development

Nutrition for Growth: Beating hunger through business and science
http://nutrition4growth.org/

Open Government Partnership Summit statement and summary of commitments

UN General Assembly: Political champions commit to build disaster resilience  

**Transparency**

Independent Commission on Aid Impact (ICAI)  
http://icai.independent.gov.uk/

ICAI report on FCO’s and the British Council’s use of aid in response to the Arab Spring  

Letter to government departments on opening up data  

Publish What You Fund Aid Transparency  
http://ati.publishwhatyoufund.org/

UK Government’s National Action Plan (Open Government Partnership)  
http://www.opengovpartnership.org/files/20131031ogpuknationalactionplanpdf/download?token=1W5JC3trVBNwsRT236ZJuEK151uv68gSOfEiJXtRAhA

International Development Sector Transparency Panel  
https://www.gov.uk/government/policy-advisory-groups/international-development-sector-transparency-panel

Modernising Development Finance: the future of Official Development Assistance  

**Other guidance documents**

Centres for Learning on Evaluation and Results (CLEAR)  
http://www.theclearinitiative.org/

Opening up public services White Paper  

Parliamentary Committee report on ‘Building Scientific capacity for development’  
http://www.publications.parliament.uk/pa/cm201213/cmselect/cmsctech/377/37702.htm

Smart aid: Why it’s all about jobs  
Annex 7: List of abbreviations

ARIES  Activities Reporting Information E-System
BAR    Bilateral Aid Review
BIS    Department for Business, Innovation and Skills
BSOS   Building Stability Overseas Strategy
CDC    CDC Group plc formerly Commonwealth Development Corporation
CPRD   Country Poverty Reduction Diagnostic
CSSF   Conflict, Stability and Security Fund
DECC   Department for Energy and Climate Change
DEFRA  Department for Environment, Food and Rural Affairs
DFID   Department for International Development
FCO    Foreign and Commonwealth Office
HERR   Humanitarian and Emergency Response Review
ICAI   Independent Commission on Aid Impact
ICF    International Climate Fund
MAR    Multilateral Aid Review
MoD    Ministry of Defence
NSC    National Security Council
OGP    Open Government Partnership
PEAKS  Professional Evidence and Applied Knowledge Services
PIDG   Private Infrastructure Development Group
TPU    Trade Policy Unit (DFID/BIS)
# Annex 8: Progress since Peer Review 2010

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<th>DAC recommendations 2010</th>
<th>Progress since 2010</th>
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<td><strong>Overall framework for development co-operation</strong></td>
<td>DFID has put in place the framework to allow us to achieve these goals. We supplemented our Business Plan with an ambitious Structural Reform Plan and carried out a fundamental re-think of the way we allocate money to country offices and multilateral institutions. DFID, BIS and FCO increased their work with business and government to remove barriers to trade, investment and business operations and to stimulate the development of markets to create jobs and benefit poor people. At the country level, the UK has developed a new tool, the Country Poverty Reduction Diagnostic (CPRD). The objective of the CPRD is to help country offices determine how DFID resources can be best used to reduce poverty in a particular country. It supports offices to conduct a system-wide diagnosis of underlying barriers to poverty reduction, to assess the space for UK action, and ensure that DFID makes the most transformational investments.</td>
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<td>Retain the aid programme’s clear focus on poverty reduction as the UK broadens its development agenda and DFID engages further with other government departments.</td>
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<td><strong>Prioritise policies and streamline objectives derived from the public service agreements and white papers around core priorities linked clearly to the MDGs.</strong></td>
<td>DFID has a single Results Framework, with 4 levels. At the top sit the MDGs in DFID priority countries – these cannot be attributed to DFID alone. The 2nd level outlines what results DFID intends to achieve. They are based on the BAR and MAR, but reflect only those results that can be aggregated across countries. Country specific results are outlined in Operational Plans. The 3rd and 4th layers of the Framework reflect how DFID manages its operations, and how well it manages itself. DFID has a greater focus on the results it expects to achieve over a 4 year period, with Country Offices and Spending Departments accountable for what they want (and have committed) to achieve. DFID Business Plan reaffirms the UK’s focus on MDGs, including: wealth creation; governance and security; climate change; and global partnerships.</td>
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<td>Ensure that the stronger focus on results and communication supports partner country priorities, and that the UK is accountable both to its partner countries and domestic stakeholders.</td>
<td>DFID Results Framework aims to demonstrate intended results to domestic stakeholders. This builds on the BAR/MAR, and is aligned to partner country poverty reduction plans. More generally, the UK is pushing country led results frameworks as co-chair of the Global Partnership for Effective Development Co-operation. DFID has continued to strengthen the way it manages individual development programmes. All investments require a clear value for money assessment set within a business case based on the Treasury good practice model.</td>
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<td>Include in the common government agenda for policy coherence for development some additional priority areas in which to promote further development concerns in line with the EU policy coherence platform.</td>
<td>DFID is working with other departments on initiatives that could be of development benefit (e.g. visa bans, asset recovery, transparency). The G20 Anti-corruption working group works closely with Ministry of Justice. The UK Presidency of the G8 in 2013 set an ambitious agenda, aimed at boosting jobs and growth through more open trade, fairer taxes and greater transparency (‘the 3Ts’). The UK reports biennially to the European Commission on progress on Policy Coherence for Development. This records progress and developments on cross-cutting policy coherence issues and highlights key areas of success for the UK.</td>
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<td>Improve how the UK measures, monitors and reports to parliament and the public on the impact of its domestic and foreign policies on partner countries' development results.</td>
<td>Under the UK Aid Transparency Guarantee, DFID has published Operational Plans for country programmes. These are refreshed on an annual basis. The 2011/12 Annual Report reported for the first time against actual results achieved against the public commitments set out in the “UK aid: Changing lives, delivering results”. The Independent Commission for Aid Impact was set up in 2010 to scrutinise UK ODA. It reports to the International Development Select Committee. All annual reviews and project completion reviews are published on DFID’s website and therefore provide a direct line of accountability: to Parliament, the UK public and partners in recipient countries. DFID launched UK Aid Match in 2011, designed to give the UK public a direct say in how part of the aid budget is spent. The government doubles public donations to charity appeals for developing countries.</td>
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<td>Aid volume, channels and allocation</td>
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<td>Implement its commitment to providing 0.7% of GNI as ODA by 2013. Adopting legislation for this will further enhance the UK’s credibility.</td>
<td>Subject to final confirmation of the 2013 numbers, the UK will be the first G8 country to reach 0.7%. The official statistic will be released in October 2014 with provisional information in March. Resources have been allocated to achieve the target in 2014 and 2015.</td>
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<td>Improve the quality of information on aid delivered by departments other than DFID, including on its development impact and value for money, in its public communications.</td>
<td>ICAI covers all ODA spend and therefore DFID and other government departments that spend ODA. ICAI is committed to review one ‘other government department’ each year. ICAI has reported on the FCO response to the Arab Spring, and ICAI plans to publish a report on the cross-Departmental International Climate Fund in July 2014. DFID oversees collection and quality assures all UK ODA information. DFID provides advice and guidance on ODA-eligibility, to ensure the credibility of UK ODA volumes. DFID publishes</td>
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<td>contextual information on ODA managed by other UK departments in its Annual Report. DFID publishes contextual information on ODA managed by other UK departments in its Statistics in International Development publication. The Secretary of State for International Development wrote to ICAI in December 2013, asking them to include more ODA from other government departments in their Year 4 (2014/15) work plan. A number of other UK Govt Depts and entities (DECC, Health, Work and Pensions, FCO, Home Office, Medical Research Council and CDC) are now publishing project details as IATI standard open data via the IATI Registry. DFID has launched the “Development Tracker” to provide greater traceability of UK assistance. The tracker is run by DFID and will incorporate data from other UK government bodies as they publish data to IATI. DFID has an ongoing programme of work to improve the quality of the national statistic. Work to strengthen the quality of information from other government departments is ongoing. There is also ongoing work on with other government departments on ODA eligibility issues and assisting them with reporting information back to the OECD (through DFID). Statisticians at DFID are also reviewing the dissemination practices of its National Statistics Publication. This involved a user consultation and work with the ‘Good Practice Team’ from the National Statistician’s Office in how we disseminate our statistics.</td>
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<td>Avoid introducing further sector and thematic spending targets, and guard against existing targets undermining the ability of country programmes to align with partner country priorities.</td>
<td>DFID remains focused on delivering the results set out in DFID’s Results Framework and in Operational Plans. These results targets are based on needs that central teams and country teams have identified, and are reviewed annually. We have successfully retained a results rather than input focus although we do still work to some targets expressed as level of spend, including commitments on nutrition, and the plan to more than double aid spending on economic development in 2015/16 compared to 2012/13. Teams are developing programmes based on country need, and the total amount of programming will be determined by this work.</td>
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<td>Work more closely with other donors on approaches to support multilateral effectiveness. Increase the UK’s share of contributions to the UN provided as core resources in exchange for better evidence from UN Agencies, Funds and Programmes on their results, impact and contribution to wider development outcomes.</td>
<td>The UK continues to work closely with the Multilateral Organisations Performance Assessment Network (MOPAN) (17 donor countries) to assess multilateral effectiveness. MOPAN has improved its methodology since 2010 and now has a secretariat hosted by the OECD. MOPAN has completed 15 assessments since 2009, which the UK has used as a source of information including supporting our MAR assessment process. The UK is actively engaged in current discussions about improving MOPAN further. The UK holds a Senior Level Donor Meeting on an annual basis to consider multilateral reform issues. The UK is currently involved in work to standardise reporting of administration costs, and improve transparency on fraud and corruption. The MAR Update in 2013 showed that all UN agencies have shown at least some progress and supported decisions to increase core funding for some UN agencies. For example, UNAIDS received a 50% core funding increase due to their significant progression in cost and value consciousness and UN Women had their core funding increased from £10m to £12.5m per year due to their progress in contributing to results.</td>
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<th>Organisation and management</th>
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<td>Retain its powerful institutional system. This includes a development co-operation department with a seat in cabinet and a clear poverty reduction mandate, as well as a decentralised and flexible approach with a capacity to engage on long-term development objectives.</td>
<td>Country office objectives, set out in Operational Plans, reflect Business Plan commitments and results framework; but also enable responsiveness to local priorities.</td>
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<td>Maintain DFID’s front-line (programme) staffing levels and keep a critical mass of expertise in-house, including sector specialists. This will mean developing further DFID’s medium-term workforce planning system.</td>
<td>In 2010/11 the Department identified the need to increase substantially the number of specialist advisers it employs overseas and in the UK to help manage its increasing programme budget. DFID now has around 850 accredited professional advisers across its cadre, doubling the number since 2011. DFID has strengthened commercial capability as a result of a Procurement Capability Review. DFID introduced a new role of commercial adviser in late 2010. As at November 2013 the Department had 13 commercial advisers, with plans to increase numbers to 17 by early 2014. Commercial advisers report to the relevant country office or DFID team they support, and have a professional development and co-ordination relationship with the Department’s Procurement Group. They advise and train the Department’s other staff on: the commercial aspects</td>
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<td>of programme design; tendering and supplier management; and approaches to improving the value for money of bilateral funding provided to multilateral organisations and non-governmental organisations. Improving programme management is identified is one of the Department’s priorities in its 2013 Improvement Plan. DFID has run new training courses on programme management for adviser staff and programme managers, reviewed its systems for managing programmes and begun establishing a cadre of programme managers. The Department has also established, at Band A level, a new post of head of profession for programme management.</td>
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<td>DFID has run new training courses on programme management for adviser staff and programme managers, reviewed its systems for managing programmes and begun establishing a cadre of programme managers. The Department has also established, at Band A level, a new post of head of profession for programme management. As part of DFID new HR operating model a new Head of Talent Acquisition and Development took up post in Dec 2013 and is driving the work on cultural change, moving from talent assessment to talent management through: strengthening our longer-term analysis of (changing) workforce needs, risks and gaps; clarifying potential career routes into, through and out of DFID (and the associated career deal); identifying business critical roles, and assessing pipeline strength and succession risks; and designing and implementing targeted interventions to mitigate risks – integrating Learning &amp; Development, resourcing and talent management.</td>
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<td>Streamline DFID’s reporting requirements further; continue efforts to develop an evaluation culture and to use evaluations further; continue efforts to develop an evaluation culture and to use evaluations as forward-looking management tools.</td>
<td>DFID management responses to ICAI reports, and very high level of interest from Ministers helped reinforce that evaluation, impact and results are integral to DFID’s work. Provisional figures show 350 evaluations being commissioned by DFID over the next 5 years, of which about 20% are impact evaluations. Before 2010, the total was only about 20-25 a year. The coverage and depth of evaluation has increased substantially. New cadre set up in 2011 has more than doubled the number of evaluation specialists; a further 150 DFID staff accredited against skills framework on evaluation.</td>
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<td>Practices for better impact</td>
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<td>Make public all conditions linked to its aid disbursements. It should clarify conditions of governance and political issues, so that partner countries are clear about what would constitute a breach of its partnership commitments. It should also continue efforts to harmonise conditions with other donors.</td>
<td>The UK is clear with its partners what conditions are attached to our programmes and ensure that the potential consequences of a failure to meet a particular condition are fully understood. Where possible, the UK works with other development partners to align behind the same conditions and monitoring frameworks. In cases where the UK attaches specific conditions to programmes, conditions are agreed with partners and where possible drawn from their own national plans. Any deterioration in commitment to the principles triggers a discussion with the government rather than an</td>
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<td>automatic interruption to financial aid. All cases where DFID changes programmes due to a weakening commitment to the PPs are published in DFID’s Annual Report. We have introduced several innovative Payment by results programmes where financing is contingent on the delivery, and independent verification, of pre-defined results. These offer greater potential for partner country ownership, stimulating recipient discretion and innovation to decide how results are achieved, whilst improving efficiency and value for money through ultimately only paying for what is achieved. We have 13 ongoing programmes of the most innovative kind of PbR in place, where payments are linked to outcomes. These comprise a mix of contracting with suppliers and partner governments. We also have several programmes in the pipeline. DFID has produced anti-corruption strategies for each of its main partner countries, which are published online. The strategies set out how DFID will safeguard UK taxpayers’ money and support efforts in country to reduce corruption and its impact on development.</td>
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<td>Improve internal communication and guidance on capacity development; strengthen capacity assessments in the development of projects and programmes; and implement its commitment to support the development of capacities of non-state actors.</td>
<td>DFID published a substantial, evidence-based ‘How to’ note on capacity development in August 2012. This sets out DFID’s approach to capacity development and the intended beneficiaries, and contains concrete examples of successful interventions. The note covers capacity development of individuals, organisations and institutional frameworks in developing countries, and addresses the capacity of civil society organisations. Business cases for all new programmes are required to assess both existing local capacity to deliver specific programme options, and whether the proposed intervention is likely to strengthen capacity in a durable manner.</td>
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<td>Include climate change and disaster risk reduction aspects in DFID’s environmental screening system.</td>
<td>Eight countries (Ethiopia, Kenya, Mozambique, Malawi, Sudan, Uganda, Nepal and Bangladesh) embedded disaster resilience to a defined minimum standard. These countries have then achieved significant uplift since end March 2013. Eight new countries are now undergoing the embedding process (DRC, Somalia, Tanzania, Zimbabwe, Yemen, OPT, Pakistan and Burma). Climate change was integrated into this process using the Strategic Programme Reviews undertaken by country offices. In Malawi, Ghana, Mozambique and Rwanda DFID funded climate modelling will be undertaken to inform decision makers in government and the aid community to embed climate resilience into national programmes. DFID has developed a set of minimum standards has been</td>
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<td>developed, including a requirement to disaster proof new business cases; which business case risk assessments should assess disaster risk; and how the impacts of a disaster will be managed. Business cases complete a sensitivity analysis to environmental shocks; and categorise the risks/opportunities to build resilience or impact vulnerability of communities to the effects of disasters/hazards, climate variability and climate change.</td>
<td>Continue to pay attention to wider environment issues, prioritising areas aligned with partner countries' needs and where it can add value compared with other donors. Ensure sufficient capacity to engage in these areas.</td>
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<td>Continue to pay attention to wider environment issues, prioritising areas aligned with partner countries' needs and where it can add value compared with other donors. Ensure sufficient capacity to engage in these areas.</td>
<td>DFID is committed to addressing climate and environment (C&amp;E) in all that we do. C&amp;E assessment required for all projects over £400. C&amp;E assessment signed off by accredited adviser. C&amp;E in high value business cases (over £40 million) are subject to quality assurance. Strategic Programme Reviews have been carried out by all country offices and business units to ensure existing programmes are climate proofed, and to identify environmental efficiencies in the way DFID works. More than 70 accredited climate and environment advisers across DFID at HQ and in country offices.</td>
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### Humanitarian Action

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<th>Identify the appropriate mix of humanitarian and peace-building/state-building approaches in conflict-affected and fragile states.</th>
<th>The HERR response reaffirmed that any UK use of military assets would be consistent with Oslo guidelines, used only where it offered capacity others could not, or was better value for money than commercial alternatives. The UK published the BSOS to address conflict issues. BSOS is integrated across government. The new cross-government Conflict, Security and Stability Fund is an evolution of the Conflict Pools, and will be linked to further integrated country strategies for the National Security Council in order to better coordinate UK conflict prevention efforts. A new cross-governmental conflict analysis tool (JACS) was established to better inform the UK’s policy and programmes in country. This has been implemented in 12 countries with DFID programmes. At country level, the new Country Poverty Reduction Diagnostic contains specific reference to conflict, which improves upon the limited reference to peacebuilding and state building in the previous Country Strategic Plans. DFID appointed a Civil-Military Adviser in 2012. Responsibilities include the defence of humanitarian space and the maintenance and implementation of the DFID – MOD Memorandum of Understanding (updated annually) which outlines how and when DFID would utilise military assets in a humanitarian response. DFID requests the support of MOD in response to a</th>
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<td>natural disaster and complex environments in accordance with United Nations guidelines, known as the “OSLO” guidelines. Those guidelines stipulate that support should be provided in line with the humanitarian principles of impartiality, neutrality, humanity and independence. Shift towards multi-year humanitarian programming in fragile and conflict states to increase links between response, recovery and development (Afghanistan, Somalia, Sudan, DRC).</td>
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<td>Strengthen the performance framework for humanitarian action.</td>
<td>Since 2011, all such core funding has made on the basis of business cases which not only set out expected results, based on a theory of change, but also oversight arrangements and M&amp;E plans. Since January 2013, programme managers are required to undertake a due diligence review of corporate systems to ensure our partners are able to properly manage and account for DFID resources. Performance of all humanitarian programmes, including core funding to multilaterals is assessed on an annual basis. New guidelines for funding to NGOs have been introduced, clarifying the monitoring and reporting requirements. More recently, changes have been made to the budget format of the Rapid Response Fund to give DFID more information on results and costs in order to better track value for money. A Results and Evidence Hub was established in 2013 to develop systematic evaluation and performance analysis; and to develop evidence-based guidance for DFID country offices and deployed staff.</td>
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<td>Clarify how other corporate policies intersect with the humanitarian decision-making processes.</td>
<td>This has been clarified by both the HERR response and BSOS, which both cross-reference other relevant government policies. All humanitarian funding decisions have to consider the environmental implications, as is the case across DFID. The MAR assessed the performance of the humanitarian multilaterals on environment and gender issues. If appropriate, agencies were expected to address weaknesses. The MAR Update, published in 2013, assigned a rating for the level of progress achieved.</td>
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